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Maoye International Holdings Limited

茂業國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 848)

ISSUANCE OF US\$300,000,000 7.00% SENIOR GUARANTEED NOTES DUE 2018

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

Reference is made to the announcement of the Company dated 17 October 2017 in respect of the Proposed Notes Issue.

The Board is pleased to announce that on 17 October 2017, the Company entered into the Purchase Agreement with the Initial Purchasers and the Subsidiary Guarantors in connection with the Proposed Notes Issue, pursuant to which the Company agreed to issue and sell and the Initial Purchasers agreed, severally, not jointly, to purchase from the Company the Notes with an aggregate principal amount of US\$300,000,000.

The Company will receive gross proceeds of approximately US\$300,000,000. If the Notes are issued, the Company intends to use the net proceeds of the issue of the Notes primarily to supplement its general working capital and repay a portion of its existing indebtedness.

The Company is in the process of applying to the Stock Exchange for the listing of, and permission to deal in, the Notes on the Stock Exchange by way of debt issue to professional investors only. An eligibility letter for listing on the Stock Exchange has been granted by the Stock Exchange to the Company. Listing of the Notes on the Stock Exchange is not to be taken as an indication of the merits of the Company, the Group or the Notes.

Completion of the Purchase Agreement is subject to the fulfilment, or waiver, of the conditions precedent set out therein. In addition, the Purchase Agreement may be terminated under certain circumstances set out therein.

As the Purchase Agreement may or may not proceed to completion, shareholders and investors of the Company and prospective investors are reminded to exercise caution when dealing in the securities of the Company.

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

Reference is made to the announcement of the Company dated 17 October 2017 in respect of the Proposed Notes Issue. The Board is pleased to announce that on 17 October 2017, the Company entered into the Purchase Agreement with Initial Purchasers and the Subsidiary Guarantors in connection with the issue of US\$300,000,000 7.00% senior guaranteed notes due 2018.

THE PURCHASE AGREEMENT

Date: 17 October 2017

Parties

- (i) the Company;
- (ii) Deutsche Bank AG, Singapore Branch;
- (iii) Guotai Junan Securities (Hong Kong) Limited;
- (iv) UBS AG Hong Kong Branch;

- (v) China Merchants Securities (HK) Co., Limited;
- (vi) Haitong Bank, S.A.;
- (vii) Industrial Bank Co., Ltd. Hong Kong Branch;
- (viii) Orient Securities (Hong Kong) Limited;
- (ix) VTB Capitals plc; and
- (x) the Subsidiary Guarantors.

Deutsche Bank AG, Singapore Branch, Guotai Junan Securities (Hong Kong) Limited and UBS AG Hong Kong Branch are the joint global coordinators, joint lead managers and joint bookrunners in respect of the Proposed Notes Issue; and China Merchants Securities (HK) Co., Limited, Haitong Bank, S.A., Industrial Bank Co., Ltd. Hong Kong Branch, Orient Securities (Hong Kong) Limited and VTB Capital plc are the joint bookrunners and joint lead managers in respect of the Proposed Notes Issue. Deutsche Bank AG, Singapore Branch, Guotai Junan Securities (Hong Kong) Limited, UBS AG Hong Kong Branch, China Merchants Securities (HK) Co., Limited, Haitong Bank, S.A., Industrial Bank Co., Ltd. Hong Kong Branch, Orient Securities (Hong Kong) Limited and VTB Capital plc are also the Initial Purchasers of the Notes. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, each of Deutsche Bank AG, Singapore Branch, Guotai Junan Securities (Hong Kong) Limited, UBS AG Hong Kong Branch, China Merchants Securities (HK) Co., Limited, Haitong Bank, S.A., Industrial Bank Co., Ltd. Hong Kong Branch, Orient Securities (Hong Kong) Limited and VTB Capital plc is a third party independent of the Company and its connected persons.

The Notes have not been, and will not be, registered under the U.S. Securities Act. The Notes will only be offered outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act. None of the Notes will be offered to the public in Hong Kong nor will the Notes be placed to any connected persons of the Company.

Principal terms of the Notes

The following is a summary of certain provisions of the Notes and the Indenture. This summary is not complete and is qualified in its entirety by reference to provisions of the documents relating to the Notes.

Notes Offered

Subject to the fulfilment of certain conditions precedents set out in the Purchase Agreement, the Company will issue the Notes subject to and with the benefit of the Indenture, in the aggregate principal amount of US\$300,000,000 which will mature on 23 October 2018, unless the Notes are redeemed earlier pursuant to the terms thereof and of the Indenture.

Issue Price

The issue price of the Notes will be 100% of the principal amount of the Notes.

Interest

The Notes will bear interest from and including 24 October 2017 at the rate of 7.00% per annum, payable in arrear on 24 April 2018 and 23 October 2018.

Ranking of the Notes

The Notes are (1) general obligations of the Company; (2) senior in right of payment to any existing and future obligations of the Company expressly subordinated in right of payment to the Notes; (3) pari passu or senior in right of payment with all unsecured and unsubordinated indebtedness of the Company (subject to any priority rights of such unsecured and unsubordinated indebtedness pursuant to applicable law); (4) guaranteed by the Subsidiary Guarantors on a senior basis; and (5) effectively subordinated to all existing and future obligations of the Non-Guarantor Subsidiaries.

Guarantee

The Subsidiary Guarantors will jointly and severally guarantee on a senior basis the due and punctual payment of all amounts due in respect of the Notes as evidenced by the guarantee set forth in the Indenture. The guarantee of each Subsidiary Guarantor (1) is a general obligation of such Subsidiary Guarantor; (2) is senior in right of payment to all future obligations of such Subsidiary Guarantor expressly subordinated in right of payment to such guarantee; (3) ranks pari passu or senior in right of payment with all unsecured and unsubordinated indebtedness of such Subsidiary Guarantor (subject to any priority rights of such unsecured and unsubordinated indebtedness pursuant to applicable law); and (4) is effectively subordinated to all existing and future obligations of the Non-Guarantor Subsidiaries.

Form, Denomination and Registration

The Notes will be issued only in fully registered form, without coupons, in minimum denominations of US\$200,000 of principal amount and integral multiples of US\$1,000 in excess thereof and will be initially represented by a global note registered in the name of the common depositary or its nominee for the accounts of Euroclear and Clearstream. Beneficial interests in the Notes will be shown on, and transfers thereof will be effected only through, the records maintained in book-entry form by Euroclear and Clearstream and their participants.

Repurchase for Change of Control

No later than 30 days following the occurrence of certain events triggering a change of control, the Company will make an offer to repurchase all outstanding Notes at a purchase price equal to 101% of their principal amount plus accrued and unpaid interest, if any, to the date of repurchase.

“Change of control” means the occurrence of one or more of the following events:

- (1) the merger, amalgamation or consolidation of the Company with or into another person (other than one or more Permitted Holders) or the merger or amalgamation of another person (other than one or more Permitted Holders) with or into the Company, or the direct or indirect sale of all or substantially all the consolidated assets of the Company to another person (other than one or more Permitted Holders);
- (2) any “person” or “group” (as such terms are used in Sections 13(d) and 14(d) of the U.S. Securities Exchange Act of 1934, as amended (“the Exchange Act”)) is or becomes the “beneficial owner” (as such term is used in Rule 13d-3 of the Exchange Act), directly or indirectly, of total voting power of the voting stock of the Company greater than such total voting power held beneficially by the Permitted Holders;
- (3) individuals who on the date on which the Notes are originally issued under the Indenture constituted the Board, together with any new directors whose election or nomination to the Board was approved by a vote of at least a majority of the directors then still in office who were either directors on the date on which the Notes are originally issued under the Indenture or whose election or nomination was previously so approved, cease for any reason to constitute a majority of the Board then in office;
- (4) the Permitted Holders are the beneficial owners (as defined above) of less than 50.1% of the total voting power of the voting stock of the Company; or
- (5) the adoption of a plan relating to the liquidation or dissolution of the Company.

Redemption for Taxation Reasons

Subject to certain exceptions, the Company may redeem the Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest, if any, to (but not including) the date fixed by the Company for redemption, if the Company or a Subsidiary Guarantor would be obligated to pay certain additional amounts as a result of certain changes in specified tax laws.

Covenants

The Notes and the Indenture governing the Notes and the Subsidiary Guarantees will limit the Company's ability, and the ability of its Restricted Subsidiaries to, among other things:

- incur or guarantee certain additional indebtedness;
- declare dividends on its capital stock or purchase or redeem capital stock;
- make investments or other specified restricted payments;
- issue or sell capital stock of Restricted Subsidiaries;
- guarantee indebtedness of the Company or Restricted Subsidiaries;
- enter into, renew or extend transactions with shareholders or affiliates;
- create liens;
- enter into agreements that restrict the ability of the Company or any Restricted Subsidiary to pay dividends;
- effect a consolidation or merger;
- enter into sale and leaseback transactions; and
- sell assets.

These covenants are subject to certain qualifications and exceptions.

Events of Default

The following events will be defined as "Events of Default" in the Indenture:

- (1) default in the payment of principal of (or premium, if any, on) the Notes when the same becomes due and payable at maturity, upon acceleration, redemption or otherwise;
- (2) default in the payment of interest or certain additional amounts on any Note when the same becomes due and payable, and such default continues for a period of 30 consecutive days;
- (3) default in the performance or breach of the provisions of certain covenants, the failure by the Company to make or consummate an offer to purchase in the manner under the Indenture;

- (4) the Company or any Restricted Subsidiary defaults in the performance of or breaches any other covenant or agreement in the Indenture or under the Notes (other than a default specified in paragraph (1), (2) or (3) above) and such default or breach continues for a period of 30 consecutive days after written notice by the Trustee or the holders of 25% or more in aggregate principal amount of the Notes;
- (5) there occurs with respect to any indebtedness of the Company or any Restricted Subsidiary having an outstanding principal amount of US\$10.0 million (or the dollar equivalent thereof) or more in the aggregate for all such indebtedness of all such persons, whether such indebtedness now exists or shall hereafter be created, (a) an event of default that has caused the holder thereof to declare such indebtedness to be due and payable prior to its stated maturity and/or (b) a failure to make a principal payment when due;
- (6) one or more final judgments or orders for the payment of money are rendered against the Company or any Restricted Subsidiary and are not paid or discharged, and there is a period of 60 consecutive days following entry of the final judgment or order that causes the aggregate amount for all such final judgments or orders outstanding and not paid or discharged against all such persons to exceed US\$10.0 million (or the dollar equivalent thereof) during which a stay of enforcement, by reason of a pending appeal or otherwise, is not in effect;
- (7) an involuntary case or other proceeding is commenced against the Company or any Significant Restricted Subsidiary (or any group of Restricted Subsidiaries that together constitutes a Significant Restricted Subsidiary) with respect to it or its debts under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect seeking the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Company or any Restricted Subsidiary or for any substantial part of the property and assets of the Company or any Significant Restricted Subsidiary (or any group of Restricted Subsidiaries that together constitutes a Significant Restricted Subsidiary) and such involuntary case or other proceeding remains undismissed and unstayed for a period of 60 consecutive days; or an order for relief is entered against the Company or any Significant Restricted Subsidiary (or any group of Restricted Subsidiaries that together constitutes a Significant Restricted Subsidiary) under any applicable bankruptcy, insolvency or other similar law as now or hereafter in effect;

- (8) the Company or any Significant Restricted Subsidiary (or any group of Restricted Subsidiaries that together constitutes a Significant Restricted Subsidiary), (a) commences a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or consents to the entry of an order for relief in an involuntary case under any such law, (b) consents to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Company or any Significant Restricted Subsidiary (or any group of Restricted Subsidiaries that together constitutes a Significant Restricted Subsidiary) or for all or substantially all of the property and assets of the Company or any Significant Restricted Subsidiary (or any group of Restricted Subsidiaries that together constitutes a Significant Restricted Subsidiary) or (c) effects any general assignment for the benefit of creditors; or
- (9) any Subsidiary Guarantor denies or disaffirms its obligations under its Subsidiary Guarantee or, except as permitted by the Indenture, any Subsidiary Guarantee is determined to be unenforceable or invalid or will for any reason cease to be in full force and effect.

If an Event of Default (other than an Event of Default specified in paragraph (7) or (8) above) occurs and is continuing under the Indenture, the Trustee or the holders of at least 25% in aggregate principal amount of the Notes then outstanding, by written notice to the Company (and to the Trustee if such notice is given by the holders), may, and the Trustee at the written direction of such holders, subject to being pre-funded, indemnified and/or secured to its satisfaction, shall declare the principal of, premium, if any, and accrued and unpaid interest on the Notes to be immediately due and payable. Upon a declaration of acceleration, such principal premium, if any, and accrued and unpaid interest shall be immediately due and payable. If an Event of Default specified in paragraph (7) or (8) above occurs with respect to the Company or any Significant Restricted Subsidiary (or any group of Restricted Subsidiaries that together constitutes a Significant Restricted Subsidiary), the principal of, premium, if any, and accrued and unpaid interest on the Notes then outstanding shall automatically become and be immediately due and payable without any declaration or other act on the part of the Trustee or any holder.

LISTING OF THE NOTES

The Company is in the process of applying to the Stock Exchange for the listing of, and permission to deal in, the Notes on the Stock Exchange by way of debt issue to professional investors only. An eligibility letter for listing on the Stock Exchange has been granted by the Stock Exchange to the Company. Listing of the Notes on the Stock Exchange is not to be taken as an indication of the merits of the Company, the Group or the Notes.

RATING OF THE NOTES

The Notes will not be rated.

USE OF PROCEEDS AND REASONS FOR THE PROPOSED NOTES ISSUE

The Company will receive gross proceeds of approximately US\$300,000,000. If the Notes are issued, the Company intends to use the net proceeds of the issue of the Notes primarily to supplement its general working capital and repay a portion of its existing indebtedness.

The Directors (including the independent non-executive Directors) consider that the Proposed Notes Issue represents a good opportunity to raise additional funds for the Company and is in the interest of the Company and shareholders of the Company as a whole.

INFORMATION ABOUT THE COMPANY

The Company is principally engaged in the operation and management of department stores and shopping centers and property development in the PRC, and is a leading retail chain operator in the affluent regions throughout the PRC. The Company is focused on developing more 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.

GENERAL

Completion of the Purchase Agreement is subject to the fulfilment, or waiver, of the conditions precedent set out therein. In addition, the Purchase Agreement may be terminated under certain circumstances set out therein.

As the Purchase Agreement may or may not proceed to completion, shareholders and investors of the Company and prospective investors are reminded to exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“Board”	the board of Directors
“Company”	Maoye International Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the main board of the Stock Exchange
“connected persons”	has the meaning ascribed to it under the Listing Rules
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Indenture”	the indenture between the Company, the Subsidiary Guarantors and the Trustee as trustee of the Notes, pursuant to which the Notes will be issued
“Initial Purchasers”	Deutsche Bank AG, Singapore Branch, Guotai Junan Securities (Hong Kong) Limited, UBS AG Hong Kong Branch, China Merchants Securities (HK) Co., Limited, Haitong Bank, S.A., Industrial Bank Co., Ltd. Hong Kong Branch, Orient Securities (Hong Kong) Limited and VTB Capital plc
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Non-Guarantor Subsidiaries”	the Restricted Subsidiaries organised under the laws of the PRC
“Notes”	the United States dollar denominated senior notes expected to be issued by the Company and guaranteed by the Subsidiary Guarantors
“Permitted Holders”	means any or all of the following: (i) Mr. Huang Mao Ru; (ii) any affiliate (as defined in the Indenture) of Mr. Huang Mao Ru; and (iii) any person both the capital stock and the voting stock of which (or in the case of a trust, the beneficial interests in which) are owned 80% or more by one or more of the persons specified in (i) and (ii)

“PRC”	the People’s Republic of China and for the purposes of this announcement, excluding Hong Kong, Macau and Taiwan
“Proposed Notes Issue”	the proposed issue of the Notes
“Purchase Agreement”	the purchase agreement entered into by the Company, the Initial Purchasers and the Subsidiary Guarantors dated 17 October 2017 in relation to the Proposed Notes Issue
“Restricted Subsidiary”	any subsidiary of the Company other than an Unrestricted Subsidiary
“Significant Restricted Subsidiary”	means any Restricted Subsidiary that would be a “significant subsidiary” using the conditions specified in the definition of significant subsidiary in Article 1, Rule 1-02(w) of Regulation S-X, promulgated pursuant to the U.S. Securities Act, as such Regulation is in effect on the date of the Indenture, if any of the conditions exceeds 5 percent
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary Guarantee”	any guarantee of the obligations of the Company under the Indenture and the Notes by any Subsidiary Guarantor
“Subsidiary Guarantors”	Maoye Department Store Holdings Limited, Maoye Department Stores (China) Limited, Dahua Investment (China) Limited and Maoye Shangsha Investment Limited, each of which being a wholly-owned subsidiary of the Company
“Trustee”	Citicorp International Limited
“United States”	the United States of America, its territories and possessions and all areas subject to its jurisdiction
“U.S. Securities Act”	the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
“Unrestricted Subsidiary”	(1) any subsidiary of the Company that at the time of determination shall be designated an Unrestricted Subsidiary by the Board in the manner provided in the Indenture and (2) any subsidiary of an Unrestricted Subsidiary

“US\$”

US dollar, the lawful currency of the United States

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

Hong Kong, 17 October 2017

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