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 2015

HIGHLIGHTS

- Total sales proceeds[1] were RMB4,629.8 million, representing a decrease of 17.6%, and same-store[2] sales proceeds from concessionaire sales decreased to RMB3,945.5 million, representing a decrease of 4.3%; in the end of 2014, Maoye Logistics became an associated company of the Group and was not accounted for and consolidated as a subsidiary of the Group this period. Excluding the effect of that, total sales proceeds decreased by 1.9%
- Total operating revenue was RMB2,058.8 million, representing a decrease of 2.5%; excluding the effect of Maoye Logistics stated above, total operating revenue increased by 14.2%
- Operating profit was RMB646.5 million, representing a decrease of 16.4%. Excluding the effect of Maoye Logistics stated above, operating profit decreased by 7.0%
- Interim dividend is 2.2 HK cents per share

RESULTS OF THE GROUP

- Profit attributable to owners of the parent was RMB316.7 million, representing a decrease of 25.8%
- Without taking into account the effect of non-operating gains and losses, profit attributable to owners of the parent decreased by 39.9% to RMB197.8 million
- Basic earnings per share for the period were RMB6.1 cents

RESULTS OF THE OPERATION OF DEPARTMENT STORES SEGMENT

- Profit attributable to owners of the parent from the operation of department stores segment was RMB345.0 million, representing a decrease of 25.6% compared with RMB463.8 million in the same period last year

RESULTS OF THE OPERATION OF PROPERTY DEVELOPMENT SEGMENT

- Operating revenue of property development segment was RMB398.5 million, and that for the same period last year was RMB80.1 million

- Presale of non-core property was RMB232.8 million. Besides, amount of RMB368.0 million was recognised into revenue this period

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 2015 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 2015 with comparative figures for the corresponding period in 2014. 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 STATEMENT OF PROFIT OR LOSS

	Notes	Six months ended 30 June **2015** **(Unaudited)** ***RMB'000***	2014 (Unaudited) *RMB'000*
REVENUE	4	**1,639,004**	1,690,016
Other income	5	**419,758**	421,240
Total operating revenue		**2,058,762**	2,111,256
Cost of sales		**(693,266)**	(601,510)
Employee expenses		**(197,515)**	(221,923)
Depreciation and amortisation		**(206,572)**	(192,925)
Operating lease rental expenses		**(100,648)**	(115,596)
Other operating expenses		**(373,025)**	(412,660)
Other gains		**158,726**	206,767
Operating profit		**646,462**	773,409
Finance costs	6	**(136,790)**	(63,744)
Share of profits and losses of associates		**(5,968)**	(20,642)
PROFIT BEFORE TAX		**503,704**	689,023
Income tax expense	7	**(182,748)**	(192,217)
PROFIT FOR THE PERIOD		**320,956**	496,806
Attributable to:			
Owners of the parent		**316,701**	427,035
Non-controlling interests		**4,255**	69,771
		320,956	496,806
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	8		
Basic		**RMB6.1 cents**	RMB8.2 cents
Diluted		**RMB6.1 cents**	RMB8.2 cents

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
PROFIT FOR THE PERIOD	**320,956**	496,806
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Available-for-sale investments:		
Changes in fair value	**292,785**	(53,869)
Disposal of partial interest in a subsidiary without losing control	**470,494**	—
Available-for-sale equity investment revaluation	**5,964**	—
Reclassification adjustments for gain included in the consolidated statement of profit or loss		
- Gain on deemed disposal	**—**	(35,613)
Income tax effect	**(192,310)**	22,370
	576,933	(67,112)
Exchange differences on translation of foreign operations	**2,328**	(14,767)
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	**579,261**	(81,879)
OTHER COMPREHENSIVE INCOME, NET OF TAX	**579,261**	(81,879)
TOTAL COMPREHENSIVE INCOME, NET OF TAX	**900,217**	414,927
Attributable to:		
Owners of the parent	**895,962**	345,156
Non-controlling interests	**4,255**	69,771
	900,217	414,927

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30 June 2015 (Unaudited) *RMB'000*	31 December 2014 (Audited) *RMB'000*
NON-CURRENT ASSETS		
Property, plant and equipment	**6,569,517**	5,919,957
Investment properties	**444,941**	373,023
Land lease prepayments	**4,140,445**	3,673,654
Goodwill	**352,104**	352,104
Other intangible assets	**46,999**	2,672
Investments in associates	**2,349,403**	2,418,096
Available-for-sale equity investments	**1,709,334**	1,161,503
Prepayments	**415,583**	437,158
Deferred tax assets	**362,136**	317,615
Total non-current assets	**16,390,462**	14,655,782
CURRENT ASSETS		
Inventories	**166,807**	179,199
Completed properties held for sale	**937,111**	701,595
Properties under development	**6,484,751**	7,059,699
Equity investments at fair value through profit or loss	**284,964**	173
Trade receivables	**22,516**	13,418
Prepayments, deposits and other receivables	**1,335,584**	998,891
Due from related parties	**250,807**	132,880
Pledged deposits	**17,694**	54,949
Cash and cash equivalents	**1,012,210**	662,069
Total current assets	**10,512,444**	9,802,873

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

	Note	**30 June 2015 (Unaudited)** ***RMB'000***	31 December 2014 (Audited) *RMB'000*
CURRENT LIABILITIES			
Trade and bills payables	10	**1,756,826**	2,174,127
Deposits received, accruals and other payables		**3,295,666**	3,283,478
Interest-bearing bank loans and other borrowings		**6,727,845**	1,825,220
Due to related parties		**47,590**	74,094
Tax payable		**224,181**	146,841
Total current liabilities		**12,052,108**	7,503,760
NET CURRENT ASSETS/(LIABILITIES)		**(1,539,664)**	2,299,113
TOTAL ASSETS LESS CURRENT LIABILITIES		**14,850,798**	16,954,895
NON-CURRENT LIABILITIES			
Interest-bearing bank loans and other borrowings		**4,601,840**	7,648,656
Deferred tax liabilities		**1,215,665**	1,097,613
Total non-current liabilities		**5,817,505**	8,746,269
Net assets		**9,033,293**	8,208,626
EQUITY			
Equity attributable to owners of the parent			
Issued capital		**460,270**	465,206
Equity component of convertible bonds		**55,538**	55,538
Reserves		**7,415,375**	6,581,263
Proposed final dividend		**—**	45,171
		7,931,183	7,147,178
Non-controlling interests		**1,102,110**	1,061,448
Total equity		**9,033,293**	8,208,626

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 address 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 2015 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 2014.

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 sales, and direct sales of merchandise and the 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 the 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	Property development	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Period ended 30 June 2015				
Segment revenue:				
Sales to external customers	1,245,396	382,682	10,926	1,639,004
Other income	403,013	15,796	949	419,758
Cost of sales	(448,252)	(244,341)	(673)	(693,266)
Employee expenses	(177,570)	(14,650)	(5,295)	(197,515)
Depreciation and amortisation	(162,310)	(38,326)	(5,936)	(206,572)
Operating lease rental expenses	(99,851)	(719)	(78)	(100,648)
Other operating expenses	(322,149)	(44,951)	(5,925)	(373,025)
Other gains and losses	158,983	(189)	(68)	158,726
Operating profit/(loss)	597,260	55,302	(6,100)	646,462
Finance costs	(77,235)	(59,555)	—	(136,790)
Share of profits and losses of associates	(5,968)	—	—	(5,968)
Segment profit/(loss) before tax	514,057	(4,253)	(6,100)	503,704
Income tax expense	(165,550)	(17,689)	491	(182,748)
Segment profit/(loss) for the period	348,507	(21,942)	(5,609)	320,956
Attributable to:				
Owners of the parent	344,969	(22,932)	(5,336)	316,701
Non-controlling interests	3,538	990	(273)	4,255
	348,507	(21,942)	(5,609)	320,956
Other segment information				
Impairment losses recognised in the statement of profit or loss	—	—	—	—
Impairment losses reversed in the statement of profit or loss	—	—	—	—
Investment in an associate	2,349,403	—	—	2,349,403
Capital expenditure*	745,031	601,318	549	1,346,898

* 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.

	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 2014					
Segment revenue:					
Sales to external customers	1,623,896	63,642	2,478	—	1,690,016
Intersegment revenue	—	8,818	—	(8,818)	—
Other income	412,865	7,682	693	—	421,240
Cost of sales	(588,495)	(12,891)	(124)	—	(601,510)
Employee expenses	(185,126)	(34,872)	(1,925)	—	(221,923)
Depreciation and amortisation	(169,198)	(22,023)	(1,704)	—	(192,925)
Operating lease rental expenses	(108,130)	(11,619)	(60)	4,213	(115,596)
Other operating expenses	(346,036)	(68,280)	(2,949)	4,605	(412,660)
Other gains and losses	112,836	94,573	(642)	—	206,767
Operating profit/(loss)	752,612	25,030	(4,233)	—	773,409
Finance costs	(13,757)	(49,911)	(76)	—	(63,744)
Share of losses of an associate	(20,642)	—	—	—	(20,642)
Segment profit/(loss) before tax	718,213	(24,881)	(4,309)	—	689,023
Income tax expense	(197,488)	5,080	191	—	(192,217)
Segment profit/(loss) for the period	520,725	(19,801)	(4,118)	—	496,806
Attributable to:					
Owners of the parent	463,756	(33,543)	(3,178)	—	427,035
Non-controlling interests	56,969	13,742	(940)	—	69,771
	520,725	(19,801)	(4,118)	—	496,806
Other segment information					
Impairment losses recognised in the statement of profit or loss	203	15,069	—	—	15,272
Impairment losses reversed in the statement of profit or loss	(123)	—	—	—	(123)
Investments in an associate	427,409	—	—	—	427,409
Capital expenditure*	547,337	1,104,974	195	—	1,652,506

* 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.

4. REVENUE

	Six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Commissions from concessionaire sales	**665,361**	862,842
Direct sales	**482,940**	653,331
Rental income from the leasing of shop premises	**94,510**	103,204
Management fee income from the operation of department stores	**2,585**	4,519
Rental income from investment properties	**14,684**	37,981
Sale of properties	**367,998**	25,661
Others	**10,926**	2,478
	1,639,004	1,690,016

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

Total sales proceeds from concessionaire sales	**4,146,872**	4,964,126
Commissions from concessionaire sales	**665,361**	862,842

5. OTHER INCOME

	Six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Income from suppliers and concessionaires		
- Administration and management fee income	**204,762**	202,811
- Promotion income	**134,780**	125,017
- Credit card handling fees	**55,406**	63,937
Interest income	**8,064**	10,036
Others	**16,746**	19,439
	419,758	421,240

6. FINANCE COSTS

	Six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Total interest expense on financial liabilities not at fair value through profit or loss	**349,004**	236,910
Less: Interest capitalised	**(212,214)**	(173,166)
	136,790	63,744

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Group:		
Current corporate income tax	**178,383**	197,014
Current land appreciation tax	**7,053**	1,632
Deferred	**(2,688)**	(6,429)
Total tax charge for the period	**182,748**	192,217

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 2015 attributable to ordinary equity holders of the parent of RMB316,701,000 (Six months ended 30 June 2014: RMB427,035,000) and the weighted average number of ordinary shares of 5,181,547,000 (Six months ended 30 June 2014: 5,223,074,000) in issue during the period.

The group has not issued any original share that has dilutive effect in the period above.

9. DIVIDENDS

The Board has resolved to declare an interim dividend for the six months ended 30 June 2015 of HK2.2 cents in cash per share totalling HK$113.1 million (equivalent to approximately RMB93.3 million) (for the six months ended 30 June 2014: HK$161.1 million). The interim dividend will be paid on Tuesday, 15 September 2015 to shareholders whose names appear on the Register of Members of the Company at the close of business on Tuesday, 8 September 2015.

10. TRADE AND BILLS PAYABLES

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

	30 June 2015	31 December 2014
	(Unaudited)	(Audited)
	RMB'000	*RMB'000*
Within 90 days	**1,322,999**	1,666,599
91 to 180 days	**197,625**	159,381
181 to 360 days	**158,118**	182,218
Over 360 days	**78,084**	165,929
	1,756,826	2,174,127

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATION REVIEW

During the first half of 2015, under the impact of factors such as weak consumer demand, threats from e-commerce and intensified competition in the industry, the traditional retail industry remained sluggish, particularly in the department store sector which represented the mid- to high-end consumption segments. During the first half of the current year, the Group achieved a slow but stable development trend in corporate results through adjusting operation strategies and optimizing corporate organizational structure.

Total sales proceeds were RMB4,629.8 million, representing a decrease of 17.6% compared to the same period last year; total operating revenue was RMB2,058.8 million, representing a decrease of 2.5% compared to the same period last year. In the end of 2014, Maoye Logistics Corporation Limited (Stock code: 000889, "**Maoye Logistics**") became an associated company of the Group and was not accounted for and consolidated as a subsidiary of the Group this period. Excluding the effect of that, total sales proceeds decreased by 1.9%, total operating revenue increased by 14.2%. Same-store concessionaire sales decreased by 4.3%; profit attributable to owners of the parent was RMB316.7 million, representing a decrease of 25.8% compared to the same period last year.

MAJOR OPERATING HIGHLIGHTS

To facilitate a new business landscape and realization of operation model at internationally advanced level, the Group conducted consolidation and reclassification of existing business projects clearly, and keep promoting the strategy of transforming department stores into shopping centres.

Shenzhen Huaqiangbei, the flagship store of the Group, was transformed officially from "Maoye Department Store" into "Maoye Complex". After upgrading revamp and reconstruction, Huaqiangbei Maoye Complex was significantly enhanced in both software and hardware with great improvement in the shopping environment. Meanwhile, brands also underwent significant adjustments, the proportion of original creation brands and unique brands rose again, area of ancillary projects also increased to 30%. The renamed Huaqiangbei Maoye Complex had transformed from a traditional department store to a shopping centre integrating shopping, lifestyle and entertainment. With unveiling of the new image, a large number of internationally affordable luxury brands, including MCM, Love Moschino, Vivienne Westwood, Juicy Couture, Coach, Michael Kors, Kate Spade, Max&Co., streamed into Huaqiangbei Maoye Complex.

Taiyuan Maoye Complex, which commenced operation last year, launched food court (美食匯) and Bona IMAX International Cineplex this year and attracted participation from ancillary brands with strengths, the clustering effect of customers was enhanced for the overall Taiyuan Maoye Complex. With strong presence of international famous brands coming up in the second half of the year, Taiyuan Maoye Complex will present delicate consumption and lifestyle for consumers in a more realistic manner.

As regards opening of new stores, Taizhou Maoye Complex, the Group's shopping center in Taizhou, commenced operation officially on 1 February this year. Taizhou Maoye Complex reached a total gross floor area of 91,000 square metres, of which area for food and beverage and entertainment facilities accounted for 40%, it was positioned as a one-stop trendy lifestyle complex. Taizhou Maoye Complex and the existing Taizhou Yibai together will induce economies of scale and have more extensive coverage and influence over the consumption market of Central and Northern Jiangsu. Zibo Maoye Time Square, which was converted and expanded from Zibo Maoye Building, commenced operation officially on 8 February. Zibo Maoye Time Square reached a gross floor area of 110,000 square metres and was positioned as a large-scale shopping centre. Its opening indicated the improvement of competitive power and resource integration capability in the Group.

Since the Group's projects under development are able to support the pace of development in the next 3 to 5 years, the Group will still adhere to a prudent manner in acquisition of land. In the first half of the current year, a prepayment of RMB40 million has been made to acquire a plot of land located at the prime area in the well-established business district in Baotou with a total site area of 25,000 square metres, the Group plans to build a city complex on the site. The construction of the city complex, together with another store of the Group under development in Baotou, will induce economies of scale, which will be favorable for the Group's strategic requirement of a distribution throughout Baotou.

On operational management, firstly, the Group continued to uphold a net profit-oriented operational strategy, established a profit-oriented management system and evaluated the performance of each store by using net profit as a scale benchmark, gradually reduced promotion activities for excessive pursuit of sales through an innovative marketing model to increase the proportion of valued marketing and merchandise sales effect. In addition, the Group further optimized the Head Office operation segment during the first half of the current year, the operational management function fully penetrated stores in various regions, and by using regions as subjects of operation, market changes and threats of e-commerce were tackled by flexible and timely responses. Meanwhile, the Group's Head Office established a store value management system to coordinate and manage various stores on the basis of an information system. Through budgeting, contractual agreement and actual sales of each store, reasonable recommendations will be proposed for stores to optimize the locations and brands portfolio of stores to enable reasonable allocation of various resources for stores, strengthen the training and management for key brands.

In terms of payment method, the Group actively promoted the usage of new payment methods to enhance the consumption experience and comfort of purchasing for consumers, such as the adoption of mobile terminals for cashier purpose, the use of Alipay and Wechat Payment for on-site fast payment, and promoted the use of Wechat membership card for entitlement to enjoy preferential benefits and exchange for gifts by using reward points.

In the aspect of human resources, the Group delegated more authorities to all regional companies and reduced the levels of management while standardized controlling work was conducted by the Head Office. At the same time, the Group also reduced the work in a single module for employees to enhance their efficiency, and diversified their development channels in all aspects.

As regards capital operation, the Group's associated company, Maoye Logistics, initiated an acquisition of 100% equity interest in Changshi Communication Co., Ltd. ("**Changshi Communication**") (長實通信股份有限公司), a communication network technology service enterprise, for RMB1.2 billion in cash in April 2015. Changshi Communication had good prospects in its industry with a leading market position. Upon completion, this acquisition will be able to further enhance the value of Maoye Logistics, optimize the structure of earnings of the Group and increase the size of profit. Maoye Logistics completed the acquisition of Beijing TrustMeDu Sci-tech Co., Ltd. ("**TrustMeDu**") in 2014, consolidation of business resources with TrustMeDu was able to realize through this transaction to facilitate and strengthen the cooperation between mutual business platforms.

In June 2015, Chengshang Group Co., Ltd. (成商集團股份有限公司)(stock code: 600828, "**Chengshang Group**"), a subsidiary of the Group, underwent significant asset reorganization, in which it proposed to purchase 100% equity interest in 5 wholly-owned subsidiaries of Shenzhen Maoye Shangsha Co., Ltd. by issuance of shares, including 6 stores in the South China region of the Group, which were Shenzhen Haqiangbei Store, Shenzhen Nanshan Store, Shenzhen Dongmen Store, Shenzhen Outlet, Shenzhen Shennan Store and Zhuhai Xiangzhou Store, respectively. In this transaction, the above stores will be injected into Chengshang Group, which is favourable to the consolidation and sharing of retail business resources of the South China region and southwest region of the Group and reduced potential peer competition. The Group's advantages in operation scale, business resources, channels and brands would become more remarkable. Bargaining and pricing abilities against suppliers would be enhanced effectively, greater initiative in brand planning and layout for merchandise sales would be obtained, and the operation capability and profitability of the Group would be further enhanced.

Since 2014, the Group has actively developed financing channels. In January, March, April and June 2015, the Group's wholly-owned subsidiary, Shenzhen Maoye Trade Building Co., Ltd. ("**Maoye Shangsha**") successfully issued RMB800 million one-year short term notes in the interbank market of China with an annual interest rate at 5.23%, and successfully issued twice for RMB700 million and once for RMB600 million 270-day super short-term notes with annual interest rate at 5.34%, 5.45% and 4.44% respectively. The above financing activities have provided stable capital support for the development of the Group.

In June, the group has disposed in aggregate 8,906,803 shares of Shenyang Commercial City Co., Ltd. ("**Shenyang Commercial City**") through on-market purchases on the Shanghai Stock Exchange, representing approximately 5.0 % of the issued share capital of Shenyang Commercial City.

PEFORMANCE OF MAJOR STORES[1]

Store Name		Proceeds of Concessionaire Sales (RMB'000)	Same Store Sales Growth %	Operation Period[2] (years)	Gross Floor Area (m^2)
1	Shenzhen Huaqiangbei	726,737	-10.2%	11.7	59,787
2	Shenzhen Dongmen	412,375	-0.3%	18.3	47,436
3	Taizhou Yibai	358,878	0.4%	5.7	40,358
4	Shenzhen Nanshan	327,358	10.3%	5.8	44,871
5	Chengdu Yanshikou	279,515	-10.4%	10.1	97,946
6	Taiyuan Liuxiang	252,592	6.0%	6.7	31,448
7	Chongqing Jiangbei	225,961	-14.2%	10.7	52,281
8	Zhuhai Xiangzhou	170,050	3.0%	13.7	23,715
9	Nanchong Wuxing	157,234	-3.5%	10.1	25,195
10	Shenzhen Outlet	154,867	17.4%	15.8	23,048
11	Mianyang Xingda	136,971	1.0%	6.8	27,535
12	Zibo Maoye Plaza	100,347	-32.0%	4.6	36,791

Notes:

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

2 Operation period was calculated up to 30 June 2015.

PROPERTY DEVELOPMENT

As at 30 June 2015, the Group operated and managed 41 stores across 17 cities in China, including Shenzhen and Zhuhai in Guangdong Province; Chengdu, Nanchong and Mianyang in Sichuan Province; Chongqing; Wuxi, Taizhou, Yangzhou and Changzhou 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. The total gross floor area was approximately 1.68 million square metres, of which self-owned areas accounted for 82% (excluding the gross floor area of managed stores), areas leased from related parties accounted for 13% and areas leased from independent third parties accounted for 5%. In addition, 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

For the second half of 2015, the Group will continue to maintain the strategy of steady development, and plans to continue opening one to two stores in the regions already developed by the Company, more proactive and effective measures will be taken:

Firstly, it will reinforce the profit-oriented operational strategy to provide customers with better quality experience in feeling the superiority of the Maoye brand through enhancing quality of merchandise and service level.

Secondly, it will reinforce the information driven management style, the operational management level of stores will be further improved by determining the key spots and deficiencies of operation through precise data from information system to enhance the strengths and rectify the weaknesses.

Thirdly, it will strengthen the efforts on consolidation of resources throughout the Group from areas such as store management, reserve of regional talents and supplier resources.

Fourthly, it will enhance the efforts in realizing non-core assets.

FINANCIAL REVIEW

Total Sales Proceeds and Revenue

For the six months ended 30 June 2015, total sales proceeds of the Group were RMB4,629.8 million, representing a decrease of 17.6% compared to the same period of 2014. The decrease of total sales proceeds was primarily because Maoye Logistics was not accounted for and consolidated as a subsidiary of the Group this period.

	Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
Total sales proceeds from concessionaire sales	**4,146,872**	4,964,126
Direct Sales	**482,940**	653,331
Total Sales Proceeds	**4,629,812**	5,617,457

Among the total sales proceeds of the Group in the first half of 2015, total sales proceeds derived from concessionaire sales accounted for 89.6% and those derived from direct sales accounted for 10.4%.

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	1,955,327	42.2	-2.1
South-western China	1,082,018	23.4	-11.6
Eastern China	1,113,508	24.1	-4.5
Northern China	478,959	10.3	7.6
Total	4,629,812	100	-4.3

For the six months ended 30 June 2015, same-store sales proceeds from concessionaire sales decreased to RMB3,945.5 million, representing a decrease of 4.3% compared to the same period last year. The Group's commission rate from concessionaire sales was 16.0%, representing a decrease of 1.4 percent points compared with 17.4% for the same period last year. The decrease of same-store commission rate from concessionaire was primarily due to low commission rate of new stores.

Total sales proceeds in the first half of 2015 comprised sales of apparel (47.3%) (first half of 2014: 45.2%), cosmetics and jewelries (23.6%) (first half of 2014: 22.8%), shoes and leather goods (12.2%) (first half of 2014: 12.9%) and others such as children's wear and toys, household and electronic appliances (16.9%) (first half of 2014: 19.1%). The percentage attributable to each product category to total sales proceeds is similar to that in the first half of 2014.

For the six months ended 30 June 2015, revenue of the Group amounted to RMB1,639.0 million, representing a decrease of 3.0% compared with RMB1,690.0 million for the same period last year. The decrease of revenue was mainly because Maoye Logistics was not accounted for and consolidated as a subsidiary of the Group this period.

Other Income

For the six months ended 30 June 2015, other income of the Group amounted to RMB419.8 million, representing a decrease of 0.4% compared with the same period last year.

Cost of Sales

For the six months ended 30 June 2015, cost of sales of the Group amounted to RMB693.3 million, representing an increase of 15.3% compared with RMB601.5 million for the same period last year. The increase in cost of sales was primarily due to the increase in recognization in revenue of property segment this period. Cost of sales for property has increased by RMB231.5 million compared with the same period last year.

Employee Expenses

For the six months ended 30 June 2015, employee expenses of the Group amounted to RMB197.5 million, representing a decrease of 11.0% compared with the employee expenses of RMB221.9 million for the same period last year. The decrease of employee expenses was mainly because the employee expenses of Maoye Logistics was not consolidated this period.

Depreciation and Amortisation

For the six months ended 30 June 2015, depreciation and amortisation of the Group amounted to RMB206.6 million, representing an increase of 7.1% compared with RMB192.9 million for the same period last year, which was primarily due to the increase of property depreciation caused by the increase of fixed assets resulted from completion of new stores . The depreciation and amortisation as percentage of total sales proceeds in the first half of 2015 increased to 4.5% compared with 3.4% for the first half of 2014.

Operating Lease Rental Expenses

For the six months ended 30 June 2015, operating lease rental expenses of the Group amounted to RMB100.6 million, representing a decrease of 12.9% compared with RMB115.6 million for the same period last year, which was mainly because the operating lease rental expense of Maoye Logistics was not consolidated this period. The operating lease rental expenses as percentage of total sales proceeds in the first half of 2015 was 2.2%, representing an increase of 0.1 percent point compared to the first half of 2014.

Other Operating Expenses

For the six months ended 30 June 2015, other operating expenses of the Group amounted to RMB373.0 million, representing a decrease of 9.6% compared with RMB412.7 million for the same period last year. The other operating expenses as percentage of total sales proceeds in the first half of 2015 increased to 8.1% compared with 7.3% in the first half of 2014.

Other Gains

For the six months ended 30 June 2015, other gains of the Group amounted to RMB158.7 million, representing a decrease of 23.2% compared with RMB206.8 million for the same period last year. This was primarily because the group has increased its shares in Shenyang Commercial City in 2014, which has been recognized as an associate company other than available-for-sale equity investment, resulting of other gain amounting RMB35 million.

Operating Profit

For the six months ended 30 June 2015, operating profit of the Group amounted to RMB646.5 million, representing a decrease of 16.4% compared with RMB773.4 million for the same period last year. This was mainly because Maoye Logistics was not consolidated as a subsidiary of the Group this period, excluding effect of which the operating profit decreased by 7.0%.

Finance Costs

For the six months ended 30 June 2015, finance costs of the Group amounted to RMB136.8 million, representing an increase of 114.6% compared with RMB63.7 million for the same period last year. This was primarily due to the increase in interest-bearing loans this period.

Income Tax Expense

For the six months ended 30 June 2015, income tax expense of the Group amounted to RMB182.7 million, representing a decrease of 4.9% compared with RMB192.2 million for the same period last year. For the six months ended 30 June 2015, the effective income tax rate applicable to the Group was 36.3% (for the six months ended 30 June 2014: 27.9%). The decrease in income tax was primarily due to the decrease in the profit before tax this period.

Profit Attributable to Owners of the Parent

As a result of the foregoing, for the six months ended 30 June 2015:

- Profit attributable to owners of the parent decreased by 25.8% to RMB316.7 million.

- Without taking into account the effect of non-operating gains and losses, profit attributable to owners of the parent decreased by 39.9% to RMB197.8 million.

Among these, the results of the operation of department stores segment are as follows: Profit attributable to owners of the parent decreased by 25.6% to RMB345.0 million compared with RMB463.8 million for the same period last year.

Liquidity and Financial Resources

As at 30 June 2015, the Group's cash and cash equivalents amounted to RMB1,012.2 million, increased by RMB350.1 million compared to RMB662.1 million as at 31 December 2014. The main cash inflow and cash outflow are set out as follows:

(1) net cash outflow of RMB191.1 million arising from operating activities;

(2) net cash outflow arising from investment activities which amounted to RMB885.3 million, which mainly includes payments for properties and equipment amounting to RMB523.6 million, available-for-sale equity investments amounting to 243.0 million, equity investments at fair value through profit or loss amounting to RMB304.4 million, disposal of interests in associate amounting to RMB225.0 million; and

(3) net cash inflow of RMB1,424.1 million arising from financing activities, mainly includes: 1) net increase in cash inflow arising from bank loans and other borrowings of RMB4,066.9 million; 2) cash outflow arising from repayment of bank loans and other borrowings of RMB2,211.1 million; 3) cash outflow arising from payment of interest, payment of final dividend for 2014 and repurchase of shares which amounted to RMB347.9 million, RMB45.2 million and RMB66.8 million, respectively.

Interest-bearing Loans

As at 30 June 2015, total bank loans, medium-term financing notes and short-term financing notes of the Group were RMB11,329.7 million (31 December 2014: RMB9,473.9 million). The gearing ratio[1] and net gearing ratio[2] were 42.1% and 114.2%, respectively (31 December 2014: 38.7% and 107.3%, respectively).

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

2 Net gearing ratio = net debt/equity = (bank loans + medium-term financing notes + short-term financing notes - 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 two A share listed companies in the PRC as at 30 June 2015, and relevant summarised information relating to these companies.

Investment	The Group's Shareholding	Principal Business	Geographical Location
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
Silver Plaza Group Co., Ltd. (銀座集團股份有限 公司)	10.00%	Owns a number of department stores in Northern China	Jinan City, Shandong Province

The total original cost of the investments in the above companies was RMB982.7 million, which was financed by the Group's cash inflow from operations.

Pledge of Assets

As at 30 June 2015, the Group's collateral interest-bearing bank loans amounting to RMB3,069.2 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 RMB969.3 million, RMB48.9 million, RMB354.7 million, RMB318.0 million and RMB349.9 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 RMB0.4 million.

For the six months ended 30 June 2015, 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 OR SALE OF LISTED SHARES OF THE COMPANY

The Company repurchased a total of 55,997,000 shares on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") during the six months ended 30 June 2015. 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:

		Repurchase price per share		
Month of repurchase	**Total number of shares repurchased**	**Highest**	**Lowest**	**Aggregate consideration**
		HK$	*HK$*	*HK$*
March 2015	24,334,000	1.23	1.11	29,151,030
April 2015	4,570,000	1.27	1.22	5,715,200
June 2015	27,093,000	1.89	1.73	49,450,520
TOTAL	55,997,000	1.89	1.11	84,316,750

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 2015.

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend for the six months ended 30 June 2015 of HK2.2 cents in cash per share totalling HK$113.1 million (equivalent to approximately RMB93.3 million) (for the six months ended 30 June 2014: HK$161.1 million). The interim dividend will be paid on Tuesday, 15 September 2015 to shareholders whose names appear on the Register of Members of the Company at the close of business on Tuesday, 8 September 2015.

CLOSURE OF REGISTER OF MEMBERS

The Company's Register of Members will be closed from Monday, 7 September 2015 to Tuesday, 8 September 2015 (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 2015, 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 share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Friday, 4 September 2015.

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 2015, 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 continuous effective management and business development of the Group.

AUDIT COMMITTEE

The Audit Committee, comprising all the independent non-executive directors of the Company, has reviewed the unaudited consolidated interim results of the Group for the six months ended 30 June 2015 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 2015 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, 20 August 2015

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.