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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)

ISSUANCE OF US\$300 MILLION 11.75% SENIOR NOTES DUE 2015

On 13 May 2010, the Company and the Guarantors entered into the Purchase Agreement with BofA Merrill Lynch, BOC International, J.P. Morgan and UBS in connection with the issue of US\$300 million 11.75% senior notes due 2015.

The estimated net proceeds of the Notes Issue, after deduction of underwriting discounts and commissions and estimated offering expenses, will amount to approximately US\$291.8 million and the Company intends to use the net proceeds to finance existing projects, to acquire and develop new projects, and for its working capital requirements.

Approval in-principal has been obtained for listing of the Notes on the SGX-ST. Admission of the Notes to the SGX-ST is not to be taken as an indication of the merits of the Company, its subsidiaries or the Notes.

Reference is made to the announcement of the Company dated 28 April 2010 in respect of the Notes Issue. The Board is pleased to announce that on 13 May 2010, the Company, together with the Guarantors, entered into the Purchase Agreement with BofA Merrill Lynch, BOC International, J.P. Morgan and UBS in connection with the Notes Issue in the aggregate principal amount of US\$300 million.

THE PURCHASE AGREEMENT

Date: 13 May 2010

Parties to the Purchase Agreement

- (a) the Company as the issuer;
- (b) the Guarantors;
- (c) BofA Merrill Lynch;
- (d) BOC International;
- (e) J.P. Morgan; and
- (f) UBS

BofA Merrill Lynch, BOC International, J.P. Morgan and UBS are joint lead managers and joint bookrunners in respect of the offer and sale of the Notes. They are also the initial purchasers of the Notes.

The Notes Issue will only be offered (i) in the United States, to qualified institutional buyers in reliance on the exemption from the registration requirements of the Securities Act provided by Rule 144A, and (ii) outside the United States, in compliance with Regulation S under the Securities Act. None of the Notes will be offered to the public in Hong Kong and none of the Notes will be placed to any connected persons of the Company.

Principal terms of the Notes

Notes Offered

Subject to certain conditions to completion, the Company will issue the Notes in the aggregate principal amount of US\$300 million which will mature on 18 May 2015, unless earlier redeemed pursuant to the terms thereof.

Offering Price

The offering price of the Notes will be 99.08% of the principal amount of the Notes.

Interest

The Notes will bear interest at a rate of 11.75% per annum, payable semi-annually in arrears on 18 May and 18 November of each year, commencing on 18 November 2010.

Ranking of the Notes

The Notes are general obligations of the Company and are guaranteed by the Guarantors on a senior basis. The Notes are (1) ranked at least *pari passu* in right of payment against the Company with all unsecured borrowings of the Company, (2) senior in right of payment to any future subordinated indebtedness of the Company, (3) unconditionally guaranteed by the Guarantors, and (4) effectively subordinated to any existing and future indebtedness of the subsidiaries of the Company which do not guarantee the Notes.

Events of default

The events of default under the Notes include, among others: (1) default for 30 days in the payment when due of interest, if any, on the Notes; (2) default in the payment when due (at maturity, upon redemption or otherwise) of the principal of, or premium, if any, on the Notes; (3) failure by the Company or certain subsidiaries of the Company to comply with certain covenants; (4) failure by the Company or certain subsidiaries of the Company for 30 consecutive days after notice to the Company to comply with any of the other agreements in the Indenture; (5) default under any mortgage, Indenture or instrument under which there may be issued or by which there may be secured or evidenced any indebtedness for money borrowed by the Company or certain subsidiaries of the Company (or the payment of which is guaranteed by the Company or certain subsidiaries of the Company) in certain circumstances; (6) failure by the Company or certain subsidiaries of the Company to pay final judgments entered by a court or courts of competent jurisdiction aggregating in excess of US\$10.0 million for a period of 60 consecutive days; (7) (i) breach by the Company or Guarantor Pledgors of any material representation, warranty or agreement in any security document securing the Notes; (ii) subject to certain exceptions, any security interest created by any security document securing the Notes ceases to be in full force and effect, or an assertion in writing that any collateral securing the Notes is not subject to a valid, perfected security interest; or (ii) the repudiation in writing of any of its material obligations under any security document; (8) except as permitted by the Indenture, any guarantee is held in any judicial proceeding to be unenforceable or invalid or ceases for any reason to be in full force and effect, or any Guarantor, or any person acting on behalf of any Guarantor, denies or disaffirms in writing its obligations under the Notes guarantee; and (9) certain events of bankruptcy or insolvency described in the Indenture with respect to the Company or any of its significant subsidiaries or certain subsidiaries that, taken together, would constitute a significant subsidiary.

If an event of default occurs and is continuing, the trustee or the holders of at least 25% in aggregate principal amount of the Notes, then outstanding, may declare the principal of, premium, if any, and accrued and unpaid interest on the Notes to be immediately due and payable or foreclose the security.

Covenants

The Notes, the Indenture and the guarantees provided by the Guarantors will limit the Company's ability and the ability of certain of its subsidiaries to, among other things:

- (a) incur additional indebtedness and issue preferred stock;
- (b) make investments or other specified restricted payments;
- (c) pay dividends or make other distributions or repurchase or redeem capital stock;

- (d) guarantee indebtedness;
- (e) enter into certain transactions with affiliates;
- (f) create liens;
- (g) enter into sale and leaseback transactions;
- (h) sell assets;
- (i) enter into agreements that restrict certain of its subsidiaries' ability to pay dividends;
- (j) issue and sell capital stock of certain of its subsidiaries;
- (k) effect a consolidation or merger; and
- (l) engage in different business activities.

Redemption

The Notes may be redeemed in the following circumstances:

- (1) At any time prior to 18 May 2013, the Company may redeem up to 35% of the aggregate principal amount of the Notes at a redemption price equal to 111.75% of the principal amount of the Notes redeemed, plus accrued and unpaid interest, if any, to the redemption date, with the net cash proceeds from sales of certain kinds of its capital stock, subject to certain conditions.
- (2) At any time prior to 18 May 2013, the Company may at its option redeem the Notes, in whole or in part, at a redemption price equal to 100% of the principal amount of the Notes redeemed, plus the applicable premium as of, and accrued and unpaid interest, if any, to the redemption date, subject to certain conditions.
- (3) At any time on or after 18 May 2013, the Company may redeem the Notes, in whole or in part, at a redemption price equal to the percentage of principal amount set forth below, plus accrued and unpaid interest, if any, on the Notes redeemed, to the redemption date, if redeemed during the 12-month period commencing on 18 May of any year set forth below:

Period	Redemption Price
2013	105.8750%
2014 and thereafter	102.9375%

The Company will give not less than 30 days' nor more than 60 days' notice of any redemption.

Reasons for the Notes Issue

The Group is a PRC-based underground shopping center operator and developer that focuses on the operation and development of stand-alone underground shopping centers for wholesale and retail sales of apparel and accessories in the PRC. The Group opened its first underground shopping center in Harbin, Heilongjiang Province in 1992. Leveraging its operating experience as well as success in Harbin, the Group has rapidly replicated its unique business into other large and medium-sized cities and established “The First Tunnel” as a nationally recognized brand among underground shopping centers in the PRC over the years. The Group currently operates four underground shopping centers in Harbin, Heilongjiang Province, three of which are interconnected, one in Guangzhou, Guangdong Province, and one in Shenyang, Liaoning Province, with an aggregate GFA of approximately 238,618 sq.m., and are providing management services for one underground shopping center in Zhengzhou, Henan Province, with an aggregate GFA of approximately 94,180 sq.m. In addition, the Group has 27 projects in 20 cities in the PRC with an aggregated approved GFA of approximately 3,635,660 sq.m. which are either under construction or held for future development. All of the Group’s projects have easy access to transportation hubs such as subway stations, railway stations, city bus stops and inter-city bus terminals. The Group is committed to further expand its business with intent to become a leading national underground shopping center operator and developer in the PRC.

Proposed use of proceeds

The net proceeds of the Notes Issue will be used by the Company to finance existing projects, to acquire and develop new projects, and for its working capital requirements.

The Company will carefully evaluate the market conditions and its development plans, and may reallocate the use of proceeds in case of changes in market conditions and other circumstances.

Listing and rating

Approval in principal has been obtained for the listing of the Notes on the SGX-ST. Admission of the Notes to the SGX-ST is not to be taken as an indication of the merits of the Company or the Notes. No listing of the Notes has been sought in Hong Kong.

The Notes have been rated “BB” by Standard & Poor’s Ratings Services and “Ba2” by Moody’s Investors Service.

DEFINITIONS

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

“Board”	the board of directors of the Company
“BOC International”	BOCI Asia Limited, one of the joint lead managers and joint bookrunners in respect of the Notes Issue
“BofA Merrill Lynch”	Merrill Lynch International, one of the joint lead managers and joint bookrunners in respect of the Notes Issue

“China” or “PRC”	The People’s Republic of China excluding except where the context otherwise requires, for the purpose of this announcement, Hong Kong, Macau Special Administrative Region of China and Taiwan
“Company”	Renhe Commercial Holdings Company Limited (人和商業控股有限公司*), a company incorporated in the Cayman Islands with limited liability the shares of which are listed on the main board of the Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules
“GFA”	gross floor area
“Group”	the Company and its subsidiaries
“Guarantor Pledgors”	certain Guarantors that are incorporated in the British Virgin Islands that on the issue date of the Notes will provide pledges over the common stock in other Guarantors held by them to secure (i) the obligations of the Company under the Indenture and the Notes and (ii) the obligations of the Guarantors under the guarantees provided to secure the Company’s obligations under the Notes
“Guarantors”	certain subsidiaries of the Company that on the issue date of the Notes will provide guarantees to secure the Company’s obligations under the Notes
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Indenture”	the written agreement between the Company, the Guarantors and the trustee that specified the terms of the Notes including the interest rate of the Notes and the maturity date
“J.P. Morgan”	J.P. Morgan Securities Ltd., one of the joint lead managers and joint bookrunners in respect of the Notes Issue
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Notes”	the 11.75% guaranteed senior notes due 2015 in the principal amount of US\$300 million to be issued by the Company
“Notes Issue”	the issue of the Notes by the Company
“Offering Price”	99.08% of the principal amount of the Notes, the price at which the Notes will be sold

“PRC”	the People’s Republic of China excluding except where the context otherwise requires, for the purpose of this announcement, Hong Kong, Macau Special Administrative Region of China and Taiwan
“Purchase Agreement”	the agreement dated 13 May 2010 entered into among the Company, BofA Merrill Lynch, BOC International, J.P. Morgan, UBS, and the Guarantors in relation to the Notes Issue
“Securities Act”	the United States Securities Act of 1933, as amended
“SGX-ST”	Singapore Exchange Securities Trading Limited
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“UBS”	UBS AG, one of the joint lead managers and joint bookrunners in respect of the Notes Issue
“US\$”	United States dollars
“%”	per cent

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

Hong Kong, 14 May 2010

As at the date of this announcement, the Board of directors comprises: Mr. Dai Yongge, Mr. Zhang Dabin, Mr. Wang Hongfang, Ms. Wang Chunrong, Mr. Wang Luding and Mr. Lin Zijing as executive directors, Mrs. Hawken Xiuli, Ms. Jiang Mei, Ms. Zhang Xingmei, Mr. Ho Gilbert Chi Hang and Mr. Chi Miao as non-executive directors and Mr. Fan Ren-Da Anthony, Mr. Wang Shengli and Mr. Wang Yifu as independent non-executive directors.

* *for identification purposes only*