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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)

PLACING OF EXISTING SHARES, TOP-UP SUBSCRIPTION FOR NEW SHARES, AND RESUMPTION OF TRADING OF SHARES

UBS AG, HONG KONG BRANCH



PROPOSED PLACING AND TOP-UP SUBSCRIPTION

On 16 July 2009, the Company, the Vendor and UBS entered into the Placing Agreement pursuant to which UBS has agreed to procure purchasers on behalf of the Vendor to purchase, or failing which, to purchase 3,000,000,000 Shares owned by the Vendor at the Placing Price of HK\$1.86 per Share. The Placing Shares represent approximately 15.0% of the issued share capital of the Company as at the date of this announcement and approximately 13.6% of the issued share capital of the Company as enlarged by the top-up Subscription.

The Placing Shares will be placed by UBS to not less than six professional, institutional and/or other individual investors, who are not connected persons of the Company. Pursuant to the Placing Agreement, the Vendor has conditionally agreed to subscribe 2,000,000,000 new Shares at the Placing Price. Each of the Vendor and the Company has furnished lock-up undertakings to UBS for a period of six months after the date of the Placing Agreement.

The shareholding of the Vendor in the issued share capital of the Company will be reduced from approximately 67.2% to approximately 52.2% upon completion of the Placing but before completion of the Subscription and will be increased from approximately 52.2% to approximately 56.5% upon completion of the Placing and the Subscription. Completion of the Subscription is conditional upon completion of the Placing.

The Placing and the Subscription are not subject to the approval of the Shareholders.

USE OF PROCEEDS

The proceeds from the Subscription, after deduction of the commissions and the estimated expenses relating to the Placing and Subscription, are expected to amount to approximately HK\$3,575,000,000 which will be used for the acquisitions of the operation rights at the new underground shopping centre sites as disclosed in the announcement dated 16 July 2009. The New Shares will be issued and allotted by the Company pursuant to the General Mandate.

The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the New Shares.

As the Placing Agreement may or may not complete, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

TRADING RESUMPTION

Trading in the Shares on the Stock Exchange was suspended at the request of the Company with effect from 9:30 a.m. on 16 July 2009 pending the release of this announcement. The Company has applied for the resumption of trading in its Shares with effect from 2:30 p.m. on the same day.

PROPOSED PLACING OF EXISTING SHARES AND TOP-UP SUBSCRIPTION FOR NEW SHARES

Placing Agreement

Date: 16 July 2009

Parties: (i) the Vendor;
(ii) the Company; and
(iii) UBS

Placing Shares

The Vendor has agreed to sell, or procure the sale of, the Placing Shares and UBS, as agent of the Vendor, to procure (either itself or through its associates) Placees, or failing which itself as principal, to purchase the Placing Shares at the Placing Price of HK\$1.86 per Share on the terms and subject to the conditions set out in the Placing Agreement. The Placing Shares represent approximately 15.0% of the issued share capital of the Company as at the date of this announcement and approximately 13.6% of the issued share capital as enlarged by the Subscription.

Placing Price

The Placing Price of HK\$1.86 per Share represents (i) a discount of approximately 8.8% to the closing price of HK\$2.04 per Share as quoted on the Stock Exchange on 15 July 2009 (being the last full trading day prior to the suspension in trading of Shares on the Stock Exchange pending the release of this announcement); (ii) a discount of approximately 1.2% to the average closing price of approximately HK\$1.88 per Share as quoted on the Stock Exchange for the last 5 trading days up to and including 9 July 2009; (iii) a premium of approximately 6.3% to the average closing price of approximately HK\$1.75 per Share as quoted on the Stock Exchange for the last 10 trading days up to and including 2 July 2009; and (iv) a premium of approximately 10.9% to the average closing price of approximately HK\$1.68 per Share as quoted on the Stock Exchange for the last 30 trading days up to and including 3 June 2009. The Placing Price was determined after arm's length negotiation between the Company and UBS with reference to the market price of the Shares.

Rights

The Placing Shares shall be free and clear of all liens, charges and encumbrances, claims, options and third party rights and have all rights attaching thereto at the date of the Placing Agreement, including the right to receive all dividends or other distributions declared, made or paid on the Placing Shares at any time after the date of the Placing Agreement.

UBS and the Placees

The Placing Shares will be placed to not less than six professional, institutional and/or other individual investors.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, UBS is not a connected person of the Company (as defined in the Listing Rules).

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the placees (and their ultimate beneficial owners) procured by UBS as agents of the Vendor are not connected persons of the Company (as defined in the Listing Rules). It is not expected that any placee will become a substantial shareholder of the Company as a result of the Placing.

Conditions

The obligation of UBS to proceed to Completion is conditional upon:

- (a) the Subscription Agreement having been entered into by the parties thereto and not subsequently having been revoked, terminated or modified;
- (b) there not having occurred at any time prior to Completion (i) any breach of, or any event rendering untrue, incorrect or breached in any respect, any of the representations, warranties or undertakings referred to in the Placing Agreement or (ii) any breach of, or failure to perform, any of the other obligations of the Company or the Vendor which are required to be performed at or before Completion;

(c) there not having occurred:

- (i) any event, or series of events beyond the reasonable control of UBS (including, without limitation, acts of government, strikes, labour disputes, lock-outs, fire, explosion, flooding, civil commotion, economic sanctions, epidemic, pandemic, outbreak of infectious disease, terrorism, outbreak or escalation of hostilities (whether local, national or international), acts of war and acts of God);
- (ii) any change, or development (whether or not permanent) involving a prospective change, in or affecting the business, general affairs, management, prospects, assets and liabilities, shareholders' equity, results of operations or position, financial or otherwise, of the Company or the Group as a whole, whether or not arising in the ordinary course of business;
- (iii) any change (whether or not permanent) or any development (whether or not permanent) involving a prospective change or any crisis in local, national or international financial, political, economic, legal, military, industrial, fiscal, regulatory, currency or market conditions (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, interbank markets and credit markets and conditions with respect to interest rates in Hong Kong or otherwise) or foreign exchange controls in Hong Kong or overseas or any occurrence of a combination of any such changes or developments or crises or any deterioration of any such conditions;
- (iv) the commencement by any state, governmental, judicial, regulatory or political body or organisation of any action against any director of the Company or an announcement by any state, governmental, judicial, regulatory or political body or organisation that it intends to take any such action; or
- (v) the introduction of any new law or regulation or any change (whether or not permanent) or development (whether or not permanent) involving a prospective change in existing laws or regulations or the interpretation or application thereof by any court or other competent authority,

which individually or together, in the reasonable opinion of UBS, prejudices or is likely to prejudice materially the success of the Placing or dealings in the Placing Shares in the secondary market or makes it or is likely to make it impracticable or inadvisable or inexpedient to proceed with the offer, sale, distribution or delivery of the Placing Shares on the terms and in the manner contemplated herein; and

- (d) there not having occurred at any time prior to Completion (i) the imposition of any moratorium, suspension or material restriction on trading in shares or securities generally on the Stock Exchange, or in any securities of the Company on any stock exchange or over the counter market (save for a suspension of trading of the Shares on the Stock Exchange at the request of the Company) or (ii) any material disruption in securities settlement, payment or clearance services in Hong Kong or the People's Republic of China or (iii) the imposition of any moratorium on commercial banking activities by the authorities in Hong Kong or the People's Republic of China or the United States Federal or New York State authorities.

Each of the Vendor and the Company undertakes promptly to inform UBS of any matter or circumstance which comes to the attention of any of them which may fall within (a) to (d) above. If any of such conditions shall not have been fulfilled or (alternatively) waived by UBS (upon such terms as UBS may deem necessary) by Completion, the Placing Agreement and the obligations of UBS hereunder shall cease and terminate.

Completion of the Placing

Subject to the conditions of the Placing as set out in the above paragraph, the parties expect that the Placing will be completed on 21 July 2009 (or such other date as the Vendor and UBS may agree).

Lock-Up Undertakings

The Vendor has undertaken to UBS that (except for the sale of the Placing Shares pursuant to the Placing Agreement and such other Shares which are subject to pre-existing contractual obligations owed by the Vendor to certain third parties) from the date of the Placing Agreement until the date being six months after the date of the Placing Agreement it will not and will procure that none of its nominees, companies controlled by it or trusts associated with it (whether individually or together and whether directly or indirectly) will (without the prior written consent of UBS) (i) offer, lend, pledge, issue, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares held by it immediately following the Placing and the Subscription (including the New Shares to be issued under the Subscription Agreement but excluding the Placing Shares) or any interests therein or any securities convertible into or exercisable or exchangeable for or substantially similar to any such Shares or interests or (ii) enter into any swap or similar agreement that transfers, in whole or in part, the economic risk of ownership of such Shares, whether any such transaction described in (i) or (ii) above is to be settled by delivery of Shares or such other securities, in cash or otherwise or (iii) announce any intention to enter into or effect any such transaction described in (i) or (ii) above. However, the Vendor shall not be prevented from using Shares beneficially owned by it as security (including a charge or a pledge) in favour of an authorised institution for a bona fide commercial loan.

The Company has undertaken to UBS that (except for (i) the New Shares to be allotted and issued to the subscriber(s) named in the Subscription Agreement (ii) any new Shares to be issued pursuant to the existing employee share options of the Company in issue as at the date hereof and (iii) any Shares or other securities or rights issued or granted to shareholders by way of bonus or under any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with its articles of association of the Company or on the exercise of rights existing at the date of the Placing Agreement) from the date hereof and on and prior to the date being six months after the date of the Placing Agreement it will not (without the prior written consent of UBS) (i) allot or issue or offer to allot or issue or grant any option, right or warrant to subscribe (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares or any interests in Shares or any securities convertible into or exercisable or exchangeable for or substantially similar to any Shares or interest in Shares or (ii) agree (conditionally or unconditionally) to enter into or effect any such transaction with the same economic effect as any of the transaction described in (i) above or (iii) announce any intention to enter into or effect any such transaction described in (i) or (ii) above.

Subscription Agreement

2,000,000,000 New Shares are proposed to be subscribed by the Vendor, representing approximately 10.0% of the issued share capital of the Company as at the date of this announcement and approximately 9.1% of the issued share capital of the Company as enlarged by the Subscription. The New Shares have a nominal value of HK\$20,000,000 and a market value of HK\$4,080,000,000 based on the closing price of the Shares as at 15 July 2009.

Subscription Price

The Subscription Price per New Share is HK\$1.86 per Share and equal to the Placing Price.

Ranking of the New Shares

The New Shares to be subscribed for and issued shall rank pari passu in all respects with the other Shares in the capital of the Company in issue at the date of allotment and in particular will rank in full for all dividends and other distributions declared made or paid at any time after the date of allotment of the New Shares.

Conditions of the Subscription

The Subscription is conditional upon:

- (1) completion of the Placing; and
- (2) an application being made to the Stock Exchange for the grant of listing of, and permission to deal in, all the New Shares.

The Company has also undertaken to use all reasonable endeavours to ensure compliance with the relevant requirements of the Listing Rules as soon as is reasonably practicable.

Completion of the Subscription

Subject to the above, completion of the Subscription will take place at the office of the Company at a time to be fixed between the Vendor and the Company, provided that it will take place on a date which is not later than 14 days after the date of the Subscription Agreement (or such later date, subject to the approval of the Stock Exchange, as may be agreed between the parties).

CHANGES IN THE SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company before and after the Placing and the Subscription are summarised as follows:

Shareholders As at the date of this announcement Immediately after completion of the Placing but before the Subscription Immediately after completion of the Placing and the Subscription

Shareholders	As at the date of this announcement		Immediately after completion of the Placing but before the Subscription		Immediately after completion of the Placing and the Subscription	
	<i>Number of Shares</i>	<i>Approximately %</i>	<i>Number of Shares</i>	<i>Approximately %</i>	<i>Number of Shares</i>	<i>Approximately %</i>
The Vendor	13,432,195,217	67.16%	10,432,195,217	52.16%	12,432,195,217	56.51%
Placees under the Placing	–	0.00%	3,000,000,000	15.00%	3,000,000,000	13.64%
Other Shareholders	<u>6,567,804,783</u>	<u>32.84%</u>	<u>6,567,804,783</u>	<u>32.84%</u>	<u>6,567,804,783</u>	<u>29.85%</u>
Total	<u>20,000,000,000</u>	<u>100.00%</u>	<u>20,000,000,000</u>	<u>100.00%</u>	<u>22,000,000,000</u>	<u>100.00%</u>

USE OF PROCEEDS

The proceeds from the Subscription, after deduction of the commissions and the estimated expenses relating to the Subscription, are expected to amount to approximately HK\$3,575,000,000, and will be used for financing the acquisition of new underground commercial shopping centre sites. Further details can be found in the announcement of the Company dated 16 July 2009. The net proceeds raised per New Share will be approximately HK\$1.79 per New Share.

REASONS FOR AND BENEFITS OF THE PLACING AND THE SUBSCRIPTION

The Placing and the Subscription are being undertaken to supplement the Group's funding of its expansion and growth plan as outlined in the announcement of the Company dated 16 July 2009. The Directors consider the Placing and the Subscription will provide an opportunity to raise further capital for the Company whilst enlarging the shareholder base and the capital base of the Company. The Directors (including the independent non-executive Directors) are of the view that the terms and conditions of the Placing and the Subscription are fair and reasonable, on normal commercial terms and are in the interest of the Group and the Shareholders as a whole.

GENERAL MANDATE TO ISSUE THE NEW SHARES

The New Shares will be issued under the General Mandate, under which the Directors have been authorised by the Shareholders to allot and issue up to 4,000,000,000 Shares and therefore no separate shareholders' approval is required. The Directors have not exercised the power to allot and issue any new Shares pursuant to such mandate prior to the date of this announcement.

ISSUE OF SECURITIES AND CAPITAL RAISING ACTIVITIES IN THE PREVIOUS 12-MONTH PERIOD

The Company has not issued any securities in the previous 12-month period. The Company has not carried out any capital raising activities in the 12 months immediately preceding the date of this announcement.

GENERAL

The Group is principally engaged in development and operation of underground shopping malls in the PRC.

As the Placing Agreement may or may not complete, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

RESUMPTION OF TRADING

Trading in the Shares of the Stock Exchange was suspended at the request of the Company with effect from 9:30 a.m. on 16 July 2009 pending the release of this announcement. The Company has applied for the resumption of trading in its Shares with effect from 2:30 p.m. on the same day.

TERMS USED IN THIS ANNOUNCEMENT

“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of directors 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
“Completion”	Completion of the obligations of the parties under the Placing Agreement
“connected persons”	has the meaning ascribed to it under the Listing Rules
“Directors”	directors of the Company
“General Mandate”	the general mandate that was granted by the Shareholders to the Directors at the annual general meeting of the Company held on 11 June 2009 to allot, issue and deal with 4,000,000,000 Shares, which represent 20% of the aggregate nominal amount of the Shares in issue as at the date of the passing of the resolution
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“New Shares”	2,000,000,000 new Shares to be subscribed by the Vendor pursuant to the Subscription Agreement
“Placees”	professional, institutional and other investors selected and procured by or on behalf of the Placing Agent as contemplated by the Placing Agreement
“Placing”	the placement of 3,000,000,000 existing Shares at the Placing Price
“Placing Agreement”	the agreement dated 16 July 2009 entered into between the Vendor, the Company and UBS in respect of the Placing and the Subscription
“Placing Price”	the placing price of HK\$1.86 per Share
“Placing Shares”	3,000,000,000 existing Shares
“Shares”	ordinary shares of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of the New Shares by the Vendor pursuant to the Subscription Agreement
“Subscription Agreement”	the agreement dated 16 July 2009 entered into between the Vendor and the Company
“Subscription Price”	the subscription price of HK\$1.86 per Share
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“UBS”	UBS AG, Hong Kong branch, acting through its business division, UBS Investment Bank, acting as the agent of the Vendor
“US\$”	United States dollar, the lawful currency of the United States
“United States”	the United States of America, its territories and possessions, any State of the United States, and the District of Columbia

“Vendor” Super Brilliant Investments Limited, a company incorporated in the British Virgin Islands and a controlling shareholder (as defined in the Listing Rules) of the Company

“%” per cent.

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

Hong Kong, 16 July 2009

As at the date of this announcement, the Board comprises: Mr. Dai Yongge, Mr. Zhang Dabin, Mr. Wang Hongfang, Ms. Wang Chunrong and Mr. Wang Luding as executive directors, Mrs. Hawken Xiuli, Ms. Jiang Mei, Ms. Zhang Xingmei, Mr. Ho Gilbert Chi Hang, Mr. Ho Hsiang-Ming James 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*