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Maoye International Holdings Limited

茂業國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 848)

CONNECTED TRANSACTION

Zhongzhao Investment, a subsidiary of the Company, has entered into the Share Transfer Agreement dated 5 May 2009 pursuant to which Zhongzhao Investment agreed to purchase from Shenzhen Maoye all of the issued shares of Maoye Times and the shareholder's loan payable to Shenzhen Maoye for an aggregate cash consideration of RMB72,000,000.

Mr. Huang is ultimately the 100% owner of Shenzhen Maoye. Mr. Huang is a controlling shareholder of the Company and, therefore, Maoye Shenzhen is a connected person of the Company and the Acquisition constitutes a connected transaction of the Company.

As the relevant percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Acquisition exceeds 0.1% but are less than 2.5%, the Company is only subject to the reporting and announcement requirement and is exempt from the independent shareholders' approval requirement under Rule 14A.32 of the Listing Rules.

THE ACQUISITION

Parties: Vendor: Shenzhen Maoye, a connected person

Purchaser: Zhongzhao Investment, a subsidiary of the Company

Summary: Pursuant to the Share Transfer Agreement and the Loan Assignment Agreement, Zhongzhao Investment has agreed to purchase from Shenzhen Maoye all of the issued share capital of Maoye Times and the Shareholder's Loan payable to Shenzhen Maoye for an aggregate cash consideration of RMB72,000,000. The consideration was determined with reference to the amount of the registered share capital of Maoye Times and the value of the Shareholder's Loan, which have been applied by Maoye Times for the acquisition of the Target Land and for payment of front-end expenses.

Maoye Times owns a parcel of land at 79 Shenliao East Road, Tiexi District, Shenyang Municipal (瀋陽市鐵西區瀋遼東路79號), designated for commercial use and has a total area of 18840.86 square meter (the “**Target Land**”). The Company intends to develop the Target Land into a department store with a total floor area of approximately 75,000 square meter (including 15,000 square meter of car park) to be operated by the Group, and an attached high-end apartment with a total floor area of approximately 20,000 square meter (the “**Target Project**”). The Target Land is currently with some preliminary foundation work being carried out.

The Company intends to engage independent contractors to construct the Target Project. The estimated development costs of the Target Project is RMB250,000,000.

Approximately 50% of the Acquisition costs will be funded by proceeds of the initial public offering of the Company which are designated for acquisition of premises for new department stores. The remainder of the Acquisition costs will be funded by internal resources of the Company. The consideration of the Acquisition will be paid in full by cash within the period stipulated in the Share Transfer Agreement and the Loan Assignment Agreement.

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

Completion: Zhongzhao Investment shall pay 30% of the purchase price under the Share Transfer Agreement (RMB4,845,000) within 3 days after the signing of the Share Transfer Agreement. Shenzhen Maoye shall proceed to transfer the shares of Maoye Times to Zhongzhao Investment and register the share transfer within 30 days after receiving the deposit. Within 3 days after the completion of the share transfer and registration, Zhongzhao Investment shall pay the remaining 70% of the purchase price under the Share Transfer Agreement (RMB11,305,000). The Shareholder’s Loan will be assigned to Zhongzhao Investment at completion. The total consideration for the Acquisition amounts to RMB72,000,000.

Basis of determination of the consideration

The Target Land was acquired by Maoye Times at an auction on 27 September 2007 at a price of RMB54,000,000. On 28 April 2008, Maoye Times entered into a land use right transfer agreement with Shenyang Municipal Bureau of Land in relation to the Target Land.

Based on the valuation report of DTZ, an independent valuer, as at 25 April 2009, the Target Land was valued at RMB97,000,000, based on the direct comparison approach by making reference to comparables sales evidence as available in the relevant market and taking into account the costs that will be expended to complete the development to reflect the quality of the completed development.

Maoye Times was incorporated at Shenyang Municipal on 24 September 2007 as a limited liability company and was established for the purpose of owning and developing the Target Project. It has a registered share capital of RMB8,000,000. Other than the Target Land, Maoye Times does not own other substantial real assets. Maoye Times has not engaged in any revenue generating businesses since its incorporation. It had a net loss of RMB492,146.22 for the financial year ending 31 December 2008, and a net loss of RMB8,162.82 for the financial year ending 31 December 2007 due to expenses incurred in relation to the acquisition of the Target Land.

The consideration for the Acquisition was determined after arms' length negotiations between the parties with reference to the amount of the registered share capital of Maoye Times and the value of the Shareholder's Loan, which have been applied by Maoye Times for the acquisition of the Target Land and for payment of front-end expenses of approximately RMB9,800,000. The consideration represents a discount of approximately 25.8% to the appraised value of the Target Land.

REASONS FOR ENTERING INTO THE TRANSACTION

The Target Project is located at a core commercial district of Shenyang Municipal – Tiexi Commercial District. Shenyang Municipal is at the centre of the North Asia economic zone and the Buohai economic zone, it is the economic, cultural, transportation and commercial centre of North Eastern China, as well as the largest city in the area. It is an economic powerhouse and has a strong influence on the surrounding area and on a national level as well.

The Directors believe that the Acquisition is in-line with the Company's growth and expansion strategy. The establishment of the Company's second department store in Shenyang, Tiexi store, together with the Company's existing department store at the area, Jinlang store, will enhance the operational advantage of Company in Shenyang. The Directors (including independent non-executive directors) believe that the Acquisition is conducted on normal commercial terms and the terms of the Acquisitions are fair and reasonable and in the interests of the shareholders as a whole.

INFORMATION ON THE PARTIES

The Company

The Company operates a leading department store chain in the affluent regions of Southern, South-Western, Northern and North-Eastern China, with 19 stores (including ten Maoye-branded stores and nine Chengshang-branded stores) across ten cities which targets the medium to high-end segment of the retail market.

Shenzhen Maoye

Shenzhen Maoye is a company which primarily engages in commercial property development and management. It is wholly owned by Mr. Huang, the controlling shareholder of the Company.

Zhongzhao Investment

Zhongzhao Investment is an investment holding company. It is a wholly owned subsidiary of the Company.

Maoye Times

Maoye Times is a property development and management company, it is wholly owned by Shenzhen Maoye. It has a registered share capital of RMB8,000,000.

REQUIREMENTS OF THE LISTING RULES

The Acquisition constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

Mr. Huang is ultimately the 100% owner of Shenzhen Maoye. Mr. Huang is a controlling shareholder of the Company and, therefore, Maoye Shenzhen is a connected person of the Company and the Acquisition constitutes a connected transaction of the Company.

As the relevant percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Acquisition exceeds 0.1% but are less than 2.5%, the Company is only subject to the reporting and announcement requirement and is exempt from the independent shareholders' approval requirement under Rule 14A.32 of the Listing Rules.

The Directors (including the independent non-executive directors of the Company) consider that the terms of the Acquisition are on normal commercial terms and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

Definition

“Acquisitions”	the acquisitions by Zhongzhao Investment of all of the issued share capital in Maoye Times and the Shareholder's Loan;
“Company”	Maoye International Holdings Limited;
“Directors”	the directors of the Company;
“DTZ”	DTZ Debenham Tie Leung Limited;
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange;
“Loan Assignment Agreement”	the loan assignment agreement entered into between Shenzhen Maoye, Maoye Times and Zhongzhao Investment dated 5 May 2009;
“Maoye Times”	Shenyang Maoye Times Property Company Limited (瀋陽茂業時代置業有限公司), a company established under the laws of PRC;
“Mr. Huang”	Mr. Huang Mao Ru, chairman, executive director, and chief executive officer of the Company, as well as the controlling shareholder of the Company. Mr. Huang currently holds 4,250,000,000 shares in the Company, representing 82.68% of the issued share capital of the Company;
“PRC”	The People's Republic of China;
“RMB”	Renminbi, the lawful currency in the PRC;
“Share Transfer Agreement”	the share transfer agreement entered into between Shenzhen Maoye and Zhongzhao Investment dated 5 May 2009 in respect of the Acquisition;
“Shareholder's Loan”	the shareholder loan from Shenzhen Maoye to Maoye Times in the sum of RMB55,850,000;

“Shenzhen Maoye”	Shenzhen Maoye (Group) Company Limited (深圳茂業(集團)股份有限公司), a company established under the laws of PRC and owned by Mr. Huang, the controlling shareholder of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“Zhongzhao Investment”	Zhongzhao Investment Management Co., Ltd. (中兆投資管理有限公司), a company established under the laws of PRC and a subsidiary of the Company.

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

5 May 2009, 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. CHOW Chan Lum, Mr. PAO Ping Wing, and Mr. LEUNG Hon Chuen.