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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)

CONTINUING CONNECTED TRANSACTIONS

**(I) RENEWAL OF CONTINUING CONNECTED TRANSACTIONS
UNDER THE EXISTING LEASE AGREEMENT IN RELATION
TO SHENZHEN FRIENDSHIP CITY BUILDING**

**(II) REVISION OF ANNUAL CAPS FOR THE CONTINUING
CONNECTED TRANSACTIONS UNDER THE MASTER
LEASING AGREEMENT**

**RENEWAL OF CONTINUING CONNECTED TRANSACTIONS UNDER THE
EXISTING LEASE AGREEMENT IN RELATION TO SHENZHEN
FRIENDSHIP CITY BUILDING**

Reference is made to the announcement dated 8 April 2010 issued by the Company in relation to the continuing connected transactions between the Company and Shenzhen Friendship under the Existing Friendship City Lease Agreement. As the Existing Friendship City Lease Agreement will expire on 1 May 2013 and the Company expects to continue the continuing connected transactions thereafter, Maoye Shangsha entered into the New Friendship City Lease Agreement with Shenzhen Friendship on 30 April 2013 to replace the Existing Friendship City Lease Agreement pursuant to which Maoye Shangsha will lease the Leased Property at the Friendship City Building at 63 Friendship Road, Shenzhen, PRC. The New Friendship City Lease Agreement has a term of three years and will be effective from 1 May 2013.

Shenzhen Friendship is 40% owned by Mr. Zhong, a director of the Company. Accordingly, Shenzhen Friendship is a connected person of the Company under the Listing Rules by virtue of being an associate of Mr. Zhong.

Accordingly, the transactions under the New Friendship City Lease 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 Friendship City Lease 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 Friendship City Lease 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.

REVISION OF ANNUAL CAPS FOR THE CONTINUING CONNECTED TRANSACTIONS UNDER THE MASTER LEASING AGREEMENT

Reference is made to the announcement dated 28 November 2012 issued by the Company in relation to the entering into of the Master Leasing Agreement between the Company and Maoye Holdings Limited on 28 November 2012. Pursuant to the Master Leasing Agreement, the Group may lease premises from the Controlling Shareholder Group for a period of three years with effect from 1 January 2013. Under the Master Leasing Agreement, the maximum aggregate rent and miscellaneous expenses to be payable by the Group to the Controlling Shareholder in connection with the leases under the Master Leasing Agreement, and hence the annual caps, for each of the years ending 31 December 2013, 2014 and 2015 are RMB167 million.

As the Controlling Shareholder Group owns new properties which may be suitable for the Group's operation, and the Company intends to expand its department store network in order to capture the business opportunities arising from the PRC government's policy to boost internal demand, the Company may lease some or all of such properties from the Controlling Shareholder Group for the Group's operation. The Directors estimate that the existing annual caps in respect of the Master Leasing Agreement will be insufficient for the Group's requirements. The Directors therefore have proposed that the annual caps for each of the years ending 31 December 2013, 31 December 2014 and 31 December 2015 should be revised from RMB167 million to RMB175 million. In order to give effect to the proposed revision of the annual caps, the Company and Maoye Holdings Limited entered into the Supplemental Agreement on 30 April 2013.

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

Pursuant to the Listing Rules, if the Company proposes to revise the annual caps for the continuing connected transactions under the Master Leasing Agreement, it will have to re-comply with the relevant provisions under Chapter 14A 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 Revised Annual Caps on an annual basis and the transactions under the Master Leasing Agreement as amended by the Supplemental Agreement exceed 0.1% but are less than 5%. Accordingly, pursuant to Rule 14A.34 of the Listing Rules, the Revised Annual Caps and the transactions under the Master Leasing Agreement as amended by the Supplemental 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.

1. RENEWAL OF CONTINUING CONNECTED TRANSACTIONS UNDER THE EXISTING LEASE AGREEMENT IN RELATION TO SHENZHEN FRIENDSHIP CITY BUILDING

1.1 Background

Reference is made to the announcement dated 8 April 2010 issued by the Company in relation to the continuing connected transactions between Maoye Shangsha and Shenzhen Friendship under the Existing Friendship City Lease Agreement.

On 7 April 2010, Maoye Shangsha entered into the Existing Friendship City Lease Agreement with Shenzhen Friendship, a connected person, to lease certain portion of the Friendship City Building at 63 Friendship Road, Shenzhen, PRC. As the Existing Friendship City Lease Agreement will expire on 1 May 2013 and the Company expects to continue the continuing connected transactions thereafter, Maoye Shangsha entered into the New Friendship City Lease Agreement with Shenzhen Friendship on 30 April 2013 to replace the Existing Friendship City Lease Agreement pursuant to which Maoye Shangsha will lease the Leased Property. The New Friendship City Lease Agreement has a term of three years and will be effective from 1 May 2013. The Company is planning to operate a Maoye branded department store at the Leased Property.

1.2 Key terms of the New Friendship City Lease Agreement

Parties:	Landlord:	Shenzhen Friendship, a connected person
	Tenant:	Maoye Shangsha, a wholly-owned subsidiary of the Company

Premise: The first four storeys of the Friendship City Building with a gross floor area of approximately 21,000 square metres (the “**Leased Property**”).

Rent and expenses: For the period from 1 May 2013 to 30 April 2014: RMB25,000,000 per annum;

For the period from 1 May 2014 to 30 April 2015: RMB27,060,000 per annum;

For the period from 1 May 2015 to 30 April 2016: RMB27,060,000 per annum.

The rent is payable monthly on the 15th day of every month.

During the term of the lease, Shenzhen Friendship shall not charge Maoye Shangsha property management fee and expenses in relation to electricity supply of air conditioning, elevators, fire control facilities and public area of the Leased Property.

Maoye Shangsha shall be responsible for the payment to Shenzhen Friendship of the expenses in relation to water supply and electricity supply of the Leased Property excluding the electricity supply of air conditioning, elevators, fire control facilities and public area of the Leased Property.

Term: Three years commencing from 1 May 2013 (i.e. from 1 May 2013 to 30 April 2016).

Pre-emptive right: During the term of the lease, if Shenzhen Friendship intends to sell the Leased Property, Maoye Shangsha has a pre-emptive right to purchase the Leased Property at the terms being offered to other third parties. Shenzhen Friendship shall give Maoye Shangsha thirty days notice prior to such sale.

Annual Caps: 2013: RMB21,333,333 (on a pro-rata basis)
2014: RMB32,000,000
2015: RMB32,000,000
2016: RMB10,666,667(on a pro-rata basis)

Where any of the unexpired terms of the New Friendship City Lease Agreement is less than one year, the annual cap will be calculated on a pro-rata basis. The terms of the New Friendship City Lease Agreement were arrived at after arm's length negotiation and are on normal commercial terms. The rentals of the New Friendship City Lease Agreement and the annual caps were determined by reference to the rentals paid to Shenzhen Friendship under the Existing Friendship City Lease Agreement in previous years and historical operating results of the store operating at the Leased Property.

1.3 Reasons for and benefits of the transactions under the New Friendship City Lease Agreement

Friendship City Building is situated in the earliest commercial zone of Shenzhen — South Renmin Commercial Zone, which is adjacent to Shenzhen Luohu Port and Shenzhen Railway Station. The Directors believe that continuing to operate a Maoye branded department store at this commercial zone will maintain the Group's presence and further enhance the Group's market position in Shenzhen.

The Directors (including the independent non-executive directors) believe that the transactions under the New Friendship City Lease Agreement have 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 annual caps of the New Friendship City Lease Agreement are fair and reasonable. The Directors (apart from Mr. Zhong) do not have any material interest in the transaction and none of them (apart from Mr. Zhong) has abstained from voting on the board resolution to approve the transaction.

1.4 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 PRC as at the date of this announcement.

Shenzhen Friendship

Shenzhen Friendship is a property leasing company incorporated in the PRC and owns the Friendship City Building which comprises of a basement and six storeys. Shenzhen Friendship is 40% owned by Mr. Zhong (a director of the Company), and is therefore a connected person of the Company under the Listing Rules by virtue of being an associate of Mr. Zhong.

1.5 Implications under the Listing Rules

As Shenzhen Friendship is a connected person of the Company under the Listing Rules, the transactions under the New Friendship City Lease 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 Friendship City Lease 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 Friendship City Lease 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 Friendship City Lease Agreement will be included in the annual report and accounts of the Company in accordance with Rule 14A.46 of the Listing Rules.

2. REVISION OF ANNUAL CAPS UNDER THE MASTER LEASING AGREEMENT

2.1 Background

Reference is made to the announcement dated 28 November 2012 issued by the Company in relation to the entering into of the Master Leasing Agreement between the Company and Maoye Holdings Limited on 28 November 2012. Pursuant to the Master Leasing Agreement, the Group may lease premises from the Controlling Shareholder Group for a period of three years with effect from 1 January 2013. Under the Master Leasing Agreement, the maximum aggregate rent and miscellaneous expenses to be payable by the Group to the Controlling Shareholder in connection with the leases under the Master Leasing Agreement, and hence the annual caps, for each of the years ending 31 December 2013, 2014 and 2015 are RMB 167 million.

As of the date of this announcement, the Group leased eleven properties from the Controlling Shareholder Group pursuant to the 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
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

Location	Details of Occupancy
Office Unit of the whole of 37/F, a portion of 7/F,36/F and 39/F, World Finance Centre, Shennan Road, Luohu District, Shenzhen, PRC	Office Unit
B1, Yongcui Huafu, 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
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

As at the date of this announcement, the aggregate rentals and expenses paid by the Group to the Controlling Shareholder Group under the Master Leasing Agreement amounted to approximately RMB141.4 million. The total amounts paid by the Group under the Master Leasing Agreement for the period up to the date of this announcement has not exceeded the current annual cap for the year ending 31 December 2013. As the Controlling Shareholder Group owns new properties which may be suitable for the Group's operation, and the Company intends to expand its department store network in order to capture the business

opportunities arising from the PRC government's policy to boost internal demand, the Company may lease some or all of such properties from the Controlling Shareholder Group for the Group's operation. The Directors estimate that the existing annual caps in respect of the Master Leasing Agreement for the years ending 31 December 2013, 2014 and 2015 will be insufficient for the Group's requirement. The Directors therefore have proposed that the existing annual caps in respect of the Master Leasing Agreement for each of the years ending 31 December 2013, 2014 and 2015 should be revised from RMB167 million to RMB175 million in order to cater for the Group's expansion plan. In order to give effect to the proposed revision of the annual caps, the Company and Maoye Holdings Limited entered into the Supplemental Agreement on 30 April 2013. A summary of the terms of the Supplemental Agreement is set out below:

Date: 30 April 2013

Parties: The Company and Maoye Holdings Limited

Terms of the Supplemental Agreement: The maximum aggregate rent and miscellaneous expenses payable by the Group to the Controlling Shareholder Group, and hence the annual caps, for leases governed by the Master Leasing Agreement for each of the years ending 31 December 2013, 2014 and 2015 shall be revised from RMB 167 million to RMB175 million.

Save for the aforesaid, all of the other existing terms and conditions of the Master Leasing Agreement shall remain unchanged.

2.2 Existing annual caps and Revised Annual Caps

The existing annual caps under the Master Leasing Agreement are as follows:

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

The Revised Annual Caps under the Master Leasing Agreement as amended by the Supplemental Agreement are as follows:

For the year ending 31 December 2013 <i>(in RMB million)</i>	For the year ending 31 December 2014 <i>(in RMB million)</i>	For the year ending 31 December 2015 <i>(in RMB million)</i>
175	175	175

The Revised Annual Caps were arrived at after arm's length negotiation and are on normal commercial terms. The Revised Annual Caps were determined with reference to previous transactions conducted, the estimated increase in floor area that the Group intends to lease from the Controlling Shareholder Group and the amount of miscellaneous expenses payable.

2.3 Reasons for and benefits of revising the annual caps in respect of the transactions under the Master Leasing Agreement

As the Controlling Shareholder Group owns new properties which may be suitable for the Group's operation, and the Company intends to expand its department store network in order to capture the business opportunities arising from the PRC government's policy to boost internal demand, the Company may lease some or all of such properties from the Controlling Shareholder Group for the Group's operation.

The Directors (including the independent non-executive Directors) believe that the Master Leasing Agreement as amended by the Supplemental Agreement, and the proposed revision of the annual caps have 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 Revised Annual Caps 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.

2.4 Information on 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.

2.5 Implications under the Listing Rules

Pursuant to the Listing Rules, if the Company proposes to revise the annual caps for the continuing connected transactions under the Master Leasing Agreement, it will have to re-comply with the relevant provisions under Chapter 14A 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 Revised Annual Caps on an annual basis and the transactions under the Master Leasing Agreement as amended by the Supplemental Agreement exceed 0.1% but are less than 5%. Accordingly, pursuant to Rule 14A.34 of the Listing Rules, the Revised Annual Caps and the transactions under the Master Leasing Agreement as amended by the Supplemental 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 Master Leasing Agreement as amended by the Supplemental Agreement will be included in the annual report and accounts of the Company in accordance with Rule 14A.46 of the Listing Rules.

Definitions

The following expressions shall have the meaning ascribed next to it:

“associate(s)”	has the meaning ascribed thereto under the Listing Rules;
“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 Friendship City Lease Agreement”	the lease agreement entered into between Maoye Shangsha and Shenzhen Friendship dated 7 April 2010 in connection with the leasing of certain portion of the Friendship City Building;
“Friendship City Building”	Friendship City Building, which is located at 63 Friendship Road, Shenzhen, PRC;

“Group”	the Company and its subsidiaries from time to time;
“Leased Property”	has the meaning ascribed to it in this announcement;
“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;
“Maoye Shangsha”	Maoye Shangsha Company Limited, a wholly-owned subsidiary of the Company incorporated in the PRC;
“Mr. Huang”	Mr. Huang Mao Ru, Chairman, executive Director and Chief Executive Officer of the Company and the Company’s ultimate controlling shareholder;
”Mr. Zhong”	Mr. Zhong Pengyi, an executive Director of the Company;
“New Friendship City Lease Agreement”	the lease agreement entered into between Maoye Shangsha and Shenzhen Friendship dated 30 April 2013 in connection with the leasing of the Leased Property;
“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;
“Revised Annual Caps”	the proposed new maximum annual aggregate value of the transactions under the Master Leasing Agreement as amended by the Supplemental Agreement for the years ending 31 December 2013, 2014 and 2015, being RMB175 million on an annual basis;
“RMB”	Renminbi, the lawful currency in the PRC;
“Shenzhen Friendship”	Shenzhen City Friendship Trading Center Company Limited (深圳市友誼貿易中心有限公司), a company incorporated in the PRC. It is 40% owned by Mr. Zhong and 60% owned by independent third parties;

“Stock Exchange” The Stock Exchange of Hong Kong Limited; and

“Supplemental
Agreement” the supplemental agreement to the Master Leasing Agreement entered into between the Company and Maoye Holdings Limited dated 30 April 2013 in relation to the proposed revision of annual caps under the Master Leasing Agreement.

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

1 May 2013, Hong Kong

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.