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**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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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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1 September 2008

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## DEFINITIONS

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

“Acquisition”	the acquisition by Zhongzhao of the Target Property from Jinhe;
“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;
“Jindu”	Qin Huang Dao City Jindu Shopping Arcade Management Company (秦皇島市金都購物廣場管理), a company established under the laws of PRC;
“Jinhe”	Qin Huang Dao City Jinhe Property Development Company Limited (秦皇島市金和房地產開發有限公司);
“Latest Practicable Date”	28 August 2008, being the latest practicable date prior to the printing of this circular 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;
“Project Company”	a wholly owned subsidiary of Zhongzhao incorporated under the laws of PRC;
“RMB”	Renminbi, the lawful currency in the PRC;
“Sale and Purchase Agreement”	the sale and purchase agreement dated 8 August 2008 entered into between Zhongzhao and Jinhe in relation to the Acquisition;
“Shareholder(s)”	holder(s) of shares of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Zhongzhao”	Zhongzhao Investment Management Company Limited (中兆投資管理有限公司), a company established under the laws of PRC and a wholly owned subsidiary of the Company.

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LETTER FROM THE BOARD

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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)**

*Directors:*

Mr. Huang Mao Ru, *Chairman*  
Mr. Zou Minggu  
Mr. Wang Guisheng  
Ms. Wang Fuqin  
Mr. Zhong Pengyi  
Mrs. Huang Jingzhang  
Mr. Pao Ping Wing\*  
Mr. Leung Hon Chuen\*  
Mr. Chow Chan Lum\*

*Registered office:*

Scotia Centre,  
4th Floor,  
P.O. Box 2804,  
George Town,  
Grand Cayman  
KY1-1112  
Cayman Islands

*Head office:*

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

1 September 2008

\* *Independent non-executive directors*

*To the shareholders of the Company*

Dear Sir and Madam,

**DISCLOSEABLE TRANSACTION  
ACQUISITION OF REAL PROPERTY**

**1. INTRODUCTION**

As announced by the Company on 11 August 2008, Zhongzhao (a wholly owned subsidiary of the Company) has entered into a Sale and Purchase Agreement dated 8 August 2008 pursuant to which Zhongzhao has agreed to purchase from Jinhe the Target Property for an aggregate cash consideration of RMB290,000,000, to be paid in three instalments.

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.

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## LETTER FROM THE BOARD

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### 2. THE SALE AND PURCHASE AGREEMENT

The Sale and Purchase Agreement dated 8 August 2008 in relation to the Acquisition (the “Sale and Purchase Agreement”)

Parties: Vendor: Jinhe, an Independent Third Party

Purchaser: Zhongzhao, a wholly owned subsidiary of the Company

Summary: Zhongzhao has agreed to purchase from Jinhe a seven storey department store building (including two levels of basement for commercial use) and related fixtures and fittings at Qin Huang Dao City (the “**Target Property**”) for an aggregate cash consideration of RMB290,000,000. The Target Property has a total gross floor area of 46,609.86 square meter. The legal and beneficial interests of the Target Property will be vested in the Project Company.

The Target Property is currently occupied by Jindu, which operate a department store within the Target Property. Zhongzhao plans to replace Jindu and set up its own department store operation there through the Project Company.

Consideration: The consideration for the Acquisition is RMB290,000,000.

Payment of consideration: The consideration of RMB290,000,000 is to be satisfied in three instalments. Zhongzhao has paid Jinhe the first instalment – a deposit of RMB58,000,000, which is equivalent to 20% of the aforesaid consideration. Upon the payment of the first instalment, Zhongzhao can manage the Target Property jointly with Jinhe to coordinate the transfer to the Target Property to the Project Company.

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## LETTER FROM THE BOARD

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The Project Company and Vendor have entered into a standard real estate sale and purchase agreement. Zhongzhao has paid the second instalment of the consideration, RMB116,000,000, into an escrow account. The second instalment held in escrow shall be released to Jinhe within two business days after the Target Property is transferred to the Project Company and Zhongzhao has received the Target Property's Land Use Permit and Property Ownership Certificate.

Zhongzhao shall pay the third instalment of RMB116,000,000 into the escrow account within one business day after obtaining the Land Use Permit and Property Ownership Certificate.

The third instalment will be released to Jinhe in four stages based on the progress of delivery of the Target Property's premise to Zhongzhao. Under the Sale and Purchase Agreement, Jinhe shall coordinate with Jindu to terminate the existing tenancy agreement between Jindu and the tenants in the Target Property or renew them with Zhongzhao in accordance with the terms set by it. The detailed arrangement is as follow:

- (i) when the tenancy agreements with regards to 25% of the floor area of the Target Property are either terminated or renewed according to the terms set by Zhongzhao, RMB29,000,000 shall be released to Jinhe within two business days;
- (ii) when the tenancy agreements with regards to 50% of the floor area of the Target Property are either terminated or renewed according to the terms set by Zhongzhao, RMB29,000,000 shall be released to Jinhe within two business days;

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## LETTER FROM THE BOARD

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- (iii) when the tenancy agreements with regards to 75% of the floor area of the Target Property are either terminated or renewed according to the terms set by Zhongzhao, RMB29,000,000 shall be released to Jinhe within two business days:
- (iv) when (a) the tenancy agreements with regards to the whole Target Property are either terminated or renewed according to the terms set by Zhongzhao, and (b) Zhongzhao and Jinhe confirm in writing that all the obligations under the Sale and Purchase Agreement have been performed and Jinhe has paid all the fees and expenses incurred before the transfer of the Target Property, the remaining RMB29,000,000 shall be released to Jinhe within two business days.

The Acquisition will be funded by internal resources of the Company, not proceeds from the Company's IPO. The consideration of the Acquisition will be paid in full by cash upon completion within the period stipulated in the Sale and Purchase Agreement.

In the event that the Acquisition does not proceed due to Jinhe's breach, Jinhe shall repay twice the amount of the deposit to Zhongzhao, the monies held in escrow shall also be returned to Zhongzhao.

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

Completion: The Sale and Purchase Agreement is completed when the full consideration is paid in accordance with the arrangement stated above.

### **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, market price of other properties in the vicinity of the Target Property and economic factors and after a review by the Company of the expected revenue and profits that the Target Property could generate.

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## LETTER FROM THE BOARD

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### 3. FINANCIAL INFORMATION OF THE TARGET PROPERTY

The Target Property was valued at RMB420,000,000 as at 31 July 2008 by DTZ Debenham Tie Leung Limited, an independent valuer, on vacant possession basis without taking into account the existing tenancy arrangements. The Target Property was rented to Jindu for an annual rent of RMB3,000,000. The Directors have used their best effort to obtain the net profits or loss figures attributable to the Target Property, but the Vendor refused to disclose such information due to commercial reason.

### 4. REASONS FOR ENTERING INTO THE TRANSACTION

The Target Property is located in the core business circle of Qin Huang Dao City, one of the prime cities in northern China region and in the core circle of the Bohai economic circle. It is 260 km away from Beijing and 433 km away from Shenyang. In view of the robust growth of the economy and retail industry of Qin Huang Dao City as well as the advantageous location of the Target Property, the management expects that under the operation of the Company, the Target Property could create strong sales growth in the future years. The Board of Directors further believe that the Acquisition allows the Group to promptly enhance its development and profitability by assisting the Group in opening up this new market immediately such that it can be taken as a platform for rapid expansion of the Group's businesses at Qin Huang Dao City in the foreseeable future, which is in line with the long term growth strategy of the Group in northern China region.

Based on the above, the Company believes that the operation of department store within the Target Property will improve the Company's earnings in the future. Since the acquisition is funded by internal resources of the Company, it will not have any significant impact on the assets and liabilities of the Company.

The Group has performed due diligence on the Target Property. Amongst others, the Group has examined the documents and certificates in relation to property rights 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 made enquiry on whether there is any mortgage or lien on the Target Property.

Among the total floor area of the Target Property of 46,609.86 square meter, 12,390 square meter was mortgaged to The Bank of China Limited, Qin Huang Dao Branch as security for a RMB15,000,000 loan to Jinhe. The mortgage has been discharged.

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 the Project Company.

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



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## LETTER FROM THE BOARD

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### 5. 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.

#### **Zhongzhao**

Zhongzhao is a wholly owned subsidiary of the Company.

#### **Jindu**

Jindu is commercial property management company incorporated in the PRC, its businesses include operation of department store. It is controlled by Zhou Huimin (周慧敏), an Independent Third Party.

#### **Jinhe**

Jinhe is a real estate development company incorporated in the PRC. It is controlled by Cai Wei (柴偉), an Independent Third Party.

### 6. REQUIREMENTS OF THE LISTING RULES

The Company confirms that, to the best of the Directors' knowledge, information and belief, Jinhe and its ultimate beneficial owner 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.

### 7. 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%

*Notes:*

- (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 (深圳茂業商厦有限公司) (“**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 (人民百貨) 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 36/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 Minggui, 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.