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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in **MAOYE INTERNATIONAL HOLDINGS LIMITED**, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was affected for transmission to the purchaser or transferee.

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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)**

**MAJOR TRANSACTION  
DISPOSAL OF SHARES IN ZHONGJIA BOCHUANG**

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This circular is despatched to the Shareholders for information purpose only, and a written Shareholder's approval has been obtained in lieu of holding a general meeting of the Company pursuant to the Listing Rules.

30 October 2020

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## DEFINITIONS

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*In this circular, the following expressions have the meanings set out below unless the context requires otherwise:*

“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors;
“Company”	Maoye International Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the main board of the Stock Exchange;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Controlling Shareholder”	Maoye Department Store Investment Limited, a company incorporated in the British Virgin Islands with limited liability and a controlling shareholder (as defined in the Listing Rules) of the Company holding 4,200,000,000 shares in the Company as at the Latest Practicable Date (representing approximately 81.71% of the total issued share capital of the Company);
“Directors”	the directors of the Company;
“Disposal”	the disposal of 13,445,000 ZhongJia BoChuang Shares on the open market by Zhongzhao on 8 May 2020;
“Fourth Disposal”	the disposal of 18,725,800 ZhongJia BoChuang Shares on the open market by Zhongzhao from 19 August 2020 to 7 September 2020;
“Further Disposal”	the further disposal of 6,543,400 ZhongJia BoChuang Shares on the open market by Zhongzhao on 12 May 2020;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Latest Practicable Date”	24 October 2020, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;

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## DEFINITIONS

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“Model Code”	the Model Code for Securities Transaction by Directors of Listed Issuers, as set out in Appendix 10 to the Listing Rules;
“Mr. Huang”	Mr. Huang Mao Ru;
“PRC”	the People’s Republic of China and for the purposes of this circular, excludes Hong Kong, the Macau Special Administrative Regions of the PRC and Taiwan;
“PRC GAAP”	generally accepted accounting principles of the PRC in effect as modified from time to time;
“RMB”	Renminbi, the lawful currency of the PRC;
“SFO”	the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong);
“Shareholders”	the shareholders of the Company;
“Shenzhen Maoye”	Shenzhen Maoye Department Store Co., Ltd (深圳茂業百貨有限公司), a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Third Disposal”	the disposal of 12,436,095 ZhongJia BoChuang Shares on the open market by Shenzhen Maoye on 18 May 2020;
“ZhongJia BoChuang”	ZhongJia BoChuang Information Technology Co., Ltd. (中嘉博創信息技術股份有限公司), a company established in the PRC, the shares of which are listed on the Shenzhen Stock Exchange (stock code: 000889) and an associate of the Company;
“ZhongJia BoChuang Shares”	the ordinary shares in the share capital of ZhongJia BoChuang; and
“Zhongzhao”	Zhongzhao Investment Management Co., Ltd. (中兆投資管理有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company.

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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:*

P.O. Box 31119

Grand Pavilion, Hibiscus Way

802 West Bay Road

Grand Cayman KY1-1205

Cayman Islands

*Head Office in the PRC:*

38/F, Tower A, World Finance Centre,

4003 Shennan East Road

Shenzhen

PRC

30 October 2020

*To the Shareholders*

Dear Sir or Madam,

**MAJOR TRANSACTION  
DISPOSAL OF SHARES IN ZHONGJIA BOCHUANG**

**INTRODUCTION**

Reference is made to the announcements of the Company dated (i) 11 May 2020 in relation to the Disposal; (ii) 15 May 2020 in relation to the Further Disposal; (iii) 19 May 2020 in relation to the Third Disposal; and (iv) 8 September 2020 in relation to the Fourth Disposal (the “**Fourth Disposal Announcement**”) (collectively, the “**Announcements**”). Reference is also made to the announcement of the Company dated 10 September 2020 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 Fourth Disposal; and (ii) other information as required under the Listing Rules.

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## LETTER FROM THE BOARD

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### THE FOURTH DISPOSAL

From 19 August 2020 to 7 September 2020, Zhongzhao, a wholly owned subsidiary of the Company, disposed of 18,725,800 ZhongJia BoChuang Shares on the open market, representing approximately 2.00% of the issued share capital of ZhongJia BoChuang as at the date of the Fourth Announcement, for a consideration of approximately RMB130.87 million (exclusive of transaction costs).

Together with the Disposal of 13,445,000 ZhongJia BoChuang Shares by Zhongzhao on 8 May 2020, the Further Disposal of 6,543,400 ZhongJia BoChuang Shares by Zhongzhao on 12 May 2020 and the Third Disposal of 12,436,095 ZhongJia BoChuang Shares by Shenzhen Maoye on 18 May 2020, Shenzhen Maoye and Zhongzhao disposed of an aggregate of 51,150,295 ZhongJia BoChuang Shares, representing an aggregate of approximately 6.85% of the issued share capital of ZhongJia BoChuang as at the date of the Fourth Announcement (after taking into account the fact that ZhongJia BoChuang used its capital reserve to increase 4 shares for every 10 shares held by its shareholders on 10 July 2020). The total consideration of the Disposal, the Further Disposal, the Third Disposal and the Fourth Disposal was approximately RMB462.52 million (excluding transaction costs). The average selling price of each ZhongJia BoChuang Share was approximately RMB10.23 in relation to the Disposal, the Further Disposal and the Third Disposal. As ZhongJia BoChuang used its capital reserve to increase 4 shares for every 10 shares held by its shareholders on 10 July 2020, it is calculated that the average selling price of each ZhongJia BoChuang Share was approximately RMB6.99 in relation to the Fourth Disposal. As the Company holds 82.80% of the equity interest in Shenzhen Maoye, after the Third Disposal of 1.86% of the issued share capital of ZhongJia BoChuang by Shenzhen Maoye, the Company's equity interest in ZhongJia BoChuang disposed of by Shenzhen Maoye in the Third Disposal was 1.54%. After the Disposal (representing approximately 2.01% of the Company's equity interest in ZhongJia BoChuang), the Further Disposal (representing approximately 0.98% of the Company's equity interest in ZhongJia BoChuang), the Third Disposal (representing approximately 1.54% of the Company's equity interest in ZhongJia BoChuang) and the Fourth Disposal (representing approximately 2.00% of the Company's equity interest in ZhongJia BoChuang), the equity interest in ZhongJia BoChuang held by the Company was reduced from approximately 22.18% to approximately 15.66%.

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

### INFORMATION ON ZHONGJIA BOCHUANG

Zhongjia BoChuang is a company established in the PRC, the shares of which are listed on the Shenzhen Stock Exchange (stock code: 000889) and an associate of the Company. ZhongJia BoChuang is mainly engaged in intelligent information transmission, communication network maintenance and financial service outsourcing business.

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## LETTER FROM THE BOARD

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Based on the audited accounts of ZhongJia BoChuang prepared based on PRC GAAP, the audited net profit (before taxation) and the audited net profit (after taxation) of ZhongJia BoChuang for each of the financial years ended 31 December 2018 and 2019 are as follows:

	For the financial year ended	
	31 December	
	2019	2018
	<i>approximate</i>	<i>approximate</i>
	<i>RMB million</i>	<i>RMB million</i>
Net profit (loss) before taxation	(1,221.25)	294.90
Net profit (loss) after taxation	<u>(1,240.17)</u>	<u>252.90</u>

As at 31 December 2019, the total assets and net assets of ZhongJia BoChuang (based on PRC GAAP) were approximately RMB3,907.60 million and RMB2,322.63 million, respectively.

After the Disposal, the Further Disposal, the Third Disposal and the Fourth Disposal, the equity interest in ZhongJia BoChuang held by the Company was reduced from approximately 22.18% to approximately 15.66%.

### LISTING RULES IMPLICATIONS

In respect of the Fourth Disposal, as one of the applicable percentage ratios on a standalone basis exceeds 5% but all of the applicable percentage ratios are less than 25%, the Fourth 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. In respect of the Disposal, the Further Disposal, the Third Disposal and the Fourth Disposal, as one of the applicable percentage ratios on an aggregate basis exceeds 25% but all of the applicable percentage ratios are less than 75%, the Disposal, the Further Disposal, the Third Disposal and the Fourth Disposal, on an aggregate basis, constitute a major transaction for the Company and is subject to the reporting, announcement, circular 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 knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Fourth Disposal. As no Shareholder is required to abstain from voting if the Company were to convene a general meeting for approving of the Fourth Disposal, 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 Latest Practicable Date) pursuant to Rule 14.44 of the Listing Rules. After the obtaining of such written shareholder's approval, the Company is not required to convene a general meeting for the approval of the Fourth Disposal.

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## LETTER FROM THE BOARD

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### REASONS FOR AND BENEFITS OF THE DISPOSAL, THE FURTHER DISPOSAL, THE THIRD DISPOSAL AND THE FOURTH DISPOSAL

The Board considers that the Disposal, the Further Disposal, the Third Disposal and the Fourth Disposal will enable the Company to further focus on its principal business and to optimise its financial structure. Subject to the results of the audit procedures to be carried out, the Group is expected to record pre-tax investment income of approximately RMB37.41 million as a result of the Disposal, the Further Disposal, the Third Disposal and the Fourth Disposal, which is calculated on the basis of the difference between the book value and the consideration (exclusive of the transaction expenses) for ZhongJia BoChuang Shares by the long-term equity investment equity method. As at 31 August 2020, the book value of the ZhongJia BoChuang Shares in relation to the Disposal, the Further Disposal, the Third Disposal and the Fourth Disposal was approximately RMB424.95 million. The Group intends to use the proceeds of the Disposal, the Further Disposal, the Third Disposal and the Fourth Disposal to repay its loans and to supplement its general working capital.

As the Disposal, the Further Disposal, the Third Disposal and the Fourth Disposal were made based on market prices, the Directors (including the independent non-executive Directors) are of the view that the Disposal, the Further Disposal, the Third Disposal and the Fourth Disposal were fair and reasonable, on normal commercial terms and 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.

#### Shenzhen Maoye

Shenzhen Maoye is a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company.

#### Zhongzhao

Zhongzhao is an investment holding company established in the PRC with limited liability and a wholly-owned subsidiary of the Company.

### FINANCIAL EFFECTS OF THE FOURTH DISPOSAL AND USE OF PROCEEDS

As at the Latest Practicable Date, the Disposal, the Further Disposal, the Third Disposal and the Fourth Disposal had been completed and the Company's equity interest in ZhongJia BoChuang had been reduced from approximately 22.18% to approximately 15.66%, and ZhongJia BoChuang continues to be an associate of the Company. Subject to the results of the audit procedures to be carried out, the Group is expected to record pre-tax investment income of approximately RMB37.41 million as a result of the Disposal, the



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## LETTER FROM THE BOARD

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Further Disposal, the Third Disposal and the Fourth Disposal, which is calculated on the basis of the difference between book value and the consideration (exclusive of the transaction expenses) for ZhongJia BoChuang Shares by the long-term equity investment equity method. The pre-tax investment income of the Disposal, the Further Disposal and the Third Disposal in aggregate was approximately RMB30.95 million (unaudited). As the difference between the consideration for the Fourth Disposal (being RMB130.87 million, exclusive of the transaction expenses) and the book value of ZhongJia BoChuang Shares in respect of the Fourth Disposal calculated by the long-term equity investment equity method (being RMB124.41 million) was RMB6.46 million (unaudited), subject to the results of the audit procedures to be carried out, a pre-tax investment income of approximately RMB37.41 million is expected to be recorded as a result of the Disposal, the Further Disposal, the Third Disposal and the Fourth Disposal. As at 31 August 2020, the book value of the ZhongJia BoChuang Shares in relation to the Disposal, the Further Disposal, the Third Disposal and the Fourth Disposal was approximately RMB424.95 million. The Group intends to use the proceeds of the Disposal, the Further Disposal, the Third Disposal and the Fourth Disposal to repay its loans and to supplement its general working capital.

As ZhongJia BoChuang is accounted for as an associate of the Company and as such the assets and liabilities of ZhongJia BoChuang are not consolidated in the consolidated accounts of the Company. Accordingly, the Disposal, the Further Disposal, the Third Disposal and the Fourth Disposal have no effect on the assets and liabilities of the Group. The Company's share of net assets of ZhongJia BoChuang is expected to reduce as a result of the Disposal, the Further Disposal, the Third Disposal and the Fourth Disposal since the equity interest in ZhongJia BoChuang held by the Company had reduced.

### ADDITIONAL INFORMATION

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

### RECOMMENDATION

As the Disposal, the Further Disposal, the Third Disposal and the Fourth Disposal 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 Disposal, the Further Disposal, the Third Disposal and the Fourth Disposal were fair and reasonable, on normal commercial terms 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 Fourth 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 Fourth Disposal and hence pursuant to Rule 14.44 of the Listing Rules, no general meeting of the Company will be convened to approve the Fourth Disposal.

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

**FINANCIAL INFORMATION OF THE GROUP**

The audited consolidated financial statements of the Group for the years ended 31 December 2017, 2018 and 2019 are disclosed in the annual reports of the Company for the year ended 31 December 2017, 2018 and 2019, respectively, which have been published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.maoye.cn](http://www.maoye.cn)):

- annual report of the Company for the year ended 31 December 2019, on pages 93 to 254: <https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0420/2020042000505.pdf>
- annual report of the Company for the year ended 31 December 2018, on pages 72 to 234: <https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0403/ltn201904031432.pdf>
- annual report of the Company for the year ended 31 December 2017, on pages 59 to 175: <https://www1.hkexnews.hk/listedco/listconews/sehk/2018/0409/ltn20180409740.pdf>

**WORKING CAPITAL STATEMENT**

The Directors are of the opinion that, after taking into account its present available financial resources, the Group will have sufficient working capital for its present requirements and for the period up to 12 months from the date of this circular in the absence of unforeseen circumstances.

**INDEBTEDNESS STATEMENT**

As at 31 August 2020, the Group had total outstanding interest-bearing bank loans and other borrowing of approximately RMB15,765 million, comprising secured current bank loans of approximately RMB3,115 million, secured current portion of long-term bank loans of approximately RMB2,641 million, secured non-current bank loans of approximately RMB9,335 million, unsecured other long-term loans of approximately RMB674 million.

As at 31 August 2020, the Group's bank loans were secured by certain land and buildings, right-of-use assets, investment properties and properties under development of the Group of approximately RMB3,836 million, RMB397 million, RMB8,586 million and RMB450 million, respectively.

As at 31 August 2020, Shenzhen Maoye Shangsha Co., Ltd., Shenzhen Maoye Investment Holdings Co., Ltd., Shanxi Maoye Land and Real Estate Development Co., Ltd., Maoye Commercial Co., Ltd., Chengdu Qingyang District Renhe Chuntian Department Store Co., Ltd., Chengdu Renhe Chuntian Department Co., Ltd., Mr. Huang Mao Ru and Mrs. Huang Jingzhang (spouse of Mr. Huang Mao Ru), Shenzhen Maoye (Group) Co., Ltd., Baoding Maoye Department Co., Ltd., Anhui Guorun Investment Development Co., Ltd., Mr. Lin Zhenxiong, Zhongzhao Investment Management Co., Ltd., have guaranteed certain of the Group's bank loans of RMB7,840 million in which some bank loans are guaranteed by one party while some bank loans are jointly guaranteed by several parties.

As at 31 August 2020, the Group's bank loans of RMB795 million were secured by pledging shares of Maoye Commercial Co., Ltd. with fair value of approximately RMB884 million.

As at 31 August 2020, pursuant to International Financial Reporting Standard 16 (IFRS 16), the Group had total lease liabilities under lease arrangements which arrived at RMB2,738 million.

Save as aforesaid, as at the close of business on 31 August 2020, the Group did not have any outstanding mortgages, pledge, debentures, loan capital, bank loans and overdrafts or other similar indebtedness, finance leases or hire purchase commitments, acceptance liabilities or acceptance credits, any guarantees or other material contingent liabilities.

### FINANCIAL AND TRADING PROSPECT OF THE GROUP

In the first half of 2020, facing the tough challenges brought about by the outbreak of the novel coronavirus (“COVID-19”), the PRC’s gross domestic product (“GDP”) growth decreased by 1.6% on a year-on-year basis. In terms of quarters, the GDP in the first quarter was down by 6.8% and in the second quarter was up by 3.2% year-on-year. With the achievements in prevention and control of COVID-19 and the resumption of work and production, PRC’s economy has steadily recovered with growth turned from negative to positive. The overall economy has shown an obvious recovery trend.

In the first half of 2020, the PRC’s total retail sales of consumer goods amounted to RMB17,000 billion, down by 11.4% on a year-on-year basis. Among which, the amount was down by 3.8% in the second quarter year-on-year. Such decrease was significantly narrowed by 15.2% as compared with the first quarter. The decrease in market demand and the sharp decrease in production caused apparent impacts on investment, consumption and exports. Consumption-related industries such as tourism, catering, retail, entertainment, transport and logistics, off-line education and training were the most severely impacted.

The first quarter of 2020 marked the peak for COVID-19 in the PRC. In order to control the spread of COVID-19, local governments in the PRC introduced many strict preventive measures and management regulations, which significantly and adversely impacted the normal operation hours and customer flow for department stores and shopping centres. According to the statistics of the National Commercial Information Centre (全國商業信息中心) of PRC, during the first half of 2020, the aggregate retail sales of goods of the top 100 key large nationwide retailers decreased by 27% on a year-on-year basis. In particular, such amount was down by 17.5% in the second quarter year-on-year. The decrease was significantly narrowed by 17.6% as compared with the first quarter. The effective measures adopted in the PRC in controlling the spread of COVID-19 and resuming the economy raised market confidence and consumption has displayed a steady and gradual recovery.

For the six months ended 30 June 2020, the Group operated and managed a total of 48 stores in 21 cities nationwide with total operating area of approximately 3.04 million sq.m. of which operating area attributable to self-owned properties accounted for 78.99% and the proportion of gross floor area of related party leases reached 85.58%. Coverage of key cities included Shenzhen and Zhuhai in Guangdong; Chengdu in Sichuan; Chongqing; Wuxi, Taizhou and Nanjing in Jiangsu; Zibo in Shandong; Qinhuangdao and Baoding in Hebei; Shenyang in Liaoning; Taiyuan in Shanxi; Baotou and Hohhot in Inner Mongolia.

During the reporting period, due to the impact of COVID-19, residents were required to quarantine at home, resulting in the significant decrease in the traffic of stores. During this period, the Group actively responded to the call of the Government and actively fulfilled its social responsibility by providing tenants with rent reduction support to get through the tough times during COVID-19. Meanwhile, the Group strengthened its measures to reduce cost and enhance efficiency, uplift its corporate profitability and actively develop online marketing channels. With the integration of online and offline channels, the Group realized cross referrals and cross sales, promoted diversified business development, continued to advance in the adjustment and upgrade of stores, strengthened and refined the

measures in management and the continuation in reducing financial leverage, resulting in the effective enhancement in the Group's resistance to risks. Its achievements were mainly reflected in the following aspects:

- Actively fulfil its social responsibilities and assist the suppliers to ride through the tough times during the epidemic;
- Rapid expansion of online business and expedite the layout of Maoye retail omni-channel;
- Control cost and enhance efficiency to create core competitiveness;
- Reduce financial leverage and further improve debt structure; and
- Disposal of non-core listed equity investments.

Going forward, the Group will continue to maintain a steady and solid development strategy. While maintaining long-term competitiveness for the sustainable development, concentrating on further enhancing core competitiveness, focusing on the operation scale and enhancing benefits, the Group will strengthen its business innovation and transformation.

For the six months ended 30 June 2020, total sales proceeds and rental income of the Group were RMB4,508.2 million, representing a decrease of 40.9% compared to the same period of 2019. The decrease of total sales proceeds and rental income was primarily due to the extensive business impact on the department and retail industry from the outbreak of COVID-19 since early 2020.

	<b>Six months ended 30 June 2020</b> <i>(RMB'000)</i>
Total sales proceeds from concessionaire sales	3,331,797
Direct sales	683,658
Rental income	<u>492,747</u>
Total sales proceeds and rental income	<u><u>4,508,202</u></u>

Among the total sales proceeds and rental income of the Group in the first half of 2020, total sales proceeds derived from concessionaire sales accounted for 73.9%, those derived from direct sales accounted for 15.2%, and those derived from rental income accounted for 10.9%. For the six months ended 30 June 2020, sales proceeds from concessionaire sales were RMB3,331.8 million, representing a decrease of 45.7% compared to the same period in 2019; rental income were RMB492.7 million, representing a decrease of 8.9% compared to the same period in 2019. For the six months ended 30 June 2020, the net profit was RMB127.3 million, representing a decrease of 69.8% as compared with RMB422.0 million for the same period in 2019.

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

## 2. DISCLOSURE OF INTERESTS

### (a) Directors' and chief executives' interests and short positions in shares and underlying shares of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of the Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

#### (i) Long positions in the shares of the Company

Name of director	Capacity	Number of ordinary shares interested	Approximate percentage of the Company's issued share capital
Mr. Huang Mao Ru	Interest of controlled corporations	4,200,000,000 (Note)	81.71%
	Beneficial owner	50,000,000	0.97%
		<u>4,250,000,000</u>	<u>82.68%</u>
Ms. Lu Xiaojuan	Beneficial owner	<u>411,000</u>	<u>0.01%</u>

*Note:* These shares were held by Maoye Department Store Investment Limited, a wholly-owned subsidiary of MOY International Holdings Limited, which in turn was wholly owned by Mr. Huang.

*(ii) Long position in shares of associated corporations of the Company*

*Maoye Department Store Investment Limited, the immediate holding company of the Company*

<b>Name of director</b>	<b>Capacity</b>	<b>Number of ordinary shares interested</b>	<b>Percentage of the issued share capital in such associated corporation</b>
Mr. Huang Mao Ru	Interest of controlled corporations	2 (Note)	100%

*Note:* These shares were held by MOY International Holdings Limited, which was wholly owned by Mr. Huang.

*MOY International Holdings Limited, the ultimate holding company of the Company*

<b>Name of director</b>	<b>Capacity</b>	<b>Number of ordinary shares interested</b>	<b>Percentage of the issued share capital in such associated corporation</b>
Mr. Huang Mao Ru	Beneficial owner	100	100%

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

As at the Latest Practicable Date, no Director or proposed Director was a director or employee of a company which has an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO.

**(b) Substantial shareholders' interests and short positions in shares and underlying shares of the Company**

As at the Latest Practicable Date, the following persons (other than the Directors of the Company, whose interests have been disclosed in the above section headed "Directors' and chief executives' interests and short positions in shares and underlying shares of the Company and its associated corporations") had interests of 5% or more in the shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

*Long position in the shares of the Company*

<b>Name</b>	<b>Capacity</b>	<b>Number of ordinary shares interested</b>	<b>Approximate percentage of the Company's issued share capital</b>
Mrs. Huang Jingzhang	Interest of spouse	4,250,000,000 (Note (a))	82.68%
Maoye Department Store Investment Limited	Beneficial owner	4,200,000,000 (Note (b))	81.71%
MOY International Holdings Limited	Interest of controlled corporation	4,200,000,000 (Note (b))	81.71%

*Notes:*

- (a) Mrs. Huang Jingzhang was deemed to be interested in these shares through the interest of her spouse, Mr. Huang.
- (b) Maoye Department Store Investment Limited was a wholly-owned subsidiary of MOY International Holdings Limited. Such interests were also disclosed as the interests of Mr. Huang in the above section headed "Directors' and Chief Executives' Interests and Short Positions in Shares and Underlying Shares of the Company and its Associated Corporations".

Save as disclosed above, as at the Latest Practicable Date, no person (other than the directors of the Company, whose interests have been disclosed in the above section headed "Directors' and chief executives' interests and short positions in shares and underlying shares of the Company and its associated corporations") had an interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of



Part XV of the SFO or who were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

### 3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had a service contract with the Company or any of its subsidiaries which is not determinable within one year without payment of compensation other than statutory compensation.

### 4. LITIGATION

On 14 December 2011, Taizhou First Department Store Co., Ltd. (“**Taizhou First**”), a subsidiary of the Group, entered into the Property Lease Agreement (the “**Agreement**”) with Liyang Fenglian Property Development Co., Ltd. (“**Fenglian Company**”), pursuant to which, Taizhou First will rent the property of Fenglian Company to operate Maoye Department Store Liyang Pingling Square Branch (“**Liyang Store**”). On 19 December 2014, Fenglian Company filed a lawsuit at the Changzhou Intermediate People’s Court (the “**Court**”) over the unilateral termination of the Agreement by Taizhou First. On 17 July 2018, Fenglian Company amended its litigation claims, requiring an order that Taizhou First shall pay a property use fee of RMB81,126,129, a rental loss of RMB14,316,376, a commercial service fee of RMB239,700 and interest.

On 28 November 2018, the Court adjudicated that the lease agreement and supplemental lease agreement entered into between the two parties were terminated on 30 November 2014 and that Taizhou First shall compensate Fenglian Company for the use of its property in the amount of RMB66,611,996, the interest from 1 December 2014 to the date of full settlement which shall be calculated at the prevailing lending rate stipulated by the People’s Bank of China, and the handling costs relating to the case. The court judgment also rejected the other litigation claims from Fenglian Company. Both Taizhou First and Fenglian Company appealed against the court judgment. The court hearing was held at the Jiangsu High People’s Court (江蘇省高級人民法院) on 7 May 2019 and the trial is still in progress.

Upon consulting with the lawyer, the management of the Group has made provision for the litigation of RMB25,000,000.

As at the Latest Practicable Date, save as disclosed above, no members of the Group were engaged in any litigation or claim of material importance known to the Directors to be pending or threatened against any member of the Group.



## 5. COMPETING INTERESTS

As at the Latest Practicable Date, save as disclosed below, none of the Directors nor their respective associates had any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

Mr. Huang owns Wuxi Maoye Department Store Company Limited through Maoye Holdings Limited, a company wholly-owned by Mr. Huang. Wuxi Maoye Department Store Company Limited operates the Maoye Wuxi Store, and is engaged in department store operation. As at 30 June 2020, its unaudited net assets amounted to RMB198.2 million. For the six months ended 30 June 2020, (i) its unaudited operating income amounted to approximately RMB105.1 million, and (ii) its unaudited net profit after tax amounted to approximately RMB8.6 million. The Maoye Wuxi Store is managed by the Group under management agreements entered on 5 May 2017 to operate Maoye-branded department stores.

In addition, Mr. Huang owned a 18.93% equity interest in Guiyang Friendship Group Holdings Company Limited (the “**Guiyang Friendship Group**”) as of the Latest Practicable Date. Guiyang Friendship Group focuses on department store retailing, and is a comprehensive enterprise with commercial real estate and property management business as well. It primarily operates the Times Square Shopping Mall Store in Guiyang, Guizhou Province. As at 30 June 2020, its unaudited net assets amounted to RMB99.1 million. For the six months ended 30 June 2020, (i) its unaudited operating income amounted to approximately RMB59.8 million, and (ii) its unaudited net profit after tax amounted to approximately RMB438,000.

## 6. DIRECTORS’ INTERESTS IN ASSETS/CONTRACTS AND OTHER INTERESTS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interests in any asset which had been acquired, or disposed of by, or leased to any member of the Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Group since 31 December 2019, the date to which the latest published audited financial statements of the Group were made up.

As at the Latest Practicable Date, save as disclosed below, no Director had a significant beneficial interest in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year:

The Company and Maoye Holdings Limited which is wholly-owned by Mr. Huang, have entered into the new leasing framework agreement dated 28 December 2018 (the “**New Leasing Framework Agreement**”) as amended by the supplemental agreement dated 14 March 2019 and the supplemental agreement dated 29 May 2019, pursuant to which the Group may lease premises from Maoye Holdings Limited for (i) a period of six years with effect from 1 January 2019 in respect of the lease of the relevant premises for office use, and (ii) a period of 15 years with effect from 1 January 2019 in respect of the lease of the relevant premises for operational use.

## 7. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the members of the Group within two years immediately preceding the issue of this circular:

- (a) The supplemental loan agreement dated 28 December 2018 entered into between Shenzhen Maoye Department Store Company Limited (深圳茂業百貨有限公司), as lender, and Mr. Zou Zhaobin (鄒招斌) (“**Mr. Zou**”), as borrower, in relation to the extension of the loan agreement dated 29 December 2017 in the principal amount of RMB399,933,400;
- (b) The agreement dated 12 July 2019 entered into among Maoye Commercial Co., Ltd. (茂業商業股份有限公司), Zhongzhao Investment Management Co., Ltd. (中兆投資管理有限公司), Mr. Xu Kai (徐凱), Shenzhen Dingju Investment Limited (深圳市頂聚投資有限公司), Shenzhen Ruihe Shengshi Investment Management Enterprises (Limited Partnership) (深圳市瑞合盛世投資管理企業(有限合夥)) and Ping An Securities Co., Ltd. (平安證券股份有限公司), as vendors, and Shenyang Commercial City Co., Ltd. (瀋陽商業城股份有限公司), as purchaser, in relation to the disposal of entire equity interest in Shenzhen Ugo E-commerce Co., Ltd. (深圳優依購電子商務股份有限公司), and the acquisition of consideration shares in Shenyang Commercial City Co., Ltd. (瀋陽商業城股份有限公司), the consideration of which shall be further agreed between the aforementioned parties based on the valuation of Shenzhen Ugo E-commerce Co., Ltd. (深圳優依購電子商務股份有限公司), as assessed by a qualified accountant and valuer. This transaction was terminated on 27 August 2019 as the parties could not agree on the key terms such as consideration;
- (c) The agreement dated 22 January 2020 entered into among Maoye Commercial Co., Ltd. (茂業商業股份有限公司) Baotou Maoye Real Estate Co., Ltd. (“**Baotou Maoye**”), Donghe District People’s Government of Baotou (“**Baotou Donghe District Government**”) and Baotou Donghe District Urban Infrastructure Investment Development Co., Ltd. (“**Baotou City Infrastructure Investment Company**”), pursuant to which Baotou Maoye intended to invest in the Donghe project with an investment amount of approximately RMB1,200 million (including all development costs such as land and construction) and Maoye Commercial Co., Ltd. (茂業商業股份有限公司) and Baotou Maoye agreed to advance the total demolition costs for the Donghe project in an estimated amount of RMB393 million in view of the fact that some of the buildings in the sites under the Donghe project had not been demolished and to effectively promote the implementation of the demolition work and accelerate the progress of the Donghe project;
- (d) The agreement dated 16 March 2020 entered into among Maoye Commercial Co., Ltd. (茂業商業股份有限公司) (the “**Purchaser**”), Victoria Investment Holding Co., Ltd. (維多利投資控股有限公司) (the “**Vendor**”) and Mr. Zou, pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase 15% of the equity interests in Inner Mongolia Victoria Commercial

(Group) Co., Ltd.\* (內蒙古維多利商業(集團)有限公司) (the “**Target Company**”), for a consideration of RMB577.5 million (of which RMB48.1 million does not have to be paid by the Purchaser);

- (e) The agreement dated 16 March 2020 entered into among the Purchaser, Shenzhen Maoye Department Store Co., Ltd. (深圳茂業百貨有限公司), the Vendor, Mr. Zou and the Target Company, pursuant to which the payment method of the consideration for the 15% equity interest of the Target Company was agreed;
- (f) The agreement dated 16 March 2020 entered into among Shenzhen Maoye Department Store Co., Ltd. (深圳茂業百貨有限公司), the Vendor and Mr. Zou, pursuant to which the Vendor agreed to repay, together with Mr. Zou, to the Purchaser, the obligations under the term loan in the principal amount of RMB399,933,400 under the loan agreement entered into between the Lender and the Borrower on 29 December 2017, and the maturity date of such loan agreement had been further extended from 31 December 2019 to 16 March 2020;
- (g) The agreement dated 16 March 2020 entered into between Shenzhen Maoye Department Store Co., Ltd. (深圳茂業百貨有限公司) and the Vendor, pursuant to which Shenzhen Maoye Department Store Co., Ltd. (深圳茂業百貨有限公司) agreed that the Vendor could transfer the share pledge of 15% equity interest in the Target Company in favour of Shenzhen Maoye Department Store Co., Ltd. (深圳茂業百貨有限公司) to the Purchaser; and
- (h) The agreement dated 8 April 2020 entered into among Maoye Commercial Co., Ltd., Baotou Maoye, Baotou Donghe District Government and Baotou City Infrastructure Investment Company, pursuant to which Baotou Donghe District Government agreed that in the event that Baotou Maoye fails to win the bid for the Donghe project for any reason, it would coordinate with the Baotou Municipal People’s Government to repay Baotou Maoye the demolition costs (after deducting relevant expenses) in accordance with relevant regulations within 30 working days after Baotou Maoye failed to win the bid.

## 8. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial position or trading position of the Group since 31 December 2019, being the date to which the latest published and audited financial statements of the Group were made up.

**9. MISCELLANEOUS**

- (a) The registered office of the Company is located at P.O. Box 31119, Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman KY1-1205, Cayman Islands. The head office in the PRC is at 38/F, Tower A, World Finance Centre, 4003 Shennan East Road, Shenzhen, PRC and the principal place of business in Hong Kong is at Room 3301, 33/F, Office Tower Convention Plaza, No. 1 Harbour Road, Wanchai, Hong Kong.
- (b) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (c) The company secretary of the Company is Ms. So Ka Man (“**Ms So**”). Ms. So was appointed as the secretary of the Company in November 2017. She is a director of the Corporate Services Division of Tricor Services Limited, a global professional services provider specializing in integrated business, corporate and investor services. Ms. So is a Chartered Secretary and a fellow of both the Hong Kong Institute of Chartered Secretaries and the Chartered Governance Institute in the United Kingdom. Apart from the Company, Ms. So, has been providing professional secretarial services to a number of listed companies.
- (d) This circular has been printed in English and Chinese, in the event of inconsistency, the English version shall prevail.

**10. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection during normal business hours (i.e. 9:30 a.m. to 5:00 p.m., Monday to Friday (public holidays excluded)) at the offices of Herbert Smith Freehills in Hong Kong at 23/F, Gloucester Tower, 15 Queen's Road Central, Hong Kong from the date of this circular up to and including at least 14 days after the date of this circular:

- (a) the articles of association of the Company;
- (b) the letter from the Board, the text of which is set out on pages 3 to 8 of this circular;
- (c) the material contracts referred to in the paragraph headed “Material Contracts” in this appendix;
- (d) the 2018 and 2019 annual reports of the Company; and
- (e) this circular.