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LETTER FROM THE BOARD

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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)

*Executive Directors:*

Mr. Huang Mao Ru (*Chairman*)

Mr. Zhong Pengyi

Ms. Lu Xiaojuan

*Non-executive Director:*

Mr. Wang Bin

*Independent non-executive Directors:*

Mr. Rao Yong

Mr. Pao Ping Wing

Mr. Gao Yajun

*Registered Office:*

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Cayman Islands

*Head Office in the PRC:*

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4003 Shennan East Road

Shenzhen

PRC

30 November 2022

*To the Shareholders*

Dear Sir or Madam,

**MAJOR TRANSACTION  
DISPOSAL OF SHARES IN INZONEGROUP**

**INTRODUCTION**

Reference is made to the announcements of the Company dated (i) 21 June 2022 in relation to the Previous Disposal (the “**Previous Disposal Announcement**”); and (ii) 22 September 2022 in relation to the Further Disposal (the “**Further Disposal Announcement**”) (collectively, the “**Announcements**”). Reference is also made to the announcement of the Company dated 17 October 2022 in relation to the grant of waiver under Rule 14.41(a) of the Listing Rules. Capitalised terms used herein shall have the same meanings as those defined in the Announcements unless the context otherwise requires.

The purpose of this circular is to provide you with, among other things, (i) further details on the Further Disposal; and (ii) other information as required under the Listing Rules.

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### THE FURTHER DISPOSAL

Reference is made to the Previous Disposal Announcement dated 21 June 2022 in relation to the disposal of an aggregate of 10,401,400 shares of INZONEGROUP on the open market by Zhongzhao during the period from 15 June 2022 to 21 June 2022, for an aggregate consideration of approximately RMB54.26 million (exclusive of transaction costs).

The Board announces that during the period from 24 June 2022 to 22 September 2022, Zhongzhao and Shenzhen Maoye Department Store further disposed of an aggregate of 44,982,775 shares of INZONEGROUP on the open market for an aggregate consideration of approximately RMB248.13 million (exclusive of transaction costs), representing approximately 8.65% of the issued share capital of INZONEGROUP as at the date of the Further Disposal Announcement. The average selling price of each INZONEGROUP Share was approximately RMB5.52. Immediately after the Further Disposal, the Group holds 19,042,749 INZONEGROUP Shares, representing approximately 3.66% of the issued share capital of INZONEGROUP as at the date of the Further Disposal Announcement.

As the Further Disposal was made through the open market, the Company is not aware of the identities of the buyers of the INZONEGROUP Shares. To the best knowledge, information and belief of the Directors, the buyers of the INZONEGROUP Shares and their ultimate beneficial owners (as applicable) are third parties independent of the Company and its connected persons.

### INFORMATION ON INZONEGROUP

INZONEGROUP is a company limited by shares established in the PRC, the shares of which are listed on the Shanghai Stock Exchange (stock code: 600858). INZONEGROUP is mainly engaged in retail business in the PRC.

Based on the audited accounts of INZONEGROUP prepared based on PRC GAAP, the audited net profit (before taxation) and the audited net profit (after taxation) of INZONEGROUP for each of the financial years ended 31 December 2021 and 2020 are as follows:

	For the financial year ended 31 December	
	2021	2020
	RMB million	RMB million
Net profit before taxation	121.12	-295.02
Net profit after taxation	11.47	-427.22

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As at 31 December 2021, the total assets and net assets of INZONEGROUP (based on PRC GAAP) were approximately RMB11,904.06 million and RMB2,397.03 million, respectively.

After the completion of the Disposals, the equity interest in INZONEGROUP held by the Group was reduced from 14.31% to 3.66%.

### LISTING RULES IMPLICATIONS

In respect of the Further Disposal, as one of the applicable percentage ratios on a stand-alone basis exceeds 5% but all of the applicable percentage ratios are less than 25%, the Further Disposal on a stand-alone basis constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As the Previous Disposal and the Further Disposal were conducted within a 12-month period, they were required to be aggregated as a series of transactions pursuant to Rule 14.22 of the Listing Rules. As the highest applicable percentage ratio calculated pursuant to Chapter 14 of the Listing Rules in respect of the Disposals (in aggregate) exceeds 25% but is less than 75%, the Disposals constitute a major transaction for the Company and is subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

Pursuant to the Listing Rules, shareholders' approval is required for a major transaction. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder has any material interest in the Disposals. Thus, if the Company were to convene a general meeting to approve the Disposals, no Shareholder is required to abstain from voting on the resolutions in relation to the Disposals. Pursuant to Rule 14.44 of the Listing Rules, the Company has obtained written shareholder's approval from Maoye Department Store Investment Limited (a controlling shareholder as defined under the Listing Rules and the holder of 4,200,000,000 Shares as at the date of the Further Disposal Announcement, representing approximately 81.71% of the issued share capital of the Company) for the approval of the Disposals in lieu of a resolution to be passed at the general meeting of the Company. As such, no extraordinary general meeting will be convened by the Company to approve the Disposals.

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### REASONS FOR AND BENEFITS OF THE FURTHER DISPOSAL

The Board considers that the Disposals will enable the Company to further focus on its principal business and to optimise its financial structure. As at 31 December 2021, the book value of the INZONEGROUP Shares in relation to the Disposals was approximately RMB287.44 million. The INZONEGROUP Shares are accounted for as financial assets in the Company's accounts, and are designated as equity investments measured at fair value through other comprehensive income. Therefore, the Disposals will not affect the Company's current profit and loss. The Group is expected to recognise in its consolidated statement of comprehensive income a total loss before taxation included in the other comprehensive income for the Disposals of approximately RMB7.35 million, which is calculated based on the net consideration received and carrying values of the respective INZONEGROUP Shares at the relevant times of disposals. The exact amount of the loss on the Disposals to be recognised in the consolidated financial statements of the Group is subject to audit. The Group intends to use the proceeds of the Disposals to repay its loans and to supplement its general working capital.

Although the Group is expected to recognise in its consolidated statement of comprehensive income a total loss before taxation, the Board considers the Disposals provide immediate liquidity to the Group and enhances the Group's working capital position, thereby allowing the Group to re-allocate the proceeds of the Disposals to the principal business of the Group and its overall strategy. As disclosed in the 2022 interim report of the Company, the Previous Disposal allowed the Group to further consolidate its asset quality; the Board expects the Further Disposal to be an extension of this strategy. Going forward, the Group remains optimistic on its principal business, and will continue to reinvest in the same.

As the Disposals were made based on the market price, and in light of the above, the Directors (including the independent non-executive Directors) are of the view that the Disposals were fair and reasonable, and were in the interests of the Company and its 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.

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### **Shenzhen Maoye Department Store**

Shenzhen Maoye Department Store is a company established in the PRC and an indirect non-wholly owned subsidiary of the Company, principally engaging in the operation of a department store.

### **Zhongzhao**

Zhongzhao is a company established in the PRC and a wholly-owned subsidiary of the Company, principally engaging in investment holding.

### **FINANCIAL EFFECTS OF THE DISPOSALS AND USE OF PROCEEDS**

As at the Latest Practicable Date, the Disposals had been completed and the Company's equity interest in INZONEGROUP had been reduced from 14.31% to 3.66%. As disclosed above, as at 31 December 2021, the book value of the INZONEGROUP Shares in relation to the Disposals was approximately RMB287.44 million. The INZONEGROUP Shares are accounted for as financial assets in the Company's accounts, and are designated as equity investments measured at fair value through other comprehensive income. The equity investments designated at fair value through other comprehensive income are expected to reduce as a result of the Disposals. The Disposals will not affect the Company's current profit and loss. The Group is expected to recognise in its consolidated statement of comprehensive income a total loss before taxation included in the other comprehensive income for the Disposals of approximately RMB7.35 million, which is calculated based on the net consideration received and carrying values of the respective INZONEGROUP Shares at the relevant times of disposals. The exact amount of the loss on the Disposals to be recognised in the consolidated financial statements of the Group is subject to audit. The Group intends to use the proceeds of the Disposals to repay its loans and to supplement its general working capital.

### **ADDITIONAL INFORMATION**

Your attention is also drawn to the additional information contained in the appendices to this circular.

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### RECOMMENDATION

As the Disposals, were conducted through open market and made based on market prices, the Directors (including the independent non-executive Directors) are of the view that the Disposals were fair and reasonable, and are in the interests of the Company and its Shareholders as a whole. Accordingly, the Directors recommend that the Shareholders should vote in favour of the resolutions approving the Further Disposal.

The above statement is for Shareholders' reference only given that the Company has already obtained the written approval from the Controlling Shareholder for the Further Disposal and hence pursuant to Rule 14.44 of the Listing Rules, no general meeting of the Company will be convened to approve the Further Disposal.

By order of the Board  
**Maoye International Holdings Limited**



**Mr. Huang Mao Ru**  
*Chairman*