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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 SHARES OF SHANDONG ZIBO SUGAR WINE CO., LTD.

Zhongzhao Investment Management, a wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement on 30 September 2010 pursuant to which Zhongzhao Investment Management has agreed to purchase from the Vendors 11,109,744 shares of the Target Company, representing 80% of the issued share capital of the Target Company, for an aggregate consideration of RMB388,440,000.

The Acquisition constitutes a discloseable transaction of the Company under Rule 14.08 of the Listing Rules. The Acquisition is not subject to approval of shareholders of the Company under the Listing Rules.

THE ACQUISITION

Parties: Vendors: Employee Shareholding Management Committee of Shandong Zibo Sugar Wine Co., Ltd. and its relevant members

Purchaser: Zhongzhao Investment Management, a wholly-owned subsidiary of the Company

Summary: On 30 September 2010, Zhongzhao Investment Management entered into the Sale and Purchase Agreement with the Vendors. Pursuant to the Sale and Purchase Agreement, Zhongzhao Investment Management agreed to purchase from the Vendors 11,109,744 shares of the Target Company, representing 80% of the issued share capital of the Target Company, for a total consideration of RMB388,440,000.

The Target Company is located at the centre of the core business district in Zibo City, Shandong Province with rich business atmosphere. Zibo City is one of eight cities in Shandong Peninsula and also a transport hub in Shandong Province. The Target Company owns the entire equity interests of Zibo Jindi Shopping Plaza Co., Ltd. which operates and manages Jindi Shopping Plaza (“**Shopping Plaza**”) located at Zhangdian Willow Road, the heart of the central business district in Zibo City and where the original department store in Zibo City was situated. The Shopping Plaza has a gross floor area of 51,266 square metres and approximately 10,000 square metres of parking areas. The Shopping Plaza occupies floor areas from the lower ground floor to the seventh floor with comprehensive commercial facilities suitable for operating department stores. The Target Company also owns five parcels of lands with site areas of approximately 5,453 square metres, 3,555 square metres, 8,320 square metres, 16,879 square metres and 21,926 square metres respectively, totalling approximately 56,133 square metres.

Consideration: The full consideration of RMB388,440,000 will be paid by Zhongzhao Investment Management to the Vendors. The Acquisition will be funded by internal resources of the Company.

Payment of consideration: The consideration of RMB388,440,000 will be satisfied in three instalments. Upon the Sale and Purchase Agreement becoming effective, Zhongzhao Investment Management will pay to the Vendors the first instalment of RMB280,800,000 (the “**First Instalment**”) in consideration for the transfer of 60% of the Vendors’ shareholding in the Target Company. Upon the first month of the second anniversary after the signing of the Sale and Purchase Agreement, Zhongzhao Investment Management will pay to the Vendors the second instalment of RMB51,480,000 (the “**Second Instalment**”) in consideration for the transfer of 10% of the Vendors’ shareholding in the Target Company. Upon the first month of the third anniversary after the signing of the Sale and Purchase Agreement, Zhongzhao Investment Management will pay to the Vendors the third instalment of RMB56,160,000 (the “**Third Instalment**”) in consideration for the transfer of 10% of the Vendors’ shareholding in the Target Company.

Pursuant to the Sale and Purchase Agreement, the Vendors undertake to repay all the debts incurred by the Target Company prior to the completion of the transfer of the first 60% of the shares of the Target Company to Zhongzhao Investment Management. The Vendors also undertake to pledge the remaining 40% of the shares of the Target Company in favour of Zhongzhao Investment Management as security in accordance with the progress of the share transfer as stipulated in the Sale and Purchase Agreement.

Within five days after the Sale and Purchase Agreement becoming effective, Zhongzhao Investment Management and the Vendors will set up a jointly controlled account in the name of Zhongzhao Investment Management (the “**Jointly Controlled Account**”) for Zhongzhao Investment Management to pay the purchase price. The account will be operated as follows:

- The First Instalment will be released to the Vendors in four stages. The detailed arrangements are as follow:
 - (i) Within two business days after the Jointly Controlled Account is set up, Zhongzhao Investment Management will pay RMB56,160,000, equivalent to 20% of the First Instalment, into the Jointly Controlled Account.
 - (ii) Within two business days after the relevant government authority acknowledging the application for the registration of the share transfer of the Target Company, Zhongzhao Investment Management will pay RMB168,480,000, equivalent to 60% of the First Instalment, into the Jointly Controlled Account.
 - (iii) Within two business days upon the completion of the registration of the share transfer, the amount of money in the Jointly Controlled Account will be paid to relevant banks for the repayment of loans of the Target Company. The balance in the Jointly Controlled Account (if any) will be deposited into the designated bank account of the Vendors.

(iv) Within two business days upon the completion of the pledging of 40% of the shares of the Target Company by the Vendors in favour of Zhongzhao Investment Management, Zhongzhao Investment Management will pay for the balance of the First Instalment to the Vendors.

- The Second Instalment and the Third Instalment will be paid by Zhongzhao Investment Management in a similar manner as the payment of the First Instalment.

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

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

BASIS OF DETERMINATION OF THE CONSIDERATION

The consideration for the Acquisition was determined after arm's length negotiations between the parties with reference to the market value of the Target Company (taking also into account the market prices of the properties and lands owned by the Target Company which are substantially higher than their book values) and the potential for earning growth of the Target Company in the future. The Directors (including the independent non-executive Directors) consider the consideration to be fair and reasonable.

FINANCIAL INFORMATION OF TARGET COMPANY

Based on the accounts of Target Company prepared in accordance with PRC accounting principles, the unaudited total asset and net asset value of the Target company for the financial year ended 31 December 2009 were RMB285,451,244 and RMB98,804,611 respectively.

The unaudited net profit (before and after taxation and extraordinary items) of the Target Company for the two financial years ended 31 December 2008 and 2009 are as follows:

	For the year ended	
	31 December	31 December
	2008	2009
	<i>RMB</i>	<i>RMB</i>
Net profit before taxation and extraordinary items	4,870,330	4,087,919
Net profit after taxation and extraordinary items	3,652,747	3,065,939

REASONS FOR ENTERING INTO THE TRANSACTION

The Target Company owns the Zibo Jindi Shopping Plaza Co., Ltd. which operates and manages the Shopping Centre, a reputable and well-known departmental store in Zhangdian District, the heart of the central business district in Zibo City. According to the financial information of the Target Company provided by the Vendors, in 2009, the gross proceeds of sales with respect to the Shopping Plaza was approximately RMB320 million while the Shopping Centre achieved sales proceeds of approximately RMB6,300 per square metre, and its consolidated commission rate was approximately 10%. The Directors of the Company believe that with the introduction of the Company's management model supported by its method of procurement resources and product brands of the Company to the Target Company, the sales level of the Target Company's department store can be increased rapidly and this will enable it to reach a sales level per unit area comparable to that of the Company. Furthermore, through continuous improvement of management standard of the Target Company, the Directors of the Company believe that this will enable the Target Company to achieve an average consolidated commission rate level and net profit ratio comparable to that of the Company, which will in turn greatly improve the profitability of the Target Company and consolidate the competitiveness and market position of Jindi Shopping Centre in the region. Urban commercial brands will also be fostered, urban commercial gradings will be enhanced and urban economic development will be promoted. Meanwhile, the Acquisition is beneficial to the expansion of the Group's store network as it not only will consolidate the Company's market position in the region but also implement its development strategy in Eastern and Northern China as well as the Bohai Sea Economic Circle through the Acquisition.

INFORMATION ON THE PARTIES

The Company

The Company is principally engaged in the operation and management of department stores in PRC and is a leading department store chain in the PRC. The Company principally targets the medium to high-end segment of the retail market and therefore its department stores are strategically located in the prime areas of the PRC's cities having strong economy and growth potential. The Company currently operates 29 stores across 12 cities.

Target Company

The Target Company, Shandong Zibo Sugar Wine Co., Ltd. (山東省淄博糖酒站股份有限公司), is a joint stock limited liability company established in the PRC.

Vendors

The Vendors, Employee Shareholding Management Committee of Shandong Zibo Sugar Wine Co., Ltd. (山東省淄博糖酒站股份有限公司職工持股管理委員會) and its relevant members, hold 100% of the issued share capital of the Target Company prior to the Acquisition.

REQUIREMENTS OF THE LISTING RULES

The Company confirms that, to the best of the Directors knowledge, information and belief, the Vendors are third parties independent of the Company and its connected persons.

The Company will in aggregate acquire 11,109,744 shares of the Target Company, representing 80% of its issued share capital of the Target Company, through the Acquisition. As the relevant percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Acquisition exceeds 5% but less than 25%, the Acquisition constitutes a discloseable transaction.

Definition

“Acquisition”	the acquisition by Zhongzhao Investment Management of the 11,109,744 shares of the Target Company (representing 80% of the issued share capital of the Target Company) from the Vendors
“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

“Group”	The Company and its subsidiaries
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	The People’s Republic of China
“RMB”	Renminbi, the lawful currency in the PRC
“Sale and Purchase Agreement”	the sale and purchase agreement dated 30 September 2010 between Zhongzhao Investment Management and the Vendors in relation to the Acquisition
“Target Company”	Shandong Zibo Sugar Wine Co., Ltd. (山東省淄博糖酒站股份有限公司), a joint stock limited liability company established in the PRC
“Vendors”	Employee Shareholding Management Committee of Shandong Zibo Sugar Wine Co., Ltd. (淄博糖酒站股份有限公司職工持股管理委員會) and its relevant members, which hold 100% of the issued share capital of the Target Company prior to the Acquisition.
“Zhongzhao Investment Management”	Zhongzhao Investment Management Company Limited (中兆投資管理有限公司), a wholly-owned subsidiary of the Company incorporated in the PRC

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

3 October 2010, Hong Kong

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.