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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)

**DISCLOSEABLE TRANSACTION
ENTERING INTO A JOINT DEVELOPMENT AGREEMENT**

The Board is pleased to announce that Shenzhen Maoye Shangsha, a wholly-owned subsidiary of the Group, entered into the Joint Development Agreement with the Vendors and Baotou Dongzheng on 13 December 2011 pursuant to which Shenzhen Maoye Shangsha has agreed to acquire from the Vendors 70% of the entire share capital of the Target Company for an aggregate consideration of RMB 350,000,000.

The Target Land is situated in Baotou city in the Inner Mongolia with a site area of approximately 32,469 square metres. The Group plans to build and operate commercial property such as department store and shopping centre on the Target Land.

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

THE TRANSACTION UNDER THE JOINT DEVELOPMENT AGREEMENT

The Board is pleased to announce that Shenzhen Maoye Shangsha, a wholly-owned subsidiary of the Group, entered into the Joint Development Agreement with Baotou Dongzheng and the Vendors on 13 December 2011.

Date : 13 December 2011

Parties : (i) Shenzhen Maoye Shangsha, a wholly-owned subsidiary of the Group;

(ii) the Vendors, each an independent third party;

(iii) Baotou Dongzheng, an independent third party.

Summary : Pursuant to the Joint Development Agreement, Shenzhen Maoye Shangsha has agreed to acquire from the Vendors 70% of the entire issued share capital of the Target Company for a total consideration of RMB350,000,000, which consists of the payment in cash of a fixed sum of RMB293,300,000 to the Vendors and the taking on of the 70% of the liability incurred in connection with the Target Land prior to the completion of the transfer of the Shares which 70% share of the liability amounts to RMB56,700,000 (the details of such liability are further set out below).

Baotou Dongzheng currently holds the land use right of the Target Land. The Target Land is situated at the west of Steel Road and the east of Shifu West Road of Junfen District in Baotou City (包頭市軍分區鋼鐵大街北側市府西路東側) and has a site area of approximately 32,469 square metres. The Target Land is designated for commercial and residential use.

Pursuant to the Joint Development Agreement, Baotou Dongzheng has agreed to inject the Target Land into the Target Company, which is a newly established company set up by the Vendors, within 90 days after the payment by Shenzhen Maoye Shangsha of the first instalment of the consideration which amounts to RMB200,000,000. Further details of the payment mechanism are set out below in the section headed “Consideration for the transfer of Shares”. The Vendors have agreed to sell and transfer 70% of the entire share capital of the Target Company to Shenzhen Maoye Shangsha or parties designated by Shenzhen Maoye Shangsha within ten days after the Joint Development Agreement has become effective.

Upon completion of the transfer of the Shares, the Target Company shall assume the demolition fees, land premium, land use fees, certain development fees and fees in connection with relevant contracts regarding the Target Land incurred prior to the completion of the transfer of the Shares totalling RMB81,000,000. The parties to the Joint Development Agreement shall be jointly responsible for such liability in proportion of their respective shareholding in the Target Company. As such, Shenzhen Maoye Shangsha shall be responsible for RMB56,700,000. If the actual liability incurred prior to the completion of the transfer of the Shares has exceeded such amount, the difference shall be borne by Baotou Dongzheng and the Vendors.

Pursuant to the Joint Development Agreement, Shenzhen Maoye Shangsha shall be responsible for the development of the Target Land, while Baotou Dongzheng and the Vendors shall provide necessary assistance.

Shenzhen Maoye Shangsha shall procure the obtaining of financing of the development of the Target Land for the Target Company. The operating profits/loss of the Target Company shall be shared between the parties to the Joint Development Agreement in proportion of their respective shareholding in the Target Company.

It is estimated that the total development fees shall be approximately RMB1,258,000,000 (include the land and construction cost), out of which Shenzhen Maoye Shangsha shall be responsible for approximately RMB880,600,000.

Consideration for the transfer of Shares : The consideration of the fixed sum of RMB293,300,000 will be paid by Shenzhen Maoye Shangsha in the following manners:

1. Upon the Joint Development Agreement becoming effective and after the Vendors transfer the Shares to Shenzhen Maoye Shangsha, Shenzhen Maoye Shangsha shall pay to Baotou Dongzheng an amount of RMB200,000,000 (the “**First Instalment**”) subject to the following conditions. The Vendors have agreed to authorise Baotou Dongzheng as the entity to receive payments under the Joint Development Agreement.
 - (i) The Vendors and Mr. Wang shall pledge not less than 90% of the shares in Baotou Dongzheng in favour of Shenzhen Maoye Shangsha, and shall apply for the relevant registration;
 - (ii) Baotou Dongzheng shall pledge the land use rights of the Target Land in favour of Shenzhen Maoye Shangsha (the “**Target Land Pledge**”), and shall apply for the relevant registration. Upon injection of the Target Land into the Target Company, Maoye Shenzhen Shangsha has agreed to assist in the release of the Target Land Pledge; and
 - (iii) The Vendors shall pledge 30% of the shares in the Target Company in favour of Shenzhen Maoye Shangsha, and shall apply for the relevant registration.

If the Target Land has not been injected into the Target Company within 90 days after the payment of the First Instalment, Shenzhen Maoye Shangsha shall be entitled to, amongst others, terminate the Joint Development Agreement.

2. Within three days after the Shares have been transferred to Shenzhen Maoye Shangsha, the Vendors and Baotou Dongzheng shall deliver to Shenzhen Maoye Shangsha the incorporation documents and transfer registration documents of the Target Company, the company chop of the Target Company, the documents relating to the Target Land, and assist Shenzhen Maoye Shangsha to apply for the business transfer matters in relation to the change of, amongst others, legal representative, directors, supervisors, managers and finance officers of the Target Company. Within seven days after the injection of the Target Land into the Target Company, Shenzhen Maoye Shangsha shall pay the balance of the cash consideration.

The payment mechanism of the remaining RMB 56,700,000 shall be determined by the parties to the Joint Development Agreement at a later time.

The Transaction shall be funded by internal sources of the Company.

Pursuant to the Joint Development Agreement, Shenzhen Maoye Shangsha, the Vendors and Baotou Dongzheng have agreed to, upon the completion of the transfer of the Shares, change the name of the Target Company to “Baotou Maoye Dongzheng Real Estate Development Co., Ltd.” (包頭市茂業東正房地產開發有限公司).

- Other Provisions** : Pursuant to the Joint Development Agreement, amongst others:
1. Shenzhen Maoye Shangsha shall be responsible for the operation and management of the Target Company.
 2. The board of directors of the Target Company shall consist of five members. Three of the directors shall be appointed by Shenzhen Maoye Shangsha while the rest will be appointed by Baotou Dongzheng and the Vendors.
- Conditions** : The Joint Development Agreement is not subject to any other conditions.

BASIS OF DETERMINATION OF THE CONSIDERATION

The consideration of the transfer of Shares was determined after arm's length negotiations between the parties with reference to the value of the Target Land and the liability incurred in connection with the Target Land prior to the completion of the transfer of Shares.

The Directors (including the independent non-executive Directors) consider the terms of the Transaction to be fair and reasonable and in the interests of the shareholders as a whole.

INFORMATION OF THE TARGET COMPANY

The Target Company is a newly established company in the PRC set up by the Vendors for the purpose of development of the Target Land. The Vendors hold 100% of the share capital of the Target Company prior to the completion of the transfer of the Shares. The Target Company shall own the land use rights of the Target Land upon injection of the Target Land from Baotou Dongzheng. The Target Land is valued at RMB419,000,000, which is determined based on market value of the Target Land. Upon completion of the transfer of the Shares, the Target Company shall assume the liability in connection with the Target Land incurred prior to the completion of transfer of the Shares amounting to RMB81,000,000.

The Target Company has not recorded any revenue or income for the period from its incorporation on 26 October 2011 and ending on the date of the announcement. No financial statements of the Target Company are available since it was only recently established.

REASONS FOR AND BENEFITS OF THE TRANSACTION

Baotou is located at the junction of the Bohai Economic Zone and the upper area of the Yellow River which is rich in resources. It is the largest industrial city in Inner Mongolia, the largest rare earth base and a well-known steel production area in the PRC.

The Directors believe that the establishment of department store in Baotou will realise the synergies with the Group's existing department stores in Bohai Economic Circle and strengthen the Group's market position in the region.

INFORMATION ON THE PARTIES

Shenzhen Maoye Shangsha

Shenzhen Maoye Shangsha is a company incorporated in the PRC and a wholly-owned subsidiary of the Group. It is principally engaged in operation and management of department store.

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.

Baotou Dongzheng and the Vendors

Baotou Dongzheng is a company incorporated in the PRC. It is principally engaged in property development. It currently holds the land use rights of the Target Land. The Vendors and Mr. Wang collectively hold 90% of the share capital of Baotou Dongzheng.

REQUIREMENTS OF THE LISTING RULES

The Company confirms that, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Baotou Dongzheng, the Vendors and, to the extent that it is a corporate entity, their ultimate beneficial owners are third parties independent of the Company and its connected persons.

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

DEFINITIONS

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

“Baotou Dongzheng”	Baotou Dongzheng Real Estate Development Company Limited (包頭市東正房地產開發有限公司), which currently holds the land use rights of the Target Land;
“Board”	the board of Directors;
“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)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Joint Development Agreement”	the joint development agreement dated 13 December 2011 entered into between Shenzhen Maoye Shangsha, Baotou Dongzheng and the Vendors;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Mr. Pei”	Pei Dong (裴棟), one of the Vendors and one of the shareholders of Baotou Dongzheng;
“Mr. Wang”	the legal representative and one of the shareholders of Baotou Dongzheng;
“Ms. Wang”	Wang Yue Jin (王月琴), one of the Vendors and one of the shareholders of Baotou Dongzheng;
“PRC”	the People’s Republic of China, which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administration Region of the PRC and Taiwan;

“RMB”	Renminbi, the lawful currency of the People’s Republic of China;
“Shares”	the shares of the Target Company which represents 70% of the share capital of the Target Company;
“Shenzhen Maoye Shangsha”	Shenzhen Maoye Shangsha Company Limited (深圳茂業商廈有限公司), a company incorporated in the PRC and a wholly-owned subsidiary of the Group;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Target Company”	Baotou Dongzheng Hongyi Real Estate Development Co., Ltd. (包頭市東正弘毅房地產開發有限公司), a company established on 26 October 2011 in the PRC and is 100% owned by the Vendors prior to the transfer of the Shares;
“Target Land”	the land situated at the west of Steel Road and east of Shifu West Road of Junfen District, Baotou City, the PRC (包頭市軍分區鋼鐵大街北側市府西路東側) with a site area of approximately 32,469 square metres;
“Transaction”	the transaction contemplated under the Joint Development Agreement;
“Vendors”	Ms. Wang and Mr. Pei, which are both independent third parties. The Vendors collectively hold 100% of the entire share capital of the Target Company prior to the completion of the transfer of the Shares; 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, 15 December 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.