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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)

**RENEWAL OF CONTINUING CONNECTED TRANSACTIONS
UNDER THE EXISTING MASTER LEASING AGREEMENT**

As the Existing Master Leasing Agreement will expire on 31 December 2015 and the Company expects to continue the continuing connected transactions thereafter, the Company entered into the New Master Leasing Agreement with Maoye Holdings Limited on 29 December 2015 to replace the Existing Master Leasing Agreement with effect from 1 January 2016 and to govern the terms upon which the Group will lease premises from the Controlling Shareholder Group for the next three years thereafter. The New Master Leasing Agreement has a term of three years and will be effective from 1 January 2016.

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

Accordingly, the transactions under the New Master Leasing Agreement constitute continuing connected transactions for the Company under Rule 14A.31 of the Listing Rules. The relevant percentage ratios (other than the profits ratio) under Rule 14.07 of the Listing Rules in respect of the annual amount of the transactions under the New Master Leasing Agreement exceed 0.1% but are less than 5%. Accordingly, pursuant to Rule 14A.76(2)(a) of the Listing Rules, the continuing connected transactions under the New Master Leasing Agreement are exempted from the Independent Shareholders' approval requirement but are subject to the reporting and announcement requirements and annual review by the independent non-executive Directors of the Company in accordance with Chapter 14A of the Listing Rules.

Background

Reference is made to the announcement dated 28 November 2012, the announcement dated 1 May 2013 and the announcement dated 7 July 2013 issued by the Company in relation to the continuing connected transactions between the Group and the Controlling Shareholder Group under the Existing Master Leasing Agreement.

The Existing Master Leasing Agreement governs the rights and obligations of the Group and the Controlling Shareholder Group in relation to the leasing of properties by the Group from the Controlling Shareholder Group for operation of department stores by the Group. As of the date of this announcement, the Group leases nine properties from the Controlling Shareholder Group pursuant to the Existing Master Leasing Agreement. The following table summarises the properties currently leased by the Group from the Controlling Shareholder Group as of the date of this announcement.

Location	Details of Occupancy
Shop Unit at Level 1 to Level 5, No. 3009 Heping Road, Luohu District, Shenzhen, PRC	Maoye Shenzhen Outlet Store*
Level 1 to Level 5, No. 1018 Central Shennan Road, Futian District, Shenzhen, PRC	Maoye Shenzhen Shennan Store
Nos. 2005-2006, North Huaqiang Road, Futian District, Shenzhen, PRC	The first phase of Maoye Shenzhen Huaqiangbei Store
Nos. 2005-2006, North Huaqiang Road, Futian District, Shenzhen, PRC	The second phase of Maoye Shenzhen Huaqiangbei Store

No. 301, Zijing Road, Xiangzhou District, Zuhai, PRC	Maoye Zhuhai Store
Level 5 to Level 7, Wangjiao Shopping Center, Dongmen Road, Luohu District, Shenzhen,	A portion of Maoye Shenzhen Dongmen Store
Office Unit of the whole of 37/F, a portion of 36/F ,39/F and 7/F, World Finance Centre, Shennan Road, Luohu District, Shenzhen, PRC	Office Unit
B1, Yongcui Huafu, Taibai Road, Luohu District, Shenzhen, PRC	Warehouse
Shop Unit on the whole of Level 1 to Level 7 and part of Level 8, No. 16 North Jian Xin Road, Chongqing, PRC	Maoye Chongqing Jiangbei Store

* *Shenzhen Heping Store has been renamed Shenzhen Outlet Store.*

As the Existing Master Leasing Agreement will expire on 31 December 2015 and the Company expects to continue the continuing connected transactions thereafter, the Company entered into the New Master Leasing Agreement with Maoye Holdings Limited on 29 December 2015 to replace the Existing Master Leasing Agreement with effect from 1 January 2016 and to govern the terms upon which the Group will lease the Premises from the Controlling Shareholder Group for the next three years thereafter. The leased Premises will mainly be used for operation of department stores by the Company. The New Master Leasing Agreement has a term of three years and will be effective from 1 January 2016.

Key terms of the New Master Leasing Agreement

Parties:	The Company Maoye Holdings Limited, a connected person
Subject:	Pursuant to the New Master Leasing Agreement, Maoye Holdings Limited has agreed to lease to the Group, and the Company has agreed to lease from the Controlling Shareholder Group, the Premises. The leases for the Premises are subject to the terms of the New Master Leasing Agreement.
Term:	Three years commencing from 1 January 2016. Either party may terminate the New Master Leasing Agreement by giving the other party at least one month's written notice of termination.
Rent and expenses:	<p>The rent payable under the New Master Leasing Agreement shall be determined by the parties in writing and shall be:</p> <ul style="list-style-type: none">(i) based on market rent, being rent which would be payable by an independent third party for the leasing of the Premises; and(ii) where there is no available comparison, on terms no less favorable to an independent third party. <p>The Group shall be responsible for the payment to the Controlling Shareholder Group of miscellaneous expenses relating to the Premises, such as property management fees, air-conditioning fees and car park rental fees, and any other reasonable expenses.</p>

Annual Caps

The maximum aggregate rent and miscellaneous expenses to be payable by the Group to the Controlling Shareholder Group in connection with the leases under the New Master Leasing Agreement and hence the Proposed Caps are as follows:

For the year ending 31 December 2016 <i>(in RMB million)</i>	For the year ending 31 December 2017 <i>(in RMB million)</i>	For the year ending 31 December 2018 <i>(in RMB million)</i>
177	177	177

The historical amount of the rents paid by the Group to the Controlling Shareholder Group in connection with the leases under the Existing Master Leasing Agreement are as follows:

For the year ended 31 December 2013 <i>(in RMB million)</i>	For the year ended 31 December 2014 <i>(in RMB million)</i>	For the six months ended 30 June 2015 <i>(in RMB million)</i>
129.0	119.6	71.9

The terms of the New Master Leasing Agreement were arrived at after arm's length negotiation and are on normal commercial terms. The Proposed Caps for the year ending 31 December 2016, 2017 and 2018 were determined with reference to (i) the historical rents and expenses paid by the Group to the Controlling Shareholder Group in 2013 to 2015 in connection with the leases under the Existing Master Leasing Agreement and (ii) the prevailing market rent in the PRC.

Reasons for and benefits of the transactions under the New Master Leasing Agreement

The Controlling Shareholder Group owns several commercial complexes in the PRC, all of which are situated at the core commercial district of the cities. The New Master Leasing Agreement allows the Company to take advantage of the Controlling Shareholder Group's resources to maintain the operation of its department stores at core commercial districts. Furthermore, the Group has been operating several department stores at the Controlling Shareholder Group's Premises for a long time. The cost to be incurred and the adverse impact on the operation of the Group's stores in the event of their relocation will be substantial.

The Directors (including the independent non-executive Directors) believe that the transactions under the New Master Leasing Agreement have been entered into in the ordinary and usual course of business of the Company, are on normal commercial terms and are fair and reasonable and in the interests of the Company and its Shareholders as a whole. The Directors (including the independent non-executive Directors) also believe that the Proposed Caps of the New Master Leasing Agreement are fair and reasonable. The Directors (apart from Mr. Huang) do not have any material interest in the transaction and none of them (apart from Mr. Huang) has abstained from voting on the board resolution to approve the transaction.

Information on the parties

The Company

The Company is principally engaged in the operation and management of department stores and property development in the PRC, and is a leading domestic operator of department store in the affluent regions of the PRC with high economic growth. Currently, the Company is 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. The Company currently operates and manages 41 stores in 17 cities across the PRC as at the date of this announcement.

Maoye Holdings Limited

Maoye Holdings Limited is an investment holding company incorporated in the British Virgin Islands with limited liability. It is wholly-owned by Mr. Huang, the controlling Shareholder and a Director of the Company, and is therefore a connected person of the Company under the Listing Rules. It is a member of the Controlling Shareholder Group.

Implications under the Listing Rules

As Maoye Holdings Limited is a connected person of the Company under the Listing Rules, the transactions under the New Master Leasing Agreement constitute continuing connected transactions for the Company under Rule 14A.31 of the Listing Rules. The relevant percentage ratios (other than the profits ratio) under Rule 14.07 of the Listing Rules in respect of the annual amount of the transactions under the New Master Leasing Agreement exceed 0.1% but are less than 5%. Accordingly, pursuant to Rule 14A.76(2)(a) of the Listing Rules, the continuing connected transactions under the New Master Leasing Agreement are exempted from the Independent Shareholders' approval requirement but are subject to the reporting and announcement requirements and annual review by the independent non-executive Directors of the Company in accordance with Chapter 14A of the Listing Rules.

Details of the New Master Leasing Agreement will be included in the annual report and accounts of the Company in accordance with Rule 14A.49 of the Listing Rules.

DEFINITIONS

“associate”	has the meaning ascribed to it under the Listing Rules;
“Company”	Maoye International Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the main board of the Stock Exchange;
“connected person”	has the meaning ascribed to it under the Listing Rules;
“Controlling Shareholder Group”	Mr. Huang, any of his associates and companies majority-owned or controlled by Mr. Huang and his associates, which includes Maoye Holdings Limited but excludes the Group;
“Directors”	the directors of the Company;
“Existing Master Leasing Agreement”	the master leasing agreement entered into between the Company and Maoye Holdings Limited dated 28 November 2012 and supplemented on 30 April 2013;
“Group”	the Company and its subsidiaries from time to time;
“Independent Shareholders”	Shareholders other than Mr. Huang and his associates;
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange;
“Maoye Holdings Limited”	Maoye Holdings Limited, an investment holding company incorporated in the British Virgin Islands with limited liability, which is wholly-owned by Mr. Huang;
“Mr. Huang”	Mr. Huang Mao Ru, Chairman, executive Director and Chief Executive Officer of the Company and the Company’s ultimate controlling Shareholder;
“New Master Leasing Agreement”	the master leasing agreement entered into between the Company and Maoye Holdings Limited dated 29 December 2015;
“PRC”	The People’s Republic of China;

“Premises”	the premises owned or occupied by the Controlling Shareholder Group from time to time;
“Proposed Caps”	the proposed maximum annual aggregate value for the transactions under the New Master Leasing Agreement for the three years ending 31 December 2016, 2017 and 2018;
“RMB”	Renminbi, the lawful currency in the PRC;
“Shareholder(s)”	holder(s) of 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, 29 December 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.