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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 TRANSACTION

Reference is made to the announcements of the Company dated 6 June 2016, 15 July 2016 and 10 August 2016 (the "**Announcements**") relating to the proposed disposal of equity interests in Qinhuangdao Maoye and Chongqing Maoye by the wholly-owned subsidiaries of the Company to Maoye Commercial, a joint stock limited company established in the PRC and listed on the Shanghai Stock Exchange (stock code: 600828) and a non-wholly owned subsidiary of the Company. Unless otherwise stated, terms defined in the Announcements have the same meanings when used in this announcement.

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 Maoye Commercial to determine the respective fair value estimates of the valuations of Qinhuangdao Maoye and Chongqing Maoye for the determination of the consideration for the relevant Disposals. The Independent Valuer has adopted both of the asset-based approach and the income approach as the valuation methods. The asset-based approach is based on the book value of the appraised entities. The income approach is based on the discounted future estimated cash flows method which projects the future earnings of the appraised entities. The formal valuation reports prepared by the Independent Valuer for each of Qinhuangdao Maoye and Chongqing Maoye (the "**Valuation Reports**") were finalised on 9 August 2016 and the value of Qinhuangdao Maoye and Chongqing Maoye, as at 31 March 2016, were determined by the Independent Valuer as RMB 1,809,189,400 and RMB 512,885,200, respectively.

The Valuation Reports constitute 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 the profit forecast.

Assumptions of valuation

The principal assumptions adopted in the Valuation Reports 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 entities being appraised have 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 expects to be no material changes in the relevant current national laws, regulations and policies and national macroeconomic condition applicable to the industry of the appraised entities.
- (b) There expects to be no material changes in the political, economic and social environment in which the appraised entities operate, save and except those changes known to the public.
- (c) The fluctuation in the bank's interest rates and exchange rates will be within a reasonable range.
- (d) There will be no material changes in the taxation policies that are currently in place, save and except those changes known to the public.
- (e) There will be no other unpredictable and force majeure factors which would cause material adverse effect.
- (f) There will be no material changes in the appraised entities' accounting policy and auditing method following the base date of the valuations.
- (g) The cash flow of the appraised entities is being generated in the middle of every forecast period.
- (h) No inflationary factors have been taken into account in determining the various parameters in this valuation; all prices are constant.
- (i) The future development plan and operational data provided by the appraised entities will be materialised according to the plan.
- (j) There will be 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 Reports, the Company has performed general investigation according to relevant standards. Apart from those disclosed in the Valuation Reports, 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, have not been violated 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 Reports relied 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 organisations or groups, which are required to be employed as basis of value estimation by the users of assets in the Valuation Reports, have been or could be obtained or updated at any time.
- (d) The valuations are made based on the purchasing power of local currency on the valuation base date.
- (e) All improvements on the relevant assets performed by Qinhuangdao Maoye and Chongqing Maoye 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 Reports 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 entities.

Confirmations

RSM Hong Kong 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 income approach adopted in the Valuation Reports were 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 Reports so far as the calculations are concerned, have been properly compiled with the assumptions described above (the "**RSM Report**"). The Directors have reviewed the bases and assumptions based upon which the valuation of Qinhuangdao Maoye and Chongqing Maoye 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 they are satisfied that the valuations of Qinhuangdao Maoye and Chongqing Maoye prepared by the Independent Valuer in the Valuation Reports have been made after due and careful enquiry.

A letter from RSM dated 25 August 2016 in compliance with Rule 14.62(2) of the Listing Rules and a letter from the Directors dated 30 August 2016 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, 31 August 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.

APPENDIX I — LETTER FROM RSM HONG KONG

RSM Hong Kong
Certified Public Accountants

29th Floor, Lee Garden Two
28 Yun Ping Road
Causeway Bay
Hong Kong

25 August 2016

INDEPENDENT ASSURANCE REPORT ON CALCULATIONS OF DISCOUNTED FUTURE ESTIMATED CASH FLOWS IN CONNECTION WITH THE VALUATION OF THE TARGET ENTITIES AS AT 31 MARCH 2016

TO THE BOARD OF DIRECTORS OF MAOYE INTERNATIONAL HOLDINGS LIMITED

Dear Sirs,

We have examined the calculations of the discounted future estimated cash flows 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 9 August 2016 of Qinhuangdao Maoye Holdings Co., Ltd. (秦皇島茂業控股有限公司) and Chongqing Maoye Department Store Co., Ltd. (重慶茂業百貨有限公司) (collectively referred to the “Target Entities”) as at 31 March 2016 (the “Valuation”) is based. The Valuation, based on the discounted future estimated cash flows, is regarded as a profit forecast under Rule 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 31 August 2016 (the “Announcement”).

Directors’ Responsibilities for the Discounted Future Estimated Cash Flows

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

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Hong Kong Standard on Quality Control 1 issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant’s Responsibilities

Our responsibility is to form an opinion on the arithmetical accuracy of the calculations of the discounted future estimated cash flows on which the Valuation is based and to report solely to you, as a body, as required by paragraph 29(2) of Appendix 1B 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 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the HKICPA. This standard requires that we plan and perform the assurance engagement to obtain reasonable assurance on whether the discounted future estimate cash flows, 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 estimated cash flows in accordance with the Assumptions.

Because the Valuation relates to the discounted future estimated 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 estimated cash flows, 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 the Company.

Yours faithfully,
RSM Hong Kong
Certified Public Accountants
Hong Kong

APPENDIX II — LETTER FROM BOARD OF DIRECTORS

30 August 2016

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 reports in relation to Chongqing Maoye and Qinhuangdao Maoye, respectively, dated 9 August 2016 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 Chongqing Maoye and Qinhuangdao Maoye (the "**Valuer**") which valuations constitute profit forecast under Rule 14.61 of the Listing Rules. Terms defined in the announcement of the Company dated 6 June 2016 and 10 August 2016 shall have the same meanings in this letter unless the context otherwise requires.

We have reviewed the bases and assumptions based upon which the valuations of Chongqing Maoye and Qinhuangdao Maoye were prepared by the Valuer, for which valuations the Valuer is solely responsible. We have also considered the report from RSM Hong Kong Certified Public Accountants, the reporting accountants in relation to the disposals of the equity interests in Chongqing Maoye and Qinhuangdao Maoye by the Company, 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 have 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