
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



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
IN RELATION TO
THE RELOCATION COMPENSATION AGREEMENT
FOR THE LAND, PROPERTIES AND FACILITIES**

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.

31 March 2023

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	4
Appendix I – Financial Information of the Group	I-1
Appendix II – Independent Qualified Valuation Report	II-1
Appendix III – General Information	III-1

DEFINITIONS

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

“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Chengdu Jinniu”	Chengdu Jinniu Guotou Construction Co.,Ltd. (成都市金牛國投建設有限公司), a company incorporated in China
“Chengshang Holding”	Chengshang Group Holding Co., Ltd. (成商集團控股有限公司), a company incorporated in China and an indirect non-wholly-owned subsidiary of the Company
“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 of the Latest Practicable Date (representing approximately 81.71% of the total issued share capital of the Company)
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Independent Qualified Valuer”	Graval Consulting Limited
“Independent Qualified Valuation Report”	means the valuation report issued by the Independent Qualified Valuer in respect of the Land, Properties, and Facilities
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

DEFINITIONS

“Land, Properties and Facilities”	the land (the “ Land ”), properties (the “ Properties ”) and facilities (the “ Facilities ”) situated on No.2, Gongjiao Road, North Railway Station, Jinniu District, Chengdu, Sichuan Province, China. The Land area is 3,041.20 sq.m., and the gross floor area of the Properties and Facilities is 9,063.54 sq.m. (floor area of 7,204 sq.m. as recorded in the real estate certificate)
“Latest Practicable Date”	27 March 2023, 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
“Maoye Commercial”	Maoye Commercial Co., Ltd. (茂業商業股份有限公司), an indirect non-wholly-owned subsidiary of the Company, and a joint stock limited company established in the PRC and listed on the Shanghai Stock Exchange (stock code: 600828)
“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” or “China”	the People’s Republic of China and for the purposes of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“PRC GAAP”	generally accepted accounting principles of the PRC in effect as modified from time to time
“Relocation”	the relocation of Chengshang Holding under the terms and conditions of the Relocation Compensation Agreement
“Relocation Compensation”	the aggregate amount of approximately RMB415.70 million payable to Chengshang Holding as compensation for the Relocation under the Relocation Compensation Agreement
“Relocation Compensation Agreement”	the relocation compensation agreement entered into between Chengshang Holding and Chengdu Jinniu on 22 December 2022

DEFINITIONS

“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the shareholders of the Company
“sq.m.”	square metres
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Valuation Company”	Xiamen Jiaxue Real Estate Appraisal Co., Ltd.

LETTER FROM THE BOARD



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

31 March 2023

To the Shareholders

Dear Sir or Madam,

**MAJOR TRANSACTION
IN RELATION TO
THE RELOCATION COMPENSATION AGREEMENT
FOR THE LAND, PROPERTIES AND FACILITIES**

INTRODUCTION

Reference is made to the announcements of the Company dated 9 December 2022, 22 December 2022, and 12 January 2023, in relation to, among other things, the Relocation Compensation Agreement, pursuant to which Chengshang Holding will receive an aggregate sum of approximately RMB415.70 million as the Relocation Compensation for the Relocation. Capitalised terms used herein shall have the same meanings as those defined in the announcement of the Company dated 22 December 2022, unless the context otherwise requires.

LETTER FROM THE BOARD

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

THE RELOCATION

The Board announces that on 22 December 2022, Chengshang Holding, an indirect non-wholly-owned subsidiary of the Company, entered into the Relocation Compensation Agreement in relation to, among other things, the Relocation and the Relocation Compensation with Chengdu Jinniu. Pursuant to the Relocation Compensation Agreement, Chengshang Holding will receive an aggregate sum of approximately RMB415.70 million as the Relocation Compensation for the Relocation.

Further particulars of the Relocation Compensation Agreement are set below:

- Parties:**
- (1) Chengdu Jinniu; and
 - (2) Chengshang Holding.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Chengdu Jinniu and its ultimate beneficial owner, Chengdu Jinniu District Finance Bureau (成都市金牛區財政局), are third parties independent of the Company and its connected persons (as defined under the Listing Rules).

**Subject matter of the
Relocation
Compensation:**

The Land, Properties and Facilities are situated on No.2, Gongjiao Road, North Railway Station, Jinniu District, Chengdu, Sichuan Province, China. The land area is 3,041.20 sq.m. The total floor area within the parcel of land is 9,063.54 sq.m. (floor area of 7,204 sq.m. as recorded in the real estate certificate). At present, the upper building of the land is a shopping mall, which is mainly used for external lease.

LETTER FROM THE BOARD

- Amount of the Relocation Compensation:** Approximately RMB415.70 million, which was determined by Chengshang Holding and Chengdu Jinniu after lengthy arm's length negotiations in accordance with relevant PRC laws and regulations. In determining the amount of the Relocation Compensation, consideration was placed on (i) the strategic importance of the location of the Land, Properties and Facilities to the overall construction plans of the Chengdu Chongqing Central Railway Line, and (ii) the fact that the Relocation Compensation represents a policy-based compensation, subsidy, reward and incentive payment in furtherance of the construction of the Chengdu Chongqing Central Railway Line. Consideration was also placed on the valuation report issued by the Valuation Company. The amount of the Relocation Compensation shall be payable by Chengdu Jinniu at such time and in such manner as follows:
- (1) a sum of approximately RMB166.28 million shall be paid by Chengdu Jinniu to Chengshang Holding within 15 business days of the signing of the Relocation Compensation Agreement;
 - (2) a sum of approximately RMB228.64 million shall be paid by Chengdu Jinniu to Chengshang Holding within 15 business days of Chengshang Holding handing over the entirety of the Land, Properties and Facilities to Chengdu Jinniu and inspected by Chengdu Jinniu; and
 - (3) the remaining balance in the amount of approximately RMB20.78 million shall be paid by Chengdu Jinniu to Chengshang Holding within 15 business days of Chengshang Holding completing the cancellation of registration of the relevant water, electricity and gas accounts, and the state-owned land use rights certificate.
- Conditions precedent:**
- (1) Chengshang Holding shall deliver the originals of any title certificates to the Land, Properties and Facilities to Chengdu Jinniu upon signing of the Relocation Compensation Agreement; and

LETTER FROM THE BOARD

- (2) Chengshang Holding shall vacate the Land, Properties and Facilities within 60 business days of the signing of the Relocation Compensation Agreement, for Chengdu Jinniu's demolition.

As at the Latest Practicable Date, the above conditions have been fulfilled.

As at the Latest Practicable Date:

- (1) Chengshang Holding has received the first tranche of the Relocation Compensation, being the sum of approximately RMB166.28 million; and
- (2) In accordance with the Relocation Compensation Agreement, Chengshang Holding has vacated the Land, Properties and Facilities, and handed over the same to Chengdu Jinniu. Chengdu Jinniu has completed inspections of the Land, Properties and Facilities, and Chengshang Holding has received the second tranche of the Relocation Compensation, being the sum of approximately RMB228.64 million.

IMPLICATIONS UNDER THE LISTING RULES

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the proposed transaction contemplated under the Relocation Compensation Agreement exceeds 25%, but all applicable percentage ratios are less than 75%, the proposed transaction contemplated under the Relocation Compensation Agreement constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement, circular and Shareholders' approval requirements under 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 Relocation. Thus, if the Company were to convene a general meeting to approve the Relocation, no Shareholder would be required to abstain from voting on the resolutions in relation thereof. 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 in the Listing Rules) of the Company holding 4,200,000,000 shares in the Company as of the Latest Practicable Date (representing approximately 81.71% of the total issued share capital of the Company) for the approval of the Relocation 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 Relocation.

LETTER FROM THE BOARD

REASONS FOR AND BENEFITS FOR THE RELOCATION

As part of the construction plan of the Chengdu Chongqing Central Railway Line of the Chengdu Municipal Government of Sichuan Province, the Jinniu District Government of Chengdu issued to Chengshang Holding a notice of land resumption work. Chengshang Holding and Chengdu Jinniu conducted fair negotiations over the handling of the Land, Properties and Facilities for the Relocation, and signed the Relocation Compensation Agreement. The Land, Properties and Facilities were originally used as a shopping centre, with an annual after-tax rental income of approximately RMB 6.2 million and RMB 4.1 million for the financial years ended 31 December 2021 and 2022, respectively. Chengshang Holding has made reasonable arrangements for the subsequent transitional matters, by making arrangements for the removal of existing tenants, the termination of existing utilities accounts, and the handover, of the Land, Properties and Facilities. As at the Latest Practicable Date, the Land, Properties and Facilities have been fully vacated. Upon receipt of the second tranche of the Relocation Compensation, Chengshang Holding plans to further proceed to cancel the registration of its property rights of the Land, Properties and Facilities. Although the Company has not identified a relocation site or substitute for the Land, Properties and Facilities, and instead plans to focus its efforts and resources on other existing and potential projects, given the relatively small percentage contribution of the rental income to the total revenue of the Group, and the fact that a net gain will be made from the Relocation, the Directors are of the view that the Relocation will not have a significant negative impact on Chengshang Holding's business operations. It is intended that the Relocation Compensation will be applied as general working capital and for the business development of Chengshang Holding, and the management of Chengshang Holding will ensure that the Relocation Compensation is used reasonably. The Relocation will have a positive impact on the 2022 financial indicators of Chengshang Holding and the Company, and will help the Company's development of its future business and implementation of its strategy.

As of the date of signing of the Relocation Compensation Agreement, the unaudited book value of the Land, Properties and Facilities was approximately RMB140.87 million. After deducting the estimated expenses and taxes relating to the Relocation, it is expected that the Group will recognise an unaudited net gain of approximately RMB205.16 million from the Relocation. Shareholders should note that the actual gains and losses recorded in relation to the Relocation Compensation Agreement will be subject to review and audit by the Company's auditors, and it may be different from the above amount.

In view of the above, the Directors (including the independent non-executive Directors) consider that the terms of the Relocation Compensation Agreement are on normal commercial terms, fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

FINANCIAL EFFECTS OF THE RELOCATION AND USE OF PROCEEDS

Based on the audited accounts of the Company, the net book values of the Land, Properties and Facilities are approximately RMB140.87 as of the date of signing of the Relocation Compensation Agreement.

The net profit (before taxation) and the net profit (after taxation) attributable to the Land, Properties and Facilities for each of the financial years ended 31 December 2021 and 2022 are as follows:

	For the year ended 31 December 2021 <i>(audited)</i> RMB '000	For the year ended 31 December 2022 <i>(audited)</i> RMB '000
Net profit before taxation	6,491.73	4,283.74
Net profit after taxation	6,159.33	4,064.38

On the basis of (i) the aforementioned unaudited book value of the Land, Properties and Facilities, (ii) the Relocation Compensation being approximately RMB415.70 million, and (iii) taking into account of the potential tax and other expenses arising from the Relocation, it is expected that the Group will recognise an unaudited net gain of approximately RMB205.16 million from the Relocation. The earnings and the consolidated profit or loss account of the Group will be positively impacted. As such, it is expected that the Group will recognise an increase in its total assets. It is also expected that the Group will recognise a relatively smaller increase in its total liabilities, due to the increase in the tax payable from the Relocation Compensation. Overall, it is expected that the Group will recognise an increase in its net assets.

The exact amounts to be recognized in the consolidated financial statements of the Group is subject to audit. The Group intends to use the proceeds of the Relocation to repay its loans and to supplement its general working capital.

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.

LETTER FROM THE BOARD

Chengshang Holding

Chengshang Holding is a company incorporated in China and a wholly-owned subsidiary of Maoye Commercial. Maoye Commercial is an indirect non-wholly-owned subsidiary of the Company and a joint stock limited company established in the PRC, whose shares are listed on the Shanghai Stock Exchange (stock code: 600828). Maoye Commercial is principally engaged in the operation of department stores, property leasing and hotel business.

Chengdu Jinniu

Chengdu Jinniu is a state-owned enterprise beneficially owned by the Chengdu Jinniu District Finance Bureau. It is located in Jinniu District, Chengdu, Sichuan Province, China, and is responsible for the Relocation.

VALUATION

For the purpose of complying with the requirements under Chapter 5 of the Listing Rules, in addition to the valuation of the Land, Properties and Facilities by the Valuation Company, the Company has also subsequently engaged the Independent Qualified Valuer to prepare the Independent Qualified Valuation Report in respect of the value of the Land, Properties and Facilities.

The Directors have reviewed and enquired the Independent Qualified Valuer's qualifications and experience in relation to the performance of the valuation under the Independent Qualified Valuation Report. The Directors have also reviewed the basis of valuation, valuation methodologies, valuation standards, valuation assumptions, and limiting conditions, as well as the valuation and information of the Land, Properties and Facilities, set out in the Independent Qualified Valuation Report.

The Independent Qualified Valuation Report is set out in Appendix II of this circular.

ADDITIONAL INFORMATION

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

LETTER FROM THE BOARD

RECOMMENDATION

The Directors (including the independent non-executive Directors) are of the view that the Relocation is fair and reasonable, and is 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 Relocation Compensation Agreement.

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

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

FINANCIAL INFORMATION OF THE GROUP

By way of reference, the audited consolidated financial statements of the Group for the years ended 31 December 2020, 2021 and 2022 are disclosed in the annual reports of the Company for the year ended 31 December 2020 and 2021 and the annual results announcement of the Company for the year ended 31 December 2022, respectively, which have been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.maoye.cn):

- annual results announcement of the Company for the year ended 31 December 2022, on pages 2 to 21:
<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0324/2023032401625.pdf>
- annual report of the Company for the year ended 31 December 2021, on pages 89 to 250:
<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0420/2022042000464.pdf>
- annual report of the Company for the year ended 31 December 2020, on pages 93 to 258:
<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0420/2021042000288.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 January 2023, the Group had total outstanding interest-bearing bank loans and other borrowings of approximately RMB12,571.58 million, comprising guaranteed & secured bank loans and other borrowings of RMB7,486.68 million, and unguaranteed & secured bank loans and other borrowings of RMB5,084.90 million.

As at 31 January 2023, certain of the Group's interest-bearing bank loans and other borrowings were secured by certain land and buildings, right-of-use assets, investment properties and properties under development of the Group of approximately RMB3,684.13 million, RMB235.61 million, RMB8,804.61 million and RMB1,933.17 million, respectively.

As at 31 January 2023, certain of the Group's interest-bearing bank loans and other borrowings were secured by pledging shares of one subsidiary and financial assets held by the Group with fair value of approximately RMB900.15 million.

As at 31 January 2023, except from corporate guarantees provided to secure the borrowings granted to subsidiaries, the Group provided guarantees of RMB521.51 million to banks for mortgaged loans procured by the purchasers of the Group's properties.

As at 31 January 2023, pursuant to International Financial Reporting Standard 16 (IFRS16), the Group had total lease liabilities under lease arrangements which arrived at RMB2,104.84 million.

Save as aforesaid, as at the close of business on 31 January 2023, 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 2022, due to the repeated impact of multiple unexpected factors including the international situation turbulence, domestic epidemic outbreaks and extreme high temperature weather, the complexity, severity and uncertainty of China's economic development environment has risen, which was reflected in the continuous evolution of the triple pressures of demand contraction, supply shock and weakening expectations. Facing the stormy political and economic environment at home and abroad, the government of the PRC has led all people in the country to calmly respond, coordinate development and safety, and effectively respond to various unexpected factors, and has achieved social stability and high-quality economic development. In 2022, the gross domestic product (GDP) exceeded RMB120 trillion, an increase of 3% over 2021, equivalent to approximately USD18 trillion, ranking the second in the world; the total retail sales of social consumer goods in the year reached RMB44 trillion, of which the online retail sales of physical goods reached RMB12 trillion, up 6.2% year-on-year. China remains the second largest consumer market and the first largest online retail market in the world.

On the whole, affected by the epidemic, catering consumption with interacting and clustering characteristics still showed large decline, and the growth rate of retail sales has not yet turned positive in 2022. Looking forward to 2023, with the overall opening of domestic epidemic prevention and control measures, various policies issued at the national level to expand domestic demand and promote consumption, the expansion of offline consumption scenarios will be accelerated and the consumer market will recover steadily.

As one of the leading mid-to-high-end physical retailers in China, the Group has been committed to building a good reputation through diversified product mix and continuously improving consumer experience, so as to continue to attract new and old customers. Over the past year, the Group laid foundation for its principal businesses and made intensive and penetrative efforts, consolidated its own resilience and strength in a complicated and ever-growing market environment, continuously improved the quality of operation and management, fully dug into the growth potential of high-quality commodity resources and continued to grow through brand adjustment and creative marketing. The business operation has gradually recovered, and sustainable and healthy development has been achieved. The Company's major operational highlights are as follows:

- Adapt to consumption upgrade, continuously adjust store content and enhance core competitiveness
- Actively promote service upgrade and organizational innovation through technology empowerment
- Adhere to multi-channel business development and build an interconnected full retail ecological layout
- Promote the construction of new stores steadily to prepare for better future growth
- Improve financial situation, bolster asset value and improve cash flow level

Looking ahead, the comprehensive opening of domestic epidemic prevention and control will bring dawn to the comprehensive recovery of the Group's retail business. The Group will continue to focus on its main business under the favorable factors of the overall environment, and comprehensively promote diversified and cross-regional coordinated development of its core commercial retail business. The Group will follow the development trend of consumption and commerce, continue to consolidate its high-quality service capacity, improve the operating efficiency of stores, and optimize the store layout. At the same time, the Group will hold on to technological empowerment, take technological innovation as the company's core advantage, actively explore and innovate to promote digital upgrading, develop new areas of business growth and create a diversified business ecosystem, and inject more vitality into the long-term development of the Group.

The following is the text of letter and valuation report, prepared for the purpose of incorporation in this circular, received from Graval Consulting Limited, an independent property valuer, in connection with their valuation as at 31 December 2022 of the property interests held by the Group in the People's Republic of China



Graval Consulting Limited
Suites 2401-02, 24/F,
Shui On Centre, 6-8 Harbour Road,
Wanchai, Hong Kong

31 March 2023

The Board of Directors
Maoye International Holdings Limited
Room 3301, 33rd Floor,
Office Tower Convention Plaza,
No.1 Harbour Road,
Wan Chai, Hong Kong

Dear Sirs and Madams,

Re : Valuation of a property located at No.2 Gongjiao Road, Chengdu North Railway Station, Jinniu District, Chengdu City, Sichuan Province, the People's Republic of China (“the **Property**”)

INSTRUCTIONS

We refer to your instruction for us to value the property interests held by Maoye International Holdings Limited (the “**Company**”) or its subsidiaries (together referred as the “**Group**”) located in the People's Republic of China (the “**PRC**”). We confirm that we have carried out inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the Property in existing state as at 31 December 2022 (the “**Valuation Date**”) for the purpose of incorporation into the circular issued by the Company on the date hereof.

This letter which forms part of our valuation report explains the basis and methodology(ies) of valuation, clarifying assumptions, valuation considerations, title investigations and limiting conditions of this valuation.

BASIS OF VALUATION

The valuation is our opinion of the market value (“**Market Value**”) which is defined by the Hong Kong Institute of Surveyors as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently, and without compulsion”.

VALUATION METHODOLOGY(IES)

In valuing the completed portions of the Property, we have adopted the market approach. The market approach provides an indication of value by comparing the asset with identical or comparable (that is similar) assets for which price information is available.

VALUATION STANDARDS

In valuing the property interests, we have complied with all the requirements contained in Chapter 5 and Practice Note 12 to the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited and the HKIS Valuation Standards 2020 Edition published by the Hong Kong Institute of Surveyors (“**HKIS**”), the RICS Valuation – Global Standards (Effective on 31 January 2022) published by the Royal Institution of Chartered Surveyors (“**RICS**”) and the International Valuation Standards (“**IVS**”) published by International Valuation Standards Council (IVSC) (Effective on 31 January 2022).

TITLE INVESTIGATION

We have been shown copies of various documents relating to the property interest. However, we have not examined the original documents to verify the existing title to the property interest or any amendment which does not appear on the copies handed to us.

AREA MEASUREMENT AND INSPECTION

Our Mr. Ivan Mak (CFA) inspected the Property on 16 February 2023. In the course of our inspections, we did not note any serious structural defects. However, no structural survey has been made and we are therefore unable to report whether the Property is free from rot infestation or any other defects. No tests were carried out on any of the services. Moreover, we have not carried out investigations on site to determine the suitability of the ground conditions and the services etc., for any future development. Our valuation is prepared on the assumption that these aspects are satisfactory and no extraordinary expenses or delay will be incurred during the development period.

We have not carried out detailed on-site measurement to verify the correctness of the areas in respect of the Property but have assumed that the areas shown on the documents handed to us are correct. All dimensions, measurements and areas are approximate.

We have not carried out investigation to determine the suitability of the ground conditions or the services for any property developments to be erected thereon. Our valuation is on the basis that these aspects are satisfactory and that no extraordinary expense or delay will be incurred during the construction period. Moreover, it is assumed that the utilization of the land and improvements will be within the boundaries of the sites held by the owner or permitted to be occupied by the owner. In addition, we assumed that no encroachment or trespass exists, unless noted in the valuation report.

VALUATION ASSUMPTION

Our valuations have been made on the assumption that the owner sells the Property in the market in its existing state without the benefit of deferred term contracts, leasebacks, joint ventures, management agreements or any similar arrangements which would serve to affect the value of the Property.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the property interest or for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property interest is free from encumbrances, restrictions and outgoings of any onerous nature which could affect its value.

All consents, approvals and license from relevant government authorities for the property interest have been granted without any onerous conditions or undue time delay which might affect their values. All the required licenses, consents, or other legislative or administrative authority from any local, provincial, or national government, private entity or organization either have been or can be obtained or renewed for any use which the valuation report covers.

All applicable zoning and use regulations and restrictions have been complied with unless nonconformity has been stated, defined, and considered in the valuation report. However, we have assumed that the utilization of the property interest and improvements are within the boundaries of the property interest described and that no encroachment or trespass exists, unless noted in the valuation report.

LIMITING CONDITIONS

We have relied to a considerable extent on information provided by the Group and accepted advices given to us on such matters, in particular, but not limited to tenure, planning approvals, statutory notices, easements, particulars of occupancy, size and floor areas and all other relevant matters in the identification of the Property.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also been advised by the Group that no material fact has been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld.

No environmental impact study has been ordered or made. Full compliance with applicable national, provincial and local environmental regulations and laws is assured unless otherwise stated, defined and considered in the valuation report.

As at the Valuation Date, we continue to be faced with an unprecedented set of circumstances caused by Novel Coronavirus (COVID-19) and an absence of relevant/sufficient market evidence on which to base our judgements. Our valuation of the Property is therefore reported as being subject to “material valuation uncertainty” as set out in VPS 3 and VPGA 10 of the RICS Valuation – Global Standards (Effective on 31 January 2022).

Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case. For the avoidance of doubt this explanatory note, including the “material valuation uncertainty” declaration, does not mean that the valuation cannot be relied upon. Rather, this explanatory note has been included to ensure transparency and to provide further insight as to the market context under which the valuation opinion was prepared. In recognition of the potential for market conditions to move rapidly in response to changes in the control or future spread of COVID-19 we highlight the importance of the Valuation Date. We do not accept responsibility or liability for any losses arising from such subsequent changes in value. Given the valuation uncertainty noted, we recommend that the user(s) of this report review this valuation periodically.

REMARKS

Unless otherwise stated, all money amounts stated are in Renminbi (RMB).

The English transliteration of the Chinese name(s) in this valuation report, where indicated by an asterisk (*), is included for information purposes only, and should not be regarded as the official English name(s) of such Chinese name(s).

We enclose herewith our valuation report.

Yours faithfully,

For and on behalf of

Graval Consulting Limited

Lawrence Chan Ka Wah

MRICS MHKIS RPS(GP) MCIREA MHIREA MHKIM

RICS Registered Valuer

Partner

Analysed and reported by: Ivan K.H. Mak, CFA

Assistant Manager

Mr. Lawrence Chan Ka Wah is a member of the Royal Institution of Chartered Surveyors, a member of the Hong Kong Institute of Surveyors, Registered Professional Surveyors in the General Practice Section, a RICS Registered Valuer and a member of the China Institute of Real Estate Appraisers and Agents, who has over 19 years' experience in the valuation of properties in Hong Kong, Macau, the PRC and the Asia-Pacific Region. Lawrence joined Graval Consulting Limited in 2020.

Mr. Ivan Mak was graduated from The Hong Kong Polytechnic University who has over 9 years' experience in the valuation of properties in Hong Kong, Macau, the PRC and the Asian Rim. Ivan joined Graval Consulting Limited in 2020.

VALUATION REPORT

Property held by the Group in the PRC for investment purpose

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2022														
The Levels 1 to 3 of Block 1, No.2 Gongjiao Road, Chengdu North Railway Station, Jinniu District, Chengdu City, Sichuan Province, the PRC	<p>The Property comprises the whole of the Level 1 to Level 3 and 2 Mezzanine Levels of a commercial complex building which was completed in about 1980s.</p> <p>The total gross floor area of the Property is approximately 7,204 sq.m.</p> <table border="1"> <thead> <tr> <th>Levels</th> <th>Approximate Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>2,234.67</td> </tr> <tr> <td>Mezzanine</td> <td>250</td> </tr> <tr> <td>2</td> <td>2,234.67</td> </tr> <tr> <td>Mezzanine</td> <td>250</td> </tr> <tr> <td>3</td> <td><u>2,234.66</u></td> </tr> <tr> <td>Total</td> <td><u>7,204.00</u></td> </tr> </tbody> </table>	Levels	Approximate Gross Floor Area (sq.m.)	1	2,234.67	Mezzanine	250	2	2,234.67	Mezzanine	250	3	<u>2,234.66</u>	Total	<u>7,204.00</u>	The Property was vacant as at the Valuation Date.	RMB141,700,000
Levels	Approximate Gross Floor Area (sq.m.)																
1	2,234.67																
Mezzanine	250																
2	2,234.67																
Mezzanine	250																
3	<u>2,234.66</u>																
Total	<u>7,204.00</u>																
	<p>The land-use rights of the Property were granted for wholesale and retail uses expiring on 14 May 2040.</p>																

Notes:

- Pursuant to a Real Estate Certificates (Document Nos.: Chuan (2022) Cheng Du Shi Bu Dong Chan Quan No.0285359), the land use rights of the Property with a site area of approximately 3,041.20 sq.m. were granted to Cheng Shang Group Holding Company Limited* (成商集團控股有限公司) for a term expiring on 14 May 2040 for wholesale and retail uses.

As stipulated in the Real Estate Certificates, the ownership of the building of the Levels 1 to 3 and 2 Mezzanine Levels of the Property with a total gross floor area of approximately 7,204.00 sq.m. is vested in Cheng Shang Group Holding Company Limited for commercial use.

- The Property is situated at No.2 Gongjiao Road in Jinniu District of Chengdu City, buildings in the locality are medium to high-rise commercial buildings and shopping malls. Chengdu Metro North Railway Station is just near to the Property. Metro, taxis and buses are accessible to the Property.
- The unit rate of similar commercial premises in the locality as at the Valuation Date is in the range of RMB37,000 per sq.m. to RMB38,800 per sq.m.

4. Our Mr. Ivan Mak (CFA) inspected the Property on 16 February 2023, the external and internal conditions of the Property were reasonable.
5. Cheng Shang Group Holding Company Limited is a company incorporated in the PRC and an a wholly-owned subsidiary of the Company which owns the entire interest of the Property.
6. In the course of our valuation, we have made the following assumptions:
 - (a) The Property has obtained the relevant title documents and, whether as a whole or on a strata-title basis, is freely transferable to any third party (both overseas and domestic) in the open market without payment of any land premiums or any incidental costs;
 - (b) All land premiums and other costs of ancillary utility services have been settled in full;
 - (c) The Property is free from any mortgages, orders and other legal encumbrances which may cause adverse effect to the title of the Property; and
 - (d) In the course of our valuation, we have relied on the information provided by the Company, including but not limited to the ownership, planning approvals or statutory notices, easements and tenure of the Property. If the reality is different to the information provided by the Company, we reserved our rights to amend our valuation opinions.

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	<u>50,000,000</u>	<u>0.97%</u>
		<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

Name of director	Capacity	Number of ordinary shares interested	Percentage of the issued share capital in such associated corporation
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

Name of director	Capacity	Number of ordinary shares interested	Percentage of the issued share capital in such associated corporation
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, other than as disclosed in the below section headed “Substantial shareholders’ interests and short positions in shares and underlying shares of the Company”, 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

Name	Capacity	Number of ordinary shares interested	Approximate percentage of the Company's issued share capital
Mrs. Huang Jingzhang	Interest of spouse	4,250,000,000 <i>(Note (a))</i>	82.68%
Maoye Department Store Investment Limited <i>(Note (c))</i>	Beneficial owner	4,200,000,000 <i>(Note (b))</i>	81.71%
MOY International Holdings Limited <i>(Note (c))</i>	Interest of controlled corporation	4,200,000,000 <i>(Note (b))</i>	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".
- (c) Mr. Huang Mao Ru, an executive Director and the chairman and chief executive officer of the Company, is also a director of each of Maoye Department Store Investment Limited and MOY International Holdings Limited. Save for the above, none of the Directors are directors or employees of each of Maoye Department Store Investment Limited and MOY International Holdings Limited.

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

As at the Latest Practicable Date, 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 Property Co., Ltd.* through Richon Holdings Limited, a company wholly-owned by Mr. Huang. Wuxi Maoye Property Co., Ltd.* is engaged in department store operation and operates a shopping center in Wuxi. As at 31 December 2022, its unaudited net assets amounted to RMB339.28 million. For the twelve months ended 31 December 2022, (i) its unaudited operating income amounted to approximately RMB196.65 million, and (ii) its unaudited net profit after tax amounted to approximately RMB50.14 million. The shopping center in Wuxi is managed by the Group under management agreements entered on 1 January 2020 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 31 December 2022, its unaudited net assets amounted to RMB112.25 million. For the twelve months ended 31 December 2022, (i) its unaudited operating income amounted to approximately RMB178.86 million, and (ii) its unaudited net profit after tax amounted to approximately RMB2.87 million.

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 2021, 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:

- (1) The relocation compensation agreement dated 22 November 2021 entered into between Chengdu Huatian Cultural Tourism Development Co., Ltd.* and Chengshang Group Holdings Co., Ltd.*.

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 2022, being the date to which the latest published and audited financial statements of the Group were made up.

9. EXPERT AND CONSENT

The following sets out the qualification of the expert who has given opinion or advice contained in this circular:

Name	Qualification
Graval Consulting Limited	Independent Qualified Valuer

As at the Latest Practicable Date, the above expert has given and has not withdrawn its written consent to the issue of this circular, with the inclusion of its letter(s) and references to its name in the form and context in which it appears.

As at the Latest Practicable Date, the above expert did not have any interest in the share capital of any member of the Group nor any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

In addition, the above expert did not have any interest, either directly or indirectly, in any assets which have been, since 31 December 2022 (being the date to which the latest published audited consolidated financial statements of the Company were made up), acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

10. 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. Yan Xin (“**Ms Yan**”). Ms. Yan was appointed as the secretary of the Company in June 2022. Ms. Yan is a Chartered Secretary and a member of both the Hong Kong Chartered Governance Institute and the Chartered Governance Institute in the United Kingdom.
- (d) This circular has been printed in English and Chinese, in the event of inconsistency, the English version shall prevail.

11. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (www.hkexnews.hk), the website of the investor relations service provider for the Company (www.irasia.com) and website of the Company (www.maoye.cn) for a period of 14 days from the date of this circular:

- (a) the Relocation Compensation Agreement;
- (b) the Independent Qualified Valuation Report;
- (c) the articles of association of the Company;
- (d) the letter from the Board, the text of which is set out on pages 4 to 11 of this circular;
- (e) the 2020 and 2021 annual reports of the Company;
- (f) the annual results announcement of the Company for the year ended 31 December 2022; and
- (g) this circular.