Maoye International Holdings Limited
茂業國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(website:www.maoye.cn)
(Stock code: 848)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2008

HIGHLIGHTS

- Total sales proceeds (representing the sum of total sales proceeds from concessionaire sales and revenue from direct sales at our department stores) increased to RMB1,949.4 million, representing an increase of 7.8%
- Same-store sales proceeds from concessionaire sales increased to RMB1,707.1 million, representing an increase of 12.2%
- Operating profit increased to RMB416.7 million, representing an increase of 56.7%
- Profit attributable to the equity holders of the parent increased to RMB300.6 million, representing an increase of 54.4%
- Basic earnings per share for the period was RMB0.066
- Interim dividend is 3.3 HK cents per share

INTERIM RESULTS

The Board of Directors (the "Board") of Maoye International Holdings Limited (the "Company") is pleased to announce the audited consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2008 with comparative figures for the corresponding period in the year 2007. The audited consolidated interim results have been reviewed by the audit committee of the Company (the "Audit Committee").

CONSOLIDATED INCOME STATEMENT

		Six months ended 30 June	
		2008	2007
	Notes	***RMB'000***	*RMB'000*
REVENUE	*3*	**740,525**	820,853
Other income	*4*	**217,715**	172,372
Purchases of and changes in inventories		**(304,627)**	(397,359)
Employee expenses		**(60,662)**	(57,083)
Depreciation and amortisation		**(58,314)**	(64,033)
Operating lease rental expenses		**(60,439)**	(75,547)
Other operating expenses		**(137,249)**	(146,122)
Other gains		**79,726**	12,838
Operating profit		**416,675**	265,919
Finance costs	*5*	**(27,693)**	(45,867)
Share of profits and losses of associates		**(313)**	563
PROFIT BEFORE TAX		**388,669**	220,615
Tax	*6*	**(77,717)**	(6,344)
PROFIT FOR THE PERIOD		**310,952**	214,271
Attributable to:			
Equity holders of the parent		**300,556**	194,711
Minority interests		**10,396**	19,560
		310,952	214,271
DIVIDENDS	*8*		
Special dividend		**72,608**	–
Proposed interim dividend		**148,583**	–
		221,191	–
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic	*7*	**RMB6.6 cents**	RMB4.6 cents

CONSOLIDATED BALANCE SHEET

	Notes	**30 June 2008** *RMB'000*	31 December 2007 *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**820,510**	825,382
Investment properties		**101,728**	105,123
Land lease prepayments		**1,214,271**	583,144
Goodwill		**45,286**	45,286
Interests in associates		**27,297**	30,509
Available-for-sale equity investments		**106,195**	106,195
Prepayments		**47,040**	4,543
Deferred tax assets		**35,113**	51,591
Total non-current assets		**2,397,440**	1,751,773
CURRENT ASSETS			
Inventories		**102,718**	113,131
Equity investments at fair value through profit or loss		**9,512**	11,573
Trade receivables	*9*	**2,632**	3,938
Prepayments and other receivables		**162,037**	224,151
Due from related parties		**120,375**	1,101,015
Pledged deposits		**367,876**	29,000
Cash and cash equivalents		**2,484,867**	362,577
Total current assets		**3,250,017**	1,845,385
CURRENT LIABILITIES			
Trade payables	*10*	**695,752**	840,254
Deposits received, accruals and other payables		**475,878**	483,929
Interest-bearing bank loans		**574,762**	610,381
Due to related parties		**4,320**	58,636
Income tax payable		**44,257**	36,171
Dividends payable		**–**	209,547
Total current liabilities		**1,794,969**	2,238,918
NET CURRENT ASSETS/(LIABILITIES)		**1,455,048**	(393,533)
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,852,488**	1,358,240

	30 June 2008 *RMB'000*	31 December 2007 *RMB'000*
TOTAL ASSETS LESS CURRENT LIABILITIES	**3,852,488**	1,358,240
NON-CURRENT LIABILITIES		
Interest-bearing bank loans	**746,086**	786,712
Deferred tax liability	**107,058**	110,042
Total non-current liabilities	**853,144**	896,754
Net assets	**2,999,344**	461,486
EQUITY		
Equity attributable to equity holders of the parent		
Issued capital	**461,587**	–
Reserves	**2,103,268**	200,758
Proposed interim dividend	**148,583**	–
	2,713,438	200,758
Minority interests	**285,906**	260,728
Total equity	**2,999,344**	461,486

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. General information

The Company was incorporated in the Cayman Islands with limited liability on 8 August 2007. The Company's registered office is located at Scotia Centre, 4th Floor, P.O. Box 2804, George Town, Grand Cayman KY1-1112, Cayman Islands.

The Group is principally engaged in the operation and management of department stores in the People's Republic of China (the "PRC").

Pursuant to the group reorganisation (the "Reorganisation") in preparation for the listing of the Company's shares on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the Company became the holding company of the companies now comprising the Group on 10 January 2008. The shares of the Company were listed on the Main Board of the Stock Exchange on 5 May 2008.

2. Basis of preparation and accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which comprise standards and interpretations approved by the International Accounting Standards Board (the "IASB"), and the International Accounting Standards and Standing Interpretations Committee Interpretations approved by the International Accounting Standards Committee that remain in effect, and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for listed equity investments which have been measured at fair value. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

2.2 Impact of new and revised International Financial Reporting Standards

The Group has adopted the following new and revised IFRSs for the first time for the current period's financial statements.

Amendments to IFRS 1 and IAS 27	*Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
IFRIC 11	*IFRS 2 – Group and Treasury Share Transactions*
IFRIC 12	*Service Concession Arrangements*
IFRIC 14	*IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*

Except for amendments to IFRS 1 and IAS 27, the adoption of these new standards and interpretations has had no material effect on these financial statements.

The amendments to IFRS 1 and IAS 27 are effective for annual periods beginning on or after 1 January 2009, with earlier application permitted. The amendments to IFRS 1 allow first-time adopters to use a deemed cost of either fair value or the carrying amount under previous accounting practice to measure the initial cost of an investment in a subsidiary, jointly controlled entity or associate in the separate financial statements. Such amendments have no impact on the Group. The amendments to IAS 27 remove the definition of the cost method and replace it with a requirement to present all dividends from a subsidiary, jointly controlled entity or associate as income in the separate financial statements of the investor. The amendments require the new parent formed as the result of a specific type of reorganisation to measure the cost of its investment in the previous parent at the carrying amount of its share of the equity items of the previous parent at the date of the Reorganisation. The Group has elected to early adopt these amendments to IAS 27 and measured accordingly the initial cost of investments in subsidiaries in the separate financial statements of the Company which is newly formed as the result of the Reorganisation.

The group has not applied the following new and revised IFRSs, that have been issued but not yet effective, in these financial statements.

IAS 1 (Revised)	*Presentation of Financial Statements*
IAS 23 (Revised)	*Borrowing Costs*
IAS 27 (Revised)	*Consolidated and Separate Financial Statements*
Amendments to IAS 32 & IAS 1	*Puttable Financial Instruments and Obligations Arising on Liquidation*
Amendment to IAS 39	*Eligible Hedged Items*
Amendments to IFRS 2	*Share-based Payment – Vesting Conditions and Cancellations*
IFRSs (Amendments)	*Improvements to IFRSs*
IFRS 3 (Revised)	*Business Combinations*
IFRS 8	*Operating Segments*
IFRIC 13	*Customer Loyalty Programmes*
IFRIC 15	*Agreements for the Construction of Real Estate*
IFRIC 16	*Hedges of a Net Investment in a Foreign Operation*

3. Revenue and segment information

Revenue

	Six months ended 30 June	
	2008	2007
	RMB'000	*RMB'000*
Commissions from concessionaire sales	**359,036**	340,286
Direct sales	**224,881**	259,818
Sale of automobiles	**108,290**	174,363
Rental income from the leasing of shop premises	**43,212**	40,963
Management fee income from the operation of department stores	**1,599**	–
Others	**3,507**	5,423
	740,525	820,853

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

Total sales proceeds from concessionaire sales	**1,724,563**	1,548,574
Commissions from concessionaire sales	**359,036**	340,286

Segment information

The following tables present revenue, profit and certain asset, liability and expenditure information for the Group's business segments for the six months ended 30 June 2008 and 2007.

	Operation of department stores *RMB'000*	Sale of automobiles *RMB'000*	Others *RMB'000*	Total *RMB'000*
Six months ended 30 June 2008				
Segment revenue:				
Sales to external customers	**628,728**	**108,290**	**3,507**	**740,525**
Other income	**203,360**	**195**	**171**	**203,726**
Total	**832,088**	**108,485**	**3,678**	**944,251**
Segment results	**370,980**	**(1,172)**	**(3,954)**	**365,854**
Other income and unallocated gains				**93,715**
Corporate and other unallocated expenses				**(42,894)**
Finance costs				**(27,693)**
Share of profits and losses of associates	**307**	**–**	**(620)**	**(313)**
Profit before income tax				**388,669**
Tax				**(77,717)**
Profit for the period				**310,952**
Assets and liabilities				
Segment assets	**5,337,115**	**107,054**	**140,878**	**5,585,047**
Interests in associates	**3,307**	**–**	**23,990**	**27,297**
Corporate and other unallocated assets				**35,113**
Total assets				**5,647,457**
Segment liabilities	**942,682**	**19,857**	**12,821**	**975,360**
Corporate and other unallocated liabilities				**1,672,753**
Total liabilities				**2,648,113**
Other segment information:				
Depreciation and amortisation	**45,938**	**1,189**	**2,882**	**50,009**
Corporate and other unallocated amounts				**8,305**
				58,314
Capital expenditure	**688,034**	**1,249**	**1,020**	**690,303**
Impairment of inventories	**574**	**–**	**–**	**574**
Reversal of impairment of trade receivables	**(157)**	**–**	**–**	**(157)**
Impairment of other receivables	**745**	**–**	**–**	**745**
Reversal of impairment of an amount due from a related party	**(3,870)**	**–**	**–**	**(3,870)**

	Operation of department stores *RMB'000*	Sale of automobiles *RMB'000*	Others *RMB'000*	Total *RMB'000*
Six months ended 30 June 2007				
Segment revenue:				
Sales to external customers	641,067	174,363	5,423	820,853
Other income	154,079	525	14,200	168,804
Total	795,146	174,888	19,623	989,657
Segment results	272,487	7,770	5,400	285,657
Other income and unallocated gains				16,406
Corporate and other unallocated expenses				(36,144)
Finance costs				(45,867)
Share of profits and losses of associates	858	–	(295)	563
Profit before income tax				220,615
Tax				(6,344)
Profit for the period				214,271
Other segment information:				
Depreciation and amortisation	51,439	1,105	3,065	55,609
Corporate and other unallocated amounts				8,424
				64,033
Capital expenditure	15,398	1,012	2,472	18,882
Reversal of impairment of property, plant and equipment	–	–	(838)	(838)
Impairment of goodwill	200	–	–	200
Impairment of inventories	1,269	–	–	1,269
Reversal of impairment of trade receivables	(1,103)	–	–	(1,103)

4. Other income

	Six months ended 30 June **2008** *RMB'000*	2007 *RMB'000*
Other income		
Income from suppliers and concessionaires		
– Administration and management fee income	**108,268**	84,882
– Promotion income	**50,924**	43,840
– Credit card handling fees	**20,595**	12,105
Rental income from investment properties	**22,337**	18,794
Interest income	**10,253**	3,568
Others	**5,338**	9,183
	217,715	172,372

5. Finance costs

	Six months ended 30 June	
	2008	2007
	RMB'000	*RMB'000*
Interest on bank loans	**27,693**	45,867

6. Tax

	Six months ended 30 June	
	2008	2007
	RMB'000	*RMB'000*
Group:		
Current – PRC		
Charge for the period	**64,223**	38,987
Deferred	**13,494**	(32,643)
Total tax charge for the period	**77,717**	6,344

7. Earnings per share

The calculation of basic earnings per share is based on the profit for the six months ended 30 June 2008 attributable to equity holders of the parent of RMB300,556,000 (six months ended 30 June 2007: RMB194,711,000) and the weighted average of 4,525,297,275 (six months ended 30 June 2007: 4,250,000,000) ordinary shares deemed to have been in issue during the period.

The weighted average number of shares used to calculate the basic earnings per share for the six months ended 30 June 2007 includes the pro forma issued share capital of the Company of 4,250,000,000 shares, comprising:

(i) one share allotted and issued for cash on incorporation; and

(ii) the capitalisation issue of 4,249,999,999 shares.

The weighted average number of shares used to calculate the basic earnings per share for the six months ended 30 June 2008 includes the weighted average of 270,280,220 shares issued upon the listing of the Company's shares on the Stock Exchange on 5 May 2008 and the weighted average of 5,017,055 shares issued upon exercise of the over-allotment option on 28 May 2008 in addition to the aforementioned 4,250,000,000 ordinary shares.

There was no potential dilutive ordinary share in existence for the six months ended 30 June 2008 and 2007, accordingly, no diluted earnings per share amount has been presented.

8. Dividends

The special dividend represented a dividend of HK$80,000,000 (equivalent to approximately RMB72,608,000) to its then shareholder on 22 March 2008 before the listing of the Company's shares.

The Board has resolved to declare an interim dividend for the six months ended 30 June 2008 of 3.3 HK cents in cash per share, totalling HK$169,615,248 (equivalent to approximately RMB148,583,000). The dividend will be payable on or about 19 September 2008 to shareholders whose names appear on the Register of Members of the Company at the close of business on 17 September 2008.

9. Trade receivables

The Group's revenue from the direct sales of merchandise and sale of automobiles are mainly on a cash basis. The credit terms offered to customers of the Group's other businesses are generally two months.

An aged analysis of the trade receivables, based on the invoice dates, is as follows:

	30 June 2008 *RMB'000*	31 December 2007 *RMB'000*
Within 60 days	**1,271**	3,438
61 to 90 days	**276**	1,161
91 to 180 days	**428**	3,944
181 to 270 days	**1,161**	322
271 to 360 days	**3,944**	95
Over 360 days	**3,211**	2,794
	10,291	11,754
Impairment of trade receivables	**(7,659)**	(7,816)
	2,632	3,938

10. Trade payables

An aged analysis of the trade and bills payables as at the balance sheet date, based on the invoice dates, is as follows:

	30 June 2008 *RMB'000*	31 December 2007 *RMB'000*
Within 90 days	**498,339**	683,714
91 to 180 days	**101,883**	60,655
181 to 360 days	**39,177**	26,558
Over 360 days	**56,353**	69,327
	695,752	840,254

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

MANAGEMENT DISCUSSION AND ANALYSIS

Operation Review

During the first half of 2008, the Group overcame the adversities caused by disasters such as the snow disaster in the Southern China, earthquake in Wenchuan, Sichuan Province and the continuous rainstorm in Shenzhen happened in February, May and June respectively. With the efforts of all fellow staff members of the Group, total sales proceeds of the Group increased to RMB1,949.4 million in the first half of 2008, representing an increase of 7.8% compared to the same period in 2007. Out of this total, the sales proceeds from concessionaire sales increased by 11.4% to RMB1,724.6 million, with a same-store growth of 12.2%.

During the review period, the Group continuously optimized its product portfolio, and meanwhile launched various marketing activities such as “Bringing Service into the Communities” and “Members Only Purchasing Day” in appropriate locations and at appropriate times, thus the service quality and customers’ satisfaction were both enhanced. In addition, the Group has upgraded the membership system of stores by implementing a “registered membership system” in order to improve the service provided to members.

The Group has been continuously exploring opportunities for expansion. As at the date of this announcement, the Group has acquired a piece of land and entered into agreements for the acquisition of 3 properties, in order to establish department stores in Nanshan District in Shenzhen, Nanchong City in Sichuan Province, Taiyuan City in Shanxi Province and Qinhuangdao City in Hebei Province, respectively. The construction of the store in Nanshan District is in progress and is expected to be completed in the first half of 2009. The property acquired in Nanchong City is in the process of renovation and decoration and is expected to commence operation in September 2008. The hand-over procedures for the properties in Taiyuan City and Qinhuangdao City are still in progress. Upon completion of the aforementioned construction and acquisitions, the total floor area of the department stores of the Group will increase by approximately 165,000 square metres, with a network of 19 stores in 10 cities.

Outlook

According to the statistics of the State Statistic Bureau of China, the role of consumption in fuelling economic growth was strengthened in 2007. Consumer spending, investments and net exports in the PRC contributed to economic growth by 4.5%, 4.4% and 2.5% respectively. It was the first time that the proportion accounted for by consumer spending outstripped that by investment in past 7 years. This shows that the change in the policy of the Chinese Government from mainly relying on investments and exports to relying on coordinating consumer spending, investments and exports to stimulate economic growth has achieved positive effect. Driven by the stable growth of income per capita, consumer spending in the PRC is still growing strongly which will further boost the domestic demand and economic growth. Although the impacts of inflation and global economic instability still exist, the Group is continuously optimistic on the development outlook of the retail industry in the PRC.

Looking forward, the Group will continue to enhance its core competitiveness, accelerate the development of its network of department stores, and implement three main strategies for expansion and growth: (1) leveraging the controlling shareholder's edging advantage in property development to open new stores in prime areas, based on the operating model of the Huaqiangbei store; (2) continuously exploring suitable opportunities for merger and acquisition, in particular to consider the acquisition of department stores which are in the leading position and have a high reputation in the regional markets or which are located in prime areas of such cities; and (3) selecting suitable properties to open new department stores under lease arrangement. Implementation of the above strategies will help the Group make further penetration into the national market and strengthen its foothold in the regional markets, and establish a coordinated business network in the regional markets with "flagship store" as the core.

Apart from attaining growth via expansion, the Group will, through deepening the services to suppliers, continuously implement measures (such as incentive program that correlates directly to performance) on concessionaires in order to form a strategic mutually-beneficial alliance with the core suppliers and to enhance the capabilities of the Group's core supply chain; enhance the quality of product portfolio and service in all areas; increase the degree of customers' satisfaction in various aspects and continuously utilize the operating and managing experience of Maoye stores in the operation of Chengshang Group Co., Ltd. (成商集團股份有限公司) ("Chengshang"), thereby enhancing the profitability of the existing department stores.

Financial Review

Total Sales Proceeds

Total sales proceeds of the Group for the six months ended 30 June 2008 (representing the sum of total sales proceeds from concessionaire sales and revenue from direct sales at our department stores) increased to RMB1,949.4 million, representing an increase of 7.8%, over the corresponding period in the previous year. Meanwhile, the same-store sales proceeds from concessionaire sales increased to RMB1,707.1 million, representing an increase of 12.2%.

Revenue

For the six months ended 30 June 2008, revenue of the Group amounted to RMB740.5 million, representing a decrease of 9.8% as compared with RMB820.9 million in the same period last year. It was primarily due to the following factors:

- Commissions from concessionaire sales increased by 5.5% to RMB359.0 million due to the increase in concessionaire sales.

- Revenue from direct sales decreased by 13.4% to RMB224.9 million, primarily due to downscaling of direct sales business.

- Automobile sales decreased by 37.9% to RMB108.3 million, primarily due to the snow disaster in the Southern China in February 2008 and the earthquake at Wenchuan, Sichuan Province in May.

Other Income

For the six months ended 30 June 2008, other income of the Group amounted to RMB217.7 million, representing an increase of 26.3% as compared with RMB172.4 million in the same period last year. This increase was mainly driven by the growth in sales proceeds from concessionaire sales.

Purchase of and Changes in Inventories

For the six months ended 30 June 2008, purchase of and changes in inventories of the Group amounted to RMB304.6 million, representing a decrease of 23.3% as compared with RMB397.4 million in the same period last year. It was primarily due to decrease in revenue from both automobile sales and direct sales.

Employee Expenses

For the six months ended 30 June 2008, employee expenses of the Group amounted to RMB60.7 million, representing an increase of 6.3% as compared with RMB57.1 million in the same period last year. This increase was primarily due to the annual salary adjustment of the Group and the launch of the new Mianyang store in January 2008.

Depreciation and Amortisation

For the six months ended 30 June 2008, depreciation and amortisation of the Group amounted to RMB58.3 million, representing a decrease of 8.9% as compared with RMB64.0 million in the same period last year. The decrease was primarily due to the disposal of subsidiary, Chongqing Jiefangbei Maoye Department Store Co., Ltd. (重慶解放碑茂業百貨有限公司) ("Chongqing Jiefangbei Store"), by the Group in the second half of 2007, resulting in a decrease in the balance of fixed assets and the corresponding depreciation charges.

Operating Lease Rental Expenses

For the six months ended 30 June 2008, operating lease rental expenses of the Group amounted to RMB60.4 million, representing a decrease of 20.0% as compared with RMB75.5 million in the same period last year. This decrease was primarily due to the disposal of Chongqing Jiefangbei Store in 2007, resulting in a decrease in rental expenses of RMB16.5 million in the period.

Other Operating Expenses

For the six months ended 30 June 2008, other operating expenses of the Group amounted to RMB137.2 million, representing a decrease of 6.1% as compared with RMB146.1 million in the same period last year. It was primarily due to the disposal of Chongqing Jiefangbei Store in 2007.

Other Gains

For the six months ended 30 June 2008, other gains of the Group amounted to RMB79.7 million, representing an increase of 521.0% as compared with RMB12.8 million in the same period last year. The increase was primarily due to the disposal of 5,000,000 shares in Chengshang by a subsidiary of the Company, Shenzhen Maoye Shangsha Company Limited (深圳茂業商廈有限公司) ("Maoye Shangsha"), resulting in investment gains of RMB80.0 million.

Operating Profit

For the six months ended 30 June 2008, operating profit of the Group amounted to RMB416.7 million, representing an increase of 56.7% as compared with RMB265.9 million in the same period last year. It was primarily due to the increase in commissions from concessionaire sales, the increase in other gains, as well as the combined effect of other factors described above.

Finance Costs

For the six months ended 30 June 2008, finance costs of the Group amounted to RMB27.7 million, representing a decrease of 39.6% as compared with RMB45.9 million in the same period last year, which was as a result of (1) capitalization of interest amounted to RMB14.1 million on loans secured for the development project of a new store in Nanshan District in Shenzhen; and (2) the decrease of bank loan balance in current period.

Tax

For the six months ended 30 June 2008, income tax expenses of the Group was RMB77.7 million, representing an increase of 1,125.0% as compared with RMB6.3 million in the same period last year. During the six months ended 30 June 2008, the effective tax rate applicable to the Group was 20.0%, which was as a result of the increase in the enterprise income tax rate applicable to Shenzhen and Zhuhai regions from 15% in 2007 to 18% in 2008. During the corresponding period in 2007, the effective tax rate applicable to the Group was 2.9%, which was primarily due to the recognition of deferred tax assets of approximately RMB37.2 million by Chengshang as a result of the tax loss incurred by the disposal of Chongqing Jiefangbei Store and Chengdu People's Department Store Chain Co., Ltd. (成都人民百貨連鎖有限公司).

Profit Attributable to Equity Holders of the Parent

As a result of the foregoing, profit attributable to equity holders of the parent for the six months ended 30 June 2008 amounted to RMB300.6 million, representing an increase of 54.4% as compared with RMB194.7 million in the same period last year.

Liquidity and Financial Resources

As at 30 June 2008, the Group's cash and cash equivalents amounted to RMB2,484.9 million (as at 31 December 2007: RMB362.6 million). This increase was mainly due to the cash inflow from operating activities and proceeds from the issuance of new shares.

As at 30 June 2008, total bank borrowings of the Group were RMB1,320.8 million (as at 31 December 2007: RMB1,397.1 million), among which RMB574.8 million will mature within the coming year.

The debt to total assets ratio of the Group expressed as a percentage of interest bearing bank loans over the total assets was decreased from 38.8% as at 31 December 2007 to 23.4% as at 30 June 2008.

Contingent Liabilities

As at 30 June 2008, contingent liabilities of the Group were as follows:

Chengshang is a public company with its A shares listed on the Shanghai Stock Exchange. As at 31 December 2006, all non-tradable shares of Chengshang were converted to tradable shares through the implementation of a capital restructuring plan which was approved by the shareholders of Chengshang on 31 May 2006. The key terms of the capital restructuring plan are as follows:

As Chengshang's major shareholder, Maoye Shangsha has undertaken to transfer 2,554,201 shares to Chengshang's public shareholders in the event that one of the following incidents occurs:

(i) The net profit of Chengshang for the year ending 31 December 2008, calculated in accordance with China's accounting standards, is less than RMB80,000,000;

(ii) A qualified audit opinion is issued for the statutory financial statements of Chengshang for the year ending 31 December 2008; or

(iii) Chengshang is unable to publish its 2008 annual report in accordance with the statutory timeline.

Pledge of Assets

As at 30 June 2008, buildings, investment properties and land use rights with net carrying amounts of RMB556.4 million, time deposits of RMB25 million and US$50 million had been pledged to commercial banks to obtain bank loans of RMB1,320.8 million.

Foreign Currency Risk

The Group's major operating activities are conducted in the Mainland China. Most of the income and expenses of the Group are denominated in Renminbi. The majority of the Group's assets and liabilities are denominated in Renminbi. Net proceeds from the listing of the Company are denominated in Hong Kong dollars. As at 30 June 2008, most of the proceeds from the Company's listing had been converted into time deposit denominated in United States dollars of equivalent value. The Group is exposed to foreign currency risk due to fluctuation in Renminbi exchange rate. The Group has not entered into any derivatives to hedge potential foreign currency risk.

EMPLOYEES

As at 30 June 2008, the Group had a total of approximately 3,400 employees. Salaries, bonuses and benefits are determined with reference to market terms and the performance, qualification and experience of individual employees.

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares during the period from 5 May 2008 (the "Listing Date"), the date of listing of the Company's shares on the Stock Exchange, to 30 June 2008.

CLOSURE OF REGISTER OF MEMBERS

The Company's Register of Members will be closed from 12 September 2008 to 17 September 2008 (both dates inclusive), during such period no transfer of shares of the Company will be registered. In order to ascertain the right to receive interim dividend, all share transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 11 September 2008.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted 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") as its code of conduct governing the directors' dealings in the Company's securities. The Company has made specific enquiries with all Directors, who have confirmed their compliance with the required standard set out in the Model Code throughout the period from the Listing Date to 30 June 2008.

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance with a view to safeguarding the interests of its shareholders and enhancing corporate value. The Board is of the view that the Company has complied with the code provisions set out in the Code on Corporate Governance Practices as contained in Appendix 14 of the Listing Rules, except for the following deviations:

Code Provision A.2.1

This code provision stipulates that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual. Currently, Mr. Huang Mao Ru is both 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.

Code Provision A.5.4

This code provision stipulates that the Board should establish written guidelines on no less exacting terms than the Model Code for relevant employees, who are likely to be in possession of unpublished price-sensitive information in relation to the Company and its securities, in respect of their dealings in the securities of the Company. To conform with this code provision, the Board has adopted such written guidelines for the Company's relevant employees on 28 August 2008.

AUDIT COMMITTEE

The Audit Committee was established for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The Audit Committee consists of all the independent non-executive directors of the Company. The Audit Committee has reviewed the audited financial results of the Group for the six months ended 30 June 2008 and discussed with the management and the auditors of the Company on the accounting principles and practices adopted by the Group, internal controls and financial reporting matters.

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

This announcement will be published on the website of the Stock Exchange (www.hkexnews.hk) and on the website of the Company (www.maoye.cn). The interim report for the six months ended 30 June 2008 containing all the information required by Appendix 16 of the Listing Rules will be dispatched to shareholders and published on the websites of the Stock Exchange and the Company in due course.

APPRECIATION

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

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

Hong Kong, 28 August 2008

As at the date of this announcement, the executive directors of the Company are Mr. Huang Mao Ru, Mr. Zou Minggui, Mr. Wang Guisheng and Ms. Wang Fuqin. The non-executive directors of the Company are Mr. Zhong Pengyi and Mrs. Huang Jingzhang. The independent non-executive directors of the Company are Mr. Chow Chan Lum, Mr. Pao Ping Wing and Mr. Leung Hon Chuen.