

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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

The board is pleased to announce that Zhongzhao (a wholly owned subsidiary of the Company) has entered into the Sale and Purchase Agreement dated 8 August 2008 pursuant to which Zhongzhao has agreed to purchase from Jinhe the Target Property at an aggregate cash consideration of RMB290,000,000, to be paid in full upon completion.

The Acquisition constitute a notifiable transaction for the Company pursuant to Chapter 14 of the Listing Rules and is not subject to Shareholder's approval. A circular will be forwarded to Shareholders shortly.

THE SALE AND PURCHASE AGREEMENT

Date: 8 August 2008

Parties: Vendor: Jinhe, an Independent Third Party

Purchaser: Zhongzhao, a wholly owned subsidiary of the Company

Summary: Zhongzhao has agreed to purchase from Jinhe a seven storey department store building (including two levels of basement) and related fixtures and fittings at Qin Huang Dao City (the "**Target Property**") at an aggregate cash consideration of RMB290,000,000. The legal and beneficial interests of the Target Property will be vested in the Project Company.

The Target Property is currently occupied by Jindu, which operate a department store within the Target Property. Zhongzhao plans to replace Jindu and set up its own department store operation there through the Project Company.

Consideration: The consideration for the Acquisition is RMB290,000,000.

Payment of consideration: The consideration of RMB290,000,000 is to be satisfied in three instalments. Zhongzhao has paid Jinhe the first instalment—a deposit of RMB58,000,000, which is equivalent to 20% of the aforesaid consideration. Upon the payment of the first instalment, Zhongzhao can manage the Target Property jointly with Jinhe to coordinate the transfer to the Target Property to the Project Company.

Zhongzhao and Vendor shall enter into a standard real estate sale and purchase agreement on or before 16 August 2008. Zhongzhao shall then pay the second instalment of the consideration, RMB116,000,000, into an escrow account within three business days. The second instalment held in escrow shall be released to Jinhe within two business days after the Target Property is transferred to the Project Company and Zhongzhao has received the Target Property's Land Use Permit and Property Ownership Certificate.

Zhongzhao shall pay the third instalment of RMB116,000,000 into the escrow account within one business day after obtaining the Land Use Permit and Property Ownership Certificate.

The third instalment will be released to Jinhe in four stages based on the progress of delivery of the Target Property's premise to Zhongzhao. Under the Sale and Purchase Agreement, Jinhe shall coordinate with Jindu to terminate the existing tenancy agreement between Jindu and the tenants in the Target Property or renew them with Zhongzhao in accordance with the terms set by it. The detailed arrangement is as follow:

- (i) when the tenancy agreements with regards to 25% of the floor area of the Target Property are either terminated or renewed according to the terms set by Zhongzhao, RMB29,000,000 shall be released to Jinhe within two business days;
- (ii) when the tenancy agreements with regards to 50% of the floor area of the Target Property are either terminated or renewed according to the terms set by Zhongzhao, RMB29,000,000 shall be released to Jinhe within two business days;
- (iii) when the tenancy agreements with regards to 75% of the floor area of the Target Property are either terminated or renewed according to the terms set by Zhongzhao, RMB29,000,000 shall be released to Jinhe within two business days; and
- (iv) when a) the tenancy agreements with regards to the whole Target Property are either terminated or renewed according to the terms set by Zhongzhao, and b) Zhongzhao and Jinhe confirm in writing that all the obligations under the Sale and Purchase Agreement have been performed and Jinhe has paid all the fees and expenses incurred before the transfer of the Target Property, the remaining RMB29,000,000 shall be released to Jinhe within two business days.

The Acquisition will be funded by internal resources of the Company, not the proceeds from the Company's IPO. The consideration of the Acquisition will be paid in full by cash upon completion within the period stipulated in the Sale and Purchase Agreement.

In the event that the Acquisition does not proceed due to Jinhe's breach, Jinhe shall repay twice the amount of the deposit to Zhongzhao, the monies held in escrow shall also be returned to Zhongzhao.

Condition: The completion of the Acquisition is not subject to any condition.

Completion: The Sale and Purchase Agreement is completed when the full consideration is paid in accordance with the arrangement stated above.

Basis of determination of the consideration

The consideration was determined after arms' length negotiations between the parties with reference to the value of the Target Property, market price of other properties in the vicinity of the Target Property and economic factors and after a review by the Company of the expected revenue and profits that the Target Property could generate.

FINANCIAL INFORMATION OF THE TARGET PROPERTY

The Target Property was valued at RMB420,000,000 as at 31 July 2008 by DTZ Debenham Tie Leung Limited, an independent valuer, on vacant possession basis without taking into account the existing tenancy arrangements. The Target Property was rented to Jindu for an annual rent of RMB3,000,000. The Directors have used their best effort to obtain the net profits or loss figures attributable to the Target Property, but the Vendor refused to disclose such information due to commercial reason.

REASONS FOR ENTERING INTO THE TRANSACTION

The Target Property is located in the core business circle of Qin Huang Dao City, one of the prime cities in northern China region and in the core circle of the Bohai economic circle. It is 260 km away from Beijing and 433 km away from Shenyang. In view of the robust growth of the economy and retail industry of Qin Huang Dao City as well as the advantageous location of the Target Property, the management expects that under the operation of the Company, the Target Property could create strong sales growth in the future years. The Board of Directors further believe that the Acquisition allows the Group to promptly enhance its development and profitability by assisting the Group in opening up this new market immediately such that it can be taken as a platform for rapid expansion of the Group's businesses at Qin Huang Dao City in the foreseeable future, which is in line with the long term growth strategy of the Group in northern China region.

The Group has performed due diligence on the Target Property. Amongst others, the Group has examined the documents and certificates in relation to property rights 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 made enquiry on whether there is any mortgage or lien on the Target Property. 12390 square meter of the Target Property is currently mortgaged to The Bank of China Limited, Qin Huang Dao Branch as security for a loan to Jinhe. The outstanding amount of the loan is RMB15,000,000, which will be repaid before the payment of the second instalment. 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 Zhongzhao.

The Directors believe that the terms of the Acquisition are fair and reasonable and in the interests of the Company and 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.

Zhongzhao

Zhongzhao is a wholly owned subsidiary of the Company.

Jindu

Jindu is commercial property management company incorporated in the PRC, its businesses include operation of department store. It is controlled by Zhou Weimin(周慧敏), an Independent Third Party.

Jinhe

Jinhe is a real estate development company incorporated in the PRC. It is controlled by Cai Wei (柴偉), an Independent Third Party.

REQUIREMENTS OF THE LISTING RULES

The Company confirms that, to the best of the Directors' knowledge, information and belief, Jinhe and its ultimate beneficial owner 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 shortly. This transaction is not subject to Shareholders' approval.

Definition

"Acquisition"	the acquisition by Zhongzhao of the Target Property from Jinhe
"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
"Directors"	the directors of the Company
"Group"	the Company and its subsidiaries

"Listing Rules"	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
"Jindu"	Qin Huang Dao City Jindu Shopping Arcade Management Company (秦皇島市金都購物廣場管理有限公司), a company established under the laws of PRC
"Jinhe"	Qin Huang Dao City Jinhe Property Development Company Limited (秦皇島市金和房地產開發有限公司), a company established under the laws of PRC
"PRC"	The People's Republic of China
"Project Company"	a wholly owned subsidiary of Zhongzhao incorporated under the laws of PRC
"RMB"	Renminbi, the lawful currency in the PRC
"Sale and Purchase Agreement"	the sale and purchase agreement dated 8 August 2008 entered into between Zhongzhao and Jinhe in relation to the Acquisition
"Shareholder(s)"	holder(s) of shares of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Zhongzhao"	Zhongzhao Investment Management Company Limited (中兆投資管理有限公司), a company established under the laws of PRC and a wholly owned subsidiary of the Company

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

11 August 2008, Hong Kong

As at the date of this announcement, the executive Directors are Mr. HUANG Mao Ru, Mr. ZOU Minggui, Mr. WANG Guisheng and Ms. WANG Fuqin. 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.