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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)

DISCLOSEABLE TRANSACTION DISPOSAL OF SUBSIDIARIES TO A NON-WHOLLY OWNED SUBSIDIARY

THE DISPOSALS

The Board is pleased to announce that on 6 June 2016 (i) Zhongzhao entered into the Qinhuangdao Maoye Agreement with Maoye Commercial, pursuant to which Zhongzhao agreed to sell and Maoye Commercial agreed to acquire the Qinhuangdao Maoye Shares; (ii) the Chongqing Maoye Sellers entered into the Chongqing Maoye Agreement with Maoye Commercial, pursuant to which the Chongqing Maoye Sellers agreed to sell and Maoye Commercial agreed to acquire the Chongqing Maoye Shares; and (iii) Maoye Shangsha entered into the Taizhou First Agreement with Maoye Commercial, pursuant to which Maoye Shangsha agreed to sell and Maoye Commercial agreed to acquire the Taizhou First Shares.

LISTING RULE IMPLICATIONS

As one or more of the applicable percentage ratios pursuant to Rule 14.07 of the Listing Rules in respect of the Disposals, on an aggregated basis, exceeds 5% but are below 25%, the Disposals constitute discloseable transactions for the Company under Chapter 14 of the Listing Rules and are subject to the reporting and announcement requirements but exempt from shareholders' approval requirement under Chapter 14 of the Listing Rules. The applicable percentage ratios were calculated taking into account the net effect that the Disposals have on the Company's accounts in accordance with Listing Decision HKEx-LD62-2 (November 2008).

In addition, pursuant to the Agreements, an independent valuer has to determine the respective fair value estimate of the valuation of Qinhuangdao Maoye, Chongqing Maoye and Taizhou First for the determining of consideration for the relevant Disposals. Such fair value estimate constitutes a profit forecast under Rule 14.61 of the Listing Rules. According to Rule 14.60A, the Company must set out in this announcement or publish a further announcement containing the information on the profit forecast with 15 business days after publication of this announcement. The Company is also required to submit the relevant documents to the Stock Exchange in accordance with the requirements under Rule 14.62 of the Listing Rules, which sets out, among other things, the principal assumptions, including commercial assumptions, upon which the valuation is based; a letter from the Board setting out the confirmation that the valuation is made after due and careful enquiry; and the letter from the Company's reporting accountants confirming the results of its review of the accounting policies and calculations for the valuation as required by the Listing Rules.

In order to allow sufficient time to finalise the valuation report for Qinhuangdao Maoye, Chongqing Maoye and Taizhou First, the Company will apply to the Stock Exchange for a waiver from strict compliance with the timing requirement under Rule 14.62 of the Listing Rules. Further announcement(s) in this regard will be made by the Company as and when necessary.

Completion of the Disposals is conditional upon the satisfaction of certain conditions; as such the Disposals may or may not proceed. Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.

THE DISPOSALS

The Board is pleased to announce that on 6 June 2016:

- (i) Zhongzhao entered into the Qinhuangdao Maoye Agreement with Maoye Commercial, pursuant to which Zhongzhao agreed to sell and Maoye Commercial agreed to acquire the Qinhuangdao Maoye Shares;
- (ii) the Chongqing Maoye Sellers entered into the Chongqing Maoye Agreement with Maoye Commercial, pursuant to which the Chongqing Maoye Sellers agreed to sell and Maoye Commercial agreed to acquire the Chongqing Maoye Shares; and
- (iii) Maoye Shangsha entered into the Taizhou First Agreement with Maoye Commercial, pursuant to which Maoye Shangsha agreed to sell and Maoye Commercial agreed to acquire the Taizhou First Shares.

Details of the Agreements are set out below.

QINHUANGDAO MAOYE AGREEMENT

Date

6 June 2016

Parties

- (i) Zhongzhao, as seller
- (ii) Maoye Commercial, as purchaser

Maoye Commercial is indirectly owned as to approximately 85.53% by the Company and is a non-wholly owned subsidiary of the Company. Other than as aforesaid, to the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, Maoye Commercial is not a connected person of the Company.

Assets to be disposed of

Maoye Commercial has agreed to acquire from Zhongzhao the Qinhuangdao Maoye Shares, being the entire equity interest in Qinhuangdao Maoye.

Consideration

The preliminary consideration agreed between Zhongzhao and Maoye Commercial for the Qinhuangdao Maoye Shares is RMB1,350 million, which is based on the preliminary valuation of Qinhuangdao Maoye, and shall be adjusted based on the formal valuation of Qinhuangdao Maoye as at 31 March 2016, to be conducted by the Valuer and further negotiations between the parties. The consideration shall be payable in cash by Maoye Commercial after completion of the Proposed Maoye Commercial Placing.

Conditions Precedent

Completion of the disposal of the Qinhuangdao Maoye Shares is subject to the fulfilment of the following conditions:

- (1) the Proposed Maoye Commercial Placing having been approved by the board of directors and shareholders of Maoye Commercial;
- (2) the Proposed Maoye Commercial Placing having been approved by the CSRC, having been completed and Maoye Commercial having received the proceeds from the Proposed Maoye Commercial Placing;
- (3) the Qinhuangdao Maoye Agreement having been approved by the Board and the Shareholders (if required);
- (4) there having been obtained all necessary consents, authorisations and approvals from third parties related to the transfer of the Qinhuangdao Maoye Shares, and there having been no third parties' rights that may impede the transactions under the of the Qinhuangdao Maoye Agreement;
- (5) there having been no judgment, ruling or order issued by all relevant judicial authorities, approval bodies or regulatory bodies, which shall render the Qinhuangdao Maoye Agreement and the transactions contemplated thereunder illegal or prohibited;
- (6) there having been no material adverse change in respect of the financial conditions and operations of Qinhuangdao Maoye up to the date of completion; and
- (7) there having been no breach and no relevant evidence suggesting there will be any breach of the Qinhuangdao Maoye Agreement by any party thereto.

Upon completion of the disposal of the Qinhuangdao Maoye Shares, Qinhuangdao Maoye will become an indirect non-wholly subsidiary of the Company through its shareholding in Maoye Commercial.

CHONGQING MAOYE AGREEMENT

Date

6 June 2016

Parties

- (i) Zhongzhao and Maoye China, as sellers

(ii) Maoye Commercial, as purchaser

Assets to be disposed of

Maoye Commercial has agreed to acquire from Zhongzhao and Maoye China 35% and 65%, respectively, of the equity interest in Chongqing Maoye.

Consideration

The preliminary consideration agreed between the Chongqing Maoye Sellers and Maoye Commercial for the Chongqing Maoye Shares is RMB527 million, which is based on the preliminary valuation of Chongqing Maoye, and shall be adjusted based on the formal valuation of Chongqing Maoye as at 31 March 2016, to be conducted by the Valuer and further negotiations between the parties. The consideration shall be payable in cash by Maoye Commercial after completion of the Proposed Maoye Commercial Placing.

Conditions Precedent

Completion of the disposal of the Chongqing Maoye Shares is subject to the fulfilment of the following conditions:

- (1) the Proposed Maoye Commercial Placing having been approved by the board of directors and shareholders of Maoye Commercial;
- (2) the Proposed Maoye Commercial Placing having been approved by the CSRC, having been completed and Maoye Commercial having received the proceeds from the Proposed Maoye Commercial Placing;
- (3) the Chongqing Maoye Agreement and the transactions contemplated thereunder having been approved by the relevant Ministry of Commerce in the PRC;
- (4) the Chongqing Maoye Agreement having been approved by the Board and the Shareholders (if required);
- (5) there having been obtained all necessary consents, authorisations and approvals from third parties related to the transfer of the Chongqing Maoye Shares, and there having been no third parties' rights that may impede the transactions under the Chongqing Maoye Agreement;
- (6) there having been no judgment, ruling or order issued by all relevant judicial authorities, approval bodies or regulatory bodies, which shall render the Chongqing Maoye Agreement and the transactions contemplated thereunder illegal or prohibited;

- (7) there having been no material adverse change in respect of the financial conditions and operations of Chongqing Maoye up to the date of completion; and
- (8) there having been no breach and no relevant evidence suggesting there will be any breach of the Chongqing Maoye Agreement by any party thereto.

Upon completion of the disposal of the Chongqing Maoye Shares, Chongqing Maoye will become an indirect non-wholly subsidiary of the Company through its shareholding in Maoye Commercial.

TAIZHOU FIRST AGREEMENT

Date

6 June 2016

Parties

- (i) Maoye Shangsha, as seller
- (ii) Maoye Commercial, as purchaser

Assets to be disposed of

Maoye Commercial has agreed to acquire from Maoye Shangsha the Taizhou First Shares, being 97.31% equity interest in Taizhou First.

Consideration

The preliminary consideration agreed between the Maoye Shangsha and Maoye Commercial for the Taizhou First Shares is RMB643 million, which is based on the preliminary valuation of Taizhou First, and shall be adjusted based on the formal valuation of Taizhou First as at 31 March 2016, to be conducted by the Valuer and further negotiations between the parties. The consideration shall be payable in cash by Maoye Commercial after completion of the Proposed Maoye Commercial Placing.

Conditions Precedent

Completion of the disposal of the Taizhou First Shares is subject to the fulfilment of the following conditions:

- (1) the Proposed Maoye Commercial Placing having been approved by the board of directors and shareholders of Maoye Commercial;

- (2) the Proposed Maoye Commercial Placing having been approved by the CSRC, having been completed and Maoye Commercial having received the proceeds from the Proposed Maoye Commercial Placing;
- (3) the Taizhou First Agreement having been approved by the Board and the Shareholders (if required);
- (4) there having been obtained all necessary consents, authorisations and approvals from third parties related to the transfer of the Taizhou First Shares, and there having been no third parties' rights that may impede the transactions under the Taizhou First Agreement;
- (5) there having been no judgment, ruling or order issued by all relevant judicial authorities, approval bodies or regulatory bodies, which shall render the Taizhou First Agreement and the transactions contemplated thereunder illegal or prohibited;
- (6) there having been no material adverse change in respect of the financial conditions and operations of Taizhou First up to the date of completion; and
- (7) there having been no breach and no relevant evidence suggesting there will be any breach of the Taizhou First Agreement by any party thereto.

Upon completion of the disposal of the Taizhou First Shares, Taizhou First will become an indirect non-wholly subsidiary of the Company through its shareholding in Maoye Commercial.

Completion of each of Agreements is not inter-conditional upon completion of the other Agreements.

PROPOSED MAOYE COMMERCIAL PLACING

The Board was informed by Maoye Commercial that, on 6 June 2016, its board of directors has approved the Proposed Maoye Commercial Placing in principle, pursuant to which Maoye Commercial proposes to issue no more than 453,074,500 shares at the issue price of no less than RMB6.18 each to an independent third party(ies). Completion of the Proposed Maoye Commercial Placing is subject to, among other things, the approval by the shareholders of Maoye Commercial and the CSRC, and the final issue price and number of shares to be issued will be subject to the negotiation between Maoye Commercial and the relevant underwriter(s) after such approvals having been obtained, as well as the relevant legal and regulatory requirements. Further announcement(s) in relation to the Proposed Maoye Commercial Placing will be made by the Company in compliance with the Listing Rules as and when necessary.

INFORMATION ON QINHUANGDAO MAOYE, CHONGQING MAOYE AND TAIZHOU FIRST

Qinhuangdao Maoye

Qinhuangdao Maoye is principally engaged in retail business operating five department stores, one super market store within the central business district of Qinhuangdao.

According to the unaudited financial statements of Qinhuangdao Maoye prepared in accordance with PRC Generally Accepted Accounting Principles, the net profit of Qinhuangdao Maoye for the two financial years ended 31 December 2015 is as follows:

	For the year ended 31 December 2014 (unaudited) <i>RMB</i>	For the year ended 31 December 2015 (unaudited) <i>RMB</i>
Net profit before tax	142,343,761	115,322,945
Net profit after tax	109,084,777	79,661,397

The unaudited net asset value of Qinhuangdao Maoye as at 31 December 2015 was RMB1,275,681,329.

Chongqing Maoye

Chongqing Maoye is principally engaged in retail business operating one department store in Chongqing City.

According to the unaudited financial statements of Chongqing Maoye prepared in accordance with PRC Generally Accepted Accounting Principles, the net profit of Chongqing Maoye for the two financial years ended 31 December 2015 is as follows:

	For the year ended 31 December 2014 (unaudited) <i>RMB</i>	For the year ended 31 December 2015 (unaudited) <i>RMB</i>
Net profit before tax	50,139,225	30,691,284
Net profit after tax	37,606,459	22,983,193

The unaudited net asset value of Chongqing Maoye as at 31 December 2015 was RMB105,589,652.

Taizhou First

Taizhou First is principally engaged in retail business operating one department store in Taizhou City.

According to the unaudited financial statements of Taizhou First prepared in accordance with PRC Generally Accepted Accounting Principles, the net profit of Taizhou First for the two financial years ended 31 December 2015 is as follows:

	For the year ended 31 December 2014 (unaudited) RMB	For the year ended 31 December 2015 (unaudited) RMB
Net profit before tax	60,899,120	71,056,950
Net profit after tax	45,510,629	53,292,816

The unaudited net asset value of Taizhou First as at 31 December 2015 was RMB199,849,130.

REASONS FOR AND BENEFITS OF THE DISPOSALS

The reasons for implementing the Disposals is a measure to eliminate the potential risks concerning the competition within the same industry or business between Maoye Commercial and the Group (except Maoye Commercial and its subsidiaries) from the perspective of Maoye Commercial. Further, the removal of such risks allows Maoye Commercial to comply with the relevant PRC regulations by which Maoye Commercial is bound as a company listed on the Shanghai Stock Exchange. The Board is of the view that such measure is in the best interest of the Company and the Shareholders as a whole.

No gain or loss is expected to be recorded by the Company on a consolidated basis from the disposal of the Qinhuangdao Maoye Shares, the Chongqing Maoye Shares and the Taizhou First Shares due to the intra-group nature of the transaction. The Group intends to apply the sale proceeds for the repayment of existing debt and general working capital.

The Directors (including the non-executive Directors) consider that the terms of each of the Agreements and the transactions contemplated thereunder are fair and reasonable and the interest of the Company and the Shareholders as a whole.

INFORMATION ON THE COMPANY AND THE PARTIES TO THE AGREEMENTS

The Company

The Company is principally engaged in the operation and management of department stores and property development in the PRC, and is a leading department store chain operator in the affluent regions throughout the PRC. The Company is focused on developing more department stores, mainly in the second- and third-tier cities and in the most economically developed regions and regions with high economic growth in the PRC.

Zhongzhao

Zhongzhao is a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company. The principal business of Zhongzhao is investment holding.

Maoye China

Maoye China is a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company. The principal business of Maoye China is investment holding.

Maoye Commercial

Maoye Commercial is a joint stock company established in the PRC with limited liability, the shares of which are listed on the Shanghai Stock Exchange (stock code: 600828). As at the date of this announcement, Maoye Commercial is a subsidiary of the Company where 85.53% of the issued share capital of Maoye Commercial is held by the Company. Maoye Commercial is principally engaged in the operation of department stores.

Maoye Shangsha

Maoye Shangsha is a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company. The principal business of Maoye Shangsha is the operation of department stores.

LISTING RULE IMPLICATIONS

As one or more of the applicable percentage ratios pursuant to Rule 14.07 of the Listing Rules in respect of the Disposals, on an aggregated basis, exceeds 5% but are below 25%, the Disposals constitute discloseable transactions for the Company under Chapter 14 of the Listing Rules and are subject to the reporting and announcement requirements but exempt from shareholders' approval requirement under Chapter 14 of the Listing Rules. The applicable percentage ratios were calculated taking into account the net effect that the Disposals have on the Company's accounts in accordance with Listing Decision HKEx-LD62-2 (November 2008).

In addition, pursuant to the Agreements, an independent valuer has to determine the respective fair value estimate of the valuation of Qinhuangdao Maoye, Chongqing Maoye and Taizhou First for the determining of consideration for the relevant Disposals. Such fair value estimate constitutes a profit forecast under Rule 14.61 of the Listing Rules. According to Rule 14.60A, the Company must set out in this announcement or publish a further announcement containing the information on the profit forecast with 15 business days after publication of this announcement. The Company is also required to submit the relevant documents to the Stock Exchange in accordance with the requirements under Rule 14.62 of the Listing Rules, which sets out, among other things, the principal assumptions, including commercial assumptions, upon which the valuation is based; a letter from the Board setting out the confirmation that the valuation is made after due and careful enquiry; and the letter from the Company's reporting accountants confirming the results of its review of the accounting policies and calculations for the valuation as required by the Listing Rules.

In order to allow sufficient time to finalise the valuation report for Qinhuangdao Maoye, Chongqing Maoye and Taizhou First, the Company will apply to the Stock Exchange for a waiver from strict compliance with the timing requirement under Rule 14.62 of the Listing Rules. Further announcement(s) in this regard will be made by the Company as and when necessary.

Completion of the Disposals is conditional upon the satisfaction of certain conditions, as such the Disposals may or may not proceed. Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Agreements”	the Qinhuangdao Maoye Agreement, the Chongqing Maoye Agreement and the Taizhou First Agreement
“Board”	the board of directors of the Company
“Company”	Maoye International Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the main board of the Stock Exchange
“Chongqing Maoye Agreement”	the share transfer agreement dated 6 June 2016 entered into between the Chongqing Maoye Sellers and Maoye Commercial in respect of the transfer of the Chongqing Maoye Shares
“Chongqing Maoye”	Chongqing Maoye Department Store Co., Ltd. (重慶茂業百貨有限公司), a company established in the PRC and a wholly-owned subsidiary of the Company
“Chongqing Maoye Sellers”	Zhongzhao and Maoye China
“Chongqing Maoye Shares”	the entire equity interest in Chongqing Maoye
“connected person”	has the meaning scribed to it under the Listing Rules
“CSRC”	China Securities Regulatory Commission
“Directors”	directors of the Company
“Disposals”	the disposal of the Qinhuangdao Maoye Shares, the Chongqing Maoye Shares and the Taizhou First Shares pursuant to the Qinhuangdao Maoye Agreement, the Chongqing Maoye Agreement and the Taizhou First Agreement, respectively
“Group”	the Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Maoye China”	Maoye Department Stores (China) Limited (茂業百貨(中國)有限公司), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“Maoye Commercial”	Maoye Commercial Co., Ltd. (茂業商業股份有限公司), a joint stock company established in the PRC and listed on the Shanghai Stock Exchange (stock code: 600828) and a subsidiary of the Company
“Maoye Shangsha”	Shenzhen Maoye Shangsha Co., Ltd. (深圳茂業商廈有限公司), a company established in the PRC and a wholly-owned subsidiary of the Company
“PRC”	the People’s Republic of China
“Proposed Maoye Commercial Placing”	a proposed non-public placing of shares in Maoye Commercial in the PRC to an independent third party(ies) to be conducted by Maoye Commercial on such terms to be approved by Maoye Commercial
“Qinhuangdao Maoye”	Qinghuangdao Maoye Holdings Co., Ltd. (秦皇島茂業控股有限公司), a company established in the PRC and a wholly-owned subsidiary of the Company
“Qinhuangdao Maoye Agreement”	the share transfer agreement dated 6 June 2016 entered into between Zhongzhao and Maoye Commercial in respect of the transfer of the Qinhuangdao Maoye Shares
“Qinhuangdao Maoye Shares”	the entire equity interest in Qinhuangdao Maoye
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	the shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Taizhou First”	Taizhou First Department Store Co., Ltd. (泰州第一百貨商店股份有限公司), a company established in the PRC and a non-wholly owned subsidiary of the Company

“Taizhou First Agreement”	the share transfer agreement dated 6 June 2016 entered into between Maoye Shangsha and Maoye Commercial in respect of the transfer of the Taizhou First Shares
“Taizhou First Shares”	97.31% of the equity interest in Taizhou First
“Valuer”	an independent third party valuer
“Zhongzhao”	Zhongzhao Investment Management Co., Ltd. (中兆投資管理有限公司), a company established in the PRC and a wholly-owned subsidiary of the Company

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

Hong Kong, 6 June 2016

As at the date of this announcement, the Board comprises four executive directors, namely, Mr. Huang Mao Ru, Mr. Zhong Pengyi, Mr. Liu Bo and Mr. Wang Bin; and three independent non-executive directors, namely, Mr. Chow Chan Lum, Mr. Pao Ping Wing and Mr. Leung Hon Chuen