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)

DISCLOSEABLE TRANSACTIONS and CONNECTED TRANSACTIONS and CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE REORGANISATION

Reference is made to the announcement issued by the Company dated 15 April 2015 in relation to the suspension of trading of Chengshang on the Shanghai Stock Exchange in relation to a proposed reorganisation of Chengshang.

To implement the Reorganisation, the Company is pleased to announce that it has entered into the Share Transfer Agreement, the Framework Agreement, and the Supplemental Lease Agreements. Details of the Reorganisation are set out below:

(1) THE SHARE TRANSFER AGREEMENT

The Company is pleased to announce that on 5 June 2015, Maoye Shangsha, a wholly-owned subsidiary of the Company (as vendor), entered into the Share Transfer Agreement with Demao and Hezhengmao (together as purchasers) respectively. Pursuant to the Share Transfer Agreement, Maoye Shangsha agreed to sell, and Demao and Hezhengmao agreed to purchase, 16.43% and 6.57% of Maoye Huaqiangbei (深圳市茂業百貨華強北有限公司), respectively, for a cash consideration of RMB368,611,815 (subject to adjustment) and RMB147,399,855 (subject to adjustment), respectively.

(2) THE FRAMEWORK AGREEMENT

The Company is also pleased to announce that on 12 June 2015 Maoye Shangsha entered into the Framework Agreement with Demao, Hezhengmao (together as vendors) and Chengshang (as purchaser) for the sale and purchase of the entire issued share capitals of the Target Entities for the total consideration of approximately RMB8,560,166,700 (subject to adjustment in accordance with the terms of the Framework Agreement). The consideration for the Acquisition shall be fully satisfied by the allotment and issue of, in aggregate, 1,161,488,018 Chengshang Consideration Shares by Chengshang Group to Maoye Shangsha, Demao and Hezhengmao, in the respective proportions of 1,091,472,867, 50,015,171 and 19,999,980 Chengshang Consideration Shares, at an issue price of RMB7.37 per share, subject to adjustment.

(3) THE SUPPLEMENTAL LEASE AGREEMENTS

As part of the Reorganisation, on 12 June 2015, our Group (including the Chengshang Group) entered into the Supplemental Lease Agreements for the leasing of the Properties from our Controlling Shareholder Group.

Listing Rules implications

(1) ***Hezhengmao***

Mr. Zhong holds 50% of Hezhengmao and is an executive director of the Company and a director of Chengshang. Mr. Wang Bin holds 25% of Hezhengmao and is an executive director of the Company and a director of Chengshang. Accordingly, Mr. Zhong and Mr. Wang Bin and Hezhengmao are each connected persons of the Company. Therefore, the sale of shares of Maoye Huaqiangbei to Hezhengmao under the Share Transfer Agreement and the issue of the Chengshang Consideration Shares to Hezhengmao under the Framework Agreement are each connected transactions for the Company. As each of the applicable percentage ratios pursuant to Rule 14.07 of the Listing Rules in respect of the sale of shares of Maoye Huaqiangbei to Hezhengmao under the Share Transfer Agreement and the issue of the Chengshang Consideration Shares to Hezhengmao under the Framework Agreement, respectively, exceeds 0.1% but are below 5%, the Company is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

(2) ***Demao***

As the applicable percentage ratios pursuant to Rule 14.07 of the Listing Rules in respect of the sale of 16.43% of Maoye Huaqiangbei from Maoye Shangsha to Demao under the Share Transfer Agreement and the issue of the Chengshang Consideration Shares to Demao under the Framework Agreement, each exceed 5% but are below 25%, such transactions constitute discloseable transactions of the Company under Chapter 14 of the Listing Rules. Accordingly the abovementioned transactions are not subject to approval of the Shareholders of the Company under the Listing Rules.

(3) ***The Acquisition***

As the applicable percentage ratios pursuant to Rule 14.07 of the Listing Rules in respect of the Acquisition exceeds 5% but are below 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. The Acquisition is not subject to approval of the shareholders of the Company under the Listing Rules.

The Directors (apart from Mr. Zhong and Mr. Wang Bin) do not have any material interest in the Share Transfer Agreement and/or the Framework Agreement and none of them (apart from Mr. Zhong and Mr. Wang Bin) have abstained from voting on the board resolution to approve the Share Transfer Agreement and/or the Framework Agreement.

Shareholders and potential investors of the Company should be aware that the Acquisition is subject to certain conditions precedent being satisfied, and consequently the Acquisition may or may not proceed. Accordingly, they are advised to exercise caution when dealing in the shares of the Company.

(4) ***The Supplemental Lease Agreements***

The Supplemental Lease Agreements are entered between the Group (including the Chengshang Group) and the Controlling Shareholder Group. The Controlling Shareholder Group consists of Mr. Huang, any of his associates, and those companies majority owned or controlled by Mr. Huang or any of his associates, but excluding the Group. Mr. Huang is also the controlling shareholder and a director of the Company, and is therefore a connected person of the Company under the Listing Rules. Accordingly, the transactions under the Supplemental Lease Agreements constitute continuing connected transactions for the Company under Rule 14A.31 of the Listing Rules. The applicable percentage ratios (other than the profits ratio) under Rule 14.07 of the Listing Rules in respect of the maximum annual amount of the transactions under the Supplemental Lease Agreements exceed 0.1% but are below 5%. Accordingly, pursuant to Rule 14A.76 of the Listing Rules, the continuing connected transactions under the Supplemental Lease Agreements are subject to reporting and announcement requirements and annual review by the independent non-executive directors of the Company but are exempt from independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Directors (apart from Mr. Huang, Mr. Zhong and Mr. Wang Bin) do not have any material interest in the Supplemental Lease Agreements and none of them (apart from Mr. Huang, Mr. Zhong and Mr. Wang Bin) has abstained from voting on the board resolution to approve the Supplemental Lease Agreements.

Pursuant to Rule 14A.52 of the Listing Rules, except in special circumstances where the nature of the transaction requires the contract to be of a longer duration, the term for each of the Supplemental Lease Agreements must not exceed three years. As the duration of each of the Supplemental Lease Agreements exceeds three years, the Company has appointed Fortune Financial Capital as its independent financial adviser to explain why a longer period is required and to confirm that it is normal business practice for contracts of this type to be of such duration.

General

In connection with the Reorganisation, Chengshang, as a company listed on the Shanghai Stock Exchange, has published, amongst others, a series of announcements on the Shanghai Stock Exchange on 14 June 2015 to provide domestic investors of Chengshang with certain information concerning the Transaction and financial advisor's opinion.

The trading of the securities of Chengshang on the Shanghai Stock Exchange was suspended with effect from 14 April 2015 pending the publication by Chengshang of the announcement in relation to the Reorganisation on the Shanghai Stock Exchange.

Reference is made to the announcement issued by the Company dated 15 April 2015 in relation to the suspension of trading of Chengshang on the Shanghai Stock Exchange in relation to a proposed material asset reorganisation of Chengshang.

To implement the Reorganisation, the Company is pleased to announce that it has entered into the Share Transfer Agreement, the Framework Agreement, and the Supplemental Lease Agreements. Details of the Reorganisation are set out below:

(1) THE SHARE TRANSFER AGREEMENT

The Company is pleased to announce that on 5 June 2015, Maoye Shangsha, a wholly-owned subsidiary of the Company (as vendor), entered into the Share Transfer Agreement with, Demao and Hezhengmao (together as purchasers). Pursuant to the Share Transfer Agreement, Maoye Shangsha agreed to sell, and Demao and Hezhengmao agreed to purchase, 16.43% and 6.57% of Maoye Huaqiangbei, respectively, for a cash consideration of RMB368,611,815 (subject to adjustment) and RMB147,399,855 (subject to adjustment), respectively. Details of the Share Transfer Agreement are set out below:

Date	5 June 2015

Parties

Vendor:	Maoye Shangsha
Purchaser:	(1) Demao
	(2) Hezhengmao

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiry, Demao and its ultimate beneficial owners (other than Mr. Gao, Ms. Zheng and Mr. Wang Wei) are not connected persons of the Company. As at the date of this announcement, Mr. Gao, Ms. Zheng and Mr. Wang Wei (each of them being a director of Chengshang) together are interested in 26% of the shareholding in Demao.

Mr. Zhong holds 50% of Hezhengmao and is an executive director of the Company and a director of Chengshang. Mr. Wang Bin holds 25% of Hezhengmao and is an executive director of the Company and a director of Chengshang. Accordingly, Mr. Zhong and Mr. Wang Bin and Hezhengmao are each connected persons of the Company.

Assets to be disposed of

Pursuant to the Share Transfer Agreement, Maoye Shangsha agreed to sell, and Demao and Hezhengmao agreed to purchase, approximately 16.43% and 6.57% of Maoye Huaqiangbei, respectively.

The parties agree that Maoye Shangsha shall use its best endeavours to assist in the registration of the transfer of the shares from Maoye Shangsha to Demao and Hezhengmao, respectively, with the Industry and Commerce Bureau within one month from the date of due execution of the Share Transfer Agreement. The abovementioned share transfer has been fulfilled on 9 June 2015.

Consideration

The consideration for the sale of the shares of Maoye Huaqiangbei under the Share Transfer Agreement is, in aggregate, approximately RMB516,011,670 (subject to adjustment), which shall be fully satisfied in cash, and payable in the following proportion:

(1) **Demao** shall pay approximately RMB368,611,815 (subject to adjustment); and

(2) **Hezhengmao** shall pay approximately RMB147,399,855 (subject to adjustment).

The final consideration shall be subject to adjustment based on further negotiation between the parties.

Terms of Payment

Each of Demao and Hezhengmao, respectively, shall pay the consideration for the sale of the shares of Huaqiangbei under the Share Transfer Agreement within two years after the transfer of the shares from Maoye Shangsha to Demao and Hezhengmao, respectively, is registered with the Industry and Commerce Bureau.

Basis of determination of the consideration

The consideration was determined after arm's length negotiations between the Maoye Shangsha, Demao and Hezhengmao on normal commercial terms with reference to the formal valuation report prepared by the independent third party valuer. The Directors consider that the terms of the transactions under the Share Transfer Agreement are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Directors (apart from Mr. Zhong and Mr. Wang Bin) do not have any material interest in the Share Transfer Agreement and none of them (apart from Mr. Zhong and Mr. Wang Bin) have abstained from voting on the board resolution to approve the Share Transfer Agreement.

(2) THE FRAMEWORK AGREEMENT

The Company is also pleased to announce that on 12 June 2015, Maoye Shangsha entered into the Framework Agreement with Demao and Hezhengmao (together as vendors) and Chengshang (as purchaser) for the sale and purchase of the entire issued share capitals of the Target Entities for the total consideration of approximately RMB8,560,166,700 (subject to adjustment in accordance with the terms of the Framework Agreement). The consideration for the Acquisition shall be fully satisfied by the allotment and issue of, in aggregate, 1,161,488,018 Chengshang Consideration Shares by Chengshang to Maoye Shangsha, Demao and Hezhengmao, in the respective proportions of 1,091,472,867, 50,015,171 and 19,999,980 Chengshang Consideration Shares, at an issue price of RMB7.37 per share, subject to adjustment. Details of the Framework Agreement are set out below:

Date 12 June 2015

Parties

Vendors:
(1) Maoye Shangsha
(2) Demao
(3) Hezhengmao

Purchaser: Chengshang

Assets to be disposed of

Pursuant to the Framework Agreement, Maoye Shangsha, Demao and Hezhengmao have agreed to sell and Chengshang has agreed to purchase, the entire issued share capital of the Target Entities. As at the date of the Framework Agreement, the Target Entities are held as follows:

Name of Target Entity:	**Held by:**
Maoye Department Store	Maoye Shangsha (100%)
Maoye Shennan	Maoye Shangsha (100%)
Maoye Oriental Times	Maoye Shangsha (100%)
Zhuhai Maoye	Maoye Shangsha (100%)
Maoye Huaqiangbei	Maoye Shangsha (77%)
	Demao (16.43%)
	Hezhengmao (6.57%)

Consideration

The consideration is, in aggregate approximately RMB8,560,166,700, subject to adjustment based on the formal valuation report. The consideration shall be fully satisfied by an allotment and issue of Chengshang Consideration Shares, in the following proportion:

Vendor:	No. of Chengshang Consideration Shares:	Total shareholding in Chengshang after the Reorganisation is completed (assuming no other changes to the shareholding structure of Chengshang):
Maoye Shangsha	1,091,472,867	85.44%
Demao	50,015,171	2.89%
Hezhengmao	19,999,980	1.15%

The issue price of the Chengshang Consideration Shares reflects the average trading price of Chengshang's shares for the 60 trading days immediately preceding 14 April 2015 (being the date of suspension of trading of Chengshang on the Shanghai Stock Exchange), which was RMB7.42 per share, and adjusted by the dividend declared by Chengshang for the year ended 31 December 2014 and distributed on 13 May 2015, to RMB7.37 per share. The issue price of the Chengshang Consideration Shares may be adjusted further pursuant to the ex-dividend and ex-right reference share price prior to the date of Completion.

Basis of determination of the consideration

The consideration was determined after arm's length negotiations between the Vendors and Chengshang on normal commercial terms with reference to the trading prices of the shares of Chengshang and the preliminary valuation of the asset value of the Target Entities.

The Directors (including the independent non-executive directors of the Company) consider that the terms of the transactions under the Framework Agreement are fair and reasonable, on normal commercial terms and in the interests of the Company and its shareholders as a whole.

The Directors (apart from Mr. Zhong and Mr. Wang Bin) do not have any material interest in the Framework Agreement and none of them (apart from Mr. Zhong and Mr. Wang Bin) have abstained from voting on the board resolution to approve the Framework Agreement.

Conditions Precedent

The Framework Agreement takes effect upon satisfaction of the following conditions:

1. The transactions under the Framework Agreement have been approved by all the relevant third parties.

2. Non-competition agreements have been entered into between each of the Target Entities and each of the senior management and core employees of the Target Entities.

3. There being no judgment, decision, or order by relevant authorities, or promulgation or amendment of laws that would prohibit or render illegal the Framework Agreement or the transactions thereunder.

4. There being no material adverse changes to the Target Entities' financial conditions and business operation prior to Completion.

5. All representations and warranties remain true, accurate and complete.

6. There being no default or evidence of potential default under the Framework Agreement.

Completion

The Framework Agreement is completed when the transfer of the shares of the Target Entities by the Vendors to Chengshang is registered with the Industry and Commerce Bureau.

The parties agree to complete the transactions contemplated under the Framework Agreement within 12 months from the effective date of this Framework Agreement and Completion is expected to take place within 30 days after the Acquisition has been approved by the CSRC. The Framework Agreement shall automatically terminate if the registration of the transfer of the shares of the Target Entities from the Vendors to Chengshang has not been completed within 11 months after the date of the CSRC approval.

Following Completion, Chengshang shall employ a qualified accountant to carry out an audit of the Target Entities and conduct a capital verification, and thereafter, issue an audit report and capital verification report in respect of the Target Entities accordingly. When the capital verification report is issued, Chengshang shall register the Chengshang Consideration Shares under the names of the Vendors at the share register.

Other provisions

1. The Chengshang Consideration Shares are proposed to be listed on the Shanghai Stock Exchange. The Chengshang Consideration Shares are subject to a lock-up period of 36 months from the date the Chengshang Consideration Shares are listed.

2. The Vendors have agreed to provide a guarantee for the profit of the Target Entities for the financial year during which Completion occurs and the two subsequent financial years based on the formal valuation report. The Vendors shall compensate the Purchaser for the shortfall if the profit falls below the guaranteed amount by way of compensation to be agreed between the Purchaser and the Vendors under a separate compensation agreement.

3. Chengshang shall be entitled to any profit generated by the Target Entities between 12 June 2015 and the Completion date, while the Vendors shall bear any loss incurred. The Vendors shall respectively indemnify Chengshang the relevant loss (if any) in proportion to the number of Chengshang Consideration Shares they receive.

(3) THE SUPPLEMENTAL LEASE AGREEMENTS

The Group (including the Chengshang Group) is a leading manager and operator of department stores in the PRC. The Group (including the Chengshang Group) leases a number of the real properties at which its department stores operate, from the Controlling Shareholder Group. The Target Entities currently operate five department stores, namely, the Shenzhen Shennan Store, the Shenzhen Huaqiangbei store (both Phases 1 and 2), the Zhuhai Xiangzhou store and the Shenzhen Department Store, and each of the real properties at which such stores operate, are leased from the Controlling Shareholder Group.

As part of the Reorganisation and to provide longer-term operations for the Chengshang Group in relation to the above stores, on 12 June 2015, the Group (including the Chengshang Group) has entered into the following Supplemental Lease Agreements with the Controlling Shareholder Group for the leasing of the Properties:

First and Second Supplemental Lease Agreements

The terms of the First Supplemental Lease Agreements commences on April 1, 2015 and expires on December 31, 2018. The terms of the Second Supplemental Lease Agreements commences on January 1, 2019 and expires on December 31, 2033. The details are as follows:

Landlord	Current Tenant[1]	Location	Monthly rental (RMB)	Details of occupancy
Shenzhen Maoye Property Business Company Limited	Maoye Shennan	Level 1 to Level 5, No. 1018 Central Shennan Road, Futian District, Shenzhen, PRC	630,430	Shenzhen Shennan Store
Shenzhen Oriental Times Industrial Company Limited	Maoye Huaqiangbei	Basement to Level 9, Nos. 2005-2006, North Huaqiangbei Road, Futian District, Shenzhen, PRC	3,317,106	The first phase of Shenzhen Huaqiangbei Store
Shenzhen Oriental Times Industrial Company Limited	Maoye Oriental Times	Basement to Level 9, Nos. 2005-2006, North Huaqiangbei Road, Futian District, Shenzhen, PRC	3,007,168	The second phase of Shenzhen Huaqiangbei Store
Zhongzhao Investment Groups	Zhuhai Maoye	Level 1 to Level 6, No. 301, Zijing Road, Xiangzhou District, Zhuhai, PRC	1,649,197	Zhuhai Store
SZ Maoye Group	Maoye Department Store	Shop Unit at Level 1 to Level 5, No. 3009 Heping Road, Luohu District, Shenzhen, PRC	1,290,676	Shenzhen Outlet
SZ Maoye Group	Maoye Department Store	Level 5 to Level 7, Dongmen Middle Rd Luohu, Shenzhen, Guangdong China	296,774	Dongmen Store

Note 1: Upon completion of the Reorganisation, each of the tenants (namely, the Target Entities), will become wholly-owned subsidiaries of Chengshang.

The rental payable in respect of each of Properties pursuant to the Supplemental Lease Agreements is determined with reference to the prevailing market conditions, rental levels of similar properties in the vicinity and the amount of miscellaneous expenses payable. The rental under each of the Supplemental Lease Agreements is fixed for the first three years and subject to periodic adjustment every three years after such period. The adjusted rental will be reached by mutual agreement between the parties based on market rent, any price guidance prescribed by local government, location and any discount due to bulk leasing and rental prepayment.

The terms of each of the Supplemental Lease Agreements were arrived at after arm's length negotiation between the parties thereto. The Directors (including the independent non-executive Directors) are of the view that the terms of each of the Supplemental Lease Agreements are fair and reasonable on normal commercial terms, in the ordinary and usual course of business of the Company and in the interests of the Company and its shareholders as a whole.

ANNUAL CAPS OF THE SUPPLEMENTAL LEASE AGREEMENTS

(A) First Supplemental Lease Agreements

The annual caps in respect of the First Supplement Lease Agreements based on the annual rental fee payable set out therein for each of the years ending December 31, 2015 to December 31, 2018 are estimated as follows:

	For the year ended December 31, 2015 *(RMB)*	**For the year ended December 31, 2016** *(RMB)*	**For the year ended December 31, 2017** *(RMB)*	**For the year ended December 31, 2018** *(RMB)*
Annual caps	115,588,612	122,296,206	122,296,206	122,296,206

(B) Second Supplemental Lease Agreements

The annual caps in respect of the Second Supplement Lease Agreements based on the annual rental fee payable set out therein for each of the years ending December 31, 2019 to December 31, 2021 are estimated as follows:

	For the year ended December 31		
	2019	**2020**	**2021**
	(RMB)	*(RMB)*	*(RMB)*
Annual caps	122,296,206	122,296,206	122,296,206

As mentioned in the section above, the rental fee payable under the Supplemental Lease Agreements are fixed for the first three years and thereafter subject to periodic adjustments every three years based on the factors mentioned above. Accordingly, the Company is currently unable to estimate the annual caps for each of the years ending December 31, 2022 to December 2033. The Company shall re-comply with the Listing Rules in relation to the determination of the annual caps at the relevant time.

The annual caps in respect of the Supplemental Lease Agreements are determined and calculated based on the annual rental fee payable set out therein, the prevailing market rent in the PRC and the historical amount of the rents and expenses paid by the Group to the Controlling Shareholder Group, which are set out below:

For the year ended 31 December 2012 *(in RMB million)*	**For the year ended 31 December 2013** *(in RMB million)*	**For the year ended 31 December 2014** *(in RMB million)*
92,027,503	92,027,503	92,027,503

The Directors (including the independent non-executive Directors) are of the view that the above annual caps in respect of the Supplemental Lease Agreements are fair and reasonable and in the interests of the Company and its shareholders as a whole.

The Directors (apart from Mr. Huang, Mr. Zhong and Mr. Wang Bin) do not have any material interest in the Supplemental Lease Agreements and none of them (apart from Mr. Huang, Mr. Zhong and Mr. Wang Bin) has abstained from voting on the board resolution to approve the Supplemental Lease Agreements.

OPINION FROM FORTUNE FINANCIAL CAPITAL

Pursuant to Rule 14A.52 of the Listing Rules, as the terms of the Supplemental Lease Agreements exceed three years, the Company has appointed Fortune Financial Capital as its independent financial adviser to explain why the Supplemental Lease Agreements are required to be of a period exceeding three years and to confirm that it is normal business practice for contracts of this type to be of such duration.

In rendering its opinion, Fortune Financial Capital has taken into consideration the following factors:

(i) Substantial investment may be required for the operation of department stores on an ongoing basis, including but not limited to, extensive designs, refurbishments, renovations, staff recruitment and ongoing training. If a short duration of tenancy agreement has been signed, among other things, it might give rise to business uncertainties and may be commercially disadvantageous to the Group as compared to a longer duration of tenancy agreement;

(ii) Customer loyalty and reputation on a department store at a particular location require time to build up. If a department store continuously relocates its location within a short period of time, consumers would lose confidence in shopping at that particular department store. In addition, the Group is positioned at the medium to high-end department store merchandise and offers a stylish and diversified merchandise mix for well-off urban residents. Once reputation has been built up, customers will likely to revisit and therefore establishing its customer loyalty;

(iii) A long-term lease allows the Company to build long-term relationships with third party merchandise vendors and tenants of the department stores. Similar to customer loyalty and reputation, a sound business relationship with third parties require time to build up. In addition, tenants of the department stores would be reluctant to continuously relocate and incur unnecessary expenses.

In rendering its opinion, Fortune Financial Capital has reviewed other leasing agreements entered into by other listed companies. Since the Company has not yet entered into any leasing agreement with independent third parties for the premises in Shenzhen and Zhuhai, a research on the comparable lease transactions announced by other listed companies listed on the Shanghai Stock Exchange, Shenzhen Stock Exchange and the Hong Kong Stock Exchange who engage in the operation of department stores in the PRC has been conducted. It has been noted that it is a normal business practice for entering into tenancy agreements with lease terms for more than three years. The length of these lease terms range from 3 years to 22 years and the majority of the lease term of other comparable lease transactions are between 15 and 20 years. Therefore, it is not uncommon for parties to enter into tenancy agreements within the proximity of such duration.

Having taken into account of the above, Fortune Financial Capital is of the opinion that (i) the reason for entering into the Supplemental Lease Agreements with a lease term of more than 18 years is justifiable; and (ii) the lease terms for the Supplemental Lease Agreements are on normal business practice for contracts of this type to be of such duration.

INFORMATION OF THE TARGET ENTITIES

The Target Entities are companies incorporated in the PRC, and immediately prior to the Reorganisation, wholly-owned by Maoye Shangsha. The Target Entities are principally engaged in the operation of five department stores of the Group, namely, the Shenzhen Shennan Store, the Shenzhen Huaqiangbei store (both Phases 1 and 2), the Zhuhai Xiangzhou store and the Shenzhen Department Store. For further information relating to the aforementioned department stores, please refer to the Company's 2014 annual report.

(1) Maoye Department Store

Based on the unaudited accounts of the Maoye Department Store prepared based on PRC Generally Accepted Accounting Principles, the unaudited net profit (before taxation) of the Maoye Department Store for each of the financial years ended 31 December 2013 and 2014 are as follows:

	For the year ended 31 December 2013 *(unaudited)* *RMB*	**For the year ended 31 December 2014** *(unaudited)* *RMB*
Net profit before taxation	304,688,752.96	354,945,320.30
Net profit after taxation	228,496,642.94	266,201,160.48

The unaudited total asset value of the Maoye Department Store as at 31 December 2014 was approximately RMB2,061,547,831.96.

(2) Maoye Shennan

Based on the unaudited accounts of the Maoye Shennan prepared based on PRC Generally Accepted Accounting Principles, the unaudited net profit (before taxation) of the Maoye Shennan for each of the financial years ended 31 December 2013 and 2014 are as follows:

	For the year ended 31 December 2013 *(unaudited)* *RMB*	**For the year ended 31 December 2014** *(unaudited)* *RMB*
Net profit before taxation	25,097,931.22	25,254,980.53
Net profit after taxation	18,809,638.42	18,940,235.41

The unaudited total asset value of the Maoye Shennan as at 31 December 2014 was approximately RMB300,982,730.34.

(3) Maoye Huaqiangbei

Based on the unaudited accounts of the Maoye Huaqiangbei prepared based on PRC Generally Accepted Accounting Principles, the unaudited net profit (before taxation) of the Maoye Huaqiangbei for each of the financial years ended 31 December 2013 and 2014 are as follows:

	For the year ended 31 December 2013 *(unaudited)* *RMB*	**For the year ended 31 December 2014** *(unaudited)* *RMB*
Net profit before taxation	206,154,768.50	180,083,718.56
Net profit after taxation	154,582,576.57	135,039,633.69

The unaudited total asset value of the Maoye Huaqiangbei as at 31 December 2014 was approximately RMB1,992,384,395.45.

(4) Maoye Oriental Times

Based on the unaudited accounts of the Maoye Oriental Times prepared based on PRC Generally Accepted Accounting Principles, the unaudited net profit (before taxation) of the Maoye Oriental Times for each of the financial years ended 31 December 2013 and 2014 are as follows:

	For the year ended 31 December 2013 *(unaudited)* *RMB*	**For the year ended 31 December 2014** *(unaudited)* *RMB*
Net profit before taxation	193,887,789.56	189,625,415.59
Net profit after taxation	145,415,842.21	142,219,061.83

The unaudited total asset value of the Maoye Oriental Times as at 31 December 2014 was approximately RMB1,606,901,692.43.

(5) Zhuhai Maoye

Based on the unaudited accounts of the Zhuhai Maoye prepared based on PRC Generally Accepted Accounting Principles, the unaudited net profit (before taxation) of the Zhuhai Maoye for each of the financial years ended 31 December 2013 and 2014 are as follows:

	For the year ended 31 December 2013 *(unaudited)* *RMB*	**For the year ended 31 December 2014** *(unaudited)* *RMB*
Net profit before taxation	54,431,306.64	63,691,568.51
Net profit after taxation	40,823,479.94	47,768,676.39

The unaudited total asset value of the Zhuhai Maoye as at 31 December 2014 was approximately RMB247,494,524.26.

REASONS AND BENEFITS FOR THE TRANSACTION

1. The transaction is beneficial for the Group to integrate and share the retail business resources among the Southern Region and Southwestern Region in order to reduce the potential competitions in the industry. The Group's prominent advantages in its operating scale, business resources, channels and brands will effectively strengthen its bargaining and pricing powers over its suppliers, therefore allowing the Group to have the initiative in brand planning and arrangement when selling goods, and the Group's operating capability and profitability will be further enhanced.

2. Upon the Reorganisation, Chengshang Group will further increase its influences in the domestic capital market and hence broaden its financing channels, for which the Group will get its overall financing capability improved and obtain the financial resources at lower costs during its on-going development in the future.

REASONS AND BENEFITS FOR THE TRANSACTION AND THE SUPPLEMENTAL LEASE AGREEMENTS

1. All of the premises which are necessary for the operation of those assets proposed to be injected into Chengshang Group such as Maoye Huaqiangbei, Maoye Oriental Times and Maoye Shennan have been leased from the connected persons. Therefore, in light of the regulatory requirements on independence of assets proposed to be injected imposed by the CSRC, it is required to sign

long-term leasing agreements for the leasing of Properties with the connected persons in respect of those assets proposed to be injected and to make reasonable arrangement in respect of the adjustment mechanism for the future leasing prices in order to fully ensure the fairness and continuity of prices at which properties are leased from the connected persons in respect of the assets proposed to be injected, thereby fully ensuring the abilities of the assets proposed to be injected to continue as a going concern.

2. Apart from the purpose of Reorganisation, the long lease term, which will last for over 18 years, will allow the Company to build long-term relationships with its suppliers and tenants of the department stores and help to build up customer loyalty.

3. Substantial investment may be required for the operation of department stores on an ongoing basis. This will include extensive designs, refurbishments, renovations, staff recruitment and ongoing training. In view of this, the need to have longer term business plans and projections thereby necessitating, amongst other things, longer duration of tenancy agreements of its retail premises is reasonable as tenancies of a short duration might give rise to business uncertainties and may be commercially disadvantageous to the Group.

The Directors of the Company (including the non-executive directors of the Company) believe that the terms of the Share Transfer Agreement, Framework Agreement, the Supplemental Lease Agreements and all the transactions contemplated thereunder are fair and reasonable and the interest of the Shareholders as a whole.

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 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 the PRC.

Maoye Shangsha

Maoye Shangsha, a company incorporated in the PRC, is a wholly-owned subsidiary of the Group and is principally engaged in the operation of department stores.

Chengshang

Chengshang is a company incorporated in the PRC, whose shares are listed on The Shanghai Stock Exchange (stock code: 600828). Immediately prior to the entering into the Acquisition, Maoye Shangsha, our wholly-owned subsidiary, was the 68.06% shareholder of Chengshang. Upon completion of the Reorganisation, Maoye Shangsha shall hold 85.44% in Chengshang.

Chengshang is principally engaged in the operation of department stores.

Demao

Demao is principally engaged in equity investment, corporate management consulting and investment planning.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiry, Demao and its ultimate beneficial owners (other than Mr. Gao, Ms. Zheng and Mr. Wang Wei) are not connected persons of the Company. As at the date of this announcement, Mr. Gao, Ms. Zheng and Mr. Wang Wei (each of them being a director of Chengshang) together are interested in 26% of the shareholding in Demao.

Hezhengmao

Hezhengmao is principally engaged in equity investment, corporate management consulting and investment planning, jointly owned by, amongst others, Mr. Zhong and Mr. Wang Bin. Mr. Zhong holds 50% of Hezhengmao and is an executive director of the Company and a director of Chengshang. Mr. Wang Bin holds 25% of Hezhengmao and is an executive director of the Company and a director of Chengshang. Accordingly, Mr. Zhong and Mr. Wang Bin and Hezhengmao are each connected persons of the Company.

Controlling Shareholder Group

The Controlling Shareholder Group consists of Mr. Huang, any of his associates, and those entities that are majority-owned or controlled by Mr. Huang and his associates, including Maoye International, Maoye Holdings Limited and Richon, but other than the Company and its subsidiaries.

Mr. Huang is the Chairman, executive Director and Chief Executive Officer of the Company and the Company's ultimate controlling shareholder.

LISTING RULES IMPLICATIONS

(1) *Hezhengmao*

Mr. Zhong holds 50% of Hezhengmao and is an executive director of the Company and a director of Chengshang. Mr. Wang Bin holds 25% of Hezhengmao and is an executive director of the Company and a director of Chengshang. Accordingly, Mr. Zhong and Mr. Wang Bin and Hezhengmao are each connected persons of the Company. Therefore, the sale of shares of Maoye Huaqiangbei to Hezhengmao under the Share Transfer Agreement and the issue of the Chengshang Consideration Shares to Hezhengmao under the Framework Agreement are each connected transactions for the Company. As each of the applicable percentage ratios pursuant to Rule 14.07 of the Listing Rules in respect of the sale of shares of Maoye Huaqiangbei to Hezhengmao under the Share Transfer Agreement and the issue of the Chengshang Consideration Shares to Hezhengmao under the Framework Agreement, respectively, exceeds 0.1% but are below 5%, the Company is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

(2) ***Demao***

As the applicable percentage ratios pursuant to Rule 14.07 of the Listing Rules in respect of the sale of 16.43% of Maoye Huaqiangbei from Maoye Shangsha to Demao under the Share Transfer Agreement and the issue of the Chengshang Consideration Shares to Demao under the Framework Agreement, each exceed 5% but are below 25%, such transactions constitute discloseable transactions of the Company under Chapter 14 of the Listing Rules. Accordingly the abovementioned transactions are not subject to approval of the Shareholders of the Company under the Listing Rules.

(3) ***The Acquisition***

As the applicable percentage ratios pursuant to Rule 14.07 of the Listing Rules in respect of the Acquisition exceeds 5% but are below 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. The Acquisition is not subject to approval of the shareholders of the Company under the Listing Rules.

The Directors (apart from Mr. Zhong and Mr. Wang Bin) do not have any material interest in the Share Transfer Agreement and/or the Framework Agreement and none of them (apart from Mr. Zhong and Mr. Wang Bin) have abstained from voting on the board resolution to approve the Share Transfer Agreement and/or the Framework Agreement.

Shareholders and potential investors of the Company should be aware that the Acquisition is subject to certain conditions precedent being satisfied, and consequently the Acquisition may or may not proceed. Accordingly, they are advised to exercise caution when dealing in the Shares.

(4) ***The Supplemental Lease Agreements***

The Supplemental Lease Agreements are entered between the Group (including the Chengshang Group) and Controlling Shareholder Group. Controlling Shareholder Group consists of Mr. Huang, any of his associates and those companies which are majority-owned or controlled by Mr. Huang or any of his associates, but excluding the Group. Mr. Huang is also the controlling shareholder and a director of the Company, and is therefore a connected person of the Company under the Listing Rules. Accordingly, the transactions under the Supplemental Lease Agreements constitute continuing connected transactions for the Company under Rule 14A.31 of the Listing Rules. The applicable percentage ratios (other than the profits ratio) under Rule 14.07 of the Listing Rules in respect of the maximum annual amount of the transactions under the Supplemental Lease Agreements exceed 0.1% but are below 5%. Accordingly, pursuant to Rule 14A.76 of the Listing Rules, the continuing connected transactions under the Supplemental Lease Agreements are subject to reporting and announcement requirements and annual review by the independent non-executive directors of the Company but are exempt from independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Directors (apart from Mr. Huang, Mr. Zhong and Mr. Wang Bin) do not have any material interest in the Supplemental Lease Agreements and none of them (apart from Mr. Huang, Mr. Zhong and Mr. Wang Bin) has abstained from voting on the board resolution to approve the Supplemental Lease Agreements.

Pursuant to Rule 14A.52 of the Listing Rules, except in special circumstances where the nature of the transaction requires the contract to be of a longer duration, the term for each of the Supplemental Lease Agreements must not exceed three years. As the duration of each of the Supplemental Lease Agreements exceeds three years, the Company has appointed Fortune Financial Capital as its independent financial adviser to explain why a longer period is required and to confirm that it is normal business practice for contracts of this type to be of such duration.

DEFINITIONS

"Acquisition"	the sale of and purchase of the entire issued share capitals of the Target Entities by the Vendors to Chengshang pursuant to the Framework Agreement;
"Chengshang Consideration Shares"	approximately 1,161,488,018 new shares to be issued by Chengshang as part of the consideration under the Framework Agreement;

"Chengshang"	Chengshang Group Co., Ltd (成商集團股份有限公司), a subsidiary of the Company and a joint stock limited company established in the PRC and listed on the Shanghai Stock Exchange (stock code: 600828). At the date of this announcement, the Company holds 388,226,763 shares in Chengshang Group through Maoye Shangsha, representing approximately 68.06% of its issued share capital
"Chengshang Group"	Chengshang and its subsidiaries from time to time;
"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;
"Completion"	completion of the Framework Agreement;
"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;
"CSRC"	China Securities Regulatory Commission;
"Demao"	Shenzhen Demao Investment Enterprises (Limited Partnership) (深圳德茂投資企業(有限合夥)), a company incorporated in the PRC;
"Directors"	the directors of the Company;
"First Supplemental Lease Agreements"	the supplemental lease agreements entered into by our Group (including the Chengshang Group) with the Controlling Shareholder Group on 12 June 2015 in relation to the leasing of the Properties, with terms commencing 1 April 2015 and expiring 31 December 2018;
"Fortune Financial Capital"	Fortune Financial Capital Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activities under the SFO, which has been appointed as the independent financial adviser appointed by the Company to opine on the duration of the Supplemental Lease Agreements;

"Framework Agreement"	the framework agreement entered into between Maoye Shangsha, Demao and Hezhengmao (together as vendors) and Chengshang Group (as purchaser) on 12 June 2015 in relation to the sale of and purchase of the entire issued share capitals of the Target Entities for the total consideration of approximately RMB8,560,166,700 (subject to adjustment);
"Group"	the Company and its subsidiaries from time to time;
"Hezhengmao"	Shenzhen Hezhengmao Investment Enterprise (Limited Partnership)(深圳合正茂投資企業(有限合夥)), a Company incorporated in the PRC
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange;
"Maoye Huaqiangbei"	Shenzhen Maoye Department Store Huaqiangbei Co., Limited (深圳市茂業百貨華強北有限公司), a company incorporated in the PRC, and a Target Entity;
"Maoye Oriental Times"	Shenzhen Maoye Oriental Times Department Store Co., Ltd. (深圳市茂業東方時代百貨有限公司) incorporated in the PRC and a Target Entity;
"Maoye Department Store"	Shenzhen Maoye Department Store Company Limited (深圳茂業百貨有限公司), incorporated in the PRC and a Target Entity;
"Maoye Shangsha"	Shenzhen Maoye Trade Building Co., Ltd. (深圳茂業商廈有限公司), a wholly owned subsidiary of the Company incorporated in the PRC;
"Maoye Shennan"	Shenzhen Maoye Department Store Shennan Co., Ltd. (深圳市茂業百貨深南有限公司) incorporated in the PRC and a Target Entity;
"Mr. Gao"	Mr. Gao Hong Biao (高宏彪) is the chairman and a director of Chengshang and holds 10% interest in Demao.
"Mr. Huang"	Mr. Huang Mao Ruc (黃茂如), Chairman, executive Director and Chief Executive Officer of the Company and the Company's ultimate controlling shareholder;

"Mr. Wang Bin"	Mr. Wang Bin (王斌), a 25% of shareholder of Hezhengmao, an executive director of the Company and a director of Chengshang;
"Mr. Wang Wei"	Mr. Wang Wei (王偉) is a director of Chengshang and each holds 8% in Demao.
"Mr. Zhong"	Mr. Zhong Pengyi (鐘鵬翼), a 50% of shareholder of Hezhengmao, an executive director of the Company and a director of Chengshang;
"Ms. Zheng"	Ms. Zheng Yi (鄭怡) is a director of Chengshang and each holds 8% in Demao.
"PRC"	People's Republic of China
"Properties"	the properties currently operated and leased by the Target Entities, the particulars of which are set out under the paragraph headed "(3) THE SUPPLEMENTAL LEASE AGREEMENTS";
"Reorganisation"	the material asset reorganisation matter of Chengshang and the transaction contemplated under the Share Transfer Agreements, the Framework Agreement and the Supplemental Lease Agreements;
"RMB"	Renminbi, the lawful currency in the PRC;
"Second Supplemental Lease Agreement"	the supplemental lease agreements entered into by our Group (including the Chengshang Group) with the Controlling Shareholder Group on 12 June 2012 in relation to the leasing of the Properties, with terms commencing 1 January 2019 and expiring 31 December 2033;
"Share Transfer Agreement"	the share transfer agreement between Demao, Hezhengmao and Maoye Shangsha whereby Maoye Shangsha agreed to sell, and Demao and Hezhengmao agreed to purchase, 16.43% and 6.57% of Maoye Huaqiangbei, respectively, for a cash consideration of RMB368,611,815 (subject to adjustment) and RMB147,399,855 (subject to adjustment), respectively;

"SFO"	Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong);
"Supplemental Lease Agreements"	the First Supplement Lease Agreement and the Second Supplement Lease Agreement
"Target Entity(ies)"	Maoye Department Store, Maoye Shennan; Maoye Huaqiangbei; Maoye Oriental Times; and Zhuhai Maoye
"Vendor(s)"	each of Maoye Shangsha, Demao and Hezhengmao;
"Zhuhai Maoye"	Zhuhai City Maoye Department Store Co., Ltd. (珠海市茂業百貨有限公司) incorporated in the PRC and a Target Entity.

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

Hong Kong, 14 June 2015

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.