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 2013

HIGHLIGHTS

- Total sales proceeds[1] increased to RMB5,802.4 million, representing an increase of 7.5%, and same-store[2] sales proceeds from concessionaire sales increased to RMB5,020.4 million, representing an increase of 7.7%

- Total operating revenue increased to RMB2,288.7 million, representing an increase of 7.3%

- Operating profit was RMB758.1 million, representing a decrease of 8.9%. Without taking into effect of the non-operating gains and losses and rental compensation received from Chengdu Shangsha Pacific Department Store Co., Ltd., operating profit for the six months ended 30 June 2013 increased by 5.5%

- Interim dividend is 2.8 HK cents per share

RESULTS OF THE GROUP

- Profit attributable to owners of the parent decreased to RMB398.3 million, representing a decrease of 14.9%
- Without taking into account the effect of non-operating gains and losses and the effect of rental compensation, profit attributable to owners of the parent increased by 9.4% to RMB338.3 million
- Basic earnings per share for the period were RMB7.5 cents

RESULTS OF THE OPERATION OF DEPARTMENT STORES SEGMENT

- Profit attributable to owners of the parent from the operation of department stores segment was RMB397.4 million, representing a decrease of 24.1% compared with RMB523.3 million in the same period last year
- Without taking into account the effect of non-operating gains and losses, profit attributable to owners of the parent from the operation of department stores segment increased to RMB378.6 million, representing an increase of 3.7% compared with RMB365.2 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 department stores of the Group

2 Same-store refers to the stores in operation as of 30 June 2013 which have been opened or consolidated into the Group's financial statements by acquisition at the beginning of the previous fiscal year

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 2013 with comparative figures for the corresponding period in 2012. 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 **2013** **(Unaudited)** ***RMB'000***	2012 (Unaudited) *RMB'000*
REVENUE	4	**1,870,672**	1,724,177
Other income	5	**417,988**	408,701
Total operating revenue		**2,288,660**	2,132,878
Cost of sales		**(690,162)**	(703,137)
Employee expenses		**(205,908)**	(156,161)
Depreciation and amortisation		**(179,251)**	(179,290)
Operating lease rental expenses		**(120,990)**	(120,350)
Other operating expenses		**(414,596)**	(378,173)
Other gains		**80,353**	236,468
Operating profit		**758,106**	832,235
Finance costs	6	**(73,964)**	(107,592)
Share of profits and losses of associates		**(452)**	185
PROFIT BEFORE TAX		**683,690**	724,828
Income tax expense	7	**(207,511)**	(198,390)
PROFIT FOR THE PERIOD		**476,179**	526,438
Attributable to:			
Owners of the parent		**398,316**	467,874
Non-controlling interests		**77,863**	58,564
		476,179	526,438
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	8		
Basic		**RMB7.5 cents**	RMB8.7 cents
Diluted		**RMB7.5 cents**	RMB8.7 cents

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
PROFIT FOR THE PERIOD	**476,179**	526,438
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Net gain/(loss) on available-for-sale investments	**(74,313)**	15,066
Income tax effect	**22,415**	487
	(51,898)	15,553
Exchange differences on translation of foreign operations	**14,429**	(3,580)
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	**(37,469)**	11,973
OTHER COMPREHENSIVE INCOME, NET OF TAX	**(37,469)**	11,973
TOTAL COMPREHENSIVE INCOME, NET OF TAX	**438,710**	538,411
Attributable to:		
Owners of the parent	**360,847**	479,847
Non-controlling interests	**77,863**	58,564
	438,710	538,411

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30 June 2013 (Unaudited) *RMB'000*	31 December 2012 (Audited) *RMB'000*
NON-CURRENT ASSETS		
Property, plant and equipment	**4,428,376**	4,240,296
Investment properties	**568,848**	509,298
Land lease prepayments	**4,333,784**	3,717,176
Goodwill	**641,680**	641,680
Other intangible assets	**5,534**	5,818
Investments in associates	**4,859**	12,049
Available-for-sale equity investments	**897,166**	960,150
Prepayments	**876,128**	709,930
Loan and receivable	**115,000**	107,500
Deferred tax assets	**184,017**	140,622
Total non-current assets	**12,055,392**	11,044,519
CURRENT ASSETS		
Inventories	**202,861**	279,147
Completed properties held for sale	**579,503**	620,549
Properties under development	**4,254,312**	4,069,573
Equity investments at fair value through profit or loss	**780**	959
Trade receivables	**62,724**	36,842
Prepayments, deposits and other receivables	**654,121**	625,117
Due from related parties	**115,807**	96,654
Pledged deposits	**32,215**	40,155
Cash and cash equivalents	**948,778**	1,482,500
Total current assets	**6,851,101**	7,251,496

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

	Note	**30 June 2013 (Unaudited)** ***RMB'000***	31 December 2012 (Audited) *RMB'000*
CURRENT LIABILITIES			
Trade and bills payables	10	**2,172,811**	2,194,236
Deposits received, accruals and other payables		**2,157,513**	1,930,509
Interest-bearing bank loans and other borrowings		**2,854,955**	3,081,072
Convertible bonds		**867,621**	869,681
Due to related parties		**89,445**	102,602
Tax payable		**108,379**	131,802
Total current liabilities		**8,250,724**	8,309,902
NET CURRENT LIABILITIES		**(1,399,623)**	(1,058,406)
TOTAL ASSETS LESS CURRENT LIABILITIES		**10,655,769**	9,986,113
NON-CURRENT LIABILITIES			
Interest-bearing bank loans and other borrowings		**2,868,047**	2,370,459
Deferred tax liabilities		**594,745**	570,775
Total non-current liabilities		**3,462,792**	2,941,234
Net assets		**7,192,977**	7,044,879
EQUITY			
Equity attributable to owners of the parent			
Issued capital		**469,406**	480,407
Equity component of convertible bonds		**119,125**	119,125
Reserves		**5,168,767**	4,970,984
Proposed final dividend		**—**	100,143
		5,757,298	5,670,659
Non-controlling interests		**1,435,679**	1,374,220
Total equity		**7,192,977**	7,044,879

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 Floor 4, Willow House, Cricket Square, P.O. Box 2804, Grand Cayman KY1-1112, Cayman Islands, and the head office and principal place of business of the Company is located at 38/F, World Finance Centre, 4003 Shennan East Road, Shenzhen, the People's Republic of China (the "PRC"). The Group is principally engaged in the operation and management of department stores and property development in Mainland China.

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

2. BASIS OF PREPARATION

The interim condensed consolidated financial statements for the six months ended 30 June 2013 have been prepared in accordance with International Accounting Standard 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 2012.

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 leasing out of commercial properties for the operation of department stores by third parties;

(b) the property development segment is principally engaged in the development and sale of commercial and residential properties as well as leasing out of commercial properties other than for the operation of department stores; and

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

The management of the Company monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit attributable to owners of the parent.

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

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

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

	Operation of department stores RMB'000	Property development RMB'000	Others RMB'000	Adjustments and eliminations RMB'000	Total RMB'000
Period ended 30 June 2012					
Segment revenue:					
Sales to external customers	1,622,022	98,464	3,691	—	1,724,177
Intersegment revenue	—	10,128	—	(10,128)	
Other income	397,078	10,063	1,560	—	408,701
Cost of sales	(660,416)	(42,564)	(157)	—	(703,137)
Employee expenses	(142,970)	(10,445)	(2,746)	—	(156,161)
Depreciation and amortisation	(163,854)	(13,848)	(1,588)	—	(179,290)
Operating lease rental expenses	(120,350)	—	—	—	(120,350)
Other expenses	(350,002)	(35,640)	(2,659)	10,128	(378,173)
Other gains	234,015	2,453	—	—	236,468
Operating profit/(loss)	815,523	18,611	(1,899)	—	832,235
Finance costs	(23,644)	(83,828)	(120)	—	(107,592)
Share of profits and losses of associates	—	—	185	—	185
Segment profit/(loss) before tax	791,879	(65,217)	(1,834)	—	724,828
Income tax expense	(215,203)	16,304	509	—	(198,390)
Segment profit/(loss) for the period	576,676	(48,913)	(1,325)	—	526,438
Attributable to:					
Owners of the parent	523,328	(53,715)	(1,739)	—	467,874
Non-controlling interests	53,348	4,802	414	—	58,564
	576,676	(48,913)	(1,325)	—	526,438
Other segment information					
Impairment losses recognised in the income statement	176	575	—	—	751
Impairment losses reversed in the income statement	—	—	(67)	—	(67)
Investments in associates	—	—	12,310	—	12,310
Capital expenditure*	330,876	849,010	632	—	1,180,518

* 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

	Six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Commissions from concessionaire sales	**833,143**	799,584
Direct sales	**714,442**	734,199
Rental income from the leasing of shop premises	**89,883**	86,279
Management fee income from the operation of department stores	**2,060**	1,960
Rental income from investment properties	**172,511**	34,341
Sale of properties	**55,170**	64,123
Others	**3,463**	3,691
	1,870,672	1,724,177

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

Total sales proceeds from concessionaire sales	**5,087,975**	4,663,631
Commissions from concessionaire sales	**833,143**	799,584

5. OTHER INCOME

	Six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Income from suppliers and concessionaires		
- Administration and management fee income	**203,004**	224,520
- Promotion income	**113,892**	95,443
- Credit card handling fees	**64,588**	60,650
Interest income	**14,591**	6,345
Others	**21,913**	21,743
	417,988	408,701

6. FINANCE COSTS

	Six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Interest on bank loans and other borrowings	**73,964**	107,592

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Group:		
Current — CIT	**204,846**	222,107
Current — LAT	**1,451**	1,372
Deferred	**1,214**	(25,089)
Total tax charge for the period	**207,511**	198,390

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

The calculation of basic earnings per share is based on the profit for the six months ended 30 June 2013 attributable to ordinary equity holders of the parent of RMB398,316,000 (Six months ended 30 June 2012: RMB467,874,000) and the weighted average number of ordinary shares of 5,306,375,229 (Six months ended 30 June 2012: 5,371,143,627) in issue during the period.

No adjustment has been made to the basic earnings per share amounts presented for the six months ended 30 June 2013 and 2012 in respect of a dilution as the share options outstanding or convertible bonds had an anti-dilutive effect on the basic earnings per share amounts presented.

9. DIVIDENDS

The Board has resolved to declare an interim dividend for the six months ended 30 June 2013 of HK2.8 cents in cash per share totalling HK$146.4 million (equivalent to approximately RMB116.5 million) (for the six months ended 30 June 2012: HK$171.8 million). The interim dividend will be paid on Monday, 9 September 2013 to shareholders whose names appear on the Register of Members of the Company at the close of business on Monday, 2 September 2013.

10. TRADE AND BILLS PAYABLES

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

	30 June 2013	31 December 2012
	(Unaudited)	(Audited)
	RMB'000	*RMB'000*
Within 90 days	**1,378,531**	1,766,020
91 to 180 days	**511,425**	169,101
181 to 360 days	**115,374**	56,183
Over 360 days	**167,481**	202,932
	2,172,811	2,194,236

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Overview

Due to factors such as slowdown of China's economy, weak consumption growth and the impact of e-commerce, domestic traditional retail industry continued to record a slow growth during the first half of 2013. During the second quarter of 2013, China's GDP growth slowed down to 7.5% as compared to the first quarter, showing that China's economic growth rate has decreased for two consecutive quarters. As for consumption, the growth rate has remained at about 12% since the beginning of this year, down from 15.2% as at December last year. Traditional retail industry is facing increasingly tough challenges.

Operation Review

Despite fierce market competition, the Group, through a series of effective measures and the joint efforts of all staff and business partners, was able to achieve slight growth in sales, and maintained a stable profit excluding non-recurring income. For the six months ended 30 June 2013, total sales proceeds were RMB5,802.4 million, representing an increase of 7.5% compared to the same period last year; total operating revenue was RMB2,288.7 million, representing an increase of 7.3% compared with the same period last year; same-store sales growth of concessionaire sales increased steadily by 7.7%; and profit attributable to owners of the parent was RMB398.3 million, representing a decrease of 14.9% compared to the same period last year, or an increase of 9.4% compared to the same period last year without taking into account the non-operating items and rental compensation.

1. **Precise store positioning and rapid structural adjustment of store merchandise**

   In the face of new challenges during the first half of 2013, the Group actively adjusted its operating strategies with more precise store positioning by classifying its stores into four categories, namely shopping centers, department stores, outlets and community homes, and adjusting the structure of store merchandise accordingly to expedite the transformation of the department stores into shopping centers. During the year of 2013, the Company expects to realize the perfect combination of projects under construction, including Zibo Maoye Complex, Taiyuan Qinxian Street Maoye Complex and Baoding Maoye Complex, with the transformation of certain department stores into shopping centers.

On 2 August 2013, Chengshang Group Co., Ltd. ("**Chengshang Group**"), the subsidiary of the Company, entered into a settlement agreement (the "**Settlement Agreement**") with Pacific China Holdings Limited ("**Pacific China**") and Chengdu Shangsha Pacific Department Store Co., Ltd. ("**Chengdu Shangsha Pacific**") in order to resolve the dispute in relation the cooperation contract with Pacific China ("**Dispute**"). Pursuant to the Settlement Agreement, the rents payable to and the profits distributable to Chengshang Group by Chengdu Shangsha Pacific from 1 January 2011 to 3 November 2013 shall be increased from a rate of RMB26.0 million to RMB78.5 million per year (save for the period from 15 July 2013 to 2 August 2013 when the department store operated within the Chengdu Commercial Building ceased operation). Pacific China and Chengdu Shangsha Pacific will unconditionally hand over the Chengdu Commercial Building to Chengshang Group on 4 November 2013. The Group plans to open the Maoye Chunxi Store at the Chengdu Commercial Building on 4 November 2013 upon the hand over.

On 5 July 2013, in order to effectively allocate resources and rationally control operational risks, the Company has decided to terminate the leases in respect of the Jinlang Store and Wujin Store with the controlling shareholder group, and at the same time, the Group entered into the management agreements with the controlling shareholder group pursuant to which the Group will provide management services to the controlling shareholder group in respect of the Jinlang managed properties and Wujin managed properties. Pursuant to the management agreements, the management fees (inclusive of equipment usage fees) payable to the Group by the controlling shareholder group shall include 5% of the sale proceeds (exclusive of tax) and 5% of the rental income with a total annual cap of RMB60 million.

2. **Improving operational efficiency through management restructuring and innovation**

In line with the needs for strategic development, the Group actively promoted management restructuring and reforms during the first half of year, and established three major systems, namely general business, support and financial systems to form a highly effective collaborative mechanism. Operational efficiency has been enhanced as compared with the original linear management systems of functional departments.

3. **Focusing on improving the operational capacities of regional centers or core stores**

During the first half of 2013, the Group has been focusing on the upgrading of its stores such as Shenzhen Dongmen Store, Shenzhen Huaqiangbei Store, Chongqing Jiangbei Store and Qinhuangdao Shangcheng Store, and has been further improving the operational capacities of its regional stores.

4. **Talent training and retention**

The Group adheres to the philosophy of "Nurturing talents by giving them opportunities" and has always attached great importance to the recruitment, training and retention of talents. The Group has implemented effective incentive policies and project award policies in line with its operational indicators as well as comprehensive performance assessment to incentivise the employee and effectively motivate and promote talented staff.

5. **Acquisition of shares in Dashang**

As of 7 February 2013, the Group acquired in aggregate 14,685,923 shares in Dashang Co., Ltd. ("**Dashang**") (being a company listed on the Shanghai Stock Exchange (stock code: 600694)), representing approximately 5% of the issued share capital of Dashang as of 30 June 2013, through on-market purchases on the Shanghai Stock Exchange (the "**Transaction**"). The aggregate cost of the Transaction was approximately RMB491.5 million. Dashang is principally engaged in the operation and management of department stores and other areas of the retail industry in the PRC. The Group is optimistic about the prospects of the retail industry, and is of the view that the Transaction will bring long-term benefits to the Group.

6. **Expanding financing channels and reducing financing costs**

On 25 March 2013, the Group obtained the approval from the National Association of Financial Market Institutional Investors for the issuance of the short-term financing notes of RMB1.6 billion. On 29 March 2013, the Group completed the issuance of the first tranche of the short-term financing notes with a principal amount of RMB800 million at the interest rate of 4.59% per annum.

On 31 December 2012, the Group obtained the approval from the National Association of Financial Market Institutional Investors for the issuance of the medium-term financing notes of RMB2.2 billion. On 9 January 2013, the Group completed the issuance of the first tranche of the medium-term financing notes with a principal amount of RMB800 million and a term of 3 years at the interest rate of 5.52% per annum.

The successful issuance of the short-term financing notes and the medium-term financing notes has expanded the financing channels and reduced the financing costs of the Group.

On 19 June 2013, the Company announced that it proposed to issue the United States dollar denominated senior notes which are expected to be guaranteed by certain subsidiaries of the Company (the "**Proposed Notes Issue**"). In view of the current conditions in the bonds market, the Company has decided to closely monitor developments in the market before proceeding further with the Proposed Notes Issue whilst also evaluate other debt capital raising opportunities. Further announcement(s) will be made by the Company as and when appropriate pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

7. **Proper control of Lease Expenses**

The Group renewed the lease agreement with Shenzhen City Friendship Trading Centre Company Limited ("**Shenzhen Friendship**"), a connected person of the Group, on 30 April 2013 pursuant to which the Group will lease certain portion of Friendship City Building from Shenzhen Friendship. Under the leasing agreement, the aggregate rents payable by the Group to Shenzhen Friendship will be RMB25.0 million per annum for the period from 1 May 2013 to 30 April 2014, and RMB27.06 million per annum for the period from 1 May 2014 to 30 April 2016.

On 30 April 2013, the Company and Maoye Holdings Limited (the controlling shareholder group) entered into a supplemental agreement to revise the annual caps under the master leasing agreement in respect of leasing of properties from the controlling shareholder group. The annual caps under the master leasing agreement which the Group may lease premises from the controlling shareholder group, for each of the years ending 31 December 2013, 2014 and 2015, have been revised from RMB167 million to RMB175 million.

Performance of major same stores[1]

	Store Name	Proceeds of Concessionaire	Same Store Sales Growth	Years of operation under our Group	GFA	Ticket Per Sale
		(RMB'000)	%	*(Years)*	*(sq. m.)*	*(RMB)*
1	Shenzhen Huaqiangbei	850,025	-0.2%	9.7	59,787	875
2	Shenzhen Dongmen	425,742	8.3%	16.3	47,436	784
3	Taizhou First Department	370,402	18.2%	3.7	40,358	963
4	Chengdu Yanshikou	339,697	7.8%	8.1	53,873	683
5	Chongqing Jiangbei	294,544	2.3%	8.7	52,281	583
6	Qinhuangdao Xiandai Shopping Plaza	272,650	13.2%	3.1	36,897	685
7	Shenzhen Nanshan	270,584	26.7%	3.8	44,871	1,137
8	Taiyuan Liuxiang	235,642	17.5%	4.7	31,448	638
9	Qinhuangdao Jindu	223,291	24.9%	4.8	46,610	469
10	Qinghuangdao Shangcheng	214,319	-1.2%	3.1	26,696	1,067
11	Nanchong Wuxing	159,804	4.5%	8.1	25,195	649
12	Mianyang Xingda	150,354	2.2%	4.8	27,535	645
13	Zibo Moaye Shopping Plaza	150,338	18.9%	2.6	36,791	365
14	Zhuhai Xiangzhou	148,663	-4.7%	11.7	23,715	481
15	Shenzhen Outlet [2]	114,765	16.8%	13.8	23,048	460

Notes:

1 Major stores are same stores with sales proceeds per annum of over RMB100 million.

2 Operation period was calculated till 30 June 2013.

PROPERTY DEVELOPMENT

As at 30 June 2013, the Group operated and managed 39 stores across 19 cities in China, including Shenzhen and Zhuhai in Guangdong Province; Chengdu, Nanchong, Luzhou and Mianyang in Sichuan Province; Chongqing; Wuxi, Taizhou, Yangzhou, Changzhou and Liyang in Jiangsu Province; Zibo, Heze and Linyi in Shandong Province; Qinhuangdao and Baoding in Hebei Province; Shenyang in Liaoning Province and Taiyuan in Shanxi Province. Among the total gross floor area of approximately 1.195 million square metres, self-owned areas accounted for approximately 64% (excluding the gross floor area of managed stores), areas leased from connected parties accounted for approximately 26%, while areas leased from independent third parties accounted for approximately 10%. Save for the above, the Group also has projects under development in Chengdu of Sichuan Province; Taiyuan of Shanxi Province; Jinzhou of Liaoning Province; Baoding of Hebei Province; Weifang and Laiwu of Shandong Province; Nanjing, Huaian, Wuxi and Taizhou of Jiangsu Province; and Baotou of Inner Mongolia.

OUTLOOK

In the second half of 2013, the Group will maintain the strategy of steady development, and expects to open two to four new stores. The Group's main objectives in the second half of 2013 are to:

1. Expedite structural adjustment to its stores. The Group will adopt more precise positioning of its stores to promote their profitability.

2. Accelerate transformation of existing stores. The Group will actively promote the transformation of certain department stores into shopping centers, and further facilitate the use of information-based retail terminals in stores to enhance customers' shopping experience through interaction.

3. Enhance the business development of shopping centers through active preparation and planning for shopping center projects under construction.

4. Further improve capital structure and lower finance costs of the Company.

5. Continue to upgrade information system for achieving standardized management through information technology system, hence promoting precise marketing of stores.

In the second half of 2013, the Group will continue to promote scientific management, improve appraisal mechanism and implement internet marketing through information technology system. The Group will also enhance cooperation with suppliers which in turn will continuously optimize the operational capacities of stores and business innovation capacities of the Company.

Financial Review

Total Sales Proceeds and Revenue

For the six months ended 30 June 2013, total sales proceeds of the Group increased to RMB5,802.4 million, representing an increase of 7.5% compared to the same period in 2012. The increase of total sales proceeds was primarily attributable to the sales growth arising from certain stores in Eastern and Northern China, such as Taizhou Yibai Store, Zibo Maoye Shopping Plaza, Qinhuangdao Xiandai Shopping Plaza and Qinhuangdao Jindu Store, etc.

	Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
Total sales proceeds from concessionaire sales	**5,087,975**	4,663,631
Direct Sales	**714,442**	734,199
Total Sales Proceeds	**5,802,417**	5,397,830

Among the total sales proceeds of the Group in the first half of 2013, total sales proceeds derived from concessionaire sales accounted for 87.7% and those derived from direct sales accounted for 12.3%.

The total sales proceeds and same-store sales growth of sales proceeds derived from concessionaire sales of the Group in the four regions are set out as follows:

	Total sales proceeds *(RMB'000)*	**Contribution to the total sales proceeds of the Group** *(%)*	**Same-store sales growth of sales proceeds derived from concessionaire sales** *(%)*
Southern China	1,998,370	34.5	4.7
South-western China	1,277,742	22.0	3.0
Eastern China	1,154,755	19.9	12.8
Northern China	1,371,550	23.6	14.0
Total	5,802,417	100.0	7.7

For the six months ended 30 June 2013, same-store sales proceeds from concessionaire sales increased to RMB5,020.4 million, representing an increase of 7.7% compared to the same period in 2012. The increase of same-store proceeds was primarily attributable to the sales growth arising from certain stores in Eastern and Northern China, such as Taizhou Yibai Store, Zibo Maoye Shopping Plaza, Qinhuangdao Xiandai Shopping Plaza and Qinhuangdao Jindu Store, etc. The Group's commission rates from concessionaire sales was 16.4%, representing a mild decrease of 0.7% compared with 17.1% for the same period last year.

Total sales proceeds in the first half of 2013 comprised sales of apparel (42.3%) (first half of 2012: 43.2%), cosmetics and jewelry (24.1%) (first half of 2012: 21.2%), shoes and leather goods (12.8%) (first half of 2012: 13.1%) and others such as children's wear and toys, household and electronic appliances (20.8%) (first half of 2012: 22.5%). The percentage attributable to each product category to total sales proceeds is similar to that of the first half of 2012.

For the six months ended 30 June 2013, revenue of the Group amounted to RMB1,870.7 million, representing an increase of 8.5% compared with RMB1,724.2 million for the same period last year. The increase of revenue was mainly due to the recognition of rental income of RMB135 million in relation to the Chengdu Chunxi Store as a result of the Settlement Agreement.

Other Income

For the six months ended 30 June 2013, other income of the Group amounted to RMB418.0 million, representing an increase of 2.3% compared with RMB408.7 million for the same period last year. This was primarily resulted from the increase of income from promotional activities and interest income.

Cost of Sales

For the six months ended 30 June 2013, cost of sales of the Group amounted to RMB690.2 million, representing a decrease of 1.8% compared with RMB703.1 million for the same period last year. The decrease in cost of sales was primarily due to the decrease in the Group's direct sales in certain areas such as Zibo area.

Employee Expenses

For the six months ended 30 June 2013, employee expenses of the Group amounted to RMB205.9 million, representing an increase of 31.9% compared with the employee expenses of RMB156.2 million for the same period last year. The increase of employee expenses was attributable to:

1. the increase in employee expenses arising from same stores of RMB18.6 million;

2. the reversal of share option expenses of RMB25.5 million in the first half of 2012; and

3. employee expenses arising from other stores, mainly stores in pipeline, such as Taizhou East Plaza, Taiyuan Qinxian Store, Nanjing Fuzi Temple Store.

Depreciation and Amortisation

For the six months ended 30 June 2013, depreciation and amortisation of the Group amounted to RMB179.3 million, which was similar to the amount of RMB179.3 million for the same period last year. The depreciation and amortisation as percentage of total sales proceeds in the first half of 2013 decreased to 3.1% compared with 3.3% for the first half of 2012.

Operating Lease Rental Expenses

For the six months ended 30 June 2013, operating lease rental expenses of the Group amounted to RMB121.0 million, representing an increase of 0.5% compared with RMB120.4 million for the same period last year, which was mainly due to the increase in leased areas for the operation of department stores by the Group in the second half of 2012. The operating lease rental expenses as percentage of total sales proceeds in the first half of 2013 decreased by 0.1% to 2.1%, compared with 2.2% for the first half of 2012.

Other Operating Expenses

For the six months ended 30 June 2013, other operating expenses of the Group amounted to RMB414.6 million, representing an increase of 9.6% compared with RMB378.2 million for the same period last year. This was primarily due to:

— increase of maintenance fees of RMB7.6 million;

— increase of other tax expenses of RMB22.8 million. This increase was primarily due to the recognition of rental income of RMB135 million, and the provision of RMB27.3 million for business tax and property tax arising from Chunxi Store of the Chengshang Group, as a result of the Settlement Agreement.

The other operating expenses as percentage of total sales proceeds in the first half of 2013 increased to 7.1% compared with 7.0% for the first half of 2012.

Other Gains

For the six months ended 30 June 2013, other gains of the Group amounted to RMB80.4 million, representing a decrease of 66.0% compared with RMB236.5 million in the same period last year. This was primarily due to the gain (before tax) on disposal of shares in Shenzhen International Enterprise Co., Ltd (深圳市國際企業股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 000056) in the first half of 2012 by the Group of approximately RMB184.3 million.

Operating Profit

For the six months ended 30 June 2013, operating profit of the Group amounted to RMB758.1 million, representing a decrease of 8.9% compared with RMB832.2 million for the same period last year. This was primarily due to a significant increase in other gains of the Group arising from the disposal of shares in Shenzhen International Enterprise Co., Ltd in the first half of 2012 as mentioned above.

Finance Costs

For the six months ended 30 June 2013, finance costs of the Group amounted to RMB74.0 million, representing a decrease of 31.3% compared with RMB107.6 million for the same period last year. The decrease in finance costs was primarily due to the capitalization of interests which amounted to RMB139.3 million in the first half of 2013.

Income Tax Expense

For the six months ended 30 June 2013, income tax expense of the Group amounted to RMB207.5 million, representing an increase of 4.6% compared with RMB198.4 million for the same period last year. For the six months ended 30 June 2013, the effective income tax rate applicable to the Group was 30.4% (for the six months ended 30 June 2012: 27.4%). The increase in income tax was primarily due to the recognition of rental income of RMB135 million and the provision of RMB26.0 million for income tax arising from the Chunxi Store of the Chengshang Group as a result of the Settlement Agreement.

Profit Attributable to Owners of the Parent

As a result of the foregoing, for the six months ended 30 June 2013:

— Profit attributable to owners of the parent decreased by 14.9% to RMB398.3 million.

— Without taking into account the effect of non-operating gains and losses, profit attributable to owners of the parent increased by 9.4% to RMB338.3 million.

Among these, the results of the operation of department stores segment are as follows: Profit attributable to owners of the parent decreased by 24.1% to RMB397.4 million compared with RMB523.3 million for the same period last year.

Detailed analysis is as follows:

	Six months ended 30 June		
	2013	2012	Growth
	(RMB'000)	*(RMB'000)*	
Profit attributable to owners of the parent	**398,316**	467,874	(14.9%)
Adjustment items:			
Without taking into account non-operating gains and losses and rental compensation*	**(60,014)**	(158,661)	
Profit attributable to owners of the parent after adjustment	**338,302**	309,213	9.4%
Results of the department stores segment:			
Profit attributable to owners of the parent	**397,381**	523,328	(24.1%)
Adjustment items:			
Without taking into account non-operating gains and losses*	**(18,800)**	(158,132)	
Profit attributable to owners of the parent after adjustment	**378,581**	365,196	3.7%

* 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. The rental compensation repesents the rental compensation paid by Chengdu Shangsha Pacific in relation to the Dispute between Chengshang Group and Pacific China. The Dispute concerns the rental and profit sharing terms under the cooperation contract, which has been settled during the period.

Liquidity and Financial Resources

As at 30 June 2013, the Group's cash and cash equivalents amounted to RMB948.8 million, decreased by RMB533.7 million compared to RMB1,482.5 million as at 31 December 2012. The main cash inflow and cash outflow are set out as follows:

(1) net cash inflow of RMB347.7 million arising from operating activities;

(2) net cash outflow arising from investment activities which amounted to RMB788.6 million, which mainly includes payments for properties and equipment amounting to RMB296.9 million, prepayment and purchase of land lease amounting to RMB384.8 million, and increase of investment property amounting to RMB68.2 million; and

(3) net cash outflow of RMB97.1 million, mainly includes: (1) net increase in cash inflow arising from bank loans and other borrowings of RMB271.5 million; (2) cash outflow arising from payment of interest, payment of final dividend for 2012 and repurchase of shares which amounted to RMB90.8 million, RMB98.2 million and RMB176.1 million, respectively.

Interest-bearing Loans

As at 30 June 2013, total bank loans, medium-term financing notes, short-term financing notes and convertible bonds of the Group were RMB 6,590.6 million (31 December 2012: RMB6,321.2 million), of which RMB3,722.6 million will mature within one year. The gearing ratio[1] and net gearing ratio[2] were 34.9% and 78.4%, respectively (31 December 2012: 34.5% and 68.7%, respectively).

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

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

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 three A share and B share companies listed in the PRC as at 30 June 2013, and relevant summarised information relating to these companies.

Investment	The Group's Shareholding	Principal Business	Geographical Location
Shenzhen International Enterprise Co., Ltd. (深圳市國際企業股份有限公司)	7.03%	The first listed retail enterprise in Shenzhen	Shenzhen City, Guangdong Province
Shen Yang Commercial City Co., Ltd. (瀋陽商業城股份有限公司)	10.24%	Owns a number of department stores in Shenyang	Shenyang City, Liaoning Province
Dashang Co., Ltd. (大商股份有限公司)	5.00%	Owns a number of department stores in Northern China	Dalian City, Liaoning Province

The total original cost of the investments in the above companies was RMB632.1 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 30 June 2013.

Pledge of Assets

As at 30 June 2013, the Group's collateral interest-bearing bank loans amounting to RMB3,181.0 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 RMB624.1 million, RMB58.0 million, RMB879.2 million, RMB318.0 million and RMB925.4 million, respectively.

Foreign Currency Risk

The Group's certain cash and bank balances and investments are denominated in Hong Kong dollars and, therefore, the Group is exposed to foreign currency risk. During the period under review, the Group recorded a net gain in foreign currency of approximately RMB1.7 million.

For the six months ended 30 June 2013, 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

The Company repurchased a total of 124,806,000 shares on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") during the six months ended 30 June 2013. Such shares were cancelled upon repurchase and accordingly the issued capital of the Company was reduced by the nominal value of these shares.

Details of the repurchase are summarised as follows:

Month of repurchase	Total number of shares repurchased	Repurchase price per share		Aggregate consideration
		Highest	Lowest	
		HK$	*HK$*	*HK$'000*
March 2013	82,471,000	1.85	1.65	144,608
April 2013	42,335,000	1.79	1.62	73,414
Total	124,806,000	1.85	1.62	218,022

Except as disclosed above, neither the Company nor its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 June 2013.

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend for the six months ended 30 June 2013 of HK2.8 cents in cash per share totalling HK$146.4 million (equivalent to approximately RMB116.5 million) (for the six months ended 30 June 2012: HK$171.8 million). The interim dividend will be paid on Monday, 9 September 2013 to shareholders whose names appear on the Register of Members of the Company at the close of business on Monday, 2 September 2013.

CLOSURE OF REGISTER OF MEMBERS

The Company's Register of Members will be closed from Friday, 30 August 2013 to Monday, 2 September 2013 (both days inclusive), during such period no transfer of shares of the Company will be registered. In order to be eligible to receive the interim dividend for the six months ended 30 June 2013, unregistered holders of shares of the Company should ensure all share transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Thursday, 29 August 2013.

CORPORATE GOVERNANCE

The Board is of the view that the Company has complied with the code provisions set out in the Corporate Governance Code as contained in Appendix 14 of the Listing Rules during the six months ended 30 June 2013, except for the following deviations:

Code Provision A.2.1

Currently, Mr. Huang Mao Ru is both the Chairman and Chief Executive Officer of the Company. As Mr. Huang is the founder of the Group and has extensive experience in the department store industry and commercial real estate industry, the Board believes that it is in the best interest of the Group to have Mr. Huang taking up both roles for continuous effective management and business development of the Group.

Code Provision A.6.7

One of the independent non-executive directors was unable to attend the annual general meeting of the Company held on 12 April 2013 due to his business engagement.

Significant events after the reporting period

From 2 July to 12 July 2013, the Company repurchased a total of 17,023,000 shares on the Stock Exchange. Such shares were cancelled upon repurchase and accordingly the issued capital of the Company was reduced by the nominal value of these shares.

On 30 July 2013, the Company completed the issue of the second tranche of the medium-term financing notes with a principal amount of RMB700 million and with a term of 3 years in the PRC. The interest rate is 6.05% per annum.

The Group has entered into an agreement with SAP (Beijing) Software System Co., Ltd. ("**SAP**"), in relation to the purchase of certain IT system software in July 2013. SAP will provide the Group with IT system upgrading service, which will be of great benefit for the data integration and scientific management of the Group.

During the period from 24 July to 8 August 2013, Dahua Investment (China) Limited (大華投資(中國)有限公司), a subsidiary of the Group, sold 13,319,000 B shares of Shenzhen International Enterprise Co., Ltd. (深圳市國際企業股份有限公司), which is classified as available-for-sale equity investments, for a total consideration of approximately HK$151.44 million.

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 2013 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 2013 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, 15 August 2013

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.