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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

Nanchong Chuanbei, a subsidiary of the Company, has entered into a sale and purchase agreement dated 14 June 2008 pursuant to which Nanchong Chuanbei has agreed to purchase from Chengdu Chongde all of the issued shares of Nanchong Chongde and loan owed by Nanchong Chongde to Chengdu Chongde for an aggregate cash consideration of RMB42,552,700.

Mr. Huang is the ultimately 100% owner of Chengdu Chongde. Mr. Huang is a controlling shareholder of the Company and, therefore, Chengdu Chongde 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 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 SALE AND PURCHASE AGREEMENT

Parties: Vendor: Chengdu Chongde, a connected person
Purchaser: Nanchong Chuanbei, a subsidiary of the Company

Summary: Nanchong Chuanbei has agreed to purchase from Chengdu Chongde all of the issued share capital of Nanchong Chongde and loan owed by Nanchong Chongde to Chengdu Chongde for an aggregate cash consideration of RMB42,552,700. The consideration represents the total of the appraised net asset value of Nanchong Chongde and shareholder's loan owed by Nanchong Chongde to Chengdu Chongde of RMB37,558,700. The consideration is payable within 3 months from completion.

The Acquisition will be funded by internal resources of Chengshang. The consideration of the Acquisition will be paid in full by cash at one time within the period stipulated in the sale and purchase agreement.

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

Completion: Completion is expected to occur within 7 business days after the signing of the agreement.

Basis of determination of the consideration

The Target Property was acquired by Nanchong Chongde at an auction on 16 April 2008 at a price of RMB4,994,000, being the price of the Target Property together with commission payable to the auctioneer. The acquisition was funded by Chengdu Chongde, which advanced RMB37,558,700 to Nanchong Chongde.

Based on the valuation report of Zhong Xing Hua Accountants (中興華會計師事務所), an independent third party, as at 31 May 2008, the net asset value of Nanchong Chongde as an on-going concern was RMB4,994,000 and the debt owed by Nanchong Chongde to Chengdu Chongde was valued at RMB37,558,700. Zhong Xing Hua Accountants have employed the acquisition cost method for the valuation of Nanchong Chongde.

The consideration was determined after arms' length negotiations between the parties with reference to the current net book value of Nanchong Chongde and the value of the outstanding loan from Chengdu Chongde.

REASONS FOR ENTERING INTO THE TRANSACTION

The Target Property is located at the Mofan Street, which is a century old commercial street with good transportation link and high pedestrian traffic. The Nanchong Municipal, Shunqing District government is planning to transform the Mofan Street into a modern pedestrian only zone. After the Acquisition and the undertaking of necessary upgrade and renovation, Chengshang intends to open its second department store in the Target Property, targeting a market segment that is different from the clients of the existing department store of Nanchong Chuanbei at Nanchong. Chengshang believes the Acquisition will expand its scale of operation in Sichuan's second tier city and consolidate its market position in Nanchong, in line with Chengshang's long term strategic development goal.

The Group has performed due diligence on the acquisition of shares in Nanchong Chongde. It has examined its constitutional documents, retained Zhong Xing Hua Accountants to provide a valuation report and audit report on Nanchong Chongde and obtained confirmation from Nanchong Chongde that it has no other liability other than those already disclosed. The Group's legal department, in consultation with the Group's PRC legal counsel, has reviewed the sale and purchase agreement and the structure of the transaction; it is of the view that the shares in Nanchong Chongde can be validly transferred to Nanchong Chuanbei.

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 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.

Chengdu Chongde

Chengdu Chongde is a property development and management company controlled by Mr. Huang, the controlling shareholder of the Company.

Nanchong Chuanbei

Nanchong Chuanbei is a department store operator based in Nanchong, Sichuan Province. It is a wholly-owned subsidiary of Chengshang.

Nanchong Chongde

Nanchong Chongde is a property holding company, it is wholly owned by Chengdu Chongde. Nanchong Chongde was incorporated on 11 April 2008. Accordingly, no financial information preceding its establishment is available.

Chengshang

Chengshang is a subsidiary of the Company whose A shares are listed on the Shanghai Stock Exchange.

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 ultimately 100% owner of Chengdu Chongde. Mr. Huang is a controlling shareholder of the Company and, therefore, Chengdu Chongde 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 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 term of the Acquisition Agreement 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 Nanchong Chuanbei of all of the issued shares in Nanchong Chongde and loan owed by Nanchong Chongde to Chengdu Chongde;
“Chengshang”	Chengshang Group Co., Ltd, a subsidiary of the Company. The Company currently holds 140,643,158 shares in Chengshang through Shenzhen Maoye Shangsha Company Limited, representing approximately 69.23% of its issued share capital;
“Chengdu Chongde”	Chengdu Chongde Investment Limited (成都崇德投資有限公司), a company established under the laws of PRC and owned by Mr. Huang, the controlling shareholder of the Company;
“Company”	Maoye International Holdings Limited;
“Directors”	the directors of the Company;
“Group”	the Company and its subsidiaries;
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange;
“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 approximately 82.69% of the issued share capital of the Company;
“Nanchong Chongde”	Nanchong Chongde Enterprise Limited (南充崇德實業有限公司), a company established under the laws of PRC;
“Nanchong Chuanbei”	Chengdu Renmin Shangchang (Group) Nanchong Chuanbei Limited Company (成都人民商場(集團)南充川北有限公司), a company established under the laws of PRC and a subsidiary of Chengshang;
“PRC”	The People’s Republic of China;

“RMB”	Renminbi, the lawful currency in the PRC;
“Target Property”	Sailishi Commercial City (賽麗斯商城), a six floors commercial complex of 24,035 square meter, located at 140 Mofan Street, Nanchong Municipal;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited.

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

18 June 2008, Hong Kong

As at the date of this announcement, the executive Directors are Mr. HUANG Mao Ru and Mr. ZOU Mingguai, Mr. WANG Guisheng and Mr. LU Fa Chee. 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.