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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)**

**SUPPLEMENTAL AGREEMENT IN RELATION TO  
CONTINUING CONNECTED TRANSACTION  
UNDER THE NEW LEASING FRAMEWORK AGREEMENT**

**THE SUPPLEMENTAL AGREEMENT**

Reference is made to the announcement of the Company dated 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.

On 14 March 2019, the Company entered into the Supplemental Agreement to the New Leasing Framework Agreement with Maoye Holdings Limited to amend the duration with respect to the duration of the lease of the Premises and the cap for the aggregate rent and miscellaneous expenses payable by the Group to the Controlling Shareholder Group during the term of the New Leasing Framework Agreement.

**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 Proposed Caps exceed 5%, the New Leasing Framework Agreement and the transactions contemplated thereunder are subject to the reporting, announcement and Independent Shareholders' approval requirements in accordance with Chapter 14A of the Listing Rules.

In addition, as the duration of the New Leasing Framework Agreement (as amended by the Supplemental Agreement) exceeds three years, pursuant to Rule 14A.52 of the Listing Rules, the Company has appointed Altus Capital Limited as the independent financial adviser to issue an independent opinion confirming that it is a normal business practice for the Company to enter into the New Leasing Framework Agreement which has a duration longer than three years.

**GENERAL INFORMATION**

An ordinary resolution will be proposed at the General Meeting for the Independent Shareholders to consider and, if thought fit, approve the entering into of the New Leasing Framework Agreement as amended by the Supplemental Agreement, the continuing connected transactions contemplated thereunder and the Proposed Caps. Mr. Huang, being the controlling shareholder of the Company and a connected person, and his associates shall abstain from voting on the resolutions in respect of the New Leasing Framework Agreement at the General Meeting.

An Independent Board Committee, comprising all the independent non-executive Directors, has been established to advise the Independent Shareholders as to whether the terms of the New Leasing Framework Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and the Independent Financial Adviser will advise the Independent Board Committee and the Independent Shareholders in this regard.

#### **DISPATCH OF CIRCULAR**

A circular containing, among others, (i) details of the New Leasing Framework Agreement, the continuing connected transactions contemplated thereunder and the Proposed Caps; (ii) the advice and recommendations from the Independent Board Committee to the Independent Shareholders; (iii) the letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders in relation to the New Leasing Framework Agreement; and (iv) a notice convening the General Meeting is expected to be despatched to the Shareholders as soon as practicable.

#### **INTRODUCTION**

Reference is made to the announcement of the Company dated 28 December 2018 (the "**Announcement**") 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. Terms used in this announcement shall have the same meaning as defined in the Announcement unless otherwise stated.

#### **KEY TERMS OF THE SUPPLEMENTAL AGREEMENT**

On 14 March 2019, the Company entered into the Supplemental Agreement to the New Leasing Framework Agreement with Maoye Holdings Limited to amend the duration 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 during the term of the New Leasing Framework Agreement.

Pursuant to the terms of the Supplemental Agreement, the duration of the New Leasing Framework Agreement is amended from a term of five months commencing from 1 January 2019 to:

- (i) 6 years commencing from 1 January 2019 with respect to the lease of the Premises for office use; and
- (ii) 15 years commencing from 1 January 2019 with respect to the lease of the Premises for operational use.

#### **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 (as amended by the Supplemental Agreement) and the use of such properties remain unchanged from those as stated in the Announcement.

#### **PROPOSED CAPS FOR THE NEW LEASING FRAMEWORK AGREEMENT**

The maximum annual 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 New Leasing Framework Agreement and hence the Proposed Caps are as follows:

Proposed Caps for the first six years include leasing of both the office use Premises and operational use Premises:

**For the year ending**

**Annual Caps**  
(in RMB million)

<b>31 December 2019</b>	<b>177</b>
<b>31 December 2020</b>	<b>177</b>
<b>31 December 2021</b>	<b>177</b>
<b>31 December 2022</b>	<b>177</b>
<b>31 December 2023</b>	<b>177</b>
<b>31 December 2024</b>	<b>177</b>

Proposed Caps for the 7<sup>th</sup> year to 15<sup>th</sup> year include only leasing of the operational use Premises:

<b>For the year ending</b>	<b>Annual Caps</b> (in RMB million)
<b>31 December 2025</b>	<b>177</b>
<b>31 December 2026</b>	<b>177</b>
<b>31 December 2027</b>	<b>177</b>
<b>31 December 2028</b>	<b>177</b>
<b>31 December 2029</b>	<b>177</b>
<b>31 December 2030</b>	<b>177</b>
<b>31 December 2031</b>	<b>177</b>
<b>31 December 2032</b>	<b>177</b>
<b>31 December 2033</b>	<b>177</b>

Save as disclosed in this announcement, all other terms and provisions of the New Leasing Framework Agreement shall remain in full force and effect.

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

<b>For the year ended</b>	<b>Historical amount of rent and Miscellaneous expenses paid by the Group to the Controlling Shareholder Group</b> (in RMB million)
<b>31 December 2016</b>	<b>159.7</b>
<b>31 December 2017</b>	<b>161.9</b>
<b>31 December 2018</b> (subject to auditing)	<b>163.1</b>

## **BASES OF THE PROPOSED CAPS**

The terms of the Supplemental Agreement were arrived at after arm's length negotiation and are on normal commercial terms. The Annual Caps were determined with reference to (i) the historical rents and expenses paid by the Group to the Controlling Shareholder Group from 2016 to 2018 in connection with the leases under the Existing Master Leasing Agreement; and (ii) the prevailing market rent in region where the relevant Premises are located.

## **REASONS FOR AND BENEFITS OF THE TRANSACTIONS UNDER THE SUPPLEMENTAL AGREEMENT**

As contemplated in the Announcement, after the execution of the New Leasing Framework Agreement, which has a term of five months without the amendments under the Supplemental Agreement, the Company has been in the process of negotiating an agreement with a longer term with the Controlling Shareholder Group in respect of the leasing of the Premises. 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 a longer term of the New Leasing Framework Agreement as amended by the Supplemental Agreement is fair and reasonable and is in the best interest of the Company as a whole.

The Directors (excluding the independent non-executive Directors who will provide their view in the circular after considering the advice from the Independent Financial Adviser) believe that the transactions under the 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 (excluding the independent non-executive Directors who will provide their view in the circular after considering the advice from the Independent Financial Adviser) also believe that the Proposed Caps of the Supplemental Agreement are 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 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 Proposed Caps exceed 5%, the New Leasing Framework Agreement and the transactions contemplated thereunder are subject to the reporting, announcement and Independent Shareholders' approval requirements in accordance with Chapter 14A of the Listing Rules.

In addition, as the duration of the New Leasing Framework Agreement (as amended by the Supplemental Agreement) exceeds three years, pursuant to Rule 14A.52 of the Listing Rules, the Company has appointed Altus Capital Limited as the independent financial adviser to issue an independent opinion confirming that it

is a normal business practice for the Company to enter into the New Leasing Framework Agreement which has a duration longer than three years.

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 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 Supplemental Agreement and none of them is required to abstain from voting on the relevant board resolution.

## **GENERAL INFORMATION**

An ordinary resolution will be proposed at the General Meeting for the Independent Shareholders to consider and, if thought fit, approve the entering into of the New Leasing Framework Agreement as amended by the Supplemental Agreement, the continuing connected transactions contemplated thereunder and the Proposed Caps. Mr. Huang, being the controlling shareholder of the Company and a connected person, and his associates shall abstain from voting on the resolutions in respect of the New Leasing Framework Agreement at the General Meeting.

An Independent Board Committee, comprising all the independent non-executive Directors, has been established to advise the Independent Shareholders as to whether the terms of the New Leasing Framework Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and the Independent Financial Adviser will advise the Independent Board Committee and the Independent Shareholders in this regard.

## **DISPATCH OF CIRCULAR**

A circular containing, among others, (i) details of the New Leasing Framework Agreement, the continuing connected transactions contemplated thereunder and the Proposed Caps; (ii) the advice and recommendations from the Independent Board Committee to the Independent Shareholders; (iii) the letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders in relation to the New Leasing Framework Agreement; and (iv) a notice convening the General Meeting will be despatched to the Shareholders as soon as practicable.

## **DEFINITIONS**

"General Meeting"	the general meeting of the Company to be convened for the Independent Shareholders to approve, among other things, the entering into of the New Leasing Framework Agreement and the transactions contemplated thereunder;
"Independent Board Committee"	the independent committee of the Board, comprising all the independent non-executive Directors established for the purpose of advising the Independent Shareholders in respect of the New Leasing Framework Agreement;
"Independent Financial Adviser"	Altus Capital Limited, a company licensed to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong);
"Proposed Caps"	the proposed maximum annual aggregate value for the transactions under the New Leasing Framework Agreement for each of the 15 years ending 31 December 2033 as set out in this announcement;

"New Leasing Framework Agreement"

the leasing framework agreement entered into between the Company and Maoye Holdings Limited dated 28 December 2018 as amended by the Supplemental Agreement; and

"Supplemental Agreement"

the supplemental agreement dated 14 March 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, 14 March 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*