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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 848)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2011

HIGHLIGHTS

- Total sales proceeds[1] increased to RMB10,429.9 million, representing an increase of 43.5%, and same-store[2] sales proceeds from concessionaire sales increased to RMB6,996.2 million, representing an increase of 19.7%.

- Total operating revenue increased to RMB4,123.3 million, representing an increase of 50.0%.

- Operating profit increased to RMB1,206.1 million, representing an increase of 31.5%.

- Proposed final dividend is 5.9 HK cents per share.

RESULTS OF THE GROUP

- Profit attributable to owners of the parent increased to RMB640.3 million, representing an increase of 11.1%, while without taking into account the effect of the discontinued operation in the same period last year[3], profit attributable to owners of the parent increased by 13.2%.

- Without taking into account the effect of share option expenses and non-operating gains and losses, profit attributable to owners of the parent increased by 8.7% to RMB636.2 million, while also without taking into account the effect of the discontinued operation in the same period last year, such profit attributable to owners of the parent increased by 10.8%.

- Basic earnings per share for the year was RMB0.12.

RESULTS OF THE OPERATION OF DEPARTMENT STORES SEGMENT

- Profit attributable to owners of the parent from the operation of department stores segment increased to RMB735.1 million, representing an increase of 22.5% compared with RMB600.3 million in the same period last year.

- Without taking into account the effect of share option expenses and non-operating gains and losses, profit attributable to owners of the parent from the operation of department stores segment increased to RMB733.5 million, representing an increase of 19.7%, compared with RMB612.5 million in the same period last year.

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 Since the Group disposed of its automobile business in 2010, the Group separated the automobile business from continuing operations and accounted for as a discontinued operation.

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2011

The Board of Directors (the "Board") of Maoye International Holdings Limited (the "Company") is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2011 with comparative figures for the year 2010 as follows:

CONSOLIDATED INCOME STATEMENT
YEAR ENDED 31 DECEMBER 2011

	Notes	2011 RMB'000	2010 RMB'000
CONTINUING OPERATIONS			
REVENUE	4	**3,357,024**	2,197,282
Other income	5	**766,308**	551,068
Total operating revenue		**4,123,332**	2,748,350
Cost of sales	6	**(1,335,146)**	(747,147)
Employee expenses	7	**(375,494)**	(245,640)
Depreciation and amortisation		**(326,202)**	(211,107)
Operating lease rental expenses		**(216,236)**	(172,829)
Other operating expenses		**(772,064)**	(488,437)
Other gains		**107,873**	34,251
Operating profit		**1,206,063**	917,441
Finance costs	8	**(188,793)**	(113,780)
Share of profits of associates		**498**	1,659
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		**1,017,768**	805,320
Income tax expense	9	**(282,879)**	(197,840)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		**734,889**	607,480
DISCONTINUED OPERATION			
Profit for the year from a discontinued operation		**—**	16,606
PROFIT FOR THE YEAR		**734,889**	624,086
Attributable to:			
Owners of the parent		**640,312**	576,597
Non-controlling interests		**94,577**	47,489
		734,889	624,086

CONSOLIDATED INCOME STATEMENT *(CONTINUED)*
YEAR ENDED 31 DECEMBER 2011

	Note	2011 RMB'000	2010 RMB'000
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	10		
Basic			
- For profit for the year		**RMB12.0 cents**	RMB11.2 cents
- For profit from continuing operations		**RMB12.0 cents**	RMB11.0 cents
Diluted			
- For profit for the year		**RMB12.0 cents**	RMB11.2 cents
- For profit from continuing operations		**RMB12.0 cents**	RMB11.0 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 31 DECEMBER 2011

	2011	2010
	RMB'000	*RMB'000*
PROFIT FOR THE YEAR	**734,889**	624,086
OTHER COMPREHENSIVE INCOME		
Available-for-sale equity investments:		
Changes in fair value	**31,553**	108,908
Income tax effect	**(9,251)**	(25,993)
	22,302	82,915
Exchange differences on translation of foreign operations	**29,195**	(1,822)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**51,497**	81,093
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**786,386**	705,179
Attributable to:		
Owners of the parent	**691,809**	657,690
Non-controlling interests	**94,577**	47,489
	786,386	705,179

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2011

	2011	2010
	RMB'000	*RMB'000*
NON-CURRENT ASSETS		
Property, plant and equipment	**3,646,710**	2,437,213
Investment properties	**428,221**	292,199
Land lease prepayments	**3,963,985**	3,657,010
Goodwill	**641,680**	537,050
Other intangible assets	**6,823**	4,148
Investments in associates	**12,260**	11,904
Available-for-sale equity investments	**782,205**	635,398
Other assets	**2,458**	2,458
Prepayments	**1,102,725**	1,115,458
Deferred tax assets	**83,907**	61,647
Total non-current assets	**10,670,974**	8,754,485
CURRENT ASSETS		
Inventories	**281,977**	166,419
Completed properties held for sale	**524,734**	485,287
Properties under development	**1,791,198**	1,177,562
Equity investments at fair value through profit or loss	**8,674**	11,271
Trade receivables	**47,912**	15,794
Prepayments, deposits and other receivables	**587,945**	402,778
Due from related parties	**43,772**	9,919
Pledged deposits	**1,530**	1,350
Cash and cash equivalents	**1,425,837**	1,024,073
Total current assets	**4,713,579**	3,294,453

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(CONTINUED)*
31 DECEMBER 2011

	Notes	**2011** **RMB'000**	2010 *RMB'000*
CURRENT LIABILITIES			
Trade and bills payables	12	**1,953,827**	1,688,373
Deposits received, accruals and other payables		**1,972,429**	1,611,369
Interest-bearing bank loans and other borrowings		**1,485,973**	851,024
Due to related parties		**31,486**	4,249
Income tax payable		**111,253**	115,076
Total current liabilities		**5,554,968**	4,270,091
NET CURRENT LIABILITIES		**(841,389)**	(975,638)
TOTAL ASSETS LESS CURRENT LIABILITIES		**9,829,585**	7,778,847
NON-CURRENT LIABILITIES			
Convertible bonds		**844,363**	860,441
Interest-bearing bank loans and other borrowings		**1,642,698**	1,564,776
Deferred tax liabilities		**597,406**	413,079
Total non-current liabilities		**3,084,467**	2,838,296
Net assets		**6,745,118**	4,940,551
EQUITY			
Equity attributable to owners of the parent			
Issued capital		**481,988**	461,587
Equity component of convertible bonds		**119,125**	119,125
Reserves		**4,595,558**	3,318,872
Proposed final dividend	11	**256,125**	—
		5,452,796	3,899,584
Non-controlling interests		**1,292,322**	1,040,967
Total equity		**6,745,118**	4,940,551

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Maoye International Holdings Limited was incorporated in the Cayman Islands on 8 August 2007 as an exempted company with limited liability in the Cayman Islands under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised). The Company's registered office is located at 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 annual consolidated financial statements for the year ended 31 December 2011 have been prepared in accordance with the International Financial Reporting Standards as issued by the International Accounting Standards Board and the disclosure requirements of the Hong Kong Companies Ordinance.

3. SEGMENT INFORMATION

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

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

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

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

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

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

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

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

	Operation of department stores	Property development	Others	Adjustments and eliminations	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2010					
Segment revenue:					
Sales to external customers	2,060,822	122,311	14,149	—	2,197,282
Intersegment revenue	—	7,940	—	(7,940)	—
Other income	543,390	3,059	4,619	—	551,068
Cost of sales	(717,967)	(28,311)	(869)	—	(747,147)
Employee expenses	(230,395)	(11,341)	(3,904)	—	(245,640)
Depreciation and amortisation	(200,329)	(9,173)	(1,605)	—	(211,107)
Operating lease rental expenses	(170,828)	(5,926)	(1,898)	5,823	(172,829)
Other operating expenses	(449,659)	(35,123)	(5,772)	2,117	(488,437)
Other gains	40,843	4,145	(10,737)	—	34,251
Operating profit/(loss)	875,877	47,581	(6,017)	—	917,441
Finance costs	(28,117)	(85,322)	(341)	—	(113,780)
Share of profits and losses of associates	—	—	1,659	—	1,659
Segment profit/(loss) before tax from continuing operations	847,760	(37,741)	(4,699)	—	805,320
Income tax expense	(208,123)	8,647	1,636	—	(197,840)
Segment profit/(loss) for the year from continuing operations	639,637	(29,094)	(3,063)	—	607,480
Attributable to:					
Owners of the parent	600,264	(33,569)	(1,187)	—	565,508
Non-controlling interests	39,373	4,475	(1,876)	—	41,972
	639,637	(29,094)	(3,063)	—	607,480

	Operation of department stores	Property development	Others	Adjustments and eliminations	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2010					
Other segment information					
Impairment losses recognised in the income statement	42	—	—	—	42
Impairment losses reversed in the income statement	(1,720)	—	—	—	(1,720)
Investments in associates	—	—	11,904	—	11,904
Capital expenditure*	2,842,404	1,476,270	—	—	4,318,674

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

4. REVENUE

	For the year ended 31 December	
	2011	2010
	RMB'000	*RMB'000*
Commissions from concessionaire sales	**1,517,865**	1,135,013
Direct sales	**1,436,983**	795,442
Rental income from the leasing of shop premises	**167,138**	140,133
Management fee income from the operation of department stores	**3,894**	3,589
Rental income from investment properties	**129,312**	66,566
Sale of properties	**93,683**	45,610
Others	**8,149**	10,929
	3,357,024	2,197,282

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

Total sales proceeds from concessionaire sales	**8,992,880**	6,471,245
Commissions from concessionaire sales	**1,517,865**	1,135,013

5. OTHER INCOME

	For the year ended 31 December	
	2011	2010
	RMB'000	*RMB'000*
Income from suppliers and concessionaires		
- Administration and management fee income	**424,746**	313,887
- Promotion income	**180,113**	138,114
- Credit card handling fees	**114,693**	77,810
Interest income	**8,072**	7,500
Others	**38,684**	13,757
	766,308	551,068

6. COST OF SALES

	For the year ended 31 December	
	2011	2010
	RMB'000	*RMB'000*
Purchases of and changes in inventories	**1,282,221**	717,967
Cost of properties sold	**52,640**	28,311
Others	**285**	869
	1,335,146	747,147

7. EMPLOYEE EXPENSES

	For the year ended 31 December	
	2011	2010
	RMB'000	*RMB'000*
Wages and salaries	**323,605**	183,743
Equity-settled share option expense	**6,069**	39,469
Retirement benefits	**31,687**	14,850
Other employee benefits	**14,133**	7,578
	375,494	245,640

8. FINANCE COSTS

	For the year ended 31 December	
	2011	2010
	RMB'000	*RMB'000*
Interest on bank loans	**178,010**	105,501
Interest on convertible bonds	**53,785**	12,010
Total interest expense on financial liabilities not at fair value through profit or loss	**231,795**	117,511
Less: Interest capitalised	**(47,661)**	(5,487)
	184,134	112,024
Other finance costs:		
Increase in discounted amounts of consideration payable	**4,659**	1,756
	188,793	113,780

9. INCOME TAX

	For the year ended 31 December	
	2011	2010
	RMB'000	*RMB'000*
Current — CIT	**290,257**	184,889
Current — LAT	**10,669**	1,786
Deferred	**(18,047)**	16,712
Total tax charge for the year	**282,879**	203,387
Represented by:		
Tax charge attributable to continuing operations reported in the consolidated income statement	**282,879**	197,840
Tax charge attributable to a discontinued operation	**—**	5,547
Total tax charge for the year	**282,879**	203,387

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

The calculation of basic earnings per share is based on the profit attributable to equity holders of the parent for the year ended 31 December 2011 of RMB640,312,000 (2010: RMB576,597,000) and the 5,327,091,307 ordinary shares in issue during the year (2010: 5,139,856,000 ordinary shares in issue).

The calculation of diluted earnings per share amounts is based on the profit attributable to ordinary equity holders of the parent for the year (adjusted to reflect the interest on the convertible bonds, where applicable). The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

11. DIVIDENDS

	2011	2010
	RMB'000	*RMB'000*
Proposed final dividends — HK5.9 cents per ordinary share	**256,125**	—
	256,125	—

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

12. TRADE AND BILLS PAYABLES

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

	As at 31 December	
	2011	2010
	RMB'000	*RMB'000*
Within 90 days	**1,622,517**	1,392,576
91 to 180 days	**133,373**	176,837
181 to 360 days	**156,271**	48,377
Over 360 days	**41,666**	70,583
	1,953,827	1,688,373

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

In 2011, China's economy faced severe challenges due to the worsening European sovereign debt crisis. Although China recorded a growth of 9.2% in GDP, the inflation rate remained high, exports were affected by the appreciation of RMB and the real estate market was also stagnant.

In the face of complicated international and domestic economic conditions, the PRC government proactively adopted aggressive fiscal policies and prudent monetary policies. In addition, China enhanced macroeconomic regulation and control and implemented measures to stimulate domestic demand to maintain steady growth in its economy. The consumer market performed well with the support of these measures.

According to National Bureau of Statistics of China, total retail sales of consumer goods in 2011 increased by 17.1% over the same period last year. Retail sales contributed to 51.6% to China's GDP growth and amounted to 4.74 percentage point of the increase in GDP in 2011. Favorable factors such as steady increase of salaries, upward adjustment of the individual income tax threshold, acceleration in urbanization and continuous growth of the middle class were also growth factors of the consumer market.

OPERATION REVIEW

In 2011, the Group adopted a series of effective measures to improve its sales result. Our retail stores were classified and managed accordingly. Sales targets and operation costs of individual stores were closely monitored and innovative sales methods were introduced to boost sales. In 2011, the Group recorded sales of RMB10,429.9 million for 2011, an increase of 43.5% as compared to last year. The same-store sales growth (SSSG) of concessionaire sales amounted to 19.7%. Profit attributable to owners of the parent was RMB640.3 million, reporting an increase of 11.1% as compared to last year.

The Group continued with its strategy of prudent operation and aggressive growth with further expansion of its store network. In 2011, the Group carried out appropriate adjustments and upgrading of major stores including Shenzhen Huaqiangbei Store, Dongmen Store, Chongqing Jiangbei Store and Taizhou First Department Store; and successively established new stores including the Yangzhou Store, Shandong Heze Store and Shandong Linyi Store. The Group acquired a parcel of land in Baotou in Inner Mongolia for the development of a shopping mall and leased premises in Liyang in Jiangsu for establishment of a department store for further expansion of sales networks.

In May 2011, the Group raised approximately HK$1.04 billion to expand its store network through the placing of 273.0 million shares.

The year 2011 marked the 15th anniversary of the Group. Making the occasion and building on past successes, the Group strengthened reforms of its organization framework and management system. In 2011, the head office of the Group tuned down its management role and strengthened its servicing role to support the development of regional centers and retail stores so as to generate synergy and improve resources allocation across regions. The Group established regional centres in Southern China and Eastern China to implement a three-tier management system, which emphasizes on "streamlining head office, strengthening regional centers and enhancing retail stores". The Group had reviewed and revised the standard procedures for the establishment of new stores, operation of stores and acquisition projects to improve operation and management efficiency.

Performance of major stores[1]

	Store Name	Proceeds of Concessionaire *(RMB '000)*	Same store Sales Growth *%*	Years Opened *(Years)*	Gross floor area *(sq. m.)*	Operating Area *(sq. m.)*	Ticket Per Sale *(RMB)*
1	Shenzhen Huaqiangbei	1,765,232	11.5%	8.4	59,787	45,677	707
2	Shenzhen Dongmen	870,995	14.5%	15.0	47,436	33,680	643
3	Chengdu Yanshikou	630,282	16.1%	6.7	53,873	40,674	603
4	Taizhou First Department	573,792	27.5%	2.4	40,358	28,795	866
5	Chongqing Jiangbei	564,525	25.2%	7.4	53,542	36,276	506
6	Taiyuan Liuxiang	414,688	20.1%	3.2	30,616	22,105	554
7	Shenzhen Nanshan	387,889	52.8%	2.5	45,000	37,215	921
8	Zhuhai Xiangzhou	296,351	33.1%	10.3	23,715	17,549	362
9	Qinhuangdao Jindu	286,806	28.3%	3.5	46,610	33,606	405
10	Mianyang Xingda	282,994	19.9%	4.1	27,617	19,884	566
11	Nanchong Wuxing	269,776	18.6%	6.7	25,994	19,530	531
12	Shenzhen Outlet[2]	175,039	35.8%	12.4	23,078	17,309	385
13	Mianyang Linyuan	73,445	22.8%	4.1	21,731	13,780	339
14	Nanchong Mofanjie	29,918	18.0%	3.5	24,035	21,124	331

Notes:

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

2 Shenzhen Heping Store was renamed Shenzhen Outlet store in 2010.

MARKET PERFORMANCE

Southern China

The Southern China region remained the Group's biggest profit contributor with a number of mature stores. In 2011, the performance of the region increased steadily. Concessionaire sales recorded a SSSG of 18.3%. Total sales in Southern China accounted for 37.3% of the total sales of the Group.

Shenzhen Huaqiangbei Store, the flagship store of the Group, celebrated its eighth anniversary in 2011. The store recorded a SSSG of 11.5% for its concessionaire sales. Through various innovative marketing efforts, the gross profit margin of the store increased during the promotion period. The gross sales proceeds and profit per employee has also improved. Sales to VIPs also accounted for a higher proportion of the total sales.

Shenzhen Dongmen Store, the first store of the Group, launched a 68-hour promotion sale again in 2011 and boosted cash sales to a record high of RMB150 million. In 2011, the store recorded a SSSG of 14.5% from its concessionaire sales.

Shenzhen Outlet Store (formerly known as Shenzhen Heping Store) is the first outlet department store in Shenzhen. The store offers a variety of brands, of which more than 50% are first tier-national brands in China. In 2011, the store recorded a SSSG of 35.8% from its concessionaire sales, demonstrating the tremendous success of the outlet model. The Group will continue to adjust the product mix and upgrade its brand portfolio by replacing second-tier national brands with first-tier international brands with the aim of enriching customers' shopping experience with products of higher price - performance ratio.

Shenzhen Nanshan Store, the Group's third-generation boutique department store (第三代精品百貨店), has been proactively exploring innovative marketing channels. In 2011, the store adjusted its brand combination to include approximately 300 brands, and recorded a SSSG of 52.8% from its concessionaire sales as a result of its high-end brands and superior shopping environment.

Southwestern China

The Group continued to implement the dual-brand development strategy of "Maoye Department Store" and "People's Department Store" in Southwestern China, devising marketing strategies to suit different customer groups in line with the positioning of different brands and their respective features. In 2011, total sales in Southwestern China accounted for 23.5% of total sales of the Group and sales from concessionaire sales recorded a SSSG of 19.1%.

In 2011, despite the adverse impact of road works and the construction of Yanshikou Phase II Project, Yanshikou Store recorded a SSSG of 16.1% from concessionaire sales. Following the scheduled completion of Yanshikou Phase II by the end of 2012 it will be connected with Yanshikou Phase I. By then, the store will further consolidate its market position and influence in the business district of Yanshikou.

Chongqing Jiangbei Store is another flagship store of the Group in Southwestern China. The increase in sales of gold and jewellery, the main merchandise of the store, further contributed to faster growth of the total sales of the store. In 2011, Jiangbei Store recorded a SSSG of 25.2% from its concessionaire sales.

Mianyang Linyuan Store, Mianyang Xingda Store, Nanchong Wuxing Store and Nanchong Mofanjie Store, the four stores acquired by the Group in Sichuan in 2008, have become major contributors of the Group with strong sales. The four stores recorded SSSG of 22.8%, 19.9%, 18.6% and 18.0% from concessionaire sales in 2011 respectively.

Eastern China

The Eastern China region is the Group's key strategic development area. In 2011, the Group opened two new stores, namely Shandong Heze Store and Shandong Linyi Store, in this region. At present, the Group is operating and managing 11 stores in the Eastern China region. The Group also plans to open new stores in other areas including Huaian. In 2011, total sales generated by the Eastern China region accounted for 17.7% of total sales of the Group and sales from concessionaire sales recorded a SSSG of 27.5%.

Taizhou First Department Store Co., Ltd. ("Taizhou First Department Store") has achieved outstanding performance since it was acquired and has achieved new heights in 2011. The store has been transformed into the Group's flagship store in the Eastern China region. In 2011, Taizhou First Department Store recorded a SSSG of 27.5% from its concessionaire sales.

Northern China

The Northern China region is also a key development region of the Group. At present, the Group successfully operates eight department stores in Northern China. In 2011, total sales generated in the Northern China region accounted for 21.5% of total sales of the Group and sales from concessionaire recorded a SSSG of 23.3%.

The year 2011 was the 2nd anniversary of Taiyuan Liuxiang Store. After upgrading and improvement, the store has become a well developed major store of the Group.

Since successfully obtaining the effective control of Bohai Logistics Holding Corporation Ltd. ("Bohai Logistics", a company listed on the Shenzhen Stock Exchange, stock code: 000889), the Group has actively reallocated various resources in the Northern China region and transferred its advanced management concepts and strong new store integration capabilities to Bohai Logistics to renew Bohai Logistics in various areas such as management, operation and finance.

Since Qinhuangdao Jindu Store operated under the custody of Bohai Logistics, resources were integrated effectively and economic benefits were generated. The Jindu Store recorded a SSSG of 28.3% of concessionaire sales, and net profit of Bohai Logistics increased by 130.0% in 2011.

THE OPENING OF NEW STORES AND NETWORK EXPANSION

In May 2011, the Yangzhou Wenchang Store (acquired in January 2011) was officially re-launched. Located in the core business circle of Yangzhou City of Jiangsu Province, the store covers an aggregate gross floor area of 21,485 square metres and will generate synergies that will further enhance the Group's market position and influence in the Yangtze River Delta and the economic circle in the Eastern China region.

In March 2011, Chengshang Group Co., Ltd (成商集團股份有限公司) ("Chengshang Group", a subsidiary of the Company listed on the Shanghai Stock Exchange, stock code: 600828) acquired 90% equity interests in Heze Huihe Commercial Centre Co., Ltd. in Shandong (荷澤惠和商業中心有限公司) ("Heze Huihe") at a total consideration of RMB134.1 million. Heze Huihe owns Huihe Commercial Plaza (惠和商業廣場), the gross floor area of approximately 29,426 square metres. It is the first shopping mall in Heze City and is located in the main business circle in the city.

Since its acquisition, Zibo Dongtai Building Co., Ltd.（淄博東泰商廈有限公司） ("Dongtai Shangsha"), which owns four stores comprising Dongtai Shopping Plaza （東泰廣場店）, Dongtai Building（東泰商廈店）, Taikerong Store（泰客榮店）and Dongtai Shangcheng Store（東泰商城店）, the Group continued to upgrade the stores and adjust the merchandise mix. Dongtai Shangsha has integrated with the Group within a short period.

In October 2011, the Group opened its seventh store in Shandong Province, namely, the Shandong Linyi Store. With a gross floor area of 44,500 square metres, the store is the third generation department store of the Company.

On 13 December 2011, the Group successfully acquired 70% of the interests in a compnay holding a parcel of land with an area of 32,469 square metres in Baotou City of Inner Mongolia at a total consideration of RMB350 million. The Group planned to construct and operate commercial properties such as department stores and shopping malls on the subject land.

On 14 December 2011, the Group leased five storeys of a commercial building in the core commercial area of Liyang City of Jiangsu Province, the gross floor area of which is approximately 24,312 square metres, for operating a department store. The market position of the Group in Eastern China region was further reinforced.

PROPERTY DEVELOPMENT

As at the date of this announcement, the Group had operated and managed 38 stores across 18 cities in China, including Shenzhen and Zhuhai in Guangdong Province; Chengdu, Nanchong, Luzhou, Minyang and Qingjiang in Sichuan Province; Chongqing; Wuxi, Taizhou, Yangzhou, and Changzhou in Jiangsu Province; Zibo and Linyi in Shandong Province; Qinhuangdao and Baoding in Hebei Province; Shenyang in Liaoning Province and Taiyuan in Shanxi Province. Among the total gross floor area of 1.128 million square metres, self-owned areas accounted for 63.5% (excluding the gross floor area for managed stores), areas leased from connected parties accounted for 27.3%, while areas leased from independent third parties accounted for 9.1%. In 2012, the Group will set up new stores including Shenyang Tiexi Store, Taiyuan Qinxianjie Store, Jiangsu Liyang Store and Yanshikou Phase II Store. Zibo Jindi Shopping Plaza will re-open after its redevelopment. Furthermore, the Group has projects under development in Taiyuan of Shanxi Province, Jinzhou of Liaoning Province, Baoding of Hebei Province, and Huaian, Wuxi and Taizhou of Jiangsu Province.

OUTLOOK

With the restructuring of China's economy, consumption has become a major driver of economic growth. According to the "Twelfth Five-year Plan" and the documents of the Ministry of Commerce of the People's Republic of China, the aggregate volume of retail sales of China is expected to reach RMB32,000 billion in 2015, doubling that of 2010. Aggregate retail sales are expected to exceed RMB60,000 billion in 2020. In addition, changes in social structure will further stimulate the growth of rigid demand. Firstly, with the GDP per capita in China reaching US$4,000, China has entered into the critical stage of the transition to a high-income country. Secondly, the consumer groups of the post-80s and post-90s generation have stronger consumption inclinations than older generations, and have become the major force in the growth of discretionary spending in the department store industry.

The Group believes that the retail industry will continue to grow rapidly with the support of government policies and the increase in consumption, and is expected to prosper in the coming decade.

Looking ahead, the Group will focus on maintaining the growth of developed stores and enhancing the profitability of new stores. We will continue to enhance monitoring and analysis of operation indicators. In order to reduce operating costs effectively, the Group will also strengthen its expenditures control and reduce the management cost. Moreover, the Group will introduce well-known, exclusive brands of high-quality and outstanding sales performance. By improving the human resources management, the performance management system will be optimized. Furthermore, the Group will strive to nurture its middle and senior management talents by broadening their business horizons and enhancing their professionalism.

Financial Review

Total Sales Proceeds and Revenue (excluding the total sales proceeds and revenue of a discontinued operation)

For the year ended 31 December 2011, total sales proceeds of the Group increased to RMB10,429.9 million, representing an increase of 43.5% as compared to the same period in 2010.

	For the year ended 31 December	
	2011	2010
	RMB'000	*RMB'000*
Total sales proceeds from concessionaire sales	**8,992,880**	6,471,245
Revenue from direct sales	**1,436,983**	795,442
Total Sales Proceeds	**10,429,863**	7,266,687

Among the total sales proceeds of the Group in the year of 2011, total sales proceeds derived from concessionaire sales accounted for 86.2% and those derived from direct sales accounted for 13.8%.

Same-store sales proceeds from concessionaire sales increased to RMB6,996.2 million, representing an increase of 19.7% as compared to the same period in 2010, of which total same-store sales proceeds from concessionaire sales in Southern China region increased by 18.3%, total same-store sales proceeds from concessionaire sales in Southwestern region increased by 19.1%, total same-store sales proceeds from concessionaire sales in Northern region increased by 23.3% and total same-store sales proceeds from concessionaire sales in Eastern region increased by 27.5%.

For the year ended 31 December 2011, the Group's commission rate from concessionaire sales was 16.9%, representing a decrease of 0.6% as compared to the same period in 2010. The decrease was mainly due to the lower commission rate of new stores during the initial period after opening and the reduction of brands with higher commission rate but low sales contribution and the increase in the sales proportion of brands with 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 established stores as soon as possible. Regarding promotion strategies, the Group will gradually lower the proportion of price marketing and introduce innovative marketing modes and boost the sales of brands with higher commission rate to ensure steady growth in sales and commissions simultaneously.

Total sales proceeds in the year of 2011 comprised sales of apparel 43.4% (2010: 46.0%), cosmetics and jewelry 20.2% (2010: 19.7%), shoes and leather goods 12.9% (2010: 13.4%) and others such as children's wear and toys, household and electronic appliances, etc. 23.5% (2010: 20.9%). The percentage attributable to each product category to total sales proceeds was similar to that of the year of 2010.

For the year ended 31 December 2011, revenue of the continued operations of the Group amounted to RMB3,357.0 million, representing an increase of 52.8% as compared with RMB2,197.3 million for the same period in 2010. The commissions from concessionaire sales and revenue from direct sales increased by RMB382.9 million and RMB641.5 million, respectively.

Other Income (excluding the other income from a discontinued operation)

For the year ended 31 December 2011, other income of the Group amounted to RMB766.3 million, representing an increase of 39.0% as compared with RMB551.1 million for the same period of last year. This was primarily resulted from the increase of other income attributable to the increase in sales proceeds of concessionaire sales.

Cost of Sales (excluding the cost of sales of a discontinued operation)

For the year ended 31 December 2011, cost of sales of the Group amounted to RMB1,335.1 million, representing an increase of 78.7% as compared with RMB747.1 million for the same period of last year. This was primarily due to the growth of direct sales business by 80.7% as compared to the same period in 2010 as a result of the new acquisitions.

Employee Expenses (excluding the employee expenses of a discontinued operation)

For the year ended 31 December 2011, employee expenses of the Group amounted to RMB375.5 million, representing an increase of 52.9% as compared with RMB245.6 million for the same period in 2010. The increase was primarily attributable to the inclusion of staff costs for the new stores opened in 2011. Staff costs for the new stores and newly acquired companies increased by RMB128.7 million, and same-store staff costs increased by RMB34.6 million, which represents an increase of 24.5% as compared with the same period in 2010. In addition, since the results performance in 2011 did not fulfil the exercise conditions of share options, the share option expenses in 2011 decreased by RMB33.4 million as compared to 2010. Employee expenses as percentage of total sales proceeds in 2011 increased to 3.6% as compared with 3.4% for the year of 2010.

Depreciation and Amortisation (excluding the depreciation and amortisation of a discontinued operation)

For the year ended 31 December 2011, depreciation and amortisation of the Group amounted to RMB326.2 million, representing an increase of 54.5% as compared with RMB211.1 million for the same period in 2010. The increase was primarily due to the depreciation of properties acquired and self-constructed for the new stores in 2011. The depreciation of properties acquired and self-constructed for the new stores increased by RMB119.9 million. The depreciation and amortisation as percentage of total sales proceeds in 2011 increased to 3.1% from 2.9% in 2010.

Operating Lease Rental Expenses (excluding the operating lease rental expenses of a discontinued operation)

For the year ended 31 December 2011, operating lease rental expenses of the Group amounted to RMB216.2 million, representing an increase of 25.1% as compared with RMB172.8 million for the same period of last year. This was primarily due to the increase in rental expenses in 2011 from the new stores and newly acquired companies. The operating lease rental expenses as percentage of total sales proceeds in the year of 2011 decreased to 2.1% from 2.4% in 2010.

Other Operating Expenses (excluding the operating expenses of a discontinued operation)

For the year ended 31 December 2011, other operating expenses of the Group amounted to RMB772.1 million, representing an increase of 58.1% as compared with RMB488.4 million for the same period of last year. This was primarily due to the effect of the new stores and newly acquired companies in 2011. Other operating expenses of new stores increased by RMB126.3 million, while other operating expenses of same-stores increased by RMB96.5 million due to the increase of sales. Other operating expenses of other non-store companies increased by RMB60.9 million. Other operating expenses as percentage of total sales proceeds in 2011 increased to 7.4% from 6.7% in 2010.

Other Gains (excluding the other gains of a discontinued operation)

For the year ended 31 December 2011, other gains of the Group amounted to RMB107.9 million, representing an increase of 214.9% as compared with RMB34.3 million in the same period in 2010. This was primarily due to (i) the share of 80% of the loss of Jinlang Store in Shenyang by Shenyang Maoye Property Company Limited ("Maoye Property", a connected party of the Company), subject to an annual cap of RMB38.0 million, according to the Joint Operation Agreement in relation to the Jinlang Store entered into between Shenyang Maoye Department Store Limited (a wholly-owned subsidiary of the Group) and Maoye Property on 15 July 2011, details of which were set out in the announcement of the Company dated 15 July 2011, (ii) gains of RMB21.0 million from the joint operation project for the year and (iii) other revenue increased by RMB14.6 million as a result of the asset disposals during the period.

Operating Profit (excluding the operating profit of a discontinued operation)

For the year ended 31 December 2011, operating profit of the Group amounted to RMB1,206.1 million, representing an increase of 31.5% as compared to RMB917.4 million for the same period in 2010. 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 2010.

Finance Costs (excluding the finance costs of a discontinued operation)

For the year ended 31 December 2011, finance costs of the Group amounted to RMB188.8 million, representing an increase of 65.9% as compared to RMB113.8 million for the same period in 2010. This was due to the increase in average balance of loans as compared to the same period of last year and taking into account the interest on convertible bonds issued by the Group in October 2010.

Income Tax Expense (excluding the other income of discontinued operation)

For the year ended 31 December 2011, income tax expense of the Group was RMB282.9 million, representing an increase of 43.0% as compared to RMB197.8 million for the same period last year. During the year ended 31 December 2011, the effective tax rate applicable to the Group was 27.8% (for the 12 months ended 31 December 2010: 24.6%), which was because the share option expenses and financial costs associated to the convertible bonds issued by overseas companies could not offset the domestic enterprise income tax and the increase in the enterprise income tax rate applicable to Shenzhen and Zhuhai regions increased from 22.0% in 2010 to 24.0% in 2011.

Profit Attributable to Owners of the Parent

As a result of the foregoing, for the year ended 31 Decmber 2011:

— Profit attributable to owners of the parent increased to RMB640.3 million, representing an increase of 11.1%, while without taking into account the effect of the discontinued operation in the same period last year, profit attributable to owners of the parent increased by 13.2%.

— Without taking into account the effect of share option expenses and non-operating gains and losses, profit attributable to owners of the parent increased by 8.7% to RMB636.2 million, and while also without taking into account the effect of the discontinued operation, such profit attributable to owners of the parent increased by 10.8%.

Among them, the results of the operation of department stores segment are as follows: Profit attributable to owners of the parent increased to RMB735.1 million, representing an increase of 22.5%, compared with RMB600.3 million in the same period last year; While without taking into account the effect of share option expenses and non-operating gains and losses, profit attributable to owners of the parent increased to RMB733.5 million, representing an increase of 19.7%, compared with RMB612.5 million in the same period last year.

Detailed analysis is as follows:

	Year ended 31 December		
	2011	2010	Growth rate
	RMB'000	*RMB'000*	
Profit attributable to owners of the parent	**640,312**	576,597	11.1%
Adjustment items:			
1. Without taking into account non-operating gains and losses*	**(10,186)**	(30,994)	
2. Without taking into account share option expenses	**6,069**	39,469	
Profit attributable to owners of the parent after adjustment	**636,195**	585,072	8.7%
Without taking into account the effect of the discontinued operation in the same period last year			
Profit attributable to owners of the parent	**640,312**	565,508	13.2%
Adjustment items:			
1. Without taking into account non-operating gains and losses*	**(10,186)**	(30,994)	
2. Without taking into account share option expenses	**6,069**	39,469	
Profit attributable to owners of the parent after adjustment	**636,195**	573,983	10.8%
Results of the department stores segment			
Profit attributable to owners of the parent	**735,138**	600,264	22.5%
Adjustment items:			
1. Without taking into account non-operating gains and losses*	**(7,600)**	(26,205)	
2. Without taking into account share option expenses	**5,912**	38,449	
Profit attributable to owners of the parent after adjustment	**733,450**	612,508	19.7%

* *Non-operating gains and losses represent gains or losses on equity investments at fair value through profit or loss, available-for-sale equity investments, investments in subsidiaries and associates and disposal of items of property, plant and equipment, investment properties and land lease prepayments.*

Liquidity and Financial Resources

As at 31 December 2011, the Group's cash and cash equivalents amounted to RMB1,425.8 million, which increased by RMB401.7 million as compared to RMB1,024.1 million as at 31 December 2010. The main cash inflow and cash outflow are set out as follows:

(1) net cash inflow of RMB807.6 million arising from operating activities;

(2) net cash outflow arising from investing activities amounted to RMB1,631.6 million, mainly including payments for properties and equipment amounting to RMB666.8 million, prepayment and purchase of land lease prepayment amounting to RMB571.3 million, and repayment of debts amounting to RMB220.4 million in relation to subsidiaries acquired; and purchase of available-for-sale equity investments amounting to RMB163.7 million.

(3) net cash inflow of RMB1,217.7 million from financing activities for reasons such as the placement of share and the increase in bank loans.

As at 31 December 2011, total bank loans of the Group were RMB3,128.7 million (31 December 2010: RMB2,415.8 million), of which RMB1,486.0 million will mature within one year.

The debt to total assets ratio of the Group, expressed as a percentage of interest-bearing bank loans over total assets, increased from 20.0% as at 31 December 2010 to 20.3% as at 31 December 2011.

Investment in Listed Shares

The Group currently owns minority interests in companies with department store operations listed in the PRC. The Directors believe these investments will bring long-term benefits to the Group. The following table sets out the Group's interests in two companies listed in the PRC as at 31 December 2011, 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)	10.24%	Owns a number of department stores in Shenyang	Shenyang City, Liaoning Province

The total cost of the investments of the Group in the above companies was RMB198.9 million, which was financed by the Group's cash inflow from operations.

Contingent Liabilities

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

Pledge of Assets

As at 31 December 2011, the Group's interest-bearing bank loans amounting to RMB3,128.7 million were secured by the Group's land and buildings, investment properties, land lease prepayments, completed properties held for sale and properties under development with net carrying amounts of approximately RMB505.0 million, RMB128.9 million, RMB1,209.6 million, RMB498.0 million and RMB206.7 million, respectively.

As at 31 December 2011, the Group's bills payables amounting to RMB5.1 million were secured by the Group's deposits amounting to RMB1.53 million.

Foreign Currency Risk

The Group's certain cash and bank balances and investments are denominated in Hong Kong dollars, so the Group is exposed to foreign currency risk. During the year under review, the Group recorded a net loss from foreign currency of approximately RMB9.0 million.

For the year ended 31 December 2011, the Group had not entered into any arrangements to hedge its foreign currency risk. The Group's operating cash flow is not exposed to any foreign exchange fluctuation risks.

EVENTS AFTER THE REPORTING PERIOD

On 15 February 2012, the Group through its wholly owned subsidiary Shenzhen Maoye Shangsha Company Limited ("Maoye Shangsha") issued the first tranche of the short-term financing notes ("the Notes") with an aggregate principal amount of RMB800.0 million in the national inter-bank market in the PRC. The term of the first tranche of the Note is from 16 February 2012 to 16 February 2013, which sums to 366 days. The interest rate of the Note is 6.14% per annum.

On 16 February 2012, the Group through its wholly owned subsidiary Maoye Shangsha has successfully bid for a parcel of land (the "Target Land") with a total site area of approximately 13,452.5 square metres for a total consideration of RMB650.0 million in a public asset auction. The Target Land is located at a prime location within the commercial circle of Fuzi Temple in Nanjing city. The Company plans to operate a commercial project (i.e., construction and operation of department stores) on the Target Land.

PROPOSED FINAL DIVIDEND

The Board recommended the payment of a final dividend of 5.9 HK cents in cash per share for the year ended 31 December 2011 (the "Proposed Final Dividend") (2010: Nil), subject to the shareholders' approval at the forthcoming annual general meeting of the Company (the "2012 AGM"). Further announcement will be made by the Company in due course on details of the 2012 AGM, the Proposed Final Dividend and the periods of closure of the Company's Register of Members.

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES OF THE COMPANY

The Company repurchased a total of 67,325,000 shares on the Stock Exchange during the year ended 31 December 2011. Such shares were cancelled upon repurchase and accordingly the issued capital of the Company was reduced by the nominal value of these shares.

Details of the repurchase are summarized as follows:

Month of repurchase	Total number of shares repurchased	Repurchase price per share Highest	Lowest	Aggregate consideration
		HK$	*HK$*	*HK$'000*
December 2011	67,325,000	1.70	1.52	109,659

Except as disclosed above, neither the Company nor its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year ended 31 December 2011.

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance with a view to safeguarding the interests of its shareholders and enhancing corporate value. Detailed corporate governance practices will be stated in the Company's annual report for the year ended 31 December 2011. 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 the 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 year ended 31 December 2011 and have discussed with the management the accounting principles and practices adopted by the Group, and its internal controls and financial reporting matters.

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

This announcement was published on the website of the Stock Exchange (www.hkexnews.hk) and on the website of the Company (www.maoye.cn). The annual report for the year ended 31 December 2011 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, 23 February 2012

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