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On Real International Holdings Limited

安悦國際控股有限公司

(incorporated in the Cayman Islands with limited liability)

Stock Code: 8245

CLARIFICATION ANNOUNCEMENT

Reference is made to the prospectus of 18 September 2015 (the “**Prospectus**”) and the annual report of 23 June 2016 (the “**Annual Report**”) of On Real International Holdings Limited (the “**Company**”). Unless otherwise specified, capitalized terms used herein shall have the same meaning as those defined in the Prospectus and the Annual Report.

In addition to the information disclosed in the Annual Report, the Company would like to provide the Shareholders and the market with the additional information below:

1. NON-COMPETITION UNDERTAKINGS PROVIDED BY THE CONTROLLING SHAREHOLDERS

In order to restrict competition activities with the Company, each of the Controlling Shareholders entered into a deed of non-competition (the “**Deed**”) with the Company (for itself and as trustee and on behalf of its subsidiaries and associated companies, from time to time) on 16 September 2015.

The Company wishes to disclose that each of the Controlling Shareholders provided a written confirmation (the “**Confirmation**”) to the Company on 14 June 2016 confirming that he/she has duly complied with the non-competition covenants and undertakings in the Deed (the “**Undertakings**”) for the year ended 31 March 2016. Upon receiving the Confirmation, the independent non-executive directors of the Company (the “**INEDs**”) had reviewed the same as part of the annual review process. In determining whether the Controlling Shareholders had fully complied with the Undertakings for the year ended 31 March 2016, the INEDs noted that (a) the Controlling Shareholders declared that they had fully complied with the Undertakings for the year ended 31 March 2016; (b) no new competing business was reported by the Controlling Shareholders for the year ended 31 March 2016, and (c) there was no particular situation rendering the full compliance of the Undertakings being questionable. In view of the above, the INEDs confirmed that all of the Undertakings were complied with by the Controlling Shareholders for the year ended 31 March 2016.

2. DISCLOSURE REGARDING PROJECTS OR BUSINESSES IN RUSSIA

Russia is one of our shipment destinations of our products. Our revenue generated from the sales of our products shipped to Russia represented less than 1% in terms of our total revenue for the year ended 31 March 2016. Following Russia's military intervention in Ukraine in 2014, the United States, the European Union and Australia have put in place certain economic or trade sanctions against, among others, certain named Russian individuals and entities. To control and monitor our business exposure to sanction risk, the Company endeavor to continuously monitor and evaluate our business and take measure to protect the interest of the Group and Shareholders. In particular, the Company has adopted the following policies for the year ended 31 March 2016:

- (i) the Company has maintained an updated log on the publicly available sanction lists maintained by the United States, the European Union and Australia (the “**Sanction Lists**”) and has disseminated the updated Sanction Lists to all its relevant staff on a regular basis to promote staff awareness in general and to facilitate effective monitoring of sanction laws;
- (ii) any existing and/or potential business dealings that become suspected of sanctions risks exposure had been ceased and reported to the Directors immediately, whereupon the Directors has investigated and consulted with legal advisers with necessary expertise and experience in international sanction law matters and taken appropriate actions;
- (iii) Mr. Tao Hong Ming, an executive Director of the Company, has been overseeing our compliance with sanctions laws and has consulted legal advisers with necessary expertise and experience in international sanctions law matters as and when required in respect of our compliance with sanction laws;
- (iv) the Company has evaluated the sanctions risks prior to determining whether the Company should embark on new business opportunities. The senior management has conducted relevant customer due diligence including, without limitation, identity and background of customers and their principal business activities and check against the Sanction Lists to identify any possible exposure to sanction risks. Whenever potential sanctions risk is identified, the Company had sought advice from legal advisers with necessary expertise and experience in international sanctions law matters. The Company has also conducted semi-annual review of active customers against the Sanction Lists to ascertain our active customers do not fall under any named entities or individuals under the Sanction Lists; and
- (v) the senior management of the Company has reviewed on a semi-annual basis our internal control policies and procedures with respect to sanctions law matters.

With regard to the above policies adopted, the Directors are of the view that such policies has provided a reasonably adequate and effective framework to assist the Company in identifying and monitoring any material risk relating to sanctions laws.

The Company confirms that it has not entered and will not enter into any transaction in Russia that the Company believed would put itself or its investors and Shareholders to risks of being sanctioned.

The above additional information does not affect other information contained in the Annual Report and save as disclosed in this announcement, the remaining contents of the Annual Report remain unchanged.

By order of the Board
On Real International Holdings Limited
Tam Wing Ki
Chairman and Executive Director

Hong Kong, 6 January 2017

As at the date of this announcement, the executive Directors are Mr. Tam Wing Ki, Mr. Fu Yan Ming, Mr. Kwok Ming Fai and Mr. Tao Hong Ming, the non-executive Director is Mr. Chau Wai Hung, Andy and the independent non-executive Directors are Mr. Chan Shiu Man, Mr. Cheng Yuk Kin and Mr. Wong Ching Wan.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for at least 7 days from the date of its posting and be posted on the website of the Company at www.on-real.com.