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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)

**ANNOUNCEMENT
ON
THE CONTINUING CONNECTED TRANSACTION RELATING TO
THE SIGNING OF PROPERTY MANAGEMENT SERVICE CONTRACT**

Chengshang Group, a subsidiary of the Company, entered into a Property Service Contract with Chongde Property Management for engaging Chongde Property Management to provide property management services for the leased out portions of offices on levels 28-44, common areas and public facilities and utilities of the south area of Maoye Complex project of Chengshang Group. The Property Service Contract has a term of three years with effect from 15 May 2014. The service fees are payable by the tenants of the property.

Chongde Property Management is a wholly-owned subsidiary of Mr. Huang, the controlling shareholder and Director of the Company. Therefore, Chongde Property Management is a connected person of the Company under the Listing Rules.

Accordingly, the transaction under the Property Service Contract constitutes a continuing connected transaction of the Company in accordance with 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 continuing connected transactions under the Property Service Contract exceed 0.1% but are less than 5%. Accordingly, pursuant to Rule 14A.34 of the Listing Rules, the transaction under the Property Service Contract will be exempted from complying with the requirement of Independent Shareholders' approval but will be 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.

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Basic information on the Property Service Contract

The Property Service Contract is for servicing the leased out portions of offices on levels 28-44 of the south area of the Maoye Complex project of Chengshang Group, common areas and public facilities and utilities of the property. The property is located at No. 19 Dongyu Street, Chengdu City. It is estimated that the leased out portions of offices on levels 28-44 occupy a gross floor area of 32,954.67 square metres.

Principal Contents of the Property Service Contract

Parties:	Chengshang Group Co., Ltd., a subsidiary of the Company Chongde Property Management (Shenzhen) Co., Ltd. Chengdu Branch, a connected person
Objective:	Pursuant to the Property Service Contract, Chongde Property Management has agreed to provide property services for the leased out portions of offices on levels 28-44, common areas and public facilities and utilities of the south area of Maoye Complex. The property is located at No.19 Dongyu Street, Chengdu City, it is estimated that the leased out portions of offices on levels 28-44 occupy a gross floor area of 32,954.67 square metres. The service fee are payable by the tenants of the property.
Term:	Three years starting from 15 May 2014.
Service fees:	<p>Chongde Property Management may collect property service fees from the tenants at the rate of RMB19.5/sq.m./month based on the gross floor area of the leased out area pursuant to the Property Service Contract. The property service fees will be payable by the tenants on a monthly basis and collected by the Chengshang Group. Chongde Property Management would not charge service fee on the portion of property which has not been leased. Based on the gross floor area of the expected leased out offices, the maximum service fees per year will be approximately RMB7.7 million.</p> <p>During the term of the contract, Chongde Property Management is entitled to adjust the charging standard of property service fees according to market prices, but any adjustment should be communicated to Chengshang Group 30 days in advance for negotiation with Chengshang Group and could only be implemented with the consent of Chengshang Group.</p>

Annual Cap

According to the Property Service Contract, the total maximum amount of service fees payable by Chengshang Group on the provision of property management services by Chongde Property Management and the proposed annual cap are as follows:

From the commencement date (15 May 2014) of the Property Service Contract to 31 December 2014		From 1 January 2017 to the expiry date (14 May 2017) of the Property Service Contract	
For the year ended 31 December 2014	For the year ended 31 December 2015	For the year ended 31 December 2016	For the year ended 31 December 2017
(RMB million)	(RMB million)	(RMB million)	(RMB million)
4.8	7.7	7.7	2.9

The terms of the Property Service Contract are on normal commercial terms agreed after arms-length negotiations between the parties. The pricing of the service fees and annual service fees and annual caps of the Property Service Contract are determined by reference to the standards of management service fees of similar properties within the area where the Maoye Complex project is situated.

Reasons for and benefits of the transaction under the Property Service Contract

Chongde Property Management is a professional company for property operation and management, with Class 1 Property Management Qualification accredited by Ministry of Housing and Urban-Rural Development. The provision of property management services by Chongde Property Chengdu Branch to the south area of the Maoye Complex project of Chengshang Group will enhance the project's comprehensive quality and the overall attractiveness to tenants.

The Directors (including independent non-executive Directors) believe that the transaction under the Property Service Contract was entered into during the ordinary and usual course of business of the Group and on general commercial terms which are fair and reasonable and in the interest of the Company and its Shareholders as a whole. The Directors (including independent non-executive Directors) also believe that the annual caps of the Property Service Contract are fair and reasonable. None of the Directors (other than Mr. Huang) has any material interest in the transaction and none of them (other than Mr. Huang) has abstained from voting on the board resolution approving 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 China, and is a leading department store chain operator in the affluent regions throughout China. Currently, the Company is focused on developing future department stores mainly in the second- and third-tier cities in the most economically developed regions and the regions with high economic growth in the PRC.

Chengshang Group

Chengshang Group is a subsidiary of the Company, it is principally engaged in department store business within the central business circle of Chengdu and third tier cities in Sichuan Province and owns five department store outlets.

Chongde Property Management

Chongde Property Management is principally engaged in property management and services on ancillary lifestyle facilities in Shenzhen and Zhuhai, it is wholly-owned by Mr. Huang, the controlling shareholder and Director of the Company. Therefore, Chongde Property Management is a connected person of the Company under the Listing Rules. It is a member of the Controlling Shareholder Group.

Implications under 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 Property Service Contract exceed 0.1% but are less than 5%. Accordingly, pursuant to Rule 14A.34 of the Listing Rules, the transaction will be exempted from complying with the requirement of Independent Shareholders' approval but will be 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 continuing connected transaction 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:

“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, his associates and companies majority-owned or controlled by Mr. Huang and his associates, but excluding the Group;
“Directors”	The directors of the Company;
“Chengshang Group”	Chengshang Group Co., Ltd.(成商集團股份有限公司), a subsidiary of the Company, established as a joint stock company limited under PRC laws and listed on the Shanghai Stock Exchange (stock code: 600828). As at the date of this announcement, the Company was holding 388,226,763 shares of Chengshang through Maoye Shangsha, representing approximately 68.06% of its issued share capital;
“Chongde Property Management”	Chongde Property Management (Shenzhen) Co., Ltd. Chengdu Branch * (崇德物業管理（深圳）有限公司成都分公司);
“Group”	The Company and its subsidiaries from time to time;
“Independent Shareholders”	Shareholders of the Company other than Mr. Huang and his associates;
“Listing Rules”	Rules governing the listing of securities on The Stock Exchange of Hong Kong Limited;
“Mr. Huang”	Mr. Huang Mao Ru, chairman, executive Director and chief executive officer of the Company and the Company’s controlling shareholder;
“PRC”	The People’s Republic of China;
“Property Service Contract”	The Property Service Contract entered into between Chengshang Group and Chongde Property Management on 15 May 2014;
“RMB”	Renminbi, the lawful currency in the PRC;
“Shareholder(s)”	Holder(s) of the 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, 18 May 2014

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.