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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 ACQUISITION OF REAL PROPERTY**

Taiyuan Maoye (a wholly owned subsidiary of the Company) has entered into the Sale and Purchase Agreement dated 24 June 2008 pursuant to which Taiyuan Maoye has agreed to purchase from Sanjin the Target Property for an aggregate cash consideration of RMB480,000,000, to be paid in full at completion.

The Acquisition constitute a notifiable transaction of the Company under Rule 14.08 of the Listing Rules. A circular will be forwarded to shareholders of the Company shortly. The Acquisition is not subject to shareholders' approval of the Company.

### **THE SALE AND PURCHASE AGREEMENT**

**The Sale and Purchase Agreement dated 24 June 2008 in relation to the Acquisition (the "Sale and Purchase Agreement")**

Parties:	Vendor: Sanjin, an Independent Third Party
	Purchaser: Taiyuan Maoye, a wholly owned subsidiary of the Company
Summary:	Taiyuan Maoye has agreed to purchase from Sanjin a six storey department store building and related fixtures and fittings at 99 Liuxiang Nan Road, Taiyuan Municipal, Shanxi Province, PRC (the " <b>Target Property</b> ") for an aggregate cash consideration of RMB480,000,000.
	Taiyuan Maoye plans to replace the current department store operator within the Target Property and set up its own department store operation there.

- Consideration: The consideration of RMB480,000,000 is to be satisfied in three stages. Within five days upon the signing of the Sale and Purchase Agreement, Taiyuan Maoye shall pay Sanjin a deposit of RMB96,000,000 and an advance payment of RMB74,000,000. Another RMB130,000,000 will be paid into an escrow account.
- Taiyuan and Sanjin shall deliver the relevant transfer documents to the Property Transaction Management Department in Taiyuan within 10 days after the payment of the deposit. The RMB130,000,000 in escrow will be released to Sanjin within three days after the Property Transaction Management Department accepted the transfer and issued an acknowledgement.
- The remaining RMB180,000,000 is payable upon the obtaining by Taiyuan Maoye the property ownership certificate and the relevant land use right certificate.
- The Acquisition will be funded by internal resources of the Company. The consideration of the Acquisition will be paid in full by cash at one time within the period stipulated in the Sale and Purchase Agreement.
- Condition: The completion of the Acquisition is not subject to any condition.
- Completion: Completion is expected to occur within three months after the signing of the Sale and Purchase Agreement.
- Other: In order to secure the rights to occupy the premises for operation of a department store within the Target Property, Taiyuan Maoye has entered into a rental agreement with Sanjin (the "**Rental Agreement**"). In the event that the Acquisition fails to complete due to faults of Sanjin, in addition to damages and remedies under the Sale and Purchase Agreement, Maoye Taiyuan will rent the Target Property for 20 years at a monthly rent of RMB750,000. The damages and remedies awarded to Taiyuan Maoye in the event of a breach of the Sale and Purchase Agreement by Sanjin will be determined by the relevant PRC court. In the event that the Acquisition fails to complete due to faults of Taiyuan Maoye, the Rental Agreement will be terminated.

#### **Basis of determination of the consideration**

The consideration was determined after arms' length negotiations between the parties with reference to the book value of the Target Property as at 31 December 2007, the appreciation of the PRC real estate market in recent years, the revenue and profit of Shanxi Lianyang, the current department store operator of the Target Property for the financial year ended 2007 and after a review by the Company of the expected revenue and profits that the Target Property can generate. Based on these information, the Directors consider that the premium over the book value of the Target Property (which reflects the acquisition cost of the Vendor) as fair and reasonable.

#### **FINANCIAL INFORMATION OF THE TARGET PROPERTY**

The book value of the Target Property as at 31 December 2007 is RMB250,090,000. Based on the information provided by the Vendor, the Target Property was used by the Vendor's group of companies for self-use purpose and did not generate any direct income.

The net profit/(loss) before and after tax and extraordinary terms attributable to the department store operations at the Target Property based on the unaudited financial information prepared under PRC GAAP provided by Shanxi Lianyang for the financial years ended 2006 and 2007 are as follows:

	2006	2007
	RMB	RMB
net profit/(loss) before tax and extraordinary items	45,000,000	45,500,000
net profit/(loss) after tax and extraordinary items	32,700,000	35,000,000

Investors should note that the Group is acquiring the Target Property, as opposed to the department store business operated thereat, and financial information with respect to such department store business is included for reference only and is not an indication of the actual income attributable to the Target Property or future income should the Group operates a department store thereat.

### **REASONS FOR ENTERING INTO THE TRANSACTION**

The Acquisition of the Target Property will enable the Group to expand its network of department stores to Taiyuan.

The Group has performed due diligence on the Acquisition. Amongst others, the Group has examined the property rights documents and certificate of the Target Property, made site visit to the Target Property and examined the interior and exterior conditions of the Target Property. It has also make enquiry on whether there is any mortgage or lien on the Target Property. The Group is satisfied with the result of the due diligence and is of the opinion that the Target Property can be validly transferred to Taiyuan Maoye.

The Directors believe that the terms of the Acquisition are fair and reasonable and in the interests of the shareholders as a whole.

### **INFORMATION ON THE PARTIES**

#### The Company

The Company is a leading department store chain in the affluent regions of southern and southwestern China, operating 15 stores (including eight Maoye-branded stores and seven Chengshang-branded stores) across eight cities and targeting the medium to high-end segment of the retail market.

#### Taiyuan Maoye

Taiyuan Maoye is a wholly owned subsidiary of the Company. It is a department store operator based in Taiyuan Municipal.

#### Sanjin

Sanjin is a real estate developer in Shanxi province, it is involved in the development of residential apartments and commercial property.

#### Shanxi Lianyang

Shanxi Lianyang is the current department store operator of the Target Property. It is a fellow subsidiary of Sanjin.

### **REQUIREMENTS OF THE LISTING RULES**

The Company confirms that, to the best of the Directors knowledge, information and belief, Sanjin, its ultimate beneficial owner and its fellow subsidiary, Shanxi Lianyang, are third parties independent of the Company and its connected persons. As the relevant percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Sale and Purchase Agreement exceeds 5% but less than 25%, the Acquisition is considered a discloseable transaction.

A circular will be forwarded to shareholders of the Company shortly. This transaction is not subject to independent shareholders' approval.

## **Definition**

"Acquisition"	the acquisition by Taiyuan Maoye of the Target Property from Sanjin;
"Company"	Maoye International Holdings Limited;
"Directors"	the directors of the Company;
"Group"	the Company and its subsidiaries;
"Listing Rules"	The Rules Governing the Listing of Securities on the Stock Exchange;
"Independent Third Party"	an independent third party not connected with the Directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or their respective associates as defined under the Listing Rules;
"Taiyuan Maoye"	Taiyuan Maoye Department Store Company Limited (太原茂業百貨有限公司), a company established under the laws of PRC and a wholly owned subsidiary of the Company;
"Sanjin"	Shanxi Province Sanjin Construction and Development Limited Company (山西省三晉建設開發有限責任公司), a company established under the laws of PRC;
"Shanxi Lianyang"	Shanxi Lianyang Department Store Company Limited(山西聯洋百貨有限公司), a company established under the laws of PRC. It is a fellow subsidiary of Sanjin which is ultimately controlled by the same shareholder of Sanjin;
"PRC"	The People's Republic of China;
"PRC GAAP"	Principal financial data prepared in accordance with accounting principles generally accepted in the PRC;
"RMB"	Renminbi, the lawful currency in the PRC;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited.

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

24 June 2008, Hong Kong

*As at the date of this announcement, the executive Directors are Mr. HUANG Mao Ru and Mr. ZOU Mingguai, Mr. WANG Guisheng and Mr. LU Fa Chee. The non-executive Directors are Mr. ZHONG Pengyi and Mrs. HUANG Jingzhang. The independent non-executive Directors are Mr. PAO Ping Wing, Mr. LEUNG Hon Chuen, and Mr. CHOW Chan Lum.*