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Maoye International Holdings Limited

茂業國際控股有限公司

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 848)

**PROPOSED ISSUE OF CONVERTIBLE BONDS DUE 2015
CONVERTIBLE INTO ORDINARY SHARES OF
MAOYE INTERNATIONAL HOLDINGS LIMITED**

J.P.Morgan

Sole Lead Manager and Sole Bookrunner

The Company announces that after 4:30 p.m. on 14 September 2010, the Company has entered into the Subscription Agreement with the Lead Manager, under which the Lead Manager agreed to subscribe and pay for, or to procure subscribers to subscribe and pay for, the Convertible Bonds to be issued by the Company, initially, in an aggregate principal amount of HK\$1,165,000,000. The Company has also granted the Upsize Option to the Lead Manager to subscribe and pay for, or to procure subscribers to subscribe and pay for, additional Convertible Bonds up to a further aggregate principal amount of HK\$388,600,000. The Convertible Bonds are convertible in the circumstances set out in the Terms and Conditions into ordinary shares of HK\$0.10 each in the issued share capital of the Company at an initial Conversion Price of HK\$4.212 per Share (subject to adjustment).

The initial Conversion Price is HK\$4.212 per Share, representing a premium of 20.0% over the closing price of the Shares quoted on the Stock Exchange on 14 September 2010 being the date on which the Subscription Agreement was signed, and representing a premium of 23.2% over the closing price of the Shares at HK\$3.42 quoted on the Stock Exchange on 10 September 2010.

Assuming full conversion of the Convertible Bonds (and assuming that the Upsize Option is not exercised) at the initial Conversion Price of HK\$4.212 per Share, the Convertible Bonds will be convertible into approximately 276,590,693 Shares, representing approximately 5.38% of the issued share capital of the Company as at the date of this announcement and approximately 5.11% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares. Assuming full conversion of the Convertible Bonds (and assuming that the Upsize Option is exercised in full) at the initial Conversion Price of HK\$4.212 per Share, the Convertible Bonds will be convertible into approximately 368,850,902 Shares, representing approximately 7.18% of the issued share capital of the Company as at the date of this announcement and approximately 6.70% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares. The Conversion Shares to be issued upon conversion of the Convertible Bonds will rank pari passu in all respects with the Shares then in issue on the relevant conversion date.

The Bondholders will have the right to convert all or some of their Convertible Bonds into Shares at any time on or after 23 November 2010 up to the close of business on the tenth day prior to the Maturity Date or, if such Bond shall have been called for redemption by the Company before the Maturity Date, then up to the close of business on a date no later than seven days prior to the date fixed for redemption thereof. Unless previously purchased and cancelled, redeemed or converted, the Convertible Bonds will be redeemed at the principal amount together with unpaid interest accrued thereon on the Maturity Date.

The Convertible Bonds have not been offered or sold and may not be offered or sold in Hong Kong to the public within the meaning of the Companies Ordinance.

The Convertible Bonds and the Conversion Shares have not been and will not be registered under the US Securities Act and, subject to certain exceptions, may not be offered or sold within the United States. The Convertible Bonds are being offered and sold outside the United States in reliance on Regulation S under the US Securities Act.

Assuming the Upsize Option is not exercised, the estimated net proceeds from the Bond Issue, after deduction of commission and expenses, amount to approximately HK\$1,136,000,000. Assuming that the Upsize Option is exercised in full, it is estimated that the Company will receive additional net proceeds of HK\$1,517,000,000. The Company intends to use the net proceeds as working capital and for future projects and acquisitions.

The Conversion Shares will be allotted and issued by the Company pursuant to a general mandate granted to the Directors approved by the Shareholders at the annual general meeting held on 30 April 2010.

The Company will make an application for the listing of the Convertible Bonds on the Singapore Stock Exchange. An application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

Completion of the Subscription Agreement is subject to the satisfaction and/or waiver of the conditions precedent therein. In addition, the Subscription Agreement may be terminated in certain circumstances. Please refer to the paragraph headed “THE SUBSCRIPTION AGREEMENT” below for further information.

WARNING: As the Subscription Agreement may or may not complete, the Convertible Bonds may or may not be issued and/or the Conversion Shares may or may not be issued or listed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

THE SUBSCRIPTION AGREEMENT

Date: 14 September 2010

Parties:

1. The Company
2. The Lead Manager, being J.P. Morgan Securities Limited, which to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, is not a connected person of the Company and is a third party independent of the Company and connected persons of the Company.

Subscription:

Subject to the fulfillment of the conditions set out below in the section headed “Conditions Precedent”, the Lead Manager has agreed to subscribe and pay for or to

procure subscribers to subscribe and pay for the Convertible Bonds on the Closing Date in an aggregate principal amount of HK\$1,165,000,000. The Company has also granted the Upsize Option to the Lead Manager to subscribe for additional Convertible Bonds up to a further aggregate principal amount of HK\$388,600,000. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the subscribers and their ultimate beneficial owners are third parties independent of and not connected with the Company or any connected persons of the Company.

Stabilisation activities:

The Lead Manager may, to the extent permitted by applicable laws and directives, over-allot and effect transactions with a view to supporting the market price of the Convertible Bonds and/or the Shares at a level higher than that which might otherwise prevail, but in doing so the Stabilising Manager shall act as principal and not as agent of the Company and any loss resulting from over-allotment and stabilisation will be borne, and any profit arising therefrom shall be beneficially retained, by the Stabilising Manager. However, there is no obligation on the Lead Manager to do this. Such stabilising activities, if commenced, may be discontinued at any time. The Lead Manager will conduct any such stabilisation activities in accordance with applicable laws and directives.

Conditions precedent:

The obligations of the Lead Manager to subscribe and pay for the Convertible Bonds are subject to, among others, the following conditions precedent:

1. the Lead Manager being satisfied with the results of its due diligence investigations with respect to the Company and its subsidiaries for the purposes of preparation of the Offering Circular, and the Offering Circular having been prepared in form and content satisfactory to the Lead Manager and having been delivered to the Lead Manager;
2. the execution and delivery (on or before the Closing Date) of the other Contracts, each in a form reasonably satisfactory to the Lead Manager, by the respective parties;
3. Mr. Huang Mao Ru and Maoye Department Store Investment Limited shall have executed lock-up agreements, each dated the date of the Subscription Agreement;
4. the delivery to the Lead Manager comfort letters, in form and substance satisfactory to the Lead Manager, dated the date of the Offering Circular in the case of the first letter and dated the Closing Date in the case of the subsequent letter, from the auditors to the Company;

5. at the Publication Date and the Closing Date and the Option Closing Date (if any):
 - (i) the representations and warranties of the Company in the Subscription Agreement being true, accurate and correct at, and as if made on such date;
 - (ii) the Company having performed all of its obligations under the Subscription Agreement to be performed on or before such date; and
 - (iii) there having been delivered to the Lead Manager a certificate, dated as of such date, of a duly authorised officer of the Company to such effect;
6. after the date of the Subscription Agreement or, if earlier, the dates as of which information is given in the Offering Circular up to and at the Closing Date and the Option Closing Date (if any) there shall not have occurred any change (nor any development or event involving a prospective change), in the condition (financial or other), prospects, results of operations or general affairs of the Company or the Group, which, in the opinion of the Lead Manager, is material and adverse in the context of the issue and offering of the Convertible Bonds;
7. on or prior to the Closing Date there shall have been delivered to the Lead Manager copies of all consents and approvals required in relation to the issue and offering of the Convertible Bonds and the performance of the Company's obligations under the Trust Deed, the Paying and Conversion Agency Agreement and the Convertible Bonds (including the consents and approvals required from all lenders);
8. on the Closing Date and the Option Closing Date (if any), there having been delivered to the Lead Manager a certificate of no default of a duly authorised officer of the Company;
9. listing approval from the Hong Kong Stock Exchange on the Conversion Shares issuable upon conversion of the Convertible Bonds having been obtained and the Singapore Stock Exchange having agreed, subject to any conditions reasonably satisfactory to the Lead Manager, to list the Convertible Bonds (or, in each case, the Lead Manager being reasonably satisfied that such listing will be granted);
10. on or before the Closing Date and the Option Closing Date (if any), there having been delivered to the Lead Manager opinions, in form and substance satisfactory to the Lead Manager, of legal advisers to the Company as to English law, PRC law and Cayman Island law, and of legal advisers to the Leader Manager as to English law.

The Lead Manager may, at its discretion and upon such terms as they think fit, waive compliance with the whole or any part of the conditions precedent, except condition 2 above.

As at the date of this announcement, all the above conditions precedent to the completion of the Subscription Agreement were yet to be satisfied and/or (as the case may be) waived.

It is the intention of the Company to satisfy or procure the satisfaction of the above conditions precedent to completion of the Subscription Agreement as soon as practicable.

Termination:

The Lead Manager may, by notice to the Company given at any time prior to payment of the net subscription monies for Convertible Bonds to the Company, terminate the Subscription Agreement in any of the following circumstances:

1. if there shall have come to the notice of the Lead Manager any breach of, or any event rendering untrue or incorrect in any material respect, any of the warranties and representations contained in the Subscription Agreement or any failure to perform any of the Company's undertakings or agreements in the Subscription Agreement;
2. if any of the conditions precedent has not been satisfied or waived by the Lead Manager on or prior to the Closing Date or the Option Closing Date, as the case may be;
3. if in the opinion of the Lead Manager, there shall have been, since the date of the Subscription Agreement, any change, or any development involving a prospective change, in national or international monetary, financial, political or economic conditions in Hong Kong, the People's Republic of China, the United States of America, the United Kingdom or the European Union or currency exchange rates or foreign exchange controls in such jurisdictions such as would in its view, be likely to prejudice materially the success of the offering and distribution of the Convertible Bonds or dealings in the Convertible Bonds in the secondary market;
4. if, in the opinion of the Lead Manager, there shall have occurred any of the following events: (i) a suspension or a material limitation in trading in securities generally on the New York Stock Exchange, the London Stock Exchange plc, the Singapore Stock Exchange and/or the Hong Kong Stock Exchange and/or any other stock exchange on which the Company's

securities are traded; (ii) a suspension or a material limitation in trading in the Company's securities on the Hong Kong Stock Exchange and/or any other stock exchange on which the Company's securities are traded; (iii) a general moratorium on commercial banking activities in the United States, Singapore, Hong Kong and/or the United Kingdom declared by the relevant authorities or a material disruption in commercial banking or securities settlement or clearance services in the United States, Hong Kong, Singapore or the United Kingdom; or (iv) a change or development involving a prospective change in taxation affecting the Company, the Convertible Bonds and the Shares to be issued upon conversion of the Convertible Bonds or the transfer thereof, such as would (in the case of (i), (ii) and (iii) only) in the view of the Lead Manager, be likely to prejudice materially the success of the offering and distribution of the Convertible Bonds or dealings in the Convertible Bonds in the secondary market;

5. if, in the opinion of the Lead Manager, there shall have occurred any event or series of events (including without limitation the occurrence of any local, national or international outbreak or escalation of disaster, hostility, insurrection, armed conflict, act of terrorism, act of God or epidemic) as would in their view be likely to prejudice the success of the offering and distribution of the Convertible Bonds or dealings in the Convertible Bonds in the secondary market.

Lock-up

The Company has undertaken with the Lead Manager that it will not, and any person acting on its behalf will (a) issue, offer, sell, pledge, contract to sell or otherwise dispose of or grant options, issue warrants or offer rights entitling persons to subscribe or purchase any interest in any Shares or securities of the same class as the Bonds or the Shares or any securities convertible into, exchangeable for or which carry rights to subscribe or purchase the Bonds, the Shares or securities of the same class as the Bonds, the Shares or other instruments representing interests in the Bonds, the Shares or other securities of the same class as them, (b) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of the ownership of the Shares, (c) enter into any transaction with the same economic effect as, or which is designed to, or which may reasonably be expected to result in, or agree to do, any of the foregoing, whether any such transaction of the kind described in (a), (b) or (c) is to be settled by delivery of Shares or other securities, in cash or otherwise or (d) announce or otherwise make public an intention to do any of the foregoing, in any such case without the prior

written consent of the Lead Manager between the date of the Subscription Agreement and the date which is 120 days after the Closing Date (or (if later) the Option Closing Date) (both dates inclusive); except for the Bonds and the Conversion Shares issued on conversion of the Bonds.

PRINCIPAL TERMS OF THE CONVERTIBLE BONDS

The principal terms of the Convertible Bonds are summarized as follows:

- Issuer : The Company
- Principal amount : The aggregate principal amount of the Convertible Bonds will be HK\$1,553,600,000 (including the Option Bonds).
- Issue and Redemption Price : 100% of the principal amount of the Convertible Bonds.
- Interest : The Bonds bear interest at the rate of 3.0 per cent. per annum payable semi-annually in arrear on 13 April and 13 October in each year.
- Fee : The Company agrees to pay to the Lead Manager a combined management and underwriting commission and selling concession of 2.0 per cent of the aggregate principal amount of the Convertible Bonds.

The management under underwriting commission and selling concession are determined by benchmarking fees charged in prior transactions of a similar nature by the Lead Manager and other investment banks.

The Directors take the view that the aggregate management, underwriting commission and selling concession fees and their respective basis of determination are fair and reasonable.

Conversion period : Subject to the provisions of the Convertible Bonds and the relevant Bondholder complying with the procedures relating to conversion, Bondholder(s) may exercise conversion rights at any time on or after 23 November 2010 up to the close of business on the tenth day prior to the Maturity Date 2010 or, if such Bond shall have been called for redemption by the Company before the Maturity Date, then up to the close of business on a date no later than seven days prior to the date fixed for redemption thereof.

Conversion Price : The initial Conversion Price is HK\$4.212 per Share, representing a premium of 20.0% over the closing price of the Shares quoted on the Stock Exchange on 14 September 2010 being the date on which the Subscription Agreement was signed, and representing a premium of 23.2% over the closing price of the Shares at HK\$3.42 quoted on the Stock Exchange on 10 September 2010.

Assuming full conversion of the Convertible Bonds (and assuming that the Upsize Option is not exercised) at the initial Conversion Price of HK\$4.212 per Share, the Convertible Bonds will be convertible into approximately 276,590,693 Shares, representing approximately 5.38% of the issued share capital of the Company as at the date of this announcement and approximately 5.11% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares. Assuming full conversion of the Convertible Bonds (assuming the Upsize Option is exercised in full) at the initial Conversion Price of HK\$4.212 per Share, the Convertible Bonds will be convertible into approximately 368,850,902 Shares, representing approximately 7.18% of the issued share capital of the Company as at the date of this announcement and approximately 6.70% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares.

The Conversion Price is subject to adjustment for, amongst other things, upon the occurrence of consolidation, subdivision or reclassification, capitalization of profits or reserves, capital distributions, rights issues of Shares or options over Shares, rights issues of other securities, issues at less than current market price, other issues at less than current market price, modification of rights of conversion and other offers to Shareholders.

- Ranking of Conversion Shares : The Conversion Shares to be issued upon conversion of the Convertible Bonds will be fully paid and rank *pari passu* in all respects with the Shares then in issue on the date the name of the holder of record of the number of Shares issuable upon conversion are registered as such in the register of members of the Company.
- Redemption at the option of the Bondholder : The Company will, at the option of the holder of any Convertible Bond redeem all or some only of such holder's Bonds on 13 October 2013 at their principal amount together with interest accrued to the date fixed for redemption.
- Redemption at the option of the Company : On giving not less than 30 nor more than 90 days' notice to the Bondholders and the Trustee (which notice will be irrevocable), the Company:
- (i) may at any time after 13 October 2013 and prior to the Maturity Date redeem in whole, but not in part, the Convertible Bonds for the time being outstanding at their principal amount together with interest accrued to the date fixed for redemption, provided that the Closing Price of the Shares for each of 20 out of the 30 consecutive Trading Days, the last of which occurs not more than five Trading Days prior to the date upon which notice of such redemption is published was at least 130 per cent. of the prevailing Conversion Price; or
 - (ii) may at any time prior to the Maturity Date redeem in whole, but not in part, the Convertible Bonds for the time being outstanding at their principal amount together with interest accrued to the date fixed for redemption provided that prior to the date of such notice at least 90 per cent. in principal amount of the Convertible Bonds originally issued has already been converted, redeemed or purchased and cancelled.

Redemption for taxation reasons: : The Convertible Bonds may be redeemed at the option of the Company in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice (a "**Tax Redemption Notice**") to the Bondholders at their principal amount together with interest accrued to such date, if (i) the Company satisfies the Trustee immediately prior to the giving of such notice that the Company has or will become obliged to pay additional tax as a result of any change in, or amendment to, the laws or regulations of Hong Kong, the PRC or the Cayman Islands or any political subdivision or any authority thereof or therein having power to tax, or any change in the general application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 14 September 2010 and (ii) such obligation cannot be avoided by the Company taking reasonable measures available to it.

If the Company exercises its tax redemption right, each Bondholder shall have the right to elect that its Convertible Bonds shall not be redeemed. Upon a Bondholder electing not to have its Convertible Bonds redeemed in such circumstances, any payments due after the relevant date shall be made subject to any deduction or withholding of any tax required to be deducted or withheld.

Redemption for Delisting : The Bondholders shall have the right to require the Company to redeem all or some only of such holder's Convertible Bonds if the Shares cease to be listed or admitted to trading or suspended for trading for a period equal to or exceeding 30 consecutive Trading Days on the Hong Kong Stock Exchange or, if applicable, the Alternative Stock Exchange (as defined in the Terms and Conditions) (a "**Delisting**").

Redemption for Change of Control : The Bondholders shall have the right to require the Company to redeem all or some only of such holder's Convertible Bonds upon the occurrence of a Change of Control.

Maturity : Unless previously redeemed, converted or purchased and cancelled as provided in the Terms and Condition, the Company will redeem each Convertible Bond at its principal amount together with accrued and unpaid interest thereon on the Maturity Date.

- Voting Rights : Bondholders will not have any right to attend or vote at any meeting of the Company by virtue of them being Bondholders, and until and unless they have converted their Convertible Bonds into Shares.
- Negative Pledge : So long as any Convertible Bond remains outstanding (as defined in the Trust Deed), the Company shall not, and the Company shall procure that none of its subsidiaries will, create or permit to subsist any Security Interest upon the whole or any part of its present or future undertaking, assets or revenues (including uncalled capital) to secure any relevant indebtedness or guarantee of relevant indebtedness without (a) at the same time or prior thereto securing the Convertible Bonds equally and rateably therewith to the satisfaction of the Trustee or (b) providing such other security for the Convertible Bonds as the Trustee may in its absolute discretion consider to be not materially less beneficial to the interests of the Bondholders or as may be approved by an extraordinary resolution of Bondholders.
- Listing : The Company will make an application for the listing of the Convertible Bonds on the Singapore Stock Exchange. An application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

EFFECT ON THE SHARE CAPITAL OF THE COMPANY AS A RESULT OF CONVERSION

Assuming full conversion of the Convertible Bonds (and assuming that the Upsize Option is not exercised) at the initial Conversion Price of HK\$4.212 per Share, the Convertible Bonds will be convertible into approximately 276,590,693 Shares, representing approximately 5.38% of the issued share capital of the Company as at the date of this announcement and approximately 5.11% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares. Assuming full conversion of the Convertible Bonds (and assuming that the Upsize Option is exercised in full) at the initial Conversion Price of HK\$4.212 per Share, the Convertible Bonds will be convertible into approximately 368,850,902 Shares, representing approximately 7.18% of the issued share capital of the Company as at the date of this announcement and approximately 6.70% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares. The Conversion Shares to be issued upon conversion of the Conversion Bonds will rank *pari passu* in all respects with the Shares then in issue on the relevant conversion date.

The following table summarises the potential effects on the shareholding structure of the Company as a result of the Bond Issue (by reference to the shareholdings as at the date of this announcement and assuming full conversion of the Convertible Bonds):

| Name of Shareholder | As at the date of this announcement | | Assuming the Convertible Bonds are fully converted into Shares (subject to adjustment) at the Initial Conversion Price of HK\$4.212 each and assuming that the Upsize Option is not exercised (Note 1) | | Assuming the Convertible Bonds are fully converted into Shares (subject to adjustment) at the Initial Conversion Price of HK\$4.212 each and assuming that the Upsize Option is exercised in full (Note 1) | |
|--|---------------------------------------|----------------|--|----------------|--|----------------|
| | Approximate % of issued share capital | | Approximate % of issued share capital | | Approximate % of issued share capital | |
| | No. of Shares | of the Company | No. of Shares | of the Company | No. of Shares | of the Company |
| | | | | | | |
| Maoye Department Store Investment Limited (Note 2) | 4,200,000,000 | 81.72% | 4,200,000,000 | 77.54% | 4,200,000,000 | 76.24% |
| Huang Mao Ru | 50,000,000 | 0.97% | 50,000,000 | 0.92% | 50,000,000 | 0.91% |
| Other shareholders | 889,856,000 | 17.31% | 889,856,000 | 16.43% | 889,856,000 | 16.15% |
| Bondholders | <u>0</u> | <u>0.00%</u> | <u>276,590,693</u> | <u>5.11%</u> | <u>368,850,902</u> | <u>6.70%</u> |
| Total | <u>5,139,856,000</u> | <u>100%</u> | <u>5,416,446,693</u> | <u>100%</u> | <u>5,508,706,902</u> | <u>100%</u> |

Note:

1. This assumes that no Shares of the Company would have been issued from the date of this announcement and the conversion of the Convertible Bonds, and that the shareholding structure of the Company also remains the same during that period.
2. These shares were held by Maoye Department Store Investment Limited, a wholly-owned subsidiary of MOY International Holdings Limited, which in turn was wholly owned by Mr. Huang Mao Ru.

As at the date of this announcement, the Company has, pursuant to the share option scheme adopted by the Company on 20 January 2010, granted 126,308,000 share options to subscribe for up to a total of 126,308,000 Shares. None of these share options have been exercised and all remain outstanding. Save as disclosed above, at the date of this announcement, the Company has no outstanding convertible securities which are convertible into Shares.

USE OF PROCEEDS

Assuming the Upsize Option is not exercised, the estimated net proceeds from the Bond Issue, after deduction of commission and expenses, amount to approximately HK\$1,136,000,000. Assuming that the Upsize Option is exercised in full, it is estimated that the Company will receive additional net proceeds of HK\$1,517,000,000. The Company intends to use the net proceeds as working capital and for future projects and acquisitions.

REASONS FOR THE BOND ISSUE

The Company is a leading department store chain in the affluent regions of Southern and Southwestern China, and also covers Eastern and Northern China. In order to capture the business opportunities created by the PRC government's policy to boost internal demand, the Company intends to expand its department store network by operating new stores in different parts of the PRC.

The Directors are also of the view that the arrangement under the Subscription Agreement and the issue of the Convertible Bonds not only provides the Company with flexibility in raising additional short term financing at the discretion of the Company but also enhance the Company's capital base as well as shareholders' base, if any outstanding principal amounts of the Convertible Bonds are converted into Conversion Shares. The Directors (including the independent non-executive Directors) consider that the terms and conditions of the Subscription Agreement are made on normal commercial terms and are fair and reasonable as far as the Shareholders are concerned, and the execution of Bond Issue is in the interests of the Company and the Shareholders as a whole.

GENERAL MANDATE FOR THE BOND ISSUE

At the annual general meeting of the Company held on 30 April 2010, an ordinary resolution was passed to grant a general and unconditional mandate to the Directors to allot, issue and deal with additional Shares up to a limit of 20% of the aggregate nominal amount of the issued share capital of the Company as at 30 April 2010, which amounted to 1,027,971,200 Shares. The Directors have not exercised the power to allot and issue any new Shares pursuant to the general mandate granted. As at the date of this announcement, the Company is entitled to issue up to 1,027,971,200 Shares pursuant to such general mandate. The Conversion Shares will be issued under such general mandate.

FUND RAISING ACTIVITY BY THE COMPANY IN THE LAST 12 MONTHS

The Company has not carried out any capital fund raising activities in the 12 months period immediately before the date of this announcement.

PRINCIPAL BUSINESS OF THE GROUP

The Group is a leading department store chain in the affluent regions of Southern and Southwestern China, operating 29 stores (including 14 Maoye-branded stores, 11 Chengshang-branded stores and 4 Bohai Logistics-branded stores) across twelve cities. The store chain covers four regions, including southern, southwestern, eastern and northern parts of China.

APPLICATION FOR LISTING

The Company will make an application for the listing of the Convertible Bonds on the Singapore Stock Exchange. An application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

Completion of the Subscription Agreement is subject to the satisfaction and/or waiver of the conditions precedent therein. In addition, the Subscription Agreement may be terminated in certain circumstances. Please refer to the paragraph headed “THE SUBSCRIPTION AGREEMENT” above for further information.

WARNING: As the Subscription Agreement may or may not complete, the Convertible Bonds may or may not be issued and/or the Conversion Shares may or may not be issued or listed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires:

| | |
|-----------------|---|
| “Board” | means the board of directors of the Company; |
| “Bondholder(s)” | means holders of the Convertible Bonds from time to time; |
| “Bond Issue” | means the subscription and issue of the Convertible Bonds pursuant to the Subscription Agreement; |
| “business day” | means any day on which commercial banks are open for business in Hong Kong; |

| | |
|----------------------|---|
| “Change of Control” | occurs when: |
| | (a) any person or persons, other than, directly or indirectly, or as the beneficiary of a trust, acting individually or together, Mr. Huang Mao Ru, Mrs. Huang Jingzhang, Maoye Department Store Investment Limited and MOY International Holdings Limited or any of their affiliates, executors, administrators or successors; any person or persons, acting together, acquires control of the Company; or |
| | (b) the Company consolidates with or merges into or sells or transfers all or substantially all of the Company’s assets to any other person, unless the consolidation, merger, sale or transfer will not result in the other person or persons acquiring control over the Company or the successor entity; |
| “Closing Date” | means the date (expected to be on 13 October 2010 or such other date as the Company and the Lead Manager may agree) on which the Convertible Bonds are issued; |
| “Company” or “Maoye” | means Maoye International Holdings Limited, a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the main board of the Stock Exchange; |
| “connected person” | has the meaning ascribed to that term in the Listing Rules and “connected persons” shall be construed accordingly; |
| “Contracts” | means the Subscription Agreement, the Trust Deed and the Paying and Conversion Agency Agreement; |
| “control” | means the acquisition or control of more than 50 per cent. of the voting rights of the issued share capital of the Company or the right to appoint and/or remove all or the majority of the members of the Company’s board of directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise; |

| | |
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| “Conversion Price” | means the price per Share at which the Shares will be issued upon conversion and the initial conversion price being HK\$4.212 per Share (subject to adjustment); |
| “Conversion Date” | means the conversion date in respect of the Convertible Bonds; |
| “Conversion Shares” | means Shares to be allotted and issued by the Company upon conversion of the Convertible Bonds; |
| “Convertible Bonds” | means the convertible bonds due 2015 with an aggregate principal amount of HK\$1,165,000,000 to be issued by the Company and any additional Convertible Bonds to be issued by the Company upon the exercise of the Upsize Option under the Subscription Agreement; |
| “Directors” | means the directors of the Company; |
| “Group” | means the Company and its subsidiaries; |
| “HK\$” | means Hong Kong dollars, the lawful currency of Hong Kong; |
| “Hong Kong” | means the Hong Kong Special Administrative Region of the People’s Republic of China; |
| “Lead Manager” | means J.P. Morgan Securities Ltd., the sole bookrunner and the sole lead manager; |
| “Listing Rules” | means the Rules Governing the Listing of Securities on the Stock Exchange; |
| “Maturity Date” | means the date on which the Convertible Bonds mature, namely 13 October 2015; |
| “Offering Circular” | means the circular which the Company is required to provide to prospective Bondholder(s) or investors in relation to the Bond Issue; |
| “Option Bonds” | any additional Convertible Bonds to be issued by the Company upon the exercise of the Upsize Option under the Subscription Agreement; |
| “Option Closing Date” | the date the Option Bonds are to be issued by the Company against payment for the Option Bonds; |

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| “Paying and Conversion Agency Agreement” | the paying and conversion agency agreement to be entered by the Company; |
| “PRC” | means the People’s Republic of China (for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan); |
| “Publication Date” | means the date of the Offering Circular, which shall be no later than three business days prior to the Closing Date or such other date as may be agreed between the Company and the Lead Manager; |
| “Regulation S” | means Regulation S under the US Securities Act; |
| “Security Interest” | means any mortgage, charge, pledge, lien or other security interest including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction; |
| “Shares” | means ordinary share(s) of HK\$0.10 each in the share capital of the Company; |
| “Shareholders” | means the holders of Shares; |
| “Singapore Stock Exchange” | means the Singapore Exchange Securities Trading Limited; |
| “Stabilising Manager” | means J.P. Morgan Securities Ltd., in its capacity as stabilising manager; |
| “Stock Exchange” or “Hong Kong Stock Exchange” | means The Stock Exchange of Hong Kong Limited; |
| “Subscription Agreement” | means the conditional subscription agreement entered into between the Company and the Lead Manager on 14 September 2010 in relation to the Bond Issue; |
| “Terms and Conditions” | means the terms and conditions in relation to the Convertible Bonds; |
| “Trading Days” | means a day on which the Stock Exchange is open for dealing business; |

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| “Trustee” | means the trustee to be appointed in relation to the Convertible Bonds; |
| “Trust Deed” | means the trust deed to be entered by the Company; |
| “United States” or “US” | means the United States of America, its territories and possessions, any State of the United States; |
| “Upsize Option” | means the option granted by the Company to the Lead Manager to subscribe for additional Convertible Bonds up to a principal of HK\$388,600,000; |
| “US Securities Act” | means the US Securities Act of 1933, as amended; and |
| “%” | means per cent. |

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

Hong Kong, 15 September 2010

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 and three independent non-executive directors, namely, Mr. Chow Chan Lum, Mr. Pao Ping Wing and Mr. Leung Hon Chuen.