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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 COMPENSATION SHARES IN RELATION TO
THE 2016 PROFIT GUARANTEE
CONCERNING THE DISCLOSEABLE AND CONNECTED
TRANSACTIONS RELATING TO THE REORGANISATION**

THE DISPOSAL OF COMPENSATION SHARES

The Board announces that Maoye Shangsha, a wholly owned subsidiary of the Company, has disposed of an aggregate of 66,591,618 Compensation Shares to the Transferees, for no consideration, pursuant to the terms of the Compensation Agreement.

LISTING RULES IMPLICATIONS

As certain applicable percentage ratios in respect of the Disposal exceed 5% but all of the applicable percentage ratios are less than 25%, the Disposal constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under the Chapter 14 of the Listing Rules.

The Directors (including the independent non-executive Directors) are of the opinion that the obligations of the Vendors under the Compensation Agreement have been fulfilled upon completion of the Disposal.

THE DISPOSAL OF COMPENSATION SHARES

Reference is made to the announcements of the Company dated 23 March 2017, 21 March 2017, 29 February 2016, 15 October 2015, 17 September 2015, 7 July 2015, 14 June 2015 and 15 April 2015 (the “**Announcements**”) and the circular of the Company dated 31 October 2015 (the “**Circular**”) in relation to, amongst others, (i) the sale by Maoye Shangsha, Demao and Hezhengmao (together as the “**Vendors**” and each, a “**Vendor**”) of the entire issued share capital of the Target Entities to Maoye Commercial; and (ii) the entitlement of Maoye Commercial to repurchase the Compensation Shares from the Vendors at a total consideration of RMB 1 in accordance with the terms of the Compensation Agreement, as the 2016 Profit Guarantee was not met (the “**Repurchase**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements and the Circular.

The Board would like to inform the Shareholders and the potential investors that the Repurchase was subject to the obtaining of the requisite shareholders’ approval of Maoye Commercial. On 11 April 2017, Maoye Commercial convened a shareholders’ meeting to consider, and if thought fit, approve, amongst others, the Repurchase. The Board was notified by Maoye Commercial that the resolution to approve the Repurchase was not approved by its shareholders at the shareholders’ meeting held on 11 April 2017.

Accordingly, pursuant to the terms of the Compensation Agreement, the Compensation Shares will instead be transferred from the Vendors, respectively, to the shareholders of Maoye Commercial (other than the Vendors) as listed on the shareholders’ register of Maoye Commercial as of the close of trading on 5 May 2017 (the “**Transferees**”), in proportion to their then shareholding in Maoye Commercial, for no consideration.

On 18 July 2017, the Vendors have respectively completed the transfers of the Compensation Shares to the Transferees. Upon completion of such transfers, the Vendors’ respective shareholdings in Maoye Commercial are as follows:

- (i) Maoye Shangsha’s shareholding has decreased from 1,481,430,321 shares to 1,414,838,703, representing a decrease of percentage shareholding from 85.53% to 81.69%;
- (ii) Demao’s shareholding has decreased from 48,818,053 shares to 45,844,341, representing a decrease of percentage shareholding from 2.82% to 2.65%; and

(iii) Hezhengmao's shareholding has decreased from 19,521,278 shares to 18,332,155, representing a decrease of percentage shareholding from 1.13% to 1.06%.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, each of the Transferees is a third party independent of the Company and its connected persons.

Assets disposed of

On 18 July 2017, Maoye Shangsha has completed its disposal of an aggregate of 66,591,618 Compensation Shares, representing approximately 3.84% of the issued share capital of Maoye Commercial (based on the total issued share capital of 1,731,982,546 shares of Maoye Commercial in issue as at 18 July 2017 according to information on the website of Shanghai Stock Exchange as at 18 July 2017), to the Transferees.

Following completion of the Disposal, Maoye Commercial shall remain an indirect non-wholly owned subsidiary of the Company.

Consideration

Pursuant to the terms of the Compensation Agreement, the Disposal was made for no consideration.

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.

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 and following completion of the Disposal, Maoye Commercial remains a subsidiary of the Company where 81.69% of the issued share capital of Maoye Commercial is indirectly held by the Company. Maoye Commercial is principally engaged in the operation of department stores in the PRC.

According to the audited financial statements of Maoye Commercial prepared in accordance with the PRC Generally Accepted Accounting Principles, the net asset value of Maoye Commercial as at 31 December 2016 was RMB4,459,559,584 and the audited net profit of Maoye Commercial for the two financial years ended 31 December 2016 were as follows:

	For the year ended 31 December 2015 (RMB)	For the year ended 31 December 2016 (RMB)
Net profit before taxation	106,779,452	836,650,693
Net profit after taxation	76,446,578	571,692,217

Maoye Shangsha

Maoye Shangsha, a company incorporated in the PRC, is a wholly-owned subsidiary of the Group and is principally engaged in the operation of department stores.

The Transferees

The Transferees are the shareholders of Maoye Commercial (other than the Vendors) as listed on the shareholders' register of Maoye Commercial as of the close of trading on 5 May 2017. To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, each of the Transferees is a third party independent of the Company and its connected persons.

REASONS FOR OF THE DISPOSAL

As disclosed in the Company's announcement dated 21 March 2017, the 2016 Profit Guarantee was not met and as a result, Maoye Commercial was entitled to repurchase an aggregate of 70,754,453 Compensation Shares from the Vendors, at a total consideration of RMB 1, in accordance with the terms of the Compensation Agreement. As described above, the Repurchase was subject to the approval of the shareholders of Maoye Commercial, which was not obtained. Accordingly, pursuant to the terms of the Compensation Agreement, the Compensation Shares shall instead be transferred to the other shareholders of Maoye Commercial (other than the Vendors) listed on the shareholders' register of Maoye Commercial as of the close of trading on 5 May 2017, in proportion to their then shareholding in Maoye Commercial, for no consideration.

The Group is not expected to recognise any gain or loss as a result of the Disposal due to the reason that Maoye Shangsha and Maoye Commercial are still controlled by the Company following the completion of the Disposal.

The Directors (including the independent non-executive Directors) are of the view that the Disposal and the terms of the Compensation Agreement, which forms part of the terms of the Reorganisation, are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

As certain applicable percentage ratios in respect of the Disposal exceed 5% but all of the applicable percentage ratios are less than 25%, the Disposal constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under the Chapter 14 of the Listing Rules.

The Directors (including the independent non-executive Directors) are of the opinion that the obligations of the Vendors under the Compensation Agreement have been fulfilled upon completion of the Disposal.

DEFINITIONS

“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;
“Compensation Agreement”	the compensation agreement dated 12 June 2015 between the Vendors and Maoye Commercial, pursuant to which the consideration under the Framework Agreement (as amended by the Formal Agreement) shall be further adjusted based on the projected financial performance of the Target Entities;
“Demao”	Shenzhen Demao Investment Enterprises (Limited Partnership) (深圳德茂投資企業(有限合夥)), a company incorporated in the PRC, and a Vendor;
“Disposal”	the disposal by Maoye Shangsha of an aggregate of 66,591,618 Compensation Shares to the other shareholders of Maoye Commercial (other than the Vendors), in proportion to their existing shareholding as at 5 May 2017, for no consideration, pursuant to the terms of the Compensation Agreement. The Disposal was completed on 18 July 2017;

“Formal Agreement”	the agreement entered into between Maoye Shangsha, Demao and Hezhengmao (together as Vendors) and Maoye Commercial (as purchaser) on 28 August 2015 pursuant to the Framework Agreement;
“Framework Agreement”	the framework agreement entered into between Maoye Shangsha, Demao and Hezhengmao (together as vendors) and Maoye Commercial (as purchaser) on 12 June 2015 in relation to the sale and purchase of the entire issued share capitals of the Target Entities for the total consideration of approximately RMB8,560,571,000, which was amended by the Formal Agreement;
“Hezhengmao”	Shenzhen Hezhengmao Investment Enterprise (Limited Partnership) (深圳合正茂投資企業(有限合夥)), a Company incorporated in the PRC, and a Vendor;
“Maoye Commercial”	Maoye Commercial Co., Ltd. (茂業商業股份有限公司) (formerly known as (formerly known as Chengshang Group Co., Ltd.), a joint stock company established in the PRC and listed on the Shanghai Stock Exchange (stock code: 600828) and a subsidiary of the Company; and
“Maoye Shangsha”	Shenzhen Maoye Shangsha Co., Ltd (深圳茂業商廈有限公司), a company established in the PRC with limited liabilities and a wholly-owned subsidiary of the Company, and a Vendor.

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

Hong Kong, 18 July 2017

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