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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\$300,000,000 13.0% ADDITIONAL SENIOR NOTES DUE 2016

Reference is made to the announcements of the Company dated 3 September 2010 and 17 September 2010 in relation to the September Notes Issue.

On 3 November 2010, the Company and the Subscriber entered into the Subscription Agreement with the Guarantors and the Arranger and Settlement Agent in connection with the subscription of US\$300,000,000 13.0% additional senior notes due 2016. The Notes have the same terms and conditions as the Existing Notes in all respects except for the issue date and issue price.

The Company intends to use the net proceeds from the Notes Issue to finance existing projects, to acquire and develop new projects, and for its working capital requirements.

Approval in-principle has been obtained for listing of the Notes on the SGX-ST. Admission of the Notes to the Official List of 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 announcements of the Company dated 3 September 2010 and 17 September 2010 in respect of the September Notes Issue. The Board is pleased to announce that on 3 November 2010, the Company, together with the Guarantors, and the Arranger and Settlement Agent, entered into the Subscription Agreement with the Subscriber in connection with the Notes Issue in the aggregate principal amount of US\$300,000,000.

THE SUBSCRIPTION AGREEMENT

Date: 3 November 2010

Parties to the Subscription Agreement

- (a) the Company as the issuer;
- (b) the Guarantors;
- (c) the Subscriber; and
- (d) the Arranger and Settlement Agent.

The Notes Issue will only be issued to and subscribed by the Subscriber without being registered under the Securities Act in reliance upon the exemptions therefrom. 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.

Conditions Precedent of the Subscription Agreement

Completion of the Subscription Agreement is conditional upon, among others:

1. (a) the representations and warranties of the Company and the Guarantors in the Subscription Agreement being true and correct and (b) the statements of the Company, the Guarantors and their respective officers made in any certificates delivered pursuant to the Subscription Agreement are true and correct;
2. subsequent to the execution and delivery of the Subscription Agreement, no event or condition has occurred or exists, which in the judgment of the Subscriber makes it impracticable or inadvisable to proceed with the issuance, sale or delivery of the Notes;
3. the Subscriber has received one or more certificates of an executive officer of the Company and a director of each Guarantor who has specific knowledge of the financial matters of the Company or such Guarantor, as applicable, in a form satisfactory to the Subscriber;
4. there having been delivered to the Subscriber legal opinions, in form and substance satisfactory to the Subscriber;
5. there having been delivered to the Subscriber reasonably satisfactory evidence of, where applicable, the good standing of the Company and the Guarantors in their respective jurisdictions of organization and, where applicable, their good standing in such other jurisdictions as the Subscriber may reasonably request, in each case in writing or any standard form of telecommunication, from the appropriate governmental authorities of such jurisdictions;
6. there having been delivered to the Subscriber further certificates and documents, including one or more secretary's certificates of the Company and each of the Guarantors, as the Subscriber may reasonably request in form and substance reasonably satisfactory to the Subscriber;

7. there having been delivered to the Subscriber a copy of a press release published by Standard & Poor's Rating Group and Moody's Investors Service, Inc. in form and substance satisfactory to the Subscriber;
8. the SGX-ST has issued its approval in-principle for the listing of the Notes on the SGX-ST; and
9. there having been provided to the Subscriber written consent from each of the Initial Purchasers for the issuance and sale of the Notes.

Principal terms of the Notes

Notes offered for subscription

Subject to certain conditions to completion, the Company will issue the Notes in the aggregate principal amount of US\$300,000,000 which will mature on 10 March 2016, unless earlier redeemed pursuant to the terms thereof.

Subscription Price

The Subscription Price of the Notes will be 100% of the principal amount of the Notes.

Interest

The Notes will bear interest at a rate of 13.0% per annum, payable semi-annually in arrears on 10 March and 10 September of each year, commencing on 10 March 2011.

Ranking of the Notes

The Notes are ranked *pari passu* in all respects with the Existing Notes. The Notes are general obligations of the Company and are guaranteed by the Guarantors on a senior basis, which also guarantee the Existing Notes and the Company's US\$300,000,000 11.75% senior notes due 2015. The Notes are (1) ranked at least *pari passu* in right of payment against the Company with all unsecured borrowings of the Company, including the Existing Notes and the Company's US\$300,000,000 11.75% senior notes due 2015; (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 (iii) 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 then outstanding Notes may declare all the Notes to be due and payable immediately.

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 or guarantee additional indebtedness and issue preferred stock;
- (b) pay dividends, redeem capital stock and make certain investments;
- (c) make certain other restricted payments;
- (d) create or permit to exist certain liens;
- (e) impose restrictions on the ability of our subsidiaries to pay dividends or make other payments to us;
- (f) transfer, lease or sell certain assets including subsidiary stock;
- (g) merge or consolidate with other entities;
- (h) enter into certain transactions with affiliates; and
- (i) enter into unrelated businesses.

Redemption

The Notes may be redeemed in the following circumstances:

- (1) At any time prior to 10 March 2014, the Company may redeem up to 35% of the aggregate principal amount of the Notes issued under the Indenture, at a redemption price equal to 113% 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 the maturity date of the Notes, 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.

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.

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

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

DEFINITIONS

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

"Arranger and Settlement Agent"	Sun Hung Kai Investment Services Ltd.
"Board"	the board of directors of the Company
"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
“Existing Notes”	the notes issued and sold in the September Note Issues
“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 stocks 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 are incorporated outside of the PRC and 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
“Initial Purchasers”	BOCI Asia Limited, Merrill Lynch International and UBS AG
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Notes”	the additional 13.0% guaranteed senior notes due 2016 in the principal amount of US\$300,000,000 to be issued by the Company to the Subscriber
“Notes Issue”	the issue of the Notes by the Company to the Subscriber
“Securities Act”	the United States Securities Act of 1933, as amended
“September Notes Issue”	the issuance of the Existing Notes by the Company to the Initial Purchasers pursuant to a purchase agreement dated 2 September 2010
“SGX-ST”	Singapore Exchange Securities Trading Limited
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Subscriber”	Lau Luen Hung, chairman and chief executive officer of Chinese Estates Holdings Limited (華人置業集團*), a company incorporated in Bermuda with limited liability the shares of which are listed on the main board of the Stock Exchange
“Subscription Agreement”	the agreement dated 3 November 2010 entered into among the Company, the Subscriber, the Arranger and Settlement Agent, and the Guarantors in relation to the Notes Issue
“Subscription Price”	100% of the principal amount of the Notes, the price at which the Notes will be sold
“US\$”	United States dollars
“%”	per cent

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

Hong Kong, 3 November 2010

As at the date of this announcement, the Board 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