



茂業國際控股有限公司


MAOYE INTERNATIONAL HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 848)



INTERIM REPORT 2014



This interim report, in both English and Chinese versions, is available on the Company's website at www.maoye.cn.

Shareholders may at any time change their choice of language(s) (either English only or Chinese only or both languages) of the corporate communications of the Company (including but not limited to annual reports, interim reports and circulars) by sending reasonable prior notice in writing to the share registrar of the Company in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

Shareholders who have chosen to receive the Company's corporate communications in either English or Chinese version will receive both English and Chinese versions of this interim report since both languages are bound together into one booklet.

Contents

Corporate Profile	2
Corporate Information	3
Financial Highlights	4
Management Discussion and Analysis	5-12
Interim Dividend	13
Other Information	14-19
Report on Review of Interim Condensed Consolidated Financial Statements	20
Interim Condensed Consolidated Statement of Profit or Loss	21
Interim Condensed Consolidated Statement of Comprehensive Income	22
Interim Condensed Consolidated Statement of Financial Position	23-24
Interim Condensed Consolidated Statement of Changes in Equity	25-26
Interim Condensed Consolidated Statement of Cash Flows	27-29
Notes to the Interim Condensed Consolidated Financial Statements	30-56

Corporate Profile

Maoye International Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands with limited liability on 8 August 2007. The Company and its subsidiaries (the “**Group**”) are principally engaged in the operation and management of department stores and property development in the People’s Republic of China (the “**PRC**”). The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 5 May 2008 (the “**Listing Date**”).

The Group is positioned at the medium to high-end department store merchandise and offers a stylish and diversified merchandise mix for well-off urban residents.

As a leading domestic operator of department stores, the Group operates department stores in the affluent regions of China with high economic growth. Currently, the Group is strategically expanding into four regions: Guangdong Province which is economically developed, Sichuan Province which is one of the most densely populated regions, Jiangsu Province and Shandong Province which ranks among the top three regions in terms of GDP, and Northern China, such as the Bohai Rim region, etc.

As at 30 June 2014, the Group operated and managed 40 stores in 18 cities across the nation with total gross floor area of 1,422,057 square metres, of which self-owned properties accounted for 76.7% in gross floor area (excluding the gross floor area of managed stores). The cities under its coverage include Shenzhen and Zhuhai in Guangdong Province; Chengdu, Nanchong 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. As at 30 June 2014, the distribution of stores of the Group are as follows:

	Southern China	Southwestern China	Eastern China	Northern China	Total
No. of Stores	7	10	12	11	40
Gross Floor Area (square metres)	230,364	294,565	460,466	436,662	1,422,057

BOARD OF DIRECTORS

Executive Directors

Mr. Huang Mao Ru (*Chairman and CEO*)
Mr. Zhong Pengyi (*Vice Chairman*)
Ms. Wang Fuqin (*Vice President*)
Mr. Wang Bin (*Vice President and CFO*)

Independent Non-executive Directors

Mr. Chow Chan Lum
Mr. Pao Ping Wing
Mr. Leung Hon Chuen

REGISTERED OFFICE

Floor 4, Willow House
Cricket Square, P.O. Box 2804
Grand Cayman KY1-1112
Cayman Islands

HEAD OFFICE IN THE PRC

38/F, World Finance Centre
4003 Shennan East Road, Shenzhen, PRC

PLACE OF BUSINESS IN HONG KONG

Room 3301, 33/F, Office Tower Convention Plaza
No. 1 Harbour Road, Wanchai, Hong Kong

COMPANY SECRETARY

Ms. Soon Yuk Tai (*FCS, FCIS*)

AUDIT COMMITTEE

Mr. Chow Chan Lum (*Chairman*)
Mr. Pao Ping Wing
Mr. Leung Hon Chuen

REMUNERATION COMMITTEE

Mr. Pao Ping Wing (*Chairman*)
Mr. Chow Chan Lum
Ms. Wang Fuqin

NOMINATION COMMITTEE

Mr. Huang Mao Ru (*Chairman*)
Mr. Chow Chan Lum
Mr. Pao Ping Wing

AUTHORISED REPRESENTATIVES PURSUANT TO THE LISTING RULES

Ms. Wang Fuqin
Mr. Wang Bin

AUTHORISED REPRESENTATIVES PURSUANT TO THE HONG KONG COMPANIES ORDINANCE

Mr. Wang Bin
Ms. Soon Yuk Tai (*FCS, FCIS*)

HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East, Hong Kong

PRINCIPAL BANKERS

Bank of China
Industrial and Commercial Bank of China
China Construction Bank
Agricultural Bank of China
The Bank of East Asia (China) Limited

COMPANY WEBSITE

www.maoye.cn

STOCK CODE

848

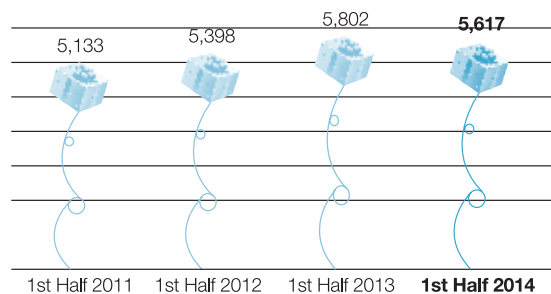
Financial Highlights

The summary of the Group's results for the six months ended 30 June 2014 and 2013 are set out below:

	For the six months ended 30 June	
	2014 (unaudited) RMB'000	2013 (unaudited) RMB'000
Total Sales Proceeds ¹	5,617,457	5,802,417
Total operating revenue ²	2,111,256	2,288,660
Operating profit	773,409	758,106
Profit for the period	496,806	476,179
Attributable to:		
Owners of the parent	427,035	398,316
Non-controlling interests	69,771	77,863
Earnings per share ³		
Basic	RMB8.2 cents	RMB7.5 cents
Diluted	RMB8.2 cents	RMB7.5 cents

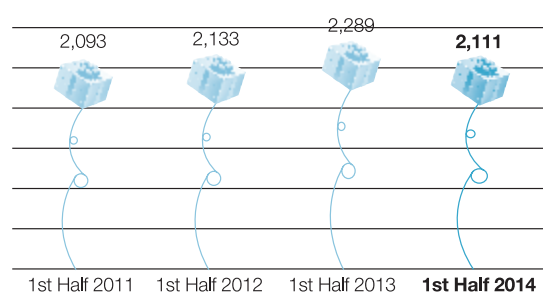
TOTAL SALES PROCEEDS

(RMB million)



TOTAL OPERATING REVENUE

(RMB million)



Notes:

- Total sales proceeds represent the sum of total sales proceeds from concessionaire sales and revenue from direct sales at the department stores of the Group.
- Total operating revenue represents the sum of the Group's revenue and other income.
- The calculation of basic earnings per share is based on the profit for the six months ended 30 June 2014 attributable to ordinary equity holders of the parent of RMB427,035,000 (Six months ended 30 June 2013: RMB398,316,000) and the weighted average number of ordinary shares of 5,223,074,000 (Six months ended 30 June 2013: 5,306,375,229) in issue during the period.

No adjustment has been made to the basic earnings per share amounts presented for the six months ended 30 June 2014 and 2013 in respect of a dilution as the convertible bonds had an anti-dilutive effect on the basic earnings per share amounts presented.

Management Discussion and Analysis

OPERATION REVIEW

In the first half of 2014, the Group actively responded to the dual challenges of the slow growth of consumption and rise of e-business by adopting a series of effective measures and still recorded a slight increase in its performance.

- Total sales proceeds were RMB5,617.5 million, representing a decrease of 3.2% compared to the same period last year; same-store sales growth of concessionaire sales decreased by 2.0%;
- Total operating revenue was RMB2,111.3 million, representing a decrease of 7.8% compared to the same period last year;
- Profit attributable to owners of the parent was RMB427.0 million, representing an increase of 7.2% compared to the same period last year.

1. Maintaining a stable gross profit margin by adopting a profit-oriented approach

In the first half of 2014, to respond to the impact of weak consumption and rise of e-business, the Group continued to upgrade and adjust its key stores, introduced differentiated brands and continued to implement the strategy of “transformation of department stores into shopping centres” to reinforce comprehensive services. While striving to provide customers with an experience irreplaceable by online services, the Group effectively managed the sales promotion efforts and frequency so as to maintain the gross profit margin at a stable level. In addition, the sales from VIP members of the Group increased by 20% compared to the same period last year.

Stores upgraded and transformed by the Group last year have all achieved positive operating performance this year. In the first half of 2014, the Group further enhanced strategic cooperation with suppliers and continued to optimize and adjust the merchandise mix in accordance with regional location, store positioning and consumer groups. Shenzhen Huaqiangbei Store is currently undergoing comprehensive upgrade and has introduced more light luxury brands. Meanwhile, the layout and structure of floors of Chongqing Jiangbei Store and Zibo Maoye Complex have also been further improved to enhance customers’ shopping experience. In addition, Chengdu Chunxi Store, which was successfully recovered by the Group last year, has also started to undergo a comprehensive, floor by floor and step by step hardware upgrade and its new look will be unveiled in the portal zone of the core business district in Chengdu.

The Group actively conducted differentiated brand operations, and has successively introduced second- and third-tier international brands and domestic fashion brands and continued to lead the fashion trend in different regions while avoiding the vicious cycle of price competition among similar goods, safeguarding the brand influence and appeal of Maoye Department Store.

By adhering to the concept of the “transformation of department stores into shopping centres”, the Group continued to reduce the operating area of the department store business and increased ancillary and comprehensive services, such as leisure and catering, to provide customers with an enhanced shopping experience.

Management Discussion and Analysis

2. Introducing incentive plans

In the first half of 2014, the Group adjusted the incentive mechanism for its staff, introduced various profit-oriented incentive plans and expanded the awards eligibility. As a result, twenty-one stores were awarded different prizes, which increased staff's work initiative and efficiency, improved the operating performance and further attracted and retained talents.

3. Effectively promoting big data potential tapping, improving the quality of operational management

In May 2014, with the official launch of the ERP information system, the system will cover management modules such as purchasing, operations, customer relationship management (CRM), OA system, finance and human resources. The Group will implement a systematic information flow management.

Information flow can lead to the establishment of a big data platform which can carry out accurate analyses of customers' consumption behavior, and in turn assist in providing customized value-added services for customers and suppliers. The informationization of internal approval flow will help to quantify the operating standards at the execution level, and further achieve refined management and increase the Group's market competitiveness.

4. Increase in shareholding of Commercial City

On 16 February 2014, Zhongzhao Investment Management Co., Ltd. ("**Zhongzhao Investment Management**"), a wholly-owned subsidiary of the Group, entered into an agreement with Shenyang Commercial City (Group) Co. Ltd., pursuant to which Zhongzhao Investment Management agreed to acquire 20,907,940 shares of Shenyang Commercial City Co. Ltd. ("**Commercial City**"), representing 11.74% of its issued share capital, for a consideration of RMB206,988,606. Together with the previous acquisition of Commercial City, the Company held a total of 29.22% shares of Commercial City. Through this acquisition of shares, Zhongzhao Investment Management became the largest shareholder of Commercial City. This has strengthened the Group's department store and retail market competitiveness in Shenyang, the largest city in Northeast, which will help to increase the Group's influence in North China.

5. Continuing with diversified financing

In May 2014, the Group successfully issued US\$300 million three-year senior guaranteed notes. In February and June 2014, Shenzhen Maoye Trade Building Co., Ltd., a wholly-owned subsidiary of the Company, successfully issued RMB700 million three-year medium-term notes and RMB400 million one-year short-term financing notes, respectively, with a fixed coupon rate of 6.7% and 5.3%, respectively, in China's interbank market in succession.

The successful issuance of US dollar bonds, medium-term notes and short-term financing notes has offered long-term and stable capital support for the development of the Group, widened the Group's financing channels in a diversified manner and further optimized the Company's debt structure.

Management Discussion and Analysis

Performance of major same stores¹

Store Name	Proceeds of Concessionaire Sales (RMB'000)	Same Store Sales Growth %	Operation Period ² (years)	Gross Floor Area (m ²)	Ticket Per Sale (RMB)
1 Shenzhen Huaqiangbei	808,943	-4.8%	10.7	59,787	868
2 Shenzhen Dongmen	413,758	-2.8%	17.3	47,436	803
3 Taizhou First Department	357,517	-3.5%	4.7	40,358	972
4 Shenzhen Nanshan	296,706	9.7%	4.8	44,871	1,167
5 Chongqing Jiangbei	263,237	-10.6%	9.7	52,281	635
6 Qinhuangdao Xiandai Shopping Plaza	261,836	-4.0%	4.1	36,897	666
7 Taiyuan Liuxiang	238,344	1.1%	5.7	31,448	643
8 Qinhuangdao Jindu	237,388	6.3%	5.8	46,610	477
9 Qinghuangdao Shangcheng	171,366	-20.0%	4.1	26,696	1,211
10 Zhuhai Xiangzhou	165,096	11.1%	12.7	23,715	501
11 Nanchong Wuxing	162,921	2.0%	9.1	25,195	655
12 Zibo Maoye Plaza	147,597	-1.8%	3.6	36,791	415
13 Mianyang Xingda	135,631	-9.8%	5.8	27,535	607
14 Shenzhen Outlet	131,870	14.9%	14.8	23,048	503

Notes:

- 1 Major stores are same stores with sales proceeds per annum of over RMB100 million.
- 2 Operation period was calculated till 30 June 2014.

PROPERTY DEVELOPMENT

As of 30 June 2014, the Group operated and managed 40 stores across 18 cities in China, including Shenzhen and Zhuhai in Guangdong Province; Chengdu 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 1.422 million square metres, self-owned areas accounted for 76.7% (excluding the gross floor area of managed stores), areas leased from connected parties accounted for 15.1%, while areas leased from independent third parties accounted for 8.1%. In addition, the Group also has projects under development in Taiyuan of Shanxi Province; Jinzhou of Liaoning Province; Baoding and Qinhuangdao of Hebei Province; Weifang and Laiwu of Shandong Province; Nanjing, Huaian, Wuxi and Taizhou of Jiangsu Province; and Baotou of Inner Mongolia Autonomous Region.

Management Discussion and Analysis

OUTLOOK

In the second half of 2014, the Group plans to open Taiyuan Qinxianjie Street Store, and take proactive and effective measures to promote the strategic transformation of the Company and improve the operating performance of the Company:

Firstly, identify the development trend of the trade mix in accordance with the changes in the market environment and consumption environment, and actively adjust the trade mix and operation mode based on the characteristics of local customers and their preferences for goods structure, marketing and experience.

Secondly, continue to introduce differentiated brands, especially the light luxury brands, select and identify brand portfolios in an innovative way and focus on providing customers with goods of better quality.

Thirdly, enhance customer service and member management, complete a comprehensive and in-depth analysis of the consumption behavior of members through the intelligent information system and achieve the customization of the marketing approach.

Fourthly, actively promote the expansion of multiple channels online and the integration of online and offline resources by focusing on the application of new technology, and facilitate the construction of the store omni-channel service system by focusing on market resources, data sharing and analysis and technical operations etc.

FINANCIAL REVIEW

Total Sales Proceeds and Revenue

For the six months ended 30 June 2014, total sales proceeds of the Group were RMB5,617.5 million, representing a decrease of 3.2% compared to the same period of 2013. The decrease of total sales proceeds was primarily due to strategic adjustment in operation area by the Group.

	Six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
Total sales proceeds from concessionaire sales	4,964,126	5,087,975
Direct Sales	653,331	714,442
Total Sales Proceeds	5,617,457	5,802,417

Among the total sales proceeds of the Group in the first half of 2014, total sales proceeds derived from concessionaire sales accounted for 88.4% and those derived from direct sales accounted for 11.6%.

Management Discussion and Analysis

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 (RMB'000)	Contribution to the total sales proceeds of the Group (%)	Same-store sales growth of sales proceeds derived from concessionaire sales (%)
Southern China	1,990	35.4	0.1
South-western China	1,239	22.1	-7.5
Eastern China	1,172	20.9	-7.0
Northern China	1,216	21.6	5.3
Total	5,617	100	-2.0

For the six months ended 30 June 2014, same-store sales proceeds from concessionaire sales decreased to RMB4,520.7 million, representing a decrease of 2.0% compared to the same period last year. The Group's commission rate from concessionaire sales was 17.4%, representing an increase of one percent point compared with 16.4% for the same period last year. The decrease of same-store proceeds was primarily due to the influence from the category of gold jewelry. Due to the significant price fluctuation of gold price in the first half of 2013, there was a dramatic rise in the sales of gold and jewelry.

Total sales proceeds in the first half of 2014 comprised sales of apparel (45.2%) (first half of 2013: 42.3%), cosmetics and jewelries (22.8%) (first half of 2013: 24.1%), shoes and leather goods (12.9%) (first half of 2013: 12.8%) and others such as children's wear and toys, household and electronic appliances (19.1%) (first half of 2013: 20.8%). The percentage attributable to each product category to total sales proceeds is similar to that in the first half of 2013.

For the six months ended 30 June 2014, revenue of the Group amounted to RMB1,690.0 million, representing a decrease of 9.7% compared with RMB1,870.7 million for the same period last year. The decrease of revenue was mainly due to the recognition of rental income of RMB135.0 million from Chengdu Chunxi Store in the same period last year.

Other Income

For the six months ended 30 June 2014, other income of the Group amounted to RMB421.2 million, which was similar to that in the same period last year.

Cost of Sales

For the six months ended 30 June 2014, cost of sales of the Group amounted to RMB601.5 million, representing a decrease of 12.8% compared with RMB690.2 million for the same period last year. The decrease in cost of sales was primarily due to the decrease in property sales and direct sales compared to the same period last year.

Management Discussion and Analysis

Employee Expenses

For the six months ended 30 June 2014, employee expenses of the Group amounted to RMB221.9 million, representing an increase of 7.8% compared with the employee expenses of RMB205.9 million for the same period last year. The increase of employee expenses was attributable to employee expenses arising from the pipeline stores, such as Taiyuan Qinxianjie Store, Baoding Yanzhao Store and Taizhou East Plaza.

Depreciation and Amortisation

For the six months ended 30 June 2014, depreciation and amortisation of the Group amounted to RMB192.9 million, representing an increase of 7.6% compared with RMB179.3 million for the same period last year, which was primarily due to the increase of property depreciation caused by the increase of fixed assets resulted from completion of new stores and upgrading of certain self-owned stores. The depreciation and amortisation as percentage of total sales proceeds in the first half of 2014 increased to 3.4% compared with 3.1% for the first half of 2013.

Operating Lease Rental Expenses

For the six months ended 30 June 2014, operating lease rental expenses of the Group amounted to RMB115.6 million, representing a decrease of 4.5% compared with RMB121.0 million for the same period last year, which was mainly caused by the change of Jinlang Store in Shenyang and Wujing Store in Changzhou to management stores from leased stores. The operating lease rental expenses as percentage of total sales proceeds in the first half of 2014 is 2.1%, similar to that of the first half of 2013.

Other Operating Expenses

For the six months ended 30 June 2014, other operating expenses of the Group amounted to RMB412.7 million, which was similar to that in the same period last year. The other operating expenses as percentage of total sales proceeds in the first half of 2014 increased to 7.3% compared with 7.1% in the first half of 2013.

Other Gains

For the six months ended 30 June 2014, other gains of the Group amounted to RMB206.8 million, representing an increase of 157.3% compared with RMB80.4 million in the same period last year. This was primarily due to the gain on disposal of Nanchong Mofanjie Store in the first half of 2014 by the Group of RMB104.1 million.

Operating Profit

For the six months ended 30 June 2014, operating profit of the Group amounted to RMB773.4 million, representing an increase of 2.0% compared with RMB758.1 million for the same period last year. This was primarily due to the decrease in the cost of sales compared to the same period last year, and the increase in other gains of the Group arising from the disposal of Nanchong Mofanjie Store.

Finance Costs

For the six months ended 30 June 2014, finance costs of the Group amounted to RMB63.7 million, representing a decrease of 13.8% compared with RMB74.0 million in the same period last year. This was primarily due to the increase in capitalised interest in the first half of 2014 compared to the same period of 2013, which offsets more finance costs.

Management Discussion and Analysis

Income Tax Expense

For the six months ended 30 June 2014, income tax expense of the Group amounted to RMB192.2 million, representing a decrease of 7.4% compared with RMB207.5 million in the same period last year. For the six months ended 30 June 2014, the effective income tax rate applicable to the Group was 27.9% (for the six months ended 30 June 2013: 30.4%). The decrease in income tax was primarily due to the repaid income tax of RMB17.3 million from Chongqing Maoye Department Store Co., Ltd. in the same period last year.

Profit Attributable to Owners of the Parent

As a result of the foregoing, for the six months ended 30 June 2014:

- Profit attributable to owners of the parent increased by 7.2% to RMB427.0 million.
- Without taking into account the effect of non-operating gains and losses, profit attributable to owners of the parent decreased by 2.8% to RMB328.9 million.

Among these, the results of the operation of department stores segment are as follows: Profit attributable to owners of the parent increased by 16.7% to RMB463.8 million compared with RMB397.4 million in the same period last year.

Liquidity and Financial Resources

As at 30 June 2014, the Group's cash and cash equivalents amounted to RMB1,624.0 million, increased by RMB645.5 million compared to RMB978.4 million as at 31 December 2013. The main cash inflow and cash outflow are set out as follows:

- (1) net cash outflow of RMB333.8 million arising from operating activities;
- (2) net cash outflow arising from investment activities which amounted to RMB755.7 million, which mainly includes payments for properties and equipment amounting to RMB401.7 million, purchase of available-for-sale equity investments amounting to 207.0 million, prepayment of land lease amounting to RMB83.9 million, and prepayments for acquisition of subsidiaries amounting to RMB105.0 million; and
- (3) net cash inflow of RMB1,741.6 million arising from financing activities, mainly includes: 1) net increase in cash inflow arising from bank loans and other borrowings of RMB3,831.6 million; 2) cash outflow arising from repayment of bank loans and other borrowings of RMB1,684.7 million; 3) cash outflow arising from payment of interest, payment of final dividend for 2013 and repurchase of shares which amounted to RMB236.6 million, RMB123.6 million and RMB7.5 million, respectively.

Interest-bearing Loans

As at 30 June 2014, total bank loans, medium-term financing notes, short-term financing notes and convertible bonds of the Group were RMB8,925.4 million (31 December 2013: RMB6,770.6 million). The gearing ratio¹ and net gearing ratio² were 40.1% and 96.2%, respectively (31 December 2013: 33.7% and 79.0%, respectively).

- 1 Gearing ratio = total debt/total assets = (bank loans + medium-term financing notes + short-term financing notes + convertible bonds)/total assets
- 2 Net gearing ratio = net debt/equity = (bank loans + medium-term financing notes + short-term financing notes + convertible bonds - cash and cash equivalents)/equity

Management Discussion and Analysis

Investment in Listed Shares

The Group currently owns minority interests in a company with department store operation 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 one A share listed in the PRC as at 30 June 2014, and relevant summarised information relating to this company.

Investment	The Group's Shareholding	Principal Business	Geographical Location
Dashang Co., Ltd. (大商股份有限公司)	5.00%	Owns a number of department stores in Northern China	Dalian City, Liaoning Province

The total original cost of the investments in the above company was RMB491.5 million, which was financed by the Group's cash inflow from operations.

Pledge of Assets

As at 30 June 2014, the Group's collateral interest-bearing bank loans amounting to RMB8,913.1 million were secured by the Group's land and buildings, investment properties, land lease prepayments, completed properties held for sale with net carrying amounts of approximately RMB779.9 million, RMB50.3 million, RMB735.6 million and RMB318.0 million, respectively.

Foreign Currency Risk

The Group's certain cash and bank balances and investments are denominated in Hong Kong dollars and, therefore, the Group is exposed to foreign currency risk. During the period under review, the Group recorded a net gain in foreign currency of approximately RMB19.8 million.

For the six months ended 30 June 2014, the Group had not entered into any arrangements to hedge foreign currency risk. The Group's operating cash flow is not exposed to any foreign exchange fluctuation risks.

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend for the six months ended 30 June 2014 of HK3.1 cents in cash per share totalling HK\$161.1 million (equivalent to approximately RMB127.8 million) (for the six months ended 30 June 2013: HK\$146.4 million). The interim dividend will be paid on Tuesday, 23 September 2014 to shareholders whose names appear on the Register of Members of the Company at the close of business on Tuesday, 16 September 2014.

CLOSURE OF REGISTER OF MEMBERS

The Company's Register of Members will be closed from Monday, 15 September 2014 to Tuesday, 16 September 2014 (both days inclusive), during such period no transfer of shares of the Company will be registered. In order to be eligible to receive the interim dividend for the six months ended 30 June 2014, 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 share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Friday, 12 September 2014.

Other Information

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2014, the interests of the directors of the Company in the shares of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under Section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in the Listing Rules were as follows:

(1) Long position 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)	80.41%
	Beneficial owner	50,000,000	0.96%
		4,250,000,000	81.37%
Mr. Zhong Pengyi	Beneficial owner	198,000	0.004%
Ms. Wang Fuqin	Beneficial owner	792,000	0.015%

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 Mao Ru.

* The percentage represents the number of ordinary shares divided by the number of the Company's issued shares as at 30 June 2014.

(2) Long position in the shares of associated corporations

(2.1) 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 corporation	2 (Note)	100%

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

* The percentage represents the number of ordinary shares divided by the number of Maoye Department Store Investment Limited's issued shares as at 30 June 2014.

(2.2) 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%

* The percentage represents the number of ordinary shares divided by the number of MOY International Holdings Limited's issued shares as at 30 June 2014.

Save as disclosed above, as at 30 June 2014, 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.

Other Information

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2014, 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:

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 (Note (a))	81.37%
Maoye Department Store Investment Limited	Beneficial owner	4,200,000,000 (Note (b))	80.41%
MOY International Holdings Limited	Interest of controlled corporation	4,200,000,000 (Note (b))	80.41%

Notes:

- (a) Mrs. Huang Jingzhang was deemed to be interested in these shares through the interest of her spouse, Mr. Huang Mao Ru.
- (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 Mao Ru 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".

* The percentage represents the number of ordinary shares divided by the number of the Company's issued shares as at 30 June 2014.

Save as disclosed above, as at 30 June 2014, 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 a 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.

SHARE OPTION SCHEME

On 20 January 2010, the Company adopted a share option scheme for the purpose of providing incentives and rewards to eligible participants for their contribution to the Group (the "**Scheme**"). The Scheme is managed by the Share Option Incentive Scheme Committee, a committee duly authorized by the Board to administer the Scheme.

As at 30 June 2014, the Company has no outstanding share options. During the six months ended 30 June 2014, no share options of the Company have been granted, exercised, cancelled or lapsed.

CONVERTIBLE BONDS

Details of the convertible bonds of the Company are set out in note 26 to the interim condensed consolidated financial statements.

EMPLOYEES

As at 30 June 2014, the Group had a total of approximately 8,381 employees. Salaries, bonuses and benefits are determined with reference to market terms and performance, qualifications and experience of individual employees.

PURCHASE OR SALE OF LISTED SHARES OF THE COMPANY

The Company repurchased a total of 7,474,000 shares on the Stock Exchange during the six months ended 30 June 2014. 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 summarised as follows:

Month of repurchase	Total number of shares repurchased	Repurchase price per share		Aggregate consideration HK\$
		Highest HK\$	Lowest HK\$	
June 2014	7,474,000	1.28	1.22	9,371,150

Except as disclosed above, neither the Company nor its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 June 2014.

GENERAL DISCLOSURE PURSUANT TO RULE 13.21 OF THE LISTING RULES

As detailed in the Company's announcement dated 1 November 2013, the Company (as borrower) entered into a syndicated facility agreement (the "**Syndicated Facility Agreement**") with the syndicate which is jointly led by Deutsche Bank AG and Bank of China Limited Macau Branch with supports and participation from a consortium of other banks (the "**Lenders**") pursuant to which the Lenders have made available to the Company a three year guaranteed and secured loan in the principal sum of US\$190,500,000 at an interest rate of LIBOR plus 3.10% per annum, with an option to increase the loan amount by an additional US\$9,500,000 upon mutual agreement between the Company and the Lender(s) (the "**Syndicated Loan**"). Subsequently to the date of the announcement, the lenders have agreed to increase the loan amount by an additional US\$5,000,000 pursuant to the said option.

Pursuant to the Syndicated Facility Agreement, it will be an event of default if, amongst others, (i) Mr. Huang Mao Ru (the controlling shareholder, executive director, chairman and chief executive officer of the Company) and/or his family ceases to own at least 50% of the outstanding shares of the Company; or (ii) Mr. Huang Mao Ru relinquishes or ceases to hold his position as the chairman, chief executive officer and executive director of the Company or ceases to maintain management control of the Company. On and at any time after the occurrence of an event of default which is continuing, the facility agent may, and shall if so directed by the majority lenders of the Syndicated Loan, by notice to the Company, (a) cancel the commitment under the Syndicated Facility Agreement; (b) declare that all or part of the Syndicated Loans together with interests accrued and all other amounts outstanding under the finance documents be immediately due and payable; (c) declare all or part of the Syndicated Loan be payable on demand; and/or (d) exercise or direct the security agent of the Syndicated Loan to exercise any or all of its rights or powers under the finance documents relating to the Syndicated Loan.

As the above specific performance obligation as imposed under the Syndicated Facility Agreement continues to exist as at 30 June 2014, the Company is required to make the above disclosure pursuant to Rule 13.21 of the Listing Rules. In addition, the above performance obligation has been duly satisfied up to the date of the approval of these financial statements.

Other Information

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND EMPLOYEES WRITTEN GUIDELINES

The Company has adopted the Model Code as its code of conduct governing the directors' dealings in the Company's securities. The Company has made specific enquiries with all of its directors, who have confirmed their compliance with the required standard set out in the Model Code throughout the six months ended 30 June 2014.

The Company also has established written guidelines on no less exacting terms than the Model Code (the "**Employees Written Guidelines**"), governing securities transactions by relevant employees who are likely to possess inside information of the Company and/or its securities. No incident of non-compliance of the Employees Written Guidelines by the relevant employees was noted by the Company during the six months ended 30 June 2014.

CORPORATE GOVERNANCE

The Board is of the view that the Company has complied with the code provisions set out in the Corporate Governance Code as contained in Appendix 14 of the Listing Rules during the six months ended 30 June 2014, except for the following deviation:

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 continuous effective management and business development of the Group.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

The Company repurchased a total of 17,968,000 shares on the Stock Exchange during 2 to 17 July 2014. Such shares were cancelled upon repurchase and accordingly the issued capital of the Company was reduced by the nominal value of these shares.

On 8 July 2014, the Group completed the issue of the financial notes with a principal amount of RMB800 million with a term of 365 days at the interest rate of 5.0% per annum.

On 24 July 2014, Maoye Logistics Corporation Ltd. ("**Maoye Logistics**"), a subsidiary of the Company entered into an acquisition agreement with Xiaochang Yingxigu Investment Centre and Beijing Bosheng Youshi Technology Development Co., Ltd. (the "**Vendors**") for the acquisition of Beijing TrustMeDu Sci-tech Co., Ltd. ("**Beijing TrustMeDu**"). Pursuant to the acquisition agreement, Maoye Logistics agreed to purchase and the Vendors agreed to sell 100% of Beijing TrustMeDu's total issued share capital in aggregate for a consideration of approximately RMB878 million (subject to adjustment based on the formal valuation report). The consideration shall be satisfied as to 15% (approximately RMB132 million) in cash and as to 85% (approximately RMB746 million) by the allotment and issue of Maoye Logistics shares. As a result, 148,665,400 Maoye Logistics shares will be issued to the Vendors at an issue price of RMB5.02 per share, subject to adjustment. Separately, on 24 July 2014, Maoye Logistics entered into the subscription agreement with Shanghai Fengyou Investment Management Centre ("**Shanghai Fengyou**"), pursuant to which Maoye Logistics would allot and issue and Shanghai Fengyou would subscribe to such number of shares of Maoye Logistics representing an aggregate value of RMB132 million. As a result, 26,235,060 shares of Maoye Logistics will be issued to Shanghai Fengyou at an issue price of RMB5.02 per share, subject to adjustment. The proceeds of the subscription will be applied to settle the cash consideration of the acquisition of Beijing TrustMeDu.

On 30 July 2014, the Company had exercised the early redemption option and redeemed the whole of the HK\$16,300,000 convertible bonds outstanding together with accrued and unpaid interest thereon.

AUDIT COMMITTEE

The Audit Committee, comprising all the independent non-executive directors of the Company, has reviewed the results of the Group for the six months ended 30 June 2014 and discussed with the management on the accounting principles and practices adopted by the Group, internal controls and financial reporting matters.

DEED OF NON-COMPETITION

Under the deed of non-competition dated 17 April 2008 given by Mr. Huang Mao Ru, Maoye Holdings Limited and Richon Holdings Limited (collectively known as the “**Controlling Shareholder Group**”) in favour of the Company, details of which were stated in the prospectus of the Company dated 21 April 2008, the Controlling Shareholder Group has undertaken to use its best endeavour within three years to (i) resolve the existing litigation between Chongqing Jiefangbei Maoye Department Store Co., Ltd (重慶解放碑茂業百貨有限公司) (“**Chongqing Jiefangbei Store**”) and Chongqing Xin Long Da Real Estate Development Company Limited (重慶鑫隆達房地產開發有限公司) (“**Xin Long Da**”), (ii) obtain all necessary consents and approvals for the transfer of the interest of the Controlling Shareholder Group in Chongqing Jiefangbei Store and Wuxi Maoye Department Store Company Limited (無錫茂業百貨有限公司) and Wuxi Maoye Baifu Supermarket Company Limited (無錫茂業百福超級市場有限公司) (the latter two collectively known as “**Maoye Wuxi Store**”) to the Group, and (iii) obtain all necessary consents and approvals for the transfer of the Controlling Shareholder Group’s interest in Guiyang Friendship Group Holdings Company Limited (貴陽友誼(集團)股份有限公司) (“**Guiyang Friendship Group**”), to serve a notice on the Group within ten business days of any of the issues in clauses (i) through (iii) above having been resolved, and to use his/its best endeavour to transfer the interest in Chongqing Jiefangbei Store, Maoye Wuxi Store and Guiyang Friendship Group to the Group as soon as practicable once the relevant issues impeding such transfer have been resolved. The Controlling Shareholder Group has further undertaken to keep the Company informed every six months from the Listing Date as regards the progress on the matters described above.

Since the Supreme People’s Court has adjudged that the leasing agreement entered into between Chongqing Jiefangbei Store and Xin Long Da was valid and binding, the litigation between Chongqing Jiefangbei and Xin Long Da has been resolved. However, the Group is still considering as to whether to acquire the interests of the Controlling Shareholder Group in the above-mentioned stores. As the existing master management agreement has expired on 4 May 2011, the Company entered into the new master management agreement with Maoye Holdings Limited on 10 June 2011 to govern the terms upon which the Group will provide store management services to the Controlling Shareholder Group with respect to the Chongqing Jiefangbei Store, Maoye Wuxi Store and/or department stores owned by the Controlling Shareholder Group in order to avoid conflict of interests between the Group and the Controlling Shareholder Group. The new master management agreement has a term of three years with retrospective effect from 5 May 2011. As Chongqing Jiefangbei Store has ceased operation since February 2011, the Group will not manage Chongqing Jiefangbei Store thereafter. Approval from the relevant government departments has not been obtained in relation to the Group’s application for transfer of interest in Guiyang Friendship Group.

UPDATE ON DIRECTOR’S INFORMATION UNDER RULE 13.51(B)(1) OF THE LISTING RULES

- (1) Mr. Zhong Pengyi and Mr. Wang Bin, executive directors of the Company, have been appointed as directors of Commercial City with effect from 14 March 2014.
- (2) Ms. Wang Fuqin, an executive director of the Company, has resigned as directors of (i) Chengshang Group Co., Ltd. (成商集團股份有限公司) with effect from 5 May 2014; and (ii) Maoye Logistics with effect from 29 April 2014.
- (3) Mr. Chow Chan Lum, an independent non-executive director of the Company, has resigned as an independent non-executive director of Pak Tak International Limited (a company listed on the Stock Exchange, stock code: 2668) with effect from 1 April 2014. In addition, as announced by China Electronics Corporation Holdings Company Limited (a company listed on the Stock Exchange, stock code: 85) on 20 August 2014, Mr. Chow is proposed to be appointed as its independent non-executive director, subject to the approval of its shareholders.

Report on Review of Interim Condensed Consolidated Financial Statements



**To the board of directors of
Maoye International Holdings Limited**

(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim condensed consolidated financial statements set out on pages 21 to 56, which comprise the interim condensed consolidated statement of financial position of Maoye International Holdings Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30 June 2014 and the related interim condensed consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the six months then ended, and the explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”) issued by the International Accounting Standards Board.

Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young

Certified Public Accountants

Hong Kong

28 August 2014

Interim Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2014

	Notes	Six months ended 30 June	
		2014 (Unaudited) RMB'000	2013 (Unaudited) RMB'000
REVENUE	4	1,690,016	1,870,672
Other income	5	421,240	417,988
Total operating revenue		2,111,256	2,288,660
Cost of sales	6	(601,510)	(690,162)
Employee expenses	7	(221,923)	(205,908)
Depreciation and amortisation		(192,925)	(179,251)
Operating lease rental expenses		(115,596)	(120,990)
Other operating expenses	8	(412,660)	(414,596)
Other gains	9	206,767	80,353
Operating profit		773,409	758,106
Finance costs	10	(63,744)	(73,964)
Share of profits and losses of associates		(20,642)	(452)
PROFIT BEFORE TAX		689,023	683,690
Income tax expense	11	(192,217)	(207,511)
PROFIT FOR THE PERIOD		496,806	476,179
Attributable to:			
Owners of the parent		427,035	398,316
Non-controlling interests		69,771	77,863
		496,806	476,179
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	12		
Basic		RMB8.2 cents	RMB7.5 cents
Diluted		RMB8.2 cents	RMB7.5 cents

Interim Condensed

Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2014

	Six months ended 30 June	
	2014 (Unaudited) RMB'000	2013 (Unaudited) RMB'000
PROFIT FOR THE PERIOD	496,806	476,179
OTHER COMPREHENSIVE INCOME		
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>		
Available-for-sale investments:		
Changes in fair value	(53,869)	(74,313)
Reclassification adjustments for gain included in the consolidated statement of profit or loss		
– Gain on deemed disposal	(35,613)	–
Income tax effect	22,370	22,415
	(67,112)	(51,898)
Exchange differences on translation of foreign operations	(14,767)	14,429
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	(81,879)	(37,469)
OTHER COMPREHENSIVE INCOME, NET OF TAX	(81,879)	(37,469)
TOTAL COMPREHENSIVE INCOME, NET OF TAX	414,927	438,710
Attributable to:		
Owners of the parent	345,156	360,847
Non-controlling interests	69,771	77,863
	414,927	438,710

Interim Condensed

Consolidated Statement of Financial Position

30 June 2014

	Notes	30 June 2014 (Unaudited) RMB'000	31 December 2013 (Audited) RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	5,280,902	4,870,979
Investment properties	14	541,625	545,962
Land lease prepayments	15	4,307,339	4,408,731
Goodwill	16	637,348	637,348
Other intangible assets	17	3,849	4,571
Investment in an associate	18	427,409	–
Available-for-sale equity investments	19	530,573	825,469
Prepayments	22	938,862	1,191,690
Deferred tax assets		313,887	253,579
Total non-current assets		12,981,794	12,738,329
CURRENT ASSETS			
Inventories	20	194,299	227,894
Completed properties held for sale		1,421,969	763,762
Properties under development	21	5,070,018	4,676,226
Equity investments at fair value through profit or loss		802	887
Trade receivables		43,161	52,562
Prepayments and other receivables	22	809,893	477,893
Due from related parties	31(b)	66,226	114,933
Pledged deposits	23	59,043	47,194
Cash and cash equivalents	23	1,623,962	978,447
Total current assets		9,289,373	7,339,798
CURRENT LIABILITIES			
Trade and bills payables	24	1,984,261	2,447,580
Deposits received, accruals and other payables	25	2,939,279	2,685,580
Interest-bearing bank loans and other borrowings	26	1,461,467	1,751,494
Convertible bonds	26	12,330	12,023
Due to related parties	31(b)	78,180	84,271
Tax payable		131,845	167,636
Total current liabilities		6,607,362	7,148,584
NET CURRENT ASSETS		2,682,011	191,214
TOTAL ASSETS LESS CURRENT LIABILITIES		15,663,805	12,929,543

Interim Condensed

Consolidated Statement of Financial Position (continued)

30 June 2014

	Notes	30 June 2014 (Unaudited) RMB'000	31 December 2013 (Audited) RMB'000
TOTAL ASSETS LESS CURRENT LIABILITIES		15,663,805	12,929,543
NON-CURRENT LIABILITIES			
Interest-bearing bank loans and other borrowings	26	7,451,645	5,007,069
Deferred tax liabilities		623,120	591,610
Total non-current liabilities		8,074,765	5,598,679
Net assets		7,589,040	7,330,864
EQUITY			
Equity attributable to owners of the parent			
Issued capital	27	467,449	467,449
Treasury shares		(7,451)	–
Equity component of convertible bonds		56,546	56,546
Reserves		5,559,737	5,214,581
Proposed final dividend		–	123,571
		6,076,281	5,862,147
Non-controlling interests		1,512,759	1,468,717
Total equity		7,589,040	7,330,864

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2014

	Attributable to owners of the parent										Total equity RMB'000				
	Issued capital RMB'000 (note 27)	Share premium account RMB'000	Acquisition of non-controlling interests RMB'000	Treasury shares RMB'000 (note 27)	Equity component of convertible bonds RMB'000	Capital redemption reserve RMB'000	Contributed surplus RMB'000	Statutory surplus reserve RMB'000	Available-for-sale equity investment revaluation reserve RMB'000	Exchange fluctuation reserve RMB'000		Retained profits RMB'000	Proposed final dividend RMB'000	Total RMB'000	Non-controlling interests RMB'000
(Unaudited)															
At 1 January 2014	457,449	1,682,293	(33,342)	-	56,546	20,474	1,806	340,422	(20,306)	2,414	3,240,820	123,571	1,468,717	7,330,864	
Profit for the period	-	-	-	-	-	-	-	-	-	-	427,035	-	69,771	496,806	
Other comprehensive income for the period:															
Changes in fair value of available-for-sale equity investments, before tax	-	-	-	-	-	-	-	-	(53,869)	-	-	-	-	(53,869)	
Reclassification adjustments for gain included in the consolidated statement of profit or loss	-	-	-	-	-	-	-	-	(35,613)	-	-	-	-	(35,613)	
Exchanges differences on translation of foreign operations	-	-	-	-	-	-	-	-	(14,767)	(14,767)	-	-	-	(14,767)	
Tax effect of components of other comprehensive income	-	-	-	-	-	-	-	-	22,370	-	-	-	-	22,370	
Total comprehensive income for the period	-	-	-	-	-	-	-	-	(67,112)	(14,767)	427,035	-	69,771	414,927	
Profit appropriated to reserve	-	-	-	-	-	-	-	25,108	-	-	(25,108)	-	-	-	
Final 2013 dividend paid	-	-	-	-	-	-	-	-	-	-	(123,571)	-	-	(123,571)	
Repurchase of shares	-	-	-	(7,451)	-	-	-	-	-	-	-	-	-	(7,451)	
Dividend paid by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(25,729)	(25,729)	
At 30 June 2014	457,449	1,682,293	(33,342)	(7,451)	56,546	20,474	1,806	365,530	(87,418)	(12,353)	3,642,747	-	1,512,759	7,593,040	

continued/....

Interim Condensed

Consolidated Statement of Changes in Equity (continued)

For the six months ended 30 June 2013

	Attributable to owners of the parent													
	Issued capital	Share premium account	Acquisition of non-controlling interests	Equity component of convertible bonds	Capital redemption reserve	Contributed surplus	Statutory surplus reserve	Available-for-sale equity investment revaluation reserve	Exchange fluctuation reserve	Retained profits	Proposed final dividend	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
(Unaudited)														
At 1 January 2013	480,407	1,848,205	(83,342)	119,125	7,516	1,806	316,683	143,720	(28,072)	2,715,668	100,143	5,670,659	1,374,220	7,044,879
Profit for the period	-	-	-	-	-	-	-	-	-	398,316	-	398,316	77,863	476,179
Other comprehensive income for the period:														
Changes in fair value of available-for-sale equity investments, before tax	-	-	-	-	-	-	-	(74,313)	-	-	-	(74,313)	-	(74,313)
Exchanges differences on translation of foreign operations	-	-	-	-	-	-	-	-	14,429	-	-	14,429	-	14,429
Tax effect of components of other comprehensive income	-	-	-	-	-	-	-	22,415	-	-	-	22,415	-	22,415
Total comprehensive income for the period	-	-	-	-	-	-	-	(51,898)	14,429	398,316	-	360,847	77,863	438,710
Acquisition of non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(5,000)	(5,000)
Profit appropriated to reserve	-	-	-	-	-	-	18,720	-	-	(18,720)	-	-	-	-
Final 2012 dividend paid	-	92	-	-	-	-	-	-	-	-	(98,226)	(98,134)	-	(98,134)
Repurchase and cancellation of shares	(11,001)	(165,073)	-	-	11,001	-	-	-	-	(9,084)	(1,917)	(176,074)	-	(176,074)
Dividend paid by a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	(11,404)	(11,404)
At 30 June 2013	469,406	1,683,224	(83,342)	119,125	18,517	1,806	335,403	91,822	(14,643)	3,085,880	-	5,757,298	1,435,679	7,192,977

Interim Condensed

Consolidated Statement of Cash Flows

For the six months ended 30 June 2014

	Notes	Six months ended 30 June	
		2014 (Unaudited) RMB'000	2013 (Unaudited) RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		689,023	683,690
Adjustments for:			
Interest income	5	(10,036)	(14,591)
Depreciation and amortisation		192,925	179,251
Impairment of trade receivables	8	15,149	87
Reversal of impairment of other receivables	8	–	(124)
Loss on disposal of items of property, plant and equipment	9	3,008	406
Gain on disposal of long-term assets	9	–	(2,467)
Gain on disposal of subsidiaries and associates	9	(104,053)	(627)
Fair value loss on equity investments at fair value through profit or loss		87	179
Gain on deemed disposal of available-for-sale equity investments		(35,613)	–
Dividend income from equity investments at cost		(10,600)	(6,565)
Dividend income from available-for-sale equity investments		(17,917)	(14,686)
Finance costs		63,744	73,964
Share of profits and losses of associates		20,642	452
		806,359	898,969
Decrease in completed properties held for sale		12,891	40,313
Additions of properties under development		(528,036)	(342,915)
Decrease in inventories		33,593	76,286
Increase in trade receivables		(5,748)	(25,969)
Increase in prepayments and other receivables		(212,140)	(127,894)
Decrease/(increase) in amounts due from related parties		48,707	(19,153)
Decrease in trade and bills payables		(462,698)	(21,425)
Increase in deposits received, accruals and other payables		207,170	127,019
Decrease in amounts due to related parties		(6,091)	(18,157)
Increase in loan and receivable		–	(7,500)
		(105,993)	579,574
Cash generated from operations		(105,993)	579,574
Interest received		10,036	14,591
PRC tax paid		(237,865)	(246,479)
Net cash flows from/(used in) operating activities		(333,822)	347,686

continued/...

Interim Condensed

Consolidated Statement of Cash Flows (continued)

For the six months ended 30 June 2014

	Notes	Six months ended 30 June	
		2014 (Unaudited) RMB'000	2013 (Unaudited) RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		(401,717)	(303,514)
Additions to investment properties		(39,380)	(68,171)
Proceeds from disposal of items of property, plant and equipment		3,127	11,999
Purchase of available-for-sale equity investments		(207,024)	(11,329)
Purchase of land lease prepayments		–	(122,255)
Payment for land lease prepayments		(83,892)	(262,554)
Purchase of other intangible assets		(318)	(1,332)
Proceeds from disposal of associates		–	6,392
Prepayments for acquisition of subsidiaries		(105,000)	–
Proceeds from disposal of a subsidiary	28	49,984	–
Acquisition of subsidiaries		–	(59,468)
Dividend income from investment in associates		–	346
Dividend income from equity investments at cost		10,600	6,565
Dividend income from available-for-sale equity investments		17,917	14,686
Net cash flows used in investing activities		(755,703)	(788,635)
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank loans and other borrowings		3,831,550	1,933,446
Repayment of bank loans and other borrowings		(1,684,736)	(1,661,975)
Interest paid		(236,627)	(90,764)
Final dividend paid		(123,571)	(98,226)
Dividend paid by subsidiaries to non-controlling shareholders		(25,729)	(11,404)
Repurchase of shares	27	(7,451)	(176,074)
Decrease/(increase) in pledged bank deposits		(11,849)	7,940
Net cash flows from/(used in) financing activities		1,741,587	(97,057)

continued/...

Interim Condensed

Consolidated Statement of Cash Flows (continued)

For the six months ended 30 June 2014

	Notes	Six months ended 30 June	
		2014 (Unaudited) RMB'000	2013 (Unaudited) RMB'000
NET INCREASE/(DECREASE) IN			
CASH AND CASH EQUIVALENTS		652,062	(538,006)
Effect of foreign exchange rate changes, net		(6,547)	4,284
Cash and cash equivalents at beginning of period		978,447	1,482,500
CASH AND CASH EQUIVALENTS AT END OF PERIOD		1,623,962	948,778
ANALYSIS OF BALANCES OF CASH			
AND CASH EQUIVALENTS			
Cash and bank balances	23	1,623,962	948,778
Cash and cash equivalents as stated in the statement of cash flows		1,623,962	948,778

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2014

1. CORPORATE INFORMATION

Maoye International Holdings Limited (the “Company”) 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 address is 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 Company and its subsidiaries (collectively referred to as the “Group”) are principally engaged in the operation and management of department stores and property development in Mainland China.

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.

2.1 BASIS OF PREPARATION

The interim condensed consolidated financial statements for the six months ended 30 June 2014 have been prepared in accordance with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting”.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2013.

Notes to the Interim Condensed Consolidated Financial Statements (continued)

30 June 2014

2.2 IMPACT OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2013, except for the adoption of the new amendments and revised standards as of 1 January 2014, noted below.

IFRS 10, IFRS 12 and IAS 27 (Revised) Amendments	Amendments to IFRS 10, IFRS 12 and IAS 27 (Revised) – <i>Investment Entities</i>
IAS 32 Amendments	Amendments to IAS 32 <i>Financial Instruments: Presentation – Offsetting Financial Assets And Financial Liabilities</i>
IAS 39 Amendments	Amendments to IAS 39 <i>Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting</i>
IFRIC 21	<i>Levies</i>

Except that certain presentation and disclosure of financial statements items have been revised, the adoption of these new and revised IFRSs did not have any significant effect on the financial position or performance of the Group.

3. OPERATING SEGMENT INFORMATION

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

- (a) the operation of department stores segment comprises concessionaire, direct sales of merchandise and leasing out of commercial properties for the operation of department stores by third parties;
- (b) the property development segment is principally engaged in the development and sale of commercial and residential properties as well as leasing out of commercial properties other than for the operation of department stores; and
- (c) the “others” segment comprises, principally, operations of hotels and the provision of ancillary services, the provision of advertising services and the 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 based on reportable segment profit attributable to owners of the parent.

Intersegment revenue and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

Notes to the Interim Condensed

Consolidated Financial Statements (continued)

30 June 2014

3. OPERATING SEGMENT INFORMATION (continued)

	Operation of department stores RMB'000	Property development RMB'000	Others RMB'000	Adjustments and eliminations RMB'000	Total RMB'000
Period ended 30 June 2014					
Segment revenue:					
Sales to external customers	1,623,896	63,642	2,478	-	1,690,016
Intersegment revenue	-	8,818	-	(8,818)	-
Other income	412,865	7,682	693	-	421,240
Cost of sales	(588,495)	(12,891)	(124)	-	(601,510)
Employee expenses	(185,126)	(34,872)	(1,925)	-	(221,923)
Depreciation and amortisation	(169,198)	(22,023)	(1,704)	-	(192,925)
Operating lease rental expenses	(108,130)	(11,619)	(60)	4,213	(115,596)
Other operating expenses	(346,036)	(68,280)	(2,949)	4,605	(412,660)
Other gains/(losses)	112,836	94,573	(642)	-	206,767
Operating profit/(loss)	752,612	25,030	(4,233)	-	773,409
Finance costs	(13,757)	(49,911)	(76)	-	(63,744)
Share of losses of an associate	(20,642)	-	-	-	(20,642)
Segment profit/(loss) before tax	718,213	(24,881)	(4,309)	-	689,023
Income tax expense	(197,488)	5,080	191	-	(192,217)
Segment profit/(loss) for the period	520,725	(19,801)	(4,118)	-	496,806
Attributable to:					
Owners of the parent	463,756	(33,543)	(3,178)	-	427,035
Non-controlling interests	56,969	13,742	(940)	-	69,771
	520,725	(19,801)	(4,118)	-	496,806
Other segment information					
Impairment losses recognised in the statement of profit or loss	203	15,069	-	-	15,272
Impairment losses reversed in the statement of profit or loss	(123)	-	-	-	(123)
Investment in an associate	427,409	-	-	-	427,409
Capital expenditure*	547,337	1,104,974	195	-	1,652,506

* 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.

Notes to the Interim Condensed Consolidated Financial Statements (continued)

30 June 2014

3. OPERATING SEGMENT INFORMATION (continued)

	Operation of department stores RMB'000	Property development RMB'000	Others RMB'000	Adjustments and eliminations RMB'000	Total RMB'000
Period ended 30 June 2013					
Segment revenue:					
Sales to external customers	1,639,528	227,681	3,463	–	1,870,672
Intersegment revenue	–	11,015	–	(11,015)	–
Other income	409,905	5,393	2,690	–	417,988
Cost of sales	(649,718)	(40,313)	(131)	–	(690,162)
Employee expenses	(178,168)	(24,832)	(2,908)	–	(205,908)
Depreciation and amortisation	(162,381)	(15,454)	(1,416)	–	(179,251)
Operating lease rental expenses	(123,807)	(5,686)	(50)	8,553	(120,990)
Other operating expenses	(344,995)	(67,490)	(4,573)	2,462	(414,596)
Other gains	76,736	3,603	14	–	80,353
Operating profit/(loss)	667,100	93,917	(2,911)	–	758,106
Finance costs	(23,333)	(50,631)	–	–	(73,964)
Share of profits and losses of associates	–	–	(452)	–	(452)
Segment profit/(loss) before tax	643,767	43,286	(3,363)	–	683,690
Income tax expense	(195,901)	(11,962)	352	–	(207,511)
Segment profit/(loss) for the period	447,866	31,324	(3,011)	–	476,179
Attributable to:					
Owners of the parent	397,381	3,101	(2,166)	–	398,316
Non-controlling interests	50,485	28,223	(845)	–	77,863
	447,866	31,324	(3,011)	–	476,179
Other segment information					
Impairment losses recognised in the statement of profit or loss	87	–	–	–	87
Impairment losses reversed in the statement of profit or loss	(124)	–	–	–	(124)
Investments in associates	–	–	4,859	–	4,859
Capital expenditure*	329,302	950,307	29	–	1,279,638

* 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.

Notes to the Interim Condensed

Consolidated Financial Statements (continued)

30 June 2014

4. REVENUE

	Six months ended 30 June	
	2014 (Unaudited) RMB'000	2013 (Unaudited) RMB'000
Commissions from concessionaire sales	862,842	833,143
Direct sales	653,331	714,442
Rental income from the leasing of shop premises	103,204	89,883
Management fee income from the operation of department stores	4,519	2,060
Rental income from investment properties	37,981	172,511
Sale of properties	25,661	55,170
Others	2,478	3,463
	1,690,016	1,870,672

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

Total sales proceeds from concessionaire sales	4,964,126	5,087,975
Commissions from concessionaire sales	862,842	833,143

5. OTHER INCOME

	Six months ended 30 June	
	2014 (Unaudited) RMB'000	2013 (Unaudited) RMB'000
Income from suppliers and concessionaires		
– Administration and management fee income	202,811	203,004
– Promotion income	125,017	113,892
– Credit card handling fees	63,937	64,588
Interest income	10,036	14,591
Others	19,439	21,913
	421,240	417,988

Notes to the Interim Condensed Consolidated Financial Statements (continued)

30 June 2014

6. COST OF SALES

	Six months ended 30 June	
	2014	2013
	(Unaudited) RMB'000	(Unaudited) RMB'000
Purchases of and changes in inventories	588,495	649,718
Cost of properties sold	12,891	40,313
Others	124	131
	601,510	690,162

7. EMPLOYEE EXPENSES

	Six months ended 30 June	
	2014	2013
	(Unaudited) RMB'000	(Unaudited) RMB'000
Wages and salaries	194,501	179,063
Retirement benefits	22,973	21,917
Other employee benefits	4,449	4,928
	221,923	205,908

8. OTHER OPERATING EXPENSES

	Six months ended 30 June	
	2014	2013
	(Unaudited) RMB'000	(Unaudited) RMB'000
Utility expenses	97,782	99,039
Promotion and advertising expenses	28,268	29,899
Repair and maintenance expenses	48,517	49,409
Entertainment expenses	6,932	10,258
Office expenses	20,100	21,369
Other tax expenses	128,097	148,290
Professional service fees	14,566	10,024
Auditors' remuneration	1,000	1,150
Bank charges	32,434	32,705
Impairment of trade receivables	15,149	87
Reversal of impairment of other receivables	-	(124)
Others	19,815	12,490
	412,660	414,596

Notes to the Interim Condensed

Consolidated Financial Statements (continued)

30 June 2014

9. OTHER GAINS

	Six months ended 30 June	
	2014 (Unaudited) RMB'000	2013 (Unaudited) RMB'000
Loss on disposal of items of property, plant and equipment	(3,008)	(406)
Gain on disposal of long-term assets	–	2,467
Foreign exchange gain, net	19,781	1,709
Fair value loss on equity investments at fair value through profit or loss	(87)	(179)
Gain on disposal of a subsidiary and associates	104,053	627
Gain on disposal of available-for-sale equity investments	35,613	–
Share of loss of a department store operation by a fellow subsidiary	–	24,505
Dividend income from available-for-sale equity investments	17,917	14,686
Dividend income from equity investments at cost	10,600	6,565
Rental exemption by a fellow subsidiary	–	23,951
Share of loss of a department store operation by a lessor	11,523	–
Others	10,375	6,428
	206,767	80,353

10. FINANCE COSTS

	Six months ended 30 June	
	2014 (Unaudited) RMB'000	2013 (Unaudited) RMB'000
Total interest expense on financial liabilities not at fair value through profit or loss	236,910	213,297
Less: Interest capitalised	(173,166)	(139,333)
	63,744	73,964

Notes to the Interim Condensed Consolidated Financial Statements (continued)

30 June 2014

11. INCOME TAX EXPENSE

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and accordingly, is exempt from the payment of the Cayman Islands income tax.

Pursuant to the rules and regulations of the British Virgin Islands, the Group is not subject to any tax in the British Virgin Islands.

The provision for Hong Kong profits tax is calculated at 16.5% of the estimated assessable profits for the six months ended 30 June 2014 (Six months ended 30 June 2013: 16.5%).

Under the relevant PRC income tax law, the PRC subsidiaries are subject to corporate income tax ("CIT") at a statutory rate of 25% on their respective taxable income.

PRC Land Appreciation Tax ("LAT") is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditures including amortisation of land use rights, borrowing costs and all property development expenditures. LAT of RMB1,632,000 is charged to the consolidated statement of profit or loss for the six months ended 30 June 2014 (Six months ended 30 June 2013: RMB1,451,000).

	Six months ended 30 June	
	2014 (Unaudited) RMB'000	2013 (Unaudited) RMB'000
Group:		
Current – CIT	197,014	204,846
Current – LAT	1,632	1,451
Deferred	(6,429)	1,214
Total tax charge for the period	192,217	207,511

12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic earnings per share is based on the profit for the six months ended 30 June 2014 attributable to ordinary equity holders of the parent of RMB427,035,000 (Six months ended 30 June 2013: RMB398,316,000) and the weighted average number of ordinary shares of 5,223,074,000 (Six months ended 30 June 2013: 5,306,375,229) in issue during the period.

No adjustment has been made to the basic earnings per share amounts presented for the six months ended 30 June 2014 and 2013 in respect of a dilution as the convertible bonds had an anti-dilutive effect on the basic earnings per share amounts presented.

Notes to the Interim Condensed

Consolidated Financial Statements (continued)

30 June 2014

13. PROPERTY, PLANT AND EQUIPMENT

	Notes	30 June 2014 (Unaudited) RMB'000	31 December 2013 (Audited) RMB'000
Carrying amount at 1 January		4,870,979	4,240,296
Additions		537,871	848,352
Disposals		(6,135)	(24,508)
Depreciation charge for the period/year		(134,545)	(227,795)
Transfer from properties under development	21	–	6,881
Transfer from investment properties	14	13,207	26,171
Transfer from completed properties held for sale		–	2,682
Disposal of a subsidiary		(106)	–
Exchange realignment		(369)	(1,100)
Carrying amount at 30 June/31 December		5,280,902	4,870,979

Amortisation of land lease payments of approximately RMB30,572,000 during the construction period was capitalised as part of the construction cost of the department stores under construction of the Group, and was included in the above additions.

The Group's land and buildings are held under medium term leases and are situated in Mainland China. Details of the Group's land and buildings pledged to secure the Group's interest-bearing bank loans are set out in note 26(a).

Certificates of ownership in respect of certain buildings of the Group with a net carrying amount of approximately RMB206,609,000 as at 30 June 2014 have not yet been issued by the relevant PRC authorities. The Group is in the process of obtaining the relevant certificates.

Notes to the Interim Condensed Consolidated Financial Statements (continued)

30 June 2014

14. INVESTMENT PROPERTIES

	Note	30 June 2014 (Unaudited) RMB'000	31 December 2013 (Audited) RMB'000
Carrying amount at 1 January		545,962	509,298
Additions		39,380	77,583
Disposal of a subsidiary		(24,545)	–
Transfer to property, plant and equipment	13	(13,207)	(26,171)
Depreciation charged for the period/year		(5,965)	(14,748)
Carrying amount at 30 June/31 December		541,625	545,962
Carrying amount at 30 June/31 December:			
Cost		619,865	623,664
Accumulated depreciation		(78,240)	(77,702)
Net carrying amount		541,625	545,962

The Group's investment properties are held under medium term leases and are situated in Mainland China. The investment properties are leased to third parties under operating leases, further summary details of which are included in note 29(a).

Details of the Group's investment properties pledged to secure the Group's interest-bearing bank loans are set out in note 26(b).

Certificates of ownership in respect of certain investment properties of the Group located in Anhui with a net carrying amount of approximately RMB16,419,000 as at 30 June 2014 (31 December 2013: RMB17,027,000) have not yet been issued by the relevant PRC authorities. The Group is in the process of obtaining the relevant certificates.

Notes to the Interim Condensed

Consolidated Financial Statements (continued)

30 June 2014

15. LAND LEASE PREPAYMENTS

	Note	30 June 2014 (Unaudited) RMB'000	31 December 2013 (Audited) RMB'000
Carrying amount at 1 January		4,574,372	3,861,149
Additions		–	149,857
Transfer from properties under development	21	–	728,483
Disposal of a subsidiary		(17,555)	–
		4,556,817	4,739,489
Recognised during the period/year		(84,437)	(165,117)
Carrying amount at 30 June/31 December		4,472,380	4,574,372
Current portion included in prepayments and other receivables		(165,041)	(165,641)
Non-current portion		4,307,339	4,408,731

The Group's leasehold land is held under a medium term lease and is situated in Mainland China.

Details of the Group's leasehold land pledged to secure the Group's interest-bearing bank loans are set out in note 26(c).

The Group was in the process of applying for the land use right certificates for land lease prepayments with an aggregate carrying amount of approximately RMB549,446,000 as at 30 June 2014 (31 December 2013: RMB112,405,000).

Included in the amortisation provided during the period is an amount of approximately RMB30,572,000, which was capitalised as part of the construction cost of the department stores under construction of the Group and included in the additions of property, plant and equipment (note 13).

Notes to the Interim Condensed Consolidated Financial Statements (continued)

30 June 2014

16. GOODWILL

	30 June 2014 (Unaudited) RMB'000	31 December 2013 (Audited) RMB'000
Cost at 1 January, net of accumulated impairment	637,348	637,348
At 30 June/31 December	637,348	637,348
At 30 June/31 December:		
Cost	638,317	638,317
Accumulated impairment	(969)	(969)
Net carrying amount	637,348	637,348

17. OTHER INTANGIBLE ASSETS

	Computer software	
	30 June 2014 (Unaudited) RMB'000	31 December 2013 (Audited) RMB'000
Cost at 1 January, net of accumulated amortisation	4,571	5,818
Additions	319	718
Amortisation provided during the period/year	(1,041)	(1,965)
At 30 June/31 December	3,849	4,571
At 30 June/31 December:		
Cost	12,135	12,088
Accumulated amortisation	(8,286)	(7,517)
Net carrying amount	3,849	4,571

Notes to the Interim Condensed

Consolidated Financial Statements (continued)

30 June 2014

18. INVESTMENT IN AN ASSOCIATE

On 16 February 2014, Zhongzhao Investment Management Co., Ltd. (中兆投資管理有限公司), a wholly-owned subsidiary of the Group, entered into an agreement with a third party named Shenyang Commercial City (Group) Co., Ltd. According to the agreement, Zhongzhao Investment Management acquired 20,907,940 shares of Shenyang Commercial City Co., Ltd. representing 11.74% of the issued share capital of Commercial City. Commercial City is a company registered in the PRC with limited liability and principally engaged in operation of department stores in Shenyang city and listed on the Shanghai Stock Exchange. The total consideration for the transaction was RMB 206,988,606. Upon completion of the transaction, the Group held 52,048,427 shares of Commercial City, representing approximately 29.22% of the issued share capital of Commercial City. Commercial City is recognised as an associate of the Group from 16 February 2014.

	30 June 2014 (Unaudited) RMB'000	31 December 2013 (Audited) RMB'000
Share of net assets	388,306	–
Goodwill on acquisition	39,103	–
Market value of listed shares	390,391	–

Name	Particulars of issued shares held	Place of incorporation/ registration and business	Percentage of ownership interest attributable to the Group	Principal activities
Shenyang Commercial City Co., Ltd. ("Commercial city")	Ordinary shares of RMB1 each	PRC/Mainland China	29.22%	Retail industry

Notes to the Interim Condensed Consolidated Financial Statements (continued)

30 June 2014

18. INVESTMENT IN AN ASSOCIATE (continued)

	30 June 2014 (Unaudited) RMB'000
Current assets	2,323,889
Non-current assets	3,157,316
Current liabilities	3,646,828
Non-current financial liabilities, excluding trade and other payables and provisions	160,000
Non-current liabilities	14,878
Net assets	1,659,499
Net assets, excluding goodwill	1,659,499
Reconciliation to the Group's interest in the associate:	
Proportion of the Group's ownership	29.22%
Group's share of net assets of the associate, excluding goodwill	388,306
Goodwill on acquisition (less cumulative impairment)	39,103
Carrying amount of the investment	427,409

	30 June 2014 (Unaudited) RMB'000
Revenues	289,343
Loss for the year	70,642
Other comprehensive income	-
Total comprehensive loss for the year	70,642

Notes to the Interim Condensed

Consolidated Financial Statements (continued)

30 June 2014

19. AVAILABLE-FOR-SALE EQUITY INVESTMENTS

	30 June 2014 (Unaudited) RMB'000	31 December 2013 (Audited) RMB'000
Listed equity investments, at fair value:		
Shanghai	374,931	669,827
	374,931	669,827
Unlisted equity investments, at cost	161,527	161,527
	536,458	831,354
Provision for impairment	(5,885)	(5,885)
	530,573	825,469

During the period, the gross loss in respect of the Group's available-for-sale equity investments recognised in other comprehensive income amounted to RMB53,869,000 (Six months ended 30 June 2013: gross loss of RMB74,313,000).

The above investments consist of investments in equity securities which were designated as available-for-sale financial assets and have no fixed maturity date or coupon rate.

The unlisted equity investments are stated at cost less any accumulated impairment losses because there are no quoted market prices for these equity investments. In addition, the variability in the range of reasonable fair value estimates is significant and the probabilities of the various estimates cannot be reasonably assessed. Accordingly, a reasonable estimate of the fair value cannot be made.

20. INVENTORIES

	30 June 2014 (Unaudited) RMB'000	31 December 2013 (Audited) RMB'000
Merchandise for resale	196,209	230,285
Provision against slow-moving inventories	(1,910)	(2,391)
	194,299	227,894

Notes to the Interim Condensed Consolidated Financial Statements (continued)

30 June 2014

21. PROPERTIES UNDER DEVELOPMENT

	Notes	30 June 2014 (Unaudited) RMB'000	31 December 2013 (Audited) RMB'000
Land lease prepayments, at cost			
At 1 January		2,638,722	2,968,650
Additions		438,447	225,512
Acquisition of a subsidiary		-	309,590
Transfer to land lease prepayments	15	-	(728,483)
Transfer to completed properties held for sale		(216,376)	(136,547)
At 30 June/31 December		2,860,793	2,638,722
Development expenditure, at cost			
At 1 January		2,037,504	1,100,923
Additions		626,443	1,179,526
Transfer to property, plant and equipment	13	-	(6,881)
Transfer to completed properties held for sale		(454,722)	(236,064)
At 30 June/31 December		2,209,225	2,037,504
		5,070,018	4,676,226

The Group's properties under development are held under a medium term lease and are situated in Mainland China.

22. PREPAYMENTS AND OTHER RECEIVABLES

		30 June 2014 (Unaudited) RMB'000	31 December 2013 (Audited) RMB'000
Non-current assets			
Prepayments		938,862	1,191,690
Current assets			
Prepayments		425,855	284,013
Other receivables		402,966	218,412
		828,821	502,425
Impairment of other receivables		(18,928)	(24,532)
		809,893	477,893

Notes to the Interim Condensed

Consolidated Financial Statements (continued)

30 June 2014

23. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	30 June 2014 (Unaudited) RMB'000	31 December 2013 (Audited) RMB'000
Cash and bank balances	1,609,005	935,641
Time deposits	74,000	90,000
	1,683,005	1,025,641
Less: Pledged time deposits for bills payable	(150)	(465)
Pledged time deposits for construction in progress	(10,297)	(10,203)
Pledged bank balances for construction in progress	(16,800)	(16,799)
Other pledged bank balances	(31,796)	(19,727)
Cash and cash equivalents	1,623,962	978,447

The Group's cash and cash equivalents and pledged deposits were denominated in the following currencies:

	30 June 2014 (Unaudited) RMB'000	31 December 2013 (Audited) RMB'000
RMB	1,475,232	975,350
Hong Kong dollar	72,016	43,727
United States dollar	135,745	6,552
Great British pound	12	12
	1,683,005	1,025,641

Cash at banks earns interest at floating rates based on daily bank deposit rates. Time deposits are made for three months, and earn interest at the respective time deposit rates. The bank balances and bank deposits are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents and the pledged deposits approximate to their fair values.

Notes to the Interim Condensed Consolidated Financial Statements (continued)

30 June 2014

24. 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:

	30 June 2014 (Unaudited) RMB'000	31 December 2013 (Audited) RMB'000
Within 90 days	1,380,270	1,939,607
91 to 180 days	327,528	227,599
181 to 360 days	132,673	159,272
Over 360 days	143,790	121,102
	1,984,261	2,447,580

The trade payables are non-interest-bearing and are normally settled within 90 days.

25. DEPOSITS RECEIVED, ACCRUALS AND OTHER PAYABLES

	30 June 2014 (Unaudited) RMB'000	31 December 2013 (Audited) RMB'000
Deferred income	2,189,758	1,877,605
Deposits received	216,099	200,866
Accrued operating lease rental expenses	97,367	93,763
Accrued utilities	20,507	20,875
Accrued liabilities	74,341	124,354
Accrued staff costs	42,898	53,192
Provision for coupon liabilities	15,380	10,200
Value-added tax and other tax payables	(325,353)	(244,445)
Other payables	608,282	549,170
	2,939,279	2,685,580

Notes to the Interim Condensed

Consolidated Financial Statements (continued)

30 June 2014

26. INTEREST-BEARING BANK LOANS AND OTHER BORROWINGS

	30 June 2014 (Unaudited)			31 December 2013 (Audited)		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Interest-bearing bank loans – secured	6.00~7.80	2014-2015	815,000	6.00~7.38	2014	345,000
Interest-bearing bank loans – unsecured	-	-	-	6.90	2014	1,000
Current portion of long term interest-bearing bank loans – secured	6.22~7.86	2014-2015	247,979	6.55~7.86	2014	456,372
Convertible bonds	6.51	2014-2015	12,330	6.51	2014-2015	12,023
Other loans	5.30	2015	398,488	4.59~4.60	2014	949,122
			<u>1,473,797</u>			<u>1,763,517</u>
Non-current						
Long term interest-bearing bank loans – secured	6.15~7.86, 3.1 over LIBOR	2016-2022	3,419,748	6.15~7.86, 3.1 over LIBOR	2016-2022	3,517,528
Other loans	5.52~7.75	2016-2017	4,031,897	5.52~6.05	2016	1,489,541
			<u>7,451,645</u>			<u>5,007,069</u>
			<u>8,925,442</u>			<u>6,770,586</u>

Notes to the Interim Condensed Consolidated Financial Statements (continued)

30 June 2014

26. INTEREST-BEARING BANK LOANS AND OTHER BORROWINGS (continued)

	30 June 2014 (Unaudited) RMB'000	31 December 2013 (Audited) RMB'000
Analysed into:		
Bank and other loans repayable:		
Within one year	1,461,467	1,751,494
In the second year	1,616,289	1,973,308
In the third to fifth years, inclusive	5,515,356	2,625,963
Beyond five years	320,000	440,666
	8,913,112	6,791,431
Analysed into:		
Convertible bonds:		
Within one year	12,330	12,023
	12,330	12,023

The Group's bank loans are secured by:

- (a) certain land and buildings of the Group with a net carrying amount of approximately RMB779,884,000 (31 December 2013: approximately RMB607,468,000);
- (b) certain investment properties of the Group with a net carrying amount of approximately RMB50,293,000 (31 December 2013: approximately RMB4,321,000);
- (c) certain land lease prepayments of the Group with a net carrying amount of approximately RMB735,582,000 (31 December 2013: approximately RMB856,653,000);
- (d) certain completed properties held for sale of the Group with a net carrying amount of approximately RMB317,987,000 (31 December 2013: approximately RMB317,987,000); and

In addition, Shenzhen Maoye Trade Co., Ltd., Shenzhen Maoye Group, Mr. Huang Mao Ru, a director of the Company, and Mrs. Huang Jingzhang (the spouse of Mr. Huang Mao Ru) have guaranteed certain of the Group's bank loans up to RMB2,111,510,000 (31 December 2013: RMB1,786,296,000) as at the end of the reporting period.

Notes to the Interim Condensed

Consolidated Financial Statements (continued)

30 June 2014

26. INTEREST-BEARING BANK LOANS AND OTHER BORROWINGS (continued)

The Group had the following undrawn banking facilities:

	30 June 2014 (Unaudited) RMB'000	31 December 2013 (Audited) RMB'000
At floating rate	933,000	394,274

The carrying amounts of the interest-bearing bank loans approximate to their fair values.

27. ISSUED CAPITAL

	30 June 2014 (Unaudited) HK\$'000	31 December 2013 (Audited) HK\$'000
Authorised:		
9,000,000,000 (31 December 2013: 9,000,000,000) ordinary shares of HK\$0.10 each	900,000	900,000
Issued and fully paid:		
5,223,074,000 (31 December 2013: 5,223,074,000) ordinary shares of HK\$0.10 each	522,307	522,307
Equivalent to RMB'000	467,449	467,449

Details of the repurchases during the period are summarised as follows:

Date of repurchases	Number of ordinary shares repurchased	Purchase price paid per share		Aggregate consideration paid	
		Highest HK\$	Lowest HK\$	HK\$'000	RMB'000
25-Jun-2014	3,070,000	1.24	1.22	3,788	3,008
26-Jun-2014	2,411,000	1.26	1.25	3,034	2,408
27-Jun-2014	1,993,000	1.28	1.27	2,549	2,024
	7,474,000			9,371	7,440

Notes to the Interim Condensed Consolidated Financial Statements (continued)

30 June 2014

28. DISPOSAL OF A SUBSIDIARY

	Note	30 June 2014 (Unaudited) RMB'000	30 June 2013 (Audited) RMB'000
Net assets disposed of:			
Property, plant and equipment		106	–
Investment properties		24,545	–
Land lease prepayments		17,555	–
Deferred tax assets		2,907	–
Inventories		2	–
Prepayments and other receivables		5	–
Cash and cash equivalents		31	–
Trade and bills payables		(621)	–
Deposits received, accruals and other payables		(48,828)	–
Tax payable		525	–
		(3,773)	–
Gain on disposal of a subsidiary	9	104,053	–
		100,280	–
Satisfied by:			
Cash		50,015	–
Other receivables		50,265	–
		100,280	–

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of a subsidiary is as follows:

	30 June 2014 (Unaudited) RMB'000	30 June 2013 (Audited) RMB'000
Cash consideration	50,015	–
Cash and bank balances disposed of	(31)	–
Net inflow of cash and cash equivalents in respect of the disposal of a subsidiary	49,984	–

Notes to the Interim Condensed

Consolidated Financial Statements (continued)

30 June 2014

29. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases its investment properties and subleases its leased assets under operating lease arrangements, with leases negotiated for terms ranging from 1 to 15 years.

The Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	30 June 2014 (Unaudited) RMB'000	31 December 2013 (Audited) RMB'000
Within one year	161,583	117,756
In the second to fifth years, inclusive	255,371	168,246
After five years	103,206	92,089
	520,160	378,091

(b) As lessee

The Group leases certain of its department stores and office premises under non-cancellable operating lease arrangements. Leases for properties are negotiated for terms ranging from 1 to 18 years.

The Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 June 2014 (Unaudited) RMB'000	31 December 2013 (Audited) RMB'000
Within one year	220,518	187,071
In the second to fifth years, inclusive	693,009	717,563
After five years	452,543	224,198
	1,366,070	1,128,832

30. COMMITMENTS

In addition to the operating lease commitments as set out in note 29(b) above, the Group had the following capital commitments:

	30 June 2014 (Unaudited) RMB'000	31 December 2013 (Audited) RMB'000
Contracted, but not provided for, in respect of land and buildings	2,297,170	2,239,979

Notes to the Interim Condensed Consolidated Financial Statements (continued)

30 June 2014

31. RELATED PARTY TRANSACTIONS AND BALANCES

- (a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the period:

	Six months ended 30 June	
	2014 (Unaudited) RMB'000	2013 (Unaudited) RMB'000
(1) Recurring transactions		
Operating lease rental expenses charged by:		
Shenzhen Maoye Group (深圳茂業(集團)股份有限公司) (i) & (iv)	10,878	12,188
Zhong Zhao Investment (Group) Limited (中兆投資(集團)有限公司) (i) & (iv)	4,269	4,262
Shenzhen Oriental Times Industry Co., Ltd. (深圳市東方時代廣場實業有限公司) (i) & (iv)	28,545	27,345
Shenzhen Chongde Real Estate Co., Ltd. (深圳市崇德地產有限公司) (i) & (iv)	153	153
Shenzhen Maoye Property Business Co., Ltd. (深圳市茂業物業經營有限公司) (i) & (iv)	3,255	3,255
Chongqing Maoye Real Estate Co., Ltd. (重慶茂業地產有限公司) (i) & (iv)	12,931	11,201
Shenzhen Friendship Trading Centre Co., Ltd. ("Shenzhen Friendship") (深圳友誼貿易中心有限公司) (iii) & (iv)	12,918	13,880
Shenyang Maoye Property Company Limited ("Maoye Property ") (瀋陽茂業置業有限公司) (i) & (iv)	-	11,771
	72,949	84,055
Management fee income from the operation of a department store:		
Wuxi Maoye Department Store Co., Ltd. (無錫茂業百貨有限公司) (i) & (v)	2,182	2,060
Shenyang Maoye Property Company Limited Jinlang Branch ("Shenyang Jinlang") (瀋陽茂業置業有限公司金廊分公司) (i) & (v)	2,179	-
Changzhou Taifu Estate Development Co., Ltd. (常州泰富房地產開發有限公司) (i) & (v)	158	-
	4,519	2,060
Share of loss of a department store operation by:		
Shenyang Maoye Property Company Limited (瀋陽茂業置業有限公司) (i) & (iv)	-	24,505

Notes to the Interim Condensed

Consolidated Financial Statements (continued)

30 June 2014

31. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(a) (continued)

	Six months ended 30 June	
	2014 (Unaudited) RMB'000	2013 (Unaudited) RMB'000
(2) Non-recurring transactions		
Rental exempted by:		
Changzhou Taifu Real Estate Development Co., Ltd. ("Changzhou Taifu") (常州泰富房地產開發有限公司) (i)	–	23,951
Acquisition of a subsidiary from:		
Shenzhen Maoye Group (i)	–	5,000
Interest charged to:		
Shenzhen Maoye Group (i)	–	7,500
Banking facilities guaranteed by:		
Shenzhen Maoye Group (i) & (vi)	1,450,000	650,000
Mr. Huang Mao Ru and Mrs. Huang Jingzhang jointly and severally (ii) & (vi)	1,550,000	1,600,000
Mr. Huang Mao Ru and Shenzhen Maoye Group jointly (ii) & (i)	200,000	–
	3,200,000	2,250,000
Banking facilities guaranteed to an subsidiary of an associate:		
Shenyang Tiexi General Merchandise Building Co., Ltd. (瀋陽鐵西百貨大樓有限公司)	80,000	–

- (i) They are fellow subsidiaries of the Company.
- (ii) Mr. Huang Mao Ru is a director of the Company.
- (iii) Mr. Zhong Pengyi, an executive director of the Company, is a shareholder of Shenzhen Friendship.
- (iv) The operating lease rental expenses charged by the fellow subsidiaries of the Company and Shenzhen Friendship were determined based on the underlying contracts as agreed between the Group and the fellow subsidiaries of the Company or Shenzhen Friendship.
- (v) The management fee income from the operation of a department store was determined based on the underlying contracts as agreed between the Group and the fellow subsidiaries of the Company.
- (vi) Certain of the Group's bank loans were guaranteed by a fellow subsidiary of the Company, Mr. Huang Mao Ru and Mrs. Huang Jingzhang jointly and severally.

Notes to the Interim Condensed Consolidated Financial Statements (continued)

30 June 2014

31. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(b) The Group had the following balances with related parties:

	30 June 2014 (Unaudited) RMB'000	31 December 2013 (Audited) RMB'000
Due from related parties		
Due from fellow subsidiaries	56,143	103,436
Due from non-controlling shareholders of subsidiaries	10,083	11,497
	66,226	114,933
Due to related parties		
Due to non-controlling shareholders of subsidiaries	64,842	64,842
Due to fellow subsidiaries	13,338	19,265
Due to a company significantly influenced by a director of the Company	-	164
	78,180	84,271

Included in the balances due from related parties and due to related parties as at 30 June 2014 were amounts of approximately RMB115,282,000 (31 December 2013: RMB114,933,000) and RMB13,338,000 (31 December 2013: RMB19,429,000) respectively, which are trade in nature, unsecured, interest-free and repayable on demand. The remaining balances with the fellow subsidiaries and other related parties are non-trade in nature, unsecured, interest-free and repayable on demand.

The carrying amounts of the remaining balances with related parties that were neither past due nor impaired relate to related parties for whom there was no recent history of default.

The carrying amounts of the balances with related parties approximate to their fair values.

(c) Compensation of key management

	Six months ended 30 June	
	2014 (Unaudited) RMB'000	2013 (Unaudited) RMB'000
Salaries and allowances	1,498	1,676
Retirement benefits	96	63
	1,594	1,739

Notes to the Interim Condensed

Consolidated Financial Statements (continued)

30 June 2014

32. FAIR VALUE MEASUREMENT

As at 30 June 2014, the Group held the following financial instruments measured at fair value:

	30 June 2014 (Unaudited) RMB'000	Level 1 (Unaudited) RMB'000	Level 2 (Unaudited) RMB'000	Level 3 (Unaudited) RMB'000
Financial assets at fair value through profit or loss:				
Trading securities	802	802	–	–
Available-for-sale equity investments:				
Equity shares	374,931	374,931	–	–

During the six months ended 30 June 2014, there were no transfers of fair value measurements between Level 1 and Level 2, and no transfers into and out of Level 3.

33. EVENTS AFTER THE REPORTING PERIOD

- (i) On 8 July 2014, Shenzhen Maoye Shangsha Co., Ltd. (深圳茂業商廈有限公司), a subsidiary of the Group, issued notes with an amount of RMB800 million in the PRC. The notes carry a fixed interest rate of 5% and will mature on 8 July 2015.
- (ii) During the period from 2 July 2014 to 17 July 2014, the Company repurchased 17,968,000 shares for a total consideration of approximately HK\$23,803,000 million.
- (iii) On 24 July 2014, Maoye Logistics Corporation Ltd. (“**Maoye Logistics**”), a subsidiary of the Company entered into an acquisition agreement with Xiaochang Yingxigu Investment Centre and Beijing Bosheng Yoshi Technology Development Co., Ltd. (the “**Vendors**”) for the acquisition of Beijing TrustMeDu Sci-tech Co., Ltd. (“**Beijing TrustMeDu**”). Pursuant to the acquisition agreement, Maoye Logistics agreed to purchase and the Vendors agreed to sell 100% of Beijing TrustMeDu’s total issued share capital in aggregate for a consideration of approximately RMB878 million (subject to adjustment based on the formal valuation report). The consideration shall be satisfied as to 15% (approximately RMB132 million) in cash and as to 85% (approximately RMB746 million) by the allotment and issue of Maoye Logistics shares. Separately, on 24 July 2014, Maoye Logistics entered into the subscription agreement with Shanghai Fengyou Investment Management Centre (“**Shanghai Fengyou**”), pursuant to which Maoye Logistics would allot and issue and Shanghai Fengyou would subscribe to such number of shares of Maoye Logistics representing an aggregate value of RMB132 million. The proceeds of the subscription will be applied to settle the cash consideration of the acquisition of Beijing TrustMeDu.
- (iv) On 30 July 2014, the Company has exercised the early redemption option and served an early redemption option notice on 30 June 2014 to the Trustee and Bondholders to redeem the whole of the HK\$16,300,000 Convertible Bonds outstanding together with accrued and unpaid interest thereon.
- (v) On 28 August 2014, the Company declared an interim dividend for the six months ended 30 June 2014 with HK\$ 3.1 cents per share.

34. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements were approved and authorised for issue by the board of directors on 28 August 2014.