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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
EXTENSION OF LOAN TO A CONNECTED PERSON**

THE SUPPLEMENTAL LOAN AGREEMENT

Reference is made to the announcements of the Company dated 12 December 2017 and 29 December 2017 in relation to the Loan Agreement entered into among the Lender, an indirect non-wholly owned subsidiary of the Company, and 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 commencing from the first date of the relevant drawdown.

According to the terms of the Loan Agreement, the Borrower has submitted an application to the Lender within 15 business days prior to the maturity date of the Loan for a one-year extension of the Loan Agreement.

The Board announces that on 28 December 2018, the Lender and the Borrower entered into the Supplemental Loan Agreement to, among others, extend the maturity date of the Loan from 1 January 2019 to 31 December 2019. Save as supplemented by the Supplemental Loan Agreement, all other terms and provisions of the Loan Agreement shall remain in full force and effect.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios in respect of the Extension 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 Supplemental 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 Supplemental Loan Agreement also constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

As (i) the Board has approved the Supplemental Loan Agreement and the transactions contemplated thereunder; and (ii) the independent non-executive Directors have confirmed that the terms of the Supplemental 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 Extension 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 Supplemental Loan Agreement are summarised as follows:

Date:	28 December 2018
Parties:	The Lender and the Borrower
Principal amount:	RMB399,933,400
Repayment date:	The repayment date of the Loan shall be extended for one year
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 SUPPLEMENTAL 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.

In December 2017, the Company was informed by Mr. Zou that he was 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 2018, it experienced a year-on-year growth of profits of 57.1% (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 its shareholders to provide the Loan in these circumstances.

In determining whether or not to extend the term of the Loan, the Company has further taken into consideration of, among other things, (i) the one-year benchmark borrowing interest rate of the People's Bank of China, being 4.35% and the terms of the loan made by Bank of Cangzhou to Qinhuangdao Maoye Holdings Limited, a wholly-owned subsidiary of the Company, in October 2018 with a principal amount of RMB200,000,000 bearing interest at a rate of 6.09% and a term of one year; (ii) the Extension of the Loan being able to bring further interest income to the Group which is more than the Company could otherwise receive by depositing the same amount in a commercial bank's cash deposit, being 2.025% for a one year term deposit, or other guaranteed wealth management products, being 4.16% for a term of one year; (iii) the Loan is secured by a share pledge of 15% equity interest in Inner Mongolia Victoria; and (iv) the entering into of the Supplemental loan Agreement will promote and enhance the effective use of the capital of the Group.

In view of the above, the Directors (including the independent non-executive Directors) are of the opinion that the terms of the Supplemental Loan Agreement are negotiated on an arm's length basis and are fair and reasonable, and the Supplemental Loan Agreement is entered into based on normal commercial terms and in the interests of the Company and its 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.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios in respect of the Extension 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 Supplemental 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 Supplemental Loan Agreement also constitutes a connected transaction for the Company under Chapter 14A of the Listing

Rules.

As (i) the Board has approved the Supplemental Loan Agreement and the transactions contemplated thereunder; and (ii) the independent non-executive Directors have confirmed that the terms of the Supplemental 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 Extension 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;
"Extension of the Loan"	the extension of the repayment date of the Loan from 1 January 2019 to 31 December 2019 pursuant to the terms of the Supplemental Loan Agreement;
"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;
"Supplemental Loan Agreement"	the supplemental loan agreement entered into between the Lender and the Borrower on 28 December 2018 in relation to the Extension of the Loan; and
"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, 28 December 2018

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