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Maoye International Holdings Limited

茂業國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 848)

**RENEWAL OF CONTINUING CONNECTED TRANSACTIONS
UNDER THE EXISTING MASTER LEASING AGREEMENT**

As the Existing Master Leasing Agreement will expire on 31 December 2012 and the Company expects to continue the continuing connected transactions thereafter, the Company entered into the New Master Leasing Agreement with Maoye Holdings Limited on 28 November 2012 to replace the Existing Master Leasing Agreement from 1 January 2013 and to govern the terms upon which the Group will lease premises from the Controlling Shareholder Group for the next three years thereafter. The New Master Leasing Agreement has a term of three years and will be effective from 1 January 2013.

Maoye Holdings Limited is a wholly-owned subsidiary of Mr. Huang, the controlling shareholder and a director of the Company and, therefore, a connected person of the Company under the Listing Rules.

Accordingly, the transactions under the New Master Leasing Agreement constitute continuing connected transactions for the Company under Rule 14A.14 of the Listing Rules. The relevant percentage ratios (other than the profits ratio) under Rule 14.07 of the Listing Rules in respect of the annual amount of the transactions under the New Master Leasing Agreement exceed 0.1% but are less than 5%. Accordingly, pursuant to Rule 14A.34 of the Listing Rules, the continuing connected transactions under the New Master Leasing Agreement are exempted from the Independent Shareholders' approval requirement but are subject to the reporting and announcement requirements and annual review by independent non-executive directors of the Company in accordance with Rule 14A.34 of the Listing Rules.

Background

Reference is made to the announcement dated 19 May 2009 and the circular dated 9 June 2009 issued by the Company in relation to the continuing connected transactions between the Group and the Controlling Shareholder Group under the Existing Master Leasing Agreement.

The Existing Master Leasing Agreement governs the rights and obligations of the Group and the Controlling Shareholder Group in relation to the leasing of properties by the Group from the Controlling Shareholder Group for operation of department stores by the Group. As of the date of this announcement, the Group leases eleven properties from the Controlling Shareholder Group pursuant to the Existing Master Leasing Agreement. The following table summarises the properties currently leased by the Group from the Controlling Shareholder Group as of the date of this announcement.

Location	Details of Occupancy
Shop Unit at Level 1 to Level 5, No. 3009 Heping Road, Luohu District, Shenzhen, PRC	Maoye Shenzhen Outlet Store*
Level 1 to Level 5, No. 1018 Central Shennan Road, Futian District, Shenzhen, PRC	Maoye Shenzhen Shennan Store
Nos. 2005-2006, North Huaqiang Road, Futian District, Shenzhen, PRC	The first phase of Maoye Shenzhen Huaqiangbei Store

Location**Details of Occupancy**

Nos. 2005-2006,
North Huaqiang Road,
Futian District,
Shenzhen,
PRC

The second phase of Maoye Shenzhen
Huaqiangbei Store

No. 301, Zijing Road,
Xiangzhou District,
Zuhai,
PRC

Maoye Zhuhai Store

Level 5 to Level 7,
Wangjiao Shopping Center,
Dongmen Road,
Luohu District,
Shenzhen,
PRC

A portion of Maoye Shenzhen Dongmen
Store

Office Unit of the whole of
37/F, a portion of 36/F and 39/F,
World Finance Centre,
Shennan Road,
Luohu District,
Shenzhen,
PRC

Office Unit

B1, Yongcui Huaifu,
Taibai Road,
Luohu District,
Shenzhen,
PRC

Warehouse

Shop Unit on the whole of
Level 1 to Level 7 and part of Level 8,
No. 16 North Jian Xin Road,
Chongqing,
PRC

Maoye Chongqing Jiangbei Store

Location**Details of Occupancy**

No.172 Lake Garden Street,
Wujin District,
Changzhou Jiangsu,
PRC

Maoye Changzhou Wujin Store

No.185-1 Youth Street,
Shenyang, Liaoning,
PRC

Maoye Shenyang Jinlang Store

* Shenzhen Heping Store has been renamed Shenzhen Outlet Store.

As the Existing Master Leasing Agreement will expire on 31 December 2012 and the Company expects to continue the continuing connected transactions thereafter, the Company entered into the New Master Leasing Agreement with Maoye Holdings Limited on 28 November 2012 to replace the Existing Master Leasing Agreement from 1 January 2013 and to govern the terms upon which the Group will lease premises from the Controlling Shareholder Group for the next three years thereafter. The leased premises will mainly be used for operation of department stores by the Company. The New Master Leasing Agreement has a term of three years and will be effective from 1 January 2013.

Key terms of the New Master Leasing Agreement

Parties:	The Company Maoye Holdings Limited, a connected person
Subject:	Pursuant to the New Master Leasing Agreement, Maoye Holdings Limited has agreed to lease to the Group, and the Company has agreed to lease from the Controlling Shareholder Group, the Premises. The leases for the Premises are subject to the terms of the New Master Leasing Agreement.
Term:	Three years commencing from 1 January 2013. Either party may terminate the New Master Leasing Agreement by giving the other party at least one month's written notice of termination.

Rent and expenses: The rent payable under the New Master Leasing Agreement shall be determined by the parties in writing and shall be:

- (i) based on market rent, being rent which would be payable by an independent third party for the leasing of the Premises; and
- (ii) where there is no available comparison, on terms no less favourable to an independent third party.

The Group shall be responsible for the payment to the Controlling Shareholder Group of miscellaneous expenses relating to the Premises, such as property management fees, air-conditioning fees and car park rental fees, and any other reasonable expenses.

Annual Caps

The maximum aggregate rent and miscellaneous expenses to be payable by the Group to the Controlling Shareholder Group in connection with the leases under the New Master Leasing Agreement and hence the Proposed Caps are as follows:

For the year ended 31 December 2013 <i>(in RMB million)</i>	For the year ended 31 December 2014 <i>(in RMB million)</i>	For the year ended 31 December 2015 <i>(in RMB million)</i>
167	167	167

The historical amount of the rents paid by the Group to the Controlling Shareholder Group in connection with the leases under the Existing Master Leasing Agreement is as follows:

For the year ended 31 December 2010 <i>(in RMB million)</i>	For the year ended 31 December 2011 <i>(in RMB million)</i>	For the six months ended 30 June 2012 <i>(in RMB million)</i>
121.8	143.1	72.7

The terms of the New Master Leasing Agreement were arrived at after arm's length negotiation and are on normal commercial terms. The Proposed Caps for the year ended 31 December 2013, 2014 and 2015 were determined with reference to the (i)

the historical rents and expenses paid by the Group to the Controlling Shareholder Group in 2010 to 2012 in connection with the leases under the Existing Master Leasing Agreement; (ii) prevailing market rent in the PRC.

Reasons for and benefits of the transactions under the New Master Leasing Agreement

The Controlling Shareholder Group owns several commercial complex in the PRC, all of which are situated at the core commercial district of the cities. The New Master Leasing Agreement allows the Company to take advantage of Controlling Shareholder Group's resources to maintain the operation of its department stores at core commercial districts. Furthermore, the Group has been operating several department stores at the Controlling Shareholder Group's properties for a long time. The cost to be incurred and the adverse impact on the operation of the Group's stores in the event of their relocation will be substantial.

The Directors (including the independent non-executive Directors) believe that the transactions under the New Master Leasing Agreement has been entered into in the ordinary and usual course of business of the Company, are on normal commercial terms and are fair and reasonable and in the interests of the Company and its Shareholders as a whole. The Directors (including the independent non-executive directors) also believe that the Proposed Caps of the New Master Leasing Agreement are fair and reasonable. The Directors (apart from Mr. Huang) do not have any material interest in the transaction and none of them (apart from Mr. Huang) has abstained from voting on the board resolution to approve the transaction.

Information on the parties

The Company

The Company is principally engaged in the operation and management of department stores and property development in the PRC, and is a leading domestic operator of department store in the affluent regions of the PRC with high economic growth. Currently, the Company is strategically expanding into four regions: Guangdong Province which is economically developed, Sichuan Province which is one of the most densely populated regions, Jiangsu Province and Shandong Province which rank among the top three regions in terms of GDP, and Northern China, such as the Bohai Rim region. The Company currently operates and manages 39 stores in 19 cities across the nation as at the date of this announcement.

Maoye Holdings Limited

Maoye Holdings Limited is an investment holding company incorporated in the British Virgin Islands with limited liability. It is wholly-owned by Mr. Huang, the controlling shareholder and a director of the Company, and is therefore a connected person of the Company under the Listing Rules. It is a member of the Controlling Shareholder Group.

Implications under the Listing Rules

As Maoye Holdings Limited is a connected person of the Company under the Listing Rules, the transactions under the New Master Leasing Agreement constitute continuing connected transactions for the Company under Rule 14A.14 of the Listing Rules. The relevant percentage ratios (other than the profits ratio) under Rule 14.07 of the Listing Rules in respect of the annual amount of the transactions under the New Master Leasing Agreement exceed 0.1% but are less than 5%. Accordingly, pursuant to Rule 14A.34 of the Listing Rules, the continuing connected transactions under the New Master Leasing Agreement are exempted from the Independent Shareholders' approval requirement but are subject to the reporting and announcement requirements and annual review by independent non-executive directors of the Company in accordance with Rule 14A.34 of the Listing Rules.

Details of the New Master Leasing Agreement will be included in the annual report and accounts of the Company in accordance with Rule 14A.46 of the Listing Rules.

DEFINITIONS

“Company”	Maoye International Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the main board of the Stock Exchange;
“Controlling Shareholder Group”	Mr. Huang, any of his associates and companies majority-owned or controlled by Mr. Huang and his Associates, but excluding the Group;
“Directors”	the directors of the Company;
“Existing Master Leasing Agreement”	the master leasing agreement entered into between the Company and Maoye Holdings Limited dated 18 May 2009;

“Group”	the Company and its subsidiaries from time to time;
“Independent Shareholders”	Shareholders other than Mr. Huang and his associates;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Maoye Holdings Limited”	Maoye Holdings Limited, an investment holding company incorporated in the British Virgin Islands with limited liability, which is wholly-owned by Mr. Huang;
“Mr. Huang”	Mr. Huang Mao Ru, Chairman, executive Director and Chief Executive Officer of the Company and the Company’s ultimate controlling shareholder;
“New Master Leasing Agreement”	the master leasing agreement entered into between the Company and Maoye Holdings Limited dated 28 November 2012;
“PRC”	The People’s Republic of China;
“Premises”	the premises owned or occupied by the Controlling Shareholder Group from time to time;
“Proposed Caps”	the proposed maximum annual aggregate value for the transactions under the New Master Leasing Agreement for the three years ending 31 December 2015;
“RMB”	Renminbi, the lawful currency in the PRC;
“Shareholder(s)”	holder(s) of shares of the Company; and
“Stock Exchange”	The Stock Exchange of Hong Kong Limited.

By Order of the Board
Maoye International Holdings Limited
Mr. Huang Mao Ru
Chairman

Hong Kong, 28 November 2012

As at the date of this announcement, the Board comprises four executive directors, namely, Mr. Huang Mao Ru, Mr. Zhong Pengyi, Ms. Wang Fuqin and Mr. Wang Bin; and three independent non-executive directors, namely, Mr. Chow Chan Lum, Mr. Pao Ping Wing and Mr. Leung Hon Chuen.