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Maoye International Holdings Limited

茂業國際控股有限公司

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 848)

PLACING OF EXISTING SHARES AND SUBSCRIPTION FOR NEW SHARES

Sole Placing Agent

**Goldman
Sachs**

Goldman Sachs (Asia) L.L.C.

Maoye Investment, the Company and the Placing Agent entered into the Placing and Subscription Agreement dated 20 May 2011, pursuant to which (a) Maoye Investment has appointed the Placing Agent, and the Placing Agent has agreed, to act as Maoye Investment’s agent and on behalf of Maoye Investment, to use its best efforts to procure purchasers to acquire, and (b) Maoye Investment has agreed to sell, in each case up to 273,000,000 Shares at the Placing Price of approximately HK\$3.81 per Placing Share.

The purpose of the transaction is to enlarge the public float of the Shares. The Company believes that it will also enhance trading liquidity of the Shares.

The Placing Shares (if fully placed) represent approximately 5.27% of the issued share capital of the Company as at the date of this announcement and approximately 5.00% of the issued share capital of the Company as enlarged by the Subscription. The aggregate nominal value of the Placing Shares under the Placing will be HK\$27,300,000.

Pursuant to the Placing and Subscription Agreement, Maoye Investment has conditionally agreed to subscribe for the Subscription Shares at a price equal to the Placing Price. The Subscription Shares (assuming all the Placing Shares have been placed) will represent approximately 5.27% of the issued share capital of the Company as at the date of this announcement and approximately 5.00% of the issued share capital of the Company as enlarged by the Subscription.

The net proceeds from the Subscription are estimated to be approximately HK\$1,019.5 million. The net price to the Company per Subscription Share will be approximately HK\$3.73. The Company intends to use such proceeds for store network expansion.

PLACING AND SUBSCRIPTION AGREEMENT DATED 20 MAY 2011

Parties

- (a) Maoye Investment;
- (b) the Company; and
- (c) the Placing Agent.

A. PLACING

The Placing Shares

Maoye Investment has appointed the Placing Agent, and the Placing Agent has agreed, to act as Maoye Investment's agent and on behalf of Maoye Investment, to use its best efforts to procure purchasers to acquire, and Maoye Investment has agreed to sell, in each case the Placing Shares at the Placing Price of approximately HK\$3.81 per Placing Share.

The Placing Shares (if fully placed) represent approximately 5.27% of the issued share capital of the Company as at the date of this announcement and approximately 5.00% of the issued share capital of the Company as enlarged by the Subscription.

The Placees

Subject to the terms and conditions of the Placing and Subscription Agreement, the Placing Shares will be placed to not less than six placees who will be professional, institutional and other investors to be selected and procured by the Placing Agent. It is expected that the placees and their ultimate beneficial owners (where applicable) will be (i) independent of and not acting in concert with any of Maoye Investment, the Company and their respective concert parties; and (ii) are independent of and not connected with any of the Company, Maoye Investment, their respective subsidiaries, respective directors, chief executives, substantial shareholders, and their respective associates, and otherwise are not connected persons of the Company or Maoye Investment. No placee will become a substantial shareholder (as defined under the Listing Rules) as a result of the Placing.

Independence of the Placing Agents

To the best of the knowledge, information and belief of the Directors and the directors of Maoye Investment and having made all reasonable enquiry, as at the date of this announcement, the Placing Agent and their ultimate beneficial owner(s) are third parties (i) independent of and not acting in concert with any of Maoye Investment, the Company and their respective concert parties; and (ii) are independent of and not connected with any of the Company, Maoye Investment, their respective subsidiaries, respective directors, chief executives, substantial shareholders, and their respective associates, and otherwise are not connected persons of the Company or Maoye Investment.

Placing Price

Approximately HK\$3.81 per Placing Share.

The Placing Price represents (i) a discount of approximately 4.88% to the closing price of HK\$4.01 per Share as quoted on the Stock Exchange on the last trading day immediately prior to the date of the Placing and Subscription Agreement; and (ii) a discount of approximately 6.60% to the average of the closing price of approximately HK\$4.08 per Share as quoted on the Stock Exchange for the last five trading days up to and including the last trading day immediately prior to the date of the Placing and Subscription Agreement. Assuming all the Placing Shares have been placed, the aggregate nominal value of the Placing Shares under the Placing will be HK\$27,300,000. The Placing is on a best-efforts basis.

The Placing Price was determined after arm's length negotiations between Maoye Investment, the Company and the Placing Agent, and the Board considers that the Placing Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Ranking of the Placing Shares

The Placing Shares shall be sold free from Liens and together with all rights attaching to them as at the Transaction Date (as defined in the Placing and Subscription Agreement), including the right to receive all dividends declared, made or paid on or after the Transaction Date.

Completion of the Placing

The Placing is expected to be completed on the Closing Date (i.e. 25 May 2011).

The obligation on the Placing Agent to proceed with completion of the Placing is conditional on the Company and Maoye Investment delivering to the Placing Agent on or before 09:30 a.m. on the Closing Date:

- (i) certificates confirming the accuracy of the representations and warranties given in the Placing and Subscription Agreement at and as of the Closing Date and confirming the performance of all obligations to be performed at or prior to the Closing Date;
- (ii) certified board resolutions approving the Placing and the Subscription and the entering into of the Placing and Subscription Agreement; and
- (iii) legal opinions from Cayman Islands, British Virgin Islands and U.S. counsels to the Company and Maoye Investment, each in a form reasonably satisfactory to the Placing Agent as per the terms of the Placing and Subscription Agreement, addressing the matters required by the Placing and Subscription Agreement.

B. THE SUBSCRIPTION

Subscriber

Maoye Investment

Issuer

The Company

Number of Subscription Shares

Maoye Investment has conditionally agreed to subscribe for, and the Company has conditionally agreed to issue, the Subscription Shares. Assuming that all the Placing Shares have been placed, the Subscription Shares represents approximately 5.27% of the issued share capital of the Company as at the date of the announcement, and approximately 5.00% of the issued share capital of the Company as enlarged by the

issue of the Subscription Shares. The aggregate nominal value of the Subscription Shares will be HK\$27,300,000.

The Subscription Shares will be issued pursuant to the general mandate granted by the Shareholders to the Directors at the annual general meeting held on 21 April 2011, which authorized the Directors to issue, allot and deal with a maximum of 1,027,971,200 Shares. As of the date of this announcement, no Share has been issued under the general mandate mentioned above and the total number of new Shares that can be allotted and issued under such general mandate is 1,027,971,200 Shares.

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

Subscription price

The subscription price is approximately HK\$3.81 per Subscription Share, which is the same as the Placing Price.

The subscription consideration for the Subscription Shares receivable by the Company shall be an amount equal to the subscription price per Subscription Share multiplied by the number of Subscription Shares (less the expenses incurred by Maoye Investment in connection with the Placing). The gross proceeds from the Placing and Subscription will be approximately HK\$1,041.3 million and the net proceeds raised by the Company from the Subscription are estimated to be approximately HK\$1,019.5 million. The net price to the Company per Subscription Share will be approximately HK\$3.73.

Ranking of the Subscription Shares

The Subscription Shares shall be free from all Liens on the terms and subject to the conditions of the Subscription.

The Subscription Shares, when fully paid, will rank *pari passu* in all respects with the other Shares in issue or to be issued by the Company on or prior to the date of completion of the Subscription, including the rights to all dividends and other distributions declared, made or paid at any time after the date of allotment.

Conditions of the Subscription

The completion of the Subscription is conditional upon the fulfillment of the following conditions:

- (1) the Listing Committee of the Stock Exchange having granted listing of and permission to deal in the Subscription Shares (and such listing and permission not subsequently revoked prior to the delivery of definitive share certificate(s) representing the Subscription Shares); and

- (2) completion of the Placing having occurred pursuant to the terms of the Placing and Subscription Agreement.

The Company shall apply to the Stock Exchange for the granting of listing of, and permission to deal in, the Subscription Shares.

Completion of the Subscription

Completion of the Subscription shall take place on the second business day after the date upon which the last of the Conditions to be satisfied shall have been so satisfied, provided that it shall take place on a date no later than a date falling 14 days after the date of the Placing and Subscription Agreement (i.e. 3 June 2011) (or such other time and/or date as Maoye Investment and the Company may agree in writing).

If the Conditions are not fulfilled within 14 days after the date of the Placing and Subscription Agreement, or such later date as may be agreed between the Company and Maoye Investment, the obligations and liabilities of Maoye Investment and the Company under the Subscription shall be null and void.

LOCK-UP

Pursuant to the Placing and Subscription Agreement,

- (a) Maoye Investment has undertaken to the Placing Agent that (except for the sale of the Placing Shares pursuant to the Placing and Subscription Agreement) for a period of 90 days from the Closing Date, unless with the prior written waiver by the Placing Agent, it will not and will procure that none of its nominees and companies controlled by it and trusts associated with it (whether individually or together and whether directly or indirectly) will (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 (including the Subscription Shares) or any interests therein beneficially owned or held by Maoye Investment 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, option, derivative or similar agreement that transfers, in whole or in part, the economic risk of ownership of 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, unless with the prior written consent of the Placing Agent; and

- (b) the Company has undertaken to the Placing Agent, and Maoye Investment has undertaken to the Placing Agent to procure, that for a period of 90 days from the Closing Date, unless with the prior written waiver by the Placing Agent, the Company will not, except for the Subscription Shares and save pursuant to (1) the terms of any employee share option scheme of the Company or (2) any bonus or scrip dividend or similar arrangements which provide for the allotment of Shares in lieu of the whole or part of a dividend on Shares in accordance with its articles of association; or (3) the terms of the Convertible Bonds, (i) allot or issue or offer to allot or issue or grant any option, right or warrant to subscribe for (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Share(s) or any interests in Shares or any securities convertible into or exercisable or exchangeable for or substantially similar to Shares or interest in Shares, (ii) agree (conditionally or unconditionally) to enter into or effect any such transaction with the same economic effect as any of the transactions described in (i) above, or (iii) announce any intention to enter into or effect any such transaction described in (i) or (ii) above, without first having obtained the written consent of the Placing Agent.

RATIONALE FOR THE TRANSACTION AND THE USE OF PROCEEDS

The purpose of the transaction is to enlarge the public float of the Shares. The Company believes that it will also enhance trading liquidity of the Shares. Accordingly, the Directors (including the independent non-executive Directors) consider the Placing and Subscription Agreement is in the interest of the Company and Shareholders as a whole.

The proceeds from the Subscription will be used for store network expansion.

TERMINATION OF THE PLACING AND SUBSCRIPTION AGREEMENT

If at any time prior to 09:30 a.m. (Hong Kong time) on the Closing Date:

- (1) there develops, occurs or comes into force:
- (i) any new law or regulation or any change or development involving a prospective change in existing laws or regulations in any relevant jurisdiction which in the reasonable opinion of Placing Agent has or is likely to have a material adverse effect on the financial position of the Company and/or of the Group as a whole; or
 - (ii) any significant change (whether or not permanent) in local, national or international monetary, economic, financial, political or military conditions of the United States, the European Union, the PRC or Hong Kong which in the opinion of the Placing Agent is or would be materially adverse to the success of the Placing; or

- (iii) any significant change (whether or not permanent) in the securities market conditions of the United States, the European Union, the PRC or Hong Kong or currency exchange rates or foreign exchange rates or foreign exchange controls which in the sole judgement of the Placing Agent is or would be materially adverse to the success of the Placing; or makes it impracticable or inadvisable or inexpedient to proceed; or
 - (iv) a general moratorium on commercial banking activities in Hong Kong, the PRC or New York declared by the relevant authorities or a material disruption in commercial banking or securities settlement or clearance services in Hong Kong, the PRC or the United States; or
 - (v) a change or development involving a prospective change in taxation of the United States, the European Union, the PRC or Hong Kong which constitutes a material adverse effect on the Group as a whole, the Placing Shares and/or the transfer thereof; or
 - (vi) any outbreak or escalation of hostilities or act of terrorism involving Hong Kong, the PRC or the United States or the declaration by Hong Kong, the PRC, or the United States of a national emergency or war; or
 - (vii) any suspension of dealings in the Shares for any period whatsoever (other than as a result of the Placing); or
 - (viii) any moratorium, suspension or material restriction on trading in shares or securities generally on the Stock Exchange due to exceptional financial circumstances or otherwise at any time prior to the Closing Date; or
- (2) any breach of any of the representations, warranties and undertakings by the Company and/or Maoye Investment comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date of the Placing and Subscription Agreement and prior to the Closing Date which if it had occurred or arisen before the date of the Placing and Subscription Agreement would have rendered any of such representations, warranties and undertakings untrue or incorrect in any respect and any such breach or failure is material or (in the opinion of the Placing Agent) is or would materially and adversely affect the financial position or business of the Company and/or of the Group as a whole or is or would be materially adverse to the success of the Placing, or there has been a breach of, or failure to perform, any other material provision of the Placing and Subscription Agreement on the part of Maoye Investment and/or the Company; or

- (3) there is any such adverse change, or development involving a prospective adverse change in the general affairs, condition, results of operations or prospects, management, business, stockholders' equity or in the financial or trading position of the Company and/or of the Group as a whole which in the opinion of Placing Agent is materially adverse to the success of the Placing;

the Placing Agent may terminate the Placing and Subscription Agreement without liability to Maoye Investment and/or the Company by giving notice in writing to Maoye Investment and the Company.

The Placing Agent shall have the right exercisable at any time by notice in writing to Maoye Investment and the Company to terminate the Placing and Subscription Agreement if any of the Placing Shares are not delivered by or on behalf of Maoye Investment in accordance with the Placing and Subscription Agreement or Maoye Investment or the Company fail to deliver the documents required to be delivered to the Placing Agent in accordance the Placing and Subscription Agreement.

CHANGES TO THE SHAREHOLDING AS A RESULT OF THE PLACING AND THE SUBSCRIPTION

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

Name of Shareholders	As at the date of the this announcement		Immediately after the Placing but before the Subscription (Note 2)		Immediately after the Placing and the Subscription (Note 3)	
	No. of Shares	Approximate % of the issued share capital of the Company	No. of Shares	Approximate % of the issued share capital of the Company	No. of Shares	Approximate % of the issued share capital of the Company
Mr. Huang (Note 1)	50,000,000	0.96%	50,000,000	0.96%	50,000,000	0.92%
Maoye Investment						
(Note 1)	4,200,000,000	81.05%	3,927,000,000	75.78%	4,200,000,000	76.99%
Other Shareholders	932,339,000	17.99%	932,339,000	17.99%	932,339,000	17.09%
Placees of the						
Placing Shares	—	—	273,000,000	5.27%	273,000,000	5.00%
Total	<u>5,182,339,000</u>	<u>100.00%</u>	<u>5,182,339,000</u>	<u>100.00%</u>	<u>5,455,339,000</u>	<u>100.00%</u>

Notes:

- (1) (a) Mr. Huang holds 50,000,000 Shares (approximately 0.96% of the issued share capital of the Company) as of the date of this announcement. He is the Chairman, an executive director, the chief executive officer and the controlling shareholder of the Company.

- (b) Maoye Investment holds 4,200,000,000 Shares (approximately 81.05% of the issued share capital of the Company) as of the date of this announcement. Maoye Investment is wholly-owned by MOY International, which is in turn owned by Mr. Huang.
- (2) Assuming the Placing Shares are fully placed and no additional Shares are issued from the date of the Placing and Subscription Agreement to the date of completion of the Placing.
- (3) Assuming the Placing Shares are fully placed and save for the Subscription Shares, no additional Shares are issued from the date of the Placing and Subscription Agreement to the date of completion of the Subscription.
- (4) As at the date of this announcement, there were (i) outstanding options issued pursuant to the share option scheme of the Company which entitle the holders thereof to receive 82,541,000 Shares upon full exercise of such options and (ii) outstanding Convertible Bonds which entitle holders thereof to receive 276,590,693 Shares upon full exercise of the conversion rights attaching to the Convertible Bonds.

EQUITY FUND RAISING DURING THE PREVIOUS 12 MONTHS

Save as disclosed below, the Company has not conducted any equity fund raising activities in the past twelve months before the date of this announcement.

Date of announcement	Fund raising activity	Net proceeds raised (approximate)	Proposed use of the net proceeds	Actual use of the net proceeds
15 September 2010 and 13 October 2010	Issue of the Convertible Bonds	HK\$1,136,000,000	As working capital and for future projects and acquisitions	Utilised in full for store network expansion

PRINCIPAL ACTIVITIES OF THE COMPANY AND MAOYE INVESTMENT

The Company

The Company is principally engaged in the operation and management of department stores in 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 the Bohai Rim region.

Maoye Investment

Maoye Investment is wholly-owned by MOY International, which is in turn owned by Mr. Huang.

GENERAL

As Maoye Investment have continuously held more than 50% of the voting rights of the Company for more than 12 months prior to the date of the Placing and Subscription Agreement, no waiver is required to be obtained from the Executive pursuant to the Takeovers Code.

DEFINITIONS

“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors;
“Closing Date”	the third Stock Exchange Trading Day following the date of the Placing and Subscription Agreement;
“Convertible Bonds”	the convertible bonds due 2015 with an aggregate principal amount of HKD1,165,000,000 issued by the Company on 13 October 2010;
“Company”	Maoye International Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Stock Exchange;
“Conditions”	the conditions of the completion of the Subscription as set out in the paragraph headed “Conditions of the Subscription” of this announcement;

“Director(s)”	the director(s) of the Company;
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Liens”	all liens, charges, encumbrances or third party rights whatsoever;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Maoye Investment”	Maoye Department Store Investment Limited, a company incorporated in the British Virgin Islands with limited liability and the controlling shareholder of the Company. Maoye Investment is wholly-owned by MOY International, which is in turn owned by Mr. Huang;
“MOY International”	MOY International 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, the Chairman, an executive director and chief executive officer of the Company and the controlling shareholder of the Company;
“Placing”	the placing of the Placing Shares pursuant to the terms of the Placing and Subscription Agreement;
“Placing Agent”	Goldman Sachs (Asia) L.L.C., a company organised under the laws of the State of Delaware whose place of business in Hong Kong is at 68th Floor, Cheung Kong Center, 2 Queen’s Road Central, Hong Kong;
“Placing Price”	approximately HK\$3.81 per Placing Share (exclusive of all brokerage, Hong Kong stamp duty, transaction levies of the SFC and trading fees of the Stock Exchange);

“Placing Share(s)”	up to 273,000,000 Shares to be sold by Maoye Investment pursuant to the Placing and Subscription Agreement;
“Placing and Subscription Agreement”	the placing and subscription agreement dated 20 May 2011 entered into between Maoye Investment, the Company and the Placing Agent in respect of the Placing and the Subscription;
“PRC” or “China”	the People’s Republic of China;
“SFC”	the Securities and Futures Commission;
“SFO”	the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong);
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company;
“Shareholder”	the shareholders of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Stock Exchange Trading Day”	a day (other than Saturday, Sunday or public holiday) on which (a) the Stock Exchange is opened for trading and settlement business at all times between 9:30 a.m. and 4:00 a.m. and (b) commercial banks in Hong Kong are open for general banking business, in each case without any interruption or suspension;
“Subscription”	the conditional subscription by Maoye Investment for the Subscription Shares on and subject to the terms and conditions set out in the Placing and Subscription Agreement;
“Subscription Share(s)”	such number of new Shares to be issued to Maoye Investment by the Company under the Subscription which number shall equal to the number of Placing Shares sold by Maoye Investment pursuant to the Placing and Subscription Agreement;

“Takeovers Code”

The Hong Kong Code on Takeovers and Mergers issued by the SFC;

“%”

per cent.

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

Hong Kong, 22 May 2011

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