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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)

CONNECTED TRANSACTION

The Board announces that on 22 November 2011, Maoye Shangsha entered into the Agreement with SZ Maoye Group, pursuant to which Maoye Shangsha agreed to grant to SZ Maoye Group an amount not exceeding RMB250,000,000 which will be used for the development of the Commercial Property located at San Jiao Bei, Shapingba District, Chongqing. SZ Maoye Group will pay to Maoye Shangsha a fund provision fee which is equivalent to 15% of the Funding outstanding per annum as consideration for the provision of the Funding. Upon completion of the development of the Commercial Property, SZ Maoye Group agreed to grant the First Right of Purchase and the First Right of Lease to Maoye Shangsha.

As SZ Maoye Group is wholly-owned by Mr. Huang, the controlling shareholder and a director of the Company, SZ Maoye Group, being an associate of Mr. Huang, is a connected person of the Company under the Listing Rules. The provision of Funding by Maoye Shangsha to SZ Maoye Group constitutes a financial assistance and connected transaction of the Company under Rule 14A.13(2) of the Listing Rules. As the applicable percentage ratios exceed 0.1% but are less than 5%, the provision of Funding under the Agreement is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under Rule 14A.66 of the Listing Rules. In addition, the grant of the First Right of Purchase and the First Right of Lease by SZ Maoye Group to Maoye Shangsha constitutes a connected transaction of the Company under Rule 14A.13(5) of the Listing Rules. As no premium had to be paid by Maoye Shangsha upon the grant of such rights under the Agreement, pursuant to Rule 14A.70 of the Listing Rules, the Company will comply with the applicable requirements under the Listing Rules upon the exercise or non-exercise of the Right of First Purchase and/or the Right of First Lease.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Agreement and the transactions contemplated thereunder have been arrived at after arm's length negotiations, are on normal commercial terms, fair and reasonable and in the interests of the Group and the Shareholders as a whole.

THE PRINCIPAL TERMS OF THE AGREEMENT

Date : 22 November 2011

Parties : (1) Maoye Shangsha
(2) SZ Maoye Group

Agreement of the parties : Pursuant to the Agreement, it was agreed, among other things, that:

- (1) Maoye Shangsha will provide the Funding to SZ Maoye Group for the development of the Commercial Property within 30 days from the date of the Agreement;
- (2) SZ Maoye Group will pay a fund provision fee to Maoye Shangsha, which is equivalent to 15% of the Funding outstanding per annum. Such fee is determined by SZ Maoye Group and Maoye Shangsha upon arm's length negotiation based on comparable rate in the market and is payable within three months from the end of the previous financial year;
- (3) SZ Maoye Group will be responsible for the development of the Land and the construction, completion assessment and property management of the Commercial Property; and
- (4) SZ Maoye Group will complete the development and construction of and obtain the relevant completion assessment approval for the Commercial Property on or before 22 November 2014.

Upon completion of the construction of the Commercial Property, SZ Maoye Group will grant to Maoye Shangsha:

- (i) a pre-emptive right to purchase an area not exceeding 50,000 square metres in the Commercial Property for the operation of a department store at the price of RMB9,000 per square metre (the “**Right of First Purchase**”); and
- (ii) a pre-emptive right to lease an area not exceeding 50,000 square metres of the Commercial Property for the operation of a department store at the rental of RMB30 to RMB60 per square metre for a period of 10 years (the “**Right of First Lease**”) with a lease-free period of two years.

Each of the Right of First Purchase and the Right of First Lease can be exercised partially and simultaneously, provided that the aggregate floor area in the Commercial Property so purchased and/or leased under such rights does not exceed 50,000 square metres. If the Right of First Purchase and/or the Right of First Lease are not exercised within 30 days from the issuance date of the pre-sales permit (預售許可證) in respect of the Commercial Property, such rights are deemed to be lapsed.

The Company will comply with the applicable requirements under the Listing Rules upon the exercise or non-exercise of the Right of First Purchase and/or the Right of First Lease.

Repayment : The Funding shall be repaid in the following manner:

- (1) at the request of Maoye Shangsha within two years from the date of the Agreement;
- (2) if the Right of First Purchase is exercised, the Funding shall be used to setoff the purchase price in relation to the Commercial Property purchased by Maoye Shangsha. If the amount of the Funding falls short of the purchase price

payable, Maoye Shangsha shall pay the shortfall amount to SZ Maoye Group. If the Funding is greater than the aforesaid purchase price, SZ Maoye Group shall pay the remaining amount of the Funding (together with the accrued fund provision fee as set out in paragraph (2) of the section headed “Agreement of the parties” above) to Maoye Shangsha within 10 days from the date upon the delivery of the Commercial Property purchased by Maoye Shangsha;

- (3) if the Right of First Lease is exercised, an amount of RMB50,000,000 shall be repaid within 30 days from the date of the tenancy agreement and the remaining amount of RMB200,000,000 (together with the accrued fund provision fee as set out in paragraph (2) of the section headed “Agreement of the parties” above) shall be repaid in a lumpsum within the following six months; or
- (4) if the Right of First Purchase and the Right of First Lease are not exercised, an amount of RMB50,000,000 shall be repaid within 30 days from the date on which such rights lapsed as mentioned in paragraph (4) in the section headed “Agreement of the parties” above and the remaining amount of RMB200,000,000 (together with the accrued fund provision fee as set out in paragraph (2) of the section headed “Agreement of the parties” above) shall be repaid in a lumpsum within the following six months.

Undertakings by SZ Maoye Group : Pursuant to the Agreement, SZ Maoye Group undertakes that, among other things:

- (1) the Funding can only be used for the development of the Commercial Property;
- (2) before repayment of the Funding, it will not (i) pledge the land use rights of the Land; or (ii) enter into other material contract, loan and guarantee, without the consent of Maoye Shangsha;
- (3) it will not sell or lease any portion in the Commercial Property to any parties engaging in competing business with Maoye Shangsha; and

- (4) the proceeds obtained from the sale and lease of the other portions in the Commercial Property will be used to repay the Funding.

REASONS FOR AND BENEFITS OF THE AGREEMENT

The Land is located at San Jiao Bei, Shapingba District, Chongqing, the PRC (中國重慶市沙坪壩區三角碑) and is of a site area of approximately 16,325 square metres which is in the golden commercial zone. The commercial atmosphere in the golden commercial zone is strong. The Land will be developed into an integrated department stores, Grade-A offices and hotels complex and is regarded as a landmark development in the said commercial zone. The Company considers that the transactions contemplated under the Agreement will strengthen its market position in Chongqing and southwest region of the PRC and achieve synergy effect with its other department stores, which allows the Company to accomplish its strategic development in the said regions.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Agreement and the transactions contemplated thereunder have been arrived at after arm's length negotiations, are on normal commercial terms, fair and reasonable and in the interests of the Group and the Shareholders as a whole. Mr. Huang had abstained from voting on the meeting of the Board in relation to the Agreement. Save and except for Mr. Huang, no Director has a material interest in the transactions under the Agreement.

LISTING RULES IMPLICATIONS

As SZ Maoye Group is wholly-owned by Mr. Huang, the controlling shareholder and a director of the Company, SZ Maoye Group, being an associate of Mr. Huang, is a connected person of the Company under the Listing Rules. The provision of Funding by Maoye Shangsha to SZ Maoye Group constitutes a financial assistance and connected transaction of the Company under Rule 14A.13(2) of the Listing Rules. As the applicable percentage ratios exceed 0.1% but are less than 5%, the provision of Funding under the Agreement is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under Rule 14A.66 of the Listing Rules.

In addition, the grant of the First Right of Purchase and the First Right of Lease by SZ Maoye Group to Maoye Shangsha constitutes a connected transaction of the Company under Rule 14A.13(5) of the Listing Rules. As no premium had to be paid by Maoye Shangsha upon the grant of such rights under the Agreement, pursuant to Rule 14A.70 of the Listing Rules, the Company will comply with the applicable requirements under the Listing Rules upon the exercise or non-exercise of the Right of First Purchase and/or the Right of First Lease.

INFORMATION ON THE PARTIES

The Company

The Company is principally engaged in the operation and management of department stores 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 strategically expanding into four regions: Guangdong Province which is economically developed, Sichuan Province which is one of the most densely populated regions, Jiangsu Province and Shandong Province which rank among the top three regions in terms of GDP, and the Bohai Rim region. The Company currently operates 38 stores across 18 cities.

Maoye Shangsha

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

SZ Maoye Group

SZ Maoye Group is a company incorporated in the PRC and is wholly-owned by Mr. Huang. It is principally engaged in property development.

DEFINITIONS

“Agreement”	the agreement dated 22 November 2011 entered into between Maoye Shangsha and SZ Maoye Group;
”associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors;
“Commercial Property”	the commercial property on the Land, which is suitable for the operation of a department store;
“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(s)”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	director(s) of the Company;

“Funding”	an amount not exceeding RMB250,000,000 to be granted by Maoye Shangsha to SZ Maoye Group pursuant to the Agreement;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Maoye Shangsha”	Shenzhen Maoye Shangsha Co., Ltd. (深圳茂業商廈有限公司), a company incorporated in the PRC and a wholly-owned subsidiary of the Group;
“Mr. Huang”	Mr. Huang Mao Ru, Chairman, executive Director and Chief Executive Officer of the Company and the Company’s controlling shareholder;
“Land”	the land located at San Jiao Bei, Shapingba District, Chongqing, the PRC (中國重慶市沙坪壩區三角碑);
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“RMB”	Renminbi, the lawful currency of the PRC;
“PRC”	The People’s Republic of China;
“Shareholder(s)”	holder(s) of shares of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“SZ Maoye Group”	Shenzhen Maoye (Group) Company Limited (深圳茂業(集團)股份有限公司), a company incorporated in the PRC, and is wholly-owned by Mr. Huang; and
“%”	per cent.

The English names of the PRC entities and departments referred to in this announcement are translations from their Chinese names and are for identification purposes only. If there is any inconsistency, the Chinese name shall prevail.

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

Hong Kong, 23 November 2011

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.