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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)**

### **CONNECTED TRANSACTION ACQUISITION OF MAOYE ADVERTISEMENT**

Zhongzhao Investment, a subsidiary of the Company, has entered into the Equity Transfer Agreement with Jiajia Guohuo on 31 July 2009. Pursuant to the Equity Transfer Agreement, Zhongzhao Investment will purchase the entire equity interest in Maoye Advertisement from Jiajia Guohuo at a consideration of RMB2,810,000.

Mr. Huang is the 100% ultimate owner of Jiajia Guohuo and Maoye Advertisement. As Mr. Huang is a controlling shareholder of the Company and holds approximately 82.68% of its issued share capital, Jiajia Guohuo is a connected person of the Company. Therefore, 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.

#### **Equity Transfer Agreement**

Date: 31 July 2009

Parties: Vendor: Jiajia Guohuo, a connected person

Purchaser: Zhongzhao Investment, a subsidiary of the Company

Acquisition: The purchase of the 100% equity interest in Maoye Advertisement by Zhongzhao Investment from Jiajia Guohuo.

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

Consideration: The consideration for the Acquisition is RMB 2,810,000. The entire sum is payable within five (5) days from the Effective Date.

Effective Date: The date of the Equity Transfer Agreement.

Completion: Within three (3) days from the Effective Date.

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

Maoye Advertisement is a limited company incorporated in Shenzhen, PRC on 25 December 2002 with a registered capital of RMB2,000,000. Based on the unaudited accounts of Maoye Advertisement prepared in accordance with PRC accounting principles, the unaudited net asset value of Maoye Advertisement as at 30 June 2009 is RMB2,806,137. The consideration was arrived at after taking into account the net asset value of Maoye Advertisement as at 30 June 2009.

The consideration for the Acquisition was determined after arms' length negotiations between the parties. The Directors consider the consideration for the Acquisition to be fair and reasonable and in the interests of the shareholders as a whole.

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

Maoye Advertisement is an advertising company which provides services such as business advertising, advertising agency, creative advertising, and advertising design and production. Maoye Advertisement has been providing advertising services to the concessionaires and lessees of the Group's department stores for advertising in the advertising spaces of the Group's department stores.

The Group owns a number of advertising spaces at its department stores and rent them to its concessionaires and lessees as part of the business of the Group. The actual design, creation and production of the advertisements were prepared by, amongst other advertising companies, Maoye Advertisement. The Group intends that after the acquisition, the major business operation of Maoye Advertisement shall be providing advertising services to the lessees of the advertising spaces of the Group's department stores. Through the acquisition of the business of Maoye Advertisement, the Group anticipates to be able to utilize the advertising resources of the Group more effectively, as well as to provide a more comprehensive and value-adding service to its concessionaires and lessees so as to enhance its business operations.

The Directors believe that the Acquisition is in line with the Company's growth and expansion strategy. The Directors (including independent non-executive directors) believe that the Acquisition is conducted on normal commercial terms, the terms 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 19 stores (including ten Maoye-branded stores and nine Chengshang-branded stores) across ten cities. The store chain covers four areas, including southern, eastern, northern and southwestern parts of China.

### **Zhongzhao Investment**

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

### **Jiajia Guohuo**

Jiajia Guohuo is a company incorporated in the PRC and is engaged in the business of domestic business, material supply and sales (excluding goods under state monopoly, control and franchise). It is 100% beneficially owned by Mr. Huang.

### **Maoye Advertisement**

Maoye Advertisement is a limited company incorporated in Shenzhen, PRC on 25 December 2002 with a registered capital of RMB2,000,000. It is engaged in the business of advertising. According to the relevant PRC laws and regulations, approval and registration at the relevant PRC authorities are required for the operation of an advertising business. Maoye Advertisement has obtained the relevant approval and registration.

Maoye Advertisement is an advertising company which provides services such as business advertising, advertising agency, creative advertising, and advertising design and production. Maoye Advertisement has been providing advertising services to concessionaires and lessees of the Group's department stores for advertising in the advertising spaces of the Group's department stores.

Based on the unaudited accounts of Maoye Advertisement prepared in accordance with PRC accounting principles, the unaudited net asset value of Maoye Advertisement for the financial year ended 31 December 2008 is RMB7,582,417. As at 30 June 2009, the unaudited net asset value of Maoye Advertisement is RMB2,806,137. The decrease in the net asset value is due to distribution of dividend during the period.

The unaudited net profit (before and after taxation and extraordinary items) of Maoye Advertisement for the two financial years ended 31 December 2007 and 2008 are as follows:

	<b>For the year ended</b>	
	<b>31 December</b>	<b>31 December</b>
	<b>2007</b>	<b>2008</b>
	<i>RMB</i>	<i>RMB</i>
Profit before taxation and extraordinary items	2,429,020	3,191,948
Net profit after taxation and extraordinary items	2,425,543	3,171,252

## **REQUIREMENTS OF THE LISTING RULES**

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

Mr. Huang is the 100% ultimate owner of Jiajia Guohuo and Maoye Advertisement. As Mr. Huang is a controlling shareholder of the Company and holds approximately 82.68% of its issued share capital, Jiajia Guohuo is a connected person of the Company. Therefore, 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.

### **Definition**

“Acquisition”	the acquisition of the entire equity interest in Maoye Advertisement by Zhongzhao Investment;
“Company”	Maoye International Holdings Limited;
“Directors”	the directors of the Company;
“Effective Date”	the date of the Equity Transfer Agreement;

“Equity Transfer Agreement”	the equity transfer agreement between Zhongzhao Investment and Maoye Advertisement dated 31 July 2009 in relation to the Acquisition;
“Group”	the Company and its subsidiaries;
“Jiajia Guohuo”	深圳市家家國貨有限公司 (Shenzhen Municipal Jiajia Guohuo Company Limited*), a limited company incorporated in the PRC;
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange;
“Maoye Advertisement”	深圳市茂業廣告有限公司 (Shenzhen Municipal Maoye Advertisement Co., Ltd*), a limited company incorporated in the 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;
“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;

*\* For identification purpose only*

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

4 August 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.*