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MAOYE INTERNATIONAL HOLDINGS LIMITED

茂業國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 848)

**DISCLOSEABLE AND CONNECTED TRANSACTION
IN RELATION TO
PROVISION OF LOAN TO A CONNECTED PERSON**

THE LOAN AGREEMENT

The Board announces that on 29 December 2017, the Lender, an indirect non-wholly owned subsidiary of the Company, entered into the Loan Agreement with the Borrower, pursuant to which the Lender agreed to provide a term loan to the Borrower in the principal amount of RMB399,933,400, bearing interest at a rate of 10.5% per annum for a term of 12 months.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios in respect of the provision of the Loan as calculated under Rule 14.07 of the Listing Rules exceed 5% but are all lower than 25%, the entering into of the Loan Agreement constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements, but is exempt from the shareholders' approval requirement pursuant to Chapter 14 of the Listing Rules.

In addition, as the Borrower is interested directly and indirectly through Victoria Holding in an aggregate of 19.7% equity interest in Inner Mongolia Victoria, which is an indirect non-wholly owned subsidiary of the Company, the Borrower is regarded as a connected person (as defined under the Listing Rules) of the Company at subsidiary level. As such, the entering into of the Loan Agreement also constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

As (i) the Board has approved the Loan Agreement and the transactions contemplated thereunder; and (ii) the independent non-executive Directors have confirmed that the terms of the Loan Agreement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms and in the interests of the Company and its shareholders as a whole, the provision of the Loan is subject to the reporting and announcement requirements, but are exempted from the circular, independent financial advice and independent shareholders' approval requirements under Rule 14A.101 of the Listing Rules.

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The principal terms of the Loan Agreement are summarised as follows:

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|------------------------------|---|
| Date: | 29 December 2017 |
| Parties: | The Lender and the Borrower |
| Principal amount: | RMB399,933,400 |
| Conditions precedent: | <p>The obligation of the Lender to advance the Loan to the Borrower is conditional upon the satisfaction (or waiver by the Lender) of the below conditions precedent:</p> <ol style="list-style-type: none">(1) the Loan Agreement, the appendices and all relevant notices thereto having been duly executed by each of the parties and are effective;(2) there being no administrative action, administrative decision, litigation or any other administrative or judicial procedures or threats which would prohibit or restrict the Loan Agreement or the provision of the Loan, impose compensation liability in respect of the Loan, or increase the cost of the provision of the Loan, and the execution and performance of the Loan Agreement and the related documents (including but not limited to the share pledge referred to in the section headed "Security" below) by the Borrower not having breached any legal requirements; |

- (3) Victoria Holding having pledged or procure the pledging of an aggregate of 15% shareholding in Inner Mongolia Victoria in favour of the Lender and the share pledge referred to in the section headed "Security" below having been executed;
- (4) there having been no breach of any agreements, undertakings, conditions or obligations of the Loan Agreement by the Borrower or other agreements or documents related to the Loan Agreement by any other parties, and the Borrower not having refused to perform any terms under the Loan Agreement which shall be performed and complied with after the date of drawdown of the Loan according to the Loan Agreement;
- (5) there being no prohibition or restriction from relevant laws, regulations or supervising authorities in relation to the drawdown of the Loan pursuant to the Loan Agreement;
- (6) the Lender having satisfied with the due diligence on the Borrower;
- (7) there having been no material adverse change to the financial condition of the Borrower after the execution of the Loan Agreement;
- (8) there having been no insolvency event and no insolvency event could be reasonably expected to happen to the Borrower; and
- (9) the representations and warranties of the Borrower and the other parties to the agreements relevant to the Loan Agreement remaining true and accurate in all material aspects.

Use of the loan:

The Borrower shall use the Loan for cash flow purposes and shall not use the Loan directly or indirectly for high-risk investments such as investment in the stock market or the real estate market.

Repayment date:

No later than 12 months from the drawdown date of the Loan, subject to one year extension as may be requested by the Borrower and agreed to by the Lender. Such request shall be made by the Borrower in writing to the Lender 15 business days before the maturity date and both parties shall enter into a loan agreement or

supplemental agreement separately.

Early repayment:

The Lender may demand early repayment of the full amount of the Loan (and the interest accrued thereon) by notice in writing to the Borrower upon the occurrence of the following events:

- (1) the failure by the Borrower to utilise the Loan in accordance with the terms of the Loan Agreement or the Borrower utilises the Loan for any illegal purpose; or
- (2) any insolvency, merger, division, material litigation, arbitration, penalty or other material economic change in relation to Victoria Holding which could adversely affect the Loan.

Interest:

Interest on the Loan shall accrue at the rate of 10.5% per annum (which shall be calculated on the basis of a 365-day year commencing from the drawdown date of the Loan to the date of actual repayment)

Security:

The Loan is secured by a share pledge agreement dated 29 December 2017 executed by Victoria Holding in favour of the Lender with respect to 15% equity interest in Inner Mongolia Victoria.

REASONS FOR AND BENEFITS OF ENTERING INTO OF THE LOAN AGREEMENT

The Company is principally engaged in the operation and management of department stores and property development in the PRC. As at the date of this announcement, the Company holds 70% of the equity interests of Inner Mongolia Victoria. The Company's joint venture partner, Mr. Zou Zhaobin (鄒招斌) is interested directly and indirectly through Victoria Holding, in an aggregate of 19.7% equity interests of Inner Mongolia Victoria.

Inner Mongolia Victoria is engaged in owning and operating department stores, supermarkets and commercial real estate. The Company acquired 70% of the equity interests of Inner Mongolia Victoria in 2016.

Inner Mongolia Victoria is strategically important to the Company as it is the leading operator of department stores and supermarkets not only in Inner Mongolia but also the entire Northern China region. Currently Inner Mongolia Victoria is the only operation that the Company has in Inner Mongolia, and the Company will use Inner Mongolia Victoria as a platform to expand its presence and influence in the Northern China Region.

Recently, the Company has been informed by Mr. Zou that he is planning to pledge his equity interests in Inner Mongolia Victoria with a third party lender as security of a proposed loan facility to be granted by such lender. Alternatively, Mr. Zou enquired whether or not the Company would be interested in providing such loan. Such request by Mr. Zou was taken seriously by the Company. In particular:

- Inner Mongolia Victoria is a non-wholly owned subsidiary of the Company which is material in the context of the business of the Group, the Company would otherwise be willing to acquire the equity interests in Inner Mongolia Victoria held by Mr. Zou subject to commercially agreeable terms;
- the relationship between the Company and Mr. Zou, as joint venture parties, in relation the operation of Inner Mongolia Victoria has been amicable;
- Inner Mongolia Victoria has shown significant growth since the Company's acquisition in 2016. As at 30 June 2017, it experienced a year-on-year growth of profits of 197.6% (subject to auditing). The balance sheet of Inner Mongolia Victoria has also strengthened materially. The Company has high expectation over the future of the business of Inner Mongolia Victoria;
- the Company considered the benefits and risks arising from the two scenarios. The Company was particularly concerned with an outcome where a new party that is out of the Company's control to replace Mr. Zou as the 19.7% shareholder of Inner Mongolia Victoria. The Company would be particularly concerned with a situation where it will end up joint venturing with a party who does not share the same vision or unapproved of together. Such situation could cause significant adverse impact on the operations and prospects of Inner Mongolia Victoria;
- the Company then considered the alternative option, i.e. whether it would be better off with providing the Loan to Mr. Zou and, if so, the terms upon which the Loan is to be provided;
- the Company also noted its own financial position and considered that it has sufficient financial resources to advance the Loan to Mr. Zou;
- given that Inner Mongolia Victoria is a subsidiary of the Company, the Company is fully aware of its financial situations and prospects. Considering its strategic importance to the Company and its strong growth since the Company's acquisition in 2016, the Company considered that the taking of 15% equity interest in Inner Mongolia Victoria as security for the Loan is in the interest of the Company; and

- balancing between the two scenarios, the Company decided that subject to the terms of the Loan, it is in the interest of the Company and the Shareholders to provide the Loan in these circumstances.

The following factors have been taken into account by the Company in deciding that the terms of the Loan are on normal commercial terms:

- in determining the interest rate under the Loan Agreement at 10.5%, the Company considered the one-year benchmark interest rate of the People's Bank of China (the "**PBoC**"), being 4.35% and the Company's current average cost of funds;
- the terms of the loan made by the Dongmen, Shenzhen branch of the Bank of China to Shenzhen Maoye Shangsha Co., Ltd., a wholly-owned subsidiary of the Company, in May 2017 with a principal amount of RMB50,000,000 and a term of one year. The interest rate of such loan was the benchmark interest rate announced by the PBoC plus 92 basis points;
- the terms of loans advanced by companies listed on the Shanghai Stock Exchange to its connected persons, including the announcement of IRICO Display Devices Co., Ltd. (彩虹顯示器件股份有限公司) ("**IRICO**") on 12 June 2017 that it agreed to provide a loan of no more than RMB 1.2 billion in aggregate to Xianyang Caihong Optoelectronics Technology Co., Ltd. (咸陽彩虹光電科技有限公司), its connected person. The loan was provided for a term of no more than one year with an interest rate of no more than 6%, secured by a guarantee provided by the controlling shareholder of IRICO; and
- according to a valuation report prepared by a valuer appointed by the Company, the valuation of the entire equity interest in Inner Mongolia Victoria as at 30 November 2017 using market value basis was RMB5,040,000,000. The value of the security provided for the Loan, namely 15% equity interest in Inner Mongolia Victoria, is therefore estimated to be RMB756,000,000, which significantly exceeds the amount of the Loan. The Company is therefore satisfied that sufficient security is provided by Mr. Zou in support of the Loan.

The Company was satisfied that the terms of the Loan are comparable to the terms of loans of similar amounts with similar security in the PRC. Accordingly, the Company was satisfied that the terms of the Loan are on normal commercial terms.

In view of the above, the Directors (including all the independent non-executive Directors) are of the opinion that the terms of the Loan Agreement are fair and reasonable, and the Loan Agreement is entered based on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE PARTIES

The Lender

The Lender, Shenzhen Maoye Department Store Company Limited (深圳茂業百貨有限公司), is a company incorporated in the PRC and a wholly-owned subsidiary of Maoye Commercial, which is principally engaged in the operation of department stores.

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.

The Borrower

The Borrower, Mr. Zou Zhaobin (鄒招斌), is a PRC citizen and was a director of Inner Mongolia Victoria from January 2014 to May 2016. He is currently a minority shareholder of Inner Mongolia Victoria. He is also currently the sole shareholder of and the chairman of the board of directors of Victoria Holding.

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As (i) the Board has approved the Loan Agreement and the transactions contemplated thereunder; and (ii) the independent non-executive Directors have confirmed that the terms of the Loan

Agreement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms and in the interests of the Company and its shareholders as a whole, the provision of the Loan is subject to the reporting and announcement requirements, but are exempted from the circular, independent financial advice and independent shareholders' approval requirements under Rule 14A.101 of the Listing Rules.

Definitions

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

"Board"	the board of Directors
"Borrower"	Mr. Zou Zhaobin (鄒招斌), Chinese citizen, a shareholder of Inner Mongolia Victoria as to 19.7% and the sole shareholder of Victoria Holding
"Company"	Maoye International Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the main board of the Stock Exchange
"Directors"	the directors of the Company
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Inner Mongolia Victoria"	Inner Mongolia Victoria Commercial (Group) Co., Ltd.* (內蒙古維多利商業(集團)有限公司), a company established under the laws of the PRC with limited liability and a non-wholly owned subsidiary of the Company
"Loan"	the term loan in the principal amount of RMB399,933,400 under the Loan Agreement
"Loan Agreement"	the loan agreement entered into between the Lender and the Borrower on 29 December 2017 in relation to the provision of the Loan
"Lender"	Shenzhen Maoye Department Store Company Limited (深圳茂業百貨有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of Maoye Commercial
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock

Exchange

"Maoye Commercial"	Maoye Commercial Co., Ltd. (茂業商業股份有限公司), a joint stock company established in the PRC and listed on the Shanghai Stock Exchange (stock code: 600828) and a non-wholly owned subsidiary of the Company
"PRC"	the People's Republic of China and for the purposes of this announcement, excluding Hong Kong, the Macau and Taiwan
"RMB"	Renminbi, the lawful currency of the PRC
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Victoria Holding"	Victoria Investment Holding Co., Ltd. (維多利投資控股有限公司), a company established in the PRC with limited liability and the sole shareholder of which is the Borrower

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

Hong Kong, 29 December 2017

As at the date of this announcement, the board of directors of the Company 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