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 2017

HIGHLIGHTS

- Total sales proceeds[1] were RMB14,946.7 million, representing a year-on-year increase of 14.5%
- Total same-store sales proceeds were RMB9,954.9 million, representing a year-on-year increase of 1.0% while the total same-store sales proceeds for the year of 2016 decreased 5.9% compared with previous year
- Total operating revenue was RMB7,174.3 million, representing a year-on-year increase of 3.6%
- Earnings before interest, taxes, depreciation and amortization (EBITDA) were RMB3,683.6 million, representing a year-on-year increase of 67.9%
- Net profit for the year was RMB1,268.4 million, representing a year-on-year increase of 1,031.9%
- Without taking into account the effect of non-operating gains and losses, profit for the year was RMB449.9 million, representing a year-on-year increase of 260.2%
- Basic earnings per share for the year was RMB20.85 cents, and the Board recommended the payment of a final dividend of HK3.88 cents in cash per share for the year ended 31 December 2017 (2016: HK0.3 cent)

Note:

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

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2017

The Board of Directors (the "**Board**") of Maoye International Holdings Limited (the "**Company**") is pleased to announce the consolidated annual results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2017 with comparative figures for the year 2016 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
YEAR ENDED 31 DECEMBER 2017

	Notes	**2017** *RMB'000*	2016 *RMB'000*
REVENUE	4	**5,756,639**	5,841,339
Other income	5	**1,417,677**	1,084,038
Total operating revenue		**7,174,316**	6,925,377
Cost of sales	6	**(2,255,870)**	(2,667,091)
Employee expenses	7	**(595,886)**	(542,649)
Depreciation and amortisation		**(906,334)**	(808,142)
Operating lease rental expenses		**(424,037)**	(300,432)
Other operating expenses		**(1,333,974)**	(1,230,113)
Other gains and losses		**1,091,398**	(17,121)
Operating profit		**2,749,613**	1,359,829
Finance costs	8	**(924,616)**	(789,552)
Share of profits and losses of:			
a joint venture		**(79)**	—
associates		**27,707**	26,220
PROFIT BEFORE TAX		**1,852,625**	596,497
Income tax expense	9	**(584,216)**	(484,436)
PROFIT FOR THE YEAR		**1,268,409**	112,061
Attributable to:			
Owners of the parent		**1,071,973**	46,382
Non-controlling interests		**196,436**	65,679
		1,268,409	112,061
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	10		
Basic			
- For profit for the year		**RMB20.85 cents**	RMB0.90 cent
Diluted			
- For profit for the year		**RMB20.85 cents**	RMB0.90 cent

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 31 DECEMBER 2017

	2017	2016
	RMB'000	*RMB'000*
PROFIT FOR THE YEAR	**1,268,409**	112,061
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	**(163,700)**	(243,847)
Income tax effect	**40,924**	60,962
	(122,776)	(182,885)
Defined benefit retirement plans	**(438)**	(284)
Exchange differences on translation of foreign operations	**23,164**	(51,367)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:		
Gains on property revaluation	**840,676**	2,724,064
Income tax effect	**(210,169)**	(681,017)
	630,507	2,043,047
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**530,457**	1,808,511
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**1,798,866**	1,920,572
Attributable to:		
Owners of the parent	**1,331,100**	1,853,297
Non-controlling interests	**467,766**	67,275
	1,798,866	1,920,572

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
31 DECEMBER 2017

	Notes	31 December 2017 RMB'000	31 December 2016 RMB'000 (Restated)
NON-CURRENT ASSETS			
Property, plant and equipment		**10,937,682**	12,566,816
Investment properties		**12,890,379**	9,730,242
Prepaid land lease payments		**4,813,295**	5,650,727
Goodwill		**1,409,574**	1,592,664
Other intangible assets		**39,594**	48,292
Investments in a joint venture		**921**	—
Investments in associates		**1,839,748**	2,533,377
Available-for-sale equity investments		**2,937,478**	1,768,191
Prepayments		**357,358**	323,855
Deferred tax assets		**576,534**	580,617
Total non-current assets		**35,802,563**	34,794,781
CURRENT ASSETS			
Inventories		**236,103**	279,543
Completed properties held for sale		**922,108**	1,447,664
Properties under development		**5,886,069**	4,850,424
Equity investments at fair value through profit or loss		**212**	246,584
Trade receivables		**7,991**	20,354
Prepayments, deposits and other receivables		**3,209,654**	3,062,374
Pledged deposits		**310,322**	146,028
Cash and cash equivalents		**1,456,783**	1,127,580
Total current assets		**12,029,242**	11,180,551
CURRENT LIABILITIES			
Trade and bills payables	12	**2,953,491**	3,073,406
Deposits received, accruals and other payables		**7,583,674**	8,045,464
Interest-bearing bank loans and other borrowings		**8,721,632**	10,714,305
Income tax payable		**336,676**	379,318
Dividend payable		**433**	433
Total current liabilities		**19,595,906**	22,212,926
NET CURRENT LIABILITIES		**(7,566,664)**	(11,032,375)
TOTAL ASSETS LESS CURRENT LIABILITIES		**28,235,899**	23,762,406

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)
31 DECEMBER 2017

	31 December 2017 *RMB'000*	31 December 2016 *RMB'000* (Restated)
NON-CURRENT LIABILITIES		
Interest-bearing bank loans and other borrowings	**11,017,391**	8,442,087
Deferred tax liabilities	**3,416,085**	3,227,867
Other long-term liabilities	**6,117**	7,680
Provision for retirement benefits	**8,133**	8,203
Total non-current liabilities	**14,447,726**	11,685,837
Net assets	**13,788,173**	12,076,569
EQUITY		
Equity attributable to owners of the parent		
Issued capital	**460,153**	460,153
Equity component of convertible bonds	**55,538**	55,538
Other reserves	**10,556,491**	9,620,118
	11,072,182	10,135,809
Non-controlling interests	**2,715,991**	1,940,760
Total equity	**13,788,173**	12,076,569

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE AND GROUP INFORMATION

Maoye International Holdings Limited (the "**Company**") 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 has been changed to P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205 Cayman Islands with effect from 1 October 2016 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 Company and its subsidiaries (collectively referred to as the "**Group**") are 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.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**"), which comprise standards and interpretations approved by the International Accounting Standards Board ("**IASB**"), and International Accounting Standards and Standing Interpretations Committee Interpretations approved by the IASB, and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for listed equity investments and investment properties which have been measured at fair value. These financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

As at 31 December 2017, the Group had net current liabilities of approximately RMB7,566,664,000. The Group's ability to repay its debts when they fall due relies heavily on its future operating cash flow and its ability to renew the bank loans and other borrowings.

The directors of the Company believe that the Group has adequate resources to continue operation for the foreseeable future of not less than 12 months from the end of the reporting period. The directors of the Company therefore are of the opinion that it is appropriate to adopt the going concern basis in preparing the consolidated financial statements.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised IFRSs for the first time for the current year's financial statements.

Amendments to IAS 7	*Disclosure Initiative*
Amendments to IAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses*
Amendments to IFRS 12 included in Annual *Improvements to IFRS 2014-2016 Cycle*	*Disclosure of Interests in Other Entities: Clarification of the Scope of IFRS 12*

Other than explained below regarding the impact of IFRSs and IASs, the adoption of the revised standards has had no significant effect on these financial statements.

(a) Amendments to IAS 7 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. Discloure of the changes in liabilities arising from financing activities is provided in note 38 to the financial statements.

(b) Amendments to IAS 12 clarify that an entity, when assessing whether taxable profits will be available against which it can utilise a deductible temporary difference, needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount. The amendments have had no impact on the financial position or performance of the Group as the Group has no deductible temporary differences or assets that are in the scope of the amendments.

(c) Amendments to IFRS 12 clarify that the disclosure requirements in IFRS 12, other than those disclosure requirements in paragraphs B10 to B16 of HKFRS 12, apply to an entity's interest in a subsidiary, a joint venture or an associate, or a portion of its interest in a joint venture or an associate that is classified as held for sale or included in a disposal group classified as held for sale. The amendments have had no impact on the Group's financial statements as the Group has no subsidiaries, joint ventures or associates that are classified as held for sale or included in a disposal group held for sale as at 31 December 2017.

3. OPERATING SEGMENT INFORMATION

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

(a) the operation of department stores segment comprises concessionaire sales, 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, the provision of ancillary services, and the provision of advertising services.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss 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**	**Adjustments and eliminations**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2017					
Segment revenue:					
Sales to external customers	4,632,329	936,685	187,625	—	5,756,639
Intersegment revenue	—	7,153	—	(7,153)	—
Other income	1,375,108	1,458	41,111	—	1,417,677
Cost of sales	(1,551,098)	(687,532)	(17,240)	—	(2,255,870)
Employee expenses	(505,780)	(34,754)	(55,352)	—	(595,886)
Depreciation and amortisation	(707,423)	(143,949)	(54,962)	—	(906,334)
Operating lease rental expenses	(422,344)	(1,283)	(410)	—	(424,037)
Other operating expenses	(1,129,350)	(142,020)	(69,757)	7,153	(1,333,974)
Other gains	435,010	29,853	626,535	—	1,091,398
Operating profit/(loss)	2,126,452	(34,389)	657,550	—	2,749,613
Finance costs	(635,340)	(259,295)	(29,981)	—	(924,616)
Share of profits and losses of associates and a joint venture	27,707	(79)	—	—	27,628
Profit/(loss) before tax	1,518,819	(293,763)	627,569	—	1,852,625
Income tax expense	(478,830)	(106,985)	1,599	—	(584,216)
Profit/(loss) for the year	1,039,989	(400,748)	629,168	—	1,268,409

	Operation of department stores *RMB'000*	Property development *RMB'000*	Others *RMB'000*	Adjustments and eliminations *RMB'000*	Total *RMB'000*
Attributable to:					
Owners of the parent	809,122	(366,828)	629,679	—	1,071,973
Non-controlling interests	230,867	(33,920)	(511)	—	196,436
	1,039,989	(400,748)	629,168	—	1,268,409
Other segment information:					
Impairment losses recognized in the statement of profit or loss	11,600	—	—	—	11,600
Reversal of impairment losses on accounts receivable	(1,221)	—	—	—	(1,221)
Gain on partial disposal of shares in an associate	—	—	(624,840)	—	(624,840)
Gain on disposal of equity investments at fair value through profit or loss	(89,605)	—	—	—	(89,605)
Gain on disposal of an available-for-sale equity investment	(312,441)	—	—	—	(312,441)
Goodwill impairment	183,081	—	—	—	183,081
Investments in associates	1,839,748	—	—	—	1,839,748
Capital expenditure*	214,375	1,034,182	26,460	—	1,275,017

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

	Operation of department stores	Property development	Others	Adjustments and eliminations	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2016					
Segment revenue:					
Sales to external customers	3,735,080	2,056,549	49,710	—	5,841,339
Intersegment revenue	—	7,634	600	(8,234)	—
Other income	1,044,544	2,109	37,385	—	1,084,038
Cost of sales	(1,285,618)	(1,376,857)	(4,616)	—	(2,667,091)
Employee expenses	(468,067)	(48,414)	(26,168)	—	(542,649)
Depreciation and amortisation	(664,972)	(134,031)	(9,139)	—	(808,142)
Operating lease rental expenses	(300,072)	(1,640)	(882)	2,162	(300,432)
Other operating expenses	(995,235)	(190,533)	(50,417)	6,072	(1,230,113)
Other gains/(losses)	20,724	(47,216)	9,371	—	(17,121)
Operating profit	1,086,384	267,601	5,844	—	1,359,829
Finance costs	(439,963)	(349,589)	—	—	(789,552)
Share of profits and losses of associates	26,220	—	—	—	26,220
Profit/(loss) before tax	672,641	(81,988)	5,844	—	596,497
Income tax expense	(331,723)	(148,946)	(3,767)	—	(484,436)
Profit/(loss) for the year	340,918	(230,934)	2,077	—	112,061
Attributable to:					
Owners of the parent	244,547	(200,380)	2,215	—	46,382
Non-controlling interests	96,371	(30,554)	(138)	—	65,679
	340,918	(230,934)	2,077	—	112,061
Other segment information:					
Impairment losses recognized in the statement of profit or loss	1,475	—	—	—	1,475
Investments in associates	2,533,377	—	—	—	2,533,377
Capital expenditure*	113,786	2,236,670	6,523	—	2,356,979

* 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.

The Group's entire revenue is attributable to the market in Mainland China. No analysis of geographical information is therefore presented.

The Group has a large number of customers. However, no sales to a single customer contributed 5% or more of the Group's total revenue.

4. REVENUE

	2017	2016
	RMB'000	*RMB'000*
Commissions from concessionaire sales	**2,105,513**	1,908,762
Direct sales	**1,759,881**	1,446,115
Rental income from the leasing of shop premises	**566,498**	376,145
Management fee income from the operation of department stores	**2,002**	4,058
Rental income from investment properties	**306,488**	128,976
Sale of properties	**871,873**	1,927,573
Others	**144,384**	49,710
	5,756,639	5,841,339

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

Total sales proceeds from concessionaire sales	**13,186,780**	11,611,219
Commissions from concessionaire sales	**2,105,513**	1,908,762

The rental income from the leasing of shop premises is analyzed as follows:

Rental income	**552,124**	360,394
Sublease rental income	**14,374**	15,751
	566,498	376,145

5. OTHER INCOME

	2017	2016
	RMB'000	*RMB'000*
Income from suppliers and concessionaires		
- Administration and management fee income	**727,673**	569,289
- Promotion income	**443,116**	290,806
- Credit card handling fees	**170,992**	139,522
Reversal of long-aged unredeemed prepaid cards*	**—**	21,361
Interest income	**33,327**	23,256
Others	**42,569**	39,804
	1,417,677	1,084,038

* Long-aged unredeemed repaid cards are recognised as other income if the management considered the likelihood of redemption is remote.

6. COST OF SALES

	2017	2016
	RMB'000	*RMB'000*
Purchases of and changes in inventories	**1,551,098**	1,285,618
Cost of properties sold	**687,532**	1,376,857
Others	**17,240**	4,616
	2,255,870	2,667,091

7. EMPLOYEE EXPENSES

	2017	2016
	RMB'000	*RMB'000*
Wages and salaries	**509,551**	472,386
Retirement benefits	**63,028**	54,186
Other employee benefits	**23,307**	16,077
	595,886	542,649

8. FINANCE COSTS

	2017	2016
	RMB'000	*RMB'000*
Interest on bank loans	**1,186,616**	1,132,637
Total interest expense on financial liabilities not at fair value through profit or loss	**1,186,616**	1,132,637
Less: Interest capitalised	**(262,000)**	(343,085)
	924,616	789,552

9. INCOME TAX EXPENSE

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and accordingly, is exempt from the payment of the Cayman Islands income tax.

Pursuant to the rules and regulations of the British Virgin Islands, the Group is not subject to any tax in the British Virgin Islands.

The provision for Hong Kong profits tax was calculated at 16.5% of the estimated assessable profits for the year ended 31 December 2017 (2016: 16.5%).

Under the relevant income tax law, the PRC subsidiaries are subject to corporate income tax ("**CIT**") at a statutory rate of 25% (2016: 25%) of their respective taxable income.

PRC Land Appreciation Tax ("**LAT**") is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditures including and use rights, borrowing costs and all property development expenditures. LAT of RMB24,164,000 was charged to the consolidated statement of profit or loss for the year ended 31 December 2017 (2016: RMB67,551,000).

	2017	2016
	RMB'000	*RMB'000*
Current — CIT	**536,995**	446,053
Current — LAT	**24,164**	67,551
Deferred	**23,057**	(29,168)
Total tax charge for the year	**584,216**	484,436

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

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent of RMB1,071,973,000 (2016: RMB46,382,000) and the weighted average number of ordinary shares of 5,140,326,000 (2016: 5,141,489,556) in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2017 and 2016.

11. DIVIDENDS

	2017	2016
	RMB'000	*RMB'000*
Interim — Nil (2016: Nil) per ordinary share	**—**	—
Proposed final — HK3.88 cents (2016: HK0.3 cent) per ordinary share	**160,796**	13,915
	160,796	13,915

The proposed final dividend 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:

	2017	2016
	RMB'000	*RMB'000*
Within 90 days	**2,298,222**	2,132,672
91 to 180 days	**117,409**	578,506
181 to 360 days	**130,795**	56,552
Over 360 days	**407,065**	305,676
	2,953,491	3,073,406

The trade payables are non-interest-bearing and are normally settled within 90 days.

The Group's bills payable amounted to RMB18,000,000 as at 31 December 2017 (31 December 2016: RMB3,500,000).

13. EVENTS AFTER THE REPORTING PERIOD

i. On 9 January 2018, Chengdu Maoye Estate Co., Ltd. , a wholly-owned subsidiary of Maoye Commercial, entered into the Sale and Purchase Agreement with Maoye Holdings (China) Limited, a company wholly-owned by Mrs. Huang Jingzhang. Pursuant to this agreement, Maoye Holdings (China) Limited agreed to (i) purchase the entire equity interest in Qinhuangdao Maoye land at a consideration of RMB8,711,900 and (ii) repay the loan from Shenzhen Maoye Department Store Co., Ltd. in the principal amount of RMB60,000,000 plus interest accrued thereon, and the amount payable to Chengdu Maoye Estate Co., Ltd. in the sum of RMB4,795,000.

ii. On 25 January 2018, the board of directors of Maoye Commercial passed a resolution approving the purchase of a 65% equity interest of Chongqing Maoye Department Store Co., Ltd. (the "**Target Entity**") from Maoye Department Stores (China) Limited, and a 35% equity interest of the Target Entity from Zhongzhao Investment Management Co., Ltd. respectively at a total cash consideration of RMB403,301,400.

    According to the resolution, If this transaction is completed before 31 December 2018, Maoye Department Stores (China) Limited and Zhongzhao Investment Management Co., Ltd. (the "**Vendors**") will promise to Maoye Commercial that audited net profit (after deducting non-recurring gains and losses) of the Target Entity for the financial years 2018, 2019 and 2020 will amount to RMB27,861,900, RMB30,261,200 and RMB32,509,800 respectively. If the aggregate actual net profit (after deducting non-recurring gains and losses) of the Target Entity at the end of each year is less than the promised total cumulative net profit of the same period, the Vendors will make cash compensation to Maoye Commercial according to the relevant agreement.

MANAGEMENT DISCUSSION AND ANALYSIS

I. MACRO ECONOMY OVERVIEW

In 2017, the PRC economy continued to operate in a stable and upward trend and the overall economic growth outperformed expectations, as GDP growth reached RMB82.7122 trillion, representing an increase of 6.9% year on year. The consumer market operated steadily, and consumer expenditure continued to play the role of a major driving force underpinning economic growth. In 2017, total retail sales of social consumer goods amounted to RMB36.6262 trillion, representing an increase of 10.2% over the previous year. In particular, online sales continued to maintain a rapid growth rate, and the nationwide online retail sales amounted to RMB7.1751 trillion, representing an increase of 32.2% over the previous year. Further, online sales accounted for 19.6% of the total retail sales of social consumer goods, whereas physical retail sales accounted for 80.4% of the total retail sales of social consumer goods.

According to the data published by the Ministry of Commerce, in 2017, the retail sales of 2,700 key typical retail enterprises monitored closely by the Ministry of Commerce recorded an increase of 4.6% year on year, which is 3 percentage points faster over the same period last year. Their profits and total profits increased by 8.0% and 7.1%, respectively, which is 6.5 percentage points and 11 percentage points faster over the same period last year, respectively. The recovery of physical sales was accelerated in general.

Looking back over the past year, online enterprises and offline traditional retail enterprises speeded up their integration to achieve joint development while the boundaries of e-commerce and retail sales became blurred. Physical store resources became the focus of e-commerce competition once again and the "New Retail" became the main theme of development in the industry. As new retail forms and models sprang up constantly, the competition of retail enterprises has changed from homogeneous competition characterized by "Same Design for One Thousand Stores" to targeted and differentiated competition characterized by "Unique Design for Every Store". In addition, the polarized development of the retail industry became more clear with regional enterprises losing their dominating position and market competition intensified due to mergers and acquisitions in the industry and cross-industry cooperation. 2017 was a critical year for the retail industry reform. The constant changes in consumer bases, channels and brand communication propelled the upgrade of consumption. While traditional retail has receded gradually, the wave of retail reform has launched.

II. OPERATION REVIEW

In 2017, the Group strengthened refined management to improve its operation efficiency, and achieved positive development in multiple dimensions. In 2017, the Group recorded an operating revenue of RMB7,174.3 million, representing a year-on-year increase of 3.6%; net profit attributable to owners of the parent of RMB1,072.0 million, representing a year-on-year increase of 2,211.2%; basic earnings per share of RMB20.85 cents, representing a year-on-year increase of 2,216.7%.

In addition, leveraging on its inherent advantages, the Group actively expanded and diversified its retail operations models, and promoted the development of property business, which was reflected in the following respects:

1. Building an all-round digital life cycle of Maoye

With abundant offline resources, the Group actively welcomed the era of new retail and consumption upgrade through devoting to building an all-round digital life cycle of Maoye. In May 2017, the Group established Maoye Data Intelligence Joint Information Technology (Shenzhen) Company Limited (茂業數智聯合信息技術(深圳)有限公司) ("**Maoye Data Intelligence**") with the concept of "Maoye + Internet", which was devoted to (1) establishing a massive ecological membership system crossing different sectors; (2) constructing all-channel "Online to offline"; (3) empowering offline operation and applying big data resources; (4) promoting the digital management and operating organization reform of the Company. The establishment of Maoye Data Intelligence is a milestone for the Group to march towards "New Retail".

In 2017, the Group has accomplished, based on its massive membership system across different sectors, the establishment of various applications such as shopping malls services, content marketing, micro mall, leasing of properties and other aspects. Extended Internet products relating to consumers, merchants, suppliers, resources and services have also been catered:

1) "Mao Le Hui" (茂樂惠) micro mall — an online micro mall, Maoye's exclusive extended online product, with department store operation and business models as its core, was successfully expanding to online segment of physical retail and connecting front and back ends. Currently, "Mao Le Hui" has been implanted into all WeChat public accounts of the Group's stores for touch-type collection and analysis of membership database, making better use of customer flows directed

among stores and between online and offline. Not simply extending and expanding the time and room for consumption of the consumers which was reflected in a remarkable increase of memberships, "Mao Le Hui" also drove the increase in the incremental consumption of consumers. As at 31 December 2017, the number of the Group's members reached 6.87 million, representing an increase of 31.1% year-on-year, and spending by 54.2% of the members were recorded.

2) "Maoye Smart Management Platform" (茂業智能管理平台) — an OA office platform, with highly integrated flow of information and automated working procedure, enhanced the efficiency of the Group comprehensively, standardized the office management, and saved time and operating cost.

3) "Xiao Hong Mao" (小紅茂) — a one-stop service APP for merchants, being a bond linking the demands of merchants to store services, "Xiao Hong Mao" provided in-time services including maintenance, sales of materials, safety services and sales enquiry. The APP enhanced the level of merchant management and services through informatization means.

4) "Maoye • Hao Fang" (茂業 • 好房) — a non-retailing sales system, through a comprehensive digitalization of real estate business and its procedures, the system provided online property sales and leasing services to property buyers and tenants.

2. Expanding a nationwide retail network

The Group continued to construct "Maoye Complex" projects, actively promoting business solicitation for and opening of new projects, and generated synergies with existing stores in the regions in order to consolidate its leading position in regional markets. In 2017, the Group further expanded its retail presence in the Northern China region.

The operation of the business of Baotou Maoye Complex Phase I Shopping Mall project officially commenced in April 2017. The shopping mall was located at Aerding Square, an area with the highest commercial value in the new city centre of Baotou. As a new commercial landmark of the city, the total gross floor area of the project was approximately 260,000 sq. m., of which the area of shopping mall was approximately 60,000 sq. m.: retail area accounted for 43%, ancillary area for food and beverage and entertainment accounted for 57%, providing shopping, food and beverage, entertainment, culture, education and leisure consumption experience under one roof. Since the commencement of business of Baotou Maoye Complex Phase I, customer traffic flow continued to increase steadily. This further consolidated the Group's market leading position in the Northern China region.

The operation of the Group's Maoye Complex, located at the core business circle of Laiwu, officially commenced in December 2017. The one-stop shopping mall was the first complex in Laiwu that offered a diverse selection of cultural tasting, recreation and entertainment, boutique, fashion and food and beverage. The total area of Maoye Complex was approximately 110,000 sq. m., featuring large supermarket, stylish fitness center, five-star cinema, children's entertainment programs, fashion retail brand mix, food court with a multitude of brands, large smart parking lot and other shopping and entertainment experience, which enabled consumers to enjoy a perfect combination of both shopping and leisure consumption experience, thereby considerably enhancing the Group's local brand influence.

As at 31 December 2017, the Group operated and managed 60 stores in 19 cities across the nation with a total gross floor area of approximately 2.87 million sq. m., of which self-owned properties accounted for 75%.

As at 31 December 2017, the distribution of stores of the Group are as follows:

	Southwestern China	**Eastern China**	**Northern China**	**Southern China**	**Total**
Number of Stores	10	13	31	6	60
Gross Floor Area (sq. m.)	356,801	929,715	1,362,851	218,760	2,868,127

3. Consolidating strategic geographical advantages

Over the past year, the Group continued to conduct upgrades and transformation of physical department stores, and to materialize differential operation model to improve operation efficiency and consolidate strategic geographical advantages.

In addition, to accelerate the progress of transforming department stores into shopping malls persistently, the proportion of ancillary facilities in stores, such as food and beverage, leisure and entertainment facilities, was increased to meet customers' experiential expectations and satisfy their demand for spiritual consumption so as to enhance customer retention capability of the stores.

On the other hand, the Group formulated operation strategies and marketing planning to form differentiated positioning for stores in each region based on their own brands and features, with a view to achieving discrepant development and cooperative operation as well as creating the scale effect. Meanwhile, through making dynamic adjustment to product mix in the stores and diversifying the scale of merchandise in stores, more diversified and comprehensive shopping choices are made available to consumers.

4. Consolidating acquired stores

The Group leveraged on the advantages of its resources, well-established management experience and advanced information systems to promote consolidation of acquired stores in aspects covering operation, finance, personnel, information and services and to enhance overall profitability of the stores. In particular, Inner Mangolia Victory Commercial (Group) Co., Ltd. ("**Victory**") in Inner Mongolia achieved remarkable operating performance with net profit amounting to RMB241.0 million in 2017, representing a significant increase of 117% as compared to that of the previous year, which reflected the Group's remarkable achievement in store consolidation and established leading position in the regional market.

5. Developing property business moderately and healthily

As at 31 December 2017, the Group had several projects under construction and projects for sale in various places, including Taiyuan of Shanxi, Taizhou and Wuxi of Jiangsu, Chengdu of Sichuan, Jinzhou of Liaoning, Laiwu of Shandong, Chuzhou of Anhui, Qinhuangdao and Baoding of Hebei and Baotou of Inner Mongolia. The projects covered residential, apartment, office and shop units. In 2017, the Group proactively adjusted its property development strategy through implementation of the "Purchase and Sale" strategy. Proceeds from pre-sale from property business amounted to RMB1,663.3 million in the whole year, representing a significant increase of approximately 50.0% as compared to that of the previous year. Due to certain contracts not meeting the requirements of recognition of revenue, the sales revenue carried forward to this year was RMB871.9 million, representing a decrease of 54.8% as compared to that of the previous year.

III. CAPITAL OPERATION

Appearance in the international capital market

On 17 October 2017, the Company took full advantages of the developed capital market and established legal environment of Hong Kong and successfully issued senior notes of US$300,000,000 with maturity of 364 days (the "**Senior Notes**"), signaling another appearance in the international capital market after the issuance of offshore senior notes in 2014.

Mr. Huang Mao Ru, the Chairman of the Company, Mr. Liu Bo, the Chief Financial Officer and Executive Director and other leaders of the Company commenced roadshows in Hong Kong and Singapore regarding the issuance of the Senior Notes, which was widely recognized by well-known investors around the world. It was proved on the date of announcing book-building results that the Senior Notes were well received by the market. Due to investors' support, the oversubscription rate of the Senior Notes was 5.7 times, being the highest among the then issue of overseas bonds due in one year, and the interest rate of which was eventually reduced to 7.0%.

The Company has significantly attracted investors' attention from home and abroad since its listing in Hong Kong years ago. The successful issuance of the Senior Notes clearly demonstrated that the Company has been recognized by its investors, which was mainly due to the Company's satisfactory business operation and its leading position in the market as well as brand advantages accumulated over the past years. Meanwhile, successful issuance of the Senior Notes also enabled the Company to further broaden its source of financing, and to optimize its financing allocation, thereby enhancing corporate image and achieving remarkable development of each business.

Disposal of non-core listed equity investments

In January 2017, the Company announced that Zhongzhao Investment Management Co., Ltd ("**Zhongzhao**"), a wholly-owned subsidiary of the Company, disposed of 70,000,000 circulating shares in Maoye Communication and Network Co., Ltd. ("**Maoye Communication**") , representing approximately 11.26% of the issued share capital of Maoye Communication and 33.64% of shares held by Zhongzhao in Maoye Communication, at a consideration of RMB1,400 million. Upon completion of the transaction, the aggregate shareholding of Zhongzhao and its person acting in concert, Shenzhen Maoye Department Store Co., Ltd., in Maoye Communication decreased from 35.46% to 24.20%. The Group received investment gain of approximately RMB621.8 million from the transaction.

In June 2017, the Company announced that Shenzhen Maoye Shangsha Co., Ltd. ("**Maoye Shangsha**"), a wholly-owned subsidiary of the Company, disposed of an aggregate of 6,950,516 shares in Ping An Insurance (Group) Company of China, Ltd. ("**Ping An Insurance**") on the open market, representing approximately 0.04% of the issued share capital of Ping An Insurance for investment gain of approximately RMB89.6 million. Upon completion of the transaction, Maoye Shangsha ceased to hold any shares in Ping An Insurance.

Proceeds of the disposal of non-core assets will further consolidate the Group's financial position and the capital base, which is conducive to the Group's future business growth and development.

IV. FUTURE PROSPECT

In the year to come, the "New Retailing" concept will continue to flourish, as demonstrated by a constant fusion of online and offline activities and the widespread use of technology by physical stores. Moreover, plenty of business models in China's retail industry will be operating neck-and-neck, developing harmoniously and notching up success hand in hand, and will be characterized by the emergence of more diversified consumption experience and various consumption scenarios. A consumer-oriented philosophy featuring consumer experience enhancement and tailor-made services that satisfy consumers' needs will be the only practice that remains unchanged in the future.

As a domestic leading retail operator, the Group will incorporate offline competitive edge to maintain a prudent, solid development strategy, foster business innovation and transformation as well as clarify strategic objectives, the highlights of which are as follows:

1. Continue to expand its retail network to facilitate business commencement and development of "Maoye Complex" projects actively and to strengthen the Group's leading position in each region;

2. Accelerate the progress of upgrading and transforming department stores into shopping malls to enrich experiential consumption and improve customer retention capability of stores;

3. Promote the development and operation of the life circle of Maoye, further utilize information system tools to process, analyze, label relevant membership data, and to transform such data into clues for operation and marketing methods so as to accelerate the fusion and co-existence of online and offline model and accomplish overall transformation towards the "new Retailing" concept;

4. Uphold the practice of multi-level control on costs and supply chain management, reduce operating costs, increase asset earnings efficiency and effectiveness;

5. Continue to expand financing channels, maintain diversified sources of financing and optimize financing costs.

With over 20 years of experience in property development and management, the Group has accumulated enormous commercial property resources and management experience. In 3 to 5 years, the Group plans to speed up the implementation of the light-asset output model. Furthermore, the Group will strive to strengthen the "Purchase and Sale" strategy and accelerate the destocking progress of the property business to enhance the cashflow level of the Group.

PERFORMANCE OF MAJOR DEPARTMENT STORES[1]

	Store Name	Total Sales Proceeds *(RMB'000)*	Operation Period[2] *(Year)*	Gross Floor Area *(m^2)*
1	Shenzhen Huaqiangbei	1,703,049	14.3	63,243
2	Guanghua	1,014,647	8.1	62,498
3	Victory Commercial Building	858,917	14.7	50,513
4	Shenzhen Dongmen	853,263	20.8	40,979
5	Victory International Plaza	789,668	10.0	85,654
6	Shenzhen Nanshan	733,697	8.3	44,871
7	Taizhou First Department Store	696,826	8.3	40,358
8	Victory Shopping Centre	555,650	11.3	60,218
9	Chengdu Maoye Complex	504,971	12.6	87,835
10	Xiandai Shopping Plaza	470,820	7.6	36,897
11	Rendong	449,609	19.3	38,278
12	Qinhuangdao Jindu	423,757	9.3	46,610
13	Chongqing Jiangbei	409,972	13.2	68,138
14	Taiyuan Maoye Complex	407,982	1.1	246,224
15	Taiyuan Liuxiang	348,410	9.2	31,448
16	Shenzhen Outlet	345,854	18.3	23,048
17	Zhuhai Xiangzhou	313,087	16.2	36,112
18	Nanchong Wuxing	291,737	16.2	24,365
19	Zibo Maoye Times Square	284,548	2.9	88,923
20	Qinhuangdao Shangcheng	265,103	7.6	26,696
21	Mianyang Xingda	256,866	9.3	27,595

Notes:

1 Major department stores are stores with annual sales proceeds of over RMB200 million.

2 Operation period was calculated till 31 December 2017.

FINANCIAL REVIEW

Total Sales Proceeds and Revenue

For the year ended 31 December 2017, total sales proceeds of the Group were RMB14,946.7 million, representing an increase of 14.5% as compared to the year of 2016. The increase in total sales proceeds was primarily due to the full consolidation of Chengdu Renhe Chuntian Department Store Ltd. and Chengdu Qingyang District Renhe Chuntian Department Store Ltd. (collectively "**Renhe**") and Victory, as the subsidiaries of the Company, into the annual results of the Group, and the operating performance of department stores in Southern China region showed a significant growth. Total same-store sales proceeds were RMB9,954.9 million, representing an increase of 1.0% as compared to year of 2016.

	For the year ended 31 December	
	2017	**2016**
	RMB'000	*RMB'000*
Total sales proceeds from concessionaire sales	**13,186,780**	11,611,219
Direct Sales	**1,759,881**	1,446,115
Total Sales Proceeds	**14,946,661**	13,057,334

Among the total sales proceeds of the Group in 2017, total sales proceeds derived from concessionaire sales accounted for 88.2% and those derived from direct sales accounted for 11.8%. For the year ended 31 December 2017, same-store sales proceeds from concessionaire sales was RMB9,126.7 million, representing an increase of 1.6% as compared to year of 2016. The commission rate from concessionaire sales was 16.0% which was basically in line with the year of 2016.

The total sales proceeds and growth rates in the four regions are set out as follows:

	Total sales proceeds		Growth of the total sales proceeds
	2017	**2016**	
	RMB'000	*RMB'000*	*%*
Eastern China	**1,889,639**	1,856,129	2%
Southern China	**4,023,705**	3,663,736	10%
South-western China	**3,207,039**	3,255,661	-1%
Northern China	**5,826,278**	4,281,808	36%
Total	**14,946,661**	13,057,334	14%

As of 31 December 2017, sales of apparels (including men's and ladies' apparels) accounted for 34.5% (2016: 37.2%), shoes and leather goods accounted for 9.2% (2016: 10.5%), jewelries accounted for 15.6% (2016: 15.7%), cosmetics accounted for 7.8% (2016: 6.6%), leisure and sports goods accounted for 10.9% (2016: 11.0%), and others (including luxury, children's products, bedroom and household goods, home electrical appliances, supermarket and others) accounted for 22.0% (2016: 19.0%).

For the year ended 31 December 2017, the revenue of the Group was RMB5,756.6 million, representing a decrease of 1.5% as compared to that of RMB5,841.3 million for the year of 2016.

Other Income

For the year ended 31 December 2017, other income of the Group was RMB1,417.7 million, representing an increase of 30.8% as compared to that of RMB1,084.0 million for the year of 2016. The increase in other income was primarily due to the full consolidation of Renhe and Victory, as the subsidiaries of the Company, into the annual results of the Group, and the other income of department stores in Southern China region showed a significant growth.

Cost of Sales

For the year ended 31 December 2017, cost of sales of the Group was RMB2,255.9 million, representing a decrease of 15.4% as compared to that of RMB2,667.1 million for the year of 2016. The decrease in cost of sales was primarily due to the corresponding cost decrease resulted from the decrease in the annual recognition of revenue from property projects.

Employee Expenses

For the year ended 31 December 2017, employee expenses of the Group were RMB595.9 million, representing an increase of 9.8% as compared to that of RMB542.6 million for the year of 2016, which was primarily due to the full consolidation of Renhe and Victory, as the subsidiaries of the Company, into the annual results of the Group.

Depreciation and Amortisation

For the year ended 31 December 2017, depreciation and amortisation of the Group was RMB906.3 million, representing an increase of 12.2% as compared to that of RMB808.1 million for the year of 2016, which was primarily due to the full consolidation of Renhe and Victory, as the subsidiaries of the Company, into the annual results of the Group.

Operating Lease Rental Expenses

For the year ended 31 December 2017, operating lease rental expenses of the Group were RMB424.0 million, representing an increase of 41.1% as compared to that of RMB300.4 million for the year of 2016, which was primarily due to the full consolidation of Renhe and Victory, as the subsidiaries of the Company, into the annual results of the Group.

Other Operating Expenses

For the year ended 31 December 2017, other operating expenses of the Group were RMB1,334.0 million, representing an increase of 8.4% as compared to that of RMB1,230.1 million for the year of 2016, which was primarily due to the full consolidation of Renhe and Victory, as the subsidiaries of the Company, into the annual results of the Group.

Other Gains

For the year ended 31 December 2017, the Group recorded other gains of RMB1,091.4 million, representing an increase of RMB1,108.5 million as compared to other losses of RMB17.1 million in 2016, which was primarily due to (1) the Group recorded one-off investment gains of approximately RMB621.8 million from the disposal of part of equity interest of Maoye Communication in the year of 2017; and (2) The net gain arising from the material asset restructuring of Chongqing Pharmaceutical (Group) Co., Ltd. ("**Chongqing Pharmaceutical**"), a company which Maoye Commercial held as equity investment, involving the acquisition by Chongqing Jianfeng Chemical Co., Ltd. ("**Chongqing Jianfeng**") of 96.59%

shareholding of Chongqing Pharmaceutical (the "**Chongqing Pharmaceutical Restructuring**"). As a result of the Chongqing Pharmaceutical Restructuring, Maoye Commercial becomes interested in the shares of Chongqing Jianfeng and recorded an investment gain of RMB312.4 million.

Operating Profit

For the year ended 31 December 2017, operating profit of the Group was RMB2,749.6 million, representing an increase of 102.2% as compared to that of RMB1,359.8 million for the year of 2016. This was primarily due to (1) the full consolidation of Renhe and Victory, as the subsidiaries of the Company, into the annual results of the Group; and (2) the significant increase in revenue and profit of the Southern China region and Victory as compared with the same period of 2016.

Finance Costs

For the year ended 31 December 2017, finance costs of the Group were RMB924.6 million, representing an increase of 17.1% as compared to that of RMB789.6 million for the year of 2016, which was primarily due to the increase of interest-bearing loans and the decrease in the scale of capitalization of interest.

Income Tax

For the year ended 31 December 2017, income tax expenses of the Group were RMB584.2 million, representing an increase of 20.6% as compared to that of RMB484.4 million for the year of 2016. The increase in income tax was primarily due to the increase of profit before tax.

Profit for the Year

As a result of the foregoing, for the year ended 31 December 2017:

— Profit for the year increased to RMB1,268.4 million, representing a year-on-year increase of 1,031.9%;

— Without taking into account the effect of non-operating gains and losses*, profit for the year was RMB449.9 million, as compared to RMB124.9 for the year of 2016, representing a year-on-year increase of 260.2%.

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

Liquidity and Financial Resources

As at 31 December 2017, the Group's cash and cash equivalents amounted to RMB1,456.8 million, which increased by RMB329.2 million as compared to the balances of RMB1,127.6 million as at 31 December 2016. The main cash inflows and cash outflows are set out as follows:

(1) net cash inflow generated from operating activities of RMB2,078.2 million mainly included (1) cash inflow generated from operating activities of RMB19,279.8 million; (2) cash outflow arising from purchase of merchandise of RMB15,614.5 million; (3) cash outflow arising from payment of employees' salary of RMB605.7 million; and (4) cash outflow arising from payment of income tax and other tax expenses of RMB981.4 million;

(2) net cash outflow used in investing activities of RMB347.2 million mainly included (1) payments for properties and equipment amounting to RMB516.7 million; (2) purchase of available-for-sale equity investments amounting to RMB1,020.1 million; (3) disposal of part of equity interest of Maoye Communication amounting to RMB1,400 million; (4) disposal of equity interest of Ping An Insurance (Group) Company of China Ltd. amounting to RMB337.7 million; (5) acquisition of subsidiaries amounting to RMB96.4 million; and (6) payment of dividend and restricted deposits amounting to RMB73.5 million and RMB164.3 million, respectively; and

(3) net cash outflow generated from financing activities of RMB1,476.6 million mainly included: (1) net increase in cash inflow arising from bank loans and other borrowings of RMB12,404.1 million; 2) cash outflow arising from repayment of bank loans and other borrowings of RMB12,910.2 million; 3) cash outflow arising from repayment of interest of approximately RMB1,189.4 million; and 4) cash inflow arising from a fellow subsidiary's loan amounting to RMB232.3 million.

Interest-bearing Loans

Total bank loans, corporate bonds and USD senior guaranteed notes of the Group as at 31 December 2017 amounted to approximately RMB19,739.0 million (31 December 2016: RMB19,156.4 million), and the gearing ratio[1] and net gearing ratio[2] were 41.3% and 132.6%, respectively (as of 31 December 2016: 41.7% and 149.3%, respectively).

1 *Gearing ratio = total debt / total assets = (bank loans + corporate bonds + USD senior guaranteed notes) / total assets*

[2] *Net gearing ratio = net debt / equity = (bank loans + corporate bonds + USD senior guaranteed notes- cash and equivalents) / equity*

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 2017, the Group's collateral interest-bearing bank loans amounting to RMB7,959.9 million were secured by properties land and buildings, land lease prepayments, under development, with net carrying amounts of approximately RMB2,841.8 million, RMB1,219.4 million and RMB149.7 million based on cost measurement, respectively and secured by investment properting with net carrying amounts of approximately RMB5,283.7 million based on fair value measurement.

Foreign Currency Risk

The Company issued USD300 million senior guaranteed notes with term of 364 days in 2017 which is exposed to the effect of foreign exchange fluctuation risks. During the reporting period, the Group recorded a foreign exchange gains of RMB50.7 million. Since the business of the Group is mainly focused on mainland China, its operation was not exposed to foreign exchange fluctuation risks.

For the year ended 31 December 2017, the Group had not entered into any arrangements to hedge its foreign currency risk. The Group's operating cash flow is not exposed to foreign exchange fluctuation risks.

FINAL DIVIDEND

The Board recommended the payment of a final dividend of HK3.88 cents in cash per share for the year ended 31 December 2017 (the "**Proposed Final Dividend**") (2016: HK0.3 cent), subject to the shareholders' approval at the annual general meeting of the Company to be held on Friday, 11 May 2018 (the "**2018 AGM**"). The Proposed Final Dividend will be paid in cash on Monday, 4 June 2018 to shareholders whose names appear on the Register of Members of the Company as at the close of business on Wednesday, 23 May 2018.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

For the year ended 31 December 2017, the Company early redeemed the US$300,000,000 7.75% senior guaranteed notes due 2017 in the aggregate principal amount of US$46,911,000.

Save as disclosed above, neither the Company nor its subsidiaries had purchased, redeemed or sold any of the Company's listed securities during the year ended 31 December 2017.

CLOSURE OF REGISTER OF MEMBERS

(i) Determining the eligibility to attend and vote at the 2018 AGM

The Company's Register of Members will be closed from Tuesday, 8 May 2018 to Friday, 11 May 2018 (both days inclusive), during which no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the 2018 AGM, unregistered holders of shares of the Company should ensure all share transfer forms accompanied by the relevant share certificates 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 Monday, 7 May 2018.

(ii) Determining the entitlement to the Proposed Final Dividend

The Company's Register of Members will be closed from Friday, 18 May 2018 to Wednesday, 23 May 2018 (both days inclusive), during which no transfer of shares of the Company will be registered. In order to be entitled to the Proposed Final Dividend, unregistered holders of shares of the Company should ensure all share transfer forms accompanied by the relevant share certificates 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 Thursday, 17 May 2018.

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 2017. 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 Rules Governing the Listing of Securities on the Stock Exchange the ("**Listing Rules**") during the year ended 31 December 2017, 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.

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 2017 and has discussed with the management on the accounting principles and practices adopted by the Group, and its risk management, internal control and financial reporting matters.

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2017 as set out in the preliminary announcement have been agreed by the Company's auditors to the amounts set out in the Group's consolidated financial statements for the year. The work performed by the Company's auditors in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Company's auditors on the preliminary announcement.

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 2017 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 Company's 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 March 2018

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