THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **MAOYE INTERNATIONAL HOLDINGS LIMITED**, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was affected for transmission to the purchaser or transferee.

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 100% OF THE EQUITY INTEREST IN THE TARGET COMPANY

This circular is despatched to the Shareholders for information purpose only, and a written Shareholder's approval has been obtained in lieu of holding a general meeting of the Company pursuant to the Listing Rules.

24 December 2020

CONTENTS

		Page
DEFINITIONS		1
LETTER FROM THE BOARD		4
APPENDIX I	– FINANCIAL INFORMATION OF THE GROUP	I-1
APPENDIX II	– ACCOUNTANTS' REPORT OF THE TARGET COMPANY	II-1
APPENDIX III	– MANAGEMENT DISCUSSION AND ANALYSIS OF THE TARGET COMPANY	III-1
APPENDIX IV	– UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP	IV-1
APPENDIX V	– VALUATION REPORT OF 100% OF EQUITY INTEREST OF THE TARGET COMPANY	V-1
APPENDIX VI	– PROPERTY VALUATION REPORT OF THE TARGET COMPANY	VI-1
APPENDIX VII	– GENERAL INFORMATION	VII-1

In this circular, the following expressions have the meanings set out below unless the context requires otherwise:

"Accounts Payable"	the Target Company's total external accounts payables as at 31 August 2020;
"Accounts Receivable"	the Target Company's total external accounts receivables as at 31 August 2020;
"Acquisition"	the sale and purchase of 100% of the equity interests in the Target Company by Renhe Industrial to Chengshang Holding;
"Acquisition Agreement"	the acquisition agreement dated 30 September 2020 entered into between Chengshang Holding and Renhe Industrial regarding the Acquisition;
"Board"	the board of Directors;
"Chengshang Holding"	Chengshang Group Holding Co., Ltd.（成商集團控股有限公司）, a wholly-owned subsidiary of Maoye Commercial;
"Company"	Maoye International Holdings Limited, 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 Acquisition;
"connected person(s)"	has the meaning ascribed to it under the Listing Rules;
"Consideration"	RMB1.45 billion payable for the Acquisition;
"Controlling Shareholder"	Maoye Department Store Investment Limited, a company incorporated in the British Virgin Islands with limited liability and a controlling shareholder (as defined in the Listing Rules) of the Company holding 4,200,000,000 shares in the Company as at the Latest Practicable Date (representing approximately 81.71% of the total issued share capital of the Company);
"Custody Agreement"	the transaction fund custody agreement entered into among Chengshang Holding, Renhe Industrial and Agricultural Bank of China Limited Chengdu Jincheng Sub-branch;
"Directors"	the directors of the Company;

"Enlarged Group"	the Group as enlarged by the Acquisition;
"Escrow Account"	a bank account jointly opened by Chengshang Holding and Renhe Industrial in a third-party bank with Renhe Industrial as the account name, and external payments from this account must meet the conditions stipulated in the Acquisition Agreement;
"Financial Institution Loans"	as at 31 August 2020, the Target Company has syndicated loan principal of RMB339,190,000.00 to Agricultural Bank of China Co., Ltd. Chengdu Jincheng Sub-branch （農業銀行股份有限公司成都錦城支行） and Chengdu Rural Commercial Bank Co., Ltd. Jinquan Sub-branch（成都農商銀行股份有限公司金泉支行銀團）;
"Group"	the Company and its subsidiaries from time to time;
"Heritage Exploration Agreement"	the cultural relics exploration agreement concluded between the Target Company and the Chengdu Cultural Relics and Archaeological Team（成都文物考古隊）on 12 December 2019, which is still being implemented;
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC;
"Latest Practicable Date"	18 December 2020, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular;
"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）, an indirect non-wholly-owned subsidiary of the Company and a joint stock limited company established in the PRC and listed on the Shanghai Stock Exchange (stock code: 600828);
"Model Code"	the Model Code for Securities Transaction by Directors of Listed Issuers, as set out in Appendix 10 to the Listing Rules;
"Mr. Huang"	Mr. Huang Mao Ru;
"PRC"	the People's Republic of China and for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;

"Renhe Industrial"	Chengdu Renhe Industrial (Group) Limited (成都仁和實業(集團)有限公司), a company established in the PRC;
"RMB"	Renminbi, the lawful currency in the PRC;
"Shares"	ordinary share(s) of HK$0.1 each in the capital of the Company or if there has been a subsequent sub-division, consolidation, reclassification or reconstruction of the share capital of the Company, shares forming part of the ordinary equity share capital of the Company;
"Shareholder(s)"	the shareholders of the Company;
"SFO"	the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong);
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"Target Company"	Chengdu Renhe Investment Co., Ltd. (成都仁和投資有限公司), a company established in the PRC and is mainly engaged in the operation of the Jincheng art palace project, holding the land use right of the state-owned construction land of the Jincheng art palace project and the real estate property rights of the completed buildings;
"Target Asset"	the land use rights and house ownership owned by the Target Company as at 30 September 2020;
"Third Instalment Of Consideration"	the amount of Consideration to be paid after deducting (i) the first instalment of RMB200 million paid on 4 September 2020; (ii) the Financial Institution Loans of RMB339,190,000; (iii) the second instalment of the Consideration payable in the amount of RMB670 million; and (iv) and other payables of the Target Company on the date of Completion; and
"%"	per cent.

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)

Executive Directors:
Mr. Huang Mao Ru *(Chairman)*
Mr. Zhong Pengyi
Ms. Lu Xiaojuan

Non-executive Director:
Mr. Wang Bin

Independent non-executive Directors:
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Mr. Pao Ping Wing
Mr. Gao Yajun

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24 December 2020

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION IN RELATION TO THE ACQUISITION OF 100% OF THE EQUITY INTEREST IN THE TARGET COMPANY

INTRODUCTION

Reference is made to (i) the announcement of the Company dated 30 September 2020 in relation to the Acquisition and (ii) the supplemental announcement of the Company dated 8 October 2020 in relation to the Acquisition and the grant of waiver under Rule 14.41(a) of the Listing Rules (collectively, the "**Announcements**"). Capitalised terms used herein shall have the same meanings as those defined in the Announcements unless the context otherwise requires.

The purpose of this circular is to provide you with, among other things, (i) further details on the Acquisition; and (ii) other information as required under the Listing Rules.

THE ACQUISITION AND THE ACQUISITION AGREEMENT

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

Date

30 September 2020

Parties

Seller: Renhe Industrial

Purchaser: Chengshang Holding

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiry, Renhe Industrial and its ultimate beneficial owners are third parties independent of the Company and connected persons of the Company. As at the Latest Practicable Date, the ultimate beneficial owners of Renhe Industrial are Mr. Che Liren and Mr. Suo Keyi, who holds 95% and 5% shares of Renhe Industrial, respectively.

The Company became acquainted with Mr. Chen Liren in 2015, when Chengshang Holding and Renhe Industrial (which was then wholly-owned by Mr. Chen Liren) entered into an agreement pursuant to which Chengshang Holding agreed to acquire 100% of the equity interests in Chengdu Renhe Chuntian Department Store Ltd. (成都仁和春天百貨有限公司). The Company met Mr. Suo Keyi through Mr. Chen Liren.

Assets to be acquired

Pursuant to the Acquisition Agreement, Renhe Industrial has agreed to sell and Chengshang Holding has agreed to purchase 100% of the equity interests in the Target Company.

Target Asset

The Target Asset of the Target Company include the following land and houses:

(1) The Jincheng art palace project was established as an old city reconstruction project. As at 30 September 2020, the Target Company had three land use rights with details as follows:

Land use right certificate number	**Position**	**Area** *(sq.m.)*	**Land use nature**	**Volume rate**
Chengdu National Land (2016) No. 221	61 Renmin East Road, Jinjiang District, Chengdu, Sichuan Province	15,736.16	Commercial service facility land	10

Land use right certificate number	Position	Area *(sq.m.)*	Land use nature	Volume rate
Chengdu National Land (2013) No. 492	61 Renmin East Road, Jinjiang District, Chengdu, Sichuan Province (Plot A)	499.99	Commercial land (underground), commercial supporting parking lot land (underground)	Not applicable
Chengdu National Land (2013) No. 493	61 Renmin East Road, Jinjiang District, Chengdu, Sichuan Province (Plot B)	4,598.08	Commercial land (underground), commercial supporting parking lot land (underground)	Not applicable

(2) The buildings on the land in (1) above include Chuan (2019) Chengdu Real Estate No. 0508099, No. 0508125, No. 0508119, No. 0508121, No. 0508117 and their underground area, with total building area of approximately 7,942.59 sq.m..

Consideration

The Consideration is RMB1.45 billion, which includes the equity transfer payment of RMB241,000,014.15 payable by Chengshang Holding to Renhe Industrial under the Acquisition and the Accounts Payable of RMB1,208,999,985.85. The Consideration was determined by Chengshang Holding and Renhe Industrial after arm's length negotiations on normal commercial terms and after taking into account the valuation of 100% of the equity interests in the Target Company based on the asset-based approach and the Target Company's Accounts Payable. As at 31 August 2020, the Target Company's 100% equity interest based on the asset-based approach was valued at RMB1,460,611,529.38, total liabilities was valued at RMB1,206,865,255.89 and net assets was valued at RMB 253,746,273.49. The Consideration shall be payable in cash. The payment of the Consideration shall be satisfied by the internal resources of Chengshang Holding or other means of financing methods in the event that the internal resources are insufficient.

Valuation approach

According to Article 17 of the "Professional Standards for Asset Appraisal-Enterprise Value", the implementation of the enterprise value appraisal on businesses should analyze the applicability of the three valuation approaches, i.e. the income approach, the market approach and the cost approach (also referred to as asset-based method), according to the valuation purpose, valuation target, value type, data collection, etc., and select the valuation approach.

The income approach in enterprise value evaluation refers to a valuation approach that capitalizes or discounts expected returns to determine the value of the valuation target. There are three prerequisites for using the income approach to evaluate the value of an enterprise:

(i) The expected future earnings of the enterprise can be predicted and measured in currency;

(ii) The risks assumed by the enterprise's expected returns can also be predicted and measured in currency; and

(iii) The expected profit period of the enterprise can be predicted.

The Target Company has been operating at a loss in recent years, and the expected future benefits and risks of the Target Company cannot be reasonably determined. Therefore, the income approach was not used for valuation.

The market approach in enterprise value evaluation refers to the valuation approach that compares the valuation target with comparable listed companies or comparable transaction cases to determine the value of the valuation target. The important prerequisite for selecting the market approach to evaluate the value of an enterprise is that there are a certain number of comparable transaction cases in the market. As at the valuation base date of 31 August 2020, the valuer could not obtain a certain number of comparable transaction cases. Therefore, the market approach was not used for valuation.

The asset-based approach in enterprise value assessment refers to a valuation approach based on the assessment of the value of the valuation target based on its assets and liabilities on and off the balance sheet as at 31 August 2020. The Target Company has relatively complete financial accounting information with complete operating assets and management, its accounting statements have been reviewed by the auditing institution and an unqualified opinion report was issued, and the Target Company could identify various assets and liabilities on and off the balance sheet, and there were no assets or liabilities that have a significant impact on the value of the Target Company's assets and are difficult to identify and evaluate. Therefore, the asset-based method can be used for this assessment.

After considering the above factors, the asset-based approach was chosen to evaluate the Target Company this time.

Valuer

The valuer is Xiamen University Valuation Land Real Estate Valuation Co., Ltd.（廈門市大學資產評估土地房地產估價有限責任公司）. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiry, Xiamen University Valuation Land Real Estate Valuation Co., Ltd.（廈門市大學資產評估土地房地產估價有限責任公司）and its ultimate beneficial owner(s) are third parties independent of the Company and connected persons of the Company.

Detailed basis of the Consideration

Among the Consideration of RMB1.45 billion, (i) the equity transfer payment of RMB241,000,014.15 was determined based on the valuation of the Target Company's 100% equity based on the asset-based approach, and (ii) the Target Company's Accounts Payables of RMB1,208,999,985.85 are the debts that the Target Company should pay.

(i) Equity transfer payment

As at the assessment base date of 31 August 2020, the Target Company's assessment details are as follows:

Term		Book value	Valuation	Increase or decrease	Appreciation rate
		RMB'000	*RMB'000*	*RMB'000*	*%*
		A	B	C=B-A	D=C/A×100%
1	Current assets	1,046,663.0	1,460,608.8	413,945.9	39.55
2	Of which: inventory	1,031,003.0	1,444,948.9	413,945.9	40.15
3	Non-current assets	0.4	2.7	2.3	583.42
4	Of which: fixed assets	0.4	2.7	2.3	583.42
5	**Total assets**	1,046,663.4	1,460,611.5	413,948.2	39.55
6	Current liabilities	864,163.0	864,163.0	–	–
7	Non-current liabilities	342,702.2	342,702.2	–	–
8	**Total liabilities** *(Note)*	1,206,865.3	1,206,865.3	–	–
9	**Net assets (owner's equity)**	(160,201.9)	253,746.3	413,948.2	258.39

Note: As at 31 August 2020, the total liabilities of the Target Company amounted to RMB1,206,865,255.89, and the Accounts Payable of the Target Company mentioned above were RMB1,208,999,985.85, with a difference of RMB2,134,729.96. The difference was due to the fact that (i) the Accounts Payable of the Target Company included the amount of RMB2,146,520.00 that was payable by the Target Company according to the Acquisition Agreement but such amount has not been recorded in the accounts of the Target Company as at 31 August 2020; and (ii) the Accounts Payable of the Target Company did not include the receipts in advance of RMB10,596.33 and deferred income of RMB1,193.71 of the Target Company.

Inventory is the development products and development costs of the third phase of Renhe Spring Department Store Rendong Store invested and constructed by the Target Company. The project is located at No. 61, Renmin East Road, Jinjiang District, Chengdu, and its land use right is divided into Zones A, B and C. Among them, the construction of Zone A has been completed, and Zones B and C will be developed and constructed (the "**Target Company Development Project**"), with a book value of approximately RMB1,031,003,000, an appraised value of approximately RMB1,444,948,900, and an appraised appreciation of approximately RMB413,945,900. The reason for the appraisal appreciation was that the Target Company acquired land earlier and the market price of such land use rights has continued to rise with the development of the regional economy over the years where the Target Company is located.

Based on the valuation report issued by the valuer, Chengshang Holding and Renhe Industrial negotiated and determined that the equity transfer payment for 100% of the equity interest in the Target Company was RMB241,000,014.15, representing a decrease of RMB12,746,259.34 from the value of the net assets of RMB253,746,273.49 based on the asset-based approach as at 31 August 2020.

As at the Latest Practicable Date, the equity transfer amount of RMB241,000,014.15 had been paid by Chengshang Holding to Renhe Industrial.

(ii) The Target Company's Accounts Payable

As at 31 August 2020, the Target Company's total Accounts Payable was RMB1,208,999,985.85, including related parties loans of RMB862,717,705.08, Financial Institution Loans of RMB339,190,000 and other payables of RMB7,092,280.77.

The related party loans of RMB862,717,705.08 had been paid by Chengshang Holding to Renhe Industrial. This amount was mainly used for the purchase of land use rights by Renhe Industrial for the development project before the Acquisition and subsequent development project expenditures;

The Financial Institution Loans of RMB339,190,000 shall be borne by the Target Company after the Completion, and the funds will be mainly used for the purchase of land use rights by the Target Company for its development project before the Acquisition and subsequent development project expenditures; and

Other payables of RMB7,092,280.77 (the final amount to be determined by both parties to the Acquisition Agreement after the Completion) shall be borne by Chengshang Holding after the Completion and shall be deducted from the Third Instalment of Consideration, which is expected to be paid with 180 days after Completion, i.e. on before 6 May 2021. Other payables include (i) interest of RMB3,511,036.22 on Financial Institution Loans payable by the Target Company for the period from 21 June 2020 to 31 August 2020; (ii) payables of RMB2,146,520.00 that have not been accounted for in accordance with the Acquisition Agreement, including RMB40,000.00 payable to Chengdu Chenyue Construction Project Management Co., Ltd.（成都晨越建設項目管理有限公司）, RMB1,000,000.00 payable to Chengdu Anshi Decoration Co., Ltd.（成都安室裝飾工程有限公司）, RMB490,000.00 payable to Sichuan Electric Power Transmission and Transformation construction Co., Ltd.（四川省送變電建設有限責任公司）, RMB616,520.00 payable to Sichuan Provincial Chuanjian Institute of Investigation Design（四川省川建院勘察設計院）; and (iii) other payments of RMB1,434,724.55, which mainly include warranty deposit payable to other companies, lease performance bonds, taxes payable, employee remuneration payable, and the monetary difference between the suspension of business compensation for tenants' relocation and the amount of rental subsidy for leased properties.

Terms of payment

Since Chengshang Holding and Renhe Industrial agreed to and considered the basis of Consideration and the terms of payment on separate basis, while the total Consideration remains at RMB1.45 billion, the terms of paymemt do not directly correspond to the various amounts comprising the Consideration.

The Consideration shall be payable in the following manner:

(1) The Financial Institution Loans of RMB339,190,000 payable by the Target Company shall be borne by the Target Company after Completion, and Chengshang Holding shall pay Renhe Industrial the remaining Consideration of RMB1,110,810,000 in three instalments;

(2) Chengshang Holding paid the first instalment of RMB200 million to the Escrow Account as earnest money on 4 September 2020 in cash as part of the Consideration. As Completion had taken place, the money held in the Escrow Account had been released and Renhe Industrial is free to withdraw such instalment from the Escrow Account;

(3) Within three working days after the Acquisition Agreement takes effect and the following conditions (among others) are met, Chengshang Holding shall pay the second instalment of RMB670 million to the Escrow Account as part of the Consideration;

    (i) The Acquisition has not been deemed illegal or prohibited by judicial organisations, approval agencies or statutory supervision agencies, and there has not been a newly issued or revised law that has led to the Acquisition being deemed illegal or prohibited; and

    (ii) Renhe Industrial did not default under the Acquisition Agreement or there is no relevant evidence to prove that it will default under the Acquisition Agreement.

    The second instalment of RMB670 million was paid by Chengshang Holding to the Escrow Account in cash as part of the Consideration on 15 October 2020 and was covered under the Custody Agreement. As Completion had taken place, the money held in the Escrow Account had been released and Renhe Industrial is free to withdraw such instalment from the Escrow Account.

(4) Within three working days after Completion, Chengshang Holding shall cooperate with Renhe Industrial to handle the Escrow Account and cancel the joint account. After such cancellation, Renhe Industrial will have free control of the relevant funds; and

(5) Within 180 days after Completion, Chengshang Holding shall pay Renhe Industrial a one-off payment as the Third Instalment Of Consideration. As at the Latest Practicable Date, the Third Instalment of Consideration had not been paid.

In accordance with the terms of the Acquisition Agreement, the Third Instalment of Consideration is expected to be paid on or before 6 May 2021. The conditions precedent for the Acquisition (for details, see "The Acquisition and the Acquisition Agreement – Conditions Precedent" in this section) had been satisfied and no other conditions need to be fulfilled before the payment of the Third Instalment of Consideration.

As at the Latest Practicable Date, the total amount paid by Chengshang Holding to Renhe Industrial (or the Escrow Account) was RMB870 million.

In respect of item (2) above in this "Terms of payment" section, Chengshang Holding paid the first instalment of RMB200 million to the Escrow Account on 4 September 2020 as part of the Consideration because Chengshang Holding and Renhe Industrial have initially communicated and reached an intention to cooperate and entered into a letter of intent ("**Letter of Intent**") in respect of the Target Company. According to the Letter of Intent, Chengshang Holding would pay RMB200 million to the Escrow Account opened by both Chengshang Holding and Renhe Industrial as earnest money to show its sincerity for the Acquisition. If either party decides to terminate the negotiation on the Acquisition or fails to sign a formal acquisition agreement within one month, or the Acquisition fails to be approved by the board of directors or the general meeting of shareholders of Chengshang Holding, Renhe Industrial would unconditionally cooperate in the return of the earnest money of RMB200 million to Chengshang Holding's account. Since the Acquisition Agreement had been entered into within one month from the date of the Letter of Intent and the relevant approval from Chengshang Holding had been obtained, the RMB200 million of earnest money is no longer refundable. Chengshang Holding, Renhe Industrial and Agricultural Bank of China Limited Chengdu Jincheng Sub-branch ("**Chengdu Jincheng Agricultural Sub-branch**") entered into the Custody Agreement, pursuant to which Chengdu Jincheng Agricultural Sub-branch would keep the RMB200 million earnest money in custody, and any payments to external parties or payments to Renhe Industrial must be agreed by both parties. Therefore, the funds are safe, and considering that it will be beneficial for the Group to further develop commercial retail business in the Chengdu area after the Completion of the Acquisition, Chengshang Holding paid the first instalment of RMB200 million to the Escrow Account on 4 September 2020 as part of the Consideration, which was conducive to completing the initial negotiation of the Acquisition.

Conditions precedent

The Completion of the Acquisition is subject to the fulfilment of the following conditions:

(1) The board of directors of Maoye Commercial having approved the Acquisition; and

(2) The Acquisition Agreement having been approved by the relevant securities regulatory authority (if necessary).

Chengshang Holding confirmed that all of the conditions stated above have been satisfied.

The Target Company's Accounts Receivable

The Target Company's Accounts Receivable will be handled as follows:

(1) During the period from 11 March 2020 to 31 July 2020, Chengdu Pu Rui Sen Hotel Management Company Limited（成都普瑞森酒店管理有限公司）, should have paid the Target Company a rent of RMB426,666.67. Renhe Industrial shall assist the Target Company to recover such outstanding payment. Chengshang Holding agrees to pay such amount to Renhe Industrial within three working days after the Target Company has recovered such amount; and

(2) The deposit of RMB250,000.00 for electricity fees paid by the Target Company to the State Grid Sichuan Electric Power Company shall be paid to Renhe Industrial when Chengshang Holding pays the Third Instalment Of Consideration to Renhe Industrial.

Special agreement for cultural relic exploration

(1) The Heritage Exploration Agreement is being implemented, pursuant to which Renhe Industrial agreed to supervise the Chengdu Cultural Relics and Archaeological Team to complete the cultural relics exploration as soon as possible. The Heritage Exploration Agreement stipulates that the unfinished key cultural relic exploration expenses and archaeological excavation expenses ("**Cultural Relics and Archaeology Fees**") shall be settled and borne by Renhe Industrial. The specific settlement method is that after the settlement amount is determined, the Target Company shall replace Renhe Industrial and pay to the designated account of the Chengdu Cultural Relics and Archaeology Team. After the payment, if the Third Instalment Of Consideration has not been paid to Renhe Industrial by Chengshang Holding, Chengshang Holding will deduct the Cultural Relics and Archaeology Fees from the Third Instalment Of Consideration. If the Third Instalment Of Consideration of the Acquisition has been paid to Renhe Industrial by Chengshang Holding, Chengshang Holding will notify Renhe Industrial in writing after being notified and Renhe Industrial will return the Cultural Relics and Archaeology Fees to Chengshang Holding within 3 working days;

(2) According to the Heritage Exploration Agreement, the Cultural Relics and Archaeology Fees include (i) the cost of the cultural relics exploration project of RMB213,948.83; and (ii) if the Chengdu Cultural Relics and Archaeological Team discovers ancient underground remains during the cultural relics exploration, the Target Company and the Chengdu Cultural Relics And Archaeological Team will add key exploration expenses and archaeology excavation costs ("**Additional Fees**") in accordance with Article 6 of Chapter 2 and Chapter 3 of the "Notice on Issuing Archaeological Investigation, Exploration, and Excavation Budget Quota Management Issuance" [(90) Wenwuzi No. 248]. Since the Additional Fees cannot be effectively determined, Chengshang Holding cannot determine whether the Cultural Relics and Archaeology Fees will exceed the Third Instalment Of Consideration, but after considering the fact that (a) the Target Company paid Chengdu Cultural Relics and Archaeological Team（成都文物考古隊）a sum of RMB213,948.83 on 20 December 2019, and that the difference between the payment and the Third Instalment Of Consideration is large, and (b) as described in

paragraph (3) of this section, if cultural relics are discovered in the exploration of cultural relics and the relevant government departments take protective measures to prohibit the development and construction of the Jincheng art palace in accordance with relevant regulations on cultural relics protection and management (subject to documents or letters from the relevant government department), Chengshang Holding has the right to terminate the Acquisition Agreement (and subsequent to the termination as described there will be no additional costs). Therefore, it is subjectively believed that Cultural Relics and Archaeology Fees will not exceed the Third Instalment Of Consideration. As at the Latest Practicable Date, the exploration of cultural relics had been completed and was awaiting acceptance by the State Administration of Cultural Heritage. Such procedures are expected to be completed in by the end of December 2020. If the exploration of cultural relics does not complete within 180 days after the completion of the Jincheng art palace project, Renhe Industrial agreed to postpone the time for Chengshang Holding to pay the Third Instalment Of Consideration to within three working days after the completion of the cultural relics exploration;

(3) If cultural relics are discovered in the exploration of cultural relics and the relevant government departments take protective measures to prohibit the development and construction of the Jincheng art palace in accordance with relevant regulations on cultural relics protection and management (subject to documents or letters from the relevant government department), Chengshang Holding has the right to terminate the Acquisition Agreement. If Chengshang Holding terminates the Acquisition Agreement according to the Acquisition Agreement, Chengshang Holding and Renhe Industrial shall not be liable for each other's breach of contract, but shall restore the original status accordingly, including but not limited to:

(i) Renhe Industrial shall, within 30 days after receiving the written notice of termination of the Acquisition Agreement from Chengshang Holding, return to Chengshang Holding the Consideration and corresponding interest actually paid by Chengshang Holding in accordance with the Acquisition Agreement, including the Consideration directly paid by Chengshang Holding to Renhe Industrial, the repayment of the Financial Institution Loans and corresponding interest paid by Chengshang Holding for the Target Company, and the repayment of the related party loans and corresponding interest paid by Chengshang Holding for the Target Company;

(ii) After Chengshang Holding terminates the Acquisition Agreement, Chengshang Holding shall handle the transfer of the Target Company's equity to Renhe Industrial, and transfer the management rights of the Target Company to Renhe Industrial;

(iii) If the Target Company is unable to complete the transfer of equity in the Target Company in accordance with the above paragraph (2) due to reasons on the part of Chengshang Holding, and the transfer of the Target Company cannot be completed within 10 days after Renhe Industrial's reminder, then Chengshang Holding shall pay a late fee to Renhe Industrial at 3/10,000 of the Consideration for every one day overdue; and

(iv) If Renhe Industrial fails to return the actual payment and corresponding interest to Chengshang Holding in accordance with the above paragraph (1) due to reasons on the part of Renhe Industrial, and Renhe Industrial does not pay within 10 days after Chengshang's reminder, then Renhe Industrial shall pay a late fee to Chengshang Holding at 3/10,000 of the overdue payment amount for every one day overdue; and

(4) The delay in the development and construction of the Jincheng art palace project, the delayed payment of the Third Instalment Of Consideration and the termination of the Acquisition Agreement caused by the exploration of cultural relics are all caused by force majeure, and Chengshang Holding and Renhe Industrial will not be liable for breach of contract.

If cultural relics are discovered in the exploration of cultural relics and the relevant government departments take protective measures to prohibit the development and construction of the Jincheng art palace in accordance with relevant regulations on cultural relics protection and management (subject to documents or letters from the relevant government department), Chengshang Holding has the right to terminate the Acquisition Agreement. Please see the description above for details of the Consideration to be returned to Chengshang Holding.

The delay in the development and construction of the Jincheng art palace project and the delayed payment of the Third Instalment Of Consideration caused by the exploration of cultural relics will not result in the termination of the Acquisition Agreement by the parties thereto.

The Acquisition Agreement states that if the exploration of cultural relics does not complete within 180 days after the completion of the Jincheng art palace project, Renhe Industrial agreed to postpone the time for Chengshang Holding to pay the Third Instalment Of Consideration to within three working days after the completion of the cultural relics exploration.

Exclusivity

Renhe Industrial and Chengshang Holding agreed that the rights of each party under the Acquisition Agreement, whether in whole or in part, shall not be transferred or assigned in any way to any third party.

INFORMATION ON THE TARGET COMPANY

The Target Company is mainly engaged in the operation of the Jincheng art palace project, and holds the land use rights of state-owned construction land for the Jincheng art palace project (including underground space) and the real estate property rights of the completed buildings. Its operation model involves the development and sales of properties in the PRC, and is in the early stage of real estate development projects. The Jincheng art palace project is the Target Company's main operating project. In view of the nature of its land use (i.e. land for commercial service facilities), the Company expects to develop corresponding supporting commercial projects, such as shopping centers.

The business of the Target Company involves the sale and rental of properties. For the years ended 31 December 2017, 2018 and 2019 and the eight months ended 31 August 2019 and 2020, the Target Company recorded total revenue of nil, RMB0.2 million, RMB44.9 million, RMB44.2 million and RMB1.0 million, resepctively, comprising revenue from sale of properties, rental income from investment properties and others. For details, please refer to note 4 of the Accountants' Report of the Target Company set out in Appendix II. The decrease in revenue of RMB43.2 million for the eight months ended 31 August 2020 compared to the eight months ended 31 August 2019 was mainly attributable to the completion and delivery of resettlement housing in 2019, and the confirmed receipt ofreal estate sales income thereof, which did not occur for the eight months ended 31 August 2020.

The properties under the Target Asset mainly consist of two parts (please refer to page VI-5 of Appendix VI for details). These include: (1) basement, the levels 3 to 6 of Block 1, No.61 Renmin East Road, Jinjiang District, Chengdu City, Sichuan Province, the PRC, the total gross floor area of the which (inclusive of basement) is approximately 6,329.51 sq.m and the developed cost was approximately RMB54 million. On 6 June 2018, the Target Company entered into a tenancy agreement with Chengdu Pu Rui Sen Hotel Management Company Limited for a term commencing on 11 December 2018 and expiring on 10 December 2030, pursuant to which levels 3 to 6 of such property have been leased (for details, please refer to Note 6 on page VI-7 of Appendix VI); and (2) three parcels of land located at No. 61 Renmin East Road, Jinjiang District, Chengdu City, Sichuan Province, the PRC with a total site area of approximately 15,736.16 sq.m. and 5,098.07 sq.m. specified for underground usage only. The incurred initial construction cost was approximately RMB50 million. As such incurred initial construction cost had been incurred before the Acquisition, it was not related to the supporting commercial projects that the Company plans to develop.

In accordance with the relevant provisions of the Urban and Rural Planning Law of the People's Republic of China and the Construction Law of the People's Republic of China, to further develop the properties held, the Target Company shall apply to (1) the Chengdu Planning Administration Bureau for the construction land planning permit（建設用地規劃許可証）and the construction works planning permit（建設工程規劃許可証）in accordance with the provisions of the Chengdu Urban and Rural Planning Regulations Permits; and (2) the Construction Commission of Chengdu Municipality for the construction work commencement permit（建築工程施工許可証）. The Target Company's properties can be developed only after the relevant permits have been obtained.

As at the Latest Practicable Date, the Target Company is located at No. 61, Renmin East Road, Jinjiang District, Chengdu City, Sichuan Province and the three parcels of land which have obtained relevant certificates as follows:

	Property	Site Area (sq.m.)		Approximate Gross Floor Area Approximate Gross Floor area after Completion (sq.m)		Certificate(s) obtained	Whether to develop
1.	Basement, the Levels 3 to 6 of Block 1, No.61 Renmin East Road, Jinjiang District, Chengdu City, Sichuan Province, the PRC		15,736.16	basement 3 4 5 6 **Total (inclusive of basement)**	3,280.16 815.71 824.84 824.84 583.96 **6,329.51**	Pursuant to four Real Estate Certificates (Document Nos.: Chuan (2019) Cheng Du Shi Bu Dong Chan Quan Nos.0508125, 0508119, 0508121 and 0508117) all dated 24 December 2019, the ownership of the building of the levels 3 to 6 of the Property with a total gross floor area of approximately 3,049.35 sq.m. is vested in Chengdu Renhe Investment Company Limited for commercial use. The expiration date is 27 November 2052	Yes
2.	Three parcels of land located at No.61 Renmin East Road, Jinjiang Disctrict, Chengdu City, Sichuan Province, the PRC	Parcel 1 Parcel 2 Parcel 3	15,736.16 499.99 (Underground usage) 4,598.08 (Underground usage)	Office Commercial Ancillary Basement **Total**	94,079.19 58,218.64 8,891.21 74,092.72 **235,281.76**	The overall planning of the three parcels of land has obtained two construction land planning permits (建設用地規劃許可証) and a construction works planning permit (建設工程規劃許可証), but has not obtained a construction work commencement permit (建築工程施工許可証).	No

As at the Latest Practicable Date, for the above mentioned properties that have not yet obtained a construction work commencement permit（建築工程施工許可証), the Company is in the process of designing development plans for supporting commercial projects (including shopping centers) , and no concrete future development plan has been designed. After the plan is designed, the Target Company will apply for construction works planning permit（建設工程規劃許可証）and construction work commencement permit（建築工程施工許可証）based on such new development plan. As such, the Company is unable to estimate the completion date or further construction cost for any upcoming projects. The Company is not aware of any legal impediment for obtaining the outstanding licences, permits or approvals. Further announcement will be made by the Company as and when appropriate in accordance with the Listing Rules.

Based on the audited accounts of the Target Company prepared based on International Financial Reporting Standards (IFRS), the net profit (before taxation) and the net profit (after taxation) of the Target Company for each of the financial years ended 31 December 2018 and 2019 are as follows:

	For the year ended 31 December 2019 (audited) *RMB'000*	**For the year ended 31 December 2018 (audited)** *RMB'000*
Net profit before taxation	(21,783.44)	(28,923.61)
Net profit after taxation	(21,902.71)	(28,923.61)

The decrease in the loss before and after taxation of the Target Company between the years ended 31 December 2018 and 31 December 2019 was mainly attributable to an increase in property rental income and a decrease in interest on borrowings.

As at 31 August 2020, based on International Financial Reporting Standards (IFRS), the total assets of the Target Company were RMB1,046,663,400 and the net liabilities value of the Target Company were RMB160,201,900.

REASONS FOR AND BENEFITS OF THE ACQUISITION

In view of the advantageous geographical location of the land parcel (for details of these land use rights, please refer to "The Acquisition and the Acquisition Agreement – Target Asset" in the Letter from the Board) owned by the Target Company, which is in the center of Chengdu, adjacent to the landmark buildings of Chengdu Tianfu Square（天府廣場）and Sichuan Grand Theater（四川大劇院）, and to Chengdu Renhe Rendong Store（成都仁和人東店）and Yanshikou Maoye Tiandi Store（鹽市口茂業天地店）owned by the Group. After the Completion of the Acquisition, in view of the nature of land use (i.e. land for commercial service facilities) of the Jincheng art palace project of the Target Company, the Company expects to develop corresponding supporting commercial projects, such as shopping centers. This Acquisition will help the Group to further develop its commercial retail business in the Chengdu area, and at the same time, it will help the Group to generate synergy effects in Chengdu regional stores, which can enhance the Group's strength and further expand its business operations to enable the Group to strengthen its market status. The Company is in the process of planning the subsequent development plan of the land use rights of the Target Company. After the determination of development plans, further announcement will be made by the Company as and when appropriate in accordance with the Listing Rules if needed. As at the valuation base date of 31 August 2020, the Target Company's audited total assets were approximately RMB1,046,663,400, total liabilities were approximately RMB1,206,865,300, net liabilities value was approximately RMB160,201,900, valuation of the net assets were approximately RMB253,746,300, and the increase in valuation of the net assets were approximately RMB413,948,200, and the capital increase rate was approximately 258.39%. The reason for the valuation increase was that the Target Company acquired land earlier and the market price of such land use rights has continued to rise with the development of the regional economy over the years where the Target Company is located. Therefore, the Acquisition will increase the value of the Company. Although the Target Company recorded net liabilities of RMB160,201,900 as at 31 August 2020, according to the valuation report of 100% of the equity in the Target Company, the net assets of the Target Company as at 31 August 2020 amounted to RMB253.7 million, which well exceeded its net liabilities. And considering the detailed basis of the Consideration set out in above section "Detailed basis of the Consideration", the Directors consider that the terms of the Acquisition are fair and reasonable and in the interests of its shareholders as a whole.

LISTING RULES IMPLICATIONS

As the percentage ratios pursuant to the Listing Rules applicable to the Acquisition referred to above exceed 25% but 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.

Pursuant to the Listing Rules, shareholders' approval is required for a major transaction. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Acquisition. As no Shareholder is required to abstain from voting if the Company were to convene a general meeting for approving of the Acquisition, the Company has obtained written shareholder's approval from Maoye Department Store Investment Limited (a controlling shareholder as defined under the Listing Rules and the holder of 4,200,000,000 Shares as at the date of the approval and the Latest Practicable Date, representing approximately 81.71% of the total issued share capital of the Company) pursuant to Rule 14.44 of the Listing Rules. After the obtaining of such written shareholder's approval, the Company is not required to convene a general meeting for the approval of the Acquisition.

FINANCIAL EFFECT OF THE ACQUISITION

The Acquisition was completed on 6 November 2020. Upon Completion of the Acquisition, the Target Company has become an indirect non-wholly-owned subsidiary of the Company and the financial results the Target Company will be consolidated into the Group's financial statements. As at the Latest Practicable Date, the Group made two payments to Renhe Industrial in accordance with the Acquisition Agreement, including (i) the first instalment of RMB200 million paid by Chengshang Holding to the Escrow Account as earnest money on 4 September 2020 as part of the Consideration; and (ii) the second instalment of RMB670 million paid by Chengshang Holding on 15 October 2020. The Third Instalment of Consideration will be paid by Chengshang Holding to Renhe Industrial and such amount has not been paid as at the the Latest Practicable Date.

The unaudited pro forma consolidation statement of the Enlarged Group after completion of the Acquisition illustrating the possible financial effects of the Acquisition on the assets and liabilities of the Group (assuming the Completion of the Acquisition had taken place on 30 June 2020) and earnings of the Group (assuming the Completion of the Acquisition had taken place on 30 June 2020), is set out in Appendix IV to this circular headed "Unaudited Pro Forma Financial Information of the Enlarged Group".

Assets and liabilities

Based on the unaudited pro forma financial information of the Enlarged Group as set out in Appendix IV to this circular, assuming that completion of the Acquisition had taken place on 30 June 2020, (i) the consolidated total assets of the Enlarged Group would be increased from approximately RMB52,054,243,000 to approximately RMB52,736,733,000; (ii) the consolidated total liabilities of the Enlarged Group would be increased from approximately RMB36,409,667,000 to approximately RMB37,093,166,000; and (iii) the consolidated net assets of the Enlarged Group would be decreased from approximately RMB15,644,576,000 to approximately RMB15,643,567,000.

Earnings

Based on the audited profit and loss statements of the Target Company for the three years ended 31 December 2019 and the eight months ended 31 August 2020 as set out in Appendix II to this circular, the revenue of the Target Company was nil, approximately RMB173,490, RMB44.9 million and RMB1.0 million, respectively. The net loss after tax of the Target Company was approximately RMB26.4 million, RMB28.9 million, RMB21.9 million and RMB4.1 million, respectively, for three years ended 31 December 2019 and the eight months ended 31 August 2020.

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.

Chengshang Holding

Chengshang Holding is a company incorporated in the PRC and is a wholly-owned subsidiary of Maoye Commercial, which is in turn an indirect non-wholly-owned subsidiary of the Company and a joint stock limited company established in the PRC, whose shares are listed on the Shanghai Stock Exchange (stock code: 600828). Maoye Commercial is principally engaged in the operation of department stores.

Renhe Industrial

Renhe Industrial is principally engaged in investment holding and operating retail stores. On 16 October 2015, Chengshang Holding entered into an agreement with Renhe Industrial in relation to the acquisition of 100% of the equity interests in Chengdu Renhe Chuntian Department Store Limited（成都仁和春天百貨有限公司）. For details, please refer to the announcement of the Company on 16 October 2015. Save as disclosed above, Renhe

Industrial and its ultimate beneficial owner have no other past or present relationship (formal or informal, business or otherwise, implied or explicit) with the Company and its connected persons.

GRANT OF WAIVER UNDER RULE 14.41(A) OF THE LISTING RULES

As stated in the announcement of the Company dated 30 September 2020, the Company would apply to the Stock Exchange for a waiver from strict compliance with Rule 14.41(a) of the Listing Rules (the "**Waiver**"). On 7 October 2020, the Stock Exchange granted the Waiver on the condition that the Company will despatch the circular in respect of the Acquisition on or before 31 December 2020.

The reasons for the Waiver were: (1) additional time was required to prepare and finalise the accountants' report of the Target Company, pro forma statement of the assets and liabilities of the Enlarged Group, the statement of indebtedness of the Company and the valuation report of the Target Company; and (2) the delay in despatch of the circular would not prejudice the Shareholders' interests as the Company has obtained a written approval of the Acquisition from Maoye Department Store Investment Limited, the holder of 4,200,000,000 Shares as at the date of the announcement of the Company dated 8 October 2020 (representing approximately 81.71% of the total issued share capital of the Company) pursuant to Rule 14.44 of the Listing Rules in lieu of holding a general meeting of the Company to approve the Acquisition.

The Waiver was granted on the basis that the Stock Exchange may withdraw or change the terms of the Waiver if the Company's situation changes.

RECOMMENDATION

The Board considers that the Acquisition Agreement, the Acquisition and the transactions contemplated thereunder are on normal commercial terms and the terms of the Acquisition Agreement have been negotiated on an arm's length basis which are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Had an extraordinary general meeting been convened for the approval of the Acquisition Agreement, the Acquisition and the transactions contemplated thereunder, the Board would have recommended the Shareholders to vote in favour of the Acquisition Agreement, the Acquisition and the transactions contemplated thereunder. Accordingly, the Directors recommend that the Shareholders should vote in favour of the resolutions approving the Acquisition Agreement, the Acquisition and the transactions contemplated thereunder.

The above statement is for Shareholders' reference only given that the Company has already obtained the written approval from the Controlling Shareholder for the Acquisition and hence pursuant to Rule 14.44 of the Listing Rules, no general meeting of the Company will be convened to approve the Acquisition.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information contained in the appendices to this circular.

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

FINANCIAL INFORMATION OF THE GROUP

The audited consolidated financial statements of the Group for the years ended 31 December 2017, 2018 and 2019 are disclosed in the annual reports of the Company for the year ended 31 December 2017, 2018 and 2019, respectively, which have been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.maoye.cn):

- annual report of the Company for the year ended 31 December 2019, on pages 93 to 254: https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0420/2020042000505.pdf

- annual report of the Company for the year ended 31 December 2018, on pages 72 to 234: https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0403/ltn201904031432.pdf

- annual report of the Company for the year ended 31 December 2017, on pages 59 to 175: https://www1.hkexnews.hk/listedco/listconews/sehk/2018/0409/ltn20180409740.pdf

WORKING CAPITAL STATEMENT

The Directors are of the opinion that, after taking into account its present available financial resources, the Enlarged Group will have sufficient working capital for its present requirements and for the period up to 12 months from the date of this circular in the absence of unforeseen circumstances.

INDEBTEDNESS STATEMENT

As at 31 October 2020, the Enlarged Group had total outstanding interest-bearing bank loans and other borrowing of approximately RMB14,646 million, comprising secured current bank loans of approximately RMB2,601 million, secured current portion of long-term bank loans of approximately RMB2,263 million, secured non-current bank loans of approximately RMB9,779 million, unsecured other long-term loans of approximately RMB3 million.

As at 31 October 2020, the Enlarged Group's bank loans were secured by certain land and buildings, right-of-use assets, investment properties and properties under development of the Enlarged Group of approximately RMB4,899 million, RMB393 million, RMB8,586 million and RMB455 million, respectively.

As at 31 October 2020, Shenzhen Maoye Shangsha Co., Ltd., Shenzhen Maoye Investment Holdings Co., Ltd., Shanxi Maoye Land and Real Estate Development Co., Ltd., Maoye Commercial Co., Ltd., Chengdu Qingyang District Renhe Chuntian Department Store Co., Ltd., Chengdu Renhe Chuntian Department Co., Ltd., Mr. Huang Mao Ru and Mrs. Huang Jingzhang (spouse of Mr. Huang Mao Ru), Shenzhen Maoye (Group) Co., Ltd., Baoding Maoye Department Co., Ltd., Anhui Guorun Investment Development Co., Ltd., Mr. Lin Zhenxiong, Zhongzhao Investment Management Co., Ltd., have guaranteed certain of the Enlarged Group's bank loans of RMB7,278 million in which some bank loans are guaranteed by one party while some bank loans are jointly guaranteed by several parties.

As at 31 October 2020, the Enlarged Group's bank loans of RMB795 million were secured by pledging shares of Maoye Commercial Co., Ltd. with fair value of approximately RMB765 million.

As at 31 October 2020, pursuant to International Financial Reporting Standard 16 (IFRS 16), the Enlarged Group had total lease liabilities under lease arrangements which arrived at RMB2,592 million.

Save as aforesaid, as at the close of business 31 October 2020, the Enlarged Group did not have any outstanding mortgages, pledge, debentures, loan capital, bank loans and overdrafts or other similar indebtedness, finance leases or hire purchase commitments, acceptance liabilities or acceptance credits, any guarantees or other material contingent liabilities.

FINANCIAL AND TRADING PROSPECT OF THE GROUP

In the first half of 2020, facing the tough challenges brought about by the outbreak of the novel coronavirus ("**COVID-19**"), the PRC's gross domestic product ("**GDP**") growth decreased by 1.6% on a year-on-year basis. In terms of quarters, the GDP in the first quarter was down by 6.8% and in the second quarter was up by 3.2% year-on-year. With the achievements in prevention and control of COVID-19 and the resumption of work and production, PRC's economy has steadily recovered with growth turned from negative to positive. The overall economy has shown an obvious recovery trend.

In the first half of 2020, the PRC's total retail sales of consumer goods amounted to RMB17,000 billion, down by 11.4% on a year-on-year basis. Among which, the amount was down by 3.8% in the second quarter year-on-year. Such decrease was significantly narrowed by 15.2% as compared with the first quarter. The decrease in market demand and the sharp decrease in production caused apparent impacts on investment, consumption and exports. Consumption-related industries such as tourism, catering, retail, entertainment, transport and logistics, off-line education and training were the most severely impacted.

The first quarter of 2020 marked the peak for COVID-19 in the PRC. In order to control the spread of COVID-19, local governments in the PRC introduced many strict preventive measures and management regulations, which significantly and adversely impacted the normal operation hours and customer flow for department stores and shopping centres. According to the statistics of the National Commercial Information Centre（全國商業信息中心）of PRC, during the first half of 2020, the aggregate retail sales of goods of the top 100 key large nationwide retailers decreased by 27% on a year-on-year basis. In particular, such amount was down by 17.5% in the second quarter year-on-year. The decrease was significantly narrowed by 17.6% as compared with the first quarter. The effective measures adopted in the PRC in controlling the spread of COVID-19 and resuming the economy raised market confidence and consumption has displayed a steady and gradual recovery.

For the six months ended 30 June 2020, the Group operated and managed a total of 48 stores in 21 cities nationwide with total operating area of approximately 3.04 million sq.m. of which operating area attributable to self-owned properties accounted for 78.99% and the proportion of gross floor area of related party leases reached 85.58%. Coverage of key cities included Shenzhen and Zhuhai in Guangdong; Chengdu in Sichuan; Chongqing; Wuxi, Taizhou and Nanjing in Jiangsu; Zibo in Shandong; Qinhuangdao and Baoding in Hebei; Shenyang in Liaoning; Taiyuan in Shanxi; Baotou and Hohhot in Inner Mongolia.

During the reporting period, due to the impact of COVID-19, residents were required to quarantine at home, resulting in the significant decrease in the traffic of stores. During this period, the Group actively responded to the call of the Government and actively fulfilled its social responsibility by providing tenants with rent reduction support to get through the tough times during COVID-19. Meanwhile, the Group strengthened its measures to reduce cost and enhance efficiency, uplift its corporate profitability and actively develop online marketing channels. With the integration of online and offline channels, the Group realized cross referrals and cross sales, promoted diversified business development, continued to advance in the adjustment and upgrade of stores, strengthened and refined the measures in management and the continuation in reducing financial leverage, resulting in the effective enhancement in the Group's resistance to risks. Its achievements were mainly reflected in the following aspects:

- Actively fulfil its social responsibilities and assist the suppliers to ride through the tough times during the epidemic;
- Rapid expansion of online business and expedite the layout of Maoye retail omni-channel;
- Control cost and enhance efficiency to create core competitiveness;
- Reduce financial leverage and further improve debt structure; and
- Disposal of non-core listed equity investments.

Going forward, the Group will continue to maintain a steady and solid development strategy. While maintaining long-term competitiveness for the sustainable development, concentrating on further enhancing core competitiveness, focusing on the operation scale and enhancing benefits, the Group will strengthen its business innovation and transformation.

For the six months ended 30 June 2020, total sales proceeds and rental income of the Group were RMB4,508.2 million, representing a decrease of 40.9% compared to the same period of 2019. The decrease of total sales proceeds and rental income was primarily due to the extensive business impact on the department and retail industry from the outbreak of COVID-19 since early 2020.

	Six months ended 30 June 2020 *(RMB'000)*
Total sales proceeds from concessionaire sales	3,331,797
Direct sales	683,658
Rental income	492,747
Total sales proceeds and rental income	4,508,202

Among the total sales proceeds and rental income of the Group in the first half of 2020, total sales proceeds derived from concessionaire sales accounted for 73.9%, those derived from direct sales accounted for 15.2%, and those derived from rental income accounted for 10.9%. For the six months ended 30 June 2020, sales proceeds from concessionaire sales were RMB3,331.8 million, representing a decrease of 45.7% compared to the same period in 2019; rental income were RMB492.7 million, representing a decrease of 8.9% compared to the same period in 2019. For the six months ended 30 June 2020, the net profit was RMB127.3 million, representing a decrease of 69.8% as compared with RMB422.0 million for the same period in 2019.

The following is the text of a report, prepared for inclusion of this circular, from ShineWing Certified Public Accountants, the independent reporting accountant.

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF CHENGDU RENHE INVESTMENT CO., LTD.

Introduction

We report on the historical financial information of Chengdu Renhe Investment Co., Ltd. (成都仁和投資有限公司, the "**Target Company**") set out on pages II-3 to II-19, which comprises the statements of financial position as at 31 December 2017, 31 December 2018, 31 December 2019 and 31 August 2020, the statements of profit or loss, the statements of changes in equity and the statements of cash flows for each of the periods then ended (the "**Track Record Period**") and a summary of significant accounting policies and other explanatory information (together the "**Historical Financial Information**"). The Historical Financial Information set out on pages II-3 to II-19 forms an integral part of this report, which has been prepared for inclusion in the circular of Maoye International Holdings Limited (the "**Company**") dated 24 December 2020 (the "**Circular**") in connection with the proposed acquisition of the 100% equity shares of the Target Company by the Company.

Directors' responsibility for the Historical Financial Information

The directors of the Target Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors of the Target Company determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Target Company's financial position as at 31 December 2017, 31 December 2018, 31 December 2019 and 31 August 2020 and of its financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information.

Review of Stub Period Comparative Historical Financial Information

We have reviewed the stub period comparative historical financial information of the Target Company which comprises the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the eight months ended 31 August 2019 and other explanatory information (together the "**Stub Period Comparative Historical Financial Information**"). The directors of the Target Company are responsible for the preparation and presentation of the Stub Period Comparative Historical Financial Information in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Historical Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Historical Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparationset out in Note 2 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

Adjustments

In preparing the Historical Financial Information no adjustment to the Underlying Financial Statements have been made.

Dividends

We refer to note 7 to the Historical Financial Information which states that no dividend has been paid by the Target Company in respect of the Track Record Period.

ShineWing Certified Public Accountants LLP
Certified Public Accountants
24 December 2020

I. HISTORICAL FINANCIAL INFORMATION OF THE TARGET COMPANY

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The underlying financial statements of the Target Company for the Track Record Period, on which the Historical Financial Information is based, were audited by ShineWing Certified Public Accountants LLP in accordance with Hong kong Standards on Auditing as issued by the HKICPA.

The Historical Financial Information is presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

STATEMENTS OF INCOME STATEMENT

		Year ended 31 December			Eight months ended 31 August	
		2017	2018	2019	2019	2020
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Revenue	*4*	–	173.49	44,886.82	44,230.49	950.94
Cost of sales	*5*	–	–	34,968.78	34,968.78	–
Gross profit		–	173.49	9,918.04	9,261.71	950.94
Other gains and loss – net		1,988.89	932.93	57.62	50.62	4.08
Selling and marketing expenses		–	–	–	–	–
Administrative expenses		669.08	1,765.55	2,401.87	1,666.10	1,138.29
Other operating expenses		5.84	203.16	3,277.54	2,837.52	346.17
Operating profit		1,313.98	(862.30)	4,296.24	4,808.71	(529.43)
Finance costs	*6*	27,670.86	28,061.32	26,079.68	17,662.66	3,617.75
Profits before taxation		(26,356.88)	(28,923.61)	(21,783.44)	(12,853.95)	(4,147.18)
Income Tax expenses		–	–	119.28	–	–
Profit for the year, attributable to the shareholders of the Target Company		(26,356.88)	(28,923.61)	(21,902.71)	(12,853.95)	(4,147.18)

BALANCE SHEETS

		As at 31 December			As at 31 August
		2017	**2018**	**2019**	**2020**
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets					
Property, plant and equipment		6.41	3.92	1.43	0.39
Current assets					
Properties under development	*8*	916,034.62	915,765.60	960,159.01	976,490.75
Completed properties held for sale	*9*	87,197.86	87,188.29	54,512.28	54,512.28
Trade receivables	*10*	460.00	838.00	14.46	472.28
Other receivables	*11*	40,144.14	45,661.08	14,313.43	14,421.30
Cash and cash equivalents	*12*	97.56	29,186.08	800.11	766.37
		1,043,934.18	1,078,639.05	1,029,799.29	1,046,662.98
Current liabilities					
Taxes payable		–	20.83	154.05	170.44
Trade payables	*13*	122,293.41	38,704.55	2,675.44	–
Other payables	*14*	726,875.56	789,099.58	806,135.93	867,504.82
		849,168.97	827,824.96	808,965.42	867,675.26
Net current assets		194,765.21	250,814.09	220,833.87	178,987.72
Total assets less current liabilities					
Non-current liabilities					
Bank loans	*15*	300,000.00	384,970.00	376,890.00	339,190.00
		300,000.00	384,970.00	376,890.00	339,190.00
Net liabilities		(105,228.38)	(134,151.99)	(156,054.70)	(160,201.89)
Share capital and reserves					
Share capital	*16*	100,000.00	100,000.00	100,000.00	100,000.00
Reserves		(205,228.38)	(234,151.99)	(256,054.70)	(260,201.89)
Total deficiency of equity		(105,228.38)	(134,151.99)	(156,054.70)	(160,201.89)

STATEMENTS OF CHANGES IN EQUITY

	Share capital *RMB'000*	Retained profits *RMB'000*	Total *RMB'000*
Balance at 31 December 2016 and 1 January 2017	100,000.00	(178,871.50)	(78,871.50)
Changes in equity for the year			
Profit for the year and other comprehensive income	–	(26,356.88)	(26,356.88)
Total other comprehensive income	–	(26,356.88)	(26,356.88)
Balance at 31 December 2017	100,000.00	(205,228.38)	(105,228.38)
Changes in equity for the year			
Profit for the year and other comprehensive income	–	(28,923.61)	(28,923.61)
Total other comprehensive income	–	(28,923.61)	(28,923.61)
Balance at 31 December 2018	100,000.00	(234,151.99)	(134,151.99)
Changes in equity for the year			
Profit for the year and other comprehensive income	–	(21,902.71)	(21,902.71)
Total other comprehensive income	–	(21,902.71)	(21,902.71)
Balance at 31 December 2019	100,000.00	(256,054.70)	(156,054.70)
Changes in equity from 1 January 2020 to 31 August 2020			
Profit for the period and other comprehensive income	–	(4,147.18)	(4,147.18)
Total other comprehensive income	–	(4,147.18)	(4,147.18)
Balance at 31 August 2020	100,000.00	(260,201.89)	(160,201.89)
Balance at 1 January 2019 (audited)	100,000.00	(260,201.89)	(160,201.89)
Changes in equity from 1 January 2019 to 31 August 2019			
Profit for the period and other comprehensive income	–	(12,853.95)	(12,853.95)
Total other comprehensive income	–	(12,853.95)	(12,853.95)
Balance at 31 August 2019 (unaudited)	100,000.00	(273,055.84)	(173,055.84)

STATEMENT OF CASH FLOWS

	Year ended 31 December			Eight months ended 31 August	
	2017	2018	2019	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Operating activities					
Cash generated from operations	(116,373.09)	(93,863.40)	(48,159.40)	(47,417.89)	(18,086.31)
Net cash generated from operating activities	(116,373.09)	(93,863.40)	(48,159.40)	(47,417.89)	(18,086.31)
Investing activities					
Acquisitions of property, plant and equipment, investment	7.86	–	–	–	–
Interest received	1,625.13	765.19	57.62	50.62	4.08
Recovery of borrowings of the Target Company	10,000.00	2,006.97	–	–	–
Payment of borrowings of the Target Company	–	4,100.00	–	–	–
Net cash used in operating activities	11,617.26	(1,327.85)	57.62	50.62	4.08
Financing activities					
Proceeds from bank loans, borrowings from financial institutions and bonds	300,000.00	119,360.00	70,640.00	70,640.00	–
Proceeds from other loan	–	60,143.09	49,747.03	1,376.07	59,366.24
Repayment of bank loans, borrowings from financial institutions and bonds	–	34,390.00	78,720.00	39,870.00	37,700.00
Repayment of other loan	199,890.20	–	–	–	–
Dividends, interest and financing handling fees paid	13,557.46	20,833.32	21,951.22	11,050.77	3,617.75
Net cash (used in) generated from financing activities	86,552.34	124,279.77	19,715.81	21,095.30	18,048.49
Net (decrease) increase in cash and cash equivalents	(18,203.49)	29,088.52	(28,385.97)	(26,271.98)	(33.74)
Cash and cash equivalents at beginning of the year/period	18,301.04	97.56	29,186.08	29,186.08	800.11
Cash and cash equivalents at end of the year/period	97.56	29,186.08	800.11	2,914.10	766.37

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. COMPANY INFORMATION

The Target Company was established on 22 August 2011, and a limited liability company jointly funded by Chengdu Renhe Industrial (Group) Limited (the "**Renhe Industrial**") and Chengdu Renhe Chuntian Department Store Limited (Chengdu Renhe Chuntian Department Store Limited was acquired by Chengshang Holding in 2015 and is now a non-wholly owned subsidiary of the Company) (the "**Renhe Chuntian Department Store**"). The registered capital and paid-in capital of the Target Company at the time of establishment were RMB500 million and RMB100 million respectively, which Renhe Industrial and Renhe Chuntian Department Store respectively contributed RMB250 million and RMB50 million by way of monetary capital and paid-in contribution. The actual receipt of registered capital when the Target Company was established has been verified by the Sichuan Phaeton Certified Public Accountants Co., Ltd.（四川輝騰會計師事務所有限責任公司）capital verification report (Phaeton Yan Zi [2011] No. 8-113).

On 15 November 2012, the Target Company convened a general meeting and resolved to reduce the registered capital of the Target Company from RMB500 million to RMB100 million, which Renhe Industrial and Renhen Chuntian Department Store respectively reduced their contributed capital by RMB200 million. The reduction in registered capital was verified by Sichaun Yazheng Certified Public Accountants Co., Ltd.（四川雅正會計師事務所有限公司）capital verification report [Chuan Ya Zheng Hui Yan Zi (2013) No. V-1-097].

On 17 July 2015, Renhe Chuntian Department Store, a shareholder of the Target Company, entered into the equity transfer agreement with Renhe Industrial, agreeing to transfer it entire equity interests of RMB50 million in the Target Company to Renhe Industrial. On the same day, the Target Company convened a general meeting and agreed to the aforementioned transfer. Upon the equity change, Renhe Industrial held 100% equity interests in the Target Company.

As at 31 August 2020, the registered capital and paid-in capital of the Target Company amounted to RMB100 million and RMB100 million, respectively; legal representative: Yang Hai; Unified Social Credit Identifier: 915101005800322436; registered address: No. 1, 5th Floor, Block 1, Binlong Street, Jinjiang District, Chengdu; scope of operation: real estate project investment (financial activities such as illegal fund-raising or absorbing public funds are prohibited), sales of daily necessities, import and export of technologies and products. (Projects subject to approval in accordance with law can only carry out operating activities upon approval by relevant departments).

The controlling shareholder of the Target Company is Renhe Industrial, and the ultimate actual controller is Mr. Chen Liren, an individual.

2. BASIS OF PREPARATION

The Historical Financial Information and Stub Period Comparative Historical Financial Information have been prepared based on the accounting policies set out in note 3 which conform with International Financial Reporting Standards.

The Historical Financial Information and Stub Period Comparative Historical Financial Information have been prepared under the historical cost convention and are presented in RMB, which is also the functional currency of the Target Company.

As at 31 August 2020, the total deficiency of equity of the Target Company was RMB160,201,890, but the Target Company is able to obtain financial resources support from the controlling shareholder and other related parties. Therefore, there are no significant events affecting the ability to continue as a going concern for 12 months from the end of the reporting period.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, contract assets, deferred tax assets, financial assets and investment properties and non-current assets/a disposal group classified as held for sale), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs to disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the consolidated statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Target Company if

(a) the party is a person or a close member of that person's family and that person (i) has control or joint control over the Target Company; (ii) has significant influence over the Target Company; or (iii) is a member of the key management personnel of the Target Company;

(b) or the party is an entity where any of the following conditions applies:

- (i) the entity and the Target Company are members of the same group;
- (ii) one entity is an associate or joint venture of the Target Company (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Target Company are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Target Company or an entity related to the Target Company;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity);
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Target Company or to the parent of the Target Company.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Leases (applicable from 1 January 2019)

The Target Company assesses at contract inception whether a contract is, or contains, a lease. A contract is or contains, a lease if the contract conveys the right to control the use of identified asset for a period of time in exchange for consideration.

Target Company as a lessee

The Target Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets.

The Target Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. At inception or on reassessment of a contract that contains a lease component and non-lease component(s), the Target Company adopts the practical expedient not to separate non-lease component(s) and to account for the lease component and the associated nonlease component(s) as a single lease component.

Target Company as lessor

When the Target Company acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

The Target Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Target Company allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease term and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Lease that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

Leases (applicable before 1 January 2019)

Leases that transfer substantially all the rewards and risks of ownership of assets to the Target Company, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under captalised finance leases, including prepaid land lease payments under finance leases, are included in property, plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the statement of profit of loss so as to provide a constant periodic rate of charge over the lease terms.

Assets acquired through hire purchase contracts of a financing nature are accounted for as finance leases, but are depreciated over their estimated useful lives.

Leases where substantially are the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Target Company is the lessor, assets leased by the Target Company under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the statement of profit or loss on the straight-line basis over the lease terms. Where the Target Company is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to the statement of profit or loss on the straight-line basis over the lease terms.

Inventories

Property development

Inventories of property development activities are stated at the lower of cost and net realizable value. Cost and net realizable value are determined as follows:

– *Properties to be developed and properties under construction*

The costs of properties to be developed and properties under construction comprise specifically identified cost, including the acquisition cost of land, aggregate cost of development, materials and supplies, wages and other direct expenses, an appropriate proportion of overheads and borrowing costs capitalised. Net realisable value represents the estimated selling price less estimated costs of completion and costs to be incurred in selling the property.

– *Completed properties held for sale*

In the case of completed properties developed by the Target Company, cost is determined by apportionment of the total development costs for that development project, attributable to the unsold properties. Net realisable value represents the estimated selling price less costs to be incurred in selling the property.

The cost of completed properties held for sale comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash on hand and at banks, which are not restricted as to use.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except for the followings:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries and associates when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Target Company has a legally enforceable right exists to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Target Company expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Target Company will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Target Company and the customer at contract inception. When the contract contains a financing component which provides the Target Company a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component.

Direct sales of merchandise and sales of properties. Revenue from the direct sales of merchandise and sales of properties is recognised at the point in time when control of the asset is transferred to the customer.

Revenue from other sources

Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Retirement benefits

The employees of the Target Company are covered by government-regulated defined contribution retirement benefit schemes under which the employees are entitled to a monthly pension. The Target Company contributes to these retirement benefit schemes on a monthly basis at a percentage of the employees' salaries. Under these schemes, the Target Company has no legal obligation for retirement benefits beyond the contributions made. Contributions to these schemes are expensed as incurred.

Employee benefits

(a) Short-term employee benefits and contributions to defined contribution retirement plans: Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(b) Termination benefits are recognised at the earlier of when the Target Company can no longer withdraw the offer of those benefits and when it recognises restructuring costs involving the payment of termination benefits.

Trade and other receivables

A receivable is recognised when the Target Company has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Target Company has an unconditional right to receive consideration, the amount is presented as a contract asset.

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses.

Trade and other payables

Trade and other payables are initially recognised at fair value. Trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Provisions and contingent liabilities

Provisions are recognised when the Target Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Non-current assets held for sale

A non-current asset (or disposal group) is classified as held for sale if it is highly probable that its carrying amount will be recovered through a sale transaction rather than through continuing use and the asset (or disposal group) is available for sale in its present condition. A disposal group is a group of assets to be disposed of together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction.

When the Target Company is committed to a sale plan involving loss of control of a subsidiary, all the assets and liabilities of that subsidiary are classified as held for sale when the above criteria for classification as held for sale are met, regardless of whether the Target Company will retain a non-controlling interest in the subsidiary after the sale.

Immediately before classification as held for sale, the measurement of the non-current assets (and all individual assets and liabilities in a disposal group) is brought up-to-date in accordance with the accounting policies before the classification. Then, on initial classification as held for sale and until disposal, the non-current assets or disposal groups, are recognised at the lower of their carrying amount and fair value less costs to sell.

Impairment losses on initial classification as held for sale, and on subsequent remeasurement while held for sale, are recognised in profit or loss. As long as a non-current asset is classified as held for sale, or is included in a disposal group that is classified as held for sale, the non-current asset is not depreciated or amortised.

4. REVENUE

The principal business of the Target Company is the development and sales of properties in mainland China, and it is currently in the early stages of real estate development projects.

(a) The amounts of each significant income category are as follows:

	Year ended 31 December			Eight months ended 31 August	
	2017	**2018**	**2019**	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Revenue from contracts with customers					
Sales of properties	–	–	41,935.99	41,935.99	–
Revenue from other sources					
Rental income from investment properties	–	173.49	2,505.46	1,871.86	950.04
Others	–	–	445.37	422.64	0.9
	–	173.49	2,950.83	2,294.50	950.94
	–	173.49	44,886.82	44,230.49	950.94

(b) Revenue generated from contracts entered into by existing customers on the reporting date and expected to be recognized in the future: Nil.

5. COST OF SALES

	Year ended 31 December			Eight months ended 31August	
	2017	**2018**	**2019**	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Cost of properties sold					
Sales of properties	–	–	34,968.78	34,968.78	–

6. FINANCE COSTS

	Year ended 31 December			Eight months ended 31 August	
	2017	**2018**	**2019**	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Interest expenses	27,670.86	28,061.32	26,079.68	17,662.66	15,192.41
Less: Capitalisation of interest cost	–	–	–	–	11,574.66
	27,670.86	28,061.32	26,079.68	17,662.66	15,192.41

7. DIVIDENDS

	Year ended 31 December			Eight months ended 31 August	
	2017	2018	2019	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Dividends	–	–	–	–	–

The Target Company did not declare and paid any dividends during the year/period.

8. PROPERTIES UNDER DEVELOPMENT

	As at 31 December			As at 31 August
	2017	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*
Properties under development	916,034.62	915,765.60	960,159.01	976,490.75

Certain properties under development of the Target Company have been secured for bank loans. Please refer to Note 15 of this Historical Financial Information for details.

9. COMPLETED PROPERTIES HELD FOR SALE

	As at 31 December			As at 31 August
	2017	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Completed properties held for sale	87,197.86	87,188.29	54,512.28	54,512.28

Certain completed properties held for sale of the Target Company have been secured for bank loans. Please refer to Note 15 of this Historical Financial Information for details.

10. TRADE RECEIVABLES

	As at 31 December			As at 31 August
	2017	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills receivables, net of allowance	–	–	–	426.67
Prepayments, net of allowance	460.00	838.00	14.46	45.61
	460.00	838.00	14.46	472.28

As at 31 August 2020, all trade receivables are expected to be recovered within one year.

11. OTHER RECEIVABLES

	As at 31 December			As at 31 August
	2017	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Other receivables, net of allowance	40,144.14	45,661.08	14,313.43	14,421.30

As at 31 August 2020, all other receivables are expected to be recovered within one year.

Analysis of other receivables of the Target Company is as follows:

	As at 31 December			As at 31 August
	2017	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Margin	378.00	–	250.00	250.00
Reserve fund	–	–	10.00	10.00
Demolition household loans receivable	30,481.84	32,410.45	–	–
VAT to be deducted and prepaid	9,266.11	13,196.15	11,672.48	14,161.30
Others	18.19	54.48	2,380.95	–
	40,144.14	45,661.08	14,313.43	14,421.30

12. CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents are listed as follows:

	As at 31 December			As at 31 August
	2017	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bank deposits and cash	97.56	29,186.08	800.11	766.37

As at 31 August 2020, there are no secured bank deposits.

(b) Reconciliation of profit before taxation to cash generated from operation

	Year ended 31 December			Eight months ended 31 August	
	2017	**2018**	**2019**	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (*Unaudited*)	*RMB'000*
Profit before taxation	(26356.88)	(28923.61)	(21783.44)	(12853.95)	(4147.18)
Adjustments for:					
Depreciation and amortisation	1.45	2.49	2.49	1.66	1.03
Finance costs	27,670.86	28,061.32	26,079.68	17,662.66	3,617.75
Interest income	(3602.77)	(1418.87)	(57.62)	(50.62)	(4.08)
Increase in inventories and other contract costs	194,280.22	(278.58)	11,717.40	10,776.37	16,331.74
Decrease (increase) in trade and other receivables	142,462.21	(3,966.31)	(14,145.87)	(3,054.19)	(565.68)
Increase in trade and Other payables	(6,2267.74)	(87,897.00)	(26,537.24)	(38,347.08)	(656.41)
Cash generated from operations	(116,373.09)	(93,863.40)	(48,159.40)	(47,417.89)	(18,086.31)

13. TRADE PAYABLES

	As at 31 December			As at 31 August
	2017	**2018**	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	122,293.41	38,704.55	2,675.44	–

14. OTHER PAYABLES

	As at 31 December			As at 31 August
	2017	**2018**	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Other payables	726,875.56	788,099.58	806,135.93	867,504.82

Other payables and accruals are mainly attributable to loans repayable to parent company Renhe Industrial and related party Renhe Chuntian Department Store, which are unsecured and repaid on demand. Refer to Note 17 for details.

15. BANK LOANS

	As at 31 December			As at 31 August
	2017	**2018**	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Interest bearing bank loans – secured	300,000.00	384,970.00	376,890.00	339,190.00

The secured bank loans are secured by the following assets of the Target Company:

	As at 31 December			As at 31 August
	2017	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Inventories	894,050.73	893,788.17	937,116.19	788,522.16

Banks loans bear interest at the rate of 5.390% to 5.145% per annum.

16. SHARE CAPITAL

	As at 31 December			As at 31 August
	2017	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Registered and paid-in capital	100,000.00	100,000.00	100,000.00	100,000.00

17. CONNECTED TRANSACTIONS

During the reporting period, the Target Company engaged in the following transactions with the related parties:

(a) Renhe Industrial provided guarantee for the bank loan obtained by the Target Company from the Chengdu Jinxi branch of Agricultural Bank of China with a guarantee amount of RMB490,000,000 and the maturity date being 13 December 2024. As at the date of this report, the aforementioned guarantee has not been fulfilled yet.

(b) Fund transactions and balances of the related parties

	As at 31 December			As at 31 August
	2017	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Balance of funds due to related parties:				
Renhe Industrial	803,351.47	726,582.24	803,351.47	862,717.71

In 2017, the Target Company received an account of RMB318,297,111.36 from Renhe Industrial and paid an amount of RMB496,575,000.00. At the same time, it accrued interest of RMB27,387,840.05 and paid interest of RMB21,612,315.52. As at 31 December 2017, the Target Company had not repaid the amount due to Renhe Industrial of RMB803,351,465.00.

In 2017, the Target Company paid RMB13,571,102.09 as the interests accrued in the earlier period to Chengdu Renhe Chuntian Department Store. As at 31 December 2017, the balance of transactions between the Target Company and Chengdu Renhe Chuntian Department Store was nil.

In 2018, the Target Company received an account of RMB117,701,640.24 from Renhe Industrial and paid an amount of RMB57,558,550.00. As at 31 December 2018, the remaining balance due from the Target Company to Renhe Industrial amounted to RMB726,582,235.60.

In 2019, the Target Company received an account of RMB141,135,955.70 from Renhe Industrial and paid an amount of RMB124,509,816.54. As at 31 December 2018, the remaining balance due from the Target Company to Renhe Industrial amounted to RMB803,351,465.00.

During January to August 2020, the Target Company received an account of RMB66,156,024.67 from Renhe Industrial and paid an amount of RMB6,789,784.59. As at 31 December 2020, the remaining balance due from the Target Company to Renhe Industrial amounted to RMB862,717,705.08.

Renhe Industrial undertakes that no interests will be charged on funds of the Target Company for the above-mentioned transactions between 2018 and August 2020..

18. PROPERTY INTERESTS

As at 31 October 2020, the property interests held by the Target Company were valued by Graval Consulting Limited, an independent property valuer, and the relevant property valuation report is set out in Appendix VI to this circular.

The table below shows the reconciliation of property interests of the Target Company from the audited consolidated financial statement as at 31 August 2020 to the unaudited net asset value of the property interests of Target Company as at 31 October 2020:

	Total
	RMB
Net book value as at 31 August 2020	1,031,003,032.40
● Properties: under development	976,490,754.23
● Completed properties held for sale	54,512,278.17
Less: depreciation and amortization for the two months ended 31 October 2020	0.00
Add: addition of construction for the two months ended 31 October 2020	7,268,135.44
Net book value as at 31 October 2020 (unaudited)	1,038,271,167.84
Add: Valuation surplus as at 31 October 2020	410,628,832.16
	1,448,900,000
Valuation as at 31 October 2020 as set out in Appendix VI to this circular	

19 SUBSEQUENT EVENTS

Save as disclosed elsewhere in the Historical Financial Information, subsequent to 31 August 2020, the following significant events took place:

(a) The completion of the Acquisition was took place on 6 November 2020 when the transfer of the Acquisition Agreement pursuant to the formal share transfer agreement was duly registered with the competent authority for industry and commerce. Upon completion of the Acquisition, the Target Company becomes an indirect non-wholly-owned subsidiary of the Company.

20 SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Target Company or any of its subsidiaries have been prepared in respect of any period subsequent to 31 August 2020.

MANAGEMENT DISCUSSION AND ANALYSIS OF THE TARGET COMPANY

The management discussion and analysis of the Target Company is set out below. The financial information below is based on the Appendix II to this Circular headed "*Accountants' Report of the Target Company*".

Business and Financial review of the Target Company

The Target Company is a limited liability company established in the PRC and is mainly engaged in the operation of the Jincheng art palace project, holding the land use right of the state-owned construction land of the Jincheng art palace project and the real estate property rights of the completed buildings.

Revenue

For the years ended 31 December 2017, 2018, and 2019, the Target Company recorded revenue of nil, approximately RMB0.2 million and RMB44.9 million, respectively. The increase of approximately RMB0.2 million between the years ended 31 December 2017 and 31 December 2018 was mainly attributable to some properties having been completed and rental income being recorded thereof in 2018. The increase of approximately RMB44.7 million between the years ended 31 December 2018 and 31 December 2019 was mainly attributable to the completion and delivery of resettlement housing in 2019, and the confirmed receipt of real estate sales income thereof. For the eight months ended 31 August 2020, the Target Company recorded revenue of approximately RMB1.0 million, representing a decrease of approximately RMB44.2 million as compared with approximately RMB43.2 million for the eight months ended 31 August 2019. The decrease was mainly attributable to the completion and delivery of resettlement housing in 2019, and the confirmed receipt of real estate sales income thereof, which did not occur for the eight months ended 31 August 2020.

For the years ended 31 December 2017, 2018, and 2019, the Target Company recorded losses after tax of approximately RMB26.4 million, RMB28.9 million and RMB21.9 million, respectively. The increase of approximately RMB2.5 million between the years ended 31 December 2017 and 31 December 2018 was mainly attributable to a decrease in Renhe Industrial's capital occupation fees and an increase in administrative expenses in 2018. The decrease of approximately RMB7.0 million between the years ended 31 December 2018 and 31 December 2019 was mainly attributable to an increase in property rental income and a decrease in interest on borrowings. For the eight months ended 31 August 2020, the Target Company recorded losses after tax of approximately RMB4.1 million, representing a decrease of approximately RMB8.8 million as compared with approximately RMB12.9 million for the eight months ended 31 August 2019. The decrease was mainly attributable to the completion of the demolition of and the resumption of construction of the Jincheng art palace project at the end of 2019, and the capitalisation of the interest on loans in 2020.

Other gains

For the years ended 31 December 2017, 2018, and 2019, the Target Company's net other gains amounted to RMB2.0 million, RMB0.9 million, and RMB0.06 million, respectively. The decrease of approximately RMB1.1 million between the years ended 31 December 2017 and 31 December 2018 was mainly attributable to a decrease in Renhe Industrial's capital occupation fees in 2018. The decrease of approximately RMB0.84 million between the years ended 31 December 2019 and 31 December 2018 was mainly attributable to a decrease in the interest income from receivables in respect of the relocation of households. For the eight months ended 31 August 2020, the Target Company's net other gains amounted to RMB4,083, representing a decrease of approximately RMB46,532 as compared with net other gains of approximately RMB50,615 for the eight months ended 31 August 2019. The decrease was mainly attributable to a decrease in the interest for bank deposits from January to August 2020.

Cost

For the years ended 31 December 2017, 2018, and 2019, the Target Company recorded costs of nil, nil and approximately RMB35.0 million, respectively. This increase of approximately RMB35.0 million between the years ended 31 December 2018 and 31 December 2019 was mainly attributable to the completion and delivery of resettlement housing in 2019, and the carry-over of related real estate sales costs thereof. For the eight months ended 31 August 2020, the Target Company's costs were nil, representing a decrease of approximately RMB35.0 million as compared with costs of approximately RMB35.0 million for the eight months ended 31 August 2019. This decrease was mainly attributable to the completion and delivery of resettlement housing in 2019, and the carry-over of related real estate sales costs thereof.

Administrative expenses

For the years ended 31 December 2017, 2018, and 2019, the Target Company recorded administrative expenses of approximately RMB0.7 million, RMB1.8 million and RMB2.4 million, respectively. This increase of approximately RMB1.1 million between the years ended 31 December 2017 and 31 December 2018 was mainly attributable to an increase in insurance expenses of RMB1 million in 2018. This increase of approximately RMB0.6 million between the years ended 31 December 2018 and 31 December 2019 was mainly attributable to the increase in remuneration to staff in 2019. For the eight months ended 31 August 2020, the Target Company's administrative expenses were RMB1.1 million, representing a decrease of approximately RMB0.6 million as compared with the administrative expenses of approximately RMB1.7 million for the eight months ended 31 August 2019. The decrease was mainly attributable to the purchase of insurance for RMB0.9 million in 2019.

Other operating expenses

For the years ended 31 December 2017, 2018 and 2019, the Target Company recorded other operating expenses of approximately RMB5,840, RMB0.2 million and RMB3.3 million, respectively. This increase of approximately RMB197,400 between the years ended 31 December 2017 and 31 December 2018 was mainly attributable to the payment of fees for late completion and acceptance of RMB1.0 million in 2018. This increase of approximately RMB3.1 million between the years ended 31 December 2018 and 31 December 2019 was mainly attributable to the payment of late tax payment fees of RMB2.3 million in 2019. For the eight months ended 31 August 2020, the Target Company's other operating expenses were RMB0.3 million, representing a decrease of approximately RMB2.5 million as compared with the other operating expenses of approximately RMB2.8 million for the eight months ended 31 August 2019. The decrease was mainly attributable to the payment of late tax fees of RMB2.3 million in 2019.

Liquidity and Financial Resources

As at 31 December 2017, 2018 and 2019, the Target Company's total assets amounted to approximately RMB1,044 million, RMB1,079 million and RMB1,030 million, respectively. The increase of approximately RMB35 million between the years ended 31 December 2017 and 31 December 2018 was mainly attributable to an increase in bank deposits of RMB29 million at the end of 2018. The increase in bank deposits of RMB29 million at the end of 2018 was primary attributable to the increase in bank loans of the Target Company in order to meet the funding needs for the subsequent development of the Jincheng art palace project. The decrease of approximately RMB49 million between the years ended 31 December 2018 and 31 December 2019 was mainly attributable to a decrease in bank deposits of RMB28 million as a result of the payment of project development engineering fees, and the recognition of income from the re-sale of properties held for sale (pursuant to which assets were reduced since such properties moved from assets to cost) of (pursuant to which assets were reduced since such properties moved from assets to cost) RMB35 million at the end of 2019. For the eight months ended 31 August 2020, the Target Company's total assets amounted to approximately RMB1,047 million.

As at 31 December 2017, 2018 and 2019, the Target Company's had cash and cash equivalents of approximately RMB0.098 million, RMB29.2 million and RMB0.8 million, respectively. The increase of approximately RMB29.102 million between the years ended 31 December 2017 and 31 December 2018 was mainly attributable to the increase of bank borrowings of RMB85.6 million at the end of 2018. The decrease of approximately RMB28.4 million between the years ended 31 December 2018 and 31 December 2019 was mainly attributable to a decrease in bank deposits caused by project construction expenditures in 2019. For the eight months ended 31 August 2020, the Target Company had cash and cash equivalents of approximately RMB0.766 million, representing a decrease of approximately RMB2.15 million as compared with the Target Company having cash and cash equivalents of approximately RMB2.91 million for the eight months ended 31 August 2019. The decrease was mainly attributable to the payment of operating expenses for the eight months ended 31 August 2020.

Capital structure

As at 31 December 2017, 2018 and 2019, the Target Company had bank and other interest-bearing borrowings of approximately RMB300.0 million, RMB385.0 million and RMB376.9 million, respectively. The increase of approximately RMB85.0 million between the years ended 31 December 2017 and 31 December 2018 was mainly attributable to an increase in capital requirements for the purposes of project construction. The decrease of approximately RMB8.1 million between the years ended 31 December 2018 and 31 December 2019 was mainly attributable to the repayment of loans of RMB5.7 million due to Chengdu Agricultural Bank's Electromechanical Branch* (成都農商銀行機電支行). For the eight months ended 31 August 2020, the Target Company had bank and other interest-bearing borrowings of approximately RMB339.2 million.

Gearing ratio

As at 31 December 2017, 2018, and 2019, the gearing ratio of the Target Company (calculated by total liabilities divided by total assets) amounted to approximately 110.1%, 112.4% and 115.2%, respectively. The increase of approximately 2.3 percentage points between the years ended 31 December 2017 and 31 December 2018 was mainly attributable to operating losses, which led to a decrease in shareholders' equity. The increase of approximately 2.8 percentage points between the years ended 31 December 2018 and 31 December 2019 was mainly attributable to operating losses, which led to a decrease in shareholders' equity. For the eight months ended 31 August 2020, the gearing ratio of the Target Company was approximately 115.3%.

Foreign exchange risk

The Target company is a company established in the People's Republic of China with limited liability and most of its monetary assets, liabilities, income and expenses were and are denominated in RMB. Therefore, the management of the Target Company considers that the risks brought by are exchange rate fluctuation are relatively low. During the aforementioned period, the Target Company did not use any derivative financial instruments for hedging purposes.

Funding and treasury policy

The Target Company has adopted a prudent funding and treasury policy towards its overall business operations with an aim to minimize its financial risks. Future projects will be financed by cash flows from operations or capital raised by means of equity financing.

Capital commitment

As at 31 December 2017, 2018, 2019 and 31 August 2020, the Target Company had no significant capital commitment.

Significant investment, acquisition and disposal

The Target Company did not have any significant investments, acquisitions, and disposals for the period between 1 January 2017 and 31 August 2020.

Contingent liabilities

As at 31 December 2017, 2018, 2019 and 31 August 2020, the Target Company did not have any significant contingent liabilities.

Pledge of assets

As at 31 December 2017, 2018, 2019 and 31 August 2020, assets of the Target Company with a carrying value of approximately RMB894.1 million, RMB893.8 million, RMB937.1 million and RMB788.5 million have been pledged.

Save as disclosed above, the Target Company did not have any material pledges of assets as at 31 December 2017, 2018, 2019 and 31 August 2020.

Employee information

As at 31 December 2017, 2018, 2019 and 31 August 2020, the Target Company had three, two, seven and eight employees (including directors).

Remuneration policy

The Target Company recruits, employs, promotes and remunerates its employees based on their qualification, experience, skills, performance and contribution. Remuneration is also determined with reference to, among others, the market trend. Other benefits include social insurance and allowance. Bonus to the employees of the Target Company was determined after taking into account the results of the Target Company and the performance of its employees. During the years ended 31 December 2017, 2018, and 2019 and the eight months ended 31 August 2020, staff costs of the Target Company were approximately RMB0.02 million, RMB1.00 million, RMB1.36 million and RMB1.35 million, respectively.

The remuneration policy of the Target Company's senior management is monitored by the Company's remuneration committee.

The Company will provide training (whether in-house or out-sourced) to the Target Company's employees when necessary.

Business prospects

The Target Company principally operates the Jincheng art palace project and its assets are principally property assets, which include three parcels of land and one building with three to six floors and a basement, all of which are located at No.61 Renmin East Road, Jinjiang District, Chengdu City, Sichuan Province, the PRC. The aforementioned properties located at No. 61 Renmin East Road, Jinjiang District, Chengdu City are adjacent to buildings which are primarily mid-to-high-rise commercial buildings and shopping centre complexes. The aforementioned properties are a five-minute walk to the Chengdu Tianfu Square subway station, and are accessible by subway, taxi and bus.

The favourable geographical location of the properties owned by the Target Company will help the Group to further develop its commercial retail business in the Chengdu area, and at the same time, it will help the Group to generate synergy effect with the existing stores of the Group, enhancing the Group's overall strength and profitability and the Group's overall market competitiveness in the Chengdu region.

A. UNAUDITED PRO FORMA FINANCIAL INFORAMTION OF THE ENLARGED GROUP

The following is the unaudited pro forma financial information of the Enlarged Group (the "**Unaudited Pro Forma Financial Information**") prepared by the Directors to illustrate the financial position of the Enlarged Group as at 30 June 2020 as if the transactions contemplated under the Acquisition Agreement had been completed on 30 June 2020.

The Unaudited Pro Forma Financial Information is prepared based on the historical unaudited consolidated statement of financial position of the Group as at 30 June 2020 which has been extracted from the interim report of the Company for the six months ended 30 June 2020, and the consolidated statement of financial position of the Target Company as at 31 August 2020 as set out in Appendix II to this Circular after giving effect to the pro forma adjustments described in the accompanying notes to demonstrate how the acquisition might have affected the historical financial information in respect of the Group as if the acquisition had been completed on 30 June 2020.

The Unaudited Proforma Financial Information of the Enlarged Group should be read in conjunction with the financial information contained in this circular and the accountants' report on the Target Company as set out in Appendix II to this circular.

The Unaudited Proforma Financial Information of the Enlarged Group is for illustrative purposes only, and because of its hypothetical nature, it may not give a full picture of the financial position of the Enlarged Group as at 30 June 2020 or at any future date.

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES OF THE ENLARGED GROUP AS AT 30 JUNE 2020

	The Group as at 30 June 2020	The Target Company as at 31 August 2020	Unaudited Pro forma Adjustments			Unaudited Pro forma Enlarged Group as at 30 June 2020
	(Unaudited)					
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
		(note 1)	*(note 2)*	*(note 3)*	*(note 4)*	
NON-CURRENT ASSETS						
Property, plant and equipment	8,178,158	–	–	2	–	8,178,160
Investment properties	19,963,323	–	–	–	–	19,963,323
Right-of-use assets	6,569,039	–	–	–	–	6,569,039
Goodwill	1,301,704	–	–	91,418	–	1,393,122
Other Intangible assets	43,839	–	–	–	–	43,839
Investment in a subsidiary	–	–	241,000	(241,000)	–	–
Investment in a joint venture	1,672	–	–	–	–	1,672
Investments in associates	1,558,263	–	–	–	–	1,558,263
Equity investments designated at fair value through other comprehensive income	1,550,825	–	–	–	–	1,550,825
Financial assets at fair value through profit or loss	1,150	–	–	–	–	1,150
Prepayments	159,107	–	–	–	–	159,107
Deferred tax assets	629,899	–	–	–	–	629,899
Total non-current assets	39,956,979	–	241,000	(149,580)	–	40,048,399
CURRENT ASSETS						
Inventories	227,212	–	–	–	–	227,212
Completed properties held for sale	2,436,064	54,512	–	15,248	–	2,505,824
Properties under development	5,387,948	976,491	–	398,698	–	6,763,137
	–	–	–	2,147	–	2,147
Trade and bills receivables	9,695	472	–	(427)	–	9,740
Prepayments, other receivables and other assets	2,751,430	14,422	–	(250)	–	2,765,602
Financial assets at fair value through profit or loss	3,898	–	–	–	–	3,898
Pledged deposit	226,104	–	–	–	–	226,104
Cash and cash equivalents	1,054,913	766	(870,000)	–	(1,009)	184,670
Total current assets	12,097,264	1,046,663	(870,000)	415,416	(1,009)	12,688,334

	The Group as at 30 June 2020 (Unaudited)	The Target Company as at 31 August 2020	Pro forma Adjustments			Unaudited Pro forma Enlarged Group as at 30 June 2020
	RMB'000	*RMB'000* *(note 1)*	*RMB'000* *(note 2)*	*RMB'000* *(note 3)*	*RMB'000* *(note 4)*	*RMB'000*
CURRENT LIABILITIES						
Trade and bills payables	2,301,930	–	–	–	–	2,301,930
Contract liabilities, deposits received, accruals and other payables	11,569,206	867,505	(629,000)	2,147	–	11,809,858
Interest-bearing bank loans and other borrowings	7,233,294	–	–	–	–	7,233,294
Lease liabilities	269,714	–	–	–	–	269,714
Income tax payable	353,751	170	–	–	–	353,921
Dividend payable	41,595	–	–	–	–	41,595
Total current liabilities	21,769,490	867,675	(629,000)	2,147	–	22,010,312
NET CURRENT ASSETS/(LIABILITIES)	(9,672,226)	178,988	(241,000)	413,269	(1,009)	(9,321,978)
TOTAL ASSETS LESS CURRENT LIABILITIES	30,284,753	178,988	–	263,689	(1,009)	30,726,421
NON-CURRENT LIABILITIES						
Interest-bearing bank loans	7,951,000	339,190	–	–	–	8,290,190
Lease liabilities	2,463,723	–	–	–	–	2,463,723
Deferred tax liability	4,217,198	–	–	103,487	–	4,320,685
Other long-term liability	170	–	–	–	–	170
Provision for retirement benefits	8,086	–	–	–	–	8,086
Total non-current liabilities	14,640,177	339,190	–	103,487	–	15,082,854
Net assets/(liabilities)	15,644,576	(160,202)	–	160,202	(1,009)	15,643,567

NOTES TO THE UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES OF THE ENLARGED GROUP

Note 1 The amounts are extracted from the consolidated statement of financial position of the Target Company (as defined in the circular) as at 31 August 2020 as set out in Appendix II to this circular.

Note 2 On 30 September 2020, Chengshang Group Holding Co., Ltd. ("**Chengshang Holding**"), a wholly-owned subsidiary of the Company, entered into an acquisition agreement with Chengdu Renhe Industrial (Group) Limited ("**Renhe Industrial**") to acquire 100% of the equity interests in the Target Company (the "**Acquisition Agreement**").

Pursuant to the Acquisition Agreement, the consideration for the acquisition of 100% of the equity interests of the Target Company is RMB1,450,000,000.00, which comprises of (i) the equity transfer payment of RMB241,000,014.15 and (ii) liabilities to be assumed with an aggregate amount of RMB1,208,999,985,85 which includes related parties loans of RMB862,717,705.08, interest-bearing bank loans of RMB339,190,000.00 and other payables of RMB7,092,280.77.

The consideration shall be payable in cash. The payment of the consideration shall be satisfied by the internal resources of Chengshang Holding or other means of financing in the event that internal resources are insufficient.

The consideration shall be paid in the following manner:

(1) The bank loans of RMB339,190,000 payable by the Target Company shall be borne by the Target Company after the completion of the Acquisition, and Chengshang Holding shall pay Renhe Industrial the remaining consideration of RMB1,110,810,000 in three instalments;

(2) Chengshang Holding paid the first instalment of RMB200 million to a bank account jointly opened by Chengshang Holding and Renhe Industrial (the "Escrow Account") on 4 September 2020 as part of the consideration;

(3) Within three working days after the Acquisition Agreement takes effect and certain conditions are met, Chengshang Holding shall pay the second instalment of RMB670 million to the Escrow Account;

(4) Within three working days after the completion of the Acquisition, Chengshang Holding shall cooperate with Renhe Industrial to handle the Escrow Account and cancel the joint account. After such cancellation, Renhe Industrial will have free control of the relevant funds; and

(5) Within 180 days after the completion of the Acquisition, Chengshang Holding shall pay Renhe Industrial a one-off payment as the third instalment of the consideration.

For the purpose of preparing the Unaudited Pro Forma Financial Information, it is assumed that the first two instalments of the consideration with an aggregate amount of RMB870 million has been paid by cash and cash equivalents as at 30 June 2020 and is made up of the equity transfer payment of RMB241million and payment of other liabilities of RMB629 million.

Note 3 For the purpose of preparing the Unaudited Pro Forma Financial Information, the Company has estimated the fair value of the identifiable assets and liabilities of the Target Company as at 31 August 2020, based on the valuation report prepared by Xiamen University Valuation Land Real Estate Valuation Co., Ltd.（廈門市大學資產評估土地房地產估價有限責任公司）(as set out in Appendix V) as follows:

	Carrying amounts at 31 August 2020	**Fair value adjustment**	**Fair value at 31 August 2020**
	RMB'000	*RMB'000*	*RMB'000*
Property, plant and equipment	–*	2	2
Completed properties held for sale	54,512	15,248	69,760
Properties under development	976,491	398,698	1,375,189

* *Amount less than RMB1,000.*

The excess amount of the equity transfer payment over the fair value of the net identifiable assets acquired of the Target Company is recognised as goodwill:

	RMB'000
Equity transfer payment	241,000
Net assets value of the Target Company as at 31 August 2020	(160,202)
Add: Properties under development to be recorded *(note a)*	2,147
Other payables not recorded *(note a)*	(2,147)
Less: Accounts receivable to be paid to Renhe Industrial upon receipt *(note b)*	(427)
Deposits to be paid to Renhe Industrial *(note b)*	(250)
Fair value adjustments on property, plant and equipment	2
Fair value adjustments on completed properties held for sale	15,248
Fair value adjustments on properties under development	398,698
Deferred tax liabilities arising from fair value adjustments above	(103,487)
Goodwill on acquisition	91,418

note a: As mentioned in the paragraph headed "Detailed basis of the Consideration" on pages 8-9 of the circular, an amount payable of RMB2,146,520.00 has not yet been recorded in the consolidated statement of financial position of the Target Company as at 31 August 2020. The corresponding unrecorded asset item as at 31 August 2020 is properties under development with the same amount.

note b: The Target Company's accounts receivable and other receivables will be handled as follows:

(1) During the period from 11 March 2020 to 31 July 2020, Chengdu Pu Rui Sen Hotel Management Company Limited (成都普瑞森酒店管理有限公司), should have paid the Target Company a rent of RMB426,666.67. Renhe Industrial shall assist the Target Company to recover such outstanding payment. Chengshang Holding agrees to pay such amount to Renhe Industrial within three working days after the Target Company has recovered such amount; and

(2) The deposit of RMB250,000.00 for electricity fees paid by the Target Company to the State Grid Sichuan Electric Power Company shall be paid to Renhe Industrial when Chengshang Holding pays the third instalment of Consideration to Renhe Industrial.

The Target Company will adopt consistent accounting policies and principal assumptions as used in the pro forma financial statements to assess the impairment of the Enlarged Group's goodwill during the preparation of the Target Company's financial statements. The Directors are not aware of any indications that an impairment of the Enlarged Group's goodwill is required after considering the nature, prospects, financial conditions and business risks of the Enlarged Group.

Note 4 The adjustment is made to reflect the estimated transaction expenses, such as legal and professional fees of approximately RMB1,009,282.43 incurred directly attributable to the Acquisition and settled by cash and cash equivalents.

24 December 2020

To the Directors of Maoye International Holdings Limited

We have completed our assurance engagement to report on the compilation of Unaudited Pro Forma Financial Information of Maoye International Holdings Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**"), by the directors of the Company (the "**Directors**") for illustrative purposes only. The Unaudited Pro Forma Financial Information consists of the unaudited pro forma statement of assets and liabilities as at 30 June 2020 and related notes as set out on pages Appendix IV-1 to IV-5 of the circular issued by the Company dated 24 December 2020 (the "**Circular**"). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described in notes 1 to 4 to Appendix IV to the circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate impact of the Group's proposed major acquisition of the Target Company on the Group's financial position at 30 June 2020 as if the transaction had taken place at 30 June 2020. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial statements for the period ended 30 June 2020, on which a review report has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline ("AG") 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

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 HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, 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 Accountants' responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the HKICPA. This standard requires that the reporting accountant comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information, in accordance with paragraph 4.29 of the Listing Rules and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of Unaudited Pro Forma Financial Information included in the Circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the transaction would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the transaction in respect of which Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purpose of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,

Certified Public Accountants
Hong Kong

The following is the Formal Valuation Report on the Target Company received from the Valuer and prepared for the purpose of inclusion in this Circular.

VALUATION REPORT ON 100% INTERESTS OF THE TARGET COMPANY

Disclaimer

I. This asset valuation report was prepared in accordance with the Basic Rules for Asset Appraisal issued by the Ministry of Finance and the Practice Guidelines for Asset Valuation and Code of Ethics for Asset Valuation issued by China Appraisal Society.

II. The entrusting party or other users of the asset valuation report should use the asset valuation report within the scopes as specified in it in accordance with the laws and administrative regulations. The asset valuation agency and its asset valuation professionals take no responsibility for any non-compliance of the above-mentioned requirements for the use of the asset valuation report by the entrusting party or other users of the asset valuation report.

III. This asset valuation report shall only be used by the entrusting party, other users of the asset valuation report stipulated in the asset valuation commission contract, and users of the asset valuation report as required by laws and administrative regulations. Save for the above, any other institutions or individuals may not use the asset valuation report.

IV. Users of the asset valuation report should correctly interpret the valuation conclusion, which is not equivalent to the realizable value of the subject of valuation and should not be considered as a guarantee for the realizable value of the subject of valuation.

V. Users of the asset valuation report should pay attention to the assumption of the valuation conclusion, special notes and restrictions on the use of the report.

VI. The asset valuation agency and the asset valuation professionals have complied with the laws, administrative regulations and asset valuation standards and adhere to the principles of independence, objectivity and impartiality, and are legally liable for the asset valuation report issued by them.

VII. The list of assets and liabilities of the subject of valuation has been reported and confirmed with signatures, seals or other means as permitted under the laws by the entrusting party and the appraised entity (or the property holder); the entrusting party and other relevant parties are legally liable for the authenticity, completeness and legality of the information provided.

VIII. The analyses, judgements and results in the asset valuation report issued by the asset valutaion agency are subject to the assumptions and limiting conditions in the asset valuation report. The users of the asset valuation report shall take into full account of the assumptions, limiting conditions and special notes specified in the asset valuation report and their impact on the valuation conclusion.

Chengshang Group Holding Co., Ltd.:

Xiamen University Asset Evaluation and Land and Real Estate Appraisal Co., Ltd.*（廈門市大學資產評估土地房地產估價有限責任公司）has been engaged by the Company to appraise the market value of the entire shareholders' equity interests in Chengdu Renhe Investment Co., Ltd.（成都仁和投資有限公司）involved in the economic behavior of the proposed acquisition of equity interests in Chengdu Renhe Investment Co., Ltd. by Chengshang Group Holding Co., Ltd. as at 31 August 2020, by way of adopting the asset-based approach and carrying out necessary valuation procedures in accordance with the relevant laws, administrative regulations and asset valuation standards while adhering to the principles of independence, objectiveness and fairness. The asset valuation is reported as follows:

I. ENTRUSTING PARTY, APPRAISED ENTITY AND OTHER USERS OF THE ASSET VALUATION REPORT AS STIPULATED IN THE ASSET VALUATION COMMISSION CONTRACT

(I) Entrusting Party

Name: Chengshang Group Holding Co., Ltd.

Unified social credit code: 91510100709208546P

Type: Limited liability company (solely owned legal person invested in or controlled by a non-natural person)

Address: No. 6 Upper Dongda Street, Jinjiang District, Chengdu City, Sichuan Province

Legal Representative: Gao Hongbiao

Registered Capital: (RMB) one billion three hundred seventy-eight million four hundred seventeen thousand three hundred forty-nine

Date of establishment: 9 March 1998

Business operation period: 9 March 1998 to permanent

Scope of Business: Enterprise management services; wholesale and retail: daily necessities, cosmetics, knitting textiles, clothing and footwear, stationery and sports goods, daily sundries, bedding, gold and silver products (excluding cultural relics), watches, glasses, photographic equipment, modern office supplies, computer software and hardware and consumables, metals and electrical products, decorative building materials, instrument and meter, chemical raw materials and products (excluding dangerous goods), ordinary machinery, electrical machinery, auto parts, communication equipment (excluding radio transmission equipment), arts and crafts, furniture, home appliances, washing and hygienic products, glass and plastic products, healthcare products, native products, mechanical and electrical products, daily chemicals (excluding dangerous goods), fitness equipment; retail: birth control materials, vegetables and fruits, fresh meat, poultry, eggs and aquatic products;

photography, video services; warehousing; home appliance repair; gold ornaments, jewelry, gem-set jeweller, jewelry and jade; advertising design, production, advertising agency and release, advertising services (excluding balloon advertising); housing intermediary, self-owned housing rental; recycling of renewable resources; parking lot services; business information consulting; other legal projects that do not require permission or approval. Retail: pre-packaged food and bulk food, dairy products (including infant formula milk powder); hotels; import and export technology; sales of second-class medical equipment; accommodation; catering services; conference and exhibition services; sales of flowers; laundry; swimming pools; leisure and fitness activities; bathing service; cigarette retail (limits to branch operation). (For projects requiring approval in accordance with the law, commencement of operations is subject to approval by the relevant authorities).

(II) Appraised entity

1. Company profile

Name: Chengdu Renhe Investment Co., Ltd.

Unified social credit code: 915101005800322436

Type:Limited liability company (solely owned legal person invested in or controlled by a non-natural person)

Address:No. 1, 5th Floor, Building 1, No. 1, Binlong Street, Jinjiang District, Chengdu

Legal Representative: Yang Hai

Registered Capital: (RMB) One hundred million

Date of establishment: 22 August 2011

Business operation period: 22 August 2011 to permanent

2. Company history

Chengdu Renhe Investment Co., Ltd. (the "Company") is a limited liability company established on 22 August 2011 jointly by Chengdu Renhe Industrial (Group) Limited ("Renhe Group") and Chengdu Renhe Chuntian Department Store Ltd. ("Renhe Chuntian Department Store"). The registered capital and the paid up capital of the Company at the time of establishment was RMB500 million and RMB100 million respectively, of which Renhe Group and Renhe Chuntian Department Store subscribed RMB250 million and paid RMB50 million in monetary value respectively. The actual receipt of registered capital of the Company at the time of establishment has been verified by the capital verification report issued by Sichuan Phaeton Certified Public Accountants Co., Ltd. (Hui Teng Yan Zi [2011] No. 8-113).

On 15 November 2012, a general meeting was held by the Company to reslove to reduce the registered capital from RMB500 million to RMB100 million, of which Renhe Group and Renhe Chuntian Department Store reduced their capital subscription by RMB200 million. The reduction of registered capital has been verified by Sichuan Yazheng Certified Public Accountants Co., Ltd. [Chuanyazhenghui Yanzi (2013) No. V-1-097] capital verification report.

On 17 July 2015, Renhe Chuntian Department Store, shareholder of the Company, entered into an equity transfer agreement with Renhe Group, pursuant to which Renhe Chuntian Department Store would transfer its entire equity interest in the Company in the amount of RMB50 million to Renhe Group. On the same day, a general meeting was held by the Company to approve the above equity transfer. After this change of shareholding, Renhe Group holds 100% equity interest of the Company.

The shareholder structure and shareholding proportion of Chengdu Renhe Investment Co., Ltd. as of 31 August 2020, the valuation benchmark date, are as follows:

No.	**Name of shareholder**	**Capital contribution** *(RMB 0'000)*	**Proportion of contribution** *(%)*
1	Chengdu Renhe Industrial (Group) Limited	10,000.00	100.00
	Total	10,000.00	100.00

3. Business scope

The business scope of Chengdu Renhe Investment Co., Ltd. includes: property project investment (no illegal fund-raising, absorption of public funds and other financial activities); sales of general merchandise; technology import and export, and goods import and export. (Items subject to approval according to law shall only be carried out after approval by relevant departments)

4. Assets, financial and operating condition

(1) Main business and main business performance

As of the valuation benchmark date, the total assets in the accounting statements of Chengdu Renhe Investment Co., Ltd. were RMB 1,046,663,400, the total liabilities were RMB1,206,865,300, and the net assets were RMB-160,201,900; operating income from January to August 2020 was RMB 950,900 and net profit was RMB -4,147,200.

(2) Main financial position

According to the financial statements provided by Chengdu Renhe Investment Co., Ltd., the operating condition of Chengdu Renhe Investment Co., Ltd. in the past two years was as follows:

Financial position of Chengdu Renhe Investment Co., Ltd. in the past two years

Unit: RMB0'000

Item	**31 December 2018**	**31 December 2019**	**31 August 2020**
Total assets	125,786.05	102,980.07	104,666.34
Total liabilities	116,090.56	118,585.54	120,686.53
Net assets	9,695.49	–15,605.47	–16,020.19

Item	**2018**	**2019**	**January-August 2020**
Revenue from principal businesses	82.72	4488.68	95.09
Operating profit	-86.20	-1,947.14	-414.72
Total profit	-86.23	-2,178.34	-414.72
Net profit	-86.23	-2,190.27	-414.72
Audit agency	Unaudited	ShineWing Certified Public Accountants (Special General Partnership)	ShineWing Certified Public Accountants (Special General Partnership)
Audit opinion		Standard, unqualified audit opinion	Standard, unqualified audit opinion

5. Organizational structure

The basic organizational structure of Chengdu Renhe Investment Co., Ltd.: shareholders decide on various major matters of the Company, inspect various meeting minutes and the Company's financial and accounting reports, and receive distribution of the Company's profits on a regular basis. The directors, managers and supervisors of the Company are responsible for the forecast, decision-making, leading the organization, coordination, and supervision of the production and operation activities of the Company. The Company has specific handling agencies such as general manager, business department and finance department, which are responsible for handling various specific daily affairs in the production and operation activities of the Company.

(III) Other Users of the Asset Valuation Report as stipulated in the Asset Valuation Commission Contract

Users of the valuation report as stipulated in the asset valuation commission contract include the entrusting party, relevant functional government departments involved in the economic behaviour corresponding to the purpose of valuation and other users of the valuation report as stipulated in the state laws and regulations.

No institutions or individuals other than the report users as stipulated in the aforesaid asset valuation commission contract shall be the users of the valuation report for their access to the valuation report.

II. PURPOSE OF VALUATION

The conclusion of this valuation is only for the value reference of the economic behavior of the acquisition of the equity intrests in Chengdu Renhe Investment Co., Ltd. by the entrusting party. It shall not be used for other economic purposes or other purposes, and shall not be mixed in use with other asset evaluation reports. Users of the report can only use the conclusion of this valuation for the purpose of this valuation, and may not use it partially or adopt part of the process or content corresponding to the conclusion of this valuation for their own use.

III. THE SUBJECT AND SCOPE OF VALUATION

(I) Under the entrustment of Chengshang Group Holding Co., Ltd., the subject of valuation is the entire equity interests of shareholders of Chengdu Renhe Investment Co., Ltd..

(II) The scope of valuation shall be in line with the valuation declaration form provided by the entrusting party and appraised entity, and specifically covers:

1. The assets and liabilities presented in the balance sheet dated 31 August 2020 of Chengdu Renhe Investment Co., Ltd., with details set out as follows:

Unit: RMB

	Item	Book value
1	Current assets	1,046,662,975.38
2	Non-current assets	393.08
3	Inlcuding: Fixed assets	393.08
4	**Total assets**	**1,046,663,368.46**
5	Current liabilities	864,163,025.96
6	Non-current liabilities	342,702,229.93
7	**Total liabilities**	**1,206,865,255.89**
8	**Net assets (Owner's equity)**	**-160,201,887.43**

2. Type and quantity of off-balance-sheet assets declared by the enterprise

No off-balance-sheet items have been involved in this valuation according to the materials submitted by Chengdu Renhe Investment Co., Ltd..

(III) The above-mentioned subject of valuation and evaluation scope are consistent with the asset objects and scope involved in the economic behaviour of the proposed acquisition of the equity interests in Chengdu Renhe Investment Co., Ltd. by the entrusting party.

(IV) Reference to the asset type, quantity and carrying amount (or appraised value) involved in the report conclusion issued by other institutions

In this valuation, ShineWing Certified Public Accountants (Special General Partnership) audited the audit report on the benchmark date of Chengdu Renhe Investment Co., Ltd. provided by the entrusting party, and issued the Audit Report No. XYZH/2020CDA90278 with standard unqualified opinions on 17 September 2020. Based on the audited results in the audit report, Chengdu Renhe Investment Co., Ltd. had total assets of RMB 1,046,663,368.46, total liabilities of RMB1,206,865,255.89 and owner's equity of RMB

-160,201,887.43 as of the benchmark date. From January to August 2020, the total operating income was RMB950,942.66, the total profit was RMB-4,147,183.18, and the net profit was RMB-4,147,183.18.

Except for the foregoing, no report conclusions issued by other institutions have been used.

IV. TYPE OF VALUE AND ITS DEFINITION

The type of value of this asset valuation is market value.

Market value refers to the estimated amount of the value that can be realized by the subject of valuation under normal and fair transaction as at the valuation benchmark date when the voluntary buyer and the voluntary seller act rationally without any coercion under proper market conditions.

The following factors have been mainly considered in selecting market value as the type of value of the valuation conclusion in this valuation: (1) purpose of valuation: The purpose of this valuation is to serve as a reference for the value of the economic behavior of the acquisition of the equity interests in Chengdu Renhe Investment Co., Ltd. by the entrusting party. It is a normal market economic behavior, and transactions based on market value can be accepted by all parties to the transaction.; (2) market condition: this valuation does not set any restrictions or requirements on the market condition; (3) subject of valuation: this valuation does not set any restrictions or requirements on the subject of valuation; (4) relevance between the type of value and valuation assumptions: the valuation assumptions of this valuation are set based on a simulated fully open market with adequate competition to exclude the impact of non-market and abnormal factors on the valuation conclusion.

V. VALUATION BENCHMARK DATE

The valuation benchmark date of this asset valuation is 31 August 2020.

As the valuation benchmark date of this asset valuation is determined by the entrusting party, using the end of the accounting period as the valuation benchmark date can fully reflect the overall asset and liability conditions of the subject of valuation.

The definition of the asset valuation scope, determination of valuation price and selection of valuation parameters in this asset valuation are based on the internal financial statements of the enterprise, the external economic environment and market conditions on that day. All the pricing standards in the asset valuation report are the price standards effective on the valuation benchmark date.

VI. VALUATION BASIS

The valuation basis followed in this asset valuation mainly includes the basis of laws and regulations, valuation criterion and asset ownership, pricing basis adopted during valuation and calculation and other references, with details as follows:

(I) Basis of Major Laws and Regulations

1. The Asset Appraisal Law of the People's Republic of China (Passed at the 21st session of the 12th Standing Committee of the National People's Congress on 2 July 2016 and implemented on 1 December 2016);

2. The Securities Law of the People's Republic of China (Second amendment at the 15th session of the 13th Standing Committee of the National People's Congress on 28 December 2019 and implemented on 1 March 2020);

3. Company Law of the People's Republic of China (Amended at the 6th session of the 12th Standing Committee of the National People's Congress on 28 December 2013 and implemented on 1 March 2014);

4. The PRC Land Administration Law (Amended at the 11th session of the 10th Standing Committee of the National People's Congress on 28 August 2004) and its implementation regulations;

5. Law of the People's Republic of China on the Administration of Urban Real Estate (Revised in 2009);

(II) Basis for standards

1. Basic Standards for Assets Valuation (Cai Zi [2017] No. 43);

2. Code of Professional Ethics for Asset Valuation (Zhong Ping Xie [2017] No. 30);

3. Practice Guidelines for Asset Valuation-Asset Valuation Procedures (Zhong Ping Xie [2018] No. 36);

4. Practice Guidelines for Asset Valuation-Asset Valuation Report (Zhong Ping Xie [2018] No. 35);

5. Practice Guidelines for Asset Valuation-Asset Valuation Engagement Contracts (Zhong Ping Xie [2017] No. 33);

6. Practice Guidelines for Asset Valuation-Asset Valuation Archives (Zhong Ping Xie [2018] No. 37);

7. Practice Guidelines for Asset Valuation-Using Expert Work and Related Reports (Zhong Ping Xie [2017] No. 35);

8. Practice Guidelines for Asset Valuation-Enterprise Value (Zhong Ping Xie [2018] No. 38);

9. Practice Guidelines for Asset Valuation-Asset Valuation Approach (Zhong Ping Xie [2019] No. 35);

10. Practice Guidelines for Asset Valuation-Real Estate (Zhong Ping Xie [2017] No. 38);

11. Practice Guidelines for Asset Valuation-Machinery and Equipment (Zhong Ping Xie [2017] No. 39);

12. Guidelines for Business Quality Control of Asset Appraisal Institutions (Zhong Ping Xie [2017] No. 46);

13. Guiding Opinions on Value Types of Assets Valuation (Zhong Ping Xie [2017] No. 47);

14. Guiding Opinions on Legal Ownership of Assets Valuation Objects (Zhong Ping Xie [2017] No. 48);

as well as the relevant standards, guidelines, guiding opinions and interpretations and explanations thereof.

(III) Basis for property rights of assets

1. Real Estate Title Certificate;

2. Certificate for the Use of State-owned Land;

3. Grant Contract of State-owned Land Use Rights and Land Premium Receipt;

4. Planning Permit for Use of Construction Land and Construction Works Planning Permit or Land Plot Planning Indicators;

5. Purchase invoice of equipment and relevant documentation of property rights;

6. Other title documents.

(IV) Pricing basis

1. Financial statements and auditor's reports for 2018 and 2019 and as at the valuation benchmark date of Chengdu Renhe Investment Co., Ltd. as well as information concerning financial accounting and operation provided by it;

2. Statistic data, technical standard data and policy papers issued by the relevant government agencies;

3. Relevant inquiry information and parameters collected by this valuation agency;

4. Handbook of Common Data and Parameters for Asset Evaluation (2nd Edition) (Beijing Science and Technology Press);

5. WIND Financial Terminal;

6. Regulations on Financial Management of Capital Construction (Fa Gai Jia Ge (2007) No.670);

7. Engineering Survey and Design Charging Administration Regulations (Ji Jia Ge [2002] No. 10);

8. Supplemental Notice of Related Issues in the Administrative Measures on Fee Collection in Construction Inspection and Design (Ji Ban Jia Ge [2002] No. 1153);

9. Construction Project Supervision and Related Services Management Regulations (Fa Gai Jia Ge [2007] No. 670);

10. Provisional Measures on the Administration of Service Fees Charged for Tender Agency Services (Ji Jia Ge [2002] No. 1980);

11. Notice on Regulating Certain Issues concerning Advisory Charges for Environmental Impact (Ji Jia Ge [2002] No. 125);

12. 2020 Quotation Manual of Electromechanical Products (Information Research Institute of Mechanical Industry);

13. Loan Prime Rate published by the People's Bank of China which came into effect on 20 August 2019;

14. Notice of the Chengdu Bureau of Land Resources on the Publication of the Results of the Compilation of Land Grades and Benchmark Land Prices in the Downtown Area of Chengdu (Chengguo Tu Zi Fa [2017] No. 111).

(V) Other reference materials

1. "Investment Valuation" (US) (by Damodanran; translated by Lin Qian (Canada), published by Tsinghua University Press);

2. "Valuation: Measuring and Managing the Value of Companies" (Third Edition) (US) (by Copeland, T., etc.; translated by Hao Shaolun and Xie Guanping; published by Publishing House of Electronics Industry);

3. Code for Real Estate Valuation (GB/T50291-2015);

4. Regulations for Urban Land Evaluation (GB/T18508-2014);

5. Relevant technical data of construction works and geological survey;

6. Onsite survey records of the valuers;

7. Other relevant materials collected by Xiamen University Asset Evaluation and Land and Real Estate Appraisal Co., Ltd.

VII. VALUATION APPROACHES

(I) Selection of valuation approaches

According to Article 17 of the Practice Guidelines for Asset Valuation-Enterprise Value, when performing any appraisal of enterprise value, the suitability of the three basic asset valuation methods, namely, the income approach, the market approach and the cost approach (asset-based approach) shall be analyzed based on the purpose of valuation, the subject of valuation, the type of the value, and the availability of information.

The income approach in valuation of enterprise value refers to the valuation method whereby the value of the subject of valuation is determined by capitalising or discounting the expected income. The use of income approach for the valuation of an enterprise is subject to 3 pre-conditions:

1. The future expected income of the enterprise is predictable and can be measured in monetary terms;

2. The risks assumed by the enterprise relating to the expected income are also predictable and can be measured in monetary terms;

3. The number of years with prospective earnings is predictable.

Chengdu Renhe Investment Co., Ltd. has been operating at a loss in recent years, and the expected future returns and risks of the company cannot be reasonably determined. Therefore, the income approach is not used for this valuation.

The market approach in valuation of enterprise value refers to the comparison between the subject of valuation and a comparable listed company or a comparable transaction in order to determine the value of the subject of valuation. The important prerequisite for selecting the market approach to evaluate the value of an enterprise is that there are a certain number of comparable transaction cases in the market. As of the valuation benchmark date, we are unable to obtain a certain number of comparable transaction cases. Therefore, the market approach is not used for this valuation.

The asset-based approach in valuation of enterprise value is a valuation method by which the values of various assets and liabilities in the balance sheet and those identifiable off-balance sheet are valuated based on the balance sheet of the appraised entity as at the valuation benchmark date so as to determine the value of the subject of valuation. Chengdu Renhe Investment Co., Ltd., the apprasied entity, has relatively complete financial accounting data and operates its assets with good management. The accounting statements have been reviewed by the audit agency and an unqualified opinion report was issued. The appraised entity can identify each asset and liability both on and off the balance sheet, and there are no assets or liabilities which have a significant impact on the value of the subject of valuation and are difficult to identify and evaluate. Therefore, the asset-based approach can be used for this valuation.

To sum up, the asset-based approach is adopted for this valuation.

(II) Introduction to asset-based approach

The asset-based approach in valuation of enterprise value refers to a valuation approach that reasonably determines the value of the subject of valuation by evaluating the value of various assets and liabilities on and off the balance sheet of an enterprise on the basis of the balance sheet of the appraised entity as at the valuation benchmark date.

The valuation methods of assets-based approach is introduced as follows:

1. Current assets

(1) Monetary funds

Monetary funds include cash and bank deposits. The cash is verified and is fully counted by the cashier of the appraised entity. The head of the financial department of an enterprise and the valuer conducted on-site stocktaking and inspection. At the same time, a Cashier Statement signed by the cashier of the appraised entity is obtained. After that, the cash journal provided by the cashier is verified. With figures matched, the cashier fills in the debit and credit data recorded in the account from the valuation benchmark date to the check-up date for calculation. The valuers shall conduct a review to confirm that the amount is consistent with the amount declared on the valuation benchmark date, and the amount of cash that is consistent with those on the valuation benchmark date is calculated as the appraised value. Regarding bank deposits, the bank statement and bank reconciliation are reviewed and the bank accounts with large amount were verified by letter of confirmation to verify that the result is in line with the book records, and the verified book value is used as the appraised value.

(2) Receivables

The valuer shall, after the receivables are verified correctly and on the basis of historical data and information learned from the investigation, make a concrete analysis of the amount, debt time and reason, recovery of payments, and borrowers' funds, credit and management status, and the individual identification method is adopted to assess the determination of the risk losses in this valuation.

(3) Prepayments

The valuer checked the relevant contracts and agreements and had an understanding of deliveries of services and goods during the period from the valuation benchmark date to the date on which the site appraisal was conducted. The valuer did not find that the supplier was bankrupt or has revoked the contract or was unable to provide goods or services on time as contracted, so the verified book value is taken as the appraised value.

(4) Other receivables

After checking that the other receivables are correct, a detailed analysis on the amount, time and reasons for the outstanding amount, status of recover of the amount, present conditions of the funds, credibility and business management of the debtors, etc. is made by referring to the historical information and the situations learnt from the investigation, and the individual identification method is adopted to assess the determination of the losses at-risk in this valuation.

(5) Inventories

The inventories included in the scope of this valuation are the development products and development costs incurred by Chengdu Renhe Investment Co., Ltd..

a. Valuation method of development products

In accordance with the Basic Rules for Asset Appraisal and Code for Real Estate Valuation when conducting appraisal business, an asset valuer shall analyse the applicability of the three asset valuation approaches, namely the market approach, the income approach and the cost approach, according to the subject of valuation, types of values and collection of information, and select one or more appropriate asset valuation approaches. As the Property Tenancy Agreement entered into by the owner of the subject of valuation and Chengdu Pu Rui Sen Hotel Management Company Limited (成都普瑞森酒店管理有限公司), the lessee, has long lease term which is from 11 December 2018 to 30 December 2030, affected by the lease agreement, the subject of valuation is incomparable to the commercial building normally put for sale in the market, and there is no overall sale case for the third to sixth floors of the subject of valuation in the market. Therefore, the market approach is not used in this valuation. As the subject of valuation is commercial property, the cost approach cannot fully reflect its value and it is not appropriate to use the cost approach fot this valuation. The subject of valuation is located in the center of Chengdu with a large number of shopping malls, office buildings, entertainment and leisure venues, hotels, street shops, etc. Due to the active leasing market of development products, the valuer adopted the income approach to appraise the property based on the characteristics of the subject of valuation and the purpose of appraisal.

Income approach, an approach to estimate the normal return of the subject of valuation in the future, measures the objective and reasonable price or value of the subject property by discounting the total expected future ordinary net income of the subject property at an appropriate capitalization rate at the valuation date. The income approach combines buildings and lands in valuation. The appraised value includes the value of the corresponding land occupied by the appraised property and the value of house decoration, including the value of equipment and facilities such as central air-conditioning, elevators, and fire-fighting facilities.

Since the subject of valuation has been rented out and its lease term is long, the income approach adopted in this valuation calculates its value based on the contract rent during the lease term while calculation of income beyond the lease term is based on market rent.

The formula of the income approach is set out as follows:

1 The formula for calculating the contract rent during the lease term:

$$P_1= a/r\{1-[1/(1+r)]^n\}$$

Where: P_1 – estimated price by income approach during the lease term

a – net annual income of property

r – capitalization rate of property

n – lease expiry remaining years

2 Calculation formula based on objective market rent beyond the lease term:

$$P_2= a/(r-g)\{1-[(1+g)/(1+r)]^{(m-n)}\}(1+r)^{-n}$$

Where: P_2 – appraised value based on the income approach

a – net annual income of property

r – capitalization rate of property

m – remaining income period of property

n – lease expiry remaining years

g – net annual increment in income of property.

3 The formula for calculating appraised value:

$P=P_1+P_2$

b. Valuation method of development cost:

In recent years, there have been few cases of land expropriation in the area adjacent to the land parcel to be appraised. Due to the actual situation, the valuer has not been able to investigate reliable land acquisition costs and land development fees and other relevant data of land acquisition cost, and therefore the cost approach is not applicable to this valuation. As no sufficient land transaction cases with the same usage of the subject of valuation and similar conditions, the market approach is not applicable. Income capitalisation approach is only applicable to the valuation of land generating income. According to the actual situation of the land parcel to be appraised and the characteristics of this valuation, the income method is not appropriate for this valuation. The hypothetical development method is usually used for the valuation of the land to be developed after demolition. The land parcel to be appraised this time meets the above condition, and the land owner can provide comprehensive economic indicators for its planning, and therefore, the hypothetical development method can be used. Chengdu City has benchmark land price data, which is in line with the local property market conditions and has a complete correction system. Therefore, the standard floor-price coefficient correction method can be used for this valuation. Based on the purpose of this valuation, it was decided to adopt the standard floor-price coefficient correction method and the hypothetical development method for this valuation.

1 The calculation formula of the revised approach of benchmark land price coefficient:

Object price to be evaluated = Benchmark land price × (1±K)

In this formula: K – revised benchmark land price coefficients (including regional factor correction coefficient, individual factors correction coefficient, plot ratio correction coefficient, useful life correction coefficient, transaction date correction coefficient, land rights status correction and land development progress correction)

Commercial land: land use rights evaluation unit price = base land unit price × (1+ regional factor correction coefficient + individual factors correction coefficient) × volume rate correction coefficient ×useful life correction coefficient × transaction date correction coefficient × land rights status correction + land development progress correction

2 The calculation formula of the hypothetical development method:

The appraisal subject has a clear planning and design condition and requirement. Accordingly, hypothetical development method is adopted for the valuation of the appraisal subject. Firstly, conducting the most effective utilization means of design on the appraisal subject, including the consumption usage and consumption intensity; secondly, forecasting the transfer price of the building and land developed with the most effective utilization design; then, estimating various expenses, investment interests and development profits on the development and construction; lastly, deducting various expenses, investment interests and development profits by the development value of the land, the remaining value shall be the appraised value of the appraisal subject. The calculating formula is:

Land value = total estimated selling price of the housing – total construction cost – profits – taxes – interests

In determining the final result of the valuation, it shall comprehensively consider the applicability, rationality, operability, etc. of different valuation methods, and determine the weighting of each method based on the actual assessment of the appraisal subject and valuer's experience. The weighting between the valuation benchmark land price approach and the valuation result of the hypothetical development method are 0.5 each, being:

Appraised value of development cost = the revised approach of benchmark land price coefficient × 0.5 + hypothetical development method valuation × 0.5

(6) Other current assets

Other current assets included in the valuation scope are specifically input tax to be deducted, the valuer has checked the account books, original vouchers, tax returns and other information, after matching with the accounts upon verification, the appraised value is determined by the carrying amount upon verification.

(7) Machineries and equipment

In accordance with the valuation purpose and based on the continuing utilization principal, with reference to the market price and combining with the characteristics of the entrusted equipment and the information collected, the cost method is mainly used in conducting valuation.

Appraised value = Replacement price × Integrated residue ratio

a. Determination of replacement price

Based on the regulations of the Circular of the Ministry of Finance and the State Administration of Taxation on Several Issues Concerning the Implementation of VAT Transformation Reform in China (Cai Shui [2008] No. 170), since 1 January 2009, the input tax incurred by ordinary VAT taxpayers in purchasing assets can be deducted from the output tax based on VAT invoices, customs import VAT special payment documents and transportation expense settlement document in accordance with the relevant requirements of the Interim Regulations of the People's Republic of China on Value Added Tax (Decree No. 538 of the State Council) and the Detailed Rules for the Implementation of the Interim Regulations of the People's Republic of China on Value Added Tax (Decree No. 50 of the Ministry of Finance and the State Administration of Taxation).

According to the above regulations, if an enterprise obtains a special VAT invoice, input VAT can be deducted, and the purchase price in the replacement price of the equipment is tax-free. If the enterprise does not obtain a special VAT invoice, the input VAT cannot be deducted, and the purchase price in the replacement price of the equipment is tax inclusive.

For items of electronic equipment with lower value within the scope of valuation, and where installation is not required (or where the installation is the responsibility of the vendor) and the transportation cost is low (or the transportation cost is borne by the vendor), the full replacement price is determined directly with reference to the current market purchase price.

1 Purchase price

Price inquiry is made to the equipment manufacturers, agents and distributors for quotations. For equipment whose market price can be obtained on the benchmark date, the purchase price shall be determined at the market price.

For equipment which no quotation can be obtained from the market, its purchase price shall be determined by consulting the latest price information of mechanical and electrical products and online inquiry.

For those which the market price is difficult to obtain and comparable equipment is difficult to find, the purchase price shall be obtained by using the classified product price index after understanding the content of its book value.

2 Determination of input VAT

Input VAT = equipment purchase price (tax inclusive) × VAT rate/(1 + VAT rate)

b. Determination of integrated residue ratio

In the valuation process, according to the economic service life of the equipment, the normal load of the on-site survey assets, technical appraisal, work system and equipment time utilization, design, manufacturing, actual use, recent overhaul and daily maintenance status, factors such as working environment, whether it is idle or not, modification status, physical life span, current performance, operating status, technological progress and national regulations and restrictions, etc., the useful life of equipment is estimated and then calculate its residue ratio. The formula is as follows:

Integrated residue ratio = remaining service life/(actual service life + remaining service life) ×100%

(8) Liabilities

The assessment of liabilities is mainly conducted by review and verification. The valuer verifies the relevant documents, contracts, books and related vouchers, and after confirming their authenticity, the appraised value is determined based on the verified book value or the actual liabilities to be assumed.

VIII. IMPLEMENTATION PROCESS AND CONDITIONS OF THE VALUATION PROCEDURES

The preliminary work of this valuation began in August 2020, and valuer entered the site on 3 September 2020, and the valuation was concluded on 18 September 2020. The entire valuation was carried out in five stages:

(I) Preliminary work of valuation: Clarify basic business matters, accept project entrustment, determine the purpose, target and scope of valuation, valuation benchmark date, and draft the valuation plan;

(II) Asset inspection phase: Instruct the appraised entity to inspect the assets, prepare valuation materials, conduct on-site investigation, collect and sort out valuation materials, verify assets and materials;

(III) Estimation for valuation and estimation phase: selection of appropriate valuation approaches, collection of market information and making estimation for valuation;

(IV) Valuation summary and report submission phase: summarize and analyze valuation results, prepare the report and internal audit. Communicate with the entrusting party on the content of the report and form a final valuation conclusion after independent analysis, and submit the formal asset valuation report to the entrusting party;

(V) Organize and compile valuation files.

IX. VALUTION ASSUMPTIONS

In this valuation, the valuer followed the following valuation assumptions:

1. Transactional Assumption

Transactional assumption refers to assuming that all assets to be appraised are in the trading process, and the valuation conducted by asset valuation professionals is based on a simulated market with same trading conditions of the assets to be appraised. Transactional assumption is the most fundamental assumption for the appraisal of assets.

2. Open Market Assumption

Open market assumption indicates that assets can be traded freely in a market with perfect competition, and the price is determined based on the judgement of independent purchasers and sellers on the value of assets under certain market supply conditions. Open market assumption is a kind of hypothetical explanation or restriction on the conditions of the market to be entered and the impact of assets under relatively healthy market conditions.

The so-called open market refers a market with perfect competition and there are numerous purchasers and sellers. In such market, both purchasers and sellers have ample opportunity and time to acquire market information, and their tradings are on a voluntary, rational, non-compulsory, and unrestricted basis. The open market assumption is based on the fact that assets can be traded publicly in the market.

3. Going Concern Assumption

Going concern assumption refers to the assumption that the operating activities of an operating entity can continue on an ongoing basis, and that the operating activities of the entity will not be suspended or terminated within a predictable time in the future.

Assuming that an operating entity is composed of some assets and liabilities according to a specific purpose and needs to perform a certain function, it is actually assumed that the operating entity will continue to follow this specific purpose and continue the specific function for a predictable time in the future.

According to the requirements of asset valuation, the asset valuation professionals determine that these prerequisite assumptions are established on the valuation benchmark date. When the future economic environment changes significantly, the valuer will not be responsible for deriving different appraisal conclusions due to changes in the prerequisite assumptions.

When the aforementioned prerequisite assumptions are not established, except for one of the following circumstances, the asset valuation report shall be invalid: If the difference between the actual situation and the aforementioned prerequisite assumptions is a matter that can be accurately quantified and is easy to adjust, when the purpose of asset evaluation is achieved, the entrusting party shall request the valuation agency to make corresponding adjustments to the asset valuation conclusion.

X. VALUATION CONCLUSION

The book value of assets and liabilities declared by Chengdu Renhe Investment Co., Ltd. included in the scope of valuation are assets, liabilities and nets assets amounting to RMB1,046,663,368.46, RMB1,206,865,255.89 and RMB-160,201,887.43, respectively.

In accordance with relevant laws, administrative regulations and valuation criteria for asset valuation, we have performed the asset valuation procedures adhering to the principles of independence, impartiality and objectivity, adopted the asset-based approach for the valuation, and reached the following conclusions:

After valuation, as of the valuation benchmark date being 31 August 2020, under the premise of open market and continuous use, the premise of ongoing concern of the appraised entity, the relevant assumptions of this report, the notes on special matters and use restrictions of this report, and the implemented valuation procedures and approaches describes in this report, the appraised amount of total assets of Chengdu Renhe Investment Co., Ltd. included in the scope of valuation is RMB one billion four hundred sixty million six hundred eleven thousand five hundred twenty nine yuan and thirty eight cents (RMB1,460,611,529.38), the appraised amount of total liabilities is RMB one billion two hundred and six million eight hundred sixty five thousand two hundred fifty five yuan and eighty nine cents (RMB1,206,865,255.89), and the appraised amount of net assets is RMB two hundred fifty three million seven hundred forty six thousand two hundred and seventy three yuan and forty nine cents (RMB253,746,273.49). Details are as follows:

Unit: RMB0'000

	Item	Book value A	Appraised amount B	Increase/ decrease C=B-A	% increase in value D=C/A×100%
1	Current assets	104,666.30	146,060.88	41,394.59	39.55
2	Of which: inventories	103,100.30	144,494.89	41,394.59	40.15
3	Non-current assets	0.04	0.27	0.23	583.42
4	Of which: fixed assets	0.04	0.27	0.23	583.42

	Item	Book value A	Appraised amount B	Increase/ decrease C=B-A	% increase in value D=C/A×100%
5	**Total assets**	104,666.34	146,061.15	41,394.82	39.55
6	Current liabilities	86,416.30	86,416.30	–	–
7	Non-current liabilities	34,270.22	34,270.22	–	–
8	**Total liabilities**	120,686.53	120,686.53	–	–
9	**Net assets (owners' equity)**	–16,020.19	25,374.63	41,394.82	258.39

For details of the valuation conclusion, please refer to the valuation table.

The user of the asset valuation report should pay attention to the impact of special matters on the valuation conclusion when applying this valuation conclusion.

XI. NOTES ON SPECIAL MATTERS

The user of the asset valuation report shall pay attention to the impact of special matters on the valuation conclusion, and attention of the user of the asset valuation report is specially drawn to these notes.

(I) Circumstances where the ownership information and other valuation materials are incomplete or defective

Nil.

(II) Circumstances where the entrusting party does not provide other key information

Nil.

(III) Uncertain factors such as unresolved matters and legal disputes

The details of secured assets or restricted right-of-use assets are as follows:

Land use right certificate	Land area (m^2)	Reasons for restriction
Cheng Guo Yung (2016) Land Parcel No. 221	10,583.32	Secured for loan
Cheng Guo Yung (2013) Land Parcel No. 493	4,598.08	Secured for loan

Real estate right certificate	**Building area (m^2)**	
Chuan (2019) Chengdu Real Estate Right Certification No. 0508125, No. 0508119, No. 0508121 and No. 0508117	3,049.35	Secured for loan

(IV) Relevant circumstances where the valuation procedure is restricted, the remedial measures taken by the valuation agency and the impact on the valuation conclusion

During the valuation process, the valuer observed the appearance of the valuated building (structure), and checked the interior decoration and use of the building (structure) as far as possible, and has not conducted any structural and material tests.

(V) Important utilization of expert work and relevant reports

We adopted the No. XYZH/2020CDA90278 Audit Report (type of audit opinion: unqualified opinion) issued by SHINEWING Certified Public Accounts (Special General Partnership) to verify the authenticity, legitimacy and completeness of the book value of various assets and liabilities within the scope of valuation provided by the entrusting party and the appraised entity.

(VI) Major subsequent events

1. Matters that may have an impact on the valuation conclusion between the valuation benchmark date and the asset valuation report date

   Matters that were not provided by the entrusting party and the appraised entity, and we have not been able to learn or discover any other major subsequent events that have an impact on the valuation conclusion.

2. During the validity period of the report after the valuation benchmark date, if the number of assets and the pricing standards change, the following principles shall be applied:

   (1) When the quantity of assets changes, the amount of assets should be adjusted according to the original valuation method;

   (2) When the asset price standard changes and has a significant impact on the asset valuation conclusion, the entrusting party shall promptly hire a qualified asset valuation agency to re-determine the appraised value;

(3) For changes in the amount of assets and price standards after the valuation benchmark date, the entrusting party shall give full consideration to the actual valuation of assets and make corresponding adjustments.

(VII) Defects in the economic behavior corresponding to this asset valuation that may have a significant impact on the valuation conclusion

Nil.

(VIII) Other explanatory matters

1. For the phase III construction project of Renhe Chuntien Department Store Rendong Store among the buildings included in the scope of this valuation, since it belongs to the inventory of the appraised unit, therefore, at the time of valuation, the sales taxes and fees to be paid or incurred when the disposals of these real estate projects are realized have been discounted in the appraised value.

2. The appraised value of the asset valuation report includes the apportionable value of the land use rights of the properties.

3. The valuation did not consider relevant taxes and fees arising from the appreciation of the valuation. All taxes and fees involved in the appraised entity shall be collected by the tax authority in accordance with the provisions of the national tax law when the purpose of the valuation is achieved, and shall be borne by the taxpayer specified in the tax law. The specific tax amount has not been adjusted in the asset valuation report. When the purpose of this valuation is achieved, all taxes and fees shall be subject to the figures verified by the competent tax authority. If the amount verified by the competent tax authority does not match the book record, the valuation conclusion shall be adjusted accordingly.

4. The valuation conclusion of this report is an objective and fair reflection of the total shareholders' equity of Chengdu Renhe Investment Co., Ltd. appraised on the valuation benchmark date of 31 August 2020. Our company is not responsible for any major changes in the value of the shareholders' equity subsequent to the valuation benchmark date.

5. This report contains a number of attachments which constitute an important part of the report and have the same legal effect as the main body of this report. The attachments and the main body of the report are valid only when used together.

The user of the asset valuation report should pay attention to the impact of special matters on the valuation conclusion.

XII. RESTRICTIONS ON THE USE OF THE ASSETS VALUATION REPORT

(I) Scope of use of the asset valuation report

1. User of the asset valuation report:

The asset valuation report can only be used by the user of asset valuation report stipulated in the asset valuation commission contract, laws and administrative regulations.

2. Purpose of the asset valuation report:

The entrusting party and other users of the asset valuation report shall use the asset valuation report in accordance with laws, administrative regulations, and the intentions and purposes specified in the asset valuation report.

3. Validity period of the valuation conclusion:

According to the current relevant regulations, the validity period of this asset valuation report is usually one year, commencing from the valuation benchmark date of 31 August 2020 and ending on 30 August 2021. Generally, the asset valuation report can only be used when the valuation benchmark date and the realization date of the economic activities are within one year. When the period is over one year, or even not more than one year, but the price standard of the appraised asset fluctuates greatly, the conclusion of the asset valuation report cannot be adopted.

4. Extraction, quotation or disclosure of the asset valuation report:

(i) Without the written permission of the entrusting party, the asset valuation agency and its asset valuation professionals shall not provide or disclose the content of the asset valuation report to any third party, unless otherwise provided by laws and administrative regulations.

(ii) Without the consent of the asset valuation agency, the content of the asset valuation report shall not be excerpted, quoted or disclosed in the public media, unless otherwise stipulated by laws and administrative regulations and otherwise agreed by the relevant parties.

(II) If the entrusting party and other users of the asset valuation report fail to use the asset valuation report in accordance with laws, administrative regulations and the scope of use specified in the asset valuation report, the asset valuation agency and its asset valuation professionals shall not be liable.

(III) Except for the entrusting party, other users of the asset valuation report agreed in the asset valuation commission contract and the user of the asset valuation report stipulated by laws and administrative regulations, any other institution or individual cannot become user of the asset valuation report.

(IV) The user of the asset valuation report should correctly understand the valuation conclusion. The valuation conclusion is not equivalent to the realizable price of the appraised entity, and should not be regarded as a guarantee for the realizable price of the appraised entity.

(V) The conclusion of this valuation reflects the fair valuation opinions on the subject of valuation based on the principle of open market under the valuation assumptions listed in this report, without considering the mortgage and guarantee that may be undertaken in future, as well as the impact of the price that special parties may lower or add to the appraised price. When the aforementioned conditions and valuation assumptions change, the valuation conclusion will generally become invalid. The valuation agency does not assume the relevant legal responsibilities for the invalidation of the valuation conclusion due to changes in these conditions.

(VI) The valuation agency has the final right to interpret this asset valuation report.

XIII. ASSETS VALUATION REPORT DATE

The asset valuation report date is the date when the valuation conclusion is formed. The asset valuation report date is 18 September 2020.

The following is the text of letter, summary of valuation and valuation report, prepared for the purpose of incorporation in this circular, received from Graval Consulting Limited, an independent property valuer, in connection with their valuation as at 31 October 2020 of the property interests to be held by the Group in the People's Republic of China.

Graval Consulting Limited
Unit 1026A, Ocean Centre
Harbour City
5 Canton Road
Tsim Sha Tsui
Kowloon, Hong Kong

24 December 2020

The Board of Directors
Maoye International Holdings Limited
Room 3301, 33rd Floor,
Office Tower Convention Plaza,
No.1 Harbour Road,
Wan Chai, Hong Kong

Dear Sirs,

Re: Valuation of various properties located at No.61 Renmin East Road, Jinjiang District, Chengdu City, Sichuan Province, the People's Republic of China（中國四川省成都市錦江區人民東路61號）(the "**Properties**")

INSTRUCTIONS

We refer to your instruction for us to value the property interests (the "**Properties**") to be held by Maoye International Holdings Limited (the "**Company**") or its subsidiaries (together referred as the "**Group**") located in the People's Republic of China (the "**PRC**"). We confirm that we have carried out inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the Properties in existing state as at 31 October 2020 (the "**Valuation Date**") for the purpose of incorporation into the circular issued by the Company on the date hereof.

This letter which forms part of our valuation report explains the basis and methodology of valuation, clarifying assumptions, valuation considerations, title investigations and limiting conditions of this valuation.

BASIS OF VALUATION

The valuation is our opinion of the market value (the "**Market Value**") which is defined by the Hong Kong Institute of Surveyors as ''the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently, and without compulsion".

Market Value is the best price reasonably obtainable in the market by the seller and the most advantageous price reasonably obtainable in the market by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, joint ventures, management agreements, special considerations or concessions granted by anyone associated with the sale, or any element of special value.

VALUATION METHODOLOGY(IES)

In valuing the Property No. 1, we have adopted income approach by taking into account the net rental income of the properties derived from the existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the leases, which have been then capitalised to determine the market value at an appropriate capitalisation rate. Where appropriate, reference has also been made to the comparable sale transactions as available in the relevant market.

In valuing the Property No. 2, we have adopted market approach in our valuation by making reference to comparable market transactions or sale asking in our assessment of the market value of a property interest. This approach rests on the wide acceptance of the market transactions or sale asking as the best indicator and pre-supposes that evidence of relevant transactions or sale asking in the market place can be extrapolated to similar properties, subject to allowances for variable factors.

VALUATION STANDARDS

In valuing the property interests, we have complied with all the requirements contained in Chapter 5 and Practice Note 12 to the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited and the HKIS Valuation Standards 2020 Edition.

VALUATION ASSUMPTIONS

Our valuations have been made on the assumption that the owner sells the Properties in the market in its existing state without the benefit of deferred term contracts, leasebacks, joint ventures, management agreements or any similar arrangements which would serve to affect the values of the Properties.

We have also assumed that the Properties have been constructed, occupied and used in full compliance with, and without contravention of all ordinances, except only where otherwise stated. We have further assumed that, for any use of the Properties upon which this report is based, all required licenses, permit, certificated, and authorizations have been obtained.

Moreover, in undertaking our valuation for the Properties located in the PRC, we have assumed that, unless otherwise stated, transferable land use rights in respect of such Properties for specific terms at nominal annual land use fees have been granted and that any premium payable has already been fully paid. We have also assumed that the owners of such

Properties have enforceable titles to the Properties and have free and uninterrupted rights to use, occupy or assign the Properties for the whole of the respective unexpired terms as granted.

TITLE INVESTIGATION

We have been shown copies of various documents relating to the property interests. However, we have not examined the original documents to verify the existing title to the Property interests or any amendment which does not appear on the copies handed to us. We have relied considerably on the legal opinion dated 24 December 2020 given by the Group's PRC legal advisers, Tahota Law Firm, concerning the validity of the title to the property interests located in the PRC.

LIMITING CONDITIONS

We have conducted on-site inspections to the Properties on 26 October 2020 by Mr. Liang Zhi Peng, bachelor degree with 3 years' valuation experience. The external conditions of the Properties were reasonable. In the course of our inspections, we did not note any serious structural defects. However, no structural survey has been made and we are therefore unable to report whether the Properties are free from rot infestation or any other defects. No tests were carried out on any of the services. Moreover, we have not carried out investigations on site to determine the suitability of the ground conditions and the services etc., for any future development. Our valuation is prepared on the assumption that these aspects are satisfactory and no extraordinary expenses or delay will be incurred during the development period.

We have not carried out detailed on-site measurement to verify the correctness of the areas in respect of the Properties but have assumed that the areas shown on the documents handed to us are correct. All dimensions, measurements and areas are approximate.

We have relied to a considerable extent on information provided by the Group and accepted advices given to us on such matters, in particular, but not limited to tenure, planning approvals, statutory notices, easements, particulars of occupancy, size and floor areas and all other relevant matters in the identification of the Properties.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also been advised by the Group that no material fact has been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld.

No allowance has been made in our report for any charges, mortgages or amounts owing on the property interests valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property interests is free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

REMARKS

Unless otherwise stated, all money amounts stated are in Renminbi (RMB).

We enclose herewith the summary of valuation together with the valuation report.

Yours faithfully,
For and on behalf of
Graval Consulting Limited

Kelvin Chan Chun Hong	**Lawrence Chan Ka Wah**
FCCA CFA MRICS	*MRICS MHKIS RPS(GP) MCIREA MHIREA*
RICS Registered Valuer	*RICS Registered Valuer*
Chairman	Partner

Analysed and reported by: Ivan K.H. Mak
Senior Valuer

Mr. Kelvin Chan Chun Hong is a CFA Charterholder, a member of RICS, RICS Registered Valuer and a fellow member of the Association of Chartered Certified Accountants. He has been working in the financial industry since 1996, with experiences covering the area of corporate banking, equity analysis, property and business valuation.

Mr. Lawrence Chan Ka Wah is a member of the Royal Institution of Chartered Surveyors, a member of the Hong Kong Institute of Surveyors, Registered Professional Surveyors in the General Practice Section, a RICS Registered Valuer and a member of the China Institute of Real Estate Appraisers and Agents, who has over 17 years' experience in the valuation of properties in Hong Kong, Macau, the PRC and the Asian Rim.

Mr. Ivan K.H. Mak was graduated from The Hong Kong Polytechnic University who has over 7 years' experience in the valuation of properties in Hong Kong, Macau, the PRC and the Asian Rim.

SUMMARY OF VALUATION

No.	Property	Market Value in existing state as at 31 October 2020 *RMB*
	Group 1 – Property interest to be held by the Group for investment purpose	
1	Basement, the Levels 3 to 6 of Block 1, No.61 Renmin East Road, Jinjiang Disctrict, Chengdu City, Sichuan Province, the PRC (中國四川省成都市錦江區人民東路61號1棟3-6層和地庫)	46,100,000
	Group 2 – Property interest to be held by the Group for future development purpose	
2	Three parcels of land located at No.61 Renmin East Road, Jinjiang Disctrict, Chengdu City, Sichuan Province, the PRC (中國四川省成都市錦江區人民東路61號三塊土地)	1,402,800,000
	Total	**1,448,900,000**

VALUATION CERTIFICATE

Group 1 – Property interest to be held by the Group for investment purpose

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 October 2020 *RMB*
1.	Basement, the Levels 3 to 6 of Block 1, No.61 Renmin East Road, Jinjiang District, Chengdu City, Sichuan Province, the PRC （中國四川省成都市錦江區人民東路61號1棟3-6層和地庫）	The Property comprises the whole of the Level 3 to Level 6 and basement of a 6-storey (exclusive of basement) commercial complex building which was completed in about 2017. The total gross floor area of the Property is approximately 6,329.51 sq.m. (inclusive of basement) **Levels** / **Approximate Gross Floor Area** *(sq.m.)* Basement 3,280.16 3 815.71 4 824.84 5 824.84 6 583.96 Total (inclusive of basement) 6,329.51 The land-use rights of the Property were granted for wholesale and retail uses expiring on 27 November 2052.	The levels 3 to 6 of the Property were subject to a tenancy agreement for a term commencing on 11 December 2018 and expiring on 10 December 2030. (*See Note 4*) The levels 3 to 6 of the Property were occupied by the tenant for hotel use and the basement was vacant as at the Valuation Date.	46,100,000

Notes:

1. Pursuant to four Real Estate Certificates (Document Nos.: Chuan (2019) Cheng Du Shi Bu Dong Chan Quan Nos.0508125, 0508119, 0508121 and 0508117) all dated 24 December 2019, the land use rights of the Property with a site area of approximately 15,736.16 sq.m. were granted to Chengdu Renhe Investment Company Limited（成都仁和投資有限公司）for a term expiring on 27 November 2052 for wholesale and retail uses.

   As stipulated in the Real Estate Certificates, the ownership of the building of the levels 3 to 6 of the Property with a total gross floor area of approximately 3,049.35 sq.m. is vested in Chengdu Renhe Investment Company Limited for commercial use.

2. According to the information provided by the Company, the basement with a gross floor area of approximately 3,280.16 sq.m. without Real Estate Certificate. We have ascribed no commercial value to the basement due to the absence of the Real Estate Certificate, hence the basement is not entitled to be transferred, leased and mortgaged in the market.

3. According to the information provided by the Company, the levels 1 to 2 of Block 1, No.61 Renmin East Road, Jinjiang District, Chengdu City, Sichuan Province, the PRC (together with levels 3 to 6 and the basement as "Block 1") with a gross floor area of approximately 1,613.08 sq.m. (the "Relocated Portion") was transferred to relocated household before the Valuation Date. Hence it is excluded in the scope of the valuation. For indicative purpose, the summary of gross floor area of Block 1 is as follow:

Levels	**Approximate Gross Floor Area** *(sq.m.)*
Basement	3,280.16
1 to 2	1,613.08
3	815.71
4	824.84
5	824.84
6	583.96
Total	**7,942.59**

4. The Property is situated at No.61 Renmin East Road in Jinjiang District, buildings in the locality are medium to high-rise commercial buildings and shopping malls. Chengdu Metro Tianfu Square Station is about 5-minutes walking distance from the Property. Metro, taxis and buses are accessible to the Property.

5. The unit rate of similar commercial premises in the locality as at the Valuation Date is in the range of RMB 17,000 per sq.m. to RMB 18,000 per sq.m.

6. Pursuant to a tenancy agreement (the "Lease") entered into between Chengdu Renhe Investment Company Limited (the "Landlord") and Chengdu Pu Rui Sen Hotel Management Company Limited（成都普瑞森酒店管理有限公司）(the "Tenant") dated 6 June 2018, the levels 3 to 6 of the Property were leased for a term commencing on 11 December 2018 and expiring on 10 December 2030 with a monthly rental of RMB200,000 from 11 December 2018 till 10 December 2024 and RMB220,000 from 11 December 2024 till 10 December 2030 exclusive of management fee and utilities charges.

   As advised by the Company, the Tenant and the ultimate beneficial owners, Zhu Xiao Feng and Zhou Liang, are independent third parties of the Company and its connected persons as defined under the Listing Rules.

7. As advised by the company, the basement is physically completed and under internal renovation.

8. We have been provided with a legal opinion by the Group's PRC legal advisor regarding the legal title of the Property, which contains, inter alia, the followings:

   i. Chengdu Renhe Investment Company Limited is the sole owner of the levels 3 to 6 of the Property and is entitled to occupy, transfer, lease and mortgage the Property;

   ii. the levels 3 to 6 of the Property is subject to a mortgage in favour of Chengdu Jincheng Branch of Agricultural Bank of China Limited for a loan amount of RMB490,000,000 for a term commencing from14 December 2017 to 13 December 2024;

   iii. other than the mortgage stated on Note 8(ii), the Property is free from any charges, seal up, orders and other legal encumbrances which may cause adverse effects to the ownership of the Property;

   iv. the Real Estate Certificate of the basement stated in Note 2 is under application and there is no major legal impediment in obtaining the Real Estate Certificate; and

   v. the Lease stated on Note 6 does not violate the laws and regulations and is legal and effective.

VALUATION CERTIFICATE

Group 2 – Property interest to be held by the Group for future development purpose

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 October 2020 *RMB*
2.	Three parcels of land located at No.61 Renmin East Road, Jinjiang Disctrict, Chengdu City, Sichuan Province, the PRC (中國四川省成都市錦江區人民東路61號三塊土地)	The Property comprises three parcels of land having a total site area of approximately 15,736.16 sq.m. and 5,098.07 sq.m. specified for underground usage only. As advised by the Company, the Property will be built into a 44 storey comprehensive commercial development having a total estimated gross floor area of approximately 235,281.76 sq.m. upon completion. The particulars of the development of the Property are as below: **Approximate Gross Floor Area** *(sq.m.)* Office 94,079.19 Commercial 58,218.64 Ancillary 8,891.21 Basement 74,092.72 **Total 235,281.76** The land-use rights of the Property were granted for commercial service, commercial (underground) and carparking space (underground) use with a latest term expiring on 27 November 2052.	The Property was vacant as at the Valuation Date.	1,402,800,000

Notes:

1. Pursuant to a State Owned Land Use Rights Grant Contract (Contract No. 5101 Te (2012) Chu Rang He Tong No.12) dated 28 November 2012 and two supplemental agreements dated 30 August 2013 and 12 April 2016, the land use rights of the Property with a total site area of approximately 15,736.16 sq.m. and 5,098.07 sq.m. (underground) were granted to Chengdu Renhe Investment Company Limited for a terms of 40 years for commercial service, commercial (underground) and carparking space (underground) uses. The salient development condition(s) stated are as below:

Plot Ratio	:	Less than or equal to 10
Site Coverage	:	Subject to further government approval
Greenery Ratio	:	Subject to further government approval

2. Pursuant to three State Owned Land Use Rights Certificates (Document Nos.: Cheng Guo Yong (2016) No.221, Cheng Guo Yong (2013) No. 492 and 493) dated 11 October 2016 and 18 November 2013 respectively, the land use rights of the Property with a site area of approximately 15,736.16 sq.m. (above ground) and 5,098.07 sq.m. (underground) were granted to Chengdu Renhe Investment Company Limited (成都仁和投資有限公司) with the latest expiring date on 27 November 2052 for commercial service, commercial (underground) and carparking space (underground) uses.

3. The Property is situated at No.61 Renmin East Road in Jinjiang District, buildings in the locality are medium to high-rise commercial buildings and shopping malls. Chengdu Metro Tianfu Square Station is about 5-minutes walking distance from the Property. Metro, taxis and buses are accessible to the Property.

4. Pursuant to two Construction Land Planning Permits (建設用地規劃許可証), Document Nos. Di Zi Di No. 510104201520051 and 510104201320228 date 15 April 2016 and 11 September 2013 respectively, the development plan of the Property was approved.

5. Pursuant to a Construction Works Planning Permit (建設工程規劃許可証), Document No. Jian Zi Di No. 510104201630272 dated 4 August 2016, the planning of construction works of the Property was approved.

6. As advised by the Company, the incurred construction cost and estimated total construction cost (exclusive of land cost) of the development RMB 50,000,000 and RMB 1,100,000,000 respectively as at the Valuation Date. It is estimated that upon completion of the development, the capital value of the property will be approximately RMB2,502,800,000

7. The unit rate of lands for commercial use in the locality as at the Valuation Date is in the range of RMB 29,000 per sq.m. to RMB 49,000 per sq.m.

8. We have been provided with a legal opinion by the Group's PRC legal advisor regarding the legal title of the Property, which contains, inter alia, the followings:

   i. Chengdu Renhe Investment Company Limited is the sole owner of the Property and is entitled to occupy, transfer, lease and mortgage the Property;

   ii. Except the State Owned Land Use Rights Certificate (Document No.: Cheng Guo Yong (2013) No. 492), the Property is subject to a mortgage in favour of Chengdu Jincheng Branch of Agricultural Bank of China Limited for a loan amount of RMB490,000,000 for a term commencing from 14 December 2017 to 13 December 2024; and

   iii. other than the mortgage stated on Note 8(ii), the Property is free from any charges, seal up, orders and other legal encumbrances which may cause adverse effects to the ownership of the Property.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors' and chief executives' interests and short positions in shares and underlying shares of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of the Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

(i) Long positions in the shares of the Company

Name of director	Capacity	Number of ordinary shares interested	Approximate percentage of the Company's issued share capital
Mr. Huang Mao Ru	Interest of controlled corporations	4,200,000,000 *(Note)*	81.71%
	Beneficial owner	50,000,000	0.97%
		4,250,000,000	82.68%
Ms. Lu Xiaojuan	Beneficial owner	411,000	0.01%

Note: These shares were held by Maoye Department Store Investment Limited, a wholly-owned subsidiary of MOY International Holdings Limited, which in turn was wholly owned by Mr. Huang.

(ii) Long position in shares of associated corporations of the Company

Maoye Department Store Investment Limited, the immediate holding company of the Company

Name of director	Capacity	Number of ordinary shares interested	Percentage of the issued share capital in such associated corporation
Mr. Huang Mao Ru	Interest of controlled corporations	2 *(Note)*	100%

Note: These shares were held by MOY International Holdings Limited, which was wholly owned by Mr. Huang.

MOY International Holdings Limited, the ultimate holding company of the Company

Name of director	Capacity	Number of ordinary shares interested	Percentage of the issued share capital in such associated corporation
Mr. Huang Mao Ru	Beneficial owner	100	100%

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

As at the Latest Practicable Date, no Director or proposed Director was a director or employee of a company which has an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO.

(b) Substantial shareholders' interests and short positions in shares and underlying shares of the Company

As at the Latest Practicable Date, the following persons (other than the Directors of the Company, whose interests have been disclosed in the above section headed "Directors' and chief executives' interests and short positions in shares and underlying shares of the Company and its associated corporations") had interests of 5% or more in the shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

Long position in the shares of the Company

Name	Capacity	Number of ordinary shares interested	Approximate percentage of the Company's issued share capital
Mrs. Huang Jingzhang	Interest of spouse	4,250,000,000 *(Note (a))*	82.68%
Maoye Department Store Investment Limited	Beneficial owner	4,200,000,000 *(Note (b))*	81.71%
MOY International Holdings Limited	Interest of controlled corporation	4,200,000,000 *(Note (b))*	81.71%

Notes:

(a) Mrs. Huang Jingzhang was deemed to be interested in these shares through the interest of her spouse, Mr. Huang.

(b) Maoye Department Store Investment Limited was a wholly-owned subsidiary of MOY International Holdings Limited. Such interests were also disclosed as the interests of Mr. Huang in the above section headed "Directors' and Chief Executives' Interests and Short Positions in Shares and Underlying Shares of the Company and its Associated Corporations".

Save as disclosed above, as at the Latest Practicable Date, no person (other than the directors of the Company, whose interests have been disclosed in the above section headed "Directors' and chief executives' interests and short positions in shares and underlying shares of the Company and its associated corporations") had an interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of

Part XV of the SFO or who were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had a service contract with the Company or any of its subsidiaries which is not determinable within one year without payment of compensation other than statutory compensation.

4. EXPERTS' QUALIFICATIONS AND CONSENTS

The following sets out the qualification of the expert who has given opinion or advice which are contained in this circular:

Name	Qualification
ShineWing Certified Public Accountants (Special General Partnership) (信永中和會計師事務所(特殊普通合夥))	Certified Public Accountants
Ernst & Young	Certified Public Accountants
Graval Consulting Limited	Independent property valuer
Tahota Law Firm	Legal advisor as to PRC laws and regulations
Xiamen University Valuation Land Real Estate Valuation Co., Ltd. (廈門市大學資產評估土地房地產估價有限責任公司)	Independent valuer

As at the Latest Practicable Date, each of the above expert has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter(s) and references to its names in the form and context in which they respectively appear.

As at the Latest Practicable Date, the above expert did not have any interest in the share capital of any member of the Group nor any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

In addition, each of the above experts did not have any interest, either directly or indirectly, in any assets which have been, since 31 December 2019 (the date to which the latest published audited consolidated financial statements of the Company were made up), acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

5. LITIGATION

On 14 December 2011, Taizhou First Department Store Co., Ltd. ("**Taizhou First**"), a subsidiary of the Group, entered into the Property Lease Agreement (the "**Agreement**") with Liyang Fenglian Property Development Co., Ltd. ("**Fenglian Company**"), pursuant to which, Taizhou First will rent the property of Fenglian Company to operate Maoye Department Store Liyang Pingling Square Branch ("**Liyang Store**"). On 19 December 2014, Fenglian Company filed a lawsuit at the Changzhou Intermediate People's Court (the "**Court**") over the unilateral termination of the Agreement by Taizhou First. On 17 July 2018, Fenglian Company amended its litigation claims, requiring an order that Taizhou First shall pay a property use fee of RMB81,126,129, a rental loss of RMB14,316,376, a commercial service fee of RMB239,700 and interest.

On 28 November 2018, the Court adjudicated that the lease agreement and supplemental lease agreement entered into between the two parties were terminated on 30 November 2014 and that Taizhou First shall compensate Fenglian Company for the use of its property in the amount of RMB66,611,996, the interest from 1 December 2014 to the date of full settlement which shall be calculated at the prevailing lending rate stipulated by the People's Bank of China, and the handling costs relating to the case. The court judgment also rejected the other litigation claims from Fenglian Company. Both Taizhou First and Fenglian Company appealed against the court judgment. The court hearing was held at the Jiangsu High People's Court（江蘇省高級人民法院）on 7 May 2019 and the trial is still in progress.

Upon consulting with the lawyer, the management of the Group has made provision for the litigation of RMB25,000,000.

As at the Latest Practicable Date, save as disclosed above, no members of the Enlarged Group were engaged in any litigation or claim of material importance known to the Directors to be pending or threatened against any member of the Enlarged Group.

6. COMPETING INTERESTS

As at the Latest Practicable Date, save as disclosed below, none of the Directors nor their respective associates had any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

Mr. Huang owns Wuxi Maoye Department Store Company Limited through Maoye Holdings Limited, a company wholly-owned by Mr. Huang. Wuxi Maoye Department Company Limited operates the Maoye Wuxi Store, and is engaged in department store operation. As at 30 June 2020, its unaudited net assets amounted to RMB198.2 million. For the six months ended 30 June 2020, (i) its unaudited operating income amounted to approximately RMB105.1 million, and (ii) its unaudited net profit after tax amounted to approximately RMB8.6 million. The Maoye Wuxi Store is managed by the Group under management agreements entered on 5 May 2017 to operate Maoye-branded department stores.

In addition, Mr. Huang owned a 18.93% equity interest in Guiyang Friendship Group Holdings Company Limited (the "**Guiyang Friendship Group**") as of the Latest Practicable Date. Guiyang Friendship Group focuses on department store retailing, and is a comprehensive enterprise with commercial real estate and property management business as well. It primarily operates the Times Square Shopping Mall Store in Guiyang, Guizhou Province. As at 30 June 2020, its unaudited net assets amounted to RMB99.1 million. For the six months ended 30 June 2020, (i) its unaudited operating income amounted to approximately RMB59.8 million, and (ii) its unaudited net profit after tax amounted to approximately RMB438,000.

7. DIRECTORS' INTERESTS IN ASSETS/CONTRACTS AND OTHER INTERESTS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interests in any asset which had been acquired, or disposed of by, or leased to any member of the Enlarged Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Enlarged Group since 31 December 2019, the date to which the latest published audited financial statements of the Enlarged Group were made up.

As at the Latest Practicable Date, save as disclosed below, no Director had a significant beneficial interest in any contract of significance to the business of the Enlarged Group to which the Company or any of its subsidiaries was a party during the year:

The Company and Maoye Holdings Limited which is wholly-owned by Mr. Huang, have entered into the new leasing framework agreement dated 28 December 2018 (the "**New Leasing Framework Agreement**") as amended by the supplemental agreement dated 14 March 2019 and the supplemental agreement dated 29 May 2019, pursuant to which the Group may lease premises from Maoye Holdings Limited for (i) a period of six years with effect from 1 January 2019 in respect of the lease of the relevant premises for office use, and (ii) a period of 15 years with effect from 1 January 2019 in respect of the lease of the relevant premises for operational use.

8. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the members of the Enlarged Group within two years immediately preceding the issue of this circular:

(a) The supplemental loan agreement dated 28 December 2018 entered into between Shenzhen Maoye Department Store Company Limited (深圳茂業百貨有限公司), as lender, and Mr. Zou Zhaobin (鄒招斌) ("**Mr. Zou**"), as borrower, in relation to the extension of the loan agreement dated 29 December 2017 in the principal amount of RMB399,933,400;

(b) The agreement dated 12 July 2019 entered into among Maoye Commercial Co., Ltd. (茂業商業股份有限公司), Zhongzhao Investment Management Co., Ltd. (中兆投資管理有限公司), Mr. Xu Kai (徐凱), Shenzhen Dingju Investment Limited (深圳市頂聚投資有限公司), Shenzhen Ruihe Shengshi Investment Management Enterprises (Limited Partnership) (深圳市瑞合盛世投資管理企業(有限合夥)) and Ping An Securities Co., Ltd. (平安證券股份有限公司), as vendors, and Shenyang Commercial City Co., Ltd. (瀋陽商業城股份有公司), as purchaser, in relation to the disposal of entire equity interest in Shenzhen Ugo E-commerce Co., Ltd. (深圳優依購電子商務股份有限公司), and the acquisition of consideration shares in Shenyang Commercial City Co., Ltd. (瀋陽商業城股份有限公司), the consideration of which shall be further agreed between the aforementioned parties based on the valuation of Shenzhen Ugo E-commerce Co., Ltd.（深圳優依購電子商務股份有限公司）, as assessed by a qualified accountant and valuer. This transaction was terminated on 27 August 2019 as the parties could not agree on the key terms such as consideration;

(c) The agreement dated 22 January 2020 entered into among Maoye Commercial Co., Ltd.,（茂業商業股份有限公司）, Baotou Maoye Real Estate Co., Ltd. ("**Baotou Maoye**"), Donghe District People's Government of Baotou ("**Baotou Donghe District Government**") and Baotou Donghe District Urban Infrastructure Investment Development Co., Ltd. ("**Baotou City Infrastructure Investment Company**"), pursuant to which Baotou Maoye intended to invest in the Donghe project with an investment amount of approximately RMB1,200 million (including all development costs such as land and construction) and Maoye Commercial Co., Ltd.,（茂業商業股份有限公司）and Baotou Maoye agreed to advance the total demolition costs for the Donghe project in an estimated amount of RMB393 million in view of the fact that some of the buildings in the sites under the Donghe project had not been demolished and to effectively promote the implementation of the demolition work and accelerate the progress of the Donghe project;

(d) The agreement dated 16 March 2020 entered into among Maoye Commercial Co., Ltd.（茂業商業股份有限公司）(the "**Purchaser**"), Victoria Investment Holding Co., Ltd.（維多利投資控股有限公司）(the "**Vendor**") and Mr. Zou, pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase 15% of the 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 "**Target Company**"), for a consideration of RMB577.5 million (of which RMB48.1 million does not have to be paid by the Purchaser);

(e) The agreement dated 16 March 2020 entered into among the Purchaser, Shenzhen Maoye Department Store Co., Ltd.（深圳茂業百貨有限公司）, the Vendor, Mr. Zou and the Target Company, pursuant to which the payment method of the consideration for the 15% equity interest of the Target Company was agreed;

(f) The agreement dated 16 March 2020 entered into among Shenzhen Maoye Department Store Co., Ltd.（深圳茂業百貨有限公司）, the Vendor and Mr. Zou, pursuant to which the Vendor agreed to repay, together with Mr. Zou, to the Purchaser, the obligations under the term loan in the principal amount of RMB399,933,400 under the loan agreement entered into between the Lender and the Borrower on 29 December 2017, and the maturity date of such loan agreement had been further extended from 31 December 2019 to 16 March 2020;

(g) The agreement dated 16 March 2020 entered into between Shenzhen Maoye Department Store Co., Ltd.（深圳茂業百貨有限公司）and the Vendor, pursuant to which Shenzhen Maoye Department Store Co., Ltd.（深圳茂業百貨有限公司）agreed that the Vendor could transfer the share pledge of 15% equity interest in the Target Company in favour of Shenzhen Maoye Department Store Co., Ltd.（深圳茂業百貨有限公司）to the Purchaser; and

(h) The agreement dated 8 April 2020 entered into among Maoye Commercial Co., Ltd., Baotou Maoye, Baotou Donghe District Government and Baotou City Infrastructure Investment Company, pursuant to which Baotou Donghe District Government agreed that in the event that Baotou Maoye fails to win the bid for the Donghe project for any reason, it would coordinate with the Baotou Municipal People's Government to repay Baotou Maoye the demolition costs (after deducting relevant expenses) in accordance with relevant regulations within 30 working days after Baotou Maoye failed to win the bid.

9. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial position or trading position of the Group since 31 December 2019, being the date to which the latest published and audited financial statements of the Group were made up.

10. MISCELLANEOUS

(a) The registered office of the Company is located at P.O. Box 31119, Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman KY1-1205, Cayman Islands. The head office in the PRC is at 38/F, Tower A, World Finance Centre, 4003 Shennan East Road, Shenzhen, PRC and the principal place of business in Hong Kong is at Room 3301, 33/F, Office Tower Convention Plaza, No. 1 Harbour Road, Wanchai, Hong Kong.

(b) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Investor Services Limited at Level 54, Hopewell Centre 183, Queen's Road East, Hong Kong.

(c) The company secretary of the Company is Ms. So Ka Man ("**Ms So**"). Ms. So was appointed as the secretary of the Company in November 2017. She is a director of the Corporate Services Division of Tricor Services Limited, a global professional services provider specializing in integrated business, corporate and investor services. Ms. So is a Chartered Secretary and a fellow of both the Hong Kong Institute of Chartered Secretaries and the Chartered Governance Institute in the United Kingdom. Apart from the Company, Ms. So, has been providing professional secretarial services to a number of listed companies.

(d) This circular has been printed in English and Chinese, in the event of inconsistency, the English version shall prevail.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours (i.e. 9:30 a.m. to 5:00 p.m., Monday to Friday (public holidays excluded)) at the offices of Herbert Smith Freehills in Hong Kong at 23/F, Gloucester Tower, 15 Queen's Road Central, Hong Kong from the date of this circular up to and including at least 14 days after the date of this circular:

(a) memorandum and articles of association of the Company;

(b) the 2018 and 2019 annual reports of the Company;

(c) the accountants' report of the Target Company for the three years ended 31 December 2019 and the eight months ended 31 August 2020, the text of which is set out in Appendix II to this circular, and the related statement of adjustments, if any;

(d) the accountants' report in respect of the unaudited pro forma financial information of the Enlarged Group as set out in Appendix IV to this circular;

(e) the valuation report of 100% of equity interest of the Target Company, the extract of which is set out in Appendix V to this circular;

(f) the property valuation report of the Target Company, the text of which is set out in Appendix VI to this circular;

(g) the legal opinion in respect of the properties and land use of the Target Company issued by Tahota Law Firm, which was referred to in Appendix VI to this circular;

(h) the letter from the Board, the text of which is set out in this circular;

(i) the letter of consent from ShineWing Certified Public Accountants (Special General Partnership) (信永中和會計師事務所(特殊普通合夥)), Ernst & Young, Graval Consulting Limited, Tahota Law Firm and Xiamen University Valuation Land Real Estate Valuation Co., Ltd. (廈門市大學資產評估土地房地產估價有限責任公司) referred to in the above paragraph headed "Experts' Qualifications and Consents" in this Appendix;

(j) the material contracts referred to in the above paragraph headed "Material Contracts" in this Appendix;

(k) the circular of the Company dated 30 October 2020 in relation to the disposal of the shares in ZhongJia BoChuang Information Technology Co., Ltd.; and

(l) this circular.