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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 ANNOUNCEMENT

CONTINUING CONNECTED TRANSACTIONS

THE INTEGRATED SANITATION SERVICES FRAMEWORK AGREEMENT

Reference is made to the announcement (the "**Announcement**") of Maoye International Holdings Limited (the "**Company**") dated 26 April 2024 in relation to the Integrated Sanitation Services Framework Agreement. Capitalised terms used herein shall have the same meanings as those defined in the Announcement unless the context otherwise requires. The Company wishes to update its Shareholders and potential investors with further information in relation to the Integrated Sanitation Services Framework Agreement as follows:

PRICING POLICY

As disclosed in the Announcement, the pricing of the services provided under the Integrated Sanitation Services Framework Agreement shall be negotiated on an arm's length basis, with reference to the following: (1) the content and standards of integrated sanitation services to be provided; (2) the market prices for similar sanitation services, which shall be determined through obtaining quotations from independent third-party service providers on the open market; (3) the technology involved in the integrated sanitation services; and (4) the relevant industry standards and laws and regulations on the provision of sanitation services.

The Company wishes to supplement that in determining the market prices for similar sanitation services, according to the Group's policies or practices, the administrative department of the Group would:

- a) obtain fee quotations from at least two independent third-party service providers located in the same city in which the Group requires integrated sanitation services. The Group will obtain materials from such independent third-parties as to their skills and technological capabilities in providing integrated sanitation services, and only obtain fee quotations from independent third-parties which possess the required skills and capabilities. The Group will

also inquire as to the legality of the independent third-party's operations, and only obtain fee quotations from independent third-parties who are compliant with the relevant laws and regulations;

- b) prepare a table ("**Fee Quotation Comparison Table**") comparing the fee quotations obtained from the different independent third-party service providers selected, breaking down the quotations by (i) nature of the Group's location receiving the integrated sanitation services (for example, a shopping mall), (ii) estimated number of personnel required from each service provider for the provision of the integrated sanitation services, (iii) the estimated aggregate monthly fee payable to each service provider, and (iv) the estimated aggregate annual fee payable to each service provider;
- c) consider whether there are any mandatory requirements relevant to pricing under the industry standards and laws and regulations in relation to the provision of integrated sanitation services in shopping malls in the PRC, as may be amended from time to time, including the requirements relating to minimum wages, payment for overtime work, and payment for social security under the Labor Law of the PRC. Where there are any such requirements not already taken into account within the fee quotations, appropriate adjustments to the fee quotations will be made;
- d) as an internal control practice, require that fee quotations obtained from independent third-parties are affixed with its seal; and
- e) negotiate on the pricing of the integrated sanitation services based on the range of fee quotations obtained in the internally approved Fee Quotation Comparison Tables. Decisions on the pricing and the choice of service provider are made by the Directors, taking into account of the Fee Quotation Comparison Tables and recommendations from the administrative department of the Group. Agreements entered into by the Group for integrated sanitation services are also reviewed by the legal department of the Group.

Based on the above pricing policies and practices, and internal control measures, the Company considers that the integrated sanitation services will be conducted on normal commercial terms or better.

PROPOSED ANNUAL CAPS AND BASIS

As disclosed in the Announcement, in arriving at the annual caps for the Integrated Sanitation Services Framework Agreement, the Company had considered the following factors: (1) the content and standards of integrated sanitation services to be provided; (2) the market prices for similar sanitation services; (3) prices charged for the services provided under the Existing Integrated Sanitation Services Agreement; (4) the technology involved in the integrated sanitation services; (5) the relevant industry standards and laws and regulations on the provision of sanitation services; (6) the operating conditions of the Group's stores and buildings; and (7) the estimated demand for integrated sanitation services by the Group and its members.

The Company wishes to supplement that the historical transaction amounts with Huayu Environmental for the provision of integrated sanitation services to the Group (i) for the financial year ended 31 December 2023 was RMB374,400, and (ii) for the period between 1 January 2024

and 26 April 2024 (being the date of the Integrated Sanitation Services Framework Agreement) was RMB1,148,118.

The Company also wishes to supplement that in estimating the annual caps for the Integrated Sanitation Services Framework Agreement:

- a) the Company has made preliminary estimations of market prices for similar integrated sanitation services by undergoing similar pricing procedures described above with respect to two cities in the PRC in which the Group operates, allowing the Group to assess the differences in pricing between cities;
- b) the Company had also considered the historical transaction amounts above, calculated the estimated transaction amounts on an annualized basis, and adjusted for any likely differences in pricing between cities based on the fee quotations obtained;
- c) [the area of the Group's locations which require integrated sanitation services; and
- d) the Company had similarly considered any mandatory requirements relevant to pricing under the industry standards and laws and regulations in relation to the provision of integrated sanitation services in shopping malls in the PRC, including minimum wage requirements under the Labour Law of the PRC.

Based on the above, the Company considered the annual caps for the Integrated Sanitation Services Framework Agreement to be fair and reasonable as a whole.

By Order of the Board
Maoye International Holdings Limited
Mr. Huang Mao Ru
Chairman

Hong Kong, 10 May 2024

As at the date of this announcement, the Board comprises three executive directors, namely, Mr. Huang Mao Ru, Ms. Lu Xiaojuan and Mr. Tang Haifeng; one non-executive director, namely Mr. Tony Huang; and three independent non-executive directors, namely, Mr. Rao Yong, Mr. Pao Ping Wing and Mr. Gao Yajun.