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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 MAJORITY SHAREHOLDING IN ZIBO DONGTAI BUILDING CO., LTD. IN SHANDONG

Zhongzhao Investment Management, a wholly-owned subsidiary of the Company, has entered into the Sale and Purchase Agreement on 19 November 2010. Pursuant to the Sale and Purchase Agreement, Zongzhao Investment Management has agreed to purchase from the Vendors 80% of the issued share capital of the Target Company and the Acquisition will also include the acquisition of the entire issued share capital of Zibo Dongtai Jianghao Logistics. The full consideration is RMB405,558,000 for the Acquisition.

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

THE ACQUISITION

Date of Agreement: 19 November 2010

Parties: Vendors: Zibo Dongtai Group and other individuals (all independent and third parties to the Company)

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

Summary: Pursuant to the Sale and Purchase Agreement, Zhongzhao Investment Management has agreed to purchase from the Vendors 80% of the issued share capital of Target Company. The Target Company owns three self-owned department stores (with a total gross floor area of approximately 83,357 square metres), and operates one leasehold department store (with gross floor area of approximately 6,800 square metres), and over 40 supermarket chain stores (including franchised stores). The Acquisition will also include the acquisition of the entire issued share capital of Zibo Dongtai Jianghao Logistics which in turn owns a land for use as Jianghao Logistics Distribution Centre (the site area is approximately 28,018 square metres).

Pursuant to the Sale and Purchase Agreement, the Vendors have undertaken to repay or release, among other things, any guarantees incurred by the Target Company prior to the share transfer and pledge the remaining 20% of the shares of the Target Company in favour of Zhongzhao Investment Management as security for a period of 25 months for such purpose.

Consideration: The full consideration of RMB405,558,000 for the Acquisition will be paid by Zhongzhao Investment Management to the Vendors. The Acquisition will be funded by internal resources of the Company.

Payment method: The consideration of RMB405,558,000 is to be satisfied in various instalments.

1. Zhongzhao Investment Management will pay to the Vendors a deposit of RMB10,000,000 (the “**Deposit**”) within five days of signing of the Sale and Purchase Agreement. Within ten days after Zhongzhao Investment Management has paid the Deposit into a designated bank account of the Vendors, the Vendors undertake to assist Zhongzhao Investment Management in performing the due diligence work on the Target Company. During such period, Zhongzhao Investment Management is entitled to terminate the Sale and Purchase Agreement and the Deposit will be returned to Zhongzhao Investment Management if, based on the due diligence results, there is any breach of, among other things, representations and warranties as stipulated in the Sale and Purchase Agreement which cannot be remedied.

2. Zhongzhao Investment Management and the Vendors will set up a jointly controlled account in the name of Zhongzhao Investment Management (the “**Jointly Controlled Account**”) if termination of the Sale and Purchase Agreement described above has not occurred. Within five business days after the establishment of the Jointly Controlled Account, Zhongzhao Investment Management will pay the second instalment amount of RMB71,111,600 into the Jointly Controlled Account.
3. Within five business days after the relevant government authority acknowledging the application for registration of the share transfer of the Target Company, Zhongzhao Investment Management will pay the third instalment amount of RMB243,334,800 into the Jointly Controlled Account. Within two business days upon the completion of registration of the share transfer, Zhongzhao Investment Management and the Vendors will jointly procure the transfer of the amount in the Jointly Controlled Account to a bank account designated by the Vendors.
4. Within two business days upon completion of the pledging of 20% of the shares of the Target Company by the Vendors in favour of Zhongzhao Investment Management, Zhongzhao Investment Management will pay the balance of the full consideration to the Vendors.

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 terms of the Acquisition are fair and reasonable and in the interests of the shareholders of the Company as a whole.

INFORMATION OF THE TARGET COMPANY

The Target Company owns and/or operates four department stores and over 40 supermarket chain stores (including franchised stores), which are located at the heart of the central business district in Linzi District, Zibo City, Shandong Province with rich business atmosphere. The following table shows the particulars of these department stores:

	Total Gross Floor Area (square metres)	Status
Dongtai Plaza (東泰廣場)	36,791	Self-owned property
Dongtai Building (東泰商廈)	21,229	Self-owned property
Taikerong Store (泰客榮)	25,337	Self-owned property
Subtotal	83,357	
Dongtai Store (東泰商城)	6,800	Leased property

Zibo Dongtai Jianghao Logistics owns the land use right of a parcel of land with a site area of approximately 28,018 square metres which is located at West Jinxi Road in Linzi District, Zibo City, Shandong Province, together with the ownership right of the building under construction on the land for use as Jianghao Logistics Distribution Centre.

Based on the unaudited accounts of Target Company prepared in accordance with PRC accounting principles, the unaudited financial data and operating data of the Target Company as are as follows:

	For ten months ended 31 October 2010
Total sales proceeds	RMB773,863,227
	As at 31 October 2010
Net assets	RMB76,865,468

The audited net profit of the Target Company for the two financial years of 2008 and 2009 are as follows:

	For the year ended	
	31 December 2008	31 December 2009
	<i>RMB</i>	<i>RMB</i>
Net profit before taxation and extraordinary items	1,494,724	2,417,233
Net profit after taxation and extraordinary items	514,162	260,220

Based on audited balance sheet, the net asset value of Zibo Jianghao Logistics as at 31 December 2009 was RMB5,941,169. Zibo Jianghao Logistics has not recorded any revenue or income for the period from its incorporation in September 2009 and ending on 31 October 2010.

REASONS AND BENEFITS FOR THE TRANSACTION

The Group has been actively looking for suitable opportunities to acquire attractive department stores, and intends to further strengthen the nationwide coverage of the department stores network of the Group, thus further enhancing its market share and competitiveness.

As a historical and reputable local department store enterprise, the department stores owned by the Target Company are located in the core business area in Linzi District, Shandong Province. Zibo City is a transport hub in Shandong Province and a key open city along the Bohai Sea Economic Circle, with a significant strategic position. Shandong Province is located in the north of Jiangsu Province, connecting amongst the Eastern and Northern regions of the PRC. Furthermore, the Group has been expanding its store network and establishing a market position in the Eastern and Northern regions of the PRC in recent years. The Directors consider that expanding into Shandong's department store market is very important for the Group to connect its business operations in the aforesaid two regions and to achieve scale, while this will also further consolidate the Group's market position along the Bohai Sea Economic Circle.

The Directors believe that with the introduction of the Company's operation and management model supported by its method of procurement resources and product brands, the sales level of the four department stores of the Target Company 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, 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.

“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 19 November 2010 between Zhongzhao Investment Management and the Vendors in relation to the Acquisition
“Target Company”	Zibo Dongtai Building Co., Ltd. (淄博東泰商廈有限公司), a limited liability company established in the PRC
“Vendors”	Zibo Dongtai Group and other individuals, which hold 100% of the issued share capital of the Target Company prior to the Acquisition
“Zibo Dongtai Group”	Zibo Dongtai Group Limited (淄博東泰集團有限公司), a limited liability company established in the PRC which, together with other individuals, hold 100% of the issued share capital of the Target Company.
“Zibo Dongtai Jianghao Logistics”	Zibo Dongtai Jianghao Logistics Co., Ltd. (淄博東泰江浩物流有限公司), a limited liability company established in the PRC
“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

21 November 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 Bin and three independent non-executive directors, namely, Mr. Chow Chan Lum, Mr. Pao Ping Wing and Mr. Leung Hon Chuen.