

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

MAJOR TRANSACTION

THE ACQUISITION

The Board is pleased to announce that on 30 September 2020, Chengshang Holding (as the purchaser, and a wholly-owned subsidiary of Maoye Commercial, which is in turn an indirect non-wholly-owned subsidiary of the Company and a joint stock limited company established in the PRC and listed on the Shanghai Stock Exchange (stock code: 600828)), entered into the Acquisition Agreement with Renhe Industrial (as the seller), pursuant to which Chengshang Holding agreed to purchase and Renhe Industrial agreed to dispose of 100% of the equity interests in the Target Company, for a Consideration of RMB1.45 billion. After the Completion, the Target Company will become an indirect non-wholly-owned subsidiary of the Company.

LISTING RULES IMPLICATIONS

As the percentage ratios pursuant to the Listing Rules applicable to the Acquisition exceed 25% but are less than 100%, the Acquisition constitutes a major transaction of the Company and is subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Pursuant to the Listing Rules, shareholders' approval is required for a major transaction. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Acquisition. As no Shareholder is required to abstain from voting if the Company were to convene a general meeting for approving of the Acquisition, the Company has obtained written shareholder's approval from Maoye Department Store Investment Limited (a controlling shareholder as defined under the Listing Rules and the holder of 4,200,000,000 Shares as at the date of this announcement) pursuant to Rule 14.44 of the Listing Rules. After the obtaining of such written shareholder's approval, the Company is not required to convene a general meeting for the approval of the Acquisition.

A circular containing, among other things, further information on the Acquisition will be despatched to the Shareholders. In order to allow sufficient time to prepare the information to be included in the circular such as the accountants' report of the Target Company, pro forma statement of the assets and liabilities of the enlarged Group, the statement of

indebtedness and the valuation report of the Target Company, the Company will apply to the Stock Exchange for a waiver from strict compliance with Rule 14.41(a) of the Listing Rules, which requires the circular to be despatched to the Shareholders within 15 business days after the publication of this announcement. Accordingly, the circular is expected to be despatched to the Shareholders on or before 31 December 2020.

Shareholders and potential investors of the Company should be aware that the completion of the Acquisition is subject to satisfaction of certain conditions and consequently the Acquisition may or may not proceed. Accordingly, they are advised to exercise caution when dealing in the Shares.

The Board is pleased to announce that on 30 September 2020, Chengshang Holding (as the purchaser, and a wholly-owned subsidiary of Maoye Commercial, which is in turn an indirect non-wholly-owned subsidiary of the Company and a joint stock limited company established in the PRC and listed on the Shanghai Stock Exchange (stock code: 600828)), entered into the Acquisition Agreement with Renhe Industrial (as the seller), pursuant to which Chengshang Holding agreed to purchase and Renhe Industrial agreed to dispose of 100% of the equity interests in the Target Company, for a Consideration of RMB1.45 billion. After the Completion, the Target Company will become an indirect non-wholly-owned subsidiary of the Company.

THE ACQUISITION AND THE ACQUISITION AGREEMENT

Details of the Acquisition and the Acquisition Agreement and are set out below:

Date

30 September 2020

Parties

Seller: Renhe Industrial

Purchaser: Chengshang Holding

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiry, Renhe Industrial and its ultimate beneficial owners are third parties independent of the Company and connected persons of the Company.

Assets to be acquired

Pursuant to the Acquisition Agreement, Renhe Industrial has agreed to sell and Chengshang Holding has agreed to purchase 100% of the equity interests in the Target Company.

Target Asset

The Target Asset of the Target Company include the following land and houses:

- (1) The Jincheng art palace project was established as an old city reconstruction project. As at 30 September 2020, the Target Company had three land use rights with details as follows:

Land use right certificate number	Position	Area (sq.m.)	Land use nature	Volume rate
Chengdu National Land (2016) No. 221	61 Renmin East Road, Jinjiang District, Chengdu, Sichuan Province	15,736.16	Commercial service facility land	10
Chengdu National Land (2013) No. 492	61 Renmin East Road, Jinjiang District, Chengdu, Sichuan Province (Plot A)	499.99	Commercial land (underground), commercial supporting parking lot land (underground)	Not applicable
Chengdu National Land (2013) No. 493	61 Renmin East Road, Jinjiang District, Chengdu, Sichuan Province (Plot B)	4,598.08	Commercial land (underground), commercial supporting parking lot land (underground)	Not applicable

- (2) The buildings on the land in (1) above include Chuan (2019) Chengdu Real Estate No. 0508099, No. 0508125, No. 0508119, No. 0508121, No. 0508117 and their underground area, with total building area of approximately 7,942.59 sq.m..

Consideration

The Consideration is RMB1.45 billion, which includes the equity transfer payment of RMB241,000,014.15 payable by Chengshang Holding to Renhe Industrial under the Acquisition and the Accounts Payable of RMB1,208,999,985.85. The Consideration was determined by Chengshang Holding and Renhe Industrial after arm's length negotiations on normal commercial terms and after taking into account the valuation of 100% of the equity interests in the Target Company based on the asset-based approach and the Target Company's Accounts Payable. The Consideration shall be payable in cash. The payment of the Consideration shall be satisfied by the internal resources of Chengshang Holding or other means of financing methods in the event that the internal resources are insufficient.

The Target Company's Accounts Payable

As at 31 August 2020, the Target Company's total Accounts Payable was RMB1,208,999,985.85, including related parties loans of RMB862,717,705.08, Financial Institution Loans of RMB339,190,000.00 and other payables of RMB7,092,280.77.

Terms of payment

The Consideration shall be payable in the following manner:

- (1) The Financial Institution Loan of RMB339,190,000 payable by the Target Company shall be borne by the Target Company after Completion, and Chengshang Holdings shall pay Renhe Industrial the remaining Consideration of RMB1,110,810,000 in three installments;
- (2) Chengshang Holding paid the first instalment of RMB200 million to the Escrow Account on 4 September 2020 as part of the Consideration;
- (3) Within three working days after the Acquisition Agreement takes effect and the following conditions (among others) are met, Chengshang Holding shall pay the second instalment of RMB670 million to the Escrow Account as part of the Consideration;
 - (i) The Acquisition has not been deemed illegal or prohibited by judicial organisations, approval agencies or statutory supervision agencies, and there has not been a newly issued or revised law that has led to the Acquisition being deemed illegal or

prohibited; and

- (ii) Renhe Industrial did not default under the Acquisition Agreement or there is no relevant evidence to prove that it will default under the Acquisition Agreement.
- (4) Within three working days after Completion, Chengshang Holding shall cooperate with Renhe Industrial to handle the custody account and cancel the joint account. After such cancellation, Renhe Industrial will have free control of the relevant funds; and
- (5) Within 180 days after Completion, Chengshang Holding shall pay Renhe Industrial a one-off payment as the Third Instalment Of Consideration.

Condition precedents

The completion of the Acquisition is subject to the fulfillment of the following conditions:

- (1) The board of directors of Maoye Commercial having approved the Acquisition; and
- (2) The Acquisition Agreement having been approved by the relevant securities regulatory authority (if necessary).

The Target Company's Accounts Receivable

The Target Company's Accounts Receivable will be handled as follows:

- (1) During the period from 11 March 2020 to 31 July 2020, Prisen Hotel (普瑞森酒店) should have paid the Target Company a rent of RMB426,666.67. Renhe Industrial shall assist the Target Company to recover such outstanding payment. Chengshang Holding agrees to pay such amount to Renhe Industrial within three working days after the Target Company has recovered such amount; and
- (2) The deposit of RMB250,000.00 for electricity fees paid by the Target Company to the State Grid Sichuan Electric Power Company shall be paid to Renhe Industrial when Chengshang Holding pays the Third Instalment Of Consideration to Renhe Industrial.

Special agreement for cultural relic exploration

- (1) The Heritage Exploration Agreement is being implemented, pursuant to which Renhe Industrial agreed to supervise the Chengdu Cultural Relics and Archaeological Team to complete the cultural relics exploration as soon as possible. The Heritage Exploration Agreement stipulates that the unfinished key cultural relic exploration expenses and archaeological excavation expenses shall be settled and borne by Renhe Industrial. The specific settlement method is that after the settlement amount is determined, the Target Company shall pay to the designated account of the Chengdu Cultural Relics and Archaeology Team. After the payment, if the Third Instalment Of Consideration has not been paid to Renhe Industrial, the above expenses will be deducted. If the Third Instalment Of Consideration of the Acquisition has been paid to Renhe Industrial, Chengshang Holdings will notify Renhe Industrial in writing after being notified and pay the above fees to Chengshang Holding within 3 working days;
- (2) The exploration of cultural relics is expected to be completed in November 2020. If the exploration of cultural relics does not complete within 180 days after the completion of the Jincheng art palace project, Renhe Industrial agreed to postpone the time for Chengshang Holdings to pay the Third Instalment Of Consideration to within three working days after the completion of the cultural relics exploration;
- (3) If cultural relics are discovered in the exploration of cultural relics and the relevant government departments take protective measures to prohibit the development and construction of the Jincheng art palace in accordance with relevant regulations on cultural relics protection and management (subject to documents or letters from the relevant government department), Chengshang Holdings has the right to terminate the Acquisition Agreement; and
- (4) The delay in the development and construction of the Jincheng art palace project, the delayed payment of the Third Instalment Of Consideration and the termination of the

Acquisition Agreement caused by the exploration of cultural relics are all caused by force majeure, and Chengshang Holdings and Renhe Industrial will not be liable for breach of contract.

Exclusivity

Renhe Industrial and Chengshang Holding agreed that the rights of each party under the Acquisition Agreement, whether in whole or in part, shall not be transferred or assigned in any way to any third party.

INFORMATION ON THE TARGET COMPANY

The Target Company mainly operates the Jincheng art palace project, and holds the land use rights of state-owned construction land for the Jincheng art palace project (including underground space) and the real estate property rights of the completed buildings.

Based on the audited accounts of the Target Company prepared based on PRC GAAP, the net profit (before taxation) and the net profit (after taxation) of the Target Company for each of the financial years ended 31 December 2018 and 2019 are as follows:

	For the year ended 31 December 2019 (audited) RMB	For the year ended 31 December 2018 (unaudited) RMB
Net profit before taxation	(21,783,437.34)	(862,295.19)
Net profit after taxation	(21,902,712.59)	(862,295.19)

As at 31 August 2020, based on Chinese accounting standards, the total assets of the Target Company were RMB1,046,663,368.46 and the net asset value of the Target Company were -RMB160,201,887.43.

REASONS AND BENEFITS FOR THE ACQUISITION

In view of the advantageous geographical location of the land parcel owned by the Target Company, which is in the center of Chengdu, adjacent to the landmark buildings of Chengdu Tianfu Square (天府廣場) and Sichuan Grand Theater (四川大劇院), and to Chengdu Renhe Rendong Store (成都仁和人東店) and Yanshikou Maoye Tiandi Store (鹽市口茂業天地店) owned by the Group. The Acquisition will help the Group to further develop its commercial retail business in the Chengdu area, and at the same time, it will help the Group to generate synergy effects in Chengdu regional stores, which can enhance the Group's strength and further expand its business operations to enable the Group to strengthen its market status. Therefore, the Acquisition will increase the value of the Company. The Directors consider that the terms of the Acquisition are fair and reasonable and in the interests of its shareholders as a whole.

INFORMATION ON THE PARTIES

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.

Chengshang Holding

Chengshang Holding is a company incorporated in the PRC and is a wholly-owned subsidiary of Maoye Commercial, which is in turn an indirect non-wholly-owned subsidiary of the Company and a joint stock limited company established in the PRC, whose shares are listed on the Shanghai Stock Exchange (stock code: 600828). Maoye Commercial is principally engaged in the operation of department stores.

Renhe Industrial

Renhe Industrial is principally engaged in investment holding and operating retail stores.

LISTING RULES IMPLICATIONS

As the percentage ratios pursuant to the Listing Rules applicable to the Acquisitions referred to above exceed 25% but are less than 100%, the Acquisitions constitute a major transaction of the Company and is subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Pursuant to the Listing Rules, shareholders' approval is required for a major transaction. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Acquisition. As no Shareholder is required to abstain from voting if the Company were to convene a general meeting for approving of the Acquisition, the Company has obtained written shareholder's approval from Maoye Department Store Investment Limited (a controlling shareholder as defined under the Listing Rules and the holder of 4,200,000,000 Shares as at the date of this announcement) pursuant to Rule 14.44 of the Listing Rules. After the obtaining of such written shareholder's approval, the Company is not required to convene a general meeting for the approval of the Acquisition

A circular containing, among other things, further information on the Acquisition will be despatched to the Shareholders. In order to allow sufficient time to prepare the information to be included in the circular such as the accountants' report of the Target Company, pro forma statement of the assets and liabilities of the enlarged Group, the statement of indebtedness and the valuation report of the Target Company, the Company will apply to the Stock Exchange for a waiver from strict compliance with Rule 14.41(a) of the Listing Rules, which requires the circular to be despatched to the Shareholders within 15 business days after the publication of this announcement. Accordingly, the circular is expected to be despatched to the Shareholders on or before 31 December 2020.

Shareholders and potential investors of the Company should be aware that the completion of the Acquisition is subject to satisfaction of certain conditions and consequently the Acquisition may or may not proceed. Accordingly, they are advised to exercise caution when dealing in the Shares.

DEFINITIONS

“Accounts Payable”	the Target Company's total external accounts payables as at 31 August 2020;
“Accounts Receivable”	the Target Company's total external accounts receivables as at 31 August 2020;
“Acquisition”	the sale and purchase of 100% of the equity interests in the Target Company by Renhe Industrial to

		Chengshang Holding;
“Acquisition Agreement”		Chengshang Holding and Renhe Industrial entered into an acquisition agreement on 30 September 2020, regarding the Acquisition;
“Board”		the board of Directors;
“Chengshang Holding”		Chengshang Group Holding Co., Ltd. (成商集團控股有限公司), a wholly-owned subsidiary of Maoye Commercial;
“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;
“Completion”		the completion of Acquisition;
“Consideration”		RMB1.45 billion payable for the Acquisition;
“Directors”		the directors of the Company;
“Escrow Account”		a bank account jointly opened by Chengshang Holding and Renhe Industrial in a third-party bank with Renhe Industrial as the account name, and external payments from this account must meet the conditions stipulated in the Acquisition Agreement;
“Financial Institution Loans”		as at 31 August 2020, the Target Company has syndicated loan principal of RMB339,190,000.00 to Agricultural Bank of China Co., Ltd. Chengdu Jincheng Sub-branch (農業銀行股份有限公司成都錦城支行) and Chengdu Rural Commercial Bank Co., Ltd. Jinqian Sub-branch (成都農商銀行股份有限公司金泉支行銀團);
“Group”		the Company and its subsidiaries from time to time;
“Heritage Agreement”	Exploration	the cultural relics exploration agreement concluded between the Target Company and the Chengdu Cultural Relics and Archaeological Team (成都文物考古隊) on 12 December 2019, which is still being implemented;
“Hong Kong”		the Hong Kong Special Administrative Region of the PRC;
“Listing Rules”		the Rules Governing the Listing of Securities on the Stock Exchange;
“Maoye Commercial”		Maoye Commercial Co., Ltd.* (茂業商業股份有限

		公司), a subsidiary of the Company and a joint stock limited company established in the PRC and listed on the Shanghai Stock Exchange (stock code: 600828);
“PRC”		the People’s Republic of China;
“PRC GAAP”		generally accepted accounting principles of the PRC in effect as modified from time to time;
“Renhe Industrial”		Chengdu Renhe Industrial (Group) Limited (成都仁和實業(集團)有限公司), a company established in the PRC;
“RMB”		Renminbi, the lawful currency in the PRC;
“Shareholder(s)”		the holder of Share(s) of the Company;
“Stock Exchange”		The Stock Exchange of Hong Kong Limited;
“Target Company”		Chengdu Renhe Investment Co., Ltd. (成都仁和投資有限公司), a company established in the PRC and is mainly engaged in the Jincheng art palace project, holding the land use right of the state-owned construction land of the Jincheng Art Palace project and the real estate property rights of the completed buildings;
“Target Asset”		the land use rights and house ownership owned by the Target Company as at 30 September 2020;
“Third Instalment Consideration”	Of	the amount of Consideration to be paid after deducting (i) the first instalment of RMB200 million paid on 4 September 2020; (ii) the Financial Institution Loans of RMB339,190,000; (iii) the second instalment of the Consideration payable in the amount of RMB670 million; and (iv) and other payables of the Target Company on the date of Completion; and
“%”		per cent.

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

Hong Kong, 30 September 2020

As at the date of this announcement, the Board comprises three executive directors, namely, Mr. Huang Mao Ru, Mr. Zhong Pengyi and Ms. Lu Xiaojuan; one non-executive director, namely Mr. Wang Bin; and three independent non-executive directors, namely, Mr. Rao Yong, Mr. Pao Ping Wing and Mr. Gao Yajun.