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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2012

HIGHLIGHTS

- Total sales proceeds[1] increased to RMB11,067.2 million, representing an increase of 6.1%, and same-store[2] sales proceeds from concessionaire sales increased to RMB8,963.3 million, representing an increase of 3.9%.
- Total operating revenue increased to RMB4,349.9 million, representing an increase of 5.5%.
- Operating profit increased to RMB1,369.8 million, representing an increase of 13.6%.
- Proposed final dividend is 2.3 HK cents per share.

RESULTS OF THE GROUP

- Profit attributable to owners of the parent increased to RMB801.8 million, representing an increase of 25.2%.
- Without taking into account the effect of non-operating gains and losses, profit attributable to owners of the parent increased by 8.8% to RMB668.7 million.
- Basic earnings per share for the year were RMB14.9 cents.

RESULTS OF THE OPERATION OF DEPARTMENT STORES SEGMENT

- Profit attributable to owners of the parent from the operation of department stores segment increased to RMB881.9 million, representing an increase of 20.0% compared with RMB735.1 million in the same period last year.

Notes:

1 Total sales proceeds refer to the sum of total sales proceeds from concessionaire sales and revenue from direct sales at our department stores.

2 Same-store refers to the stores which have opened or been consolidated into the Group's financial statements by acquisition at the beginning of the previous fiscal year.

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2012

The Board of Directors (the "**Board**") of Maoye International Holdings Limited (the "**Company**") is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2012 with comparative figures for the year 2011 as follows:

CONSOLIDATED INCOME STATEMENT
YEAR ENDED 31 DECEMBER 2012

	Notes	2012 RMB'000	2011 RMB'000
REVENUE	4	**3,542,719**	3,357,024
Other income	5	**807,139**	766,308
Total operating revenue		**4,349,858**	4,123,332
Cost of sales	6	**(1,444,402)**	(1,335,146)
Employee expenses	7	**(369,699)**	(375,494)
Depreciation and amortisation		**(343,603)**	(326,202)
Operating lease rental expenses		**(237,245)**	(216,236)
Other operating expenses		**(859,531)**	(772,064)
Other gains		**274,427**	107,873
Operating profit		**1,369,805**	1,206,063
Finance costs	8	**(132,815)**	(188,793)
Share of profits of associates		**(76)**	498
PROFIT BEFORE TAX		**1,236,914**	1,017,768
Income tax expense	9	**(338,360)**	(282,879)
PROFIT FOR THE YEAR		**898,554**	734,889
Attributable to:			
Owners of the parent		**801,820**	640,312
Non-controlling interests		**96,734**	94,577
		898,554	734,889
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	10		
Basic		**RMB14.9 cents**	RMB12.0 cents
Diluted		**RMB14.9 cents**	RMB12.0 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME YEAR ENDED 31 DECEMBER 2012

	2012	2011
	RMB'000	*RMB'000*
PROFIT FOR THE YEAR	**898,554**	734,889
OTHER COMPREHENSIVE INCOME		
Available-for-sale equity investments		
Changes in fair value	**(12,400)**	31,553
Income tax effect	**6,694**	(9,251)
	(5,706)	22,302
Exchange differences on translation of foreign operations	**(1,055)**	29,195
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**(6,761)**	51,497
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**891,793**	786,386
Attributable to:		
Owners of the parent	**795,059**	691,809
Non-controlling interests	**96,734**	94,577
	891,793	786,386

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2012

	2012	2011
	RMB'000	*RMB'000*
NON-CURRENT ASSETS		
Property, plant and equipment	**4,240,296**	3,646,710
Investment properties	**509,298**	428,221
Land lease prepayments	**3,717,176**	3,963,985
Goodwill	**641,680**	641,680
Other intangible assets	**5,818**	6,823
Investments in associates	**12,049**	12,260
Available-for-sale equity investments	**960,150**	782,205
Prepayments	**709,930**	1,102,725
Other assets	**—**	2,458
Loans and receivables	**107,500**	—
Deferred tax assets	**140,622**	83,907
Total non-current assets	**11,044,519**	10,670,974
CURRENT ASSETS		
Inventories	**279,147**	281,977
Completed properties held for sale	**620,549**	524,734
Properties under development	**4,069,573**	1,791,198
Equity investments at fair value through profit or loss	**959**	8,674
Trade receivables	**36,842**	47,912
Prepayments, deposits and other receivables	**625,117**	587,945
Due from related parties	**96,654**	43,772
Pledged deposits	**40,155**	1,530
Cash and cash equivalents	**1,482,500**	1,425,837
Total current assets	**7,251,496**	4,713,579

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(CONTINUED)*
31 DECEMBER 2012

	Notes	**2012** **RMB'000**	2011 *RMB'000*
CURRENT LIABILITIES			
Trade and bills payables	12	**2,194,236**	1,953,827
Deposits received, accruals and other payables		**1,930,509**	1,972,429
Interest-bearing bank loans and other borrowings		**3,081,072**	1,485,973
Convertible bonds		**869,681**	—
Due to related parties		**102,602**	31,486
Income tax payable		**131,802**	111,253
Total current liabilities		**8,309,902**	5,554,968
NET CURRENT LIABILITIES		**(1,058,406)**	(841,389)
TOTAL ASSETS LESS CURRENT LIABILITIES		**9,986,113**	9,829,585
NON-CURRENT LIABILITIES			
Convertible bonds		**—**	844,363
Interest-bearing bank loans and other borrowings		**2,370,459**	1,642,698
Deferred tax liabilities		**570,775**	597,406
Total non-current liabilities		**2,941,234**	3,084,467
Net assets		**7,044,879**	6,745,118
EQUITY			
Equity attributable to owners of the parent			
Issued capital		**480,407**	481,988
Equity component of convertible bonds		**119,125**	119,125
Reserves		**4,970,984**	4,595,558
Proposed final dividend	11	**100,143**	256,125
		5,670,659	5,452,796
Non-controlling interests		**1,374,220**	1,292,322
Total equity		**7,044,879**	6,745,118

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Maoye International Holdings Limited was incorporated in the Cayman Islands on 8 August 2007 as an exempted company with limited liability in the Cayman Islands under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised). The Company's registered office is located at Floor 4, Willow House, Cricket Square, P.O. Box 2804, Grand Cayman KY1-1112, Cayman Islands, and the head office and principal place of business of the Company is located at 38/F, World Finance Centre, 4003 Shennan East Road, Shenzhen, the People's Republic of China (the "PRC"). The Group is principally engaged in the operation and management of department stores and property development in the PRC.

In the opinion of the directors, the immediate holding company and the ultimate holding company of the Company are Maoye Department Store Investment Limited and MOY International Holdings Limited, respectively, which were incorporated in the British Virgin Islands.

2. BASIS OF PREPARATION

The annual consolidated financial statements for the year ended 31 December 2012 have been prepared in accordance with the International Financial Reporting Standards as issued by the International Accounting Standards Board and the disclosure requirements of the Hong Kong Companies Ordinance.

3. SEGMENT INFORMATION

For management purposes, the Group is organised into business units which are managed separately based on the nature of their operations and the products and services provided and has three reportable operating segments as follows:

(a) the operation of department stores segment comprises concessionaire, and direct sales of merchandise and leases of commercial properties to third parties for the operation of department stores;

(b) the property development segment principally engaged in the development and sale of commercial and residential properties and leases of commercial properties to third parties for the operation of department stores; and

(c) the "others" segment comprises principally operations of hotels and provision of ancillary services, provision of advertising services and construction of television networks.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated according to net profit of reportable segment attributable to the owners of the parent company after adjustment.

	Operation of department stores *RMB'000*	Property development *RMB'000*	Others *RMB'000*	Adjustments and eliminations *RMB'000*	Total *RMB'000*
Year ended 31 December 2012					
Segment revenue:					
Sales to external customers	3,186,805	344,978	10,936	—	3,542,719
Intersegment revenue	—	20,478	—	(20,478)	—
Other income	794,610	8,544	3,985	—	807,139
Cost of sales	(1,255,409)	(188,267)	(726)	—	(1,444,402)
Employee expenses	(337,033)	(27,403)	(5,263)	—	(369,699)
Depreciation and amortisation	(290,639)	(46,923)	(6,041)	—	(343,603)
Operating lease rental expenses	(241,606)	(10,947)	(100)	15,408	(237,245)
Other operating expenses	(767,143)	(90,868)	(6,590)	5,070	(859,531)
Other gains/(loss)	270,884	3,556	(13)	—	274,427
Operating profit/(loss)	1,360,469	13,148	(3,812)	—	1,369,805
Finance costs	(29,184)	(103,471)	(160)	—	(132,815)
Share of profits and losses of associates	—	—	(76)	—	(76)
Segment profit/(loss) before tax	1,331,285	(90,323)	(4,048)	—	1,236,914
Income tax expense	(363,080)	24,387	333	—	(338,360)
Segment profit/(loss) for the year	968,205	(65,936)	(3,715)	—	898,554
Attributable to:					
Owners of the parent	881,876	(78,275)	(1,781)	—	801,820
Non-controlling interests	86,329	12,339	(1,934)	—	96,734
	968,205	(65,936)	(3,715)	—	898,554

	Operation of department stores	Property development	Others	Adjustments and eliminations	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Other segment information					
Impairment losses recognised in the income statement	18,320	1,095	—	—	19,415
Impairment losses reversed in the income statement	(161)	(107)	—	—	(268)
Investments in associates	—	—	12,049	—	12,049
Capital expenditure*	838,088	2,537,567	1,454	—	3,377,109

* Capital expenditure consists of additions to property, plant and equipment, land lease prepayments, investment properties, properties under development, other intangible assets and completed properties held for sale, including assets from the acquisition of subsidiaries.

	Operation of department stores *RMB'000*	Property development *RMB'000*	Others *RMB'000*	Adjustments and eliminations *RMB'000*	Total *RMB'000*
Year ended 31 December 2011					
Segment revenue:					
Sales to external customers	3,125,880	222,995	8,149	—	3,357,024
Intersegment revenue	—	20,663	—	(20,663)	—
Other income	749,561	8,480	8,267	—	766,308
Cost of sales	(1,282,221)	(52,640)	(285)	—	(1,335,146)
Employee expenses	(340,689)	(30,306)	(4,499)	—	(375,494)
Depreciation and amortisation	(275,289)	(44,700)	(6,213)	—	(326,202)
Operating lease rental expenses	(222,767)	(11,706)	(100)	18,337	(216,236)
Other operating expenses	(684,373)	(81,657)	(8,360)	2,326	(772,064)
Other gains	88,568	7,516	11,789	—	107,873
Operating profit	1,158,670	38,645	8,748	—	1,206,063
Finance costs	(50,912)	(137,653)	(228)	—	(188,793)
Share of profits and losses of associates	—	—	498	—	498
Segment profit/(loss) before tax	1,107,758	(99,008)	9,018	—	1,017,768
Income tax expense	(288,562)	7,938	(2,255)	—	(282,879)
Segment profit/(loss) for the year	819,196	(91,070)	6,763	—	734,889
Attributable to:					
Owners of the parent	735,138	(97,070)	2,244	—	640,312
Non-controlling interests	84,058	6,000	4,519	—	94,577
	819,196	(91,070)	6,763	—	734,889

	Operation of department stores	Property development	Others	Adjustments and eliminations	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Other segment information					
Impairment losses recognised in the income statement	1,191	137	2	—	1,330
Impairment losses reversed in the income statement	(123)	—	—	—	(123)
Investments in associates	—	—	12,260	—	12,260
Capital expenditure*	1,997,110	659,921	118	—	2,657,149

* Capital expenditure consists of additions to property, plant and equipment, land lease prepayments, investment properties, properties under development, other intangible assets and completed properties held for sale, including assets from the acquisition of subsidiaries.

4. REVENUE

	For the year ended 31 December	
	2012	2011
	RMB'000	*RMB'000*
Commissions from concessionaire sales	**1,619,309**	1,517,865
Direct sales	**1,395,226**	1,436,983
Rental income from the leasing of shop premises	**173,006**	167,138
Management fee income from the operation of department stores	**3,871**	3,894
Rental income from investment properties	**72,948**	129,312
Sale of properties	**272,030**	93,683
Others	**6,329**	8,149
	3,542,719	3,357,024

The total sales proceeds and commissions from concessionaire sales are analysed as follows:

	For the year ended 31 December	
	2012	2011
	RMB'000	*RMB'000*
Total sales proceeds from concessionaire sales	**9,672,014**	8,992,880
Commissions from concessionaire sales	**1,619,309**	1,517,865

5. OTHER INCOME

	For the year ended 31 December	
	2012	2011
	RMB'000	*RMB'000*
Income from suppliers and concessionaires		
- Administration and management fee income	**433,539**	424,746
- Promotion income	**189,535**	180,113
- Credit card handling fees	**126,861**	114,693
Interest income	**18,885**	8,072
Others	**38,319**	38,684
	807,139	766,308

6. COST OF SALES

	For the year ended 31 December	
	2012	2011
	RMB'000	*RMB'000*
Purchases of and changes in inventories	**1,255,409**	1,282,221
Cost of properties sold	**188,267**	52,640
Others	**726**	285
	1,444,402	1,335,146

7. EMPLOYEE EXPENSES

	For the year ended 31 December	
	2012	2011
	RMB'000	*RMB'000*
Wages and salaries	**337,367**	323,605
Equity-settled share option expense	**(25,498)**	6,069
Retirement benefits	**40,011**	31,687
Other employee benefits	**17,819**	14,133
	369,699	375,494

8. FINANCE COSTS

	For the year ended 31 December	
	2012	2011
	RMB'000	*RMB'000*
Interest on bank loans	**274,351**	178,010
Interest on convertible bonds	**54,627**	53,785
Total interest expense on financial liabilities not at fair value through profit or loss	**328,978**	231,795
Less: Interest capitalised	**(199,829)**	(47,661)
	129,149	184,134
Other finance costs:		
Increase in discounted amounts of consideration payable	**3,666**	4,659
	132,815	188,793

9. INCOME TAX EXPENSE

	For the year ended 31 December	
	2012	2011
	RMB'000	*RMB'000*
Group:		
Current — CIT	**373,536**	290,257
Current — LAT	**8,466**	10,669
Deferred	**(43,642)**	(18,047)
Total tax charge for the year	**338,360**	282,879

10. EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

The calculation of basic earnings per share is based on the profit attributable to equity holders of the parent for the year ended 31 December 2012 of RMB801,820,000 (2011: RMB640,312,000) and the 5,370,609,411 ordinary shares in issue during the year (2011: 5,327,091,307 ordinary shares in issue).

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2012 and 2011 in respect of a dilution as the impact of the convertible bonds had an anti-dilutive effect on the basic earnings per share amounts presented.

11. DIVIDENDS

	2012	2011
	RMB'000	*RMB'000*
Proposed final dividends — HK2.3 cents per ordinary share	**100,143**	256,125
	100,143	256,125

The proposed final dividends for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

12. TRADE AND BILLS PAYABLES

An aged analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	As at 31 December	
	2012	2011
	RMB'000	*RMB'000*
Within 90 days	**1,766,020**	1,622,517
91 to 180 days	**169,101**	133,373
181 to 360 days	**56,183**	156,271
Over 360 days	**202,932**	41,666
	2,194,236	1,953,827

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATION REVIEW

Due to factors such as the fiscal cliff problem in the United States, the debt crisis in Europe and the slowdown of the economy in China, domestic traditional retail industry recorded slow growth in 2012. Despite the complicated business environment, the Group was able to achieve slight growth in sales and a higher growth in operating profit through a series of effective measures and the joint efforts of all staff and business partners of the Group. For the year ended 31 December 2012, the Group's major operation indicators were as follows:

- Total sales proceeds were RMB11,067.2 million, representing an increase of 6.1% compared with the same period last year.
- Total operating revenue was RMB4,349.9 million, representing an increase of 5.5% compared with the same period last year.
- Same-store sales growth of concessionaire sales increased steadily by 3.9% for the year of 2012.

Profit attributable to owners of the parent was RMB801.8 million, representing an increase of 25.2% compared with the same period last year; or an increase of 8.8% compared with the same period last year without taking into account the non-operating item.

Steady development and effective advancement of strategic goals

- In 2012, the Group on the one hand committed itself to improving the operating efficiency of its existing stores and speeding up the cultivation of new stores, and on the other hand continued with steady development by opening two new stores successively and acquiring three parcels of premium land for the expansion of its store network.
- On 11 July 2012, the Group's second store in Shenyang, the Tiexi Store, officially opened. Shenyang Tiexi store was constructed on the land acquired by the Group and has a total gross floor area of approximately 49,600 square metres. It is located in the most prosperous area in the Shenyang Tiexi business district with promising development potential, and surrounded by huge potential customer groups and a thriving business atmosphere.
- In August 2012, the Group's fifth store in Jiangsu Province, the Jiangsu Liyang store, commenced operation. The store is located in the core business district of Liyang City, Jiangsu Province and has a total gross floor area of approximately 24,300 square metres.

- On 16 February 2012, the Group, through its wholly-owned subsidiary, Shenzhen Maoye Shangsha Company Limited ("**Maoye Shangsha**"), successfully bid for a parcel of land with a total site area of approximately 13,453 square metres in a public auction at a total consideration of RMB650.0 million. On 27 February 2012, Maoye Shangsha entered into a Land Use Rights Transfer Agreement to purchase the land. The land is located in a prime location within the business district of Fuzi Temple in Nanjing City, Jiangsu Province. The Company plans to build and operate a department store on the land. The acquisition of the Nanjing Project will further enhance the Group's market position and influence in the Jiangsu Region.

- On 19 October 2012, the Group, through its wholly-owned subsidiary, Maoye Shangsha, successfully bid for a parcel of land with a total site area of approximately 37,907 square metres at Fortune Plaza, Laiwu City, Shandong Province in a public auction at a total consideration of RMB115.0 million. The land is located in the core business district of Laiwu City, Shandong Province, with developed infrastructure, convenient transportation and good business atmosphere.

- On 11 December 2012, the Group, through its wholly-owned subsidiary, Maoye Shangsha, entered into an Equity Transfer Agreement to acquire the target company which owns a parcel of land with a total site area of 51,913 square metres located in the core business district of Weifang City, Shandong Province at a consideration of approximately RMB309.5 million. The Group plans to build an urban complex with a shopping mall as its core on the target land. The two projects in Laiwu and Weifang have linked up with the cities of Linyi and Zibo which the Group had previously established presence to strengthen the construction of the Group's network in the Shandong Province.

- As at 31 December 2012, the Group acquired in aggregate 14,358,702 shares in Dashang Co.,Ltd. ("**Dashang**") (being a company listed on the Shanghai Stock Exchange, stock code: 600694), representing approximately 4.89% of the issued share capital of Dashang as of 31 December 2012, through on-market purchases on the Shanghai Stock Exchange (the "**Transaction**"). The aggregate cost of the Transaction was approximately RMB480.2 million. Dashang is principally engaged in the operation and management of department stores and other areas of retail industry in the PRC. The Group is optimistic towards the prospect of retail industry, and is of the view that the Transaction will bring in long-term benefits to the Group. The Company has further acquired shares in Dashang after the reporting period. As at the date of this announcement, the Company's shareholding in Dashang was approximately 5.0%.

Precise positioning of department stores and creation of a comprehensive business model

In the face of new challenges in 2012, the Group actively adjusted its operational strategies by reclassifying its department stores into three categories, being high-end and stylish; young and creative; and lifestyle, as well as upgrading those stores. It has been planned that Shenzhen Huaqiangbei Store, Chongqing Jiangbei Store and others will be developed into high-end boutique stores.

Forging internal strength and consolidating to enhance operational capacity

During the year, the Group firstly improved the construction of its three-tier management structure (i.e. from headquarters to regions and further to stores). Secondly, adopting a results-oriented approach and comprehensive budget management and delegating authority at different levels, the Group strengthened the proactive involvement of first-line management. Management of operation sites has been strengthened with greater attention to details. Proportion of member sales has increased, and service scope of stored value cards and for members has been extended.

Restructuring and using innovative management to improve operational efficiency

In the light of changes in the competitive environment and the needs of strategic development, the Group actively moved ahead with management restructuring and reforms, and established three major systems, namely general business, general logistics and general financial systems to form a highly effective collaborative mechanism.

Personnel training and talent pool

The Group has throughout attached great importance to human resources planning. Subsequent to the MBA course for store managers in 2011, the Group introduced various other programmes in 2012, including the localization for medium and low-level personnel, high-end training for store managers, rotation system on executive positions and the ‘Sunflower Programme’ for undergraduates, in order to nurture and develop a multi-talent pool at multi-levels. The Group also implemented effective incentive policies and project reward policies in line with operation indicators.

Asset reorganization of Bohai Logistics

In November 2012, following the Group's successful injection of Qinhuangdao Jindu Store (originally wholly owned by the Group) into Qinhuangdao Bohai Logistics Holding Corporation Ltd. ("**Bohai Logistics**", a subsidiary of the Group listed on the Shenzhen Stock Exchange, stock code: 000889), the Group's shareholding in Bohai Logistics increased from 29.9% to 46.7%. The asset reorganization has resolved the issue of industry competition of the Group in the Bohai Bay region and further consolidated the Group's market position in the Bohai Bay region.

Expanding financing channels and reducing financing costs

In February and July 2012, the Group issued two tranches of short-term financing notes of RMB800 million each with coupon interest rate of 6.14% and 4.29%, respectively.

In late December 2012, the Group obtained the approval from the National Association of Financial Market Institutional Investors for the issuance of medium-term notes of RMB2.2 billion. On 9 January 2013, the Group completed the issuance of the first tranche of the medium-term notes with a principal amount of RMB800 million and a term of 3 years at the interest rate of 5.52% per annum.

The successful issuance of the short-term financing notes and the medium-term notes replenished the operating capital and reduced the financing costs of the Group.

PERFORMANCE OF MAJOR SAME STORES[1]

	Store Name	Proceeds of Concessionaire Sales	Same Store Sales Growth	Operation Period[2]	Gross Floor Area	Ticket Per Sale
		(RMB'000)	*%*	*(years)*	*(m^2)*	*(RMB)*
1	Shenzhen Huaqiangbei	1,761,907	-0.2	9.3	59,787	821
2	Shenzhen Dongmen	910,563	4.5	15.9	47,436	819
3	Chengdu Yanshikou	662,127	5.1	7.6	53,873	660
4	Chongqing Jiangbei	600,026	6.3	8.3	53,542	579
5	Taizhou First Department	596,362	3.9	3.3	40,358	888
6	Qinhuangdao Xiandai Shopping Plaza	492,019	10.0	2.6	36,897	584
7	Shenzhen Nanshan	468,645	20.8	3.3	45,000	1,040
8	Qinghuangdao Shangcheng	417,204	-12.6	2.6	26,696	884
9	Taiyuan Liuxiang	412,679	-0.5	4.1	30,616	600
10	Qinhuangdao Jindu	373,836	30.3	4.3	46,610	449
11	Zhuhai Xiangzhou	324,222	9.4	11.2	23,715	400
12	Nanchong Wuxing	287,337	6.5	7.6	25,994	667
13	Mianyang Xingda	285,769	1.0	4.3	27,617	582
14	Shenzhen Outlet [3]	209,611	19.8	13.3	23,078	437

Notes:

1 Major stores are same stores with sales proceeds per annum of over RMB200 million.

2 Operation period was calculated till 31 December 2012.

3 Shenzhen Heping Store has been renamed Shenzhen Outlet Store.

PROPERTY DEVELOPMENT

As at the date of this announcement, the Group operated and managed 39 stores across 19 cities in China, including Shenzhen and Zhuhai in Guangdong Province; Chengdu, Nanchong, Luzhou and Mianyang in Sichuan Province; Chongqing; Wuxi, Taizhou, Yangzhou, Changzhou and Liyang in Jiangsu Province; Zibo, Heze and Linyi in Shandong Province; Qinhuangdao and Baoding in Hebei Province; Shenyang in Liaoning Province and Taiyuan in Shanxi Province. Among the total gross floor area of 1,200,000 square metres, self-owned areas accounted for 64.0% (excluding the gross floor area of managed stores), areas leased from connected parties accounted for 25.7%, while areas leased from independent third parties accounted for 10.3%. Save for the above, the Group also has projects under development in Chengdu of Sichuan Province; Taiyuan of Shanxi Province; Jinzhou of Liaoning Province; Baoding of Hebei Province; Weifang and Laiwu of Shandong Province; Nanjing, Huaian, Wuxi and Taizhou of Jiangsu Province; and Baotou of Inner Mongolia.

OUTLOOK

In 2013, the Group will maintain the strategy of steady development, and expects to open two to four new stores. Meanwhile, it will continue to seek opportunities for low-cost expansion.

In response to situations arising, the Group will formulate its development strategy map, business operation map and commercial map. The Group will also implement modular management of the three major systems, namely general business, general logistics and general financial systems, and will implement digital marketing relying on the membership system to refine its membership value management system.

The Group will further enhance the depth and breadth of its overall budget management; strengthen construction of its information systems, adjust the performance appraisal system for all staff, reinforce study of e-commerce, and fully utilize the various concepts and means of e-commerce to effectively interact with and complement the operation of entities.

In the forthcoming year, the Group will, in respect of forging a corporate culture, build a learning and collaborative team that seek consensus while respecting differences, and will shape a theme of love — love for our customers, suppliers and employees so that our customers will make purchases happily, our suppliers will work together with us happily, and our employees will work happily.

FINANCIAL REVIEW

Total Sales Proceeds and Revenue

For the year ended 31 December 2012, total sales proceeds of the Group increased to RMB11,067.2 million, representing an increase of 6.1% as compared to the same period in 2011.

	For the year ended 31 December	
	2012	2011
	RMB'000	*RMB'000*
Total sales proceeds from concessionaire sales	**9,672,014**	8,992,880
Revenue from direct sales	**1,395,226**	1,436,983
Total Sales Proceeds	**11,067,240**	10,429,863

Among the total sales proceeds of the Group in the year of 2012, total sales proceeds derived from concessionaire sales accounted for 87.4% and those derived from direct sales accounted for 12.6%.

The total sales proceeds and same-store sales growth of sales proceeds derived from concessionaire sales of the Group in the four regions are set out as follows:

	Total sales proceeds	**Contribution to the total sales proceeds of the Group**	**Same-store sales growth of sales proceeds derived from concessionaire sales**
	RMB'000	%	%
Southern China	4,080,145	36.9	4.7
South-western China	2,495,303	22.5	4.0
Eastern China	2,075,881	18.8	-5.5
Northern China	2,415,911	21.8	6.0
Total	11,067,240	100	3.9

For the year ended 31 December 2012, same-store sales proceeds from concessionaire sales increased to RMB8,963.3 million, representing an increase of 3.9% compared to the same period in 2011. The Group's commission rates from concessionaire sales was 16.7%, representing a mild decrease of 0.2% compared with 16.9% for the same period in 2011. In 2012, the Group strived to enhance the integration of the stores which were newly acquired and opened, in order to increase the commission rate of the new stores to the level of mature stores as soon as possible. Regarding promotion strategies, the Group gradually lowered the proportion of price marketing and introduced innovative marketing modes. These measures effectively reduced the extent of decrease of commission rate.

Total sales proceeds in the year of 2012 comprised sales of apparel 44.2% (2011: 43.4%), cosmetics and jewelry 20.5% (2011: 20.2%), shoes and leather goods 13.1% (2011: 12.9%) and others such as children's wear and toys, household and electronic appliances, etc. 22.2% (2011: 23.5%). The percentage attributable to each product category to total sales proceeds was similar to that of the year of 2011.

For the year ended 31 December 2012, revenue of the Group amounted to RMB3,542.7 million, representing an increase of 5.5% as compared with RMB3,357.0 million for the same period in 2011. The commissions from concessionaire sales increased by RMB101.4 million and revenue from direct sales decreased by RMB41.8 million. The slow revenue growth was due to economic fluctuations in 2012.

Other Income

For the year ended 31 December 2012, other income of the Group amounted to RMB807.1 million, representing an increase of 5.3% as compared with RMB766.3 million for the same period in 2011. This was primarily due to the increase of interest income and income from suppliers and concessionaires.

Cost of Sales

For the year ended 31 December 2012, cost of sales of the Group amounted to RMB1,444.4 million, representing an increase of 8.2% as compared with RMB1,335.1 million for the same period in 2011. This was primarily due to the increase of cost of properties sold resulted from the increase of property sales of the Group as compared to the same period in 2011.

Employee Expenses

For the year ended 31 December 2012, employee expenses of the Group amounted to RMB369.7 million, representing a decrease of 1.5% as compared with RMB375.5 million for the same period in 2011. The decrease was primarily due to the reversal of share option expenses of RMB25.5 million. Employee expenses as percentage of total sales proceeds in 2012 decreased to 3.3% as compared with 3.6% for the year of 2011.

Depreciation and Amortisation

For the year ended 31 December 2012, depreciation and amortisation of the Group amounted to RMB343.6 million, representing an increase of 5.3% as compared with RMB326.2 million for the same period in 2011. The increase was primarily due to increase of properties depreciation caused by a new self-owned store opened in the second half of 2012 and the upgrading of certain self-owned stores. The depreciation and amortisation as percentage of total sales proceeds in 2012 remained unchanged, as compared with 3.1% for the year of 2011.

Operating Lease Rental Expenses

For the year ended 31 December 2012, operating lease rental expenses of the Group amounted to RMB237.2 million, representing an increase of 9.7% as compared with RMB216.2 million for the same period of last year. This was primarily due to the increase in operating area of properties leased for operation of department stores by the Group in 2012. The operating lease rental expenses as percentage of total sales proceeds in the year of 2012 remained unchanged, as compared with 2.1% for the year of 2011.

Other Operating Expenses

For the year ended 31 December 2012, other operating expenses of the Group amounted to RMB859.5 million, representing an increase of 11.3% as compared with RMB772.1 million for the same period in 2011. This primarily resulted from the following factors:

(1) launch of two new stores in the second half of 2012;

(2) increase of business taxes and surcharges as a result of higher property sales;

(3) increase of professional service fees; and

(4) impairment of other receivables.

The other operating expenses as percentage of total sales proceeds in 2012 increased to 7.8% from 7.4% in 2011.

Other Gains

For the year ended 31 December 2012, other gains of the Group amounted to RMB274.4 million, representing an increase of 154.4% as compared with RMB107.9 million in the same period in 2011. This was primarily due to the investment gain on disposal of shares in Shenzhen International Enterprises Co., Ltd (a company listed on the Shenzhen Stock Exchange, stock code: 000056) in the first half of 2012 by the Group of approximately RMB174.0 million.

Operating Profit

For the year ended 31 December 2012, operating profit of the Group amounted to RMB1,369.8 million, representing an increase of 13.6% as compared to RMB1,206.1 million for the same period in 2011. This was primarily due to the contribution from the increase of total operating revenue of the Group and strong growth in other gains of the Group arising from the disposal of shares in Shenzhen International Enterprises Co., Ltd.

Finance Costs

For the year ended 31 December 2012, finance costs of the Group amounted to RMB132.8 million, representing a decrease of 29.7% as compared to RMB188.8 million for the same period in 2011. This was primarily due to the increase in capitalised interest in 2012 compared to the same period in 2011, which offset more finance costs.

Income Tax Expense

For the year ended 31 December 2012, income tax expense of the Group was RMB338.4 million, representing an increase of 19.6% as compared to RMB282.9 million for the same period last year. This was mainly due to a significant increase of profit before tax of the Group. During the year ended 31 December 2012, the effective tax rate applicable to the Group was 27.4% (for the year ended 31 December 2011: 27.8%).

Profit Attributable to Owners of the Parent

As a result of the foregoing, for the year ended 31 December 2012:

— Profit attributable to owners of the parent increased by 25.2% to RMB801.8 million.

— Without taking into account the effect of non-operating gains and losses, profit attributable to owners of the parent increased by 8.8% to RMB668.7 million.

Among them, the results of the operation of department stores segment are as follows: Profit attributable to owners of the parent increased by 20.0% to RMB881.9 million compared with RMB735.1 million for the same period in 2011.

Liquidity and Financial Resources

As at 31 December 2012, the Group's cash and cash equivalents amounted to RMB1,482.5 million, which increased by RMB56.7 million as compared to RMB1,425.8 million as at 31 December 2011. The main cash inflow and cash outflow are set out as follows:

(1) net cash inflow of RMB302.4 million arising from operating activities;

(2) net cash outflow arising from investing activities amounted to RMB1,774.1 million, mainly including payments for properties and equipment amounting to RMB639.8 million, prepayment and purchase of land lease prepayment amounting to RMB792.9 million, and payment of loan to related party amounting to RMB100.0 million; and purchase of available-for-sale equity investments amounting to RMB480.2 million; and

(3) net cash inflow arising from financing activities amounted to RMB1,518.2 million, mainly including (1) inflow resulting from bank loans and other borrowing of RMB4,167.9 million; (2) outflow resulting from repayment of bank loans, interest paid, final dividend for the year of 2011 paid and interim dividend for the six months ended 30 June 2012 paid of RMB1,845.0 million, RMB334.1 million, RMB256.1 million and RMB139.3 million, respectively.

Interest-bearing Loans

Total bank loans, short-term financial notes and convertible bonds of the Group as at 31 December 2012 amounted to RMB6,321.2 million, and the gearing ratio[1] and net gearing ratio[2] were 34.5% and 68.7%, respectively (as at 31 December 2011: 25.8% and 37.8%, respectively).

1 Gearing ratio = total debt/total assets = (bank loans + short-term financial notes + convertible bonds)/total assets

2 Net gearing ratio = net debt/equity = (bank loans + short-term financial notes + convertible bonds-cash equivalents)/equity

Investment in Listed Shares

The Group currently owns minority interests in companies with department store operations listed in the PRC. The Directors believe these investments will bring long-term benefits to the Group. The following table sets out the Group's interests in three companies listed in the PRC as at 31 December 2012, and relevant summary information relating to these companies.

Investment	**The Group's Shareholding**	**Principal Business**	**Geographical Location**
Shenzhen International Enterprises Co., Ltd. (深圳市國際企業股份有限公司)	7.03%	The first listed retail enterprise in Shenzhen	Shenzhen City, Guangdong Province
Shen Yang Commercial City Co., Ltd. (瀋陽商業城股份有限公司)	10.24%	Owns a number of department stores in Shenyang	Shenyang City, Liaoning Province
Dashang Co., Ltd. (大商股份有限公司)	4.89%[1]	Owns a number of department stores in Northern China	Dalian City, Liaoning Province

1 The Company has further acquired shares in Dashang Co., Ltd. after the reporting period. As at the date of this announcement, the Company's shareholding in Dashang Co., Ltd. was approximately 5.0%.

The total cost of the investments of the Group in the above companies was RMB621.5 million, which was financed by the Group's cash inflow from operations. As at 31 December 2012, the total market value of the shares held by the Group in the three above-mentioned A share and B share listed companies amounted to approximately RMB804.5 million, representing an increase of 29.5% compared with the total cost of investments.

Contingent Liabilities

The Group did not have any significant contingent liabilities as at the date of this announcement.

Pledge of Assets

As at 31 December 2012, the Group's interest-bearing bank loans amounting to RMB5,451.5 million were secured by the Group's land and buildings, investment properties, land lease prepayments, completed properties held for sale and properties under development with net carrying amounts of approximately RMB712.5 million, RMB91.7 million, RMB572.5 million, RMB318.0 million and RMB910.2 million, respectively.

As at 31 December 2012, the Group's bills payables amounted to RMB27.8 million and the Group's time deposits amounted to RMB40.2 million.

Foreign Currency Risk

The Group's certain cash and bank balances and investments are denominated in Hong Kong dollars, so the Group is exposed to foreign currency risk. During the year under review, the Group recorded a net gain from foreign currency of approximately RMB0.3 million.

For the year ended 31 December 2012, the Group had not entered into any arrangements to hedge its foreign currency risk. The Group's operating cash flow is not exposed to any foreign exchange fluctuation risks.

PROPOSED FINAL DIVIDEND

The Board recommended the payment of a final dividend of 2.3 HK cents in cash per share for the year ended 31 December 2012 (the "**Proposed Final Dividend**") (2011: 5.9 HK cents), subject to the shareholders' approval at the annual general meeting of the Company to be held on Friday, 12 April 2013 (the "**2013 AGM**"). The Proposed Final Dividend will be paid in cash on Friday, 26 April 2013 to shareholders whose names appear on the Register of Members of the Company as at the close of business on Friday, 19 April 2013.

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES OF THE COMPANY

The Company repurchased a total of 17,933,000 shares on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") during the year ended 31 December 2012. Such shares were cancelled upon repurchase and accordingly the issued capital of the Company was reduced by the nominal value of these shares.

Details of the repurchase are summarized as follows:

Month of repurchase	Total number of shares repurchased	Repurchase price per share Highest	Repurchase price per share Lowest	Aggregate consideration
		HK$	*HK$*	*HK$'000*
January 2012	17,933,000	1.90	1.59	31,378

Except as disclosed above, neither the Company nor its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year ended 31 December 2012.

CLOSURE OF REGISTER OF MEMBERS

(i) For determining the entitlement to attend and vote at the 2013 AGM

The Company's Register of Members will be closed from Wednesday, 10 April 2013 to Friday, 12 April 2013 (both days inclusive), during such period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the 2013 AGM, unregistered holders of shares of the Company should ensure all share transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Tuesday, 9 April 2013.

(ii) For determining the entitlement to the Proposed Final Dividend

The Company's Register of Members will be closed from Thursday, 18 April 2013 to Friday, 19 April 2013 (both days inclusive), during such period no transfer of shares of the Company will be registered. In order to be eligible to receive the Proposed Final Dividend, unregistered holders of shares of the Company should ensure all share transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Wednesday, 17 April 2013.

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance with a view to safeguarding the interests of its shareholders and enhancing corporate value. Detailed corporate governance practices will be stated in the Company's annual report for the year ended 31 December 2012. The Board is of the view that the Company has complied with the code provisions set out in the former Code on Corporate Governance Practices during the period from 1 January 2012 to 31 March 2012 and the new Corporate Governance Code during the period from 1 April 2012 to 31 December 2012 as contained in Appendix 14 of the Listing Rules, except for the following deviations:

Code Provision A.2.1

Currently, Mr. Huang Mao Ru is both the Chairman and Chief Executive Officer of the Company. As Mr. Huang is the founder of the Group and has extensive experience in the department store industry and commercial real estate industry, the Board believes that it is in the best interest of the Group to have Mr. Huang taking up both roles for the continuous effective management and business development of the Group.

Code Provision A.6.7

One of the independent non-executive directors was unable to attend the annual general meeting of the Company held on 5 April 2012 due to his unavoidable business engagement.

AUDIT COMMITTEE

The Audit Committee, comprising all the independent non-executive directors of the Company, has reviewed the results of the Group for the year ended 31 December 2012 and has discussed with the management the accounting principles and practices adopted by the Group, and its internal controls and financial reporting matters.

PUBLICATION OF ANNUAL RESULTS ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This announcement was published on the website of the Stock Exchange (www.hkexnews.hk) and on the website of the Company (www.maoye.cn). The annual report for the year ended 31 December 2012 containing information required by Appendix 16 of the Listing Rules will be dispatched to shareholders and published on the websites of the Stock Exchange and the Company in due course.

APPRECIATION

The Board would like to express its sincere appreciation to the shareholders, customers, suppliers and staff for their continued support to the Group.

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

Hong Kong, 25 February 2013

As at the date of this announcement, the Board comprises four executive directors, namely, Mr. Huang Mao Ru, Mr. Zhong Pengyi, Ms. Wang Fuqin and Mr. Wang Bin; and three independent non-executive directors, namely, Mr. Chow Chan Lum, Mr. Pao Ping Wing and Mr. Leung Hon Chuen.