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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)

**SECOND SUPPLEMENTAL AGREEMENT IN
RELATION TO THE NEW LEASING FRAMEWORK
AGREEMENT**

THE SECOND SUPPLEMENTAL AGREEMENT

As (i) the Company requires additional time to prepare the circular in relation to the New Leasing Framework Agreement and the Supplemental Agreement, and (ii) the Original Term under the New Leasing Framework Agreement will expire on 31 May 2019, the Company entered into the Second Supplemental Agreement with Maoye Holdings Limited on 29 May 2019 to extend the Original Term under the New Leasing Framework Agreement for an additional three months as a transitional measure.

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 Second Supplemental 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 for the period from 1 January 2019 to 31 August 2019, in aggregate, exceed 0.1% but are less than 5%, the Second Supplemental 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. For the avoidance of doubt, the Company is still in the process of preparing the circular concerning the transactions contemplated under the New Leasing Framework Agreement (and as only amended by the Supplemental Agreement) in respect of the New Term and the Proposed Cap, the Supplemental Agreement remains in force conditional upon Independent Shareholders' approval. The Company will despatch to the Shareholders a circular containing the necessary information, including notice convening a General Meeting, as soon as practicable and the New Term and the Proposed Cap will be approved in a General Meeting.

Mr. Huang has abstained from voting on the relevant board resolution for approving the Second Supplemental 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 Second Supplemental Agreement and none of them is required to abstain from voting on the relevant board resolution.

INTRODUCTION

Reference is made to the announcements (the "**Announcements**") of the Company dated (i) 28 December 2018 in relation to the entering into of the New Leasing Framework Agreement between the Company and Maoye Holdings Limited, pursuant to which the Group agreed to lease the Premises for office use and operational use from the Controlling Shareholder Group for the Original Term; and (ii) 14 March 2019 in relation to the entering into of the Supplemental Agreement to the New Leasing Framework Agreement between the Company and Maoye Holdings Limited in relation to the New Term of the lease of the Premises and the Proposed Cap during the New Term. Terms used in this announcement shall have the same meaning as defined in the Announcements unless otherwise stated.

KEY TERMS OF THE SECOND SUPPLEMENTAL AGREEMENT

As (i) the Company requires additional time to prepare the circular in relation to the New Leasing Framework Agreement and the Supplemental Agreement, and (ii) the Original Term under the New Leasing Framework Agreement will expire on 31 May 2019, on 29 May 2019, the Company entered into the Second Supplemental Agreement to the New Leasing Framework Agreement with Maoye Holdings Limited to extend the Original Term with respect to the lease of the Premises, and the cap for the aggregate rent and miscellaneous expenses (but excluding utilities) payable by the Group to the Controlling Shareholder Group as a transitional measure.

Pursuant to the terms of the Second Supplemental Agreement, the Original Term is extended for three months, i.e. from a term of five months commencing from 1 January 2019 to a term of eight months commencing from 1 January 2019. Other than the amendment of the Original Term and the cap, all the other terms and provisions of the New Leasing Framework Agreement remained unchanged.

PREMISES UNDER THE NEW LEASING FRAMEWORK AGREEMENT

The properties to be leased by the Group from the Controlling Shareholder Group under the New Leasing Framework Agreement and the use of such properties remain unchanged from those as stated in the Announcements.

CAP FOR THE NEW LEASING FRAMEWORK AGREEMENT

The maximum aggregate rent and miscellaneous expenses (but excluding utilities) to be payable by the Group to the Controlling Shareholder Group in connection with the leases under the Second Supplemental Agreement for the period from 1 June 2019 to 31 August 2019 is RMB40.78 million. Accordingly, the maximum aggregate rent and miscellaneous expenses (but excluding utilities) to be payable by the Group to the Controlling Shareholder Group for the period from 1 January 2019 to 31 August 2019 is RMB108.74 million.

The historical amount of the rents and miscellaneous expenses paid by the Group to the Controlling Shareholder Group are as follows:

For the year / period ended	Historical amount of rent and miscellaneous expenses paid by the Group to the Controlling Shareholder Group (in RMB million)
31 December 2016	159.7
31 December 2017	161.9
31 December 2018	163.1
31 May 2019 (Unaudited)	67.96

BASES OF THE CAP

The terms of the Second Supplemental Agreement were arrived at after arm's length negotiation and are on normal commercial terms. The cap was determined with reference to (i) the historical rents and expenses paid by

the Group to the Controlling Shareholder Group from 1 January 2016 to 31 May 2019 in connection with the leases under the Existing Master Leasing Agreement and the New Leasing Framework Agreement, pro-rated based on the three-month term of the Second Supplemental Agreement; and (ii) the prevailing market rent in region where the relevant Premises are located.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS UNDER THE SECOND SUPPLEMENTAL AGREEMENT

As disclosed in the Announcements, the Company entered into the Supplemental Agreement which, among others, amended the annual caps under the New Leasing Framework Agreement and extended the duration of the New Leasing Framework Agreement to the New Term. As the Original Term is expected to expire on 31 May 2019, but the New Leasing Framework Agreement and the transactions contemplated thereunder (as amended by the Supplemental Agreement) remains subject to Independent Shareholders' approval in accordance with Chapter 14A of the Listing Rules. In order to provide additional time for the Company to prepare the circular in relation to, amongst others, the Supplemental Agreement, the New Term and the Proposed Cap, the Company and Maoye Holdings Limited entered into the Second Supplemental Agreement covering an additional three-month-period as a transitional measure. Given the substantial costs to be incurred and the adverse impact on the operation of the Group's stores in the event of their relocation, the Board is of the view that the extended three-month-term of the Second Supplemental Agreement as a transitional measure is fair and reasonable and is in the best interest of the Company as a whole.

The Directors (including the independent non-executive Directors) believe that the transactions under the Second Supplemental 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 Second Supplemental Agreement is fair and reasonable.

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 Second Supplemental 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 for the period from 1 January 2019 to 31 August 2019, in aggregate, exceed 0.1% but are less than 5%, the Second Supplemental 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. For the avoidance of doubt, the Company is still in the process of preparing

the circular concerning the transactions contemplated under the New Leasing Framework Agreement (as amended only by the Supplemental Agreement) in respect of the New Term and the Proposed Cap, the Supplemental Agreement remains in force conditional upon Independent Shareholders' approval. The Company will despatch to the Shareholders a circular containing the necessary information, including notice convening a General Meeting, as soon as practicable and the New Term and the Proposed Cap will be approved in a General Meeting.

Mr. Huang has abstained from voting on the relevant board resolution for approving the Second Supplemental 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 Second Supplemental Agreement and none of them is required to abstain from voting on the relevant board resolution.

DEFINITIONS

"New Leasing Framework Agreement"	the leasing framework agreement entered into between the Company and Maoye Holdings Limited dated 28 December 2018;
"New Term"	the extended duration of six years and 15 years (as the case may be) under the Supplemental Agreement
"Original Term"	the original duration of five months commencing from 1 January 2019 under the New Leasing Framework Agreement; and
"Second Supplemental Agreement"	the supplemental agreement dated 29 May 2019 entered into between the Company and Maoye Holdings Limited to amend and supplement the New Leasing Framework Agreement.

By order of the Board

Maoye International Holdings Limited

Mr. Huang Mao Ru

Chairman

Hong Kong, 29 May 2019

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