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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)

ADOPTION OF SHARE AWARD SCHEME

The Board is pleased to announce that it has approved the adoption of the Scheme on 28 August 2018, pursuant to which the Trustee will purchase existing Shares from the market or subscribe for new Shares from the Company out of cash contributed by the Group and be held on trust for the relevant Selected Employees until such Awarded Shares are vested with the relevant Selected Employees in accordance with the provisions of the Scheme and the terms and conditions of the relevant Awards.

The Scheme does not constitute a share option scheme or an arrangement analogous to a share option scheme for the purpose of Chapter 17 of the Listing Rules. No Shareholders' approval is required to adopt the Scheme.

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SUMMARY OF THE SCHEME RULES

(1) Purposes and objectives

The specific objectives of the Scheme are (i) to recognise the contributions by certain Employees and to provide them with incentives in order to retain them for the continual operation and development of the Group; and (ii) to attract suitable personnel for further development of the Group.

* *For identification purposes only*

(2) Duration

Subject to any early termination as may be determined by the Board pursuant to the Scheme Rules, the Scheme shall be valid and effective for a term of 10 years commencing on the Adoption Date.

(3) Administration

The Scheme shall be subject to the administration of the Board and the Trustee in accordance with the Scheme Rules and the Trust Deed. The decision of the Board with respect to any matter arising under the Scheme shall be final and binding.

The Trustee shall hold the Trust Fund in accordance with the terms of the Trust Deed. All cash income and the sale proceeds of non-scrip distribution declared in respect of a Share held on the Trust will be applied towards (i) the payment of the fees, costs and expenses of the Trust and (ii) the remainder, if any, remain as part of the Trust Fund.

(4) Scheme limit

The Board shall not make any further award of Awarded Shares which will result in the number of the Shares awarded by the Board under the Scheme exceeding 5% of the number of the issued Shares from time to time.

(5) Operation of the Scheme

The Board may from time to time cause to be paid a Contributed Amount to the Trust by way of settlement or otherwise contributed by the Company or any of its subsidiaries as directed by the Board which shall constitute part of the Trust Fund, for the purchase or subscription (as the case may be) of Shares and other purposes set out in the Scheme Rules and the Trust Deed.

Subject to the Scheme Rules, the Board may from time to time instruct or cause to instruct the Trustee to purchase the Shares on the Stock Exchange using the maximum amount of funds and within the range of prices as specified by the Board. Once purchased, the Shares are to be held by the Trustee for the benefit of Selected Employees under the Trust on and subject to the terms and conditions of the Scheme Rules and the Trust Deed.

Subject to the Scheme Rules, in the event that the Awarded Shares are to be allotted and issued as new Shares for the purpose of the Trust, the Board shall cause an amount equal to the nominal value of such new Shares to be allotted and issued be transferred from the Company's resources as soon as practicable but in any event not later than 5 Business Days prior to the allotment and issuance of such Shares as subscription monies for the new Shares and cause to issue and allot such new Shares to the Trustee, which shall be held upon trust for the relevant Selected Employee subject to the terms and conditions set out in the Scheme Rules and in the Trust Deed. The Company shall comply with the relevant Listing Rules when allotting and issuing any new Shares under the General Mandate and/or the Specific Mandate and application shall be made to the Stock Exchange for the granting of the listing of, and permission to deal in, the new Shares to be issued.

(6) Award of Awarded Shares to Selected Employees

Subject to the Scheme Rules, the Board may, from time to time, at its absolute discretion select any Employee (other than any Excluded Employee) for participation in the Scheme as a Selected Employee, and grant such number of Awarded Shares to any Selected Employee at no consideration and in such number and on and subject to such terms and conditions as it may in its absolute discretion determine.

In determining the number of Awarded Shares to be granted to any Selected Employee (excluding any Excluded Employee), the Board shall take into consideration matters including but without limitation:

- (i) the present contribution and expected contribution of the relevant Selected Employee to the profits of the Group;
- (ii) the general financial condition of the Group;
- (iii) the Group's overall business objectives and future development plan; and
- (iv) any other matter which the Board considers relevant.

The Board is entitled to impose any conditions (including but not limited to a period of continued service within the Group after the Award, individual performance targets of the Selected Employee and vesting period) as it deems appropriate in its absolute discretion with respect to the vesting of the Awarded Shares on the Selected Employee, and shall inform the Trustee and such Selected Employee the relevant conditions of the Award and the Awarded Shares. Subject to applicable laws and regulations, the Board shall be at liberty to waive any such vesting conditions (if any).

Where any grant of Awarded Shares is proposed to be made to any Selected Employee who is a Director, such grant must first be approved by all the members of the Remuneration Committee, or in the case where the grant is proposed to be made to any member of the Remuneration Committee, by all of the other members of the Remuneration Committee.

Where any grant of Awarded Shares is proposed to be made to any person who is a connected person of the Company within the meaning of the Listing Rules, the Company shall comply with such provisions of the Listing Rules as may be applicable, including any reporting, announcement and/or shareholders' approval requirements, unless otherwise exempted under the Listing Rules.

Prior to the Vesting Date, any Award made under the Scheme Rules shall be personal to the Selected Employee to whom it is made and shall not be assignable and no Selected Employee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any other person over or in relation to the Awarded Shares referable to him pursuant to such Award.

Subject to the Scheme Rules, a Selected Employee shall not have (i) any interest or rights (including the right to receive dividends) in the Awarded Shares prior to the Vesting Date or (ii) any rights in the Residual Cash or Shares (other than his Awarded Shares) or such other Trust Fund or property held by the Trust.

(7) Vesting of Awarded Shares

Subject to the terms and conditions of the Scheme and the fulfillment of all relevant vesting conditions (if any), the respective Awarded Shares held by the Trustee on behalf of a Selected Employee pursuant to the provision of the Scheme Rules shall vest in such Selected Employee in accordance with the relevant vesting schedule (if any) and the Trustee shall cause the Awarded Shares to be transferred to such Selected Employee on the Vesting Date.

Unless otherwise waived by the Board, in the event that the relevant vesting conditions (if any) are not fully satisfied prior to or on the relevant Vesting Date, the Award of the Awarded Shares in respect of the relevant Vesting Date shall lapse, such Awarded Shares shall not vest on the relevant Vesting Date and the Selected Employee shall have no claims against the Company, any other member of the Group, the Board, the Trust or the Trustee.

In respect of a Selected Employee who died or retired by agreement with a member of the Group at any time prior to or on the Vesting Date, all the Awarded Shares of the relevant Selected Employee shall be deemed to be vested on the day immediately prior to his death or the day immediately prior to his retirement with the relevant member of the Group.

The Board may at its discretion, with or without further conditions, grant additional Shares or cash award out of the Trust Fund representing all or part of the income or distributions (including but not limited to cash income or dividends, cash income or net proceeds of sale of non-cash and non-scrip distribution, bonus Shares and scrip dividends) declared by the Company or derived from such Awarded Shares during the period from the date of Award to the Vesting Date to a Selected Employee upon the vesting of any Awarded Shares.

(8) Disqualification of Selected Employee

In the event that prior to or on the Vesting Date, a Selected Employee:

- (i) is found to be an Excluded Employee;
- (ii) is deemed to cease to be an Employee in circumstances including, without limitation, the following:
 - (a) where such person has committed any act of fraud or dishonesty or serious misconduct, whether or not in connection with his employment or engagement by any member of the Group and whether or not it has resulted in his employment or engagement being terminated by the relevant member of the Group;

- (b) where such person has been declared or adjudged to be bankrupt by a competent court or governmental body or has failed to pay his debts as they fall due (after the expiry of any applicable grace period) or has entered into any arrangement or composition with his creditors generally or an administrator has taken possession of any of his assets;
 - (c) where such person has been convicted of any criminal offence; or
 - (d) where such person has been convicted of or is being held liable for any offence under or any breach of the SFO or other securities laws or regulations in Hong Kong or any other applicable laws or regulations in force from time to time; or
- (iii) ceases to be an Employee by reason of (a) redundancy, severance, dismissal or resignation or (b) the entity by which such Selected Employee is employed or contracted with (as the case may be) ceases to be a subsidiary of the Company,

or an order for the winding up of the Company is made or a resolution is passed for the voluntary winding up of the Company, then, unless otherwise waived by the Board, the relevant Award made to such Selected Employee shall automatically lapse forthwith and the relevant Awarded Shares shall not vest on the relevant Vesting Date but shall remain part of the Trust Fund. Such Employee shall have no right or claim against the Company, any other member of the Group, the Board, the Trust or the Trustee or with respect to those or any other Awarded Shares or any right thereto or interest therein in any way.

(9) Restrictions

No Award shall be made by the Board and no instructions to acquire any Shares shall be given to the Trustee under the Scheme pursuant to the Scheme Rules where dealings in the Shares are prohibited under any code or requirement of the Listing Rules, the SFO and all applicable laws from time to time, including but not limited to the following circumstances:

- (i) after an event involving inside information in relation to affairs or securities of the Company has occurred or a matter involving inside information in relation to the securities of the Company has been the subject of a decision, until such inside information has been publicly announced in accordance with the applicable laws and the Listing Rules;
- (ii) during the period of 60 days immediately preceding the publication date of the annual results for any financial period of the Company or, if shorter, the period from the end of the relevant financial period up to the publication date of the results;
- (iii) during the period of 30 days immediately preceding the publication date of the interim results for any financial period of the Company or, if shorter, the period from the end of the relevant half-year period of the financial period up to the publication date of the results; or

- (iv) in any circumstance which is prohibited under the Listing Rules, the SFO or any other law or regulation or where any requisite approval from any governmental or regulatory authority has not been granted.

(10) Alteration of the Scheme

The Scheme may be amended in any respect by a resolution of the Board provided that no such amendment shall operate to affect materially and adversely any subsisting rights of any Selected Employee under the Scheme Rules.

(11) Voting rights

The Trustee shall not exercise the voting rights in respect of any Shares held by it under the Trust (if any) (including but not limited to the Awarded Shares, any bonus Shares and scrip Shares derived therefrom).

(12) Termination

The Scheme shall terminate on the earlier of: (i) the tenth anniversary date of the Adoption Date; and (ii) such date of early termination as determined by the Board by a resolution of the Board, provided that such termination shall not materially and adversely affect any subsisting rights of any Selected Employees under the Scheme Rules.

Upon termination of the Scheme:

- (i) no further grant of Awarded Shares may be made under the Scheme;
- (ii) all the Awarded Shares of the Selected Employees granted under the Scheme shall continue to be held by the Trustee and become vested in the Selected Employees according to the conditions of the Award, subject to the receipt by the Trustee of the transfer documents prescribed by the Trustee and duly executed by the Selected Employee;
- (iii) upon the expiration of the Trust Period, all Shares (except for any Awarded Shares subject to vesting on the Selected Employees) remaining in the Trust Fund shall be sold by the Trustee within 28 Business Days (on which the trading of the Shares has not been suspended) (or such longer period as the Trustee and the Board may otherwise determine); and
- (iv) upon the expiration of the Trust Period, all net proceeds of sale referred to in paragraph (iii) above and such other funds and properties remaining in the Trust Fund managed by the Trustee (after making appropriate deductions in respect of all disposal costs, liabilities and expenses) shall be remitted to the Company forthwith.

LISTING RULES IMPLICATION

The Scheme does not constitute a share option scheme or an arrangement analogous to a share option scheme for the purpose of Chapter 17 of the Listing Rules. No Shareholders' approval is required to adopt the Scheme.

DEFINITIONS

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

“Adoption Date”	28 August 2018, being the date on which the Board adopted the Scheme Rules for the establishment of the Scheme
“Award”	an award of the Awarded Shares by the Board to a Selected Employee pursuant to the Scheme
“Awarded Share(s)”	in respect of a Selected Employee, such number of Shares as awarded by the Board
“Board”	the board of Directors
“Business Day”	a day (other than Saturday, Sunday or public holiday) on which the Stock Exchange is open for trading and on which banks are open for business in Hong Kong
“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
“Contributed Amount”	cash paid or made available to the Trust by way of settlement or otherwise contributed by the Company and/or its subsidiaries as permitted under the Scheme to the Trust as determined by the Board from time to time
“Director(s)”	the director(s) of the Company
“Employee”	any individual being an employee (including without limitation any executive Director) or consultant of any member of the Group at any time during the Trust Period
“Excluded Employee(s)”	any Employee who is resident in a place where the award of the Awarded Shares and/or the vesting and transfer of the Awarded Shares pursuant to the terms of the Scheme is not permitted under the laws or regulations of such place or where in the view of the Board or the Trustee (as the case may be), compliance with applicable laws or regulations in such place makes it necessary or expedient to exclude such Employee

“General Mandate”	the general mandate granted or to be granted by the Shareholders at general meetings from time to time to allot such number of Shares not exceeding 20% of the total issued Shares as at the date of the general meetings
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Remuneration Committee”	the remuneration committee of the Company
“Residual Cash”	cash in the Trust Fund (including without limitation (i) any Contributed Amount or any remaining amount thereof; (ii) any cash income or dividends derived from Shares held under the Trust; (iii) other cash income or net proceeds of sale of non-cash and non-scrip distribution derived from or in respect of the Shares held under the Trust; and (iv) all interest or income derived from deposits maintained with licensed banks in Hong Kong) which has not been applied in the acquisition of any Shares
“Scheme”	means the share award scheme constituted by the Scheme Rules
“Scheme Rules”	means the Rules relating to the Scheme as amended from time to time
“Selected Employee(s)”	Employee(s) selected by the Board for participation in the Scheme
“SFO”	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“Shareholders”	holders of the Shares
“Shares”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Specific Mandate”	the specific mandate granted or to be granted by the independent Shareholders at general meetings from time to time to allot such number of Shares as approved therein
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Trust”	the trust constituted by the Trust Deed

“Trust Deed”	a trust deed dated 28 August 2018 entered into between the Company and the Trustee (as restated, supplemented and amended from time to time)
“Trust Fund”	<p>the funds and properties held under the Trust and managed by the Trustee for the benefit of the Employees (other than the Excluded Employees), including without limitation:</p> <ul style="list-style-type: none"> (i) all Shares acquired by the Trustee for the purpose of the Trust out of the Residual Cash and such other scrip income (including but not limited to bonus Shares and scrip dividends declared by the Company) derived from the Shares held upon the Trust; (ii) any Residual Cash; (iii) any Awarded Shares or other property to be vested or not vested with the Selected Employee under the terms of the Scheme; and (iv) all other properties from time to time representing (a), (b) and (c) above
“Trust Period”	<p>the period beginning with the Adoption Date and ending upon the first to happen of the following, namely:</p> <ul style="list-style-type: none"> (i) 27 August 2028, being the expiry of the period of 10 years beginning from the Adoption Date; or (ii) such date of early termination as determined by the Board
“Trustee”	Progressive Wealth Holdings Limited (進富控股有限公司) (which is independent and not connected with the Company and its connected persons as defined under the Listing Rules) and any additional or replacement trustees, being the trustee or trustees for the time being declared in the Trust Deed
“Vesting Date”	in respect of a Selected Employee, the date on which his entitlement to the Awarded Shares is vested in such Selected Employee in accordance with the Scheme

“%”

per cent

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

Hong Kong, 28 August 2018

As at the date of this announcement, the Board 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.