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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)

**MAJOR TRANSACTION
IN RELATION TO THE ACQUISITION OF 70% OF EQUITY
INTERESTS IN INNER MONGOLIA VICTORIA
COMMERCIAL (GROUP) CO., LTD.*
(內蒙古維多利商業(集團)有限公司)**

THE ACQUISITION AGREEMENT

The Board is pleased to announce that on 5 April 2016 (after trading hours), the Purchaser, 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), entered into the Acquisition Agreement with the Vendors and the Target Company, pursuant to which the Vendors have conditionally agreed to sell and the Purchaser has conditionally agreed to purchase an aggregate of 70% of the equity interests in the Target Company, for a Consideration of RMB1,565,300,000 (subject to adjustment), which shall be payable in cash.

The Target Company is a limited liability company established under the laws of the PRC which is principally engaged in owning and operating department stores, supermarkets and commercial real estate.

An Earnest Money in the amount of RMB100 million was paid to the Vendors on 25 March 2016. Upon entering into the Acquisition Agreement, the Earnest Money was applied as partial payment of the Consideration for the Acquisition. The Consideration shall be settled by the Purchaser by way of the First Instalment, the Second Instalment, the Third Instalment and the Final Instalment. The determination of the final Consideration will be subject to the valuation to be carried out by the Valuer, results of auditing, results of due diligence and further negotiations of the Acquisition Agreement.

Upon Completion, the Target Company will become an indirect non-wholly owned subsidiary of the Company.

LISTING RULES IMPLICATIONS

As more than one of the percentage ratios pursuant to the Listing Rules applicable to the Acquisition referred to above exceed 25% but all applicable percentage ratios 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.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholders or any of their respective associates have any material interest in the Acquisition and none of the Shareholders are required to abstain from voting in favour of the resolution approving the Acquisition. Pursuant to Rule 14.44 of the Listing Rules, written shareholders' approval by Maoye Department Store Investment Limited, the holder of 4,200,000,000 Shares as at the date of this announcement (representing approximately 81.69% of the total issued share capital of the Company) will be obtained in lieu of holding a general meeting of the Company to approve the Acquisition. Accordingly, no extraordinary general meeting of the Company will be convened for the purposes of approving the Acquisition and the transactions contemplated thereunder.

GENERAL

A circular containing, among other things, (i) further information relating to the Acquisition and the transactions contemplated thereunder; (ii) financial and other information of the Group; (iii) financial and other information of the Vendors and the Target Company; and (iv) pro forma financial information of the enlarged Group upon completion of the Acquisition will be despatched to the Shareholders. In order to allow sufficient time to prepare the financial and other information to be included in the circular, 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 30 June 2016. The reason why the circular will be despatched more than 15 business days after the date of this announcement is because (i) additional time is required to prepare the financial information to be included in the circular in connection with the Acquisition; (ii) additional time is required for the preparation of audited financial information of the Target Company; and (iii) extra time is required to finalise and obtain SSE approval of the formal valuation report of the Target Company, which forms the basis of the final Consideration under the Acquisition Agreement.

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

Reference is made to the announcements of the Company dated 29 March 2016 and 19 February 2016 (the “**Announcements**”). Capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements unless the context otherwise requires.

The Board is pleased to announce that the Purchaser, 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) have entered into the Acquisition Agreement with the Vendors and the Target Company, pursuant to which the Vendors have conditionally agreed to sell and the Purchaser has conditionally agreed to purchase an aggregate of 70% of the equity interests in the Target Company, for a Consideration of RMB1,565,300,000 (subject to adjustment) which shall be payable in cash.

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

THE ACQUISITION AGREEMENT

Date:

5 April 2016 (after trading hours)

Parties

- (i) The Purchaser;
- (ii) The Vendors; and
- (iii) The Target Company.

To the best of the Directors’ knowledge, information and belief and having made all reasonable enquiries, each of the Vendors and the Target Company are third parties independent of the Company and connected persons of the Company.

Assets to be acquired

Pursuant to the Acquisition Agreement, the Vendors have conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Sale Shares, representing an aggregate of 70% of the equity interests in the Target Company.

Consideration and terms of payment

The Consideration is RMB1,565,300,000 (subject to adjustment) which shall be payable in cash. A refundable deposit in the amount of RMB100 million was paid to the Vendors on 25 March 2016 as earnest money (the “**Earnest Money**”). Upon entering into the Acquisition Agreement, the Earnest Money was applied as partial payment of the Consideration.

The Consideration (subject to adjustment) shall be payable in cash by the Purchaser to the Vendors in the following manner:

- (1) RMB626,120,000, being 40% of the Consideration, shall be payable within 3 business days upon the Acquisition Agreement become effective provided that certain conditions have been satisfied or waived (as the case may be) (“**First Instalment**”);
- (2) RMB469,590,000, being 30% of the Consideration (less any Uncollected Account Receivables or Consideration Deductibles) shall be payable within 1 month upon the conditions precedent having been fulfilled or waived (as the case may be) (“**Second Instalment**”);
- (3) RMB313,060,000, being 20% of the Consideration (less RMB100 million being the Earnest Money paid by the Purchaser, any Uncollected Account Receivables, Consideration Deductibles, accrued loss or depreciation of the Target Company’s assets from 31 December 2015 up to the Completion Date, or any return or discount of current assets of the Target Company as at 31 December 2015 after Completion), shall be payable within 3 months upon Completion provided that certain conditions have been satisfied or waived (as the case may be) (“**Third Instalment**”); and
- (4) RMB156,530,000, being 10% of the Consideration (less any Consideration Deductibles, accrued loss or depreciation of the Target Company’s assets from 31 December 2015 up to the Completion Date, or any return or discount of current assets of the Target Company as at 31 December 2015 after Completion), shall be payable within 1 year from the date of the Acquisition Agreement provided that certain conditions have been satisfied or waived (as the case may be) (“**Final Instalment**”).

The Earnest Money was settled by internal resources of the Group. The Group intends to settle the remaining balance of the Consideration by internal resources.

Basis of determination of the Consideration

The Consideration was arrived at based on normal commercial terms after arm's length negotiations between the Purchaser and the Vendors and was determined after taking into account the preliminary valuation of the asset value of the Target Company for 100% of the equity interests in the Target Company of approximately RMB2,257,599,500 as at 31 December 2015 prepared by an independent professional valuer, 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**").

The determination of the final Consideration will be subject to the valuation to be carried out by the Valuer, results of auditing, results of due diligence and further negotiations of the formal agreement.

The Board (including the independent non-executive Directors) considers that the terms and conditions (including the Consideration) of the Acquisition Agreement are fair and reasonable and on normal commercial terms and in the interest of the Company and the Shareholders as a whole.

Share Charges

On the date of the Acquisition Agreement, the following share charges were simultaneously executed in favour of the Purchaser to secure the refund of the Earnest Money in the event that Completion does not take place and the Acquisition Agreement is terminated in accordance with its terms:

- (a) a share charge executed by Vendor 2, being the ultimate beneficial owner of Vendor 1, pursuant to which Vendor 2 created a first ranking fixed charge over his entire equity interests in Vendor 1; and
- (b) a share charge executed by the Covenantors, pursuant to which they together created a first ranking fixed charge over an aggregate of approximately 30% of equity interests in the Target Company,

(collectively, the "**Share Charges**").

Condition precedents

Completion of the Acquisition is conditional upon certain conditions being fulfilled or waived (as the case may be), including the following:

- (1) up to and including the Completion Date, the Vendors' Warranties being true, accurate and complete in all respects and not misleading in any respect;

- (2) no events exist which might cause any material adverse change on the business, financial position, prospects, assets or obligations of the Target Company up to and including the Completion Date;
- (3) the Covenantors having signed the amended articles of association of the Target Company and the same having been filed with the relevant competent authority(ies);
- (4) the Target Company having obtained all necessary approvals for (a) the appointment and resignation of directors and supervisors of the Target Company, and (b) the Acquisition Agreement, all ancillary agreements and documentations contemplated thereunder, and all shareholders of the Target Company having waived their respective rights of first offer or pre-emptive rights in respect of the Sale Shares (if any);
- (5) all necessary consents, approvals and authorizations required for the execution and performance of the Acquisition Agreement and the contemplated transfer of the Sale Shares having been obtained from the relevant governmental or regulatory authorities or other third parties which are necessary in connection with the Acquisition Agreement, and no third party rights exist over the Sale Shares that would inhibit or otherwise materially affect the consummation of the transactions contemplated under the Acquisition;
- (6) the legal and beneficial interests of the Sale Shares having been transferred to the Purchaser and all filing and registration formalities having been completed;
- (7) no promulgations or implementations of any laws, regulations, injunctions, decisions or policies by the government relevant to any of the parties to the Acquisition Agreement will restrict or prohibit the Acquisition or deem the Acquisition illegal; and
- (8) there having been no breach of the Acquisition Agreement and no relevant evidence suggesting there will be any breach thereof.

Unless otherwise agreed, if the condition precedents set out above are not satisfied within 3 months upon the Acquisition Agreement becoming effective (the “**Long Stop Date**”), the Purchaser shall be entitled to terminate the Acquisition Agreement and any other ancillary documents and in such event, the Vendors shall return all payments already made by the Purchaser, namely the Earnest Money and where applicable, the First Instalment, to the Purchaser within 3 business days from the relevant date of termination. The parties shall use their respective best endeavours to procure that the conditions set out above be fulfilled on or before the Long Stop Date.

As at the date of this announcement, no condition precedent has been fulfilled or waived.

Completion

Completion shall take place within 3 business days from the fulfilment or waiver (as the case may be) of the conditions precedent to Completion pursuant to the Acquisition Agreement (or such other time as the parties may agree in writing). Upon Completion, the Target Company will become an indirect non-wholly owned subsidiary of the Company.

Profit Guarantee

Pursuant to the Acquisition Agreement, each of the Covenantors jointly and severally guaranteed to the Purchaser that the audited consolidated net profits (after tax, interest and any extraordinary items) attributable to certain supermarket business of the Target Company (the “**Guaranteed Business**”) for each of the three years following the audited completion accounts date shall be no less than RMB20,740,000, RMB22,810,000 and RMB25,100,000, respectively (the “**Guaranteed Profit**”).

If the Aggregate Actual Profit shall be less than the aggregate Guaranteed Profit, the Covenantors shall compensate the Target Company in cash for the shortfall calculated according to the following formula (the “**Compensation Sum**”):

$$A = (\text{accumulated aggregate Guaranteed Profit} - \text{Aggregate Actual Profit}) \times 20$$

where A is the Compensation Sum

The Purchaser will appoint qualified auditors to prepare an audit report to determine the Aggregate Actual Profit (the “**Profit Guarantee Audited Report**”) within 30 days following the expiry of the relevant Profit Guaranteed Period. The Compensation Sum, if any, shall be paid to the Target Company within 10 days after the delivery of the Profit Guarantee Audited Report.

INFORMATION ON THE PARTIES TO THE ACQUISITION AGREEMENT

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 Purchaser

The Purchaser is a joint stock limited company established in the PRC, whose shares are listed on the Shanghai Stock Exchange (stock code: 600828). Maoye Shangsha, the Company's wholly-owned subsidiary, is an approximately 85.53% shareholder of the Purchaser. The Purchaser is principally engaged in the operation of department stores.

The Vendors

The Vendors collectively own the entire equity interests in the Target Company and comprise of a corporate entity, namely Vendor 1, and 19 individuals.

Vendor 1 is an investment holding company principally engaged in commerce, realty business and building industry.

The Target Company

The Target Company is principally engaged in owning and operating department stores, supermarkets and commercial real estate.

Based on the audited accounts of the Target Company prepared based on PRC GAAP, the audited net profit (before taxation) and the audited net profit (after taxation) of the Target Company for each of the financial years ended 31 December 2014 and 2015 are as follows:

	For the year ended 31 December 2015 (audited) RMB	For the year ended 31 December 2014 (audited) RMB
Net profit (loss) before taxation	(45,614,854)	(23,238,597)
Net profit (loss) after taxation	(75,017,713)	(44,621,276)

The audited total asset value of the Target Company as at 31 December 2015, based on PRC GAAP, was approximately RMB5,026,928,030. The unaudited revenue of the Target Company as at 31 December 2015, based on IFRS, was approximately RMB1,668,200,577.

Upon Completion, the Target Company will become an indirect non-wholly owned subsidiary of the Company.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, each of the Vendors and the Target Company are third parties independent of the Company and connected persons of the Company.

REASONS AND BENEFITS FOR THE ACQUISITION

The Company and its subsidiaries (the “**Group**”) are 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 Group is always seeking opportunities to enhance the performance of the Group and maximizing returns to the shareholders of the Company.

In view of the potential synergies generated upon Completion, the technological know-how and experience of the Target Group in operating department store, supermarket and commercial real estate, the Acquisition is beneficial for the Group as it allows the Group, with enlarged business operations, to strengthen its market position and expand the total number of department stores and other commercial real estate the Group operates which will further increase the Group's influences and negotiation powers in the PRC's capital market. As a result, the Acquisition will increase the Company's value and benefit the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

As more than one of the percentage ratios pursuant to the Listing Rules applicable to the Acquisition referred to above exceed 25% but all applicable percentage ratios 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.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholders or any of their respective associates have any material interest in the Acquisition and none of the Shareholders are required to abstain from voting in favour of the resolution approving the Acquisition. Pursuant to Rule 14.44 of the Listing Rules, written shareholders' approval by Maoye Department Store Investment Limited, the holder of 4,200,000,000 Shares as at the date of this announcement (representing approximately 81.69% of the total issued share capital of the Company) will be obtained in lieu of holding a general meeting of the Company to approve the Acquisition. Accordingly, no extraordinary general meeting of the Company will be convened for the purposes of approving the Acquisition and the transactions contemplated thereunder.

GENERAL

A circular containing, among other things, (i) further information relating to the Acquisition and the transactions contemplated thereunder; (ii) financial and other information of the Group; (iii) financial and other information of the Vendors and the Target Company; and (iv) pro forma financial information of the enlarged Group upon completion of the Acquisition will be despatched to the Shareholders. In order to allow sufficient time to prepare the financial and other information to be included in the circular, 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 30 June 2016. The reason why the circular will be despatched more than 15 business days after the date of this announcement is because (i) additional time is required to prepare the financial information to be included in the circular in connection with the Acquisition; (ii) additional time is required for the preparation of audited financial information of the Target Company; and (iii) extra time is required to finalise and obtain SSE approval of the formal valuation report of the Target Company, which forms the basis of the final Consideration under the Acquisition Agreement.

Shareholders and potential investors of the Company should be aware that the completion of the Acquisition is subject to satisfaction (or, if applicable, waiver) 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

“Acquisition”	the proposed sale and purchase of 70% of the equity interests in the Target Company by the Vendors to the Purchaser pursuant to the Acquisition Agreement
“Acquisition Agreement”	the acquisition agreement dated 5 April 2016 entered into between the Purchaser, the Vendors and the Target Company pursuant to which the Purchaser has conditionally agreed to purchase and the Vendors have conditionally agreed to sell 70% of the equity interests in the Target Company

“Aggregate Actual Profit”	the actual and accumulated aggregate audited consolidated net profits attributable to the Guaranteed Business (after interest, tax and any extraordinary items in respect of the Guaranteed Business) during the Profit Guaranteed Period
“Board”	the board of Directors
“Company”	Maoye International Holdings Limited (茂業國際控股有限公司), 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 the Acquisition in accordance with the terms and conditions of the Acquisition Agreement
“Completion Date”	the third business day after the fulfilment or wavier (as the case may be) of all the conditions precedent stipulated in the Acquisition Agreement (or such other date as agreed between the Purchaser and the Vendors) on which Completion shall take place
“Consideration”	the consideration of RMB1,565,300,000 payable by the Purchaser for the acquisition of the Sale Shares under the Acquisition Agreement (subject to adjustment)
“Consideration Deductibles”	pursuant to the Acquisition Agreement, the Consideration payable by the Purchaser to the Vendors is subject to downward adjustments for, among other things, (a) extraordinary items incurred by the Target Company from the date of the Acquisition Agreement up to and including the Completion Date; (b) debts and liabilities incurred by the Target Company after the Completion Date for events occurred prior to 31 December 2015; and (c) liability of the Vendors to the Purchaser for any breach of the Vendors’ Warranties
“Covenantors”	together, Vendor 1, Vendor 2, Vendor 3, Vendor 4 and Vendor 5

“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“IFRS”	International Financial Reporting Standards
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Maoye Shangsha”	Shenzhen Maoye Trade Building Co., Ltd. (深圳茂業商廈有限公司), a wholly owned subsidiary of the Company incorporated in the PRC;
“PRC”	the People’s Republic of China
“PRC GAAP”	generally accepted accounting principles of the PRC in effect as modified from time to time
“Profit Guaranteed Period”	the period commencing from the day following the audited completion accounts date to the third anniversary thereof
“Purchaser”	Maoye Commercial Co., Ltd.* (茂業商業股份有限公司), (previously known as Chengshang Group Co., Ltd.* (成商集團股份有限公司)), 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)
“RMB”	Renminbi, the lawful currency in the PRC
“Sale Shares”	the shares in the Target Company held by the Vendors, representing 70% of equity interests of the Target Company
“Shares”	ordinary share(s) of HK\$0.01 each in the share capital of the Company

“Shareholder(s)”	the holder of Share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“SSE”	Shanghai Stock Exchange
“Target Company”	Inner Mongolia Victoria Commercial (Group) Co., Ltd.* (內蒙古維多利商業(集團)有限公司), a company established under the laws of the PRC with limited liability which is principally engaged in owning and operating department stores, supermarkets and commercial real estate business, and the entire equity interests of which is held by the Vendors
“Uncollected Account Receivables”	such amount of outstanding account receivables of the Target Company as specified in the Acquisition Agreement that remains uncollected as at the Completion Date
“Valuer”	an independent third party valuer
“Vendor(s)”	shareholders of the Target Company which together own its entire equity interests, comprising 1 corporate shareholder, namely Vendor 1, and 19 individuals, including Vendor 2, Vendor 3, Vendor 4 and Vendor 5
“Vendor 1”	Victoria Investment Holding Co., Ltd.* (維多利投資控股有限公司), a company established under the laws of the PRC, shareholder of the Target Company as to approximately 57.1076% immediately preceding completion of the Acquisition
“Vendor 2”	Mr. Zou (鄒招斌), Chinese citizen, shareholder of the Target Company as to approximately 5% immediately preceding completion of the Acquisition, and sole shareholder of Vendor 1
“Vendor 3”	Mr. Chen (陳千敢), Chinese citizen, shareholder of the Target Company as to approximately 8.1% immediately preceding completion of the Acquisition
“Vendor 4”	Mr. Lin (林志健), Chinese citizen, shareholder of the Target Company as to approximately 6.781% immediately preceding completion of the Acquisition

“Vendor 5”	Mr. Chen (陳幫海), Chinese citizen, shareholder of the Target Company as to approximately 6% immediately preceding completion of the Acquisition
“Vendors’ Warranties”	the representations, warranties, undertakings and covenants on the part of each of the Vendors given pursuant to the Acquisition Agreement
“%”	per cent

** for identification purpose only*

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

Hong Kong, 5 April 2016

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.