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 2013

HIGHLIGHTS

- Total sales proceeds[1] increased to RMB11,374.4 million, representing an increase of 2.8%, and same-store[2] sales proceeds from concessionaire sales increased to RMB9,730.8 million, representing an increase of 4.4%.
- Total operating revenue increased to RMB4,623.6 million, representing an increase of 6.3%.
- Operating profit increased to RMB1,458.7 million, representing an increase of 6.5%.
- EBITDA increased to RMB1,812.7 million, representing an increase of 5.8%.
- Proposed final dividend is 3.0 HK cents per share.

RESULTS OF THE GROUP

- Profit attributable to owners of the parent increased to RMB802.0 million, representing an increase of 0.03%.
- Without taking into account the effect of non-operating gains and losses, profit attributable to owners of the parent increased by 2.6% to RMB685.9 million.
- Basic earnings per share for the year were RMB15.5 cents.

RESULTS OF THE OPERATION OF DEPARTMENT STORES SEGMENT

- Profit attributable to owners of the parent from the operation of department stores segment decreased to RMB761.6 million, representing a decrease of 13.6% compared with RMB881.9 million in the same period last year.

Notes:

1 Total sales proceeds refer 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 consolidated into the Group's financial statements by acquisition at the beginning of the previous fiscal year.

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2013

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 2013 with comparative figures for the year 2012 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
YEAR ENDED 31 DECEMBER 2013

	Notes	**2013** **RMB'000**	2012 RMB'000
REVENUE	4	**3,805,452**	3,542,719
Other income	5	**818,141**	807,139
Total operating revenue		**4,623,593**	4,349,858
Cost of sales	6	**(1,425,243)**	(1,444,402)
Employee expenses	7	**(444,232)**	(369,699)
Depreciation and amortisation		**(353,996)**	(343,603)
Operating lease rental expenses		**(218,285)**	(237,245)
Other operating expenses		**(917,926)**	(859,531)
Other gains		**194,751**	274,427
Operating profit		**1,458,662**	1,369,805
Finance costs	8	**(133,777)**	(132,815)
Share of profits and losses of associates		**(452)**	(76)
PROFIT BEFORE TAX		**1,324,433**	1,236,914
Income tax expense	9	**(411,319)**	(338,360)
PROFIT FOR THE YEAR		**913,114**	898,554
Attributable to:			
Owners of the parent		**802,041**	801,820
Non-controlling interests		**111,073**	96,734
		913,114	898,554
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	10		
Basic			
- For profit for the year		**RMB15.5 cents**	RMB14.9 cents
Diluted			
- For profit for the year		**RMB15.5 cents**	RMB14.9 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 31 DECEMBER 2013

	2013	2012
	RMB'000	*RMB'000*
PROFIT FOR THE YEAR	**913,114**	898,554
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods		
Available-for-sale equity investments		
Changes in fair value	**(134,121)**	(12,400)
Reclassification adjustments of equity investment recognised in the consolidated statement of profit or loss	**(78,635)**	—
Income tax effect	**48,730**	6,694
	(164,026)	(5,706)
Exchange differences on translation of foreign operations	**31,386**	(1,055)
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	**(132,640)**	(6,761)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**780,474**	891,793
Attributable to:		
Owners of the parent	**669,401**	795,059
Non-controlling interests	**111,073**	96,734
	780,474	891,793

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 DECEMBER 2013

	2013	2012
	RMB'000	*RMB'000*
NON-CURRENT ASSETS		
Property, plant and equipment	**4,870,979**	4,240,296
Investment properties	**545,962**	509,298
Land lease prepayments	**4,408,731**	3,717,176
Goodwill	**637,348**	641,680
Other intangible assets	**4,571**	5,818
Investments in associates	**—**	12,049
Available-for-sale equity investments	**825,469**	960,150
Prepayments	**1,191,690**	709,930
Loan and receivable	**—**	107,500
Deferred tax assets	**253,579**	140,622
Total non-current assets	**12,738,329**	11,044,519
CURRENT ASSETS		
Inventories	**227,894**	279,147
Completed properties held for sale	**763,762**	620,549
Properties under development	**4,676,226**	4,069,573
Equity investments at fair value through profit or loss	**887**	959
Trade receivables	**52,562**	36,842
Prepayments, deposits and other receivables	**477,893**	625,117
Due from related parties	**114,933**	96,654
Pledged deposits	**47,194**	40,155
Cash and cash equivalents	**978,447**	1,482,500
Total current assets	**7,339,798**	7,251,496

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(CONTINUED)*
31 DECEMBER 2013

	Notes	**2013** **RMB'000**	2012 RMB'000
CURRENT LIABILITIES			
Trade and bills payables	12	**2,447,580**	2,194,236
Deposits received, accruals and other payables		**2,685,580**	1,930,509
Interest-bearing bank loans and other borrowings		**1,751,494**	3,081,072
Convertible bonds		**12,023**	869,681
Due to related parties		**84,271**	102,602
Income tax payable		**167,636**	131,802
Total current liabilities		**7,148,584**	8,309,902
NET CURRENT ASSETS/(LIABILITIES)		**191,214**	(1,058,406)
TOTAL ASSETS LESS CURRENT LIABILITIES		**12,929,543**	9,986,113
NON-CURRENT LIABILITIES			
Interest-bearing bank loans and other borrowings		**5,007,069**	2,370,459
Deferred tax liabilities		**591,610**	570,775
Total non-current liabilities		**5,598,679**	2,941,234
Net assets		**7,330,864**	7,044,879
EQUITY			
Equity attributable to owners of the parent			
Issued capital		**467,449**	480,407
Equity component of convertible bonds		**56,546**	119,125
Reserves		**5,214,581**	4,970,984
Proposed final dividend	11	**123,571**	100,143
		5,862,147	5,670,659
Non-controlling interests		**1,468,717**	1,374,220
Total equity		**7,330,864**	7,044,879

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 address is Floor 4, Willow House, Cricket Square, P.O. Box 2804, Grand Cayman KY1-1112, Cayman Islands, and the head office and principal place of business of the Company is located at 38/F, World Finance Centre, 4003 Shennan East Road, Shenzhen, the People's Republic of China (the "PRC"). The Group is principally engaged in the operation and management of department stores and property development 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 2013 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.

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 2013					
Segment revenue:					
Sales to external customers	3,121,513	677,019	6,920	—	3,805,452
Intersegment revenue	—	20,015	—	(20,015)	—
Other income	797,551	13,423	7,167	—	818,141
Cost of sales	(1,195,659)	(228,906)	(678)	—	(1,425,243)
Employee expenses	(380,346)	(59,487)	(4,399)	—	(444,232)
Depreciation and amortisation	(310,556)	(42,719)	(721)	—	(353,996)
Operating lease rental expenses	(214,684)	(17,517)	(100)	14,016	(218,285)
Other operating expenses	(799,934)	(116,234)	(7,757)	5,999	(917,926)
Other gains/(loss)	199,139	(825)	(3,563)	—	194,751
Operating profit/(loss)	1,217,024	244,769	(3,131)	—	1,458,662
Finance costs	(28,871)	(104,747)	(159)	—	(133,777)
Share of profits and losses of associates	—	—	(452)	—	(452)
Segment profit/(loss) before tax	1,188,153	140,022	(3,742)	—	1,324,433
Income tax expense	(374,806)	(35,006)	(1,507)	—	(411,319)
Segment profit/(loss) for the year	813,347	105,016	(5,249)	—	913,114
Attributable to:					
Owners of the parent	761,609	45,892	(5,460)	—	802,041
Non-controlling interests	51,738	59,124	211	—	111,073
	813,347	105,016	(5,249)	—	913,114

	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	2,158	—	—	—	2,158
Impairment losses reversed in the income statement	(8,147)	—	—	—	(8,147)
Capital expenditure*	932,248	1,792,224	22,590	—	2,747,062

* 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
Year ended 31 December 2012					
Segment revenue:					
Sales to external customers	3,186,805	344,978	10,936	—	3,542,719
Intersegment revenue	—	20,478	—	(20,478)	—
Other income	794,610	8,544	3,985	—	807,139
Cost of sales	(1,255,409)	(188,267)	(726)	—	(1,444,402)
Employee expenses	(337,033)	(27,403)	(5,263)	—	(369,699)
Depreciation and amortisation	(290,639)	(46,923)	(6,041)	—	(343,603)
Operating lease rental expenses	(241,606)	(10,947)	(100)	15,408	(237,245)
Other operating expenses	(767,143)	(90,868)	(6,590)	5,070	(859,531)
Other gains/(loss)	270,884	3,556	(13)	—	274,427
Operating profit/(loss)	1,360,469	13,148	(3,812)	—	1,369,805
Finance costs	(29,184)	(103,471)	(160)	—	(132,815)
Share of profits and losses of associates	—	—	(76)	—	(76)
Segment profit/(loss) before tax	1,331,285	(90,323)	(4,048)	—	1,236,914
Income tax expense	(363,080)	24,387	333	—	(338,360)
Segment profit/(loss) for the year	968,205	(65,936)	(3,715)	—	898,554
Attributable to:					
Owners of the parent	881,876	(78,275)	(1,781)	—	801,820
Non-controlling interests	86,329	12,339	(1,934)	—	96,734
	968,205	(65,936)	(3,715)	—	898,554

	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	18,320	1,095	—	—	19,415
Impairment losses reversed in the income statement	(161)	(107)	—	—	(268)
Investments in associates	—	—	12,049	—	12,049
Capital expenditure*	838,088	2,537,567	1,454	—	3,377,109

* 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	
	2013	2012
	RMB'000	*RMB'000*
Commissions from concessionaire sales	**1,622,662**	1,619,309
Direct sales	**1,313,610**	1,395,226
Rental income from the leasing of shop premises	**178,195**	173,006
Management fee income from the operation of department stores	**7,046**	3,871
Rental income from investment properties	**236,400**	72,948
Sale of properties	**440,619**	272,030
Others	**6,920**	6,329
	3,805,452	3,542,719

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

	For the year ended 31 December	
	2013	2012
	RMB'000	*RMB'000*
Total sales proceeds from concessionaire sales	**10,060,753**	9,672,014
Commissions from concessionaire sales	**1,622,662**	1,619,309

5. OTHER INCOME

	For the year ended 31 December	
	2013	2012
	RMB'000	*RMB'000*
Income from suppliers and concessionaires		
- Administration and management fee income	**404,470**	433,539
- Promotion income	**221,807**	189,535
- Credit card handling fees	**127,523**	126,861
Interest income	**21,187**	18,885
Others	**43,154**	38,319
	818,141	807,139

6. COST OF SALES

	For the year ended 31 December	
	2013	2012
	RMB'000	*RMB'000*
Purchases of and changes in inventories	**1,195,659**	1,255,409
Cost of properties sold	**228,906**	188,267
Others	**678**	726
	1,425,243	1,444,402

7. EMPLOYEE EXPENSES

	For the year ended 31 December	
	2013	2012
	RMB'000	*RMB'000*
Wages and salaries	**383,173**	337,367
Reversal of equity-settled share option expense	**—**	(25,498)
Retirement benefits	**45,678**	40,011
Other employee benefits	**15,381**	17,819
	444,232	369,699

8. FINANCE COSTS

	For the year ended 31 December	
	2013	2012
	RMB'000	*RMB'000*
Interest on bank loans	**357,125**	274,351
Interest on convertible bonds	**43,147**	54,627
Total interest expense on financial liabilities not at fair value through profit or loss	**400,272**	328,978
Less: Interest capitalised	**(266,495)**	(199,829)
	133,777	129,149
Other finance costs:		
Increase in discounted amounts of consideration payable	**—**	3,666
	133,777	132,815

9. INCOME TAX EXPENSE

	For the year ended 31 December	
	2013	2012
	RMB'000	*RMB'000*
Group:		
Current — CIT	**414,162**	373,536
Current — LAT	**40,549**	8,466
Deferred	**(43,392)**	(43,642)
Total tax charge for the year	**411,319**	338,360

10. 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 year ended 31 December 2013 attributable to ordinary equity holders of the parent of RMB802,041,000 (2012: RMB801,820,000) and the 5,159,225,623 ordinary shares in issue during the year (2012: 5,370,609,411 ordinary shares in issue).

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2013 and 2012 in respect of a dilution as the impact of the convertible bonds had an anti-dilutive effect on the basic earnings per share amounts presented.

11. DIVIDENDS

	2013	2012
	RMB'000	*RMB'000*
Proposed final dividends — HK3.0 cents per ordinary share	**123,571**	100,143
	123,571	100,143

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	
	2013	2012
	RMB'000	*RMB'000*
Within 90 days	**1,939,607**	1,766,020
91 to 180 days	**227,599**	169,101
181 to 360 days	**159,272**	56,183
Over 360 days	**121,102**	202,932
	2,447,580	2,194,236

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

In 2013, China's traditional retail industry continued to record overall slow growth in performance due to factors such as transformation and upgrading of China's economy, change in the mode of growth and the weak recovery of external economies. In 2013, total retail sales of consumer goods in China amounted to RMB23.78 trillion, representing a year-to-year increase of 13.1% albeit a consecutive decrease as compared to last year.

OPERATION REVIEW

Despite the impact of the domestic and foreign macro-economic environment and challenges in the industry, the Group was able to record a slight growth in operation through our concerted efforts and a series of effective measures in 2013. Total sales proceeds were RMB11,374.4 million, representing an increase of 2.8% as compared to the same period last year; total operating revenue was RMB4,623.6 million, representing an increase of 6.3% as compared to the same period last year; same-store sales growth of concessionaire sales increased by 4.4%; and profit attributable to owners of the parent was RMB802.0 million, representing an increase of 0.03% as compared to the same period last year, or an increase of 2.6% as compared to the same period last year without taking into account the non-operating items.

1. Opening new stores and expanding store network

In 2013, the Group maintained an established and steady pace of expansion, and successively opened two new stores and acquired a piece of land for expanding its store network.

On 2 August 2013, Chengshang Group Co., Ltd. ("**Chengshang Group**"), a subsidiary of the Group, 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 to the cooperation contract between Chengshang Group and Pacific China. Pursuant to the Settlement Agreement, the rental payable to and the profits distributable to Chengshang Group by Chengdu Shangsha Pacific from 1 January 2011 to 3 November 2013 shall be calculated at a rate of RMB78.5 million per year (except for the period from 15 July 2013 to 2 August 2013 in which the department store operated within the Chengdu Commercial Building ceased operation) and the Chengdu Commercial Building shall be formally handed over on 4 November 2013. On 4 November 2013, Chengshang Group reclaimed the relevant space and equipment and Maoye Chunxi Store was officially opened on the same date.

On 13 December 2013, Chengdu Yanshikou Phase II Store, the Group's seventh store in Chengdu which was adjacent to Chengdu Yanshikou Phase I Store, was officially opened. The opening of Chengdu Maoye Chunxi Store and Chengdu Yanshikou Phase II Store has effectively maximized the Group's advantages on its overall operation scale in Chengdu and created synergies with existing stores in Chengdu, which help consolidate and enhance the Group's position and competitiveness in the department store retail market in Chengdu.

On 4 December 2013, the Group successfully acquired a piece of land located at a prime location in Zibo National High-tech Industry Development Zone in Shandong province at a total consideration of RMB425.75 million. The Group plans to build on the target land an urban commercial complex with department stores as the core. It is expected that upon completion the complex will become a landmark of Zibo City.

2. Upgrading and transformation of stores and expediting the transformation of the department stores into shopping centers

In 2013, the Group focused on the upgrading and transformation of Shenzhen Dongmen Store, Chongqing Jiangbei Store and Zhuhai Xiangzhou Store, and closed Qinhuangdao Shangcheng Store and Chengdu Wuhou Store for renovation and upgrading.

Meanwhile, the Group continued to introduce elements of the shopping center industry, such as catering and leisure, into its stores so as to fully explore the profitability of its existing stores. Zibo Maoye Complex, which was opened in 2013 after its reconstruction and renovation, represents the Group's effort in exploring a new dimension for the shopping center industry.

On 5 July 2013, in order to effectively allocate resources and rationally control operational risks, the Group decided to terminate the leases in respect of the Jinlang Store and Wujin Store with the controlling shareholders, and at the same time, the Group entered into a management agreement with the controlling shareholders. Pursuant to the agreement, the Group provided management services to the controlling shareholders in respect of the Jinlang managed properties and Wujin managed properties, and charged the management fee (inclusive of equipment usage fee) at a rate of 5% of the sale proceeds (exclusive of tax) and 5% of the rental income with a total annual cap of RMB60 million.

3. **Refining operational management and promoting corporate system construction**

In 2013, the Group continued to refine its operational management, reinforce the headquarters' coordination and guidance of regional work, and strengthen brand management. Meanwhile, the Group also aggressively streamlined and optimized various corporate systems and procedures to improve its operational efficiency and lay a solid foundation for its further development.

In July 2013, the Group established strategic cooperation with SAP and officially commenced the access to and application of the ERP systems. This helps the Group further integrate data, explore its operational potential and fully improve its scientific management level.

4. **Actively carrying out mobile internet marketing**

The Group formally implemented its O2O strategy in November 2013 and promoted the construction of mobile internet marketing platform, it carried out promotion and marketing of merchandise through platform tools such as WeChat, and actively explored offline and online marketing interaction to improve on-site shopping experience and service quality through online tools. The Group's stores in Southern China have nearly 200,000 WeChat members. In November 2013, Huaqiangbei Store launched WeChat online shopping service to realize online ordering and payment via WeChat.

5. **Increase of shares in Commercial City**

In 2013, the Group has further acquired in aggregate 12,904,084 shares of Shenyang Commercial City Co. Ltd. ("**Commercial City**") (stock code: 600306) through on-market purchases on the Shanghai Stock Exchange. As of 31 December 2013, the Group held an aggregate of 31,140,487 shares of Commercial City, representing approximately 17.48% of the issued share capital of Commercial City. Locating in Shenyang of Liaoning province, Commercial City is a department store company that owns several department stores. The Group has further acquired shares in Commercial City after the reporting period. As at the date of this announcement, the Group's shareholding in Commercial City is approximately 29.22%.

6. Expanding financing channels and reducing financing costs

On 31 December 2012, Shenzhen Maoye Shangsha Company Limited (深圳茂業商厦有限公司) ("**Maoye Shangsha**"), a wholly owned subsidiary of the Company, obtained the approval from the National Association of Financial Market Institutional Investors for the issuance of the medium-term notes of RMB2.2 billion. In January and July 2013, Maoye Shangsha successively completed two issuances of medium-term notes with a principal amount of RMB800 million and RMB700 million respectively in the national financial market. The terms of the notes are 3 years and the interest rates are 5.52% and 6.05% per annum respectively.

On 25 March 2013, Maoye Shangsha 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.

Following 2012 when Maoye Shangsha was given AA rating by China Cheng Xin, the Company was also given BB+ and Ba1 rating by Standard & Poor's and Moody's, both are international rating institutions, respectively in 2013.

On 1 November 2013, the Company signed with the Lenders (as defined below) a guaranteed and secured syndicated loan agreement for a term of three years with an aggregated amount of US$195,500,000. Such syndicated loan carries interest at LIBOR plus 3.10% per annum. The syndicate was led by Deutsche Bank and Bank of China, Macau Branch, and participated by certain other banks ("**Lenders**"). The syndicated loan will be used for the repayment of debts of the Company and its subsidiaries and as the Group's working capital.

The successful issuance of the short-term financing notes and the medium-term notes, together with the availability of the syndicated loan, has expanded our financing channels in multi ways and effectively reduced the financing costs of the Group.

PERFORMANCE OF MAJOR SAME STORES[1]

	Store Name	Proceeds of Concessionaire Sales *(RMB'000)*	Same Store Sales Growth *%*	Operation Period[2] *(years)*	Gross Floor Area *(m^2)*	Ticket Per Sale *(RMB)*
1	Shenzhen Huaqiangbei	1,736,984	-1.40	10.2	59,787	932
2	Shenzhen Dongmen	954,057	4.8	16.8	47,436	885
3	Taizhou First Department	700,698	17.5	4.3	40,358	974
4	Chengdu Yanshikou Phase I	656,658	-0.8	8.6	53,873	701
5	Qinhuangdao Xiandai Shopping Plaza	566,575	15.2	3.6	36,897	720
6	Shenzhen Nanshan	564,221	20.4	4.3	44,871	1,172
7	Chongqing Jiangbei	556,934	-7.2	9.2	52,281	554
8	Taiyuan Liuxiang	480,462	16.4	5.2	31,448	661
9	Qinhuangdao Jindu	458,050	22.5	5.3	46,610	483
10	Zhuhai Xiangzhou	315,061	-2.8	12.2	23,715	456
11	Qinghuangdao Shangcheng	313,283	-24.9	3.6	26,696	1,073
12	Nanchong Wuxing	283,936	-1.2	8.6	25,195	643
13	Mianyang Xingda	278,937	-2.4	5.3	27,535	659
14	Zibo Maoye Plaza	269,407	9.4	3.1	36,791	360
15	Qinhuangdao Hualian	244,796	3.4	3.6	10,355	318
16	Shenzhen Outlet	241,498	15.2	14.3	23,048	478

Notes:

1 Major stores are same stores with sales proceeds per annum of over RMB200 million.

2 Operation period was calculated till 31 December 2013.

PROPERTY DEVELOPMENT

As of 31 December 2013, the Group operated and managed 40 stores across 18 cities in China, including Shenzhen and Zhuhai in Guangdong Province; Chengdu, Nanchong 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 1,320,000 square metres, self-owned areas accounted for 74.6% (excluding the gross floor area of managed stores), areas leased from connected parties accounted for 16.5%, while areas leased from independent third parties accounted for 8.9%. Save for the above, the Group also has projects under development in 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 Autonomous Region.

OUTLOOK

In 2014, the Group will continue to maintain the strategy of steady development, and plans to open several new stores including Taiyuan Qinxianjie and Baoding Guomao by taking more proactive and effective measures as follows:

Firstly, speed up the development of shopping centers and accelerate transformation from department stores to shopping malls.

Secondly, expedite the adjustment and upgrade of commodity mix in department stores, increase investments in brand resources, and expand the scale and scope of cooperation with international first-and second-tier brands.

Thirdly, further strengthen the management of department stores and improve operating levels with intensive work, so as to effectively achieve higher profitability of key stores.

Fourthly, hasten efforts such as realization of non-core assets.

Fifthly, actively promote the update of information system and make full use of the system for intensive market analysis, precise marketing and comprehensive budget management, hence improving the integrated management of the Group.

Financial Review

Total Sales Proceeds and Revenue

For the year ended 31 December 2013, total sales proceeds of the Group increased to RMB11,374.4 million, representing an increase of 2.8% as compared to the same period in 2012.

	For the year ended 31 December	
	2013	2012
	RMB'000	*RMB'000*
Total sales proceeds from concessionaire sales	**10,060,753**	9,672,014
Revenue from direct sales	**1,313,610**	1,395,226
Total Sales Proceeds	**11,374,363**	11,067,240

Among the total sales proceeds of the Group in the year of 2013, total sales proceeds derived from concessionaire sales accounted for 88.5% and those derived from direct sales accounted for 11.5%.

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	**Contribution to the total sales proceeds of the Group**	**Same-store sales growth of sales proceeds derived from concessionaire sales**
	RMB'000	%	%
Southern China	4,187,901	36.8	3.2
South-western China	2,386,525	21.0	-4.5
Eastern China	2,233,549	19.6	15.1
Northern China	2,566,388	22.6	8.8
Total	11,374,363	100	4.4

For the year ended 31 December 2013, same-store sales proceeds from concessionaire sales increased to RMB9,730.8 million, representing an increase of 4.4% compared to the same period in 2012. The Group's commission rates from concessionaire sales was 16.1%, representing a mild decrease of 0.6% compared with 16.7% for the same period in 2012. In 2013, the Group strived to enhance the integration of the stores which were newly acquired and opened, in order to increase the commission rate of the new stores to the level of mature stores as soon as possible. Regarding promotion strategies, the Group gradually lowered the proportion of price marketing and introduced innovative marketing modes. These measures effectively reduced the extent of decrease of commission rate.

Total sales proceeds in the year of 2013 comprised sales of apparel 44.0% (2012: 44.2%), cosmetics and jewelry 22.8% (2012: 20.5%), shoes and leather goods 12.8% (2012: 13.1%) and others such as children's wear and toys, household and electronic appliances, etc. 20.4% (2012: 22.2%). The percentage attributable to each product category to total sales proceeds was similar to that of the year of 2012.

For the year ended 31 December 2013, revenue of the Group amounted to RMB3,805.5 million, representing an increase of 7.4% as compared with RMB3,542.7 million for the same period in 2012. The commissions from concessionaire sales increased by RMB3.4 million and revenue from direct sales decreased by RMB81.6 million. The increase of revenue was mainly due to the recognition of rental income of RMB157.8 million in relation to the Chengdu Chunxi Store as a result of the Settlement Agreement.

Other Income

For the year ended 31 December 2013, other income of the Group amounted to RMB818.1 million, representing an increase of 1.4% as compared with RMB807.1 million for the same period in 2012. This was primarily resulted from the increase of income from promotional activities and interest income.

Cost of Sales

For the year ended 31 December 2013, cost of sales of the Group amounted to RMB1,425.2 million, representing a decrease of 1.3% as compared with RMB1,444.4 million for the same period in 2012. The decrease in cost of sales was primarily due to the decrease of Group's direct sales in Zibo area.

Employee Expenses

For the year ended 31 December 2013, employee expenses of the Group amounted to RMB444.2 million, representing an increase of 20.2% as compared with RMB369.7 million for the same period in 2012. Employee expenses as percentage of total sales proceeds in 2013 increased to 3.9% as compared with 3.3% for the year of 2012. The increase was primarily due to:

1) the reversal of share option expenses of RMB25.5 million in 2012;

2) the increase in wages and salaries of RMB45.8 million in 2013.

Depreciation and Amortisation

For the year ended 31 December 2013, depreciation and amortisation of the Group amounted to RMB354.0 million, representing an increase of 3.0% as compared with RMB343.6 million for the same period in 2012. The increase was primarily due to the opening of new stores, and reconstruction, renovation and upgrading of certain self-owned stores. The depreciation and amortisation as percentage of total sales proceeds in 2013 remained unchanged, as compared with 3.1% for the year of 2012.

Operating Lease Rental Expenses

For the year ended 31 December 2013, operating lease rental expenses of the Group amounted to RMB218.3 million, representing a decrease of 8.0% as compared with RMB237.2 million for the same period of last year. This was primarily caused by Jinlang Store in Shenyang and Wujing Store in Changzhou turned into management stores. The operating lease rental expenses as percentage of total sales proceeds in the year of 2013 decreased to 1.9% as compared with 2.1% for the year of 2012.

Other Operating Expenses

For the year ended 31 December 2013, other operating expenses of the Group amounted to RMB917.9 million, representing an increase of 6.8% as compared with RMB859.5 million for the same period in 2012. This was primarily due to the increase in other tax expense of RMB49.0 million. The other operating expenses as percentage of total sales proceeds in 2013 increased to 8.1% from 7.8% in 2012.

Other Gains

For the year ended 31 December 2013, other gains of the Group amounted to RMB194.8 million, representing a decrease of 29.0% as compared with RMB274.4 million for the same period in 2012. This was primarily due to the investment gain on disposal of shares in Shenzhen International Enterprises Co., Ltd (a company listed on the Shenzhen Stock Exchange, stock code: 000056) in 2013 by the Group of approximately RMB101.9 million. The change in fair value of RMB78.6 million recognized in other comprehensive income brought forward was reclassified in the reporting period.

Operating Profit

For the year ended 31 December 2013, operating profit of the Group amounted to RMB1,458.7 million, representing an increase of 6.5% as compared to RMB1,369.8 million for the same period in 2012. This was primarily due to the contribution from the increase of total operating revenue of the Group.

Finance Costs

For the year ended 31 December 2013, finance costs of the Group amounted to RMB133.8 million, representing an increase of 0.7% as compared to RMB132.8 million for the same period in 2012. This was primarily due to the increase of loans as compared for the same period in 2012.

Income Tax Expense

For the year ended 31 December 2013, income tax expense of the Group was RMB411.3 million, representing an increase of 21.6% as compared to RMB338.4 million for the same period last year. During the year ended 31 December 2013, the effective tax rate applicable to the Group was 31.1% (for the year ended 31 December 2012: 27.4%). This was primarily due to:

1) the recognition of rental income of RMB157.8 million and the provision of RMB34.9 million for income tax arising from the Chunxi Store of the Chengshang Group as a result of the Settlement Agreement; and

2) the increase of land appreciation tax due to the growth in sales of the Group's property.

Profit Attributable to Owners of the Parent

As a result of the foregoing, for the year ended 31 December 2013:

— Profit attributable to owners of the parent increased by 0.03% to RMB802.0 million.

— Without taking into account the effect of non-operating gains and losses*, profit attributable to owners of the parent increased by 2.6% to RMB685.9 million.

Among them, the results of the operation of department stores segment are as follows: Profit attributable to owners of the parent decreased by 13.6% to RMB761.6 million compared with RMB881.9 million for the same period in 2012.

* 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 2013, the Group's cash and cash equivalents amounted to RMB978.4 million, which decreased by RMB504.1 million as 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 RMB1,202.1 million arising from operating activities;

(2) net cash outflow arising from investing activities amounted to RMB1,549.9 million, mainly including payments for properties and equipment amounting to RMB638.3 million, prepayment and purchase of land lease prepayment amounting to RMB955.4 million, and purchase of available-for-sale equity investments amounting to RMB116.8 million; and

(3) net cash inflow arising from financing activities amounted to RMB158.0 million, mainly including (1) inflow resulting from bank loans and other borrowing of RMB3,151.4 million; (2) outflow resulting from redeemable convertible bond at the option of the bondholders, repayment of bank loans, interest paid, final dividend for the year of 2012 paid and interim dividend for the six months ended 30 June 2013 paid of RMB914.9 million, RMB1,844.3 million, RMB115.4 million, RMB98.1 million and RMB116.5 million, respectively.

Interest-bearing Loans

Total bank loans, short-term and medium-term financial notes and convertible bonds of the Group as at 31 December 2013 amounted to RMB6,770.6 million, and the gearing ratio[1] and net gearing ratio[2] were 33.7% and 79.0%, respectively (as at 31 December 2012: 34.5% and 68.7%, respectively).

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

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

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 2013, and relevant summary information relating to these companies.

Investment	**The Group's Shareholding**	**Principal Business**	**Geographical Location**
Shenyang Commercial City Co., Ltd. (瀋陽商業城股份有限公司)	17.48%[1]	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

1 The Group has further acquired shares in Commercial City after the reporting period. As at the date of this announcement, the Group's shareholding in Commercial City is approximately 29.22%.

The total cost of the investments of the Group in the above companies was RMB696.9 million, which was financed by the Group's cash inflow from operations. As at 31 December 2013, the total market value of the shares held by the Group in the two above-mentioned A share listed companies amounted to approximately RMB669.8 million, representing a decrease of 3.9% compared with the total cost of investments.

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 2013, the Group's interest-bearing bank loans amounting to RMB6,758.6 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 RMB607.5 million, RMB4.3 million, RMB856.7 million, RMB318.0 million and RMB730.8 million, respectively.

As at 31 December 2013, the Group's bills payables amounting to RMB1.6 million were pledged by the Group's deposits amounting to RMB0.5 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 gain from foreign currency of approximately RMB1.77 million.

For the year ended 31 December 2013, 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.

PROPOSED FINAL DIVIDEND

The Board recommended the payment of a final dividend of 3.0 HK cents in cash per share for the year ended 31 December 2013 (the "**Proposed Final Dividend**") (2012: 2.3 HK cents), subject to the shareholders' approval at the annual general meeting of the Company to be held on Thursday, 10 April 2014 (the "**2014 AGM**"). The Proposed Final Dividend will be paid in cash on Friday, 25 April 2014 to shareholders whose names appear on the Register of Members of the Company as at the close of business on Thursday, 17 April 2014.

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES OF THE COMPANY

The Company repurchased a total of 147,007,000 shares on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") during the year ended 31 December 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 summarized as follows:

Month of repurchase	Total number of shares repurchased	Repurchase price per share Highest	Repurchase price per share Lowest	Aggregate consideration
		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
July 2013	17,023,000	1.29	1.18	21,331
August 2013	5,178,000	1.47	1.38	7,426
Total	147,007,000	1.85	1.18	246,779

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 2013.

CLOSURE OF REGISTER OF MEMBERS

(i) For determining the entitlement to attend and vote at the 2014 AGM

The Company's Register of Members will be closed from Tuesday, 8 April 2014 to Thursday, 10 April 2014 (both days inclusive), during such period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the 2014 AGM, 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 for registration no later than 4:30 p.m. on Monday, 7 April 2014.

(ii) For determining the entitlement to the Proposed Final Dividend

The Company's Register of Members will be closed from Wednesday, 16 April 2014 to Thursday, 17 April 2014 (both days inclusive), during such period no transfer of shares of the Company will be registered. In order to be eligible to receive the Proposed Final Dividend, 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 for registration no later than 4:30 p.m. on Tuesday, 15 April 2014.

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 2013. 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 year ended 31 December 2013, except for the following deviation:

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 the continuous effective management and business development of the Group.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

On 16 February 2014, Zhongzhao Investment Management Company Limited ("**Zhongzhao Investment Management**"), a wholly owned subsidiary of the Company, entered into an agreement with Shenyang Commercial City Co. Ltd. ("**Commercial City**"). Pursuant to the agreement, Zhongzhao Investment Management has agreed to purchase 20,907,940 shares of Commercial City, representing 11.74% of the issued share capital of Commercial City for an aggregate consideration of RMB 206,988,606. After the completion of the acquisition, the Company is the owner of 52,048,427 shares in Commercial City, representing approximately 29.22% of the issued share capital of Commercial City.

On 24 February 2014, Maoye Shangsha completed the issue of the third tranche of the medium-term notes with a principal amount of RMB700 million and with a term of 3 years in the PRC. The interest rate is 6.70% per annum.

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 2013 and has 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 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, 25 February 2014

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.