Maoye International Holdings Limited
茂 業 國 際 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 848)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2010

HIGHLIGHTS

- Total sales proceeds[1] increased to RMB3,052.8 million, representing an increase of 43.1%, and same-store[2] sales proceeds from concessionaire sales increased to RMB2,360.8 million, representing an increase of 23.4%
- Total operating revenue increased to RMB1,151.8 million, representing an increase of 12.7%, while without taking the revenue from automobile sales[3] into account, total operating revenue increased by 33.6%
- Operating profit increased to RMB440.5 million, representing an increase of 22.5%
- Profit attributable to the equity holders of the parent increased to RMB285.8 million, representing an increase of 17.3%
- Basic earnings per share for the period was RMB0.056
- Interim dividend is 1.8 HK cents per share

Notes:

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

2 Same-store refers to the stores which have opened or been acquired at the beginning of the previous fiscal year

3 The Group has disposed of the entire equity interest in Chengshang Motor Vehicle Co., Ltd. (成都成商汽車有限責任公司) ("Chengshang Motor") since January 2010

INTERIM RESULTS

The Board of Directors (the "Board") of Maoye International Holdings Limited (the "Company") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2010 with comparative figures for the corresponding period in the year 2009. The unaudited consolidated interim results have been reviewed by the auditors of the Company, Ernst & Young and the audit committee of the Company (the "Audit Committee").

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	Six months ended 30 June 2010 (Unaudited) RMB'000	2009 (Unaudited) RMB'000
REVENUE	4	**893,759**	809,743
Other income	5	**258,022**	212,091
Total operating revenue		**1,151,781**	1,021,834
Purchases of and changes in inventories		**(301,482)**	(348,965)
Employee expenses		**(80,414)**	(63,717)
Depreciation and amortisation		**(93,744)**	(74,521)
Operating lease rental expenses		**(77,586)**	(65,953)
Other operating expenses		**(188,507)**	(154,298)
Other gains		**30,415**	45,058
Operating profit		**440,463**	359,438
Finance costs	6	**(39,954)**	(24,398)
Share of profits and losses of associates		**2,972**	157
PROFIT BEFORE TAX		**403,481**	335,197
Income tax expense	7	**(97,294)**	(74,939)
PROFIT FOR THE PERIOD		**306,187**	260,258
Attributable to:			
Owners of the parent		**285,815**	243,577
Minority interests		**20,372**	16,681
		306,187	260,258
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT			
Basic	8	**RMB5.6 cents**	RMB4.7 cents

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2010	2009
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
PROFIT FOR THE PERIOD	**306,187**	260,258
Available-for-sale equity investments:		
Changes in fair value	**(11,674)**	154,758
Income tax effect	**3,052**	(37,955)
	(8,622)	116,803
Exchange differences on translation of foreign operations	**(601)**	162
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	**(9,223)**	116,965
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	**296,964**	377,223
Attributable to:		
Owners of the parent	**276,592**	360,542
Minority interests	**20,372**	16,681
	296,964	377,223

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30 June 2010 (Unaudited) *RMB'000*	31 December 2009 (Audited) *RMB'000*
NON-CURRENT ASSETS		
Property, plant and equipment	**1,951,962**	1,637,471
Investment properties	**255,012**	104,103
Land lease prepayments	**3,176,345**	2,290,912
Goodwill	**439,709**	95,997
Other intangible assets	**6,990**	3,237
Investments in associates	**13,217**	13,437
Available-for-sale equity investments	**517,771**	1,331,829
Other asset	**2,458**	2,458
Prepayments	**789,718**	696,169
Deferred tax assets	**57,410**	34,449
Total non-current assets	**7,210,592**	6,210,062
CURRENT ASSETS		
Inventories	**117,320**	100,714
Completed properties held for sale	**152,407**	—
Properties under development	**307,833**	—
Equity investments at fair value through profit or loss	**36,018**	39,168
Trade receivables	**37,090**	268
Prepayments and other receivables	**494,660**	386,356
Due from related parties	**2,771**	3,739
Pledged deposits	**11,638**	12,902
Cash and cash equivalents	**601,419**	457,001
	1,761,156	1,000,148
Assets of a disposal group classified as held for sale	**—**	37,404
Total current assets	**1,761,156**	1,037,552

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(CONTINUED)*

	Note	30 June 2010 (Unaudited) *RMB'000*	31 December 2009 (Audited) *RMB'000*
CURRENT LIABILITIES			
Trade and bills payables	10	**1,263,014**	933,043
Deposits received, accruals and other payables		**952,790**	750,438
Interest-bearing bank loans		**451,470**	163,667
Due to related parties		**4,099**	2,337
Tax payable		**85,536**	66,179
		2,756,909	1,915,664
Liabilities directly associated with a disposal group classified as held for sale		**—**	9,504
Total current liabilities		**2,756,909**	1,925,168
NET CURRENT LIABILITIES		**(995,753)**	(887,616)
TOTAL ASSETS LESS CURRENT LIABILITIES		**6,214,839**	5,322,446
NON-CURRENT LIABILITIES			
Interest-bearing bank loans		**1,465,594**	1,268,300
Deferred tax liabilities		**358,778**	298,559
Total non-current liabilities		**1,824,372**	1,566,859
Net assets		**4,390,467**	3,755,587

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(CONTINUED)*

	30 June 2010 (Unaudited) *RMB'000*	31 December 2009 (Audited) *RMB'000*
EQUITY		
Equity attributable to owners of the parent		
Issued capital	**461,587**	461,587
Reserves	**2,973,011**	2,887,939
Proposed final dividend	**—**	67,800
	3,434,598	3,417,326
Minority interests	**955,869**	338,261
Total equity	**4,390,467**	3,755,587

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

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

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

2. BASIS OF PREPARATION

The interim condensed consolidated financial statements for the six months ended 30 June 2010 have been prepared in accordance with International Accounting Standards ("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 as at 31 December 2009.

3. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on the nature of their operations and their products and services they provide.

On 31 December 2009, the Group entered into a sale and purchase agreement to dispose of the entire equity interest of Chengshang Motor to another two independent third parties for an aggregate consideration of RMB23,000,000. The disposal was completed on 12 January 2010. Subsequent to the disposal, the operation of department stores segment became the only major continuing reportable operating segment of the Group, which comprises concessionaire and direct sales of merchandise.

As all of the Group's revenue is derived from customers based in the PRC and all the Group's identifiable assets and liabilities are located in the PRC, no geographical information is presented in accordance with IFRS 8 *Operating Segments*.

4. REVENUE AND SEGMENT INFORMATION

REVENUE

	Six months ended 30 June 2010 (Unaudited) *RMB'000*	2009 (Unaudited) *RMB'000*
Commissions from concessionaire sales	**494,103**	376,757
Direct sales	**330,181**	218,642
Sale of automobiles	**906**	159,095
Rental income from the leasing of shop premises	**60,610**	50,296
Management fee income from the operation of department stores	**1,710**	1,399
Others	**6,249**	3,554
	893,759	809,743

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

Total sales proceeds from concessionaire sales	**2,722,664**	1,914,914
Commissions from concessionaire sales	**494,103**	376,757

5. OTHER INCOME

	Six months ended 30 June 2010 (Unaudited) *RMB'000*	2009 (Unaudited) *RMB'000*
Income from suppliers and concessionaires		
— Administration and management fee income	**139,917**	111,426
— Promotion income	**52,836**	46,641
— Credit card handling fees	**33,697**	22,802
Rental income from investment properties	**24,753**	24,107
Interest income	**3,321**	3,224
Others	**3,498**	3,891
	258,022	212,091

6. FINANCE COSTS

	Six months ended 30 June 2010 (Unaudited) *RMB'000*	2009 (Unaudited) *RMB'000*
Interest on bank loans	**39,954**	24,398

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2010	2009
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Current — PRC		
Charge for the period	**92,180**	71,120
Deferred income tax	**5,114**	3,819
Total tax charge for the period	**97,294**	74,939

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

The calculation of basic earnings per share is based on the profit for the six months ended 30 June 2010 attributable to equity holders of the parent of RMB285,815,000 (six months ended 30 June 2009: RMB243,577,000) and the 5,139,856,000 ordinary shares in issue during the period (six months ended 30 June 2009: the 5,139,856,000 ordinary shares in issue).

The share options granted during the period had no dilutive effect during the period and accordingly, no diluted earnings per share amount has been presented.

9. DIVIDENDS

The Board has resolved to declare an interim dividend for the six months ended 30 June 2010 of 1.8 HK cents in cash per share totalling HK$92,517,408 (equivalent to approximately RMB81,027,000) (for the six months ended 30 June 2009: 1.6 HK cents per share, totalling HK$82,237,696 which equivalent to approximately RMB72,476,000).

The interim dividend will be paid on or about Thursday, 16 September 2010 to shareholders whose names appear on the Register of Members of the Company at the close of business on Friday, 10 September 2010.

10. TRADE AND BILLS PAYABLES

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

	30 June 2010	31 December 2009
	(Unaudited)	(Audited)
	RMB'000	*RMB'000*
Within 90 days	**967,193**	767,737
91 to 180 days	**181,568**	63,064
181 to 360 days	**41,571**	30,489
Over 360 days	**72,682**	71,753
	1,263,014	933,043

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATION REVIEW

During the first half of 2010, the PRC government continued to adopt proactive fiscal policies and moderately relaxed monetary policies to speed up the transformation of the mode of economic development and structural adjustment, and focused on promoting economic growth through the policies of increasing investment and boosting domestic demand. Under the effects of multiple forces, China was able to extend the trend of its 2009 economic rebound, which saw an improved employment situation and the further improvement of consumer demand and consumer confidence. The department store industry continued to prosper. However, the global economic recovery was overshadowed by change in overseas economic conditions and the further spreading of the Euro sovereign debt crisis. Within the country, the domestic consumer price index continued to rise, asset prices remained high and stimulus policies were generally expected to be gradually withdrawn amidst an overheated economy. Thus the department store industry faced challenges to its operating environment from macroeconomic conditions at home and abroad. In this complex economic environment during the first half of 2010, the Group, under the leadership of the Board and with the concerted efforts of all levels of employees, adopted a series of effective measures to achieve a steady increase in sales. These measures included hierarchical management of existing stores (implementing more targeted management measures for stores at different development stages), strengthening targeted operations and budget management, and continuously innovating marketing methods. As a result, the Group recorded a 42.2% increase in sales proceeds from concessionaire sales, with same-store growth of 23.4%.

The Group continued in its efforts to strengthen the integration and nurturing of the newly acquired stores. Benefiting from the Group's strong brand effect, advanced management and business philosophy and excellent resource platform, the four stores the Group acquired in 2008 (namely, Mianyang Linyuan Store, Mianyang Xingda Store, Qinhuangdao Jindu Store and Taiyuan Liuxiang Store), after just over a year's careful integration and nurturing, have been gradually moving into a rapid growth phase and developing into the new drivers of the Group's business growth. The successful integration of the newly acquired stores once again demonstrates the Group's outstanding management skills and successful development model.

In June 2010, in accordance with its Share Option Scheme, the Company granted a total of 126,308,000 options to 411 individuals for the subscription of the Company's ordinary shares. This move serves to integrate employees' individual goals with the Company's strategic goals, strongly motivating employee enthusiasm and cohesion in enhancing the Group's operating performance. In addition, the Group continued to implement its policy of "Triple Services" (services for suppliers, customers and staff) and "Triple Incentives" (incentives to suppliers, staff of suppliers and Maoye's grass root staff) so as to fully motivate all parties in the service of the Group.

MARKET PERFORMANCE

Southern China Region

During the first half of 2010, in the face of the impact from the aftermath of the financial crisis on the export-oriented economies in the coastal region, the stores of the Group in the Southern China region actively adjusted their operation and marketing strategies and continuously renovated new marketing models. During the first half of 2010, contribution of total sales proceeds in the Southern China region to the Group's total sales proceeds reached 47.7%. This region recorded same-store growth of 12.0% of sales proceeds from concessionaire sales, and the average value per transaction in the stores amounted to RMB525, representing an increase of 21.2% compared with the same period in 2009.

Shenzhen Huaqiangbei Store, the flagship store of the Group, has remained popular with customers since its introduction of a "Members' Day" last year. The "Members' Day" promotional activities held this year continued to generate excellent results, recording sales proceeds of RMB30.0 million for the day, representing an increase of 8.4% compared with those recorded on "Members' Day" held last year. In March 2010, Huaqiangbei Store introduced some ancillary facilities, including a number of prestigious food and beverage companies and the BONA cinema. This has not only brought about more customer flow, but has also lengthened customers' stay. Average value per transaction of the stores rose steadily accordingly. During the first half of 2010, Huaqiangbei Store recorded same-store growth of 12.0% of sales proceeds from concessionaire sales.

Shenzhen Dongmen Store, the first store of the Group, launched a "Staff Shopping Day" sales activity on 31 May, 2010. On the day, within a specified period, all items in the store were sold at preferential prices to staff only. This represented rebate in the most tangible form from the Company to the staff and the activity was most welcomed by the staff. During the activity period (from 9:00 pm to 12:00 mid-night), sales proceeds reached RMB4.5 million. Currently, this activity has been gradually extended to other stores. In addition, as a result of adjustments in branding, product mix and floor layouts of the store since last year, sales of Dongmen Store increased steadily. During the first half of 2010, Dongmen Store recorded same-store growth of 9.7% of sales proceeds from concessionaire sales.

Southwestern China Region

The Group continued to implement the dual-brand strategy of "Maoye Department Store" and "People's Department Store" in the Southwestern China region, devising marketing strategies to suit different customer groups, in line with the positioning of different brands and their specific features. The Group also continued to enhance the operating standards and service quality of its stores, optimizing merchandise categories and brand mix and actively launching innovative marketing activities. During the first half of 2010, contribution of total sales proceeds in the Southwestern China region to the Group's total sales proceeds reached 33.1%. This region also recorded same-store growth of 33.0% of sales proceeds from concessionaire sales and the average value per transaction of the stores in the Southwestern China region reached RMB410, representing an increase of 21.3% compared with the same period in 2009.

During the first half of 2010, in the Group's two flagship stores in the Southwestern China Region, Chengdu Yanshikou Store and Chongqing Jiangbei Store, the Group continued with adjustments in brand upgrading and product mix together with appropriate promotional activities. As a result, sales of the two stores rose steadily. During the first half of 2010, sales proceeds from concessionaire sales of Chengdu Yanshikou Store in Chengdu and Chongqing Jiangbei Store reached RMB269.5 million and RMB208.4 million, respectively, representing an increase of 14.5% and 27.6% compared with the same period last year.

Mianyang Linyuan Store and Mianyang Xingda Store, the two stores in Mianyang, Sichuan acquired by the Group in 2008, are both located in the prime commercial area in Mianyang City. After two years of nurturing by the Group, Mianyang Xingda Store has grown into a store with the most comprehensive range of merchandise categories, the largest scale and the best shopping environment in Mianyang City. During the first half of 2010, Mianyang Xingda Store recorded same-store growth of 203.7% of sales proceeds from concessionaire sales. Mianyang Linyuan Store has continuously undergone brand upgrading since its acquisition by the Group and has now made enormous breakthroughs. The Group also made adjustments to Mianyang Linyuan Store on a rather large scale, reducing the proportion of supermarket business which had a lower gross profit margin, while enlarging the operating area of the department store business and introducing corresponding facilities including food and beverage and fitness facilities. After these adjustments, Mianyang Linyuan Store saw increasing improvement in its operating conditions and steady increase in sales. During the first half of 2010, Mianyang Linyuan Store recorded same-store growth of 28.5% of sales proceeds from concessionaire sales compared with the same period last year.

The Group has two stores in Nanchong, Sichuan, which are Nanchong Wuxing Store and Nanchong Mofanjie Store. In terms of the location of the stores, the operating area and the brand influence, the Group is clearly the market leader in the district of Nanchong. Through continuous adjustments in brand upgrading, brand mix and floor layouts, the overall shopping environment of the two stores has been substantially enhanced. During the first half of 2010, Nanchong Wuxing Store recorded same-store growth of 37.1% of sales proceeds from concessionaire sales compared with the same period last year while Mofanjie Store recorded a decrease of 13.6% of sales proceeds from concessionaire sales compared with the same period last year due to municipal constructions in its neighbourhood. Besides, part of operating floor area of the store was reallocated for supplementary facilities since May in this year

Eastern China Region

Taizhou First Department Store Co., Ltd. ("Taizhou First Department Store"), acquired by the Group in October 2009, has achieved outstanding in its performance since the acquisition. The Group's excellent integration capability and rich resources of suppliers are complemented by the strong brand effect of Taizhou First Department Store in the locality. During the first half of 2010, contribution of the total sales proceeds in the Southwestern China region to the Group's total sales proceeds reached 10.8%. Taizhou First Department Store recorded total sales proceeds (being the sum of the total concessionaire sales and revenue from direct sales) of RMB313.7 million, and the average value per transaction of the store amounted to RMB553. In addition, leveraging from the operating experience of the Group's other stores, and, following the innovative example of Shenzhen Dongmen Store, Taizhou First Department Store launched the "Staff Shopping Day" activity in the store on 30 June 2010. During the activity (from 9:00 pm to 3:00 am the next day), it recorded sales proceeds of RMB8.5 million.

Northern China Region

Qinhuangdao Jindu Store and Taiyuan Liuxiang Store, the two stores in Northern China region acquired by the Group in 2008, are both located in the prime commercial area of the local core business district. During the first half of 2010, contribution of total sales proceeds in the Northern China region to the Group's total sales proceeds reached 8.4%. This region recorded same-store growth of 69.7% of sales proceeds from concessionaire sales and the average value per transaction of the stores amounted to RMB398, representing an increase of 15.0% compared with the same period last year. After the acquisitions, the Group has been continuously making adjustments in brand upgrading, product mix and customer flows, leading to a steady increase in sales of the two stores. This outcome was even more prominent on the re-opening of the two stores after upgrading and adjustments carried out by the Group in the first half of 2009. During the first half of 2010, the sales proceeds from concessionaire sales of Qinhuangdao Jindu Store reached RMB98.8 million, representing an increase of 82.5% compared with the same period last year, while the sales proceeds from concessionaire sales of Taiyuan Liuxiang Store reached RMB152.2 million, representing an increase of 62.2% compared with the same period last year.

Performance of major same stores[1]

	Store	Gross Floor Area *(Sq.m)*	Operating Area *(Sq.m)*	Average Value Per Transaction - First Half of 2010 *(RMB)*	Average Value Per Transaction - First Half of 2009 *(RMB)*	Sales Proceeds from Concessionaire Sales - First Half of 2010 *(RMB'000)*	Sales Proceeds from Concessionaire Sales - First Half of 2009 *(RMB'000)*	YoY Growth Rate %
1	Shenzhen Dongmen	47,436	33,680	507	414	328,616	299,628	9.7
2	Shenzhen Heping	23,078	17,309	438	389	51,429	42,155	22.0
3	Zhuhai Xiangzhou	23,715	17,549	333	299	103,739	89,824	15.5
4	Shenzhen Huaqiangbei	59,787	45,677	611	494	730,414	652,443	12.0
5	Chongqing Jiangbei	53,542	36,276	412	349	208,381	163,289	27.6
6	Chengdu Yanshikou	53,873	40,674	514	424	269,538	235,365	14.5
7	Nanchong Wuxing	25,994	19,530	433	305	112,153	81,823	37.1
8	Mianyang Linyuan	21,731	13,780	213	219	28,165	21,918	28.5
9	Nanchong Mofanjie[2]	24,035	21,124	262	263	12,927	14,963	-13.6
10	Mianyang Xingda	27,617	19,884	451	360	114,934	37,841	203.7
11	Qinhuangdao Jindu	46,610	33,606	336	277	98,771	54,112	82.5
12	Taiyuan Liuxiang	30,616	22,105	446	404	152,180	93,800	62.2

Notes:

1 Major same stores refer to same stores with a gross floor area of over 20,000 square metres.

[2] The Nanchong municipal government plans to construct a commercial street on the lot where the Nanchong Mofanjie Store is located, and the construction during May and June resulted in an adverse impact on the operations of the Nanchong Mofanjie Store in the first half of 2010, which will be eliminated gradually by the end of this year. Besides, part of operating floor area of the store was reallocated for supplementary facilities since May in this year, which also resulted in the decrease of this store's sales proceeds.

The Opening of New Stores and Network Expansion

On 9 January 2010, the Changzhou Wujin Store was officially launched. It is the 23rd store of the Group, has three operating floors, and is one of the largest department stores in Changzhou with a gross floor area of 22,500 square metres. The opening of the Changzhou Wujin Store further enhanced the store network of the Group in Eastern China and will lay a solid foundation for the implementation of the Group's strategies in Eastern China.

On 10 February 2010, the Chengdu Qingjiang Store of Chengshang Group Co., Ltd (成商集團股份有限公司) ("Chengshang Group", a subsidiary of the Company and a company listed on the Shanghai Stock Exchange, stock code: 600828) was opened. The Chengdu Qingjiang Store is the 6th department store of the Group in Chengdu and has a gross floor area of 5,033 square metres. The opening of the Chengdu Qingjiang Store once again reflected the dual-brand strategy adopted by the Group in the Chengdu area and further strengthened the leading position of the Group in the Chengdu department store industry.

In May 2010, the Maoye Friendship Store was officially launched. It is the 25th store of the Group and the 6th store in Shenzhen as well. Following upgrade and transformation, the Maoye Friendship Store is positioning itself as a middle-to-high end brand, bringing together a large number of well-known brands from China and overseas, of which many were exclusive to Shenzhen. The store is located at the Renminnan commercial zone in the Luohu district, the most developed commercial zone in Shenzhen, occupying a gross floor area of 26,000 square metres and five operating floors. The opening of the Maoye Friendship Store is significant to the extending of the Group's geographical reach in Shenzhen. As at the date of this announcement, the geographical reach of the Group is manifested by the "golden triangle" formed by the Shenzhen Dongmen Store, Shenzhen Membership Store and Maoye Friendship Store. The Group has therefore established a foothold in each bustling commercial zone of Shenzhen, namely, the commercial zones of Renminnan, Dongmen, Huaqiangbei and Nanshan, thus further strengthening the leading position of the Group in the department store industry in Shenzhen and Southern China.

Since 30 June 2010, Qinhuangdao Bohai Logistics Holding Corporation., Ltd. (秦皇島渤海物流控股股份有限公司) ("Bohai Logistics") became a subsidiary of the Company and has been consolidated into the financial statements of the Company. As at the date of this announcement, Bohai Logistics owned three department stores, one supermarket and one household store in Qinhuangdao City with a total gross floor zone of 114,123 square metres. Bohai Logistics is the first listed commercial enterprise in Heibei Province and the largest commercial department store company in Qinhuangdao City of Hebei, and has a leading position in the merchandise retail industry in Qinhuangdao City. With Bohai Logistics' becoming a subsidiary of the Group, the influence and business development of the Group in the Bohai rim area and Northern China have been further enhanced, in line with the strategic development plans of the Group in Northern China.

As at 30 June 2010, the Group operated and managed 29 stores throughout the country, covering the four major regions, namely the Southern, Southwestern, Northern and Eastern part of China. Total gross floor area of our stores amounted to 839,314 square metres, of which 112,350 square metres are managed stores. The gross floor area of self-owned stores amounted to 417,995 square metres. As at 30 June 2010, 57.5% of the gross floor area of the store properties was owned by the Group, 30.1% was leased from the controlling shareholder, and 12.4% was leased from independent third parties.

On 30 June 2010, the Group successfully acquired a piece of prime land with an area of 6,947 square metres in Jinzhou of Liaoning Province at a total consideration of RMB159.0 million. The land is located at the core trading area in Jinzhou with a high level of commercial activities in the surrounding area. Its prime location is beneficial to operating large department stores. The Group plans to build a department store/apartment complex on the land and operate the department store within the complex under the "Maoye" brand. This acquisition will strengthen the influence and business development of the Group in the Bohai rim region and further enhance the market position of the Group in Northern China.

On 8 July 2010, the Group acquired another piece of prime land with an area of 14,090.6 square metres in Huaian of Jiangsu Province at a total consideration of RMB275.0 million. The land is located at the Southwestern corner of Huaihai Square, the busiest core commercial area in Huaian with a high level of commercial activities in the surrounding area. Its prime location is beneficial to operating large department stores. The Group plans to build a department store/apartment complex on the land and operate the department store within the complex under the "Maoye" brand. The acquisition is another target project in a target expansion city in Jiangsu Province following the Group's business developments in Wuxi, Taizhou and Changzhou. This will consolidate the influence and business development of the Company in the Jiangsu Province and further enhance the market position of the Company in Eastern China.

Outlook

Economic data for the first half of 2010 were mixed. On the one hand, the consumer price index was under effective control and the structure of domestic demand was improved as well; on the other hand, the heated economy cooled off significantly since the second quarter, creating worries over continual spending growth in the second half of the year. In addition, as aftershocks of the international financial crisis linger and the sovereign debt crisis in the Euro zone spreads, the international economic outlook looks grave. The changing macroeconomic environment in China and overseas will no doubt create uncertainties over the development of the department store industry. However, with the increase in per capita income in China and the rise of regional economies and the acceleration of the urbanization rate, there will be increased consumer demand and upgrading in spending patterns in the long run. It is expected that more development opportunities will surface in the retail industry in China in the future.

On 22 July 2010, the Political Bureau of the CPC Central Committee held a meeting to formulate economic policies for the second half of the year, and decided to continue to implement proactive financial policies and moderately relaxed monetary policies, and to maintain continuity and stability of macroeconomic policies. The focus will be on promoting the continual stable growth in domestic demand, continuing to increase the income of urban and rural residents, and implementing and improving the policies on expanding consumption. We believe that consumer industries in China will maintain positive momentum in 2010 with the support of the macroeconomic policies of the government.

In the second half of 2010, the Group will continue to reinforce the management of internal operations, enhance our collaboration with suppliers and adjust our merchandise mix from multiple perspectives; track the sales performance of key brands; improve the service standard of our customer service centres throughout our shops in the country to provide more comprehensive and standardized customer services; increase the value of membership cards and enhance their service functions to foster and enhance the loyalty of customers; continue to manage stores by tier and to draw up store budgets according to store development cycle and make use of the Group's powerful information system to monitor the operations of our stores in real-time and make speedy adjustments; enhance integration of the operation and financial systems to provide efficient and better services to suppliers; innovate marketing and sales efforts to increase profitability of existing department stores; develop new types of supermarkets to explore new points of performance growth; and in all directions build a talent reserve mechanism for future stores development. We will continue to fully implement our policy of "Three Incentives and Three Services" to enhance the initiative of our staff, suppliers and customers and to enable our services for suppliers, customers and staff to be more market-oriented and refined.

In the second half of 2010, the Group will continue to adhere to its "Mass Development" focus and strategy to expand its store network through multiple channels including continuing acquisition, construction of own store properties and leasing. The "Mass Development" strategy serves as a powerful assurance that the Group will maintain new stores at a reasonable percentage, with organic growth of new stores being a source of continual stable growth of the Group. The Group will continue to explore opportunities in Southern China, consolidate its business in Southwestern China, and focus on expanding its business in Eastern and Northern China in order to extend its geographical reach throughout the country. We will further identify growth potential in our existing stores through measures such as brand upgrade, business operation reform, and sales innovation; and speed up the opening of new stores through accelerating projects construction and the recruitment of suppliers. Apart from the addition of 7 stores in this year, the Group is planning to open the Shenyang Jinlang Store by the end of 2010. Currently, the stores under construction are Shenyang Tiexi store, Yanshikou Phase II store, Taiyuan Qinxianjie store, Chengdu Southern store, Wuxi Yibai store, Liaoning Jinzhou store and Jiangsu Huaian store. Between 2010 and 2011, the Group expects to add not less than 200,000 square metres in additional store area each year.

Financial Review

Total Sales Proceeds and Revenue

For the six months ended 30 June 2010, total sales proceeds of the Group increased to RMB3,052.8 million, representing an increase of 43.1% as compared to the same period in 2009.

	Six months ended 30 June	
	2010	2009
	RMB'000	*RMB'000*
Total sales proceeds from concessionaire sales	**2,722,664**	1,914,914
Revenue from direct sales	**330,181**	218,642
Total Sales Proceeds	**3,052,845**	2,133,556

Among the total sales proceeds of the Group in the first half of 2010, total sales proceeds derived from concessionaire sales accounted for 89.2% and those derived from direct sales accounted for 10.8%.

Same-store sales proceeds from concessionaire sales increased to RMB2,360.8 million, representing an increase of 23.4% as compared to the same period in 2009, of which total same-store sales proceeds from concessionaire sales in Southern China region increased by 12.0%, total same-store sales proceeds from concessionaire sales in Southwestern region increased by 33.0%, and total same-store sales proceeds from concessionaire sales in North region increased by 69.7%.

For the six months ended 30 June 2010, the Group's commission rate from concessionaire sales was 18.1%, representing a decrease of 1.6% as compared to the same period in 2009. The decrease was mainly due to the lower commission rate of new stores during the initial opening period and the reduction of brands with higher commission rate but low sales contribution with the introduction of brands with high sales but lower commission rate during the period under review. The Group will strive to enhance the integration of the new acquisitions and the new stores, in order to increase the commission rate of the new stores to the level of mature stores as soon as possible. Regarding promotion strategies, the Group will gradually lower the proportion of price marketing and introduce innovative marketing modes to ensure steady growth in sales and commissions simultaneously.

Total sales proceeds in the first half of 2010 comprised sales of apparel (46.7%) (first half of 2009: 45%), cosmetics and jewelry (19.9%) (first half of 2009: 17.4%), shoes and leather goods (13.0%) (first half of 2009: 12.5%) and others such as children's wear and toys, household and electronic appliances, etc. (20.4%) (first half of 2009: 29.0%). The percentage attributable to each product category to total sales proceeds was similar to that of the first half of 2009.

For the six months ended 30 June 2010, revenue of the Group amounted to RMB893.8 million, representing an increase of 10.4% as compared with RMB809.7 million for the same period of last year. Without taking the revenue from automobile sales into account, the revenue of the Group increased by 37.2% compared to the same period last year. The commissions from concessionaire sales and revenue from direct sales increased by RMB117.3 million and RMB111.5 million, respectively.

Other Income

For the six months ended 30 June 2010, other income of the Group amounted to RMB258.0 million, representing an increase of 21.7% as compared with RMB212.1 million for the same period of last year. This was primarily resulted from the increase of sales proceeds of concessionaire sales.

Purchases of and Changes in Inventories

For the six months ended 30 June 2010, purchases of and changes in inventories of the Group amounted to RMB301.5 million, representing a decrease of 13.6% as compared with RMB349.0 million for the same period of last year. This was primarily due to the disposal of the entire equity interest of Chengshang Motor at the beginning of this year. Without taking the automobile inventories into account, purchases of and changes in inventories of the Group for the first half of 2010 increased by 50.7% as compared with the same period of last year. This was primarily due to the direct sale business increased 51.0% as compared with the same period last year.

Employee Expenses

For the six months ended 30 June 2010, employee expenses of the Group amounted to RMB80.4 million, representing an increase of 26.2% as compared with RMB63.7 million for the same period of last year. The increase was primarily attributable to the inclusion of staff costs for the new stores opened in the second half of 2009 and the first half of 2010. Staff costs for the new stores increased by RMB16.3 million, and same-store staff costs increased by RMB1.2 million, representing an increase of 2.2% as compared with the same period last year. The employee expense as percentage of total sales proceeds in the first half of 2010 decreased to 2.6% as compared with 3.0% for the first half of 2009.

Depreciation and Amortisation

For the six months ended 30 June 2010, depreciation and amortisation of the Group amounted to RMB93.7 million, representing an increase of 25.8% as compared with RMB74.5 million for the same period last year. The increase was primarily due to the depreciation of properties acquired and self-constructed for the new stores during the second half of 2009. The depreciation and amortisation as percentage of total sales proceeds in the first half of 2010 decreased to 3.1% as compared with 3.5% for the first half of 2009.

Operating Lease Rental Expenses

For the six months ended 30 June 2010, operating lease rental expenses of the Group amounted to RMB77.6 million, representing an increase of 17.6% as compared with RMB66.0 million for the same period of last year. This was primarily due to the increase in leased area of the three stores opened during the first half of 2010. The operating lease rental expenses as percentage of total sales proceeds in the first half of 2010 decreased to 2.5% as compared with 3.1% for the first half of 2009.

Other Operating Expenses

For the six months ended 30 June 2010, other operating expenses of the Group amounted to RMB188.5 million, representing an increase of 22.2% as compared with RMB154.3 million for the same period of last year. This was primarily due to the launch of new stores in the second half of 2009 and the first half of 2010. The other operating expenses as percentage of total sales proceeds in the first half of 2010 decreased to 6.2% as compared with 7.2% for the first half of 2009.

Other Gains

For the six months ended 30 June 2010, other gains of the Group amounted to RMB30.4 million, representing a decrease of 32.5% as compared with RMB 45.1 million in the same period last year. This was primarily due to the absence of gain arising from the disposal of a piece of land owned by Chengshang Group in 2009, which disposal was in line with the government's urban construction plan and resulted in gains of RMB29.7 million. Other gains was mainly arrived at after charging/crediting:

(1) a gain of RMB22.2 million on disposal of the entire equity interest in Chengshang Motor in January 2010;

(2) fair value loss on equity investments at fair value through profit or loss in the first half of 2010 of RMB3.8 million (profit in the same period of 2009: RMB3.7 million); and

(3) foreign exchange loss reduced by RMB0.5 million during the first half of 2010 as compared with the first half of 2009.

Operating Profit

For the six months ended 30 June 2010, operating profit of the Group amounted to RMB440.5 million, representing an increase of 22.5% as compared to RMB359.4 million for the same period last year. This was primarily due to the contribution from strong growth in total sales proceeds of the Group, resulting in significant increase in commissions from sale proceeds of concessionaires, the margin of direct sales as well as other income derived from concessionaire sales as compared to the same period in 2009.

Finance Costs

For the six months ended 30 June 2010, finance costs of the Group amounted to RMB40.0 million, representing an increase of 63.8% as compared to RMB24.4 million for the same period of last year. This was due to the increase in average balance of bank loans as compared to the same period of last year.

Income Tax Expense

For the six months ended 30 June 2010, income tax expense of the Group came to RMB97.3 million, representing an increase of 29.9% as compared to RMB74.9 million for the same period last year. During the six months ended 30 June 2010, the effective tax rate applicable to the Group was 24.1% (for the six months ended 30 June 2009: 22.4%), which was a result of the increase in the enterprise income tax rate applicable to Shenzhen and Zhuhai regions from 20.0% in 2009 to 22.0% in 2010.

Profit Attributable to Owners of the Parent

As a result of the foregoing, for the six months ended 30 June 2010, profit attributable to owners of the parent amounted to RMB285.8 million, representing an increase of 17.3% as compared to RMB243.6 million in the first half of 2009.

Liquidity and Financial Resources

As at 30 June 2010, the Group's cash and cash equivalents amounted to RMB601.4 million, increased by RMB144.4 million as compared to RMB457.0 million as at 31 December 2009. The main cash inflow and cash outflow are set out as following:

(1) net cash inflow of RMB554.0 million arising from operating activities;

(2) Net cash outflow arising from investing activities amounted to RMB489.0 million, mainly included payments for properties and equipment amounted to RMB122.9 million, prepayments for land lease prepayment amounted to RMB224.2 million, and prepayment of debts amounting to RMB156.2 million in relation to acquisition of a subsidiary; and

(3) net cash inflow of RMB75.2 million from financing activities for reasons such as the increase in bank loans.

As at 30 June 2010, total bank loans of the Group were RMB1,917.1 million (31 December 2009: RMB1,432.0 million), of which RMB451.5 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 total assets, increased from 19.9% as at 31 December 2009 to 21.4% as at 30 June 2010.

Investment in Listed Shares

The Group currently owns minority interests in companies with department store operation listed in the PRC. The Directors believe these investments will bring long-term benefits to the Group. The following table sets out the Group's interests in two companies listed in PRC as at 30 June 2010, and relevant summary information relating to these companies.

Investment	**The Group's Shareholding**	**Principal Business**	**Geographical Location**
Shenzhen International Enterprises Co., Ltd. (深圳市國際企業股份有限公司)	13.18%	The first listed retail enterprise in Shenzhen	Shenzhen City, Guangdong Province
Shen Yang Commercial City Co., Ltd. (沈陽商業城股份有限公司)	10.67%	Owns a number of department stores in Shenyang	Shenyang City, Liaoning Province

The total original cost of the investments in the above companies was RMB206.7 million, which was financed by the Group's cash inflow from operations.

Contingent Liabilities

On 16 July 2009, Chengdu Watsons Economic Development Co., Ltd (成都屈臣經濟發展有限公司) ("Chengdu Watsons") issued proceedings against Sichuan Xinglida Group Industry Co., Ltd (四川興力達集團實業有限公司) ("Xinglida Group"), an independent third party and Chengdu People's Department Store (Group) Mianyang Co., Ltd. (成都人民商場(集團)綿陽有限公司) ("Chengshang Mianyang") in respect of the early termination of the lease to Chengdu Watsons of a building previously owned by Xinglida Group. In September 2008, Xinglida Group transferred ownership of the building to Chengshang Mianyang and the lease of the building to Chengdu Watsons was terminated subsequently. Chengdu Watsons has claimed an amount of approximately RMB13,252,000 from Xinglida Group and Chengshang Mianyang together for compensation of its loss due to the early termination of the lease.

Pledge of Assets

As at 30 June 2010, the Group's interest-bearing bank loans amounting to RMB1,917.1 million were secured by the Group' land and buildings, investment properties, land lease prepayments, completed properties held for sale and properties under development with net carrying amounts of approximately RMB437.0 million, RMB109.5 million, RMB1,331.4 million, RMB76.4 million and RMB18.0 million respectively.

As at 30 June 2010, the Group's bills payables amounting to RMB25.5 million were secured by the Group's land and buildings, investment properties and land lease prepayments with net carrying amounts of approximately RMB8.6 million, RMB10.6 million and RMB96.6 million respectively, and the Group's deposits amounting to RMB11.6 million.

Foreign Currency Risk

The Group's certain cash and bank balances and investments are denominated in Hong Kong dollars, so the Group is exposed to foreign currency risk. During the period under review, the Group recorded a net loss in foreign currency of approximately RMB0.04 million.

For the six months ended 30 June 2010, the Group had not entered into any arrangements to hedge foreign currency risk. The Group's operating cash flow is not exposed to any foreign exchange fluctuation risks.

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 six months ended 30 June 2010.

CLOSURE OF REGISTER OF MEMBERS

The Company's Register of Members will be closed from Wednesday, 8 September 2010 to Friday, 10 September 2010 (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 Tuesday, 7 September 2010.

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 (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") 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 2010.

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 deviation:

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 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 2010 and discussed with the management 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 was 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 2010 containing information required by Appendix 16 of the Listing Rules will be dispatched to shareholders and published on the websites of the Stock Exchange and the Company in due course.

APPRECIATION

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

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

Hong Kong, 13 August 2010

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