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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)

ISSUANCE OF USD300,000,000 7.75% SENIOR GUARANTEED NOTES DUE 2017

This is an announcement made pursuant to the Inside Information provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571) and Rule 13.09 of the Listing Rules.

Reference is made to the announcement of the Company dated 12 May 2014 in respect of the Proposed Notes Issue.

On 12 May 2014, the Company entered into the Purchase Agreement with the Initial Purchasers, in connection with the Proposed Notes Issue pursuant to which the Company agreed to issue and sell, and the Initial Purchasers agreed, severally and not jointly, to purchase from the Company the Notes with an aggregate principal amount of US\$300 million.

The estimated net proceeds of the Proposed Notes Issue, after deduction of underwriting commissions and other estimated expenses, will amount to approximately US\$297.7 million. If the Notes are issued, the Company intends to use the net proceeds of the issue of the Notes primarily to refinance existing indebtedness and the remainder for general corporate purposes.

The Company is in the process of applying to the Stock Exchange for the listing of, and permission to deal in, the Notes on the Stock Exchange by way of debt issue to professional investors only. An eligibility letter for listing on the Stock Exchange has been granted by the Stock Exchange to the Company. Listing of the Notes on the Stock Exchange is not to be taken as an indication of the merits of the Company, the Group or the Notes.

Completion of the Purchase Agreement is subject to the fulfilment, or waiver, of the conditions precedent set out therein. In addition, the Purchase Agreement may be terminated under certain circumstances set out therein.

As the Purchase Agreement may or may not proceed to completion, shareholders and investors of the Company and prospective investors are reminded to exercise caution when dealing in the securities of the Company.

This is an announcement made pursuant to the Inside Information provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571) and Rule 13.09 of the Listing Rules.

Reference is made to the announcement of the Company dated 12 May 2014 in respect of the Proposed Notes Issue. The Board is pleased to announce that on 12 May 2014, the Company entered into the Purchase Agreement with the Initial Purchasers in connection with the issue of US\$300 million 7.75% senior guaranteed notes due 2017.

THE PURCHASE AGREEMENT

Date: 12 May 2014

Parties to the Purchase Agreement

(a) the Company;

- (b) Subsidiary Guarantors;
- (c) Citigroup Global Markets Inc.;
- (d) CLSA Limited;
- (e) Deutsche Bank AG, Singapore Branch; and
- (f) Morgan Stanley & Co. International plc

(the (c) to (f) above, collectively, as the “**Initial Purchasers**”)

Citigroup Global Markets Inc., CLSA Limited, Deutsche Bank AG, Singapore Branch and Morgan Stanley & Co. International plc are the joint lead managers and joint bookrunners in respect of the Proposed Notes Issue. Citigroup Global Markets Inc., CLSA Limited, Deutsche Bank AG, Singapore Branch and Morgan Stanley & Co. International plc are also the Initial Purchasers of the Notes. To the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, each of Citigroup Global Markets Inc., CLSA Limited, Deutsche Bank AG, Singapore Branch and Morgan Stanley & Co. International plc is an independent third party and not a connected person of the Company.

The Notes have not been, and will not be, registered under the U.S. Securities Act. The Notes will only be offered in the United States to qualified institutional buyers in compliance with Rule 144A or outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act. None of the Notes will be offered to the public in Hong Kong nor will the Notes be placed to any connected persons of the Company.

Principal terms of the Notes

The following is a summary of certain provisions of the Notes and the Indenture. This summary is not complete and is qualified in its entirety by reference to provisions of the documents relating to the Notes.

Notes Offered

Subject to the fulfilment of certain conditions precedents set out in the Purchase Agreement, the Company will issue the Notes subject to and with the benefit of the Indenture, in the aggregate principal amount of US\$300 million which will mature on May 19, 2017, unless the Notes are redeemed earlier pursuant to the terms thereof and of the Indenture.

Issue Price

The issue price of the Notes will be 100% of the principal amount of the Notes.

Interest

The Notes will bear interest from and including May 19, 2014 at the rate of 7.75% per annum, payable semi-annually in arrears.

Ranking of the Notes

The Notes are (1) general obligations of the Company; (2) senior in right of payment to any existing and future obligations of the Company expressly subordinated in right of payment to the Notes; (3) at least *pari passu* in right of payment with all other unsecured, unsubordinated indebtedness of the Company (subject to any priority rights of such unsecured, unsubordinated indebtedness pursuant to applicable law); (4) guaranteed by the Subsidiary Guarantors on a senior basis; (5) effectively subordinated to all existing and future obligations of the Non-Guarantor Subsidiaries; and (6) effectively subordinated to all existing and future secured obligations of the Company to the extent of the value of the collateral securing such obligations, including the assets securing the term loan agreement entered into by the Company and the Subsidiary Guarantors on 1 November 2013.

Guarantee

The Subsidiary Guarantors will jointly and severally guarantee on a senior basis the due payment of all amounts due in respect of the Notes as evidenced by the guarantee set forth in the Indenture. The guarantee of each Subsidiary Guarantor (1) is a general obligation of such Subsidiary Guarantor; (2) is effectively subordinated to secured obligations of such Subsidiary Guarantor, to the extent of the value of the assets serving as security therefor, including the assets securing the term loan agreement entered into by the Company and the Subsidiary Guarantors on 1 November 2013; (3) is senior in right of payment to all future obligations of such Subsidiary Guarantor expressly subordinated in right of payment to such guarantee; (4) ranks at least *pari passu* with all other unsecured, unsubordinated indebtedness of such Subsidiary Guarantor (subject to any priority rights of such unsecured, unsubordinated indebtedness pursuant to applicable law); and (5) is effectively subordinated to all existing and future obligations of the Non-Guarantor Subsidiaries.

Form, Denomination and Registration

The Notes will be issued only in fully registered form, without coupons, in minimum denominations of US\$200,000 of principal amount and integral multiples of US\$1,000 in excess thereof and will be initially represented by one or more global notes registered in the name of a nominee of DTC. Beneficial interests in the Notes will be shown on, and transfer thereof will be effected only through, the records maintained by DTC, Euroclear and Clearstream, and their respective participants.

Optional Redemption

The Company may at its option redeem the Notes, in whole but not in part, at any time prior to May 19, 2017, at a redemption price equal to 100% of the principal amount of the Notes redeemed plus the certain applicable premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date. Neither the Trustee nor any of the principal paying agent, the transfer agent or the registrar shall be responsible for calculating or verifying the applicable premium.

At any time and from time to time prior to May 19, 2017, the Company may at its option redeem up to 35% of the aggregate principal amount of the Notes with the net cash proceeds of one or more sales of common stock of the Company in an equity offering at a redemption price of 107.75% of the principal amount of the Notes redeemed, plus accrued and unpaid interest, if any, to (but not including) the redemption date; provided that at least 65% of the aggregate principal amount of the Notes originally issued on the original issue date remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related equity offering.

The Company will give not less than 30 days' nor more than 60 days' notice of any redemption. If less than all of the Notes are to be redeemed at any time, the Trustee will select Notes for redemption as follows:

- (1) if the Notes are listed on any securities exchange, in compliance with the requirements of the principal securities exchange on which the Notes are listed; or
- (2) if the Notes are not listed on any securities exchange, on a pro rata basis, by lot or by such other method as the Trustee in its sole discretion shall deem to be fair and appropriate unless otherwise required by law or by applicable stock exchange or clearing system requirements.

No Note of US\$200,000 in principal amount or less shall be redeemed in part. If any Note is to be redeemed in part only, the notice of redemption relating to such Note will state the portion of the principal amount to be redeemed. With respect to any certificated Note, a new Note in principal amount equal to the unredeemed portion will be issued upon cancellation of the original Note. On and after the redemption date, interest will cease to accrue on Notes or portions of them called for redemption.

Repurchase for Change of Control

Upon the occurrence of certain events triggering a change of control, the Company will make an offer to repurchase all outstanding Notes at a purchase price equal to 101% of their principal amount plus accrued and unpaid interest, if any, to the date of repurchase.

“Change of control” means the occurrence of one or more of the following events:

- (1) the merger, amalgamation or consolidation of the Company with or into another person (other than one or more Permitted Holders) or the merger or amalgamation of another person (other than one or more Permitted Holders) with or into the Company, or the direct or indirect sale of all or substantially all the consolidated assets of the Company to another person (other than one or more Permitted Holders);
- (2) any “person” or “group” (as such terms are used in Sections 13(d) and 14(d) of the U.S. Securities Exchange Act of 1934, as amended (“the Exchange Act”)) is or becomes the “beneficial owner” (as such term is used in Rule 13d-3 of the Exchange Act), directly or indirectly, of total voting power of the voting stock of the Company greater than such total voting power held beneficially by the Permitted Holders;
- (3) individuals who on the date on which the Notes are originally issued under the Indenture constituted the Board, together with any new directors whose election or nomination to the Board was approved by a vote of at least a majority of the directors then still in office who were either directors on the date on which the Notes are originally issued under the Indenture or whose election or nomination was previously so approved, cease for any reason to constitute a majority of the Board then in office;
- (4) the Permitted Holders are the beneficial owners (as defined above) of less than 50.1% of the total voting power of the voting stock of the Company; or
- (5) the adoption of a plan relating to the liquidation or dissolution of the Company.

Redemption for Taxation Reasons

Subject to certain exceptions, the Company may redeem the Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest, if any, to (but not including) the date fixed by the Company for redemption, if the Company or a Subsidiary Guarantor would be obligated to pay certain additional amounts as a result of certain changes in specified tax laws.

Covenants

The Notes and the Indenture governing the Notes and the Subsidiary Guarantees will limit the Company's ability, and the ability of its Restricted Subsidiaries to, among other things:

- incur or guarantee certain additional indebtedness;
- declare dividends on its capital stock or purchase or redeem capital stock;
- make investments or other specified restricted payments;
- issue or sell capital stock of Restricted Subsidiaries;
- guarantee indebtedness of the Company or Restricted Subsidiaries;
- enter into, renew or extend transactions with shareholders or affiliates;
- create liens;
- enter into agreements that restrict the ability of the Company or any Restricted Subsidiary to pay dividends;
- effect a consolidation or merger;
- enter into sale and leaseback transactions; and
- sell assets.

These covenants are subject to certain qualifications and exceptions.

Events of Default

The following events will be defined as “Events of Default” in the Indenture:

- (1) default in the payment of principal of (or premium, if any, on) the Notes when the same becomes due and payable at maturity, upon acceleration, redemption or otherwise;
- (2) default in the payment of interest or certain additional amounts on any Note when the same becomes due and payable, and such default continues for a period of 30 consecutive days;
- (3) default in the performance or breach of the provisions of certain covenants, the failure by the Company to make or consummate an offer to purchase in the manner under the Indenture;
- (4) the Company or any Restricted Subsidiary defaults in the performance of or breaches any other covenant or agreement in the Indenture or under the Notes (other than a default specified in clause (1), (2) or (3) above) and such default or breach continues for a period of 30 consecutive days after written notice by the Trustee or the holders of 25% or more in aggregate principal amount of the Notes;
- (5) there occurs with respect to any indebtedness of the Company or any Restricted Subsidiary having an outstanding principal amount of US\$10.0 million (or the dollar equivalent thereof) or more in the aggregate for all such indebtedness of all such persons, whether such indebtedness now exists or shall hereafter be created, (a) an event of default that has caused the holder thereof to declare such Indebtedness to be due and payable prior to its stated maturity and/or (b) a failure to make a principal payment when due;
- (6) one or more final judgments or orders for the payment of money are rendered against the Company or any Restricted Subsidiary and are not paid or discharged, and there is a period of 60 consecutive days following entry of the final judgment or order that causes the aggregate amount for all such final judgments or orders outstanding and not paid or discharged against all such persons to exceed US\$10.0 million (or the dollar equivalent thereof) during which a stay of enforcement, by reason of a pending appeal or otherwise, is not in effect;

- (7) an involuntary case or other proceeding is commenced against the Company or any Significant Restricted Subsidiary (or any group of Restricted Subsidiaries that together constitutes a Significant Restricted Subsidiary) with respect to it or its debts under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect seeking the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Company or any Restricted Subsidiary or for any substantial part of the property and assets of the Company or any Significant Restricted Subsidiary (or any group of Restricted Subsidiaries that together constitutes a Significant Restricted Subsidiary) and such involuntary case or other proceeding remains undismissed and unstayed for a period of 60 consecutive days; or an order for relief is entered against the Company or any Significant Restricted Subsidiary (or any group of Restricted Subsidiaries that together constitutes a Significant Restricted Subsidiary) under any applicable bankruptcy, insolvency or other similar law as now or hereafter in effect;
- (8) the Company or any Significant Restricted Subsidiary (or any group of Restricted Subsidiaries that together constitutes a Significant Restricted Subsidiary), (a) commences a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or consents to the entry of an order for relief in an involuntary case under any such law, (b) consents to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Company or any Significant Restricted Subsidiary (or any group of Restricted Subsidiaries that together constitutes a Significant Restricted Subsidiary) or for all or substantially all of the property and assets of the Company or any Significant Restricted Subsidiary (or any group of Restricted Subsidiaries that together constitutes a Significant Restricted Subsidiary) or (c) effects any general assignment for the benefit of creditors; or
- (9) any Subsidiary Guarantor denies or disaffirms its obligations under its subsidiary guarantee or, except as permitted by the Indenture, any subsidiary guarantee is determined to be unenforceable or invalid or will for any reason cease to be in full force and effect.

If an Event of Default (other than an Event of Default specified in clause (7) or (8) above) occurs and is continuing under the Indenture, the Trustee or the holders of at least 25% in aggregate principal amount of the Notes then outstanding, by written notice to the Company (and to the Trustee if such notice is given by the holders), may, and the Trustee at the written direction of such holders, subject to being

pre-funded, indemnified and/or secured to its satisfaction, shall declare the principal of, premium, if any, and accrued and unpaid interest on the Notes to be immediately due and payable. Upon a declaration of acceleration, such principal premium, if any, and accrued and unpaid interest shall be immediately due and payable. If an Event of Default specified in clause (7) or (8) above occurs with respect to the Company or any Significant Restricted Subsidiary (or any group of Restricted Subsidiaries that together constitutes a Significant Restricted Subsidiary), the principal of, premium, if any, and accrued and unpaid interest on the Notes then outstanding shall automatically become and be immediately due and payable without any declaration or other act on the part of the Trustee or any holder.

LISTING OF THE NOTES

The Company is in the process of applying for the listing of, and permission to deal in the Notes on the Stock Exchange by way of debt issue to professional investors only. An eligibility letter for listing on the Stock Exchange has been granted by the Stock Exchange to the Company. Listing of the Notes on the Stock Exchange is not to be taken as an indication of the merits of the Company, the Group or the Notes.

RATING OF THE NOTES

The Notes have been provisionally rated “BB” by S&P and “Ba2” by Moody’s.

USE OF PROCEEDS AND REASONS FOR THE PROPOSED NOTES ISSUE

If the Notes are issued, the Company intends to use the net proceeds of the issue of the Notes primarily to refinance existing indebtedness and the remainder for general corporate purposes.

The Directors (including the independent non-executive Directors) consider that the Proposed Notes Issue represents a good opportunity to raise additional funds for the Company and is in the interest of the Company and shareholders of the Company as a whole.

INFORMATION ABOUT THE COMPANY

The Company is principally engaged in the operation and management of department stores and property development in PRC, and is a leading department store chain operator in the affluent regions throughout the PRC. 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 PRC.

GENERAL

Completion of the Purchase Agreement is subject to the fulfilment, or waiver, of the conditions precedent set out therein. In addition, the Purchase Agreement may be terminated under certain circumstances set out therein.

As the Purchase Agreement may or may not proceed to completion, shareholders and investors of the Company and prospective investors are reminded to exercise caution when dealing in the securities of the Company.

DEFINITIONS

“Board”	the board of directors of the Company;
“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;
“connected person”	has the meaning ascribed to it under the Listing Rules;
“Group”	the Company and its subsidiaries from time to time;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Indenture”	the indenture between the Company, the Subsidiary Guarantors and the Trustee as trustee of the Notes, pursuant to which the Notes will be issued;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Moody’s”	Moody’s Investors Service, Inc. or any of its affiliates;
“Non-Guarantor Subsidiaries”	the Restricted Subsidiaries organized under the laws of the PRC;
“Notes”	the United States dollar denominated senior notes expected to be issued by the Company and guaranteed by the Subsidiary Guarantors;

“Permitted Holders”	means any or all of the following: (1) Mr. Huang Mao Ru; (2) any affiliate (as defined in the Indenture) of the person specified in clause (1); and (3) any person both the capital stock and the voting stock of which (or in the case of a trust, the beneficial interests in which) are owned 80% or more by one or more of the persons specified in clauses (1) and (2);
“PRC”	the People’s Republic of China excluding, for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
“Proposed Notes Issue”	the proposed issue of the Notes;
“Purchase Agreement”	the purchase agreement entered into by the Company, the Subsidiary Guarantors and the Initial Purchasers dated 12 May 2014 in connection with the Proposed Notes Issue;
“Restricted Subsidiary”	any subsidiary of the Company other than an Unrestricted Subsidiary;
“S&P”	Standard & Poor’s Rating Services or any of its affiliates;
“Significant Restricted Subsidiary”	means any Restricted Subsidiary that would be a “significant subsidiary” using the conditions specified in the definition of significant subsidiary in Article 1, Rule 1-02(w) of Regulation S-X, promulgated pursuant to the U.S. Securities Act, as such Regulation is in effect on the date of the Indenture, if any of the conditions exceeds 5 percent;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subsidiary Guarantors”	the subsidiaries of the Company incorporated outside of the PRC which are expected to provide a guarantee for the repayment of the Notes;
“Trustee”	Citicorp International Limited;
“United States”	the United States of America, its territories and possessions and all areas subject to its jurisdiction;

“U.S. Securities Act”	the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder; and
“Unrestricted Subsidiary”	(1) any subsidiary of the Company that at the time of determination shall be designated an Unrestricted Subsidiary by the Board in the manner provided in the Indenture and (2) any subsidiary of an Unrestricted Subsidiary.

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

Hong Kong, 13 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.