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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)

**PROFIT FORECAST IN RELATION TO
DISCLOSEABLE AND CONNECTED TRANSACTION
IN RELATION TO THE REORGANISATION**

Reference is made to the announcements of Maoye International Holdings Limited (the “**Company**”) dated 14 June 2015 and 7 July 2015 relating to the Reorganisation (the “**Announcements**”). Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Announcements.

Guo Zhong Lian Land and Real Estate Asset Evaluation Co., Ltd. (國眾聯資產評估土地房地產估價有限公司) (the “**Independent Valuer**”), an independent third party valuer, had been commissioned by Chengshang to conduct a valuation of the Target Entities, which forms the basis for determining the consideration for the Transactions under the Share Transfer Agreement and the Framework Agreement. The independent Valuer has applied the income approach method which is based on the discounted future earnings using the investment capital cashflow as a quantitative indicator to project the future earnings of the Target Entities. The formal valuation report prepared by the Independent Valuer (the “**Valuation Report**”) was finalized on 21 August 2015, and the value of the Target Entities, in aggregate, as at 31 March 2015 was determined by the Independent Valuer as RMB 8,560,571,100.

Accordingly, the Valuation Report constitutes a profit forecast under Rule 14.61 of the Listing Rules. This announcement is made pursuant to the requirements under Rules 14.60A and 14.62 of the Listing Rules in relation to profit forecast.

Assumptions of valuation

The principal assumptions adopted in the Valuation Report are as follows:

(1) *Basic assumptions*

- (a) Open market assumption: The appraised assets can be traded openly in the market.
- (b) Going-concern assets assumption: The appraised assets will be used in consistent with their current function and method upon the completion of the present transactions.
- (c) Continuing operation assumption: The Target Entity has the bases and conditions for continuing operations.
- (d) Transactional assumption: The appraised assets are in the course of transaction and the valuation is based on a simulated market, including the terms of transaction of the appraised assets.

(2) *General assumptions*

- (a) There are no material changes in the relevant current national laws, regulations and policies and national macroeconomic condition applicable to the industry.
- (b) There are no material changes in the political, economic and social environment in which the parties to this transaction operate.
- (c) The fluctuation in the bank's interest rates and exchange rates is within a reasonable range.
- (d) There are no material changes in the taxation policies that are currently in place.
- (e) There are no other unpredictable and force majeure which cause material adverse effect.
- (f) The cash flow of the Target Entity is being generated by the end of every forecast period.
- (g) No inflationary factors have been taken into account in determining the various parameters in this valuation; all prices are constant.

- (h) The future development plan and operational data of the Target Entity is being materialized according to the plan.
- (i) There are no material changes in the companies' mode of operation.

(3) ***Special assumptions:***

- (a) In terms of the legal description or legal issues of the appraised assets (including their ownership or encumbrance limitations) in the Valuation Report, Maoye Huaqiangbei has performed general investigation according to relevant standards. Apart from those disclosed in the Valuation Report, the ownership of the appraised assets is assumed to be in good condition and tradable in the market, not subject to any lien and easement, be unviolated and bearing no other encumbrances.
- (b) In terms of the information provided by the principal and other parties which all or part of the valuation conclusions set out in the Valuation Report relies upon, the Independent Valuer has only conducted independent review pursuant to the valuation procedures. The Independent Valuer makes no representation as to the authenticity and accuracy of such information.
- (c) All certificates, licenses, letters of consent or other legal or administrative authorization documents signed or issued by relevant local and national government institutions, private organizations or groups, which are required to be employed as basis of value estimation by the users of assets in the Valuation Report, have been or could be obtained or updated at any time.
- (d) The valuation is made based on the purchasing power of local currency on the valuation base date.
- (e) All improvements on the relevant assets performed by Maoye Huaqiangbei are in line with all the requirements of relevant laws and the regulations related to other laws, plans, or engineering codes set by relevant competent departments at higher levels.
- (f) Estimations in the Valuation Report are made based on the assumption that all significant or potential factors which may affect the value analysis have been disclosed to the Independent Valuer by the appraised units.
- (g) The lease agreements under which properties are leased to the Target Entities can be extended after the terms of the leases expire.

Confirmations

RSM Nelson Wheeler Certified Public Accountants (“**RSM**”), acting as the Company’s reporting accountants, has examined the calculations of the discounted future estimated cash flows on which the Valuation Report was based.

RSM has reported to the Directors in respect of the arithmetical accuracy of the calculations of and whether the discounted future estimated cash flows in connection with the valuation of the Target Entities prepared by the Independent Valuer as set out in the Valuation Report so far as the calculations are concerned, have been properly compiled with the assumptions described above (the “**RSM Report**”). Because the Valuation Report is based on discounted future estimated cash flows, no accounting policies of the Company were adopted. The directors of Chengshang are solely responsible for the preparation of the discounted future estimated cash flows in accordance with the bases and assumptions determined by the directors of Chengshang. Accordingly, the work performed by RSM did not include reviewing, considering or conducting any work on the reasonableness and the validity of the assumptions described above.

The Directors have reviewed the bases and assumptions based upon which the valuation of the Target Entities was prepared by the Independent Valuer. The Directors have also considered the RSM Report. On the basis of the foregoing, the Directors have confirmed that it is satisfied that the valuation of the Target Entities prepared by the Independent Valuer in the Valuation Report, has been made after due and careful enquiry.

A letter from RSM dated 11 September 2015 in compliance with Rule 14.62(2) of the Listing Rules and a letter from the Directors dated 11 September 2015 in compliance with Rule 14.62(3) of the Listing Rules have been submitted to the Stock Exchange, the texts of which are included in Appendix I and Appendix II to this announcement, respectively.

Experts and consents

The qualifications of the experts who have given their statements in this announcement are as follows:

Name	Qualification
RSM	Certified Public Accountants
Guo Zhong Lian Land and Real Estate Asset Evaluation Co., Ltd. (國眾聯資產 評估土地房地產估價有限公司)	Independent professional valuer

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, each of the Independent Valuer and RSM is a third party independent of the Group and is not a connected person of the Group. As at the date of this announcement, neither the Independent Valuer nor RSM has any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

Each of the Independent Valuer and RSM has given and has not withdrawn its respective written consent to the issue of this announcement with inclusion of its name, statements and all references to its name (including its qualification) in the form and context in which they are included.

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

Hong Kong, 17 September 2015

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

APPENDIX I — LETTER FROM RSM NELSON WHEELER

**ACCOUNTANTS' REPORT ON CALCULATIONS OF DISCOUNTED FUTURE
ESTIMATED CASH FLOWS IN CONNECTION WITH THE VALUATION OF
THE TARGET ENTITIES**

TO THE DIRECTORS OF MAOYE INTERNATIONAL HOLDINGS LIMITED

RSM Nelson Wheeler

中瑞岳華(香港)會計師事務所
Certified Public Accountants

29th Floor
Caroline Centre
Lee Gardens Two
28 Yun Ping Road
Hong Kong

11 September 2015

**INDEPENDENT ASSURANCE REPORT ON CALCULATIONS OF
DISCOUNTED FUTURE ESTIMATED CASH FLOWS IN CONNECTION
WITH THE VALUATION OF THE TARGET ENTITIES**

**TO THE BOARD OF DIRECTORS OF MAOYE INTERNATIONAL HOLDINGS
LIMITED**

Dear Sirs,

We have examined the calculations of the discounted future earnings on which the valuation prepared by Guo Zhong Lian Land and Real Estate Asset Evaluation Co., Ltd (國眾聯資產評估土地房地產估價有限公司) (the “Independent Valuer”) dated 21 August 2015 of the Target Entities set out in Appendix as at 31 March 2015 (the “Valuation”) is based. The Valuation, based on the discounted future earnings, is regarded as a profit forecast under paragraph 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and will be included in an announcement to be issued by Maoye International Holdings Limited (the “Company”) on or about 15 September 2015 (the “Announcement”).

Responsibilities of directors of the Company and Chengshang Group Co., Ltd (成商集團股份有限公司) (“Chengshang”) for the discounted future earnings

The directors of Chengshang are responsible for the preparation of the discounted future earnings in accordance with the bases and assumptions determined by the directors of Chengshang as set out in the Announcement (the “Assumptions”). This responsibility includes carrying out appropriate procedures relevant to the preparation of the discounted future earnings for the Valuation and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

The directors of the Company are responsible for review of the Assumptions based upon which the valuation of the Target Entities was prepared by the Independent Valuer.

Responsibilities of RSM Nelson Wheeler

It is our responsibility to form an opinion on the arithmetical accuracy of the calculations of the discounted future earnings on which the Valuation is based and to report solely to you, as a body, as required by paragraph 14.62(2) of the Listing Rules, and for no other purpose. We accept no responsibility to any other person in respect of our work, or arising out of or in connection with our work. We are not reporting on the appropriateness and validity of the Assumptions on which the Valuation is based and our work does not constitute any valuation of the Target Entities.

We conducted our work in accordance with Hong Kong Standard on Assurance Engagements 3000 “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” issued by the Hong Kong Institute of Certified Public Accountants. This standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain reasonable assurance on whether the discounted future earnings, so far as the calculations are concerned, have been properly compiled in accordance with the Assumptions. We reviewed the arithmetical calculations and the compilation of the discounted future earnings in accordance with the Assumptions.

Because the Valuation relates to the discounted estimated future cash flows, no accounting policies of the Company have been adopted in its preparation. The Assumptions include hypothetical assumptions about future events and management actions which cannot be confirmed and verified in the same way as past results and these may or may not occur. Even if the events and actions anticipated do occur, actual results are still likely to be different from those used in the Valuation and the variation may be material. Accordingly we have not reviewed, considered or conducted any work on the completeness, reasonableness and the validity of the Assumptions and do not express any opinion whatsoever thereon.

Opinion

In our opinion, based on the foregoing, the discounted future earnings, so far as the calculations are concerned, has been properly compiled, in all material respects, in accordance with the Assumptions made by the directors of Chengshang.

Yours faithfully,

RSM Nelson Wheeler

Certified Public Accountants

Hong Kong

APPENDIX

Target Entities

Shenzhen Maoye Department Store Huaqiangbei Co., Limited	深圳市茂業百貨華強北有限公司
Shenzhen Maoye Oriental Times Department Store Co., Ltd.	深圳市茂業東方時代百貨有限公司
Shenzhen Maoye Department Store Company Limited	深圳茂業百貨有限公司
Shenzhen Maoye Department Store Shennan Co., Ltd.	深圳市茂業百貨深南有限公司
Zhuhai City Maoye Department Store Co., Ltd.	珠海市茂業百貨有限公司

APPENDIX II — LETTER FROM BOARD OF DIRECTORS

11 September 2015

The Listing Division
The Stock Exchange of Hong Kong Limited
11/F, One International Finance Centre
1 Harbour View Street
Hong Kong

Dear Sirs,

We refer to the final valuation report dated 21 August 2015 prepared by Guo Zhong Lian Land and Real Estate Asset Evaluation Co., Ltd. (國眾聯資產評估土地房地產估價有限公司), the valuer in relation to the valuation of the Target Entities (the “**Valuer**”) which valuation constitutes a profit forecast under Rule 14.61 of the Listing Rules. Terms defined in the announcements of the Company dated 14 June 2015 and 7 July 2015 shall have the same meanings in this letter unless the context otherwise requires.

We have reviewed the bases and assumptions based upon which the valuation of the Target Entities was prepared by the Valuer, for which valuation the Valuer is solely responsible. We have also considered the report from RSM Nelson Wheeler Certified Public Accountants, the reporting accountants in relation to the Reorganisation, confirming that, so far as the arithmetical accuracy of the calculations of the discounted future cash flows on which the valuation is based and concerned, the discounted future cash flows has been properly compiled, in all material respects, in accordance with the respective bases and assumptions.

On the basis of the foregoing, we are of the opinion that the valuations prepared by the Valuer have been made after due and careful enquires.

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