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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)

**INSIDE INFORMATION
PROPOSED DISPOSAL OF SUBSIDIARIES TO
A NON-WHOLLY OWNED SUBSIDIARY**

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The Board announces that, on 7 September 2018 (i) Zhongzhao, a wholly-owned subsidiary of the Company, proposed to enter into the Qinhuangdao Maoye Agreement with Maoye Commercial, a non-wholly owned subsidiary of the Company, pursuant to which Zhongzhao proposed to agree to sell and Maoye Commercial proposed to agree to acquire the Qinhuangdao Maoye Shares at the consideration of RMB1,992.0 million; and (ii) Maoye Shangsha, a wholly-owned subsidiary of the Company, proposed to enter into the Taizhou First Agreement with Maoye Commercial, pursuant to which Maoye Shangsha proposed to agree to sell and Maoye Commercial proposed to agree to acquire the Taizhou First Shares at the consideration of RMB565.6 million.

The entering into of the Qinhuangdao Maoye Agreement and the Taizhou First Agreement is subject to, amongst others, the shareholders' approval of Maoye Commercial. Therefore, the entering into of the Qinhuangdao Maoye Agreement and the Taizhou First Agreement may or may not proceed. Investors and shareholders of the Company should exercise caution when dealing in the securities of the Company.

Further announcement(s) will be made by the Company in accordance with the Listing Rules in relation to the entering into of the Qinhuangdao Maoye Agreement and the Taizhou First Agreement as and when necessary.

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

THE PROPOSED DISPOSALS

The Board announced that, on 7 September 2018:

- (i) Zhongzhao, a wholly-owned subsidiary of the Company, proposed to enter into the Qinhuangdao Maoye Agreement with Maoye Commercial, a non-wholly owned subsidiary of the Company, pursuant to which Zhongzhao proposed to agree to sell and Maoye Commercial proposed to agree to acquire the Qinhuangdao Maoye Shares at the consideration of RMB1,992.0 million; and
- (ii) Maoye Shangsha, a wholly-owned subsidiary of the Company, proposed to enter into the Taizhou First Agreement with Maoye Commercial, pursuant to which Maoye Shangsha proposed to agree to sell and Maoye Commercial proposed to agree to acquire the Taizhou First Shares at the consideration of RMB565.6 million.

The proposed principal terms of the Qinhuangdao Maoye Agreement and the Taizhou First Agreement are set out below.

QINHUANGDAO MAOYE AGREEMENT

Parties

- (i) Zhongzhao, as seller
- (ii) Maoye Commercial, as purchaser

Maoye Commercial is indirectly owned as to approximately 82.14% by the Company and is a non-wholly owned subsidiary of the Company. Other than as aforesaid, to the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, Maoye Commercial is not a connected person of the Company.

Assets to be disposed of

Maoye Commercial proposed to acquire from Zhongzhao the Qinhuangdao Maoye Shares, being the entire equity interest in Qinhuangdao Maoye.

Consideration

The consideration for the Qinhuangdao Maoye Shares is RMB1,992.0 million based on the valuation of Qinhuangdao Maoye as at 30 June 2018 conducted by the Valuer and determined after arm's length negotiations between the parties. The consideration shall be payable in cash by Maoye Commercial with its internal resources.

The consideration will be settled in the following manner:

1. Maoye commercial shall pay Zhongzhao 30% of the consideration, being an aggregate amount of RMB597.6 million (less the Payables Amount to Qinhuangdao Maoye), within 5 business days from the effective day of the Qinhuangdao Agreement;
2. Maoye commercial shall pay Zhongzhao 60% of the consideration, being an aggregate amount of RMB1,195.2 million (less the remaining Payables Amount to Qinhuangdao Maoye), within 5 business days from the day on which Maoye Commercial receives the registration documents in relation to the

transfer of the Qinhuangdao Maoye Shares from the relevant authority responsible for such registration; and

3. Maoye commercial shall pay Zhongzhao the remaining 10% of the consideration, being an aggregate amount of RMB199.2 million, within 5 business days from the day on which the registration of the transfer of the Qinhuangdao Maoye Shares is completed.

Conditions Precedent

Completion of the disposal of the Qinhuangdao Maoye Shares is subject to the fulfilment of the following conditions:

- (1) the proposed disposal of the Qinhuangdao Maoye Shares having been approved by the board of directors and shareholders of Maoye Commercial;
- (2) if necessary, the proposed disposal of the Qinhuangdao Maoye Shares having been approved by the relevant authorities or the relevant filing or registration procedures having been completed;
- (3) there having been obtained all necessary consents, authorisations and approvals from third parties related to the transfer of the Qinhuangdao Maoye Shares, and there having been no third parties' rights that may impede the transactions under the Qinhuangdao Maoye Agreement;
- (4) there having been no judgment, ruling or order issued by any relevant judicial authorities, approval bodies or regulatory bodies, which shall render the Qinhuangdao Maoye Agreement and the transactions contemplated thereunder illegal or prohibited;
- (5) there having been no material adverse change in respect of the financial conditions and operations of Qinhuangdao Maoye up to the date of completion; and
- (6) there having been no breach and no relevant evidence suggesting there will be any breach of the Qinhuangdao Maoye Agreement by any party thereto.

Upon completion of the proposed disposal of the Qinhuangdao Maoye Shares, Qinhuangdao Maoye will become an indirect non-wholly subsidiary of the Company through its shareholding in Maoye Commercial.

TAIZHOU FIRST AGREEMENT

Parties

- (i) Maoye Shangsha, as seller
- (ii) Maoye Commercial, as purchaser

Assets to be disposed of

Maoye Commercial proposed to acquire from Maoye Shangsha the Taizhou First Shares, being 97.31% equity interest in Taizhou First.

Consideration

The consideration for the Taizhou First Shares is RMB565.6 million based on the valuation of Taizhou First as at 30 June 2018 conducted by the Valuer and determined after arm's length negotiations between the parties. The consideration shall be payable in cash by Maoye Commercial with its internal resources.

The consideration will be settled in the following manner:

1. Maoye commercial shall pay Maoye Shangsha 30% of the consideration, being an aggregate amount of RMB169.7 million (less the Payables Amount to Taizhou First), within 5 business days from the effective day of the Taizhou First Agreement;
2. Maoye commercial shall pay Maoye Shangsha 60% of the consideration, being an aggregate amount of RMB339.3 million, within 5 business days from the day on which Maoye Commercial receives the registration documents in relation to the transfer of the Taizhou First Shares from the relevant authority responsible for such registration; and
3. Maoye commercial shall pay Maoye Shangsha the remaining 10% of the consideration, being an aggregate amount of RMB56.6 million, within 5 business days from the day on which the registration of the transfer of the Taizhou First Shares is completed.

Conditions Precedent

Completion of the disposal of the Taizhou First Shares is subject to the fulfilment of the following conditions:

- (1) the proposed disposal of the Taizhou First Shares having been approved by the board of directors and shareholders of Maoye Commercial;
- (2) if necessary, the proposed disposal of the Taizhou First Shares having been approved by the relevant authorities or the relevant filing or registration procedures having been completed;
- (3) there having been obtained all necessary consents, authorisations and approvals from third parties related to the transfer of the Taizhou First Shares, and there having been no third parties' rights that may impede the transactions under the Taizhou First Agreement;
- (4) there having been no judgment, ruling or order issued by any relevant judicial authorities, approval bodies or regulatory bodies, which shall render the Taizhou First Agreement and the transactions contemplated thereunder illegal or prohibited;
- (5) there having been no material adverse change in respect of the financial conditions and operations of Taizhou First up to the date of completion; and
- (6) there having been no breach and no relevant evidence suggesting there will be any breach of the Taizhou First Agreement by any party thereto.

Upon completion of the proposed disposal of the Taizhou First Shares, Taizhou First will remain as an indirect non-wholly subsidiary of the Company through its shareholding in Maoye Commercial.

PROFIT GUARANTEE

According to the Taizhou First Agreement, Maoye Shangsha proposed to agree to provide a guarantee in favour of Maoye Commercial that the total audited net profits (without taking into account the effect of non-operating gains and losses) of Taizhou First for the year ending 31 December 2018, 2019 and 2020 would be not less than RMB43,981,200, RMB50,583,100, and RMB52,270,400, respectively.

If there is any shortfall between the actual net profits and the guaranteed net profits of Taizhou First for any of the years ending 31 December 2018, 2019 and 2020, Maoye Shangsha shall compensate Maoye Commercial. The amount of the compensation will be calculated by the shortfall between the actual net profits and the guaranteed net profits, divided by the aggregate amount of net profits guaranteed (i.e. RMB146,834,700) and multiplied by the aggregate consideration under the Taizhou First Agreement but minus any compensation that was previously paid by Maoye Shangsha under the profit guarantee (if any).

INFORMATION ON QINHUANGDAO MAOYE AND TAIZHOU FIRST

Qinhuangdao Maoye

Qinhuangdao Maoye is principally engaged in retail business operating department stores and super market within the central business district of Qinhuangdao.

According to the audited financial statements of Qinhuangdao Maoye prepared in accordance with PRC Generally Accepted Accounting Principles, the net profit of Qinhuangdao Maoye for the two financial years ended 31 December 2017 and 2016 is as follows:

	For the year ended 31 December 2017 (audited) RMB	For the year ended 31 December 2016 (audited) RMB
Net profit before tax	126,117,719.25	125,631,872.11
Net profit after tax	89,338,384.92	89,073,641.71

The audited net asset value of Qinhuangdao Maoye as at 31 December 2017 was RMB 1,256,523,699.81.

Taizhou First

Taizhou First is principally engaged in retail business operating one department store in Taizhou City.

According to the unaudited financial statements of Taizhou First prepared in accordance with PRC Generally Accepted Accounting Principles, the net profit of Taizhou First for the two financial years ended 31 December 2017 and 2016 is as follows:

	For the year ended 31 December 2017 (audited) RMB	For the year ended 31 December 2016 (audited) RMB
Net profit before tax	56,110,793.57	68,282,421.32
Net profit after tax	40,593,278.18	50,412,079.79

The audited net asset value of Taizhou First as at 31 December 2017 was RMB 263,028,537.84.

INFORMATION ON THE COMPANY AND THE PARTIES TO THE AGREEMENTS

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.

Zhongzhao

Zhongzhao is a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company. The principal business of Zhongzhao is investment holding.

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, Maoye Commercial is a subsidiary of the Company where 82.14% of the issued share capital of Maoye Commercial is held by the Company. Maoye Commercial is principally engaged in the operation of department stores.

Maoye Shangsha

Maoye Shangsha is a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company. The principal business of Maoye Shangsha is the operation of department stores.

The entering into of the Qinhuangdao Maoye Agreement and the Taizhou First Agreement is subject to, amongst others, the shareholders' approval of Maoye Commercial. Therefore, the entering into of the Qinhuangdao Maoye Agreement and the Taizhou First Agreement may or may not proceed. Investors and shareholders of the Company should exercise caution when dealing in the securities of the Company.

Further announcement(s) will be made by the Company in accordance with the Listing Rules in relation to the entering into of the Qinhuangdao Maoye Agreement and the Taizhou First Agreement as and when necessary.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

"Agreements"	the Qinhuangdao Maoye Agreement and the Taizhou First Agreement
"Board"	the board of directors of the Company
"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
"connected person"	has the meaning scribed to it under the Listing Rules
"CSRC"	China Securities Regulatory Commission
"Directors"	directors of the Company
"Disposals"	the disposal of the Qinhuangdao Maoye Shares and the Taizhou First Shares pursuant to the Qinhuangdao Maoye Agreement and the Taizhou First Agreement, respectively
"Group"	the Company and its subsidiaries
"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 joint stock company established in the PRC and listed on the Shanghai Stock Exchange (stock code: 600828) and a subsidiary of the Company
"Maoye Shangsha"	Shenzhen Maoye Shangsha Co., Ltd. (深圳茂業商廈有限公司), a company established in the PRC and a wholly-owned subsidiary of the Company
"PRC"	the People's Republic of China
"Payables Amount to Qinhuangdao Maoye"	amount payables by Zhongzhao to Qinhuangdao Maoye in the sum of RMB1,239,031,712.43, being the borrowings owed by Zhongzhao as at 30 June 2018
"Payables Amount to Taizhou First"	Amount payables by Maoye Shangsha to Taizhou First in the sum of RMB66,064,200.61, being the borrowings owed by Maoye Shangsha as at 30 June 2018

"Qinhuangdao Maoye"	Qinhuangdao Maoye Holdings Co., Ltd. (秦皇島茂業控股有限公司), a company established in the PRC and a wholly-owned subsidiary of the Company
"Qinhuangdao Maoye Agreement"	the share transfer agreement proposed to be entered into between Zhongzhao and Maoye Commercial in respect of the transfer of the Qinhuangdao Maoye Shares
"Qinhuangdao Maoye Shares"	the entire equity interest in Qinhuangdao Maoye
"RMB"	Renminbi, the lawful currency of the PRC
"Shareholders"	the shareholders of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Taizhou First"	Taizhou First Department Store Co., Ltd. (泰州第一百貨商店股份有限公司), a company established in the PRC and a non-wholly owned subsidiary of the Company
"Taizhou First Agreement"	the share transfer agreement proposed to be entered into between Maoye Shangsha and Maoye Commercial in respect of the transfer of the Taizhou First Shares
"Taizhou First Shares"	97.31% of the equity interest in Taizhou First, being the entire equity interest held by Maoye Shangsha in Taizhou First
"Valuer"	an independent third party valuer appointed by Maoye Commercial in compliance with the requirements of the CSRC
"Zhongzhao"	Zhongzhao Investment Management Co., Ltd. (中兆投資管理有限公司), a company established in the PRC and a wholly-owned subsidiary of the Company

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

Hong Kong, 7 September 2018

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