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)

2016
INTERIM REPORT

茂業國際控股有限公司
MAOYE INTERNATIONAL HOLDINGS LIMITED

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.

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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 stores and shopping centers and offers a stylish and diversified merchandise and services mix for well-off urban residents. As a leading domestic operator of the retail industry, the Group operates 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.

As at 30 June 2016, the Group operated and managed 49 stores in 18 cities across the nation with total gross floor area of 2.42 million square metres, of which self-owned properties accounted for approximately 81% 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 and Changzhou in Jiangsu Province; Zibo and Heze in Shandong Province; Qinhuangdao and Baoding in Hebei Province; Shenyang in Liaoning Province; Taiyuan in Shanxi Province; and Baotou and Hohhot in Inner Mongolia. As at 30 June 2016, the distribution of stores of the Group are as follows:

	Southern China	Southwestern China	Eastern China	Northern China	Total
No. of Stores	7	11	12	19	49
Gross Floor Area (square metres)	246,448	389,467	624,109	1,159,327	2,419,351

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Huang Mao Ru *(Chairman and Chief Executive Officer)*
Mr. Zhong Pengyi *(Vice Chairman)*
Mr. Liu Bo *(Vice President and Chief Financial Officer and appointed as Executive Director on 3 June 2016)*
Mr. Wang Bin

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 Tower A
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
Mr. Liu Bo *(appointed as a member of the Remuneration Committee on 3 June 2016)*

NOMINATION COMMITTEE

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

AUTHORISED REPRESENTATIVES PURSUANT TO THE LISTING RULES

Mr. Liu Bo *(appointed as an Authorised Representative on 3 June 2016)*
Mr. Wang Bin

AUTHORISED REPRESENTATIVES PURSUANT TO THE HONG KONG COMPANIES ORDINANCE

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

INDEPENDENT AUDITORS

Ernst & Young

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

COMPANY WEBSITE

www.maoye.cn

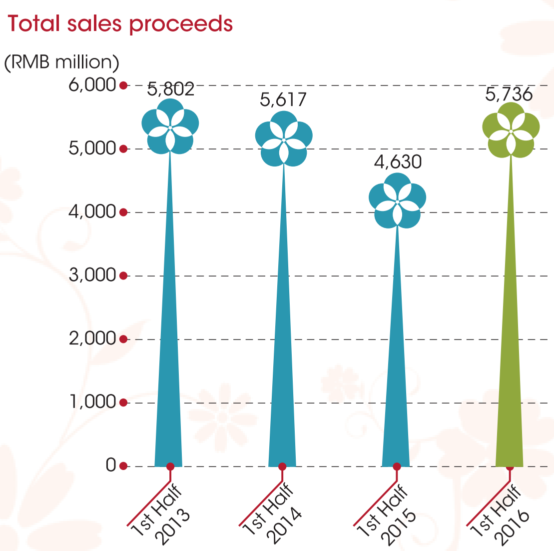
STOCK CODE

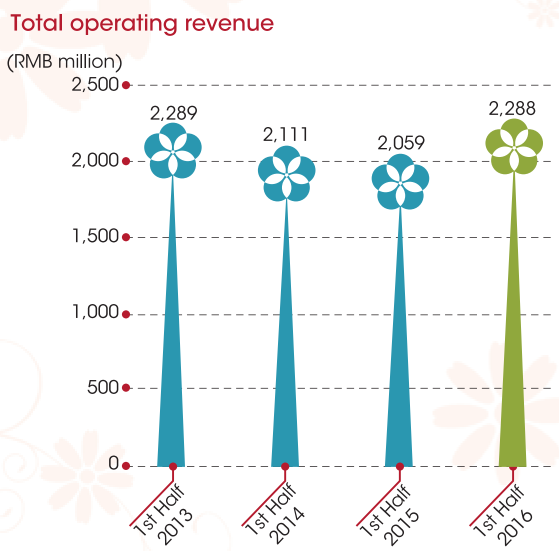
848

Financial Highlights

The summary of the Group's results for the six months ended 30 June 2016 and 2015 are set out below:

	For the six months ended 30 June	
	2016	2015
	(unaudited)	(unaudited)
	RMB'000	RMB'000
Total Sales Proceeds[1]	**5,735,577**	4,629,812
Total operating revenue[2]	**2,288,216**	2,058,762
Operating profit	**451,884**	646,462
Profit for the period	**47,887**	320,956
Attributable to:		
Owners of the parent	**18,430**	316,701
Non-controlling interests	**29,457**	4,255
Earnings per share[3]		
Basic	**RMB0.4 cent**	RMB6.1 cents
Diluted	**RMB0.4 cent**	RMB6.1 cents





Notes:

1. 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.

2. Total operating revenue represents the sum of the Group's revenue and other income.

3. The calculation of basic earnings per share is based on the profit for the six months ended 30 June 2016 attributable to ordinary equity holders of the parent of RMB18,430,000 (Six months ended 30 June 2015: RMB316,701,000) and the weighted average number of ordinary shares of 5,141,635,000 (Six months ended 30 June 2015: 5,181,547,000) in issue during the period.

   The Group has not issued any original share that has dilutive effect in the period above.

Management Discussion and Analysis

OPERATION REVIEW

During the first half of 2016, amidst the general slowdown of the macro economy in China, the PRC government took the expansion of domestic demand and the stimulation of consumption as the strategic focus for its economic transition. With the upgrade and rise of consumption, the implementation of favourable policies such as urbanisation development strategy and allowing couples to have a second child if one parent is a single child, has stimulated the diversification of consumption demand and created a good situation for recovering the domestic consumption market. However, it also led to intensifying competition in the domestic consumption market. The continuous threats to physical retail from online consumption and the diversion of traffic volume from department stores by shopping centers have led to further operation differentiation in the department store sector and a general decline in the results of the industry. Meanwhile, competition among players in the industry became fierce.

In a market with opportunities and challenges, the Group has presented remarkable cost advantage and risk resistance ability by leveraging its unique advantage in the operation model of “department store plus commercial real estate”. During the reporting period, while maintaining the leading position in the core market of Southern China, the Group actively organised its layout in major cities in Southwestern China, Eastern China and Northern China by developing major stores in tier 2 and tier 3 cities with consumption potential; strengthened the integration of Chengdu Renhe Chuntian Department Store Ltd. (“**Rendong Department Store**”) and Chengdu Qingyang District Renhe Chuntian Department Store Ltd. (“**Guanghua Department Store**”) (collectively, “**Renhe**”) upon completion of their acquisitions; and captured the opportunity to acquire Inner Mongolia Victoria Commercial (Group) Co., Ltd. (“**Victoria**”), a leading enterprise in Inner Mongolia, in order to establish leading positions in major cities within relevant regions. In addition, the Group further promoted its business transforming and upgrading to deepen its strategy of transforming core stores into shopping centers, provide experiential, interactive, educational and perceptible content for consumption, and satisfy consumers’ demand for spiritual consumption. On the other hand, the Group took initiatives to apply network tools in information delivery, payment and goods delivery, achieving an efficient integration of online and offline business and improving consumers’ consumption experience.

Total sales proceeds were RMB5,735.6 million, representing an increase of 23.9% compared to the corresponding period in the last year. Total operating revenue was RMB2,288.2 million, representing an increase of 11.1% compared to the corresponding period in the last year. The increase was mainly because Renhe, Victoria and Qinhuangdao Maoye Holdings Co., Ltd. (秦皇島茂業控股有限公司) (“**Qinhuangdao Maoye**”) have been accounted into the consolidated statements of the Group’s subsidiaries in the current period. Operating profit before depreciation and amortisation (net profit before depreciation, amortisation, finance costs, income tax and other gains and losses) was RMB873.8 million, representing an increase of 26.9% compared to the corresponding period in the last year. Profit attributable to owners of the parent was RMB18.43 million, representing a decrease of 94.2% compared to the corresponding period in the last year.

Management Discussion and Analysis (continued)

MAJOR OPERATING HIGHLIGHTS

To facilitate a new business landscape and realisation of an operation model at an internationally advanced level, the Group conducted clear consolidation and reclassification of existing stores, kept promoting the strategy of transforming department stores into shopping centers, and made great efforts in the development and construction of the "Maoye Complex" projects in major areas.

1. Deepening the strategy of transforming department stores into shopping centers

During the reporting period, the Group continued to promote its strategy of transforming department stores into shopping centers. As of 30 June 2016, the Group has completed more than 10 projects for transforming stores into shopping centers, including Huaqiangbei store and Chongqing Jiangbei store. Such projects for transformation have enlarged the areas for food and beverage and entertainment facilities, optimised brand portfolio and satisfied customers' demand for material and spiritual consumption in all aspects through creating a diverse and experiential consumption platform offering a combination of shopping, catering, leisure and entertainment experiences, which have effectively increased the foot traffic. As a result, rental income from the transformed stores increased.

Shenzhen Huaqiangbei store, the flagship of the Group, was transformed officially from "Maoye Department Store" into "Maoye Complex". In addition to the comprehensive improvement of shopping environment, its positioning was accordingly adjusted for those brands at each floor, among which the cosmetic and affordable luxury brands at the ground floor achieved sales results ranking first in the South China region. Moreover, the subway construction for Huaqiangbei Business Street that caused the road closure nearby for more than three years is expected to be completed in the second half of 2016. The Huaqiangbei Metro Station and the Business Street will be seamlessly connected to the B1 level of Huaqiangbei Complex upon completion, connecting in total four metro lines including metro line No.7. After upgrading revamp and reconstruction, the ancillary catering areas of Huaqiangbei Maoye Complex significantly increased, thus effectively improving the foot traffic and increasing the rental income. Currently, upon the completion of revamp at the B1 level of Huaqiangbei Complex, the original superstore area has been transformed to a food court that becomes a large catering area for delicious food, with a combination of various recently introduced catering brands and the existing brands, which is conductive to enhance its attraction to consumers.

The Chongqing Jiangbei Maoye Complex located in the bustling Guanyinqiao Business Circle is positioned as a medium to high-end shopping center. It has completed its interior and exterior revamp and reconstruction works in April 2015 and implemented brands and business sector adjustment by introducing international first-tier cosmetic and affordable luxury brands. After the revamp, the proportion of area for catering and entertainment facilities reached 28% of the operating area, which not only boosted its foot traffic of the store, but also significantly increased its rental income. For the six months ended 30 June 2016, its rental income recorded an increase of 51.7% as compared with the same period of last year.

Management Discussion and Analysis (continued)

2. Successive opening of "Maoye Complex" in key areas

During the reporting period, when capitalising the synergy effect of the existing stores in the region, the Group continued to construct the "Maoye Complex" projects in key cities and actively promoted the business solicitation and opening of the projects to consolidate its leading position in regional market.

Maoye Complex Yibai Store located at the core business circle of Zhongshan Road, Wuxi commenced operation officially in May 2016. The entire Wuxi Yibai project is planned to be a complex comprising shopping mall, grade A office building and high-end apartments, with a total gross floor area of 140,000 square metres, of which the shopping mall area is 78,000 square metres. The area for catering and entertainment facilities, accounting for 60% of the area, properly meets the deficiency in commercial facilities at Zhongshan Road, contributing to its continuous steady increase in its foot traffic since its opening. The opening of Wuxi Maoyi Complex Yibai Store indicated the further increase of the market share of the Group in the Eastern China region and was beneficial for the Group to improve its competitiveness and integration capability in the Group.

The Group's Taiyuan Maoye Complex, a landmark project located at the core business circle of Qinxian Street, Taiyuan, Shanxi Province, is the first large city complex and commercial property project in Taiyuan City, with its general plan integrated with 5A-grade office building, five-star hotel and large shopping mall. Phase I of the shopping mall attracted high customer traffic flow since its opening in November 2014, and created great potential and influence over the consumer market in the Northern China region. Phase II of the shopping mall has begun the stage of soliciting tenants, and is expected to commence operation during the second half of 2016. It has a total gross floor area of approximately 140,000 square metres, and will introduce over 500 domestic and international first-tier and second-tier brands along with more than 60 ancillary projects with the ancillary catering and entertainment area accounting for over 40% of the area. it will also provide the largest carpark that accommodates nearly 2,800 parking spaces in Taiyuan City and designated taxi parking spaces. The opening of Phase II of Maoye Complex will further enhance the market share of the Group in the Northern China region and consolidate the Group's leading position in the industry in the regional market.

3. Consolidation of two Renhe Stores

As stores with most first tier well-known international brands in Chengdu, Rendong Department Store and Guanghua Department Store are well recognized in the medium-to-high end consumer market in Chengdu. In February 2016, the Group completed the acquisitions of two Renhe Chuntian Stores, namely Rendong Department Store and Guanghua Department Store, which significantly increased the Group's market share in Chengdu and consolidated the Group's leading position in the Southwestern region.

Upon completion of such acquisitions, the Group made active efforts in consolidating, among other things, management, personnel and information system, and coordinated and managed Renhe Stores and original stores of the Group in the region, resulting in positive interactions and complemental effects between the stores. On one hand, the Group optimised its original supplier resources by integrating with those of Renhe stores, and conducted comprehensive repositioning and brand optimisation in respect of stores in Chengdu. With Renhe stores being positioned at medium-to-high end consumer groups, a differential positioning of merchandise brands of Maoye stores, it will enable the Group to effectively increase its market share in the region. On the other hand, the Group integrated the membership information of Renhe stores with its original membership information, refined membership classification and services, upgraded the Group's CRM system and increased software and hardware facilities auxiliary to membership services in order to improve the membership service level of its stores.

Management Discussion and Analysis (continued)

4. Acquisition of Victoria

In the first half of 2016, Maoye Commercial Co., Ltd.* (茂業商業股份有限公司) ("**Maoye Commercial**"), a company listed on the Shanghai Stock Exchange (stock code: 600828) and a subsidiary of the Group, underwent a material asset reorganisation to acquire 70% equity interest in Victoria at a cash consideration of RMB1,565.3 million.

Established in 2003, Victoria has 13 years of commercial experience and is the largest commercial group in the Inner Mongolia Autonomous Region. It is principally engaged in owning and operating department stores, supermarkets and commercial real estate in Baotou and Hohhot with extensive brand influence and recognition. It is also a leading enterprise in the store retailing industry in Inner Mongolia. Such acquisition involved the acquisition of 20 stand-alone entities in total, including 6 shopping malls and 14 supermarkets. A number of stores are located at core business circles with heavy consumer traffic and strong consumption power. Moreover, each of such stores has extensive brand portfolio, diversified product offerings and established living facilities.

Upon completion of such transaction, the Group, leveraging on its own resource advantage, extensive management experience and information system advantage throughout the nation, facilitated rapid adjustments to the operational, financial and management strategies of Victoria's stores and improved its overall profitability, which further increased the Group's market share in major cities in Northern China and expanded the Group's operation scope of department stores into the Northern region. Victoria has become an important pillar of the Group in expanding its commercial presence in the Northern region.

5. Improving operational management efficiency

During the reporting period, the Group also actively improved operational management efficiency. Firstly, the Group promoted the innovative value marketing model and reduced promotion activities for excessive pursuit of sales, and achieved an increase in both sales revenue and profit. Secondly, the Group's Head Office has established a store value management system for data analysis of each store based on the ERP information system. Through data-based management of merchandises, customers' consumption is classified based on conditions of merchandises, purchase and sale of merchandises are analysed and suppliers are connected, so as to improve stores' merchandise category management capacities and merchandise operation capacities, thereby increasing their efficiency.

In respect of cost and expense control, the Group reduced the levels of supply chain and lowered purchase costs and operation expenses through centralised purchase and unified business invitation at the Group level. Meanwhile, the Group actively improved its employees' efficiency and reduced employee costs through using modernised tools.

In respect of store services, the Group actively promoted the use of internet and mobile internet tools to enhance customers' consumption experience as well as convenience and comfortability of their purchases, such as providing WIFI facilities at stores. As of 30 June 2016, nearly half of stores had WIFI facilities available for connection. At the same time, the Group adopted mobile terminals for cashier purpose and the use of Alipay and WeChat Payment for on-site fast payment. Moreover, the Group promoted the use of WeChat membership card for entitlement to enjoy preferential benefits and exchange for gifts by using reward points. As of 30 June 2016, the number of WeChat members of the Group rapidly increased to 260,000, representing a multiplied growth as compared to the same period of last year. On the other hand, the Group actively improved its membership service level and conducted membership management and analysis by using the CRM system, achieving precise marketing to and retention of members. As of 30 June 2016, the number of members amounted to 2.21 million, representing a rapid growth of 39% as compared to the same period of last year.

Management Discussion and Analysis (continued)

6. **Financing activities - optimising the debt structure and broadening financing channels**

In the first half of 2016, the Group continued its financing activities actively and stably to develop financing channels while reducing finance costs. In January 2016, the Group's wholly-owned subsidiary, Maoye Shangsha, issued corporate bonds with an aggregate principal amount of RMB2.8 billion in the PRC. Among them, the first tranche of the RMB1.1 billion three-year corporate bonds was issued with an annual interest rate at 4%; and the second tranche of the RMB1.7 billion five-year corporate bonds was issued with an annual interest rate at 4.5%. The corporate bonds were publicly listed and traded on the Shanghai Stock Exchange on 2 February 2016.

The above financing activities provided stable liquidity for the development of the Group and were instrumental to the Group for its acquisition and consolidation transactions. A portion of such funds was used for replacing the existing debts that would improve the Group's debt structure while lowering comprehensive finance costs, and thereby allocating its assets and liabilities well.

7. **Capital management - proposed non-public placing**

In June 2016, Maoye Commercial, the Group's subsidiary, implemented a restructuring of material assets and proposed to raise funds through a non-public placing. Part of the proceeds from the proposed issue will be applied to acquire equity interests in two companies, including Qinhuangdao Maoye and Chongqing Maoye Department Store Co., Ltd. (重慶茂業百貨有限公司), from Zhongzhao Investment Management Co., Ltd. (中兆投資管理有限公司) ("**Zhongzhao**") and Maoye Department Stores (China) Limited (茂業百貨(中國) 有限公司) ("**Maoye China**"). Department stores of the target companies involved in this proposed acquisition are located at primary business areas in Qinhuangdao and Chongqing and enjoy strong profitability. Inclusion of the stores stated above to Maoye Commercial will enable the Group to enhance the economy of scale, with strong presence in the retail business across Southwestern China and Northern China, to integrate and share resources and to avoid potential cannibalisation.

Part of the proceeds raised from this proposed non-public placing is intended for repaying bank loans to lower the Group's gearing ratio, optimise its debt structure and develop solvency and the capability of fending off risks, to a certain extent.

It is expected that the proceeds raised from the proposed non-public placing amounts to no more than RMB2.27 billion in aggregate, with not more than 372,874,200 shares issued at a minimum price of RMB6.08 each. Upon completion of the proposed non-public placing, the Group and its persons acting in concert are expected to hold equity interests in Maoye Commercial with a change from 89.48% to 73.63%, and remain as the controlling shareholder of the latter.

Management Discussion and Analysis (continued)

8. Property development segment

As of 30 June 2016, the Group had projects under construction and on sale at Taiyuan City in Shanxi Province, Taizhou City and Wuxi City in Jiangsu Province, Shenyang City and Jinzhou City in Liaoning Province, Baoding City in Hebei Province and Baotou City in Inner Mongolia. Type of projects includes residences, apartments, offices and stores. As of 30 June 2016, more than 10 projects under construction including Taizhou Maoye Complex, Wuxi Oriental Times, Taiyuan Maoye Complex were on pre-sale, and the remaining projects are almost completed, recording an aggregated pre-sale amount of RMB410 million received in the first half of 2016, representing an increase of 76% respectively over the same period of last year. In the first half of 2016, sales revenue of RMB103 million was recognised. It is expected that various projects including those in Taizhou City and Taiyuan City will be reaching inspection delivery standard and the pre-sale amount will be recognised as the sales revenue during 2016. (As of 30 June 2016, aggregated pre-sales amount not recognised amounted to RMB1,654 million.) The Group will procure completion of its projects under construction as scheduled and related inspection, and launch the same to the market by means of sale, lease, etc., accelerating the cash collection from the projects.

PERFORMANCE OF MAJOR DEPARTMENT STORES[1]

	Store Name	Total sales proceeds (RMB'000)	Rental income (RMB'000)	Operation Period[2] (Years)	Gross Floor Area (m^2)
1	Shenzhen Huaqiangbei	747,474	18,151	12.7	63,243
2	Taizhou First	402,838	972	6.8	40,358
3	Shenzhen Dongmen	369,457	8,827	19.3	47,436
4	Shenzhen Nanshan	329,284	7,617	6.8	44,871
5	Renhe Chuntian Guanghua	305,352	2,542	6.6	62,498
6	Chengdu Yanshikou	297,966	5,055	11.1	97,946
7	Chongqing Jiangbei	224,831	7,667	11.7	68,138
8	Qinhuangdao Xiandai Shopping Plaza	220,834	3,364	6.1	36,897
9	Qinhuangdao Jindu	195,955	4,505	7.8	46,610
10	Taiyuan Liuxiang	191,883	1,289	7.7	31,448
11	Nanchong Wuxing	186,843	1,482	11.1	25,195
12	Renhe Chuntian Rendong	177,458	1,198	17.8	38,278
13	Shenzhen Outlet	154,384	3,741	16.8	23,048
14	Qinhuangdao Department Store	139,874	1,168	6.1	26,696
15	Zibo Maoye Time Square	138,138	3,464	5.6	88,923
16	Zhuhai Xiangzhou	135,921	4,599	14.7	36,343
17	Mianyang Xingda	132,461	1,731	7.8	27,535
18	Taiyuan Maoye Complex	130,957	7,159	1.6	86,504
19	Chengdu Chunxi	114,862	281	2.6	29,900

Notes:

1 Major department stores are stores with sales proceeds in half year of over RMB100 million.

2 Operation period was calculated till 30 June 2016.

Management Discussion and Analysis (continued)

OUTLOOK

According to data from Department of Commerce, total retail sales of consumer goods from January to June 2016 experienced a year-on year growth of 10.3% and the general economic level in China remained stable, indicating a positive trend for the economic fundamentals. As such, it is expected that following the further implementation of favorable policies to the respective industries, the consumer market in China will be facing a stable and positive development trend in general. Along with the rise of emerging middle class, the upgraded consumption needs is going to provide a broad development prospect. The Group will actively explore goods and service models that meets the personalised consumption needs of the major consumer group and create a diversified experiential consumption platform in order to gain sustainable sales growth and profit margin.

In the second half of 2016, the Group will uphold its strategies to grow moderately and healthily. On business structure:

Firstly, it will promote the transformation of existing stores to shopping malls, and focus much effort on markets in major cities across Southern China, Southwestern China, Eastern China and Northern China, leading the industry in regions.

Secondly, it will focus on the consolidation of acquired stores and increase efforts on the consolidation of acquirees in terms of, among other things, management, systems and employees, and capitalise on the synergies generated from acquisition.

Thirdly, it will actively promote the opening and development of the "Maoye Complex" project, prepare for the opening of major projects such as Nanjing Fuzimiao Maoye Complex, Taiyuan Maoye Complex Phase II and Baotou Maoye Complex in order to generate interaction and complementary effect with existing department store layout.

Fourthly, it will increase its efforts on the realisation of non-core assets and adjustments to loss-making stores and improvement of their operations in order to optimise assets structure and lower gearing ratio.

On operation strategies:

Firstly, it will unify the management of suppliers through the integration of group resources in order to lower purchase costs and operation expenses.

Secondly, it will utilise the information system to manage the conditions of merchandises on a database basis and through analysing the conditions of merchandises optimise the purchases and sales of merchandises in order to enhance stores' operational management level and area efficiency of shopping malls.

Thirdly, it will improve service capacities, especially service upgrading in respect of members. It will continuously improve and upgrade functions and application of the CRM system and conduct more refined establishment of membership system and classification of grade and achieve precise marketing to members through member-exclusive promotion activities, points discount, member-exclusive restrooms, customized membership services and shopping advisory services.

Management Discussion and Analysis (continued)

Fourthly, it will continue to develop and apply internet and mobile internet tools, provide intelligent user services, create intelligent shopping space, establish O2O service platform with sources of profit growth, provide intelligent carpark functions such as car finding and parking payment, convenient functions such as online restaurant queuing up, intelligent consumption services such as electronic coupons, points checking and points rebate for consumption as well as intelligent methods such as VR experience, in order to enhance customers' consumption experience.

Fifthly, it will actively explore the development of proprietary business, deepen cooperation with domestic and foreign brands and agents and increase the proportion of featured brands purchased in order to gradually achieve differential operation through providing personalised merchandise items.

On financing arrangements, it will actively promote various financing activities and adjust its debt structure in order to achieve a reasonable allocation of assets and liabilities and lower overall financing costs.

FINANCIAL REVIEW

Total Sales Proceeds and Revenue

For the six months ended 30 June 2016, total sales proceeds of the Group were RMB5,735.6 million, representing an increase of 23.9% compared to the same period of 2015. The increase of total sales proceeds was primarily because Qinhuangdao Maoye, Renhe and Victoria, being the subsidiaries of the Company, have been consolidated into the interim financial results of the Group. Setting aside the effect, the total sales proceeds of the Group were RMB4,308.5 million, representing a decrease of 6.9% compared to the same period of 2015.

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
Total sales proceeds from concessionaire sales	**5,120,667**	4,146,872
Direct Sales	**614,910**	482,940
Total Sales Proceeds	**5,735,577**	4,629,812

Among the total sales proceeds of the Group in the first half of 2016, total sales proceeds derived from concessionaire sales accounted for 89.3% and those derived from direct sales accounted for 10.7%. For the six months ended 30 June 2016, same-store sales proceeds from concessionaire sales decreased to RMB3,789.5 million, representing a decrease of 6.6% compared to the same period last year. The Group's commission rate from concessionaire sales was 17.0%, representing an increase of 1.0 percent point compared with 16.0% for the same period last year. The increase of same-store commission rate from concessionaire was primarily due to the relatively high commission rate from concessionaires' sales in the stores owned by Renhe and Victoria.

Management Discussion and Analysis (continued)

The total sales proceeds 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 %	growth of the total sales proceeds %
Southern China	1,794,482	31.3	-8.2
South-western China	1,508,225	26.3	39.4
Eastern China	1,019,213	17.8	-8.5
Northern China	1,413,657	24.6	195.2
Total	5,735,577	100.0	23.9

As at 30 June 2016, sales of apparels (including men's and ladies' apparels) accounted for 37.5% (first half of 2015: 36.4%), shoes and leather goods accounted for 11.8% (first half of 2015: 12.5%), jewelries accounted for 17.4% (first half of 2015: 18.6%), cosmetics accounted for 6.0% (first half of 2015: 5.4%), leisure and sports goods accounted for 12.4% (first half of 2015: 11.4%), others (including branded merchandise, children's items, bedroom and household goods, home appliances, supermarket and accessories) accounted for 14.9% (first half of 2015: 15.7%). Apparels, cosmetics, sports and branded categories have all achieved growth compared to the corresponding period of last year.

For the six months ended 30 June 2016, revenue of the Group amounted to RMB1,802.6 million, representing an increase of 10.0% compared with RMB1,639.0 million for the same period last year. The increase of revenue was mainly because the total revenue of Qinhuangdao Maoye, Renhe and Victoria recorded RMB486.4 million and has been consolidated into the interim financial results of the Group.

Other Income

For the six months ended 30 June 2016, other income of the Group amounted to RMB485.6 million, representing an increase of 15.7% compared with the same period. The increase of the other income was primarily because the total other income of Qinhuangdao Maoye, Renhe and Victoria recorded RMB66.5 million and has been consolidated into the interim financial results of the Group.

Cost of Sales

For the six months ended 30 June 2016, cost of sales of the Group amounted to RMB632.1 million, representing a decrease of 8.8% compared with RMB693.3 million for the same period last year. The decrease in cost of sales was primarily due to the falling revenue for the property segment and accordingly the cost of sales for property segment decreased by RMB159.3 million compared with the same period last year.

Management Discussion and Analysis (continued)

Employee Expenses

For the six months ended 30 June 2016, employee expenses of the Group amounted to RMB238.4 million, representing an increase of 20.7% compared with the employee expenses of RMB197.5 million for the same period last year. The increase of employee expense was mainly because the total employee expense of Qinhuangdao Maoye, Renhe and Victoria was RMB56.7 million and has been consolidated into the interim financial results of the Group.

Depreciation and Amortisation

For the six months ended 30 June 2016, depreciation and amortisation of the Group amounted to RMB331.2 million, representing an increase of 60.3% compared with RMB206.6 million for the same period last year, which was primarily because the total depreciation and amortisation of Qinhuangdao Maoye, Renhe and Victoria was RMB67.9 million and has been consolidated into the interim financial results of the Group.

Operating Lease Rental Expenses

For the six months ended 30 June 2016, operating lease rental expenses of the Group amounted to RMB110.2 million, representing an increase of 9.5% compared with RMB100.6 million for the same period last year, which was mainly because the total operating lease rental expenses of Qinhuangdao Maoye, Renhe Group and Victoria was RMB17.4 million and has been consolidated into the interim financial results of the Group. The operating lease rental expenses as percentage of total sales proceeds in the first half of 2016 was 1.9%, representing a decrease of 0.3 percent points compared to the first half of 2015.

Other Operating Expenses

For the six months ended 30 June 2016, other operating expenses of the Group amounted to RMB445.5 million, representing an increase of 19.4% compared with RMB373.0 million in the same period last year, which was mainly because the total other operating expenses of Qinhuangdao Maoye, Renhe and Victoria was RMB106.5 million and has been consolidated into the interim financial results of the Group. The other operating expenses as percentage of total sales proceeds decreased to 7.8% compared with 8.1% in the first half of 2015.

Other Gains/(Losses)

For the six months ended 30 June 2016, other loss of the Group was recorded as loss of RMB78.9 million (same period last year: recorded other gains of RMB158.7 million). This was primarily because the Company has disposed 5% shares in Shenyang Commercial City in the same period of last year, resulting of one-off gain amounting RMB162.3 million. At the same time, the Group recorded a foreign exchange loss of RMB47.4 million.

Finance Costs

For the six months ended 30 June 2016, finance costs of the Group amounted to RMB306.3 million, representing an increase of 123.9% compared with RMB136.8 million in the same period last year. The increase of finance costs was primarily due to the average amount of borrowings increased by RMB5,265.0 million compared to the same period in the last year.

Management Discussion and Analysis (continued)

Income Tax Expense

For the six months ended 30 June 2016, income tax expense of the Group amounted to RMB109.6 million, representing a decrease of 40.0% compared with RMB182.7 million in the same period last year. The decrease in income tax expense was primarily due to the decrease in the profit before tax compared to the corresponding period in the last year.

Profit Attributable to Owners of the Parent

As a result of the foregoing, for the six months ended 30 June 2016:

— Profit attributable to owners of the parent decreased by 94.2% to RMB18.4 million, primarily due to the fact that finance cost increased by RMB169.5 million and the other gains decreased by RMB237.6 million.

— Without taking into account the effect of non-operating gains and losses, profit attributable to owners of the parent decreased by 65.4 % to RMB68.3 million.

Liquidity and Financial Resources

As at 30 June 2016, the Group's cash and cash equivalents amounted to RMB1,211.9 million, a decrease by RMB37.0 million compared to RMB1,248.9 million as at 31 December 2015. The main cash inflow and cash outflow are set out as follows:

(1) net cash outflow of RMB478.6 million arising from operating activities;

(2) net cash outflow arising from investment activities which amounted to RMB3,197.6 million, which mainly includes payments for properties and equipment amounting to RMB450.9 million, purchase of available-for-sale equity investments amounting to RMB196.9 million, acquisition of subsidiaries amounting to RMB1,642.9 million, settlement of acquisition consideration amounting to RMB755.9 million, acquisition of an additional interest in associates amounting to RMB146.6 million, loans to non-controlling shareholder of a subsidiary amounting to RMB100 million; and

(3) net cash inflow of RMB3,684.5 million arising from financing activities, mainly includes: 1) net increase in cash inflow arising from bank loans and other borrowings of RMB8,791.8 million; 2) cash outflow arising from repayment of bank loans and other borrowings of RMB5,191.2 million; 3) cash outflow arising from repayment of interest of approximately RMB543.8 million; and 4) cash inflow arising from a fellow subsidiary's borrowings of RMB810 million.

Interest-bearing Loans

As at 30 June 2016, total bank loans, medium-term financing notes and short-term financing notes of the Group were approximately RMB18,417.6 million (31 December 2015: RMB12,916.0 million). The gearing ratio[1] and net gearing ratio[2] were 44.7% and 195.8%, respectively (31 December 2015: 42.7% and 137.0%, respectively).

1 Gearing ratio = total debt/total assets = (bank loans + medium-term financing notes + short-term financing notes)/total assets

2 Net gearing ratio = net debt/equity = (bank loans + medium-term financing notes + short-term financing notes -cash and cash equivalents)/equity

Management Discussion and Analysis (continued)

Investment in Listed Shares

The following table sets out the Group's interests in three A share listed companies in the PRC as at 30 June 2016, and relevant summarised information relating to these companies.

Investment	The Group's Shareholding	Principal Business	Geographical Location
Dashang Co., Ltd. (大商股份有限公司)	5%	Owns a number of department stores in Northern China	Dalian City, Liaoning Province
Silver Plaza Group Co., Ltd. (銀座集團股份有限公司)	14.31%	Owns a number of department stores in Northern China	Jinan City, Shandong Province
Ping An Insurance (Group) Company of China, Ltd. (中國平安保險 (集團) 股份有限公司)	0.04%	Provides multiple insurance and financial services and products in the PRC	Shenzhen City, Guangdong Province

The total original cost of the investments in the above companies was RMB1,479.4 million, which was financed by the Group's cash inflow from operations.

Pledge of Assets

As at 30 June 2016, the Group's collateral interest-bearing bank loans amounting to RMB7,318.6 million were secured by the Group's land and buildings, investment properties, land lease prepayments, time deposits, and properties under development with net carrying amounts of approximately RMB4,045.8 million, RMB27.8 million, RMB1,790.9 million, RMB80.0 million and RMB2,130.6 million, respectively.

Foreign Currency Risk

The Company issued US$300 million senior guaranteed notes with term of three years in 2014 which is exposed to the effect of foreign exchange fluctuation risks. During the reporting period, the Group recorded a loss of RMB47.4 million on exchange. Since the business of the Group was mainly focused on mainland China, its operation was not exposed to any foreign exchange fluctuation risks.

INTERIM DIVIDEND

The board ("**Board**") of the Company does not recommend to declare an interim dividend for the six months ended 30 June 2016 (2015: HK2.2 cents per share).

Other Information

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

As at 30 June 2016, the directors of the Company and chief executives' interests and short position in the shares, underlying shares and debentures of the Company or any of 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 Rules Governing the Listing of Securities on the Stock Exchange (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)	81.69%
	Beneficial owner	50,000,000	0.97%
		4,250,000,000	82.66%

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 2016.

Other Information (continued)

(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 2016.

(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 2016.

Save as disclosed above, as at 30 June 2016, 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 (continued)

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

As at 30 June 2016, the following persons (other than a director or chief executive of the Company, whose interests have been disclosed in the above section headed "DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY OF 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 of substantial shareholders	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))	82.66%
Maoye Department Store Investment Limited	Beneficial owner	4,200,000,000 (Note (b))	81.69%
MOY International Holdings Limited	Interest of controlled corporation	4,200,000,000 (Note (b))	81.69%

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, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY OF 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 2016.

Save as disclosed above, as at 30 June 2016, no person (other than a director or chief executive of the Company, whose interests have been disclosed in the above section headed "DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY OF 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.

Other Information (continued)

SHARE OPTION SCHEME

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

As at 30 June 2016, the Company has no outstanding share options. During the six months ended 30 June 2016, no share options of the Company have been granted, exercised, cancelled or lapsed.

CHANGES OF INFORMATION IN RESPECT OF DIRECTORS

Below are the changes in Directors' information required to be disclosed pursuant to Rule 13.51B (1) of the Listing Rules.

1. Mr. Wang Bin, an executive director of the Company, ceased to be the director of Maoye Communication and Network Co., Ltd. (a company listed on Shenzhen Stock Exchange, stock code: 000889) after the conclusion of its 2015 annual general meeting held on 30 June 2016.

2. Mr. Pao Ping Wing, an independent non-executive director of the Company, ceased to be an independent non-executive director of InvesTech Holdings Limited (formerly known as "HL Technology Group Limited") (Stock Code: 1087) after the conclusion of its annual general meeting held on 27 May 2016.

3. Ms. Wang Fuqin resigned as an executive director, the vice president, a member of the Remuneration Committee, and an authorised representative of the Company pursuant to the Listing Rules with effect from 3 June 2016.

4. Mr. Liu Bo, the vice president and chief financial officer of the Company, was appointed as an executive director, a member of the Remuneration Committee and an authorised representative of the Company pursuant to the Listing Rules with effect from 3 June 2016.

Other Information (continued)

EMPLOYEES

As at 30 June 2016, the Group had a total of approximately 8,722 employees. Salaries, bonuses and benefits are determined with reference to market terms and performance, qualifications and experience of individual employees.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries, purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2016.

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 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). 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.

As at 3 August 2016, the Company repaid its syndicated loans with the principal amount of US$87,975,000 and paid interest on such syndicated loans in the amount of US$840,081. As at the same date, the syndicated loans of the Company has been fully settled.

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 2016.

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 2016.

Other Information (continued)

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 2016, except for the following deviation:

Code Provision A.2.1

Currently, Mr. Huang 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.

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 2016 and discussed with the management on the accounting principles and practices adopted by the Group, risk management and internal control systems and financial reporting matters.

DEED OF NON-COMPETITION

Under the deed of non-competition dated 17 April 2008 given by Mr. Huang, 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 had undertaken to use its best endeavour within three years to (i) resolve the 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 had been resolved. The Controlling Shareholder Group had further undertaken to keep the Company informed every six months from the Listing Date as regards the progress on the matters described above.

Other Information (continued)

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 Store 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 Chongqing Jiefangbei Store and Maoye Wuxi Store. As the original master management agreement has expired on 4 May 2014, the Company entered into the new master management agreement (the "**New Master Management Agreement**") with Maoye Holdings Limited on 4 May 2014 to govern the terms upon which the Group will provide store management services to the Controlling Shareholder Group with respect to the 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 effect from 5 May 2014. As Chongqing Jiefangbei Store has ceased operation since February 2011, the Group did 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.

SUFFICIENCY OF PUBLIC FLOAT

As at the date of this interim report, based on the information available and to the best of the Board's knowledge, information and belief, the Company has maintained sufficient public float under the Listing Rules and agreed by the Stock Exchange.

Report on Review of Interim Condensed Consolidated Financial Statements

To the shareholders of Maoye International Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the accompanying interim condensed consolidated statement of financial position of Maoye International Holdings Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2016 and the related interim condensed consolidated statement of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and 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. 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*". 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

29 August 2016

Interim Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2016

	Notes	Six months ended 30 June 2016 (Unaudited) RMB'000	2015 (Unaudited) RMB'000
REVENUE	4	**1,802,628**	1,639,004
Other income	5	**485,588**	419,758
Total operating revenue		**2,288,216**	2,058,762
Cost of sales	6	**(632,116)**	(693,266)
Employee expenses	7	**(238,380)**	(197,515)
Depreciation and amortisation		**(331,168)**	(206,572)
Operating lease rental expenses		**(110,229)**	(100,648)
Other operating expenses	8	**(445,539)**	(373,025)
Other (losses)/gains	9	**(78,900)**	158,726
Operating profit		**451,884**	646,462
Finance costs	10	**(306,265)**	(136,790)
Share of profits and losses of associates		**11,833**	(5,968)
PROFIT BEFORE TAX		**157,452**	503,704
Income tax expense	11	**(109,565)**	(182,748)
PROFIT FOR THE PERIOD		**47,887**	320,956
Attributable to:			
Owners of the parent		**18,430**	316,701
Non-controlling interests		**29,457**	4,255
		47,887	320,956
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	12		
Basic		**RMB0.4 cent**	RMB6.1 cents
Diluted		**RMB0.4 cent**	RMB6.1 cents

Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2016

	Six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
PROFIT FOR THE PERIOD	**47,887**	320,956
OTHER COMPREHENSIVE INCOME		
Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods:		
Available-for-sale investments:		
Identified as impairment loss of available-for-sale equity investments	**3,640**	–
Changes in fair value	**(350,934)**	292,785
Disposal of a partial interest in a subsidiary without losing control	**–**	470,494
Available-for-sale equity investments revaluation	**–**	5,964
Income tax effect	**86,823**	(192,310)
	(260,471)	576,933
Defined benefit retirement plans	**626**	–
Exchange differences on translation of foreign operations	**(25,012)**	2,328
OTHER COMPREHENSIVE (LOSS)/INCOME, NET OF TAX	**(284,857)**	579,261
TOTAL COMPREHENSIVE (LOSS)/INCOME, NET OF TAX	**(236,970)**	900,217
Attributable to:		
Owners of the parent	**(265,778)**	895,962
Non-controlling interests	**28,808**	4,255
	(236,970)	900,217

Interim Condensed Consolidated Statement of Financial Position

As at 30 June 2016

	Notes	30 June 2016 (Unaudited) RMB'000	31 December 2015 (Audited) RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**12,820,080**	7,143,817
Investment properties	14	**982,455**	942,607
Land lease prepayments	15	**6,687,877**	4,254,138
Goodwill	16	**1,592,664**	283,934
Other intangible assets	17	**51,468**	57,405
Investments in associates	18	**2,524,093**	2,337,550
Available-for-sale equity investments	19	**1,354,059**	1,526,180
Prepayments	22	**416,475**	1,121,792
Deferred tax assets		**567,381**	489,059
Total non-current assets		**26,996,552**	18,156,482
CURRENT ASSETS			
Inventories	20	**278,553**	195,689
Completed properties held for sale		**1,290,886**	1,294,965
Properties under development	21	**8,125,828**	7,165,604
Equity investments at fair value through profit or loss		**223,014**	250,535
Trade receivables		**39,378**	20,703
Prepayments and other receivables	22	**2,725,224**	1,861,797
Loans and receivables	23	**106,123**	12,219
Pledged deposits	24	**241,852**	59,488
Cash and cash equivalents	24	**1,211,879**	1,248,868
Total current assets		**14,242,737**	12,109,868
CURRENT LIABILITIES			
Trade and bills payables	25	**2,466,597**	2,027,391
Deposits received, accruals and other payables	26	**9,183,519**	5,187,172
Interest-bearing bank loans and other borrowings	27	**9,663,054**	7,793,180
Tax payable		**218,503**	386,918
Dividend payable		**25,489**	433
Total current liabilities		**21,557,162**	15,395,094
NET CURRENT LIABILITIES		**(7,314,425)**	(3,285,226)
TOTAL ASSETS LESS CURRENT LIABILITIES		**19,682,127**	14,871,256

continued/....

Interim Condensed Consolidated Statement of Financial Position (continued)

As at 30 June 2016

	Notes	30 June 2016 (Unaudited) RMB'000	31 December 2015 (Audited) RMB'000
TOTAL ASSETS LESS CURRENT LIABILITIES		**19,682,127**	14,871,256
NON-CURRENT LIABILITIES			
Interest-bearing bank loans and other borrowings	27	**8,754,558**	5,122,863
Deferred tax liabilities		**2,120,716**	1,223,440
Other long-term liability		**10,930**	1,893
Provision for retirement benefits		**7,498**	8,052
Total non-current liabilities		**10,893,702**	6,356,248
Net assets		**8,788,425**	8,515,008
EQUITY			
Equity attributable to owners of the parent			
Issued capital	28	**460,270**	460,270
Equity component of convertible bonds		**55,538**	55,538
Other reserves		**6,687,431**	6,927,159
		7,203,239	7,442,967
Non-controlling interests		**1,585,186**	1,072,041
Total equity		**8,788,425**	8,515,008

Director: Huang Mao Ru

Director: Liu Bo

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2016

	Attributable to owners of the parent														
	Issued capital RMB'000 (note 28)	Share premium account RMB'000	Acquisition `of non-controlling interests RMB'000	Disposal of partial interest in a subsidiary without losing control RMB'000	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	Defined benefit retirement plans RMB'000	Exchange fluctuation reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
(Unaudited)															
At 1 January 2016	460,270	1,576,292	(33,342)	352,871	55,538	27,653	1,806	456,274	264,423	519	(69,277)	4,349,940	7,442,967	1,072,041	8,515,008
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	18,430	18,430	29,457	47,887
Other comprehensive income for the period:															
Changes in fair value of available-for-sale equity investments, before tax	-	-	-	-	-	-	-	-	(349,949)	-	-	-	(349,949)	(985)	(350,934)
Exchanges differences on translation of foreign operations	-	-	-	-	-	-	-	-	-	-	(25,012)	-	(25,012)	-	(25,012)
Defined benefit retirement plans	-	-	-	-	-	-	-	-	-	535	-	-	535	91	626
Identified as impairment loss of available-for-sale equity investments	-	-	-	-	-	-	-	-	3,640	-	-	-	3,640	-	3,640
Tax effect of components of other comprehensive income	-	-	-	-	-	-	-	-	86,577	-	-	-	86,577	246	86,823
Total comprehensive income for the period	-	-	-	-	-	-	-	-	(259,732)	535	(25,012)	18,430	(265,779)	28,809	(236,970)
Acquisition of subsidiaries (note 29)	-	-	-	-	-	-	-	-	-	-	-	-	-	536,006	536,006
Purchase of non-controlling interests	-	-	-	-	-	230	-	-	-	-	-	-	230	(230)	-
Reorganisation of subsidiaries	-	(564)	-	-	-	-	26,385	-	-	-	-	-	25,821	(26,385)	(564)
Profit appropriated to reserve	-	-	-	-	-	-	-	20,019	-	-	-	(20,019)	-	-	-
Dividend paid by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	(25,055)	(25,055)
At 30 June 2016	460,270	1,575,728	(33,342)	352,871	55,538	27,883	28,191	476,293	4,691	1,054	(94,289)	4,348,351	7,203,239	1,585,186	8,788,425

Interim Condensed
Consolidated Statement of Changes in Equity (continued)

For the six months ended 30 June 2016

	Attributable to owners of the parent														
	Issued capital RMB'000 (note 28)	Share premium account RMB'000	Acquisition of non-controlling interests RMB'000	Disposal of partial interest in a subsidiary without losing control RMB'000	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	Total equity RMB'000
(Unaudited)															
At 1 January 2015	465,206	1,638,142	(33,342)	–	55,538	22,717	1,806	365,553	186,390	(4,839)	4,404,836	45,171	7,147,178	1,061,448	8,208,626
Profit for the period	–	–	–	–	–	–	–	–	–	–	316,701	–	316,701	4,255	320,956
Other comprehensive income for the period:															
Changes in fair value of available-for-sale equity investments, before tax	–	–	–	–	–	–	–	–	292,785	–	–	–	292,785	–	292,785
Available-for-sale equity investment revaluation	–	–	–	–	–	–	–	–	5,964	–	–	–	5,964	–	5,964
Disposal of a partial interest in a subsidiary without losing control	–	–	–	470,494	–	–	–	–	–	–	–	–	470,494	–	470,494
Exchanges differences on translation of foreign operations	–	–	–	–	–	–	–	–	–	2,328	–	–	2,328	–	2,328
Tax effect of components of other comprehensive income	–	–	–	(117,623)	–	–	–	–	(74,687)	–	–	–	(192,310)	–	(192,310)
Total comprehensive income for the period	–	–	–	352,871	–	–	–	–	224,062	2,328	316,701	–	895,962	4,255	900,217
Disposal of partial interest in a subsidiary without losing control	–	–	–	–	–	–	–	–	–	–	–	–	–	45,518	45,518
Profit appropriated to reserve	–	–	–	–	–	–	–	14,351	–	–	(14,351)	–	–	–	–
Final 2014 dividend paid	–	–	–	–	–	–	–	–	–	–	–	(45,171)	(45,171)	–	(45,171)
Repurchase of shares	(4,936)	(61,850)	–	–	–	4,936	–	–	–	–	(4,936)	–	(66,786)	–	(66,786)
Dividend paid by subsidiaries	–	–	–	–	–	–	–	–	–	–	–	–	–	(9,111)	(9,111)
At 30 June 2015	460,270	1,576,292	(33,342)	352,871	55,538	27,653	1,806	379,904	410,452	(2,511)	4,702,250	–	7,931,183	1,102,110	9,033,293

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2016

	Notes	Six months ended 30 June 2016 (Unaudited) RMB'000	2015 (Unaudited) RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**157,452**	503,704
Adjustments for:			
Interest income	5	**(19,781)**	(8,064)
Depreciation and amortisation		**331,168**	206,572
Foreign exchange loss, net		**47,366**	–
Impairment of other receivables	8	**154**	–
Loss on disposal of items of property, plant and equipment	9	**2,279**	765
Gain on disposal of shares of an associate	9	**–**	(162,318)
Gain on disposal of investment properties	9	**–**	(1,495)
Fair value loss on equity investments at fair value through profit or loss	9	**27,524**	19,627
Dividend income from equity investments at cost	9	**–**	(4,289)
Dividend income from available-for-sale equity investments	9	**(19,765)**	(18,504)
Impairment of available-for-sale equity investments	9	**3,705**	–
Penalty accrued	9	**23,210**	–
Finance costs	10	**306,265**	136,790
Share of profits and losses of associates		**(11,833)**	5,968
		847,744	678,756
Decrease in completed properties held for sale		**80,670**	244,341
Additions to properties under development		**(586,750)**	(379,513)
Decrease in inventories		**66,591**	12,392
Decrease in provision for retirement benefits		**(220)**	–
Increase in trade receivables		**(13,954)**	(9,098)
Decrease in prepayments and other receivables		**49,190**	30,117
Decrease in trade and bills payables		**(566,015)**	(417,301)
Decrease in deposits received, accruals and other payables		**(5,060)**	(127,425)
Cash generated (used in)/from operations		**(127,804)**	32,269
Interest received		**13,658**	855
PRC tax paid		**(364,457)**	(224,176)
Net cash used in operating activities		**(478,603)**	(191,052)

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Interim Condensed Consolidated Statement of Cash Flows (continued)

For the six months ended 30 June 2016

	Six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of items of property, plant and equipment	**(450,913)**	(523,640)
Additions to investment properties	**(2,771)**	(70,087)
Proceeds from disposal of items of property, plant and equipment	**10,818**	779
Proceeds from disposal of investment properties	**–**	7,276
Purchase of available-for-sale equity investments	**(196,882)**	(243,046)
Disposal of available-for-sale financial assets	**146,000**	–
Purchase of land lease prepayments	**(21,671)**	–
Prepayment for land lease prepayments	**(68,648)**	–
Purchase of other intangible assets	**(14)**	–
Acquisition of subsidiaries	**(1,642,903)**	–
Settlement of acquisition consideration	**(755,935)**	–
Acquisition of an additional interest in an associate	**(146,639)**	–
Loans to third parties	**12,219**	–
Loans to a non-controlling shareholder of a subsidiary	**(100,000)**	–
Purchase of equity investments at fair value through profit or loss	**–**	(304,418)
Disposal of interests in an associate	**–**	225,049
Dividend income from equity investments at cost	**–**	4,289
Dividend income from available-for-sale equity investments	**19,764**	18,504
Net cash flows used in investing activities	**(3,197,575)**	(885,294)
CASH FLOWS FROM FINANCING ACTIVITIES		
New bank loans and other borrowings	**8,791,777**	4,066,926
Repayment of bank loans and other borrowings	**(5,191,205)**	(2,211,117)
Interest paid	**(543,755)**	(347,853)
Loans from a fellow subsidiary	**810,000**	–
Final dividend paid	**–**	(45,171)
Dividend paid by subsidiaries to non-controlling shareholders	**–**	(9,111)
Repurchase of shares	**–**	(66,786)
(Increase)/decrease in pledged bank deposits	**(182,364)**	37,255
Net cash flows from financing activities	**3,684,453**	1,424,143

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Interim Condensed Consolidated Statement of Cash Flows (continued)

For the six months ended 30 June 2016

	Note	Six months ended 30 June 2016 (Unaudited) RMB'000	2015 (Unaudited) RMB'000
NET INCREASE IN CASH AND CASH EQUIVALENTS		**8,275**	347,797
Effect of foreign exchange rate changes, net		**(45,264)**	2,344
Cash and cash equivalents at beginning of period		**1,248,868**	662,069
CASH AND CASH EQUIVALENTS AT END OF PERIOD		**1,211,879**	1,012,210
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	24	**1,211,879**	1,012,210
Cash and cash equivalents as stated in the statement of cash flows		**1,211,879**	1,012,210

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2016

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 2016 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 2015.

As at 30 June 2016, the Group had net current liabilities of approximately RMB7,314,425,000. The Group's ability to repay its debts when they fall due relies heavily on its future operating cashflow and its ability to renew the bank loans and other borrowings.

In view of the above, the directors have carefully assessed the Group's liquidity position having taken into account (i) the estimated operating cash inflows of the Group for the next twelve months from the end of the current reporting period; (ii) the issuance of the corporate bonds with an aggregated amount of RMB6,500,000,000 for the next twelve months from the end of the current reporting period; (iii) obtain of the new long-term bank loan and renew of banking facilities with an aggregated amount of RMB6,966,800,000 within next twelve months; and (iv) having taken into account that RMB3,793,371,000 and RMB409,500,000 of current liabilities are deferred income and deposits received in nature of which the Group will not be expecting any cash outflow.

On the basis of the above consideration, the directors believe that the Group can satisfy its financial obligations in the foreseeable future and accordingly, the interim financial report has been prepared on a going concern basis.

Notes to the Interim Condensed Consolidated Financial Statements (continued)

30 June 2016

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 consolidated financial statements for the year ended 31 December 2015, except for the adoption of new standards and interpretations effective as of 1 January 2016 noted below.

Although these new standards and amendments apply for the first time in 2016, they do not have a material impact on the annual consolidated financial statements of the Group or the interim condensed consolidated financial statements of the Group.

The Group has not early adopted any other standard or amendment that has been issued but is not yet effective.

IFRS 14	*Regulatory Deferral Accounts*
Amendments to IFRS 11	*Accounting for Acquisitions of Interests*
Amendments to IAS 16 and IAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*
Amendments to IAS 27	*Equity Method in Separate Financial Statements*
Amendments to IAS 1	*Disclosure Initiative*
Amendments to IFRS 10, IFRS 12 and IAS 28	*Investment Entities: Applying the Consolidation Exception*
Annual Improvements 2012-2014 Cycle	*Amendments to a number of IFRSs*

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 sales, direct sales of merchandise and the 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 the 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 and the provision of advertising services.

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 2016

3. OPERATING SEGMENT INFORMATION (continued)

	Operation of department stores RMB'000	Property development RMB'000	Others RMB'000	Total RMB'000
Period ended 30 June 2016				
Segment revenue:				
Sales to external customers	1,637,866	144,675	20,087	1,802,628
Other income	466,045	4,921	14,622	485,588
Cost of sales	(547,103)	(84,993)	(20)	(632,116)
Employee expenses	(206,616)	(22,563)	(9,201)	(238,380)
Depreciation and amortisation	(311,222)	(14,121)	(5,825)	(331,168)
Operating lease rental expenses	(108,497)	(1,562)	(170)	(110,229)
Other operating expenses	(398,701)	(39,176)	(7,662)	(445,539)
Other (losses)/gains	(55,615)	(23,633)	348	(78,900)
Operating profit/(loss)	476,157	(36,452)	12,179	451,884
Finance costs	(156,683)	(149,582)	–	(306,265)
Share of profits and losses of associates	11,833	–	–	11,833
Segment profit/(loss) before tax	331,307	(186,034)	12,179	157,452
Income tax expense	(103,623)	(4,974)	(968)	(109,565)
Segment profit/(loss) for the period	227,684	(191,008)	11,211	47,887
Attributable to:				
Owners of the parent	198,007	(191,008)	11,431	18,430
Non-controlling interests	29,677	–	(220)	29,457
	227,684	(191,008)	11,211	47,887
Other segment information				
Impairment losses recognised in the statement of profit or loss	3,859	–	–	3,859
Investment in associates	2,524,093	–	–	2,524,093
Capital expenditure*	77,780	1,351,840	717	1,430,337

* 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 2016

3. OPERATING SEGMENT INFORMATION (continued)

	Operation of department stores RMB'000	Property development RMB'000	Others RMB'000	Total RMB'000
Period ended 30 June 2015				
Segment revenue:				
Sales to external customers	1,245,396	382,682	10,926	1,639,004
Other income	403,013	15,796	949	419,758
Cost of sales	(448,252)	(244,341)	(673)	(693,266)
Employee expenses	(177,570)	(14,650)	(5,295)	(197,515)
Depreciation and amortisation	(162,310)	(38,326)	(5,936)	(206,572)
Operating lease rental expenses	(99,851)	(719)	(78)	(100,648)
Other operating expenses	(322,149)	(44,951)	(5,925)	(373,025)
Other gains/(losses)	158,983	(189)	(68)	158,726
Operating profit/(loss)	597,260	55,302	(6,100)	646,462
Finance costs	(77,235)	(59,555)	–	(136,790)
Share of profits and losses of associates	(5,968)	–	–	(5,968)
Segment profit/(loss) before tax	514,057	(4,253)	(6,100)	503,704
Income tax expense	(165,550)	(17,689)	491	(182,748)
Segment profit/(loss) for the period	348,507	(21,942)	(5,609)	320,956
Attributable to:				
Owners of the parent	344,969	(22,932)	(5,336)	316,701
Non-controlling interests	3,538	990	(273)	4,255
	348,507	(21,942)	(5,609)	320,956
Other segment information				
Investment in associates	2,349,403	–	–	2,349,403
Capital expenditure*	745,031	601,318	549	1,346,898

* 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 2016

4. REVENUE

	Six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Commissions from concessionaire sales	**872,526**	665,361
Direct sales	**614,910**	482,940
Rental income from the leasing of shop premises	**148,309**	94,510
Management fee income from the operation of department stores	**2,121**	2,585
Rental income from investment properties	**41,549**	14,684
Sale of properties	**103,126**	367,998
Others	**20,087**	10,926
	1,802,628	1,639,004

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

Total sales proceeds from concessionaire sales	**5,120,667**	4,146,872
Commissions from concessionaire sales	**872,526**	665,361

5. OTHER INCOME

	Six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Income from suppliers and concessionaires		
– Administration and management fee income	**262,185**	204,762
– Promotion income	**117,987**	134,780
– Credit card handling fees	**66,092**	55,406
Interest income	**19,781**	8,064
Others	**19,543**	16,746
	485,588	419,758

Notes to the Interim Condensed Consolidated Financial Statements (continued)

30 June 2016

6. COST OF SALES

	Six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Purchases of and changes in inventories	**547,103**	448,252
Cost of properties sold	**84,993**	244,341
Others	**20**	673
	632,116	693,266

7. EMPLOYEE EXPENSES

	Six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Wages and salaries	**207,904**	175,084
Retirement benefits	**25,452**	21,711
Other employee benefits	**5,024**	720
	238,380	197,515

8. OTHER OPERATING EXPENSES

	Six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Utility expenses	**123,678**	104,258
Promotion and advertising expenses	**37,670**	26,511
Repair and maintenance expenses	**32,468**	26,382
Entertainment expenses	**5,233**	5,564
Office expenses	**18,240**	16,019
Other tax expenses	**126,891**	138,429
Professional service fees	**33,386**	18,391
Auditors' remuneration	**3,864**	1,000
Bank charges	**48,341**	31,568
Impairment of other receivables	**154**	–
Others	**15,614**	4,903
	445,539	373,025

Notes to the Interim Condensed Consolidated Financial Statements (continued)

30 June 2016

9. OTHER (LOSSES)/GAINS

	Six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Loss on disposal of items of property, plant and equipment	**(2,279)**	(765)
Gain on disposal of investment properties	**–**	1,495
Foreign exchange (losses)/gains, net	**(47,366)**	350
Fair value loss on equity investments at fair value through profit or loss	**(27,524)**	(19,627)
Gain on disposal of shares of an associate	**–**	162,318
Dividend income from available-for-sale equity investments	**19,765**	18,504
Dividend income from equity investments at cost	**–**	4,289
Penalty accrued	**(23,210)**	–
Impairment of available-for-sale equity investments	**(3,705)**	–
Others	**5,419**	(7,838)
	(78,900)	158,726

10. FINANCE COSTS

	Six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Total interest expense on financial liabilities not at fair value through profit or loss	**516,840**	349,004
Less: Interest capitalised	**(210,575)**	(212,214)
	306,265	136,790

Notes to the Interim Condensed Consolidated Financial Statements (continued)

30 June 2016

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 calculated at 16.5% of the estimated assessable profits for the six months ended 30 June 2016 (Six months ended 30 June 2015: 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 RMB9,152,000 was charged to the consolidated statement of profit or loss for the six months ended 30 June 2016 (Six months ended 30 June 2015: RMB7,053,000).

	Six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Group:		
Current – CIT	**140,086**	178,383
Current – LAT	**9,152**	7,053
Deferred	**(39,673)**	(2,688)
Total tax charge for the period	**109,565**	182,748

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 2016 attributable to ordinary equity holders of the parent of RMB18,430,000 (Six months ended 30 June 2015: RMB316,701,000) and the weighted average number of ordinary shares of 5,141,635,000 (Six months ended 30 June 2015: 5,181,547,000) in issue during the period.

The Group had no potentially dilutive ordinary shares in issue during those periods.

Notes to the Interim Condensed Consolidated Financial Statements (continued)

30 June 2016

13. PROPERTY, PLANT AND EQUIPMENT

	Notes	30 June 2016 (Unaudited) RMB'000	31 December 2015 (Audited) RMB'000
Carrying amount at 1 January		7,143,817	5,919,957
Additions		470,785	1,110,803
Disposals		(13,097)	(7,137)
Depreciation charge for the period/year		(222,173)	(313,033)
Transfer from properties under development	21	168,479	29,027
Transfer to investment properties	14	–	(47,984)
Transfer from investment properties	14	242,162	–
Acquisition of subsidiaries	29	5,029,000	510,809
Transfer to other intangible assets	17	–	(60,803)
Exchange realignment		1,107	2,178
Carrying amount at 30 June/31 December		12,820,080	7,143,817

Amortisation of land lease payments of approximately RMB32,237,000 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 27(a).

Certificates of ownership in respect of certain buildings of the Group with a net carrying amount of approximately RMB2,616,045,000 as at 30 June 2016 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 2016

14. INVESTMENT PROPERTIES

	Notes	**30 June 2016 (Unaudited) RMB'000**	31 December 2015 (Audited) RMB'000
Carrying amount at 1 January		**942,607**	373,023
Additions		**2,771**	122,420
Disposals		**–**	(5,781)
Acquisition of a subsidiary	29	**292,330**	379,360
Transfer from properties under development	21	**–**	37,211
Transfer from properties, plant and equipment	13	**–**	47,984
Transfer to property, plant and equipment	13	**(242,162)**	–
Depreciation charged for the period/year		**(13,091)**	(11,610)
Carrying amount at 30 June/31 December		**982,455**	942,607
Carrying amount at 30 June/31 December:			
Cost		**1,134,457**	1,078,109
Accumulated depreciation		**(152,002)**	(135,502)
Net carrying amount		**982,455**	942,607

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 30(a).

Details of the Group's investment properties pledged to secure the Group's interest-bearing bank loans are set out in note 27(b).

Notes to the Interim Condensed Consolidated Financial Statements (continued)

30 June 2016

15. LAND LEASE PREPAYMENTS

	Notes	30 June 2016 (Unaudited) RMB'000	31 December 2015 (Audited) RMB'000
Carrying amount at 1 January		**4,415,162**	3,810,808
Acquisition of subsidiaries	29	**2,488,501**	327,345
Additions		**21,626**	92,052
Transfer to properties under development	21	**(12,127)**	–
Transfer from properties under development	21	**119,267**	335,997
		7,032,429	4,566,202
Amortisation provided during the period/year		**(128,688)**	(151,040)
Carrying amount at 30 June/31 December		**6,903,741**	4,415,162
Current portion included in prepayments and other receivables		**(215,864)**	(161,024)
Non-current portion		**6,687,877**	4,254,138

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 27(c).

The Group was in the process of applying for the land use right certificates for a land use right with an aggregate carrying amount of approximately RMB105,240,000 as at 30 June 2016 (31 December 2015: RMB106,476,000).

Included in the amortisation provided during the period is an amount of approximately RMB32,237,000, which was capitalised as part of the construction cost of the department stores under construction of the Group and included in the additions to property, plant and equipment (note 13).

Notes to the Interim Condensed Consolidated Financial Statements (continued)

30 June 2016

16. GOODWILL

	Note	30 June 2016 (Unaudited) RMB'000	31 December 2015 (Audited) RMB'000
At 1 January:			
Cost		377,252	377,252
Accumulated impairment		(93,318)	(25,148)
Net carrying amount		283,934	352,104
Cost at 1 January, net of accumulated impairment		283,934	352,104
Impairment provided during the period/year		–	(68,170)
Acquisition of subsidiaries	29	1,308,730	–
Cost and net carrying amount at 30 June/31 December		1,592,664	283,934
At 30 June/31 December:			
Cost		1,685,982	377,252
Accumulated impairment		(93,318)	(93,318)
Net carrying amount		1,592,664	283,934

17. OTHER INTANGIBLE ASSETS

		Computer software	
	Notes	30 June 2016 (Unaudited) RMB'000	31 December 2015 (Audited) RMB'000
Cost at 1 January, net of accumulated amortisation		57,405	2,672
Additions		14	2,290
Acquisition of subsidiaries	29	756	7,301
Transfer from property, plant and equipment	13	–	60,803
Amortisation provided during the period/year		(6,707)	(15,661)
At 30 June/31 December		51,468	57,405
At 30 June/31 December:			
Cost		86,891	82,006
Accumulated amortisation		(35,423)	(24,601)
Net carrying amount		51,468	57,405

Notes to the Interim Condensed Consolidated Financial Statements (continued)

30 June 2016

18. INVESTMENT IN ASSOCIATES

	30 June 2016 (Unaudited) RMB'000	31 December 2015 (Audited) RMB'000
Share of net assets of the associate excluding goodwill	1,183,860	1,050,022
Goodwill on acquisition	1,340,233	1,287,528
	2,524,093	2,337,550

Particulars of the principal associates are as follows:

Name	Particulars of issued shares held	Place of incorporation/ registration and business	Percentage of ownership interest attributable to the Group	Principal industries
Shenyang Commercial City Co., Ltd. ("Commercial City")	Ordinary shares of RMB1 each	PRC/Mainland China	24.22%	Retail industry
Maoye Communication and Network Co., Ltd. ("Maoye Communication")	Ordinary shares of RMB1 each	PRC/Mainland China	35.46%	Telecommunication industry
Shenzhen UGO E-Commerce Co., Ltd ("UGO")	Ordinary shares of RMB1 each	PRC/Mainland China	20.92%	Electronic commerce industry

(i) Shenyang Commercial City Co., Ltd.

Shenyang Commercial City Co., Ltd., which is considered a material associate of the Group, is a strategic partner of the Group engaged in the retail industry and is accounted for using the equity method.

Notes to the Interim Condensed Consolidated Financial Statements (continued)

30 June 2016

18. INVESTMENT IN ASSOCIATES (continued)

(i) Shenyang Commercial City Co., Ltd. (continued)

The following table illustrates the summarised financial information in respect of Shenyang Commercial City Co., Ltd. adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

	30 June 2016 (Unaudited) RMB'000	31 December 2015 (Audited) RMB'000
Current assets	**1,588,446**	1,677,425
Non-current assets	**2,940,691**	2,985,694
Current liabilities	**(3,307,511)**	(3,344,931)
Non-current liabilities	**(15,556)**	(13,887)
Non-controlling interests of the associate	**(307,509)**	(307,527)
Net assets	**898,561**	996,774
Net assets, excluding goodwill	**898,561**	996,774
Reconciliation to the Group's interest in the associate:		
Proportion of the Group's ownership	**24.22%**	24.22%
Group's share of net assets of the associate, excluding goodwill	**217,632**	241,419
Goodwill on acquisition	**32,412**	32,412
Carrying amount of the investment	**250,044**	273,831

	Six months ended 30 June	
	2016 (Unaudited) RMB'000	2015 (Unaudited) RMB'000
Revenues	**198,426**	325,662
Loss for the period	**83,188**	76,387
Total comprehensive loss for the period	**83,188**	76,387

Notes to the Interim Condensed Consolidated Financial Statements (continued)

30 June 2016

18. INVESTMENT IN ASSOCIATES (continued)

(ii) Maoye Communication

Maoye Communication, which is considered a material associate of the Group, is a strategic partner of the Group engaged in the retail industry and is accounted for using the equity method.

The following table illustrates the summarised financial information in respect of Maoye Communication adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

	30 June 2016 (Unaudited) RMB'000	31 December 2015 (Audited) RMB'000
Current assets	**912,133**	1,387,722
Non-current assets	**3,542,187**	3,535,020
Current liabilities	**(1,101,256)**	(1,115,329)
Non-current liabilities	**–**	(597,000)
Net assets excluding non-controlling interests	**3,353,064**	3,210,413
Goodwill of an associate	**(793,787)**	(793,787)
Net assets, excluding goodwill	**2,559,277**	2,416,626
Reconciliation to the Group's interest in the associate:		
Proportion of the Group's ownership	**35.46%**	33.46%
Group's share of net assets of the associate, excluding goodwill	**907,520**	808,603
Goodwill on acquisition	**1,307,821**	1,255,116
Carrying amount of the investment	**2,215,341**	2,063,719

	Six months ended 30 June 2016 (Unaudited) RMB'000	Six months ended 30 June 2015 (Unaudited) RMB'000
Revenues	**895,056**	486,251
Gain for the period	**113,271**	68,142
Total comprehensive gain for the period	**113,271**	68,142

Notes to the Interim Condensed Consolidated Financial Statements (continued)

30 June 2016

18. INVESTMENT IN ASSOCIATES (continued)

(iii) Shenzhen UGO E-Commerce Co., Ltd.

As at 8 March 2016, the Group increased its investment in UGO by RMB30 million, which also increased its share in UGO from 13.04% to 20.92%. As a result, UGO is considered an associate of the Group, and a strategic partner of the Group engaged in the electronic commerce industry and is accounted for using the equity method.

From 8 March 2016 to 30 June 2016, UGO generated profits of RMB3 million, from which the Group shared RMB0.64 million.

19. AVAILABLE-FOR-SALE EQUITY INVESTMENTS

	30 June 2016 (Unaudited) RMB'000	31 December 2015 (Audited) RMB'000
Listed equity investments, at fair value:	1,177,983	1,336,823
Unlisted equity investments, at cost	181,961	195,242
	1,359,944	1,532,065
Provision for impairment	(5,885)	(5,885)
	1,354,059	1,526,180

During the period, the gross loss in respect of the Group's available-for-sale equity investments recognised in other comprehensive income amounted to RMB350,934,000 (Six months ended 30 June 2015: gross gain of RMB224,062,000).

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.

As at 30 June 2016, certain unlisted equity investments with a carrying amount of RMB181,961,000 (31 December 2015: RMB195,242,000) were stated at cost less impairment because the range of reasonable fair value estimates was so significant that the directors were of the opinion that their fair value could not be measured reliably. The Group does not intend to dispose of them in the near future.

Notes to the Interim Condensed Consolidated Financial Statements (continued)

30 June 2016

20. INVENTORIES

	30 June 2016 (Unaudited) RMB'000	31 December 2015 (Audited) RMB'000
Merchandise for resale	**285,600**	202,736
Provision against slow-moving inventories	**(7,047)**	(7,047)
	278,553	195,689

21. PROPERTIES UNDER DEVELOPMENT

	Notes	30 June 2016 (Unaudited) RMB'000	31 December 2015 (Audited) RMB'000
Land lease prepayments, at cost			
At 1 January		**2,865,502**	3,296,541
Additions		**335,117**	–
Deductions		**–**	(11,514)
Acquisition of subsidiaries	29	**45,400**	101,400
Transfer from land lease prepayments	15	**12,127**	–
Transfer to land lease prepayments	15	**(119,267)**	(335,997)
Transfer to completed properties held for sale		**(72,662)**	(184,928)
At 30 June/31 December		**3,066,217**	2,865,502
Development expenditure, at cost			
At 1 January		**4,300,102**	3,763,158
Additions		**704,897**	1,269,522
Transfer to property, plant and equipment	13	**(168,479)**	(29,027)
Transfer to completed properties held for sale		**–**	(653,225)
Acquisition of subsidiaries	29	**223,091**	3,342
Transfer to investment properties	14	**–**	(37,211)
Impairment of properties under development		**–**	(16,457)
At 30 June/31 December		**5,059,611**	4,300,102
		8,125,828	7,165,604

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

Notes to the Interim Condensed Consolidated Financial Statements (continued)

30 June 2016

22. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2016 (Unaudited) RMB'000	31 December 2015 (Audited) RMB'000
Non-current assets		
Prepayments	**416,475**	1,121,792
Current assets		
Prepayments	**343,602**	311,539
Other receivables	**1,935,817**	1,266,535
Due from related parties (note32(b))	**461,198**	298,962
	2,740,617	1,877,036
Impairment of other receivables	**(15,393)**	(15,239)
	2,725,224	1,861,797

23. LOANS AND RECEIVABLES

Pursuant to an agreement between Shenzhen Maoye Commercial Investment Consultant Co., Ltd. ("Commercial Investment") (深圳茂業商用投資顧問有限公司), the subsidiary of the Company, and Mr Zou Zhao Bin, a non-controlling shareholder of Inner Mongolia Victoria Commercial (Group) Co., Ltd. ("Inner Mongolia Victoria Group"), signed on 25 January 2016, Commercial Investment agreed to provide a loan to Mr Zou Zhao Bin with an amount of RMB150,000,000 for the acquisition of Inner Mongolia Victoria Group and provide operating cash flow supports to Inner Mongolia Victoria Group with an annual interest of 15%.

On 2 February 2016, an amount of RMB100,000,000 was paid by Commercial Investment to Mr Zou Zhao Bin as the first instalment of the loan.

Notes to the Interim Condensed Consolidated Financial Statements (continued)

30 June 2016

24. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	30 June 2016 (Unaudited) RMB'000	31 December 2015 (Audited) RMB'000
Cash and bank balances	**1,211,879**	1,248,868
Time deposits	**241,852**	59,488
	1,453,731	1,308,356
Less: Pledged time deposits for syndicated loans	**(11,086)**	(10,868)
Pledged bank balances for construction in progress	**(56,181)**	(33,128)
Pledged time deposits for housing fund loans	**(6,290)**	(3,855)
Pledged bank balances for mortgage	**(12,733)**	(11,637)
Pledged bank balance for acquiring qualification for selling stored value cards	**(5,432)**	–
Pledged bank balances for suppliers' loans	**(914)**	–
Pledged bank balances for acquiring loans from bank	**(86,752)**	–
Pledged time deposit for bank acceptance bills	**(62,464)**	–
Cash and cash equivalents	**1,211,879**	1,248,868

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

	30 June 2016 (Unaudited) RMB'000	31 December 2015 (Audited) RMB'000
RMB	**1,416,435**	1,274,650
Hong Kong dollar	**7,628**	30,835
United States dollar	**29,657**	2,859
Euro	**1**	–
Great British pound	**10**	12
	1,453,731	1,308,356

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 value.

Notes to the Interim Condensed Consolidated Financial Statements (continued)

30 June 2016

25. 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 2016 (Unaudited) RMB'000	31 December 2015 (Audited) RMB'000
Within 90 days	**2,208,654**	1,641,140
91 to 180 days	**67,679**	54,841
181 to 360 days	**36,900**	75,932
Over 360 days	**153,364**	255,478
	2,466,597	2,027,391

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

26. DEPOSITS RECEIVED, ACCRUALS AND OTHER PAYABLES

	30 June 2016 (Unaudited) RMB'000	31 December 2015 (Audited) RMB'000
Deferred income	**3,793,371**	1,788,527
Deposits received	**436,411**	284,038
Accrued operating lease rental expenses	**82,867**	52,991
Accrued utilities	**32,761**	16,021
Accrued liabilities	**269,540**	294,953
Accrued staff costs	**53,447**	48,713
Provision for coupon liabilities	**102,061**	36,764
Value-added tax and other tax payables	**232,319**	(143,702)
Payables for construction	**968,768**	921,443
Due to related parties (note32(b))	**1,692,932**	766,087
Other payables	**1,519,042**	1,121,337
	9,183,519	5,187,172

Notes to the Interim Condensed Consolidated Financial Statements (continued)

30 June 2016

27. INTEREST-BEARING BANK LOANS AND OTHER BORROWINGS

	30 June 2016 (Unaudited)			31 December 2015 (Audited)		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Interest-bearing bank loans - secured	4.35-8.1	2016-2017	3,198,473	5.00-6.90	2016	1,467,983
Interest-bearing bank loans - unsecured	13.20	2016	7,080	–	–	–
Third parties loans - unsecured	8.00	2016	49,591	–	–	–
Current portion of long term interest-bearing bank loans - unsecured	6.39-7.04	2016-2017	1,396,453	5.52-6.05	2016	1,498,579
Current portion of long term interest-bearing bank loans - secured	5.15-13.76 3.1 over LIBOR	2016-2017	4,112,380	3.33-8.80 3.1 over LIBOR	2016	1,829,908
Other loans (short-term financing bond - unsecured))	4.21	2016	899,077	3.84-5.23	2016	2,996,710
			9,663,054			7,793,180
Non-current						
Non-current portion of interest-bearing bank loans – secured	4.75-13.00	2018-2025	5,975,251	5.37-7.53	2017-2020	2,485,617
Interest-bearing bank loans – unsecured	4.31-4.69	2019-2021	2,779,307	6.70	2017	697,294
US senior notes –secured	7.75	2017	–	7.75	2017	1,939,952
			8,754,558			5,122,863
			18,417,612			12,916,043

	30 June 2016 (Unaudited) RMB'000	31 December 2015 (Audited) RMB'000
Analysed into:		
Bank and other loans repayable:		
Within one year	9,663,054	7,793,180
In the second year	1,828,360	4,125,828
In the third to fifth years, inclusive	4,538,822	735,322
Beyond five years	2,387,376	261,713
	18,417,612	12,916,043

Notes to the Interim Condensed Consolidated Financial Statements (continued)

30 June 2016

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

The Group's bank loans are secured by:

(a) certain land and buildings of the Group with a net carrying amount of approximately RMB4,045,828,000 (31 December 2015: approximately RMB1,167,705,000);

(b) certain investment properties of the Group with a net carrying amount of approximately RMB27,793,000 (31 December 2015: approximately RMB3,670,000);

(c) certain land lease prepayments of the Group with a net carrying amount of approximately RMB1,790,871,000 (31 December 2015: approximately RMB1,037,260,000);

(d) certain pledged deposits of the Group with a net carrying amount of approximately RMB80,000,000 (31 December 2015:nil);

(e) certain completed properties held for sale of the Group with a net carrying amount of nil (31 December 2015: approximately RMB317,987,000); and

(f) certain properties under development of the Group with a net carrying amount of approximately RMB2,130,592,000 (31 December 2015: RMB1,932,820,000).

In addition, Shenzhen Maoye Shangsha Co., Ltd. ("**Maoye Shangsha**"), Zhongzhao, Shenzhen Maoye (Group) Co., Ltd. ("**Shenzhen Maoye Group**"), Maoye Department Store Holdings Limited, Maoye Department Stores (China) Limited, Maoye Shangsha Investment Limited, Dahua Investment (China) Limited, Mr. Huang Mao Ru and Mrs. Huang Jingzhang (spouse of Mr. Huang Mao Ru), Mr. Zou Zhaobin and Mrs. Chen Liping (spouse of Mr. Zou Zhaobin), Mr. Chen Qian'gan, Mrs. Gao Chenlian (spouse of Mr. Chen Qian'gan) and Mr. Lin Zhijian and Mrs. Ye Aiyu (spouse of Mr. Lin Zhijian) have guaranteed certain of the Group's bank loans up to RMB6,779,392,400 (31 December 2015: RMB2,042,040,800) as at the end of the reporting period.

The Group had the following undrawn banking facilities:

	30 June 2016 (Unaudited) RMB'000	31 December 2015 (Audited) RMB'000
Amount of undrawn banking facilities	**552,170**	483,525

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

Notes to the Interim Condensed Consolidated Financial Statements (continued)

30 June 2016

28. ISSUED CAPITAL

	30 June 2016 (Unaudited) HK$'000	31 December 2015 (Audited) HK$'000
Authorised:		
9,000,000,000 (31 December 2015: 9,000,000,000) ordinary shares of HK$0.10 each	**900,000**	900,000
Issued and fully paid:		
5,141,635,000 (31 December 2015: 5,141,635,000) ordinary shares of HK$0.10 each	**514,164**	514,164
Equivalent to RMB'000	**460,270**	460,270

29. BUSINESS COMBINATIONS

(i) Acquisition of Renhe Chuntian Department Stores Limited Company ("Renhe Chuntian")

As at 16 October 2015, Chengshang Holding Limited Company, an indirect holding subsidiary of the Company ("Chengshang Holding"), has entered into the Agreement with Renhe Industrial (Group) Co., Ltd ("Renhe Industrial"). for the acquisition of 100% equity interest in Renhe Chuntian. Pursuant to the agreement, the proposed cash consideration for Renhe Chuntian is RMB742,324,000. As at 23 February 2016, the Group delegated directors to Renhe Chuntian, accomplishing the acquisition of Renhe Chuntian. Renhe Chuntian is engaged in operation of a department store in Chengdu, Sichuan Province, the PRC.

Notes to the Interim Condensed Consolidated Financial Statements (continued)

30 June 2016

29. BUSINESS COMBINATIONS (continued)

(i) (continued)

The fair values of the identifiable assets and liabilities of Renhe Chuntian as at the date of acquisition were as follows:

	Notes	Fair value recognised on acquisition RMB'000
Property, plant and equipment	13	567,523
Land lease prepayments	15	252,400
Trade receivables		54
Prepayments and other receivables		187,783
Inventories		21,498
Available-for-sale financial assets		40,000
Loans and receivables		493,121
Cash and cash equivalents		11,952
Trade and bills payables		(195,875)
Deposits received, accruals and other payables		(364,134)
Tax payable		(19,879)
Long-term loans		(309,200)
Deferred tax liabilities		(146,738)
Total identifiable net assets at fair value		538,505
Goodwill on acquisition		203,819
Satisfied by cash		742,324

The fair value of the trade receivables and prepayments and other receivables as at the date of acquisition amounted to RMB54,000 and RMB187,783,000, respectively.

None of the goodwill recognised is expected to be deductible for income tax purposes.

An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:

	RMB'000
Cash consideration	(742,324)
Write off other receivables from Renhe Industrial and its subsidiaries	593,859
Prepayment made in the previous year	148,465
Cash and cash equivalents acquired	11,952
Net inflow of cash and cash equivalents included in cash flows from investing activities	11,952

Notes to the Interim Condensed Consolidated Financial Statements (continued)

30 June 2016

29. BUSINESS COMBINATIONS (continued)

(i) (continued)

Since the acquisition, Renhe Chuntian contributed RMB65,558,000 to the Group's revenue and RMB18,042,000 to the consolidated profit of the Group for the six months ended 30 June 2016.

Had the combination taken place at the beginning of the year, the revenue from continuing operations of the Group and the profit of the Group for the first half year would have been RMB1,835,407,000 and RMB62,991,000.

(ii) Acquisition of Chengdu Qingyang District Renhe Chuntian Department Store Limited ("Qingyang District Renhe Chuntian")

As at 16 October 2015, Chengshang Holding has entered into the agreement with Grand Collection Co., Ltd. for the acquisition of 100% equity interest in Qingyang District Renhe Chuntian. Pursuant to the agreement, the proposed cash consideration for Qingyang District Renhe Chuntian is RMB1,732,093,000. As at 26 February 2016, the Group delegated directors to Qingyang District Renhe Chuntian, accomplishing the acquisition of Qingyang District Renhe Chuntian. Qingyang District Renhe Chuntian is engaged in operation of a department store in Chengdu, Sichuan Province, the PRC.

The fair value of the identifiable assets and liabilities of Chengdu Qingyang District Renhe as at the date of acquisition were as follows:

	Notes	Fair value recognised on acquisition RMB'000
Property, plant and equipment	13	812,966
Land lease prepayments	15	350,087
Other intangible assets	17	399
Prepayments and other receivables		49,486
Available-for-sale financial assets		106,000
Inventories		29,046
Cash and cash equivalents		25,596
Trade and bills payables		(157,179)
Deposits received, accruals and other payables		(62,790)
Tax payable		(4,500)
Deferred tax liabilities		(205,944)
Total identifiable net assets at fair value		943,167
Goodwill on acquisition		788,926
Satisfied by cash		1,732,093

Notes to the Interim Condensed Consolidated Financial Statements (continued)

30 June 2016

29. BUSINESS COMBINATIONS (continued)

(ii) (continued)

The fair value of the prepayments and other receivables as at the date of acquisition amounted to RMB49,486,000.

None of the goodwill recognised is expected to be deductible for income tax purposes.

An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:

	RMB'000
Cash consideration	(1,732,093)
Other payables	346,418
Prepayment made in the previous year	346,418
Cash and cash equivalents acquired	25,596
Net outflow of cash and cash equivalents included in cash flows from investing activities	(1,013,661)

Since the acquisition, Chengdu Qingyang District Renhe contributed RMB103,811,000 to the Group's revenue and RMB30,156,000 to the consolidated profit of the Group for the six months ended 30 June 2016.

Had the combination taken place at the beginning of the year, the revenue from continuing operations of the Group and the profit of the Group for the first half year would have been RMB1,854,533,000 and RMB69,512,000.

(iii) Acquisition of Inner Mongolia Victoria Commercial (Group) Co., Ltd. ("Inner Mongolia Victoria Group").

As at 5 April 2016, Maoye Commercial Co., Ltd. ("Maoye Commercial") has entered into the agreement with twenty vendors (joint holders of Inner Mongolia Victoria Group) for the acquisition of a 70% equity interest in Inner Mongolia Victoria Group. Pursuant to the agreement, the proposed cash consideration for Inner Mongolia Victoria Group is RMB1,565,300,000. As at 25 May 2016, the Group delegated directors to Inner Mongolia Victoria Group and had five of nine board seats in the board of directors, accomplishing the acquisition of Inner Mongolia Victoria Group.

Notes to the Interim Condensed Consolidated Financial Statements (continued)

30 June 2016

29. BUSINESS COMBINATIONS (continued)

(iii) (continued)

The fair value of the identifiable assets and liabilities of Inner Mongolia Victoria Group as at the date of acquisition were as follows:

	Notes	Fair value recognised on acquisition RMB'000
Property, plant and equipment	13	3,648,511
Land lease prepayments	15	1,886,014
Investment properties	14	292,330
Properties under development	21	268,491
Completed properties held for sale		3,929
Goodwill		1,380
Available-for-sale equity investments		10,000
Other intangible assets	17	357
Prepayments		850
Inventories		98,912
Prepayments and other receivables		337,096
Trade receivables		4,667
Cash and cash equivalents		224,926
Short term loans		(462,586)
Trade and bills payables		(652,173)
Deposits received, accruals and other payables		(2,064,075)
Tax payable		(23,327)
Long-term loans		(1,196,448)
Deferred tax liabilities		(592,153)
Total identifiable net assets at fair value		1,786,701
Non-controlling interests		(536,006)
Goodwill on acquisition		314,605
Satisfied by cash		1,565,300

The fair value of the trade receivables and prepayments and other receivables as at the date of acquisition amounted to RMB4,667,000 and RMB337,096,000, respectively.

None of the goodwill recognised is expected to be deductible for income tax purposes.

Notes to the Interim Condensed Consolidated Financial Statements (continued)

30 June 2016

29. BUSINESS COMBINATIONS (continued)

(iii) (continued)

An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:

	RMB'000
Cash consideration	(1,565,300)
Other payables	699,180
Cash and cash equivalents acquired	224,926
Net outflow of cash and cash equivalents included in cash flows from investing activities	(641,194)

Since the acquisition, Inner Mongolia Victoria contributed RMB97,021,000 to the Group's revenue and RMB5,440,000 to the consolidated profit of the Group for the six months ended 30 June 2016.

Had the combination taken place at the beginning of the year, the revenue from continuing operations of the Group and the profit of the Group for the first half year would have been RMB2,405,018,000 and RMB86,398,000.

30. 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 one to fifteen years.

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

	30 June 2016 (Unaudited) RMB'000	31 December 2015 (Audited) RMB'000
Within one year	**361,756**	241,750
In the second to fifth years, inclusive	**688,565**	594,805
After five years	**425,863**	477,291
	1,476,184	1,313,846

Notes to the Interim Condensed Consolidated Financial Statements (continued)

30 June 2016

30. OPERATING LEASE ARRANGEMENTS (continued)

(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 one to eighteen years.

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

	30 June 2016 (Unaudited) RMB'000	31 December 2015 (Audited) RMB'000
Within one year	**400,117**	221,056
In the second to fifth years, inclusive	**1,337,818**	735,680
After five years	**2,395,051**	1,786,172
	4,132,986	2,742,908

31. COMMITMENTS

In addition to the operating lease commitments as set out in note 30(b) above, the Group had the following capital commitments:

	30 June 2016 (Unaudited) RMB'000	31 December 2015 (Audited) RMB'000
Contracted, but not provided for, in respect of land and buildings	**3,925,670**	3,136,124

Notes to the Interim Condensed Consolidated Financial Statements (continued)

30 June 2016

32. 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	
	2016	2015
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
(1) Recurring transactions		
Operating lease rental expenses charged by:		
Shenzhen Maoye Group (i) & (vi)	**12,253**	13,667
Zhong Zhao Investment (Group) Limited (中兆投資(集團)有限公司) (i) & (vi)	**9,895**	7,170
Shenzhen Oriental Times Industry Co., Ltd. (深圳市東方時代廣場實業有限公司) (i) & (vi)	**37,946**	34,414
Shenzhen Chongde Real Estate Co., Ltd. (深圳市崇德地產有限公司) (i) & (vi)	**–**	153
Shenzhen Maoye Property Business Co., Ltd. (深圳市茂業物業經營有限公司) (i) & (vi)	**3,783**	3,581
Chongqing Maoye Real Estate Co., Ltd. (重慶茂業地產有限公司) (i) & (vi)	**11,496**	12,931
Shenzhen Friendship Trading Centre Co., Ltd. ("Shenzhen Friendship") (深圳友誼貿易中心有限公司) (v) & (vi)	**1,881**	11,348
	77,254	83,264
Management fee income from the operation of department stores:		
Wuxi Maoye Department Store Co., Ltd. (無錫茂業百貨有限公司) (i) & (vii)	**2,110**	2,277
Changzhou Taifu Property Development, Property Management Division (常州泰富房地產開發物業經營分公司) (i) & (vii)	**8**	21
	2,118	2,298
Management fee expense from the operation of a department store:		
Shenyang Commercial City Co., Ltd. (瀋陽商業城股份有限公司) (ii) & (viii)	**269**	220

Notes to the Interim Condensed Consolidated Financial Statements (continued)

30 June 2016

32. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(a) (continued)

	Six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
(2) Non-recurring transactions		
Banking facilities guaranteed by:		
Shenzhen Maoye Group (i) & (ix)	**1,780,000**	1,150,000
Mr. Huang Mao Ru and Mrs. Huang Jingzhang jointly and severally (iv) & (ix)	**800,000**	600,000
	2,580,000	1,750,000
Transferring shares to a company significantly influenced by a director of the Company:		
深圳合正茂投資企業(有限合夥) (iii) & (x)	**–**	147,401
Loans from:		
Shenzhen Maoye Group (i) & (xi)	**810,000**	–
Interest expense to:		
Shenzhen Maoye Group (i) & (xi)	**5,404**	–
Loans and receivables made to:		
Mr Zou Zhao Bin (xii)	**106,123**	–

(i) They are fellow subsidiaries of the Company.

(ii) It is a subsidiary of an associate of the Company.

(iii) It is a company significantly influenced by a director of the Company.

(iv) Mr. Huang Mao Ru is a director of the Company.

(v) Mr. Zhong Pengyi, an executive director of the Company, is a shareholder of Shenzhen Friendship.

(vi) The operating lease rental expenses charged by the fellow subsidiaries of the Company and the management fee charged by the associate were determined based on the underlying contracts as agreed between the Group and these fellow subsidiaries or the associate.

(vii) The management fee income from the operation of department stores was determined based on the underlying contracts as agreed between the Group and the fellow subsidiaries of the Company.

(viii) The management fee expense from the operation of a department store was determined based on the underlying contracts as agreed between the Group and the associates of the Company.

Notes to the Interim Condensed Consolidated Financial Statements (continued)

30 June 2016

32. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(a) (continued)

(ix) 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.

(x) On 5 June 2015 a 6.57% of equity interest in Shenzhen Maoye Department Store Huaqiangbei Co., Ltd. was sold to a company significantly influenced by a director of the Company, for a consideration of RMB147,401,000.

(xi) Pursuant to a series of agreements between the Maoye Shangsha and Shenzhen Maoye Group, Maoye Shangsha obtained loans from Shenzhen Maoye Group amounted to RMB810,000,000, with the annual interest rates of 4.79%.

(xii) The Group provided a loan to Mr Zou Zhao Bin with an amount of RMB100,000,000, further details of which are given in note 23 to the financial statements.

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

	30 June 2016 (Unaudited) RMB'000	31 December 2015 (Audited) RMB'000
Due from related parties		
Due from fellow subsidiaries	**238,173**	147,475
Due from a non-controlling shareholder of a subsidiary	**31,388**	858
Due from a company significantly influenced by a director of the Company	**147,401**	147,401
Due from associates	**44,236**	3,228
	461,198	298,962
Due to related parties		
Due to fellow subsidiaries	**793,684**	10,084
Due to non-controlling shareholders of a subsidiary	**899,180**	–
Due to a company significantly influenced by a director of the Company	**68**	68
Due to an associate	**–**	755,935
	1,692,932	766,087

Included in the balances due from related parties and due to related parties as at 30 June 2016 were amounts of approximately RMB283,798,000 (31 December 2015: RMB298,962,000) and RMB16,248,000 (31 December 2015: RMB10,084,000) respectively, which were trade in nature, unsecured, interest-free and repayable on demand. Included in the balance due to fellow subsidiaries as at 30 June 2016 with amounts of RMB810,000,000 were loans from fellow subsidiary, further details of which provided in note 32(a) (xi).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 value.

Notes to the Interim Condensed Consolidated Financial Statements (continued)

30 June 2016

32. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(c) Compensation of key management

	Six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Salaries and allowances	**1,854**	2,432
Retirement benefits	**101**	102
	1,955	2,534

(d) Loans and receivables

	Six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Mr Zou Zhao Bin	**106,123**	—

Included in the balance loans and receivables as at 30 June 2016 with amounts of RMB106,123,000 were loans provided to a non-controlling shareholder of a subsidiary and interests accrued accordingly, further details of which in note 23.

Notes to the Interim Condensed Consolidated Financial Statements (continued)

30 June 2016

33. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amount and fair value of the Group's financial instruments, other than those with carrying amount that reasonably approximate to fair value, are as follows:

	Carrying amounts		Fair values	
	30 June 2016 (Unaudited) RMB'000	31 December 2015 (Audited) RMB'000	**30 June 2016 (Unaudited) RMB'000**	31 December 2015 (Audited) RMB'000
Financial assets				
Equity investments at fair value through profit or loss:				
Trading securities	**223,014**	250,535	**223,014**	250,535
Available-for-sale equity investments:				
Equity shares	**1,354,059**	1,526,180	**1,354,059**	1,526,180
	1,577,073	1,776,715	**1,577,073**	1,776,715

	Carrying amounts		Fair values	
	30 June 2016 (Unaudited) RMB'000	31 December 2015 (Audited) RMB'000	**30 June 2016 (Unaudited) RMB'000**	31 December 2015 (Audited) RMB'000
Financial liabilities				
Interest-bearing bank loans and other borrowings	**18,417,612**	12,916,043	**18,417,612**	12,916,043

Management has assessed that the fair value of cash and cash equivalents, pledged deposits, trade receivables, other receivables, trade payables, other payables and amounts due from/to related parties approximate to their respective carrying amounts largely due to the short term maturities of these instruments.

Notes to the Interim Condensed Consolidated Financial Statements (continued)

30 June 2016

33. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

The Group's corporate finance team headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The corporate finance team reports directly to the chief financial officer and the audit committee. At each reporting date, the corporate finance team analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair value:

The fair value of the non-current portion of interest-bearing bank loans and other borrowings has been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for interest-bearing bank loans and other borrowings as at 30 June 2016 was assessed to be insignificant.

The fair value of listed equity investments are based on quoted market prices.

Notes to the Interim Condensed Consolidated Financial Statements (continued)

30 June 2016

33. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets for which fair value are disclosed:

Group

As at 30 June 2016

	Fair value measurement using			
	Quoted prices in active markets (Level 1) (Unaudited) RMB'000	Significant observable inputs (Level 2) (Unaudited) RMB'000	Significant unobservable inputs (Level 3) (Unaudited) RMB'000	Total (Unaudited) RMB'000
Equity investments at fair value through profit or loss:				
Trading securities	223,014	–	–	223,014
Available-for-sale equity investments:				
Equity shares	1,354,059	–	–	1,354,059
	1,577,073	–	–	1,577,073

As at 31 December 2015

	Fair value measurement using			
	Quoted prices in active markets (Level 1) (Audited) RMB'000	Significant observable inputs (Level 2) (Audited) RMB'000	Significant unobservable inputs (Level 3) (Audited) RMB'000	Total (Audited) RMB'000
Financial assets at fair value through profit or loss:				
Trading securities	250,535	–	–	250,535
Available-for-sale equity investments:				
Equity shares	1,526,180	–	–	1,526,180
	1,776,715	–	–	1,776,715

Notes to the Interim Condensed Consolidated Financial Statements (continued)

30 June 2016

33. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)

The Group did not have any financial liabilities measured at fair value as at 30 June 2016 (31 December 2015: Nil). During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (Six months ended 30 June 2015: Nil).

Liabilities for which fair values are disclosed:

Group

As at 30 June 2016

	Fair value measurement using			
	Quoted prices in active markets (Level 1) (Unaudited) RMB'000	Significant observable inputs (Level 2) (Unaudited) RMB'000	Significant unobservable inputs (Level 3) (Unaudited) RMB'000	Total (Unaudited) RMB'000
Interest-bearing bank loans and other borrowings	–	18,417,612	–	18,417,612

As at 31 December 2015

	Fair value measurement using			
	Quoted prices in active markets (Level 1) (Audited) RMB'000	Significant observable inputs (Level 2) (Audited) RMB'000	Significant unobservable inputs (Level 3) (Audited) RMB'000	Total (Audited) RMB'000
Interest-bearing bank loans and other borrowings	–	12,916,043	–	12,916,043

Notes to the Interim Condensed Consolidated Financial Statements (continued)

30 June 2016

34. EVENTS AFTER THE REPORTING PERIOD

(a) Financing activities

On 15 July 2016, Maoye Shangsha tendered itself a guarantee for financing, with 480,000,000 restricted shares of Maoye Commercial Co., Ltd. (Maoye Commercial) in pledge to Guangdong Finance Trust Co., Ltd. The term of pledge is 3 months. All the formalities have been completed. The funds are mainly financed for replacing Maoye Shangsha's bank loans pledged by its own shares.

On 15 July 2016, the board of Maoye Commercial has passed a resolution to arrange a general credit line with an exposure to RMB120 million. Term of the pledge is one year, with the self-owned properties and 100% of shares of its subsidiary, Nanchong Maoye Department Co., Ltd. in pledge.

On 22 July 2016, Maoye Shangsha obtained a permission to issue short-term finance bills not exceeding the limit of RMB1.5 billion. It plans to initiate the first round of issuing in China's interbank market in due course within the effective period.

On 3 August 2016, Maoye Shangsha obtained credit line with an amount of RMB2 billion from China Zheshang Bank Co., Ltd. This credit plan is valid within one year.

As at 3 August 2016, the Company repaid Syndicated Loans with the principal amount of USD 87,975,000 and paid interest on Syndicated Loans with an amount of USD 840,081. As at the same date, the Syndicated Loans of the Company has been fully settled.

On 10 August 2016, the 8th Board of Directors of Maoye Commercial has passed a resolution at second meeting about private placement of bonds with an amount not exceeding RMB2.27 billion.

On 16 August 2016, the board of Maoye Commercial has passed a resolution to arrange a general credit line with an exposure of RMB250 million from China Minsheng Bank. Term of the pledge is one year, with the self-owned properties of its subsidiary, Miaoyang Maoye Department Co., Ltd. in pledge.

On 16 August 2016, Maoye Shangsha's application of private placement of bonds amounted to RMB5 billion was formally approved by Shanghai Stock Exchange.

(b) Lease transactions

On 7 July 2016, the 2016 Sixth Maoye Commercial Co., Ltd. Extraordinary Shareholders Meeting has passed a resolution for the lease of basement 1 to 4th floor of Chengdu Maoye Centre, located in No. 28, northern section of Chengdu Tianfu Avenue, owned by its subsidiary Gaoxin Maoye Department, to Guizhou Tongyuan Investment Co., Ltd. The term of lease is 20 years with a total leasing expense of RMB917.5 million approximately.

(c) Other investment

On 14 July 2016, the 8th board of directors approved the proposal of investment of Maoye Commercial, which agreed that its grandchildren company, Inner Mongolia Xincheng Business Management Co., Ltd. to sign a strategic cooperative contract with Inner Mongolia Xiupulan Business Management, establishing a joint venture named Inner Mongolia Weixiu Business Management Co., Ltd. to collaborate on Korean City Project. The registered capital of the joint venture is RMB10 million. The shareholding ratios of Inner Mongolia Xincheng Business Management Co., Ltd. and Inner Mongolia Xiupulan Business Management are 51% and 49% respectively. The joint venture has been established on 1 August 2016.

Notes to the Interim Condensed Consolidated Financial Statements (continued)

30 June 2016

35. 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 29 August 2016.