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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)

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS UNDER THE EXISTING MASTER LEASING AGREEMENT

THE NEW LEASING FRAMEWORK AGREEMENT

As the Existing Master Leasing Agreement will expire on 31 December 2018 and the Company expects to continue the continuing connected transactions thereafter, the Company entered into the New Leasing Framework Agreement with Maoye Holdings Limited on 28 December 2018 to replace the Existing Master Leasing Agreement. The New Leasing Framework Agreement will govern the terms upon which the Group will lease the Premises for office use and operational use from the Controlling Shareholder Group.

IMPLICATIONS UNDER THE LISTING RULES

Maoye Holdings Limited is wholly-owned by Mr. Huang, the controlling shareholder and a Director of the Company, and is therefore a connected person of the Company under the Listing Rules.

As Maoye Holdings Limited is a connected person of the Company under the Listing Rules, the transactions under the New Leasing Framework Agreement constitute continuing connected transactions for the Company under Rule 14A.31 of the Listing Rules. As the relevant percentage ratios (other than the profits ratio) under Rule 14.07 of the Listing Rules in respect of the cap of the transactions under the New Leasing Framework Agreement exceed 0.1% but are less than 5%, the New Leasing Framework Agreement and the transactions contemplated thereunder are subject to the reporting and announcement requirements but exempt from Independent Shareholders' approval in accordance with Chapter 14A of the Listing Rules.

Mr. Huang has abstained from voting on the relevant board resolution for approving the New Leasing Framework Agreement. To the best knowledge, information and belief of the Company having made all reasonable enquiries, other than Mr. Huang, none of the Directors has a material interest in the transactions contemplated under the New Leasing Framework Agreement and none of them is required to abstain from voting on the relevant board resolution.

BACKGROUND

Reference is made to the announcements dated 19 May 2009, 28 November 2012, 1 May 2013, 14 June 2015 and 29 December 2015 and the circular dated 9 June 2009 issued by the Company in relation to the continuing connected transactions between the Group and the Controlling Shareholder Group under the Existing Master Leasing Agreement. The Existing Master Leasing Agreement governs the rights and obligations of the Group and the Controlling Shareholder Group in relation to the leasing of properties by the Group from the Controlling Shareholder Group for operation of department stores by the Group. As of the date of this announcement, the Group leases eight properties from the Controlling

Shareholder Group pursuant to the Existing Master Leasing Agreement (the details of which are set out in the section headed "Premises Under the New Leasing Framework Agreement" below).

As the Existing Master Leasing Agreement will expire on 31 December 2018 and the Company expects to continue the continuing connected transactions thereafter, the Company entered into the New Leasing Framework Agreement with Maoye Holdings Limited on 28 December 2018 to replace the Existing Master Leasing Agreement. The New Leasing Framework Agreement will govern the terms upon which the Group will lease the Premises for office use and operational use from the Controlling Shareholder Group.

KEY TERMS OF THE NEW LEASING FRAMEWORK AGREEMENT

- Parties: The Company
Maoye Holdings Limited, a connected person
- Subject matter: Pursuant to the New Leasing Framework Agreement, Maoye Holdings Limited has agreed to lease to the Group, and the Company has agreed to lease from the Controlling Shareholder Group, the Premises. The leases for the Premises are subject to the terms of the New Leasing Framework Agreement. Separate agreements will be entered into by the relevant Group company and the Controlling Shareholder Group in respect of the leasing of the Premises in accordance with the terms of the New Leasing Framework Agreement.
- Term: From 1 January 2019 to 31 May 2019, provided that either party may terminate the New Leasing Framework Agreement by giving the other party at least one month's written notice of termination.
- Rent and expenses: The rent payable under the New Leasing Framework Agreement shall be determined by the parties in writing and shall be:
- (i) based on market rent, being rent which would be payable by an independent third party for the leasing of the Premises; and
 - (ii) where there is no available comparison, on terms no less favorable to an independent third party.
- The Group shall be responsible for the payment to the Controlling Shareholder Group of miscellaneous expenses relating to the Premises, such as property management fees, air-conditioning fees and car park rental fees, and any other reasonable expenses.

PREMISES UNDER THE NEW LEASING FRAMEWORK AGREEMENT

The leased Premises will mainly be used for operation of department stores by the Company. The following table summarises the properties to be leased by the Group from the Controlling Shareholder Group under the New Leasing Framework Agreement.

Operational use Premises

Location	Details of Occupancy
Shop Unit at Level 1 to Level 5,	Maoye Shenzhen Outlet Store

No. 3009 Heping Road,
Luohu District,
Shenzhen,
PRC

Level 1 to Level 5,
No. 1018 Central Shennan Road,
Futian District,
Shenzhen,
PRC

Nos. 2005-2006,
North Huaqiang Road,
Futian District,
Shenzhen,
PRC

Nos. 2005-2006,
North Huaqiang Road,
Futian District,
Shenzhen,
PRC

Level 1 to Level 6
No. 301, Zijing Road,
Xiangzhou District,
Zuhai,
PRC

Level 5 to Level 7,
Wangjiao Shopping Center,
Dongmen Road,
Luohu District,
Shenzhen,
PRC

Basement 1 to Level 9
No. 16 North Jian Xin Road,
Chongqing,
PRC

Maoye Shenzhen Shennan Store

The first phase of Maoye Shenzhen
Huaqiangbei Store

The second phase of Maoye Shenzhen
Huaqiangbei Store

Maoye Zhuhai Store

A portion of Maoye Shenzhen
Dongmen Store

Maoye Chongqing Jiangbei Store

Office use Premises

Office Unit of the whole of 36/F, 37/F and 39/F, a portion of 7/F, World Finance Centre, Shennan Road, Luohu District, Shenzhen, PRC	Office Unit
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CAP FOR THE NEW LEASING FRAMEWORK AGREEMENT

The maximum aggregate rent and miscellaneous expenses to be payable by the Group to the Controlling Shareholder Group in connection with the leases under the New Leasing Framework Agreement is RMB68 million.

The historical amount of the rents paid by the Group to the Controlling Shareholder Group in connection with the leases under the Existing Master Leasing Agreement are as follows:

For the year ended	Historical amount of rent paid by the Group to the Controlling Shareholder Group (in RMB million)
31 December 2016	161.6
31 December 2017	161.9
31 December 2018 (subject to auditing)	161.9

BASES OF THE CAP

The terms of the New Leasing Framework Agreement were arrived at after arm's length negotiation and are on normal commercial terms. The cap for the term of the New Leasing Framework Agreement was determined with reference to (i) the historical rents and expenses paid by the Group to the Controlling Shareholder Group in 2016 to 2018 in connection with the leases under the Existing Master Leasing Agreement, pro-rated based on the 5-month term of the New Leasing Framework Agreement and (ii) the prevailing market rent in region where the relevant Premises are located.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS UNDER THE NEW LEASING FRAMEWORK AGREEMENT

The Controlling Shareholder Group owns several commercial complexes in the PRC, all of which are situated at the core commercial district of the cities. The New Leasing Framework Agreement allows the Company to take advantage of the Controlling Shareholder Group's resources to maintain the operation of its department stores at core commercial districts. Furthermore, the Group has been operating several department stores at the Controlling Shareholder Group's Premises for a long time. The cost to be incurred and the adverse impact on the operation of the Group's stores in the event of their relocation will be substantial.

The Company is in the process of negotiating with the Controlling Shareholder Group in respect of the leasing of the Premises after the expiry of the term of the New Leasing Framework Agreement. Further announcement will be made by the Company in accordance with the Listing Rules as and when appropriate.

The Directors (including the independent non-executive Directors) believe that the transactions under the New Leasing Framework Agreement have been entered into in the ordinary and usual course of business of the Company, are on normal commercial terms and are fair and reasonable and in the interests of the Company and its Shareholders as a whole. The Directors (including the independent non-executive Directors) also believe that the cap of the New Leasing Framework Agreement are fair and reasonable. The Directors (apart from Mr. Huang) do not have any material interest in the transaction and none of them (apart from Mr. Huang) has abstained from voting on the board resolution to approve the transaction.

INTERNAL CONTROL AND RISK MANAGEMENT OF THE GROUP

The Company has established various internal control measures in order to ensure that the transactions under the New Leasing Framework Agreement are in accordance with the pricing policies and the terms of the New Leasing Framework Agreement are on normal commercial terms or on terms no less favourable than those terms offered by the Controlling Shareholder Group to independent third parties in its ordinary and usual course of business. Such internal control measures mainly include the following:

- The finance department of the Company will review the terms of the transactions under the New Leasing Framework Agreement from time to time in order to ensure that the fees charged for such transactions will reflect the pricing policies of the Group.
- The finance department of the Company will review the pricing policies under the New Leasing Framework Agreement from time to time in order to ensure the rent are charged on the same bases and the same rates to an independent third party for the leasing of the Premises.
- The finance department of the Company also be responsible for collecting data and statistics of the continuing connected transactions under the New Leasing Framework Agreement on a monthly basis to ensure that the cap is not exceeded.

The external auditors of the Company will report by issuing a letter to the Board every year on the continuing connected transactions of the Company in relation to the cap of the continuing connected transactions (including the transactions under the New Leasing Framework Agreement) of the Company conducted during the preceding financial year pursuant to the Listing Rules.

the independent non-executive Directors will conduct an annual review with respect to the continuing connected transactions of the Company throughout the preceding financial year and confirm on the transactional amounts and terms of the continuing connected transactions in the annual report of the Company pursuant to the requirements under the Listing Rules, and to ensure that the transactions are entered into in the ordinary and usual course of business and on normal commercial terms or better, are fair and reasonable, and are carried out pursuant to the terms of the relevant agreements governing the continuing connected transactions and in the interest of the Shareholders as a whole.

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.

Maoye Holdings Limited

Maoye Holdings Limited is an investment holding company incorporated in the British Virgin Islands with limited liability. It is wholly-owned by Mr. Huang, the controlling shareholder and a Director of the Company, and is therefore a connected person of the Company under the Listing Rules. It is a member of the Controlling Shareholder Group.

IMPLICATIONS UNDER THE LISTING RULES

Maoye Holdings Limited is wholly-owned by Mr. Huang, the controlling shareholder and a Director of the Company, and is therefore a connected person of the Company under the Listing Rules.

As Maoye Holdings Limited is a connected person of the Company under the Listing Rules, the transactions under the New Leasing Framework Agreement constitute continuing connected transactions for the Company under Rule 14A.31 of the Listing Rules. As the relevant percentage ratios (other than the profits ratio) under Rule 14.07 of the Listing Rules in respect of the cap of the transactions under the New Leasing Framework Agreement exceed 0.1% but are less than 5%, the New Leasing Framework Agreement and the transactions contemplated thereunder are subject to the reporting and announcement requirements but are exempt from Independent Shareholders' approval in accordance with Chapter 14A of the Listing Rules.

Mr. Huang has abstained from voting on the relevant board resolution for approving the New Leasing Framework Agreement. To the best knowledge, information and belief of the Directors Company having made all reasonable enquiries, other than Mr. Huang, none of the Directors has a material interest in the transactions contemplated under the New Leasing Framework Agreement and none of them is required to abstain from voting on the relevant board resolution.

DEFINITIONS

"associate"	has the meaning ascribed to it under the Listing Rules;
"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;
"connected person"	has the meaning ascribed to it under the Listing Rules;
"controlling shareholder"	has the meaning ascribed to it under the Listing Rules;
"Controlling Shareholder Group"	Mr. Huang, any of his associates and companies majority-owned or controlled by Mr. Huang and his associates, which includes Maoye Holdings Limited but excludes the Group;

"Directors"	the directors of the Company;
"Existing Master Leasing Agreement"	the master leasing agreement entered into between the Company and Maoye Holdings Limited dated 28 November 2012, and revised on 30 April 2013 and renewed on 29 December 2015;
"Group"	the Company and its subsidiaries from time to time;
"Independent Shareholders"	Shareholders other than Mr. Huang and his associates;
"Listing Rules"	The Rules Governing the Listing of Securities on the Stock Exchange;
"Maoye Holdings Limited"	Maoye Holdings Limited, an investment holding company incorporated in the British Virgin Islands with limited liability, which is wholly-owned by Mr. Huang;
"Mr. Huang"	Mr. Huang Mao Ru, Chairman, executive Director and Chief Executive Officer of the Company and the Company's ultimate controlling Shareholder;
"New Leasing Framework Agreement"	the leasing framework agreement entered into between the Company and Maoye Holdings Limited dated 28 December 2018;
"PRC"	The People's Republic of China;
"Premises"	the premises owned or occupied by the Controlling Shareholder Group from time to time, the details of which are set out in the section headed "Premises Under the New Leasing Framework Agreement" in this announcement;
"RMB"	Renminbi, the lawful currency in the PRC;
"Shareholder(s)"	holder(s) of shares of the Company; and
"Stock Exchange"	The Stock Exchange of Hong Kong Limited.

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