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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)**

### **CONTINUING CONNECTED TRANSACTION LEASING OF PROPERTY**

On 7 April 2010, Maoye Shangsha, a wholly owned subsidiary of the Company, entered into the Lease Agreement with Shenzhen Friendship to lease certain portion of the Friendship City Building at 63 Friendship Road, Shenzhen, PRC.

Shenzhen Friendship is a connected person of the Company by virtue of being an associate of Mr. Zhong Pengyi, a director of the Company.

Accordingly, the transactions under the Lease Agreement constitute continuing connected transaction for the Company under Rule 14A.14 of the Listing Rules. The relevant percentage ratios under Rule 14.07 of the Listing Rules in respect of the annual amount of the transactions under the Lease Agreement are less than 2.5%. Accordingly, pursuant to Rule 14A.34 of the Listing Rules, the transactions under the Lease Agreement are exempted from the Independent Shareholders' approval requirement but are subject to the reporting and announcement requirements in accordance with Rule 14A.34 of the Listing Rules.

#### **Background**

On 7 April 2010, Maoye Shangsha, a wholly owned subsidiary of the Company, entered into the Lease Agreement with Shenzhen Friendship, a connected person, to lease certain portion of the Friendship City Building at 63 Friendship Road, Shenzhen, PRC.

The Company is planning to operate a Maoye branded department store at the Leased Property.

## Key terms of the Lease Agreement

Parties:	Landlord: Shenzhen Friendship, a connected person Tenant: Maoye Shangsha, a wholly owned subsidiary of the Company
Premise:	The first four storeys of the Friendship City Building and the fifth and sixth floor of Block A of the Friendship City Building with a gross floor area of 26,000 square meters (the “ <b>Leased Property</b> ”).
Rent:	RMB33,900,000 per annum (including RMB3,600,000 renovation and upgrade fees per annum), payable on the 15th day of every month.
Term:	Three years commencing from 1 May 2010 and will be automatically renewed for the same duration unless it is terminated by the tenant, subject to a maximum term of 12 years.
Pre-emptive right:	During the terms of the lease, if Shenzhen Friendship intends to sell the Friendship City Building Project, Maoye Shangsha has a pre-emptive right to purchase the Friendship City Building at the terms being offered to other third parties. Shenzhen Friendship shall give Maoye Shangsha a thirty days notice prior to such sale.
Other terms:	(1) During the first two years of the lease, if Maoye Shangsha suffers a cumulative net loss in the first two years of operation of the Leased Property, Shenzhen Friendship shall pay Maoye Shangsha an amount equal to the cumulative net loss amount. (2) Shenzhen Friendship is responsible for the renovation and upgrade work of the Leased Property and shall pay the relevant costs.
Annual Caps:	2010: RMB22,000,000 (on a pro-rata basis) 2011: RMB33,900,000 2012: RMB33,900,000 2013: RMB11,300,000 (on a pro-rata basis)

Where any of the unexpired terms of the Lease Agreement is less than one year, the annual cap will be calculated on a pro-rata basis. The terms of the Lease Agreement were arrived at after arm's length negotiation and are on normal commercial terms. The rentals of the Lease Agreement and the annual caps were determined by reference to the prevailing market rent of similar properties in the nearby locations.

### **Reasons for and benefits of the transactions under the Lease Agreement**

Friendship City Building is situated in the earliest commercial zone of Shenzhen — South Renmin Commercial Zone, which is adjacent to Shenzhen Luohu Port and Shenzhen Railway Station. The Directors believe that operating a Maoye branded department store at this commercial zone will consolidate the Group's presence and further enhance the Group's market position in Shenzhen.

The Directors (including the independent non-executive directors) believe that the transactions under the Lease Agreement 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 annual caps of the Lease Agreement are fair and reasonable.

### **Information on the parties**

The Group is a leading department store chain in the affluent regions of Southern and Southwestern China, and also covers Eastern and Northern China. The Group is operating and managing 24 stores including 13 Maoye-branded stores and 11 Chengshang-branded stores across 12 cities.

Shenzhen Friendship is a property leasing company and owns the Friendship City Building. It is a connected person of the Company by virtue of being an associate of Mr. Zhong Pengyi, a director of the Company.

### **Implications under the Listing Rules**

The relevant percentage ratios under Rule 14.07 of the Listing Rules in respect of the annual amount of the transactions under the Lease Agreement are less than 2.5%. Accordingly, pursuant to Rule 14A.34 of the Listing Rules, the transactions under the Lease Agreement are exempted from the Independent Shareholders' approval requirement but are subject to the reporting and announcement requirements in accordance with Rule 14A.34 of the Listing Rules.

## Definition

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;
“Friendship City Building Project”	the commercial project of Friendship City Building located at 63 Friendship Road, Shenzhen, PRC
“Lease Agreement”	The lease agreement between Maoye Shangsha and Shenzhen Friendship in connection with leasing the Leased Property dated 7 April 2010;
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange;
“Maoye Shangsha”	Maoye Shangsha Company Limited, a wholly-owned subsidiary of the Company incorporated in the PRC;
“PRC”	The People’s Republic of China;
“RMB”	Renminbi, the lawful currency in the PRC; and
“Shenzhen Friendship”	Shenzhen City Friendship Trading Center Company Limited, a company incorporated in the PRC. It is 40% owned by Mr. Zhong Pengyi and 60% owned by independent third parties.

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

8 April 2010, Hong Kong

*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 Guisheng; one non-executive director, namely, Mrs. Huang Jingzhang; and three independent non-executive directors, namely, Mr. Chow Chan Lum, Mr. Pao Ping Wing and Mr. Leung Hon Chuen.*