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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

DISCLOSEABLE TRANSACTION

On 11 January 2011, Champ Ahead, a wholly-owned subsidiary of the Company and Global One entered into the Sale and Purchase Agreement, pursuant to which Champ Ahead agreed to purchase the entire issued share capital of Fresh Ace and the Shareholder Loan from Global One at a consideration of RMB1,956,895,000 (equivalent to approximately HK\$2,298,177,488). Pursuant to the Sale and Purchase Agreement, the Shareholder Loan will be assigned from Global One to Champ Ahead on the Completion Date.

As at the date of this announcement, Global One is the sole shareholder of Fresh Ace, which directly holds the entire issued share capital of the Hong Kong Subsidiary. The PRC Subsidiary is held as to 80% by the Hong Kong Subsidiary and 20% by Wuxi Investment, and the PRC Subsidiary is the registered owner of the Properties. Separately, the Company has entered into a tender auction listing procedure, pursuant to which it has made an offer of RMB682,000,000 (equivalent to approximately HK\$800,940,800) and has paid a deposit of approximately RMB150,000,000 (equivalent to approximately HK\$176,160,000), and is currently in the process of finalising with Wuxi Investment on acquiring 20% equity interest in the PRC Subsidiary.

The purpose of the Acquisition is to enable the Company to acquire 80% equity interest in the PRC Subsidiary which is the registered owner of the Properties.

As one of the applicable percentage ratios in relation to the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

On 11 January 2011, Champ Ahead, a wholly-owned subsidiary of the Company and Global One entered into the Sale and Purchase Agreement, pursuant to which Champ Ahead agreed to purchase the entire issued share capital of Fresh Ace and the Shareholder Loan from Global One at a consideration of RMB1,956,895,000 (equivalent to approximately HK\$2,298,177,488). Pursuant to the Sale and Purchase Agreement, the Shareholder Loan will be assigned from Global One to Champ Ahead on the Completion Date.

THE SALE AND PURCHASE AGREEMENT

Date

11 January 2011

Parties

- (1) Champ Ahead, a wholly-owned subsidiary of the Company, as the Purchaser
- (2) Global One as the Vendor

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, Global One and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined under the Listing Rules).

Principal terms

Pursuant to the Sale and Purchase Agreement, Champ Ahead agreed to purchase the entire issued share capital of Fresh Ace and the Shareholder Loan from Global One at a consideration of RMB1,956,895,000 (equivalent to approximately HK\$2,298,177,488).

Consideration

The consideration for the Acquisition is RMB1,956,895,000 (equivalent to approximately HK\$2,298,177,488), and shall be payable in cash by Champ Ahead from the Group's internal resources as follows:

- (i) an amount of RMB1,565,516,000 (equivalent to approximately HK\$1,838,541,990) will be payable by Champ Ahead on the date of the Sale and Purchase Agreement or such other date as agreed between Champ Ahead and Global One; and
- (ii) the balance of RMB391,379,000 (equivalent to approximately HK\$459,635,498) will be payable in cash by Champ Ahead on or before the Completion Date.

The consideration for the Acquisition was determined on arm's length negotiations on normal commercial terms with reference to the appraised value of the PRC Subsidiary with reference to the Valuation Report of approximately RMB3,408,273,200 (equivalent to approximately HK\$4,002,676,046) as at 31 December 2009.

CONDITIONS PRECEDENTS

Completion of the Acquisition is conditional upon, among other things, the following:

- (A) the passing of the resolutions by the shareholder(s) of Global One to approve the Sale and Purchase Agreement and the transactions contemplated thereunder;
- (B) all necessary approvals and consent from the Shareholders (if any) having been obtained in relation to the Acquisition, the Sale and Purchase Agreement and the transactions contemplated therein;

- (C) all requisite approvals, consent and authorisations required under all applicable laws, rules and regulations and relevant authorities (including, without limitation, all applicable PRC and Hong Kong laws and regulations and authorities), the Stock Exchange and the Listing Rules in relation to the Sale and Purchase Agreement and the transactions contemplated therein and the implementation thereof and all other matters incidental thereto, having been duly obtained;
- (D) Champ Ahead having conducted and completed due diligence on all business, technical, legal and financial matters, and all such other matters as deemed necessary by Champ Ahead in its absolute discretion, in relation to the Target Group and the Properties, and Champ Ahead being satisfied with the results of such due diligence in its absolute discretion;
- (E) there being no event existing or having occurred and no condition being in existence which would constitute a material breach of the Vendor's Warranties as contemplated under the Sale and Purchase Agreement;
- (F) no relevant government, governmental, quasi-governmental, statutory or regulatory body, court or agency having granted any order or made any decision that restrict or prohibit the implementation of the transactions contemplated in the Sale and Purchase Agreement;
- (G) the Vendor's Warranties remaining true and not misleading in all respects at Completion; and
- (H) the Purchaser's Warranties remaining true and not misleading in all respects at Completion.

REASONS FOR AND BENEFITS FOR ENTERING INTO THE SALE AND PURCHASE AGREEMENT

As at the date of this announcement, Global One is the sole shareholder of Fresh Ace, which directly holds the entire issued share capital of the Hong Kong Subsidiary. The PRC Subsidiary is held as to 80% by the Hong Kong Subsidiary and 20% by Wuxi Investment, and the PRC Subsidiary is the registered owner of the Properties. Separately, the Company has entered into a tender auction listing procedure, pursuant to which it has made an offer of RMB682,000,000 (equivalent to approximately HK\$800,940,800) and has paid a deposit of approximately RMB150,000,000 (equivalent to approximately HK\$176,160,000), and is currently in the process of finalising with Wuxi Investment on acquiring 20% equity interests in the PRC Subsidiary.

The purpose of the Acquisition is to enable the Company to acquire 80% equity interest in the PRC Subsidiary which is the registered owner of the Properties.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, Wuxi Investment and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined under the Listing Rules).

The Properties has a site area of approximately 390,626 square metres and is located at Wuxi Merchant City, Tangnan Road, Xigan Road, Wuxi New District, Wuxi City, Jiangsu Province, the PRC. The Properties consist of various shopping complexes with shops specialized in, amongst others, garments, cosmetics, shoes, electrical appliances and leather products. The Directors believe that the Properties are of premium quality and the Directors consider that the Acquisition provides an opportunity to further strengthen the Group's business in operating and developing shopping centres.

The Directors (including the independent non-executive Directors) are of the view that the Sale and Purchase Agreement was entered into in the ordinary and usual course of the business of the Group and the terms of the Sale and Purchase Agreement are negotiated on an arm's length basis and on normal commercial terms, and that the terms of the Sale and Purchase Agreement are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

INFORMATION OF THE GROUP, CHAMP AHEAD, FRESH ACE AND GLOBAL ONE

The Group is principally engaged in operating and developing underground shopping centres for wholesale and retail sale of apparel and accessories in the PRC.

Champ Ahead, a wholly-owned subsidiary of the Company, is an investment holding company.

Global One is an investment holding company which holds the entire issued share capital of Fresh Ace, an investment holding company. Fresh Ace holds the entire issued share capital of the Hong Kong Subsidiary which in turn holds 80% of the equity interest of the PRC Subsidiary. The PRC Subsidiary is the registered owner of the Properties.

The unaudited net profits before and after taxation of the Target Group for the year ended 31 December 2009 were approximately RMB20 million (equivalent to approximately HK\$23 million) and RMB16 million (equivalent to approximately HK\$19 million), respectively, and for the year ended 31 December 2010 were approximately RMB0.7 million (equivalent to approximately HK\$0.8 million) and RMB0.5 million (equivalent to approximately HK\$0.6 million), respectively. Based on the management accounts of the Target Group, the unaudited consolidated net liabilities of the Target Group as at 10 January 2011 was approximately RMB583 million (equivalent to approximately HK\$685 million).

IMPLICATION UNDER THE LISTING RULES

As one of the applicable percentage ratios in relation to the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

Acquisition	the acquisition by Champ Ahead of the entire issued share capital of Fresh Ace and the Shareholder Loan from Global One as contemplated under the Sale and Purchase Agreement
Board	the board of directors of the Company
Champ Ahead	Champ Ahead Limited (晉昌有限公司), a limited company incorporated in the British Virgin Islands, and a wholly-owned subsidiary of the Company
Company	Renhe Commercial Holdings Company Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange (Stock Code: 1387)

Completion	completion of the Acquisition pursuant to the terms and conditions of the Sale and Purchase Agreement
Completion Date	date of the Completion
connected person	has the meaning ascribed thereto under the Listing Rules
Directors	the directors of the Company
Fresh Ace	Fresh Ace Investment Limited (新藝投資有限公司), a company incorporated under the laws of the British Virgin Islands, which is wholly owned by Global One
Global One	Global One Business Limited, a company incorporated under the laws of the British Virgin Islands
Group	the Company and its subsidiaries
HK\$	Hong Kong dollars, the lawful currency in Hong Kong
Hong Kong Subsidiary	Hong Kong China One (Group) Investment Limited (香港中長集團投資有限公司) (formerly known as Modern Holding Investment Limited (現代集團投資有限公司)), a company incorporated under the laws of Hong Kong, which is wholly-owned by Fresh Ace
Listing Rules	The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
percentage ratios	shall have the meaning as ascribed thereto under Chapter 14 of the Listing Rules
PRC	the People's Republic of China
PRC Subsidiary	無錫招商城有限公司(Wuxi Zhaoshangcheng Co., Ltd.)*, a company incorporated under the laws of PRC with limited liability, which is held as to 80% by the Hong Kong Subsidiary and 20% by Wuxi Investment and is the registered owner of the Properties
Properties	consist of various shopping complexes with site area of approximately 390,626 square metres and is located at Wuxi Merchant City, Tangnan Road, Xigan Road, Wuxi New District, Wuxi City, Jiangsu Province, the PRC
Purchaser's Warranties	the warranties and representations and undertaking given by Champ Ahead under the Sale and Purchase Agreement as set out in Schedule III thereof
RMB	Renminbi, the lawful currency of the PRC

Sale and Purchase Agreement	the Sale and Purchase Agreement dated 11 January 2011 entered into between Champ Ahead and Global One in relation to the Acquisition
Shareholders	the shareholders of the Company
Shareholder Loan	the outstanding shareholder loan(s) advanced by Global One to Fresh Ace and/or the Hong Kong Subsidiary (if any) as at the Completion Date as contemplated under the Sale and Purchase Agreement
Stock Exchange	The Stock Exchange of Hong Kong Limited
Target Group	Fresh Ace and its subsidiaries
Valuation Report	the valuation report (無錫市城市投資發展總公司持有的無錫招商城有限公司20%國有股權轉讓之股東部分權益價值評估報告) in relation to the valuation of the PRC Subsidiary dated 27 August 2010, commissioned by Wuxi Investment from Wuxi Dongsheng Asset Appraisal Ltd. (無錫東聖資產評估事務有限公司)*, a qualified PRC valuer
Vendor's Warranties	the warranties and representations and undertakings given by Global One under the Sale and Purchase Agreement as set out in Schedule II thereof
Wuxi Investment	無錫市城市投資發展總公司 (Wuxi City Investment Development Corporation)*, a company incorporated under the laws of the PRC with limited liability
%	per cent

* *The English translation of the company names is for reference only.*

For illustration purpose in this announcement, amounts in RMB have been translated into HK\$ at the rate of RMB1 = HK\$1.1744

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

Hong Kong, 12 January 2011

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.