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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold all your shares in Maoye International Holdings Limited you should at once pass this circular to the purchaser or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

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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 REAL PROPERTY**

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“Acquisition”	the acquisition by Taiyuan Maoye of the Target Property from Sanjin;
“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;
“Directors”	the directors of the Company;
“Group”	the Company and its subsidiaries;
“Independent Third Party”	an independent third party not connected with the Directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or their respective associates as defined under the Listing Rules;
“Latest Practicable Date”	11 July 2008, being the latest practicable date prior to the printing of this document for ascertaining certain information contained herein;
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	The People’s Republic of China;
“PRC GAAP”	The accounting rules and regulations in the PRC, currently consisting of the Accounting Standards for Business Enterprises and other relevant regulations;
“Prospectus”	the prospectus of the Company dated 11 April 2008;
“RMB”	Renminbi, the lawful currency in the PRC;
“Sanjin”	Shanxi Province Sanjin Construction and Development Limited Company (山西省三晉建設開發有限責任公司), a company established under the laws of PRC;

DEFINITIONS

“Shanxi Lianyang”	Shanxi Lianyang Department Store Company Limited (山西聯洋百貨有限責任公司), a company established under the laws of PRC. As advised by Sanjin, it is a company which is ultimately controlled by shareholders whose family members also control Sanjin;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Taiyuan Maoye”	Taiyuan Maoye Department Store Company Limited (太原茂業百貨有限公司), a company established under the laws of PRC and a wholly owned subsidiary of the Company.

LETTER FROM THE BOARD



Maoye International Holdings Limited

茂業國際控股有限公司

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 848)

Directors:

Mr. Huang Mao Ru, *Chairman*

Mr. Zou Minggui

Mr. Wang Guisheng

Ms. Wang Fuqin

Mr. Zhong Pengyi

Mrs. Huang Jingzhang

Mr. Pao Ping Wing *

Mr. Leung Hon Chuen *

Mr. Chow Chan Lum *

* *Independent non-executive directors*

Registered office:

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Grand Cayman,
KY1-1112,
Cayman Islands

Head office:

39/F, World Finance Centre,
4003 Shennan East Road,
Shenzhen,
PRC

15 July 2008

To the shareholders of the Company

Dear Sir and Madam,

DISCLOSEABLE TRANSACTION ACQUISITION OF REAL PROPERTY

1. INTRODUCTION

As announced by the Company on 24 June 2008, Taiyuan Maoye (a wholly owned subsidiary of the Company) has entered into a Sale and Purchase Agreement dated 24 June 2008 pursuant to which Taiyuan Maoye has agreed to purchase from Sanjin the Target Property for an aggregate cash consideration of RMB480,000,000, to be paid in full at completion.

The Acquisition constitute a notifiable transaction of the Company under Rule 14.08 of the Listing Rules. The purpose of this letter is to give you further information on the Acquisition and other information as prescribed by the Listing Rules.

LETTER FROM THE BOARD

2. THE SALE AND PURCHASE AGREEMENT

The Sale and Purchase Agreement dated 24 June 2008 in relation to the Acquisition (the “Sale and Purchase Agreement”)

Parties: Vendor: Sanjin, an Independent Third Party

Purchaser: Taiyuan Maoye, a wholly owned subsidiary of the Company

Summary: Taiyuan Maoye has agreed to purchase from Sanjin a six storey department store building and related fixtures and fittings at 99 Liuxiang Nan Road, Taiyuan Municipal, Shanxi Province, PRC (the “**Target Property**”) for an aggregate cash consideration of RMB480,000,000.

Taiyuan Maoye plans to replace the current department store operator within the Target Property and set up its own department store operation there.

Consideration: The consideration of RMB480,000,000 is to be satisfied in three stages. Within two days upon receiving a written notice from Sanjin¹, Taiyuan Maoye shall pay Sanjin a deposit of RMB96,000,000 and an advance payment of RMB74,000,000. Another RMB130,000,000 will be paid into an escrow account.

Taiyuan and Sanjin shall deliver the relevant transfer documents to the Property Transaction Management Department in Taiyuan within 10 days after the payment of the deposit. The RMB130,000,000 in escrow will be released to Sanjin within three days after the Property Transaction Management Department accepted the transfer and issued an acknowledgement.

¹ This was amended through the entering of a supplemental agreement between Sanjin and Taiyuan Maoye on 10 July 2008. Under the original terms of the Sale and Purchase Agreement, the date of payment of the RMB96,000,000 deposit and the RMB74,000,000 advance payment was within five days upon the signing of the Sale and Purchase Agreement.

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The remaining RMB180,000,000 is payable upon the obtaining by Taiyuan Maoye the property ownership certificate and the relevant land use right certificate.

The Acquisition will be funded by internal resources of the Company. 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 three months after the signing of the Sale and Purchase Agreement.

Other: In order to secure the rights to occupy the premises for operation of a department store within the Target Property, Taiyuan Maoye has entered into a rental agreement with Sanjin (the “**Rental Agreement**”). In the event that the Acquisition fails to complete due to faults of Sanjin, in addition to damages and remedies under the Sale and Purchase Agreement, Taiyuan Maoye will rent the Target Property for 20 years at a monthly rent of RMB750,000. The damages and remedies awarded to Taiyuan Maoye in the event of a breach of the Sale and Purchase Agreement by Sanjin will be determined by the relevant PRC court. In the event that the Acquisition fails to complete due to faults of Taiyuan Maoye, the Rental Agreement will be terminated.

Basis of determination of the consideration

The consideration was determined after arms’ length negotiations between the parties with reference to the book value of the Target Property as at 31 December 2007, the appreciation of the PRC real estate market in recent years, the revenue and profit of Shanxi Lianyang, the current department store operator of the Target Property for the financial year ended 2007 and after a review by the Company of the expected revenue and profits that the Target Property can generate. Based on these information, the Directors consider that the premium over the book value of the Target Property (which reflects the acquisition cost of the Vendor) as fair and reasonable.

LETTER FROM THE BOARD

3. FINANCIAL INFORMATION OF THE TARGET PROPERTY

Based on the information provided by the Vendor, the book value of the Target Property as at 31 December 2007 is RMB250,090,000. The Target Property was used by the Vendor's group of companies for self-use purpose and did not generate any direct income.

The net profit/(loss) before and after tax and extraordinary terms attributable to the department store operations at the Target Property based on the unaudited financial information prepared under PRC GAAP provided by Sanjin for the financial years ended 2006 and 2007 are as follows:

	2006	2007
	<i>RMB</i>	<i>RMB</i>
Net profit/(loss) before tax and extraordinary items	45,000,000	45,500,000
Net profit/(loss) after tax and extraordinary items	32,700,000	35,000,000

Investors should note that the Group is acquiring the Target Property, as opposed to the department store business operated thereat, and financial information with respect to such department store business is included for reference only and is not an indication of the actual income attributable to the Target Property or future income should the Group operates a department store thereat.

4. REASONS FOR ENTERING INTO THE TRANSACTION

The Acquisition of the Target Property will enable the Group to expand its network of department stores to Taiyuan.

The Group has performed due diligence on the Acquisition. Amongst others, the Group has examined the property rights documents and certificate of the Target Property, made site visit to the Target Property and examined the interior and exterior conditions of the Target Property. It has also make enquiry on whether there is any mortgage or lien on the Target Property. The Group is satisfied with the result of the due diligence and is of the opinion that the Target Property can be validly transferred to Taiyuan Maoye.

The Directors believe that the terms of the Acquisition are fair and reasonable and in the interests of the shareholders as a whole.

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5. FINANCIAL IMPACT OF THE ACQUISITION ON THE GROUP

The financial impact resulting from the Acquisition is not expected to be significant as compared to the Company's overall earnings, assets and liabilities, the Directors are of the view that the Acquisition will have no material effect on the earnings, assets and liabilities of the Company, and the Company will have adequate working capital after the Acquisition.

The Directors expect that the Acquisition will enable the Group to expand its network of department stores to Taiyuan and will have a positive impact on the earnings and assets of the Company.

6. INFORMATION ON THE PARTIES

The Company

The Company is 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.

Taiyuan Maoye

Taiyuan Maoye is a wholly owned subsidiary of the Company. It is a department store operator based in Taiyuan Municipal.

Sanjin

Sanjin is a real estate developer in Shanxi province, it is involved in the development of residential apartments and commercial property.

Shanxi Lianyang

Shanxi Lianyang is the current department store operator of the Target Property. As advised by Sanjin, it is a company which is ultimately controlled by shareholders whose family members also control Sanjin.

7. REQUIREMENTS OF THE LISTING RULES

The Company confirms that, to the best of the Directors knowledge, information and belief, Sanjin, its ultimate beneficial owner and Shanxi Lianyang, are third parties independent of the Company and its connected persons. As the relevant percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Sale and Purchase Agreement exceeds 5% but less than 25%, the Acquisition is considered a discloseable transaction.

LETTER FROM THE BOARD

8. OTHER INFORMATION

Your attention is drawn to the information set out in the appendix to this circular.

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

1. Responsibility statement

This document includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this document and confirm, having made all reasonable enquires, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

2. Directors' interests in securities

As at the Latest Practicable Date, the interests and short positions of the Directors in the shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken on were deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (together, "Discloseable Interests") were as follows:

Beneficial interests in the Shares

Director	Number of Shares held (long position)				Total	Percentage of Shares held in the entire share capital
	Personal interests	Corporate interests	Family interests			
Huang Mao Ru	–	4,250,000,000 (Note A)	–	4,250,000,000		82.7%
Huang Jing Zhang	–	–	4,250,000,000 (Note B)	4,250,000,000		82.7%

Notes:

- (A) The corporate interest of 4,250,000,000 is in respect of shares held by MOY International Holdings Limited, whose entire interest is held by Mr. Huang.
- (B) Huang Jing Zhang is deemed to be interested in the Shares by virtue of the fact that she is the wife of Huang Mao Ru, the chairman and executive director of the Company.

Save as disclosed above, none of the Directors had any Discloseable Interests as at the Latest Practicable Date.

3. Non-directors interests in securities

Name of substantial shareholder	Capacity	Number of Shares held (long position)	Percentage of Shares held in the entire share capital
MOY International Holdings Limited	Interest of a controlled corporation (Note A)	4,250,000,000	82.7%
Maoye Department Store Investment Limited	Beneficial owner	4,250,000,000	82.7%

Note:

- (A) MOY International Holdings Limited directly holds the entire interest in Maoye Department Store Investment Limited and is accordingly deemed to have an interest in the shares of the Company interested by Maoye Department Store Investment Limited.

Save as disclosed above, the Directors are not aware of any person (not being a Director or chief executive of the Company) who as at the Latest Practicable Date had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

4. Disclosure of interests

- (a) As at the Latest Practicable Date, none of the Directors has a service contract with any member of the Group which is not determinable within one year without payment of compensation (other than statutory compensation).
- (b) No Director has any interest, and as far as each Director is aware none of his associates have any interests, in any business which competes or is likely to compete, either directly or indirectly, with the existing business of the Group.

5. Litigation

On 8 July 2008, Chengdu Renmin Shangchang (Group) Holdings Limited (成都人民商場(集團)股份有限公司) (“**Chengshang**”) and Shenzhen Maoye Shangsha Company Limited (深圳茂業商廈有限公司) (“**Maoye Shangsha**”) received notices from Chengdu City Wuhou District People’s Court (成都市武侯區人民法院), requesting them to participate in the proceedings initiated by Shanghai Wang Deming Investment Company Limited (上海王德明有限公司) (“**SWDIC**”) against the Industrial and Commerce Administration Department of Chengdu City (四川省成都市工商行政管理局) (“**Chengdu ICAD**”).

SWDIC has a 25% interest in Renmin Department Store (人民百貨), the other 75% was held by Chengshang. SWDIC claimed that Chengdu ICAD unlawfully accepted the transfer of Chengshang's 75% interest in Renmin Department Store to Maoye Shangsha in 2007, in violation of the PRC Company Registration Regulation and the PRC Company Law. Since Chengshang and Maoye Shangsha's interests may be affected by the outcome of the proceedings, they have been requested to join the proceedings.

Chengshang is a subsidiary of the Company, while Maoye Shangsha is a wholly owned subsidiary of the Company.

SWDIC requested the court to invalidate the transfer of Renmin Department Store's interest from Chengshang to Maoye Shangsha. Chengshang has sought advice from its PRC counsel. The PRC counsel is of the opinion that SWDIC was unlikely to succeed in the proceedings and obtain judgment against Chengdu ICAD. SWDIC was not seeking any monetary damage against any of the parties involved in the proceedings.

Save as disclosed above and in the Prospectus, no litigation or claims of material importance are pending or threatened against any member of the Group.

6. General

- (a) The Secretary of the Company is Ms. Soon Yuk Tai who is a Chartered Secretary and an Associate of both the Institute of Chartered Secretaries and Administrators and the Hong Kong Institute of Chartered Secretaries.
- (b) The qualified accountant of the Company is Mr. Wang Guisheng who is qualified as Certified Public Accountant with the Chinese Institute of Certified Public Accountants and a member of the Association of Chartered Certified Accountants of England.
- (c) The registered office is situated at Scotia Centre, 4th Floor, P.O. Box 2804, George Town, Grand Cayman, KY1-1112, Cayman Islands. The head office is situated at 39/F, World Finance Centre, 4003 Shennan East Road, Shenzhen PRC. The branch share registrar and transfer office of the Company in Hong Kong is Tricor Investor Services Limited, which is situated at Level 28, Three Pacific Place, 1 Queen's Road East, Hong Kong.
- (d) As at the date of this circular, the executive directors of the Company are Mr. Huang Mao Ru, Mr. Zou Mingguai, Mr. Wang Guisheng and Ms. Wang Fuqin. The non-executive directors of the Company are Mr. Zhong Pengyi and Mrs. Huang Jingzhang. The independent non-executive directors of the Company are Mr. Pao Ping Wing, Mr. Leung Hon Chuen, and Mr. Chow Chan Lum.
- (e) The English language text of this document shall prevail over the Chinese language text.