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 2021

HIGHLIGHTS

- Total sales proceeds and rental income were RMB11,547.2 million, representing a year-on-year increase of 8.0%
- Total operating revenue was RMB6,400.0 million, representing a year-on-year decrease of 20.2%
- Net profit for the year was RMB110.6 million, representing a year-on-year increase of 144.4%
- Without taking into account the effect of non-operating gains and losses, net profit for the year was RMB75.7 million, representing a year-on-year decrease of 79.9%
- Basic earning per share for the year was RMB1.3 cents, and the Board recommended no payment of any final dividend for the year ended 31 December 2021

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

The Board of Directors (the "**Board**") of Maoye International Holdings Limited (the "**Company**") announces the consolidated annual results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2021 with comparative figures for the year of 2020 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2021

	Notes	2021 RMB'000	2020 RMB'000
REVENUE	4	**5,234,615**	6,911,751
Other income	5	**1,165,381**	1,104,634
Total operating revenue		**6,399,996**	8,016,385
Cost of sales	6	**(2,170,195)**	(3,231,173)
Employee expenses	7	**(472,360)**	(415,215)
Depreciation and amortisation		**(1,103,358)**	(1,083,355)
Payments for short-term leases and leases of low-value assets		**(7,965)**	(10,933)
Other operating expenses		**(1,153,118)**	(1,144,953)
Other gains and losses		**121,821**	(825,937)
Operating profit		**1,614,821**	1,304,819
Finance costs	8	**(1,146,469)**	(1,231,528)
Share of profits and losses of:			
a joint venture		**(499)**	(1,182)
associates		**(26,167)**	(8,253)
PROFIT BEFORE TAX		**441,686**	63,856
Income tax expense	9	**(331,094)**	(312,852)
PROFIT/(LOSS) FOR THE YEAR		**110,592**	(248,996)
Attributable to:			
Owners of the parent		**65,685**	(174,636)
Non-controlling interests		**44,907**	(74,360)
		110,592	(248,996)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	11		
Basic			
– For profit/(loss) for the year		**RMB1.28 cents**	RMB(3.40) cents
Diluted			
– For profit/(loss) for the year		**RMB1.28 cents**	RMB(3.40) cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2021

	2021 *RMB'000*	2020 *RMB'000*
PROFIT/(LOSS) FOR THE YEAR	**110,592**	(248,996)
OTHER COMPREHENSIVE INCOME		
Defined benefit retirement plans	**(210)**	976
Exchange differences on translation of foreign operations	**18,375**	78,738
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Changes in fair value on equity investments designated at fair value through other comprehensive income	**(118,067)**	157,521
Income tax effect	**31,769**	(39,380)
Gains on property revaluation	**1,053,595**	95,342
Income tax effect	**(262,642)**	(23,837)
	704,655	189,646
Share of other comprehensive income of associates	**9,719**	–
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	**714,374**	189,646
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**732,539**	269,360
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**843,131**	20,364
Attributable to:		
Owners of the parent	**747,117**	79,299
Non-controlling interests	**96,014**	(58,935)
	843,131	20,364

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2021

	Note	**31 December 2021** *RMB'000*	31 December 2020 *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**8,297,704**	8,392,910
Investment properties		**21,394,912**	19,441,153
Right-of-use assets		**5,946,016**	6,335,008
Goodwill		**1,322,252**	1,361,122
Other intangible assets		**37,446**	41,589
Investment in a joint venture		**592**	1,091
Investments in associates		**447,013**	1,069,334
Equity investments designated at fair value through other comprehensive income		**1,354,735**	1,520,533
Financial assets at fair value through profit or loss		**9,475**	10,712
Prepayments		**134,074**	166,485
Deferred tax assets		**745,925**	640,401
Total non-current assets		**39,690,144**	38,980,338
CURRENT ASSETS			
Inventories		**333,974**	264,448
Completed properties held for sale		**2,119,354**	2,442,287
Properties under development		**5,314,077**	5,770,812
Financial assets at fair value through profit or loss		**417,053**	28,028
Trade and bills receivables		**14,144**	11,015
Prepayments, other receivables and other assets		**2,511,938**	2,517,598
Pledged deposits		**147,114**	245,919
Cash and cash equivalents		**1,197,116**	1,046,689
Total current assets		**12,054,770**	12,326,796
CURRENT LIABILITIES			
Trade and bills payables	*12*	**1,892,912**	2,466,217
Contract liabilities, deposits received, accruals and other payables		**8,317,028**	11,773,729
Interest-bearing bank loans and other borrowings		**6,412,887**	4,987,441
Lease liabilities		**276,666**	262,934
Income tax payable		**383,430**	529,973
Dividend payable		**26,076**	25,527
Total current liabilities		**17,308,999**	20,045,821
NET CURRENT LIABILITIES		**(5,254,229)**	(7,719,025)
TOTAL ASSETS LESS CURRENT LIABILITIES		**34,435,915**	31,261,313

	31 December 2021 *RMB'000*	31 December 2020 *RMB'000*
NON-CURRENT LIABILITIES		
Interest-bearing bank loans and other borrowings	**7,901,982**	9,355,018
Lease liabilities	**2,100,472**	2,333,243
Deferred tax liabilities	**4,301,047**	4,110,375
Other long-term liabilities	**3,858,622**	158
Provision for retirement benefits	**6,789**	6,855
Total non-current liabilities	**18,168,912**	15,805,649
Net assets	**16,267,003**	15,455,664
EQUITY		
Equity attributable to owners of the parent		
Issued capital	**460,153**	460,153
Other reserves	**13,255,109**	12,507,992
	13,715,262	12,968,145
Non-controlling interests	**2,551,741**	2,487,519
Total equity	**16,267,003**	15,455,664

NOTES TO 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 International Accounting Standards Committee, and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, financial assets at fair value through profit or loss ("**FVPL**"), and equity investments designated at fair value through other comprehensive income ("**FVOCI**") 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 2021, the Group had net current liabilities of approximately RMB5,254,229,000. The Group's ability to repay its debts when they fall due relies heavily on its future operating cash flows and its ability to renew the bank loans and other borrowings. The directors have carefully assessed the Group's liquidity position having taken into account:

(1) the Group's expected cash inflows from operating activities in 2022;

(2) the bank borrowings that will expire during the next 12 months, which the directors of the Company are confident that could be renewed upon expiration based on the Group's past experience and credit standing; and

(3) having taken into account that RMB1,809,627,000 and RMB694,472,000 of current liabilities as at 31 December 2021 are contract liabilities and deposits received in nature of which the Group will not be expecting any cash outflow.

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 year. 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.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2021.

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	*Interest Rate Benchmark Reform – Phase 2*
Amendment to IFRS 16	*Covid-19-Related Rent Concessions beyond 30 June 2021 (early adopted)*

The nature and the impact of the revised IFRSs are described below:

(a) Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate ("**RFR**"). The amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of IFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy.

The Group had certain interest-bearing bank and other borrowings denominated in Hong Kong dollars based on the Hong Kong Interbank Offered Rate ("**HIBOR**") as at 31 December 2021. The Group expects that HIBOR will continue to exist and the interest rate benchmark reform has not had an impact on the Group's HIBOR-based borrowings. If the interest rates of these borrowings are replaced by RFRs in a future period, the Group will apply the above-mentioned practical expedient upon the modification of these instruments provided that the "economically equivalent" criterion is met. Additional information about the transition and the associated risks is disclosed in note 43 to the financial statements.

(b) Amendment to IFRS 16 issued in March 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted.

The Group has early adopted the amendment on 1 January 2021 and applied the practical expedient during the year ended 31 December 2021 to all rent concessions granted by the lessors that affected only payments originally due on or before 30 June 2022 as a direct consequence of the covid-19 pandemic. A reduction in the lease payments arising from the rent concessions of RMB10,342,000 has been accounted for as a variable lease payment by derecognising part of the lease liabilities and crediting to the corresponding right-of-use assets for the year ended 31 December 2021. There was no impact on the opening balance of equity as at 1 January 2021.

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective in these financial statements.

Amendments to IFRS 3	*Reference to the Conceptual Framework*[1]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
IFRS 17	*Insurance Contracts*[2]
Amendments to IFRS 17	*Insurance Contracts*[2, 4]
Amendment to IFRS 17	*Initial Application of IFRS 17 and IFRS 9 – Comparative Information*[2]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current*[2]
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*[2]
Amendments to IAS 8	*Definition of Accounting Estimates*[2]
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[2]
Amendments to IAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*[1]
Amendments to IAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*[1]
Annual Improvements to IFRS Standards 2018-2020	Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41[1]

[1] *Effective for annual periods beginning on or after 1 January 2022*

[2] *Effective for annual periods beginning on or after 1 January 2023*

[3] *No mandatory effective date yet determined but available for adoption*

[4] *As a consequence of the amendments to IFRS 17 issued in June 2020, IFRS 4 was amended to extend the temporary exemption that permits insurers to apply IAS 39 rather than IFRS 9 for annual periods beginning before 1 January 2023*

Further information about those IFRSs that are expected to be applicable to the Group is described below.

Amendments to IFRS 3 are intended to replace a reference to the previous Framework for the Preparation and Presentation of Financial Statements with a reference to the Conceptual Framework for Financial Reporting issued in June 2018 without significantly changing its requirements. The amendments also add to IFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC if they were incurred separately rather than assumed in a business combination, an entity applying IFRS 3 should refer to IAS 37 or IFRIC respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group expects to adopt the amendments prospectively from 1 January 2022. Since the amendments apply prospectively to business combinations for which the acquisition date is on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed by the IASB in December 2015 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

Amendments to IAS 1 Classification of Liabilities as Current or Non-current clarify the requirements for classifying liabilities as current or non-current. The amendments specify that if an entity's right to defer settlement of a liability is subject to the entity complying with specified conditions, the entity has a right to defer settlement of the liability at the end of the reporting period if it complies with those conditions at that date. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The amendments also clarify the situations that are considered a settlement of a liability. The amendments are effective for annual periods beginning on or after 1 January 2023 and shall be applied retrospectively. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 1 Disclosure of Accounting Policies require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to IFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. Amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023 and earlier application is permitted. Since the guidance provided in the amendments to IFRS Practice Statement 2 is non-mandatory, an effective date for these amendments is not necessary. The Group is currently assessing the impact of the amendments on the Group's accounting policy disclosures.

Amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 12 narrow the scope of the initial recognition exception so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset and a deferred tax liability for temporary differences arising from these transactions. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and shall be applied to transactions related to leases and decommissioning obligations at the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to the opening balance of retained profits or other component of equity as appropriate at that date. In addition, the amendments shall be applied prospectively to transactions other than leases and decommissioning obligations. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss. The amendments are effective for annual periods beginning on or after 1 January 2022 and shall be applied retrospectively only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 37 clarify that for the purpose of assessing whether a contract is onerous under IAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual periods beginning on or after 1 January 2022 and shall be applied to contracts for which an entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments. Earlier application is permitted. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening equity at the date of initial application without restating the comparative information. The amendments are not expected to have any significant impact on the Group's financial statements.

Annual Improvements to IFRS Standards 2018-2020 sets out amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41. Details of the amendments that are expected to be applicable to the Group are as follows:

- IFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual periods beginning on or after 1 January 2022. Earlier application is permitted. The amendment is not expected to have a significant impact on the Group's financial statements.

- IFRS 16 *Leases*: removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying IFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying IFRS 16.

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, and the provision of ancillary 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 RMB'000	Property development RMB'000	Others RMB'000	Total RMB'000
Year ended 31 December 2021				
Segment revenue:				
Sales to external customers	3,998,009	1,026,810	209,796	5,234,615
Other income	1,121,071	38,232	6,078	1,165,381
Cost of sales	(1,650,284)	(476,266)	(43,645)	(2,170,195)
Employee expenses	(359,793)	(41,202)	(71,365)	(472,360)
Depreciation and amortisation	(894,569)	(156,161)	(52,628)	(1,103,358)
Payments for short-term leases and leases of low-value assets	(4,190)	(2,523)	(1,252)	(7,965)
Other operating expenses	(960,368)	(110,646)	(82,104)	(1,153,118)
Other gains and losses	(138,254)	259,507	568	121,821
Operating profit/(loss)	1,111,622	537,751	(34,552)	1,614,821
Finance costs	(733,091)	(413,378)	––	(1,146,469)
Share of profits and losses of associates and a joint venture	(25,484)	(1,182)	––	(26,666)
Profit/(loss) before tax	353,047	123,191	(34,552)	441,686
Income tax expense	(30,423)	(300,573)	(98)	(331,094)
Profit/(loss) for the year	322,624	(177,382)	(34,650)	110,592
Attributable to:				
Owners of the parent	234,024	(134,052)	(34,287)	65,685
Non-controlling interests	88,600	(43,330)	(363)	44,907
	322,624	(177,382)	(34,650)	110,592
Other segment information:				
Impairment losses reversed in the statement of profit or loss, net	(26,376)	––	(5)	(26,381)
Impairment of properties under development	––	2,872	––	2,872
Impairment of investment in an associate	102,932	–––	––	102,932
Loss on disposal of shares in an associate	46,272	––	––	46,272
Goodwill impairment	38,870	––	––	38,870
Investments in associates	447,013	––	––	447,013
Investment in a joint venture	––	592	––	592
Capital expenditure*	123,823	799,008	1,970	924,801

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

	Operation of department stores RMB'000	Property development RMB'000	Others RMB'000	Adjustments and eliminations RMB'000	Total RMB'000
Year ended 31 December 2020					
Segment revenue:					
Sales to external customers	3,634,456	3,137,800	139,495	–	6,911,751
Intersegment revenue	–	4,338	–	(4,338)	–
Other income	1,067,437	19,770	17,427	–	1,104,634
Cost of sales	(1,448,034)	(1,767,534)	(15,605)	–	(3,231,173)
Employee expenses	(325,267)	(37,769)	(52,179)	–	(415,215)
Depreciation and amortisation	(895,278)	(148,237)	(39,840)	–	(1,083,355)
Payments for short-term leases and leases of low-value assets	(8,184)	(1,460)	(1,289)	–	(10,933)
Other operating expenses	(966,485)	(123,061)	(59,745)	4,338	(1,144,953)
Other gains and losses	(419,184)	(404,136)	(2,617)	–	(825,937)
Operating profit/(loss)	639,461	679,711	(14,353)	–	1,304,819
Finance costs	(787,481)	(444,047)	–	–	(1,231,528)
Share of profits and losses of associates and a joint venture	(8,253)	(1,182)	–	–	(9,435)
Profit/(loss) before tax	(156,273)	234,482	(14,353)	–	63,856
Income tax expense	(36,042)	(276,814)	4	–	(312,852)
Loss for the year	(192,315)	(42,332)	(14,349)	–	(248,996)
Attributable to:					
Owners of the parent	(209,592)	49,048	(14,092)	–	(174,636)
Non-controlling interests	17,277	(91,380)	(257)	–	(74,360)
	(192,315)	(42,332)	(14,349)	–	(248,996)
Other segment information:					
Impairment losses recognised/(reversed) in the statement of profit or loss, net	(577)	167	(19)	–	(429)
Impairment of properties under development	–	64,323	–	–	64,323
Impairment of investment in an associate	168,302	–	–	–	168,302
Gain on disposal of shares in an associate	(3,664)	–	–	–	(3,664)
Goodwill impairment	62,607	–	–	–	62,607
Investments in associates	1,069,334	–	–	–	1,069,334
Investment in a joint venture	–	1,091	–	–	1,091
Capital expenditure*	176,311	2,788,773	23	–	2,965,107

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

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 amounted to 5% or more of the Group's total revenue.

4. REVENUE

	2021	2020
	RMB'000	*RMB'000*
Revenue from contracts with customers		
Commissions from concessionaire sales	**1,051,808**	1,082,021
Direct sales	**1,768,471**	1,575,751
Sale of properties	**911,793**	3,026,404
Management fee income from the operation of department stores	**–**	313
Revenue from other sources		
Rental income from investment properties	**740,769**	603,151
Rental income from the leasing of shop premises	**551,978**	485,017
Others	**209,796**	139,094
	5,234,615	6,911,751

Revenue from contracts with customers

(i) Disaggregated revenue information

The Group's entire revenue of goods and services transferred is recognised at a point in time. No analysis of timing information is therefore presented.

The following table shows the amount of revenue recognised in the current reporting period that was included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	2021	2020
	RMB'000	*RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of completed properties	**378,928**	1,448,842
	378,928	1,448,842

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

Direct sales of merchandise and commissions from concessionaire sales

The performance obligation is satisfied at the point in time when control of the asset is transferred to the customers.

Sale of properties

For contracts entered into with customers on the sale of properties, the Group does not have an enforceable right to payment prior to transfer of the relevant properties to customers. Revenue from the sale of properties is therefore recognised at the point in time when the completed property is transferred to customers, being at the point that the customer obtains the control of the completed property and the Group has the present right to payment and collection of the consideration is probable.

5. OTHER INCOME

	2021	2020
	RMB'000	*RMB'000*
Income from suppliers and concessionaires		
– Administration and management fee income	**721,684**	705,336
– Promotion income	**250,801**	216,625
– Credit card handling fees	**126,206**	128,088
Interest income	**22,380**	17,388
Others	**44,310**	37,197
	1,165,381	1,104,634

6. COST OF SALES

	2021	2020
	RMB'000	*RMB'000*
Purchases of and changes in inventories	**1,650,284**	1,448,034
Cost of properties sold	**476,266**	1,767,534
Others	**43,645**	15,605
	2,170,195	3,231,173

7. EMPLOYEE EXPENSES

	2021	2020
	RMB'000	*RMB'000*
Wages and salaries	**418,601**	387,471
Retirement benefits	**49,201**	25,456
Other employee benefits	**4,558**	2,288
	472,360	415,215

8. FINANCE COSTS

	2021	2020
	RMB'000	*RMB'000*
Interest on bank loans and other borrowings	**1,047,298**	1,151,212
Interest on lease liabilities	**159,471**	176,923
Total interest expense on financial liabilities not at fair value through profit or loss	**1,206,769**	1,328,135
Less: Interest capitalised	**(60,300)**	(96,607)
	1,146,469	1,231,528

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 2021 (2020: 16.5%).

Under the relevant income tax law, the PRC subsidiaries are subject to corporate income tax ("**CIT**") at a statutory rate of 25% (2020: 25%) of their respective taxable income, except for certain group entities which are entitled to various concessionary tax rates or tax exemptions and reliefs.

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 land use rights, borrowing costs and all property development expenditures. LAT of RMB227,388,000 was charged to the consolidated statement of profit or loss for the year ended 31 December 2021 (2020: RMB117,504,000).

	2021	2020
	RMB'000	*RMB'000*
Current – CIT	**260,220**	334,695
Current – LAT	**227,388**	117,504
Deferred	**(156,514)**	(139,347)
Total tax charge for the year	**331,094**	312,852

10. DIVIDENDS

	2021	2020
	RMB'000	*RMB'000*
Proposed final – Nil (2020: Nil) per ordinary share	**–**	–

The board of directors did not propose a final dividend for year ended 31 December 2021 (2020: Nil).

11. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings/(loss) per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent of RMB65,685,000 (2020: loss of RMB174,636,000) and the weighted average number of ordinary shares of 5,140,326,000 (2020: 5,140,326,000) in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2021 and 2020.

12. TRADE AND BILLS PAYABLES

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

	31 December 2021	31 December 2020
	RMB'000	*RMB'000*
Within 90 days	**1,281,165**	2,029,504
91 to 180 days	**92,249**	71,812
181 to 360 days	**82,567**	24,375
Over 360 days	**436,931**	340,526
	1,892,912	2,466,217

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

The Group's bills payable amounted to RMB70,814,000 as at 31 December 2021 (31 December 2020: RMB121,318,000).

MANAGEMENT DISCUSSION AND ANALYSIS

I: MACROECONOMIC OVERVIEW

In 2021, in face of complicated, harsh international conditions and COVID-19 spread among other challenges, China insisted on the work keynote of steady progress, controlled the pandemic along with socioeconomic development, enhanced macroeconomic policy cross-cycle regulation, and enlarged physical economy supports. Along with recovery of national economy, in 2021, Chinese GDP exceeded RMB114 trillion, increasing 8.1% compared to the year of 2020; the total retail sales of social consumer goods totaled RMB44 trillion, increasing 12.5% compared to the year of 2020.

In 2021, as normalized disease control became more accurate and efficient, Chinese resident income and employment levels continued improving, the policies to promote sales were gradually implemented and gaining effects. According to the data of China National Commercial Information Center, in 2021, the aggregate retail value of top 100 nationwide large-size retailers recorded a year-on-year growth of 8.2%, increasing by 22.0 percentage points from that in 2020. Facing the challenge of COVID-19, Chinese retailing industry is super resilient, enterprises are actively fighting against the disease, bravely undertaking the supply to market, leading the consumption mode by new trade and new model, accelerating the integrated development of online and offline business, driving the innovation and transition of retailing industry, and developing new trade, new model and new scenarios rapidly. In the tendency of consumption upgrading, people show strong demands both mentally and physically, which encourages the diversification and personification of consumer demands, and the development direction of retailers is to provide excellent contents, high quality services, and diverse experiences.

II: OPERATIONAL REVIEW

In 2021, the Group's sales income and rental income totaled RMB11,547.2 million, increasing 8.0% year-on-year; the Company recorded net profit of RMB110.6 million, increasing 144.4% year-on-year.

During the Reporting period, the Group deeply rooted in principal business, increased working efficiency through a series of strategic measures, upgraded current trades, enhanced strategic brand cooperation, fully tapped the growth potential of excellent commodity resources, standardized quality safety operation, and effectively adjusted business strategies and marketing approaches.

1: Stable Operation, Continuing Development

In 2021, although there were sporadic outbreaks of COVID-19 in some regions, the maturing controls took effects, so the impact on consumer market was reducing, and the consumer market was recovering at a steady pace. According to market operations since the beginning of pandemic, consumer groups, consumer features, consumer habits and consumer hot-spots were deeply influenced by the pandemic, and the layout of consumer market was undergoing profound changes.

During the Reporting period, the Group took multiple measures to build up diverse advantages in various regions, presenting highlights of shop performance. Under the pressure of restricted post-pandemic expansion and operational quality increase, all shops gathered ideas, innovated operations, satisfied a diversity of consumer demands by optimizing consumer experience, enriching operational contents, cultivating operational measures and increasing service quality etc., gaining good effects in harsh market conditions.

During the Reporting period, the Group optimized HR structure, introduced core specialists for critical segments, including merchants attraction, operation and human resources, to establish a professional, young, combating core management team; the Group built up a full life cycle institutional process system, to promote the corporate standardization and normalization, control the corporate operational risks, enhance the efficiency of interdepartmental collaboration, thus promote and enlarge the further improvements of corporate performance; the Group set up a systematic incentive and assessment system to fully activate employees and drive organizational development; the Group strengthened organizational structure adjustment, split city companies regionally, promoted a more flattened and refined management of the organization, rationally allocated resources, and implemented the policies efficiently with concentrated advantages.

2: Upgrading and optimizing shops, enhancing customer experience

During the Reporting period, the Group insisted on quality development, upgraded levels, improved offline shopping experience to attract clients, and actively provided diverse consumer scenarios for brand owners and consumers. In brand upgrading, the Group introduced a number of famous international products, boutiques, watches and other brands, and all business units actively grasped market changes, consumer features, ambient conditions, and their own characteristics to speed up the operational adjustment, introduce new operational resources, enrich new operational contents, improve new operational vitality and meanwhile upgrade existing brands; in regard to consumer scenario, the Group mainly operated scenario-based fast fashion, lifestyle supermarkets, cinema and video games, trendy boutiques, fashion apparel, new-style catering, children's entertainment, life support, fitness and sports, etc., focusing on emotional marketing, through a number of young fun and innovative scenario marketing activities, integrating social networking, parent-child, arts, etc., bringing diverse consumer experiences, driving passenger flow and sales to increase steadily; in regard to marketing, the Group paid more attention to online traffic attraction, offline experience, and introduced interactive elements and hot topics favored by the young people, and deepened the cognition and influence of the shop brands by the promotion of contents on Douyin and Wechat official accounts.

3: Expanding sales network, solidifying regional core position

As one of the leading mid-high end physical retailers in China, the Group advanced steadily for the purpose of solidifying the leadership of shops in core business circles and improving the city influence. On 12 December 2021, Taizhou Maoye Complex（泰州茂業天地）was opened for business, with a total floor area of 109,000 sqm, located in CBD, with advantageous geography, adjacent to the picturesque Fengcheng River Scenic Area, not far away from Taizhou Old Street, Seaview Building, Sanshui Bay, Taizhou Chunlan Guest House, integrating commercial prosperity, natural scenery and cultural features. Taizhou Maoye Complex is committed to offering high quality lifestyle services, leading metropolitan fashions with brand new trades, and building a vital space that integrates life, fashion, cultures and entertainments.

As at 31 December 2021, the Group had 48 shops, including 17 shopping centers, 28 department stores and 3 outlets, covering 21 cities, based on major shops, supported by strong shops and supplemented by new shops, to form a benign development trend, increasing market size, brand influence and operational quality continuously. The Group is taking the lead in the industry in terms of operating results, steadily improves the core competences, steps on a new stage of comprehensive strength, and forms collaborative development of multiple trades, such as department stores, shopping centers and outlets, to integrate offline and online trades fully.

4: Iterating online business, fast growing business

The Group pays great attention to online business development, to enhance members' full channel consuming experience, strengthen shopping and service functions, and build one-stop online service platform.

During the Reporting period, "Mao Yue Hui (茂悅薈)" membership management system is always persistent in the customer oriented philosophy, to improve membership management system, digitize membership, realize marketing, sales, service and other automation, build a client one-stop service system, so that users may experience more time-effective, convenient, efficient and considerate member services. Meanwhile, relying on shop offline materials, streaming media promotion, online point mall, as well as SMS and various store marketing activities promotion, the Group optimizes stored value card, privilege card, point mall recharge and other functional modules, and adds Douyin mall membership synchronization and Tencent advertising member behavior data docking function and other data analysis capabilities; with the interconnection between the membership management system and the various shop business systems, the Group will gradually provide users with accurate and personalized consumer experience. In 2021, the number of new members for the membership management system of "Mao Yue Hui" reached 1.72 million, achieving a conversion rate of 26%.

During the Reporting period, the "Mao Le Hui (茂樂惠)" online beauty vertical e-commerce platform realized the two-way flow of online and offline customers and offered one-key point service for shopping through Maoye and brand owner's two-way automatic point credit system. At the same time, the Group reached strategic cooperation with the third-party platforms of Douyin and Tencent Huiju, connected the links of goods, orders, and after-sales of each platform through API, and realized the automatic processing of the whole process. Through the public account, video account, private domain community, SMS, WeChat advertising, KOL cooperation, APP advertising etc, the Group promoted, attracted more members to continue shopping consumption with rich online activities, and promoted consumption growth through live broadcast. On 31 October 2021, Douyin platform stars live broadcast with goods achieved the highest transaction value in a single session, and achieved sales of over RMB100 million and broke the record of retail industry purchases. As of 31 December 2021, a total of 406 brands settled in "Mao Le Hui". In 2021, "Mao Le Hui" added 1.08 million new registered members, with sales reaching RMB430 million, increase 49% year-on-year.

During the Reporting period, the three-in-one store-concessionaire-supplier "Xiao Hong Mao" (小紅茂) merchant service platform focused on merchants and shopfronts management, and established a full life cycle merchants management mechanism from investment promotion, entry to exit, and realized shop management standardization, digitization and intelligentization through the offline process running online, to help shops reduce operational costs and increase management efficiency. The Group provided a number of services such as quick payment cashier, self-service purchase, material purchase, merchant payment, shop service, data query, process approval, shopping guide entry and departure, decoration management, quality management, among others, supporting APP, WEB, PAD and other terminals. In 2021, "Xiao Hong Mao" had 48 retail shops across China.

5. Sales of non-core listing equity investment, optimization of asset structure

From 8 May 2020 to 29 December 2021, our wholly owned subsidiary Zhongzhao Investment Management Co.,Ltd.（中兆投資管理有限公司）sold on open market ZJBC Information Technology Co., Ltd.（中嘉博創信息技術股份有限公司）("ZJBC"), a joint-stock limited company registered under the PRC laws, listed on Shenzhen Stock Exchange (stock code: 000889), which had issued 17.99% shares of its registered capital. As at 29 December 2021, the Company reduced its holding of ZJBC shares from 22.18% to 4.19%.

From 23 August 2021 to 17 December 2021, our non-wholly-owned subsidiary Maoye Commerce Co., Ltd.(茂業商業股份有限公司)sold on open market C.Q. Pharmaceutical Holding Co., Ltd.(重藥控股股份有限公司)("CQP"), a joint-stock limited company registered under the PRC laws, listed on Shenzhen Stock Exchange (stock code: 000950), which had issued 34,846,438 CQP shares. Upon this sale, the Company reduced its indirect holding of CQP shares from 3.48% to approximately 1.82%, as detailed in the announcements dated from 1 September 2021 to 17 December 2021.

The proceeds from the disposal of non-core assets further optimized the financial conditions of the Group, and reinforced the capital foundation of the Group, helpful for the Group to further focus on main business and promote and future business growth and development of the Group.

III: PROSPECTS

Looking ahead, the economy outlook and the retailing industry are still facing many uncertainties and challenges. In the post-pandemic era, regional outbreaks of the disease will continue to impact the economic recovery. The Group will perform our corporate social responsibilities in the disease control, constantly increase our service and operational quality, solidify our core operational capabilities, with advantages through full channel business layout, to realize flexible, effective sustainability in the fluctuations and fast changing competitions recurrent in the market affected by the normalized pandemic. Meanwhile, the Group is firmly persistent in digitization, promoting digital upgrading, building online/offline full channel solutions, enhancing our refined operational capabilities, and promoting diversified and cross-regional development backed by commercial retailing and real estate development sectors, linked by industrial investment and capital operation.

PERFORMANCE OF MAJOR DEPARTMENT STORES[1]

No.	Store Name	Total Sales Proceeds and Rental Income *(RMB'000)*	Operation Period [2] *(Year)*	Gross floor Area *(m^2)*
1	Shenzhen Huaqiangbei	2,132,446	18.3	63,243
2	Taiyuan Maoye Complex	942,257	7.1	252,882
3	Guanghua	791,914	12.1	67,914
4	Shenzhen Nanshan	744,944	12.3	44,871
5	Shenzhen Dongmen	596,068	24.9	40,710
6	Taizhou First Department Store	571,674	12.3	40,358
7	Victory Commercial Building	568,063	18.7	48,187
8	Victory International Plaza	478,562	13.3	83,969
9	Zibo Maoye Times Square	367,573	6.7	86,677
10	Xiandai Shopping Plaza	306,571	15.2	36,926
11	Qinhuangdao Jindu	302,199	13.3	46,610
12	Shenzhen Outlet Store	275,199	22.1	23,141
13	Zhuhai Xiangzhou	275,079	20.2	35,701

Notes:

1 Major department stores are stores with annual total sales proceeds and rental income of over RMB250 million;

2 Operation period was calculated until 31 December 2021.

FINANCIAL REVIEW

Total Sales Proceeds and Rental Income

For the year ended 31 December 2021, total sales proceeds and rental income of the Group were RMB11,547.2 million, representing an increase of 8.0% compared to the year of 2020. The main reason of the increase was that although the retail sector was affected by the COVID-19 pandemic in certain areas, it was more controllable in general as compared with the corresponding period in 2020. The Group continued to improve the operating results of stores, enhanced operating efficiency and accelerated the expansion of its online businesses. Same-store sales proceeds and rental income of the Group were RMB11,472.8 million, representing an increase of 8.9% compared to the year of 2020.

	For the year ended 31 December	
	2021	2020
	RMB'000	*RMB'000*
Total sales proceeds from concessionaire sales	**8,601,035**	8,136,773
Direct sales income	**1,768,471**	1,575,751
Rental income	**1,177,730**	976,370
Total sales proceeds and rental income	**11,547,236**	10,688,894

Among the total sales proceeds and rental income of the Group for the year ended 31 December 2021, total sales proceeds derived from concessionaire sales accounted for 74.5%, those derived from direct sales accounted for 15.3%, and those derived from rental income accounted for 10.2%. For the year ended 31 December 2021, sales proceeds from concessionaire sales were RMB8,601.0 million, representing an increase of 5.7% compared to the year of 2020; direct sales income were RMB1,768.5 million, representing an increase of 12.2% compared to the year of 2020; rental income were RMB1,177.7 million, representing an increase of 20.6% compared to the year of 2020.

The total sales proceeds and rental income of the Group in the four regions are set out as follows:

	Total sales proceeds and rental income For the year ended 31 December		
	2021	2020	Change
	RMB'000	*RMB'000*	*%*
Eastern China	**1,543,639**	1,455,701	6.0%
Southern China	**4,047,741**	3,526,995	14.8%
South-western China	**1,665,507**	1,863,719	-10.6%
Northern China	**4,290,349**	3,842,479	11.7%
Total	**11,547,236**	10,688,894	8.0%

For the year ended 31 December 2021, sales of apparels (including men's and ladies' apparels) accounted for 27.4% (2020: 29.5%), jewelries accounted for 22.6% (2020: 18.7%), leisure and sports goods accounted for 11.4% (2020: 12.2%), cosmetics accounted for 16.6% (2020: 15.9%), shoes and leather goods accounted for 5.9% (2020: 6.7%), others (including branded merchandise, children's items, bedroom and household goods, home appliances, supermarket and others) accounted for 16.1% (2020: 17.0%).

For the year ended 31 December 2021, revenue of the Group's main business amounted to RMB5,234.6 million, representing a decrease of RMB1,677.2 million compared with RMB6,911.8 million for the year of 2020. The decrease in revenue was mainly because of the year-on-year decrease in the income of property sales recognized according to the schedule of the Group's property projects.

Other Income

For the year ended 31 December 2021, other income of the Group amounted to RMB1,165.4 million, representing an increase of RMB60.8 million compared with RMB1,104.6 million for the year of 2020, of which, the administration and management fee income and Promotion income recorded year-on-year increases of RMB16.3 million and RMB34.2 million, respectively.

Cost of Sales

For the year ended 31 December 2021, cost of sales of the Group amounted to RMB2,170.2 million, representing a decrease of 32.8% compared with RMB3,231.2 million for the year of 2020. The decrease in cost of sales was mainly attributable to the income from property sales for property projects recognized during the period decreased, resulting in the decrease in corresponding costs.

Employee Expenses

For the year ended 31 December 2021, employee expenses of the Group amounted to RMB472.4 million, representing an increase of 13.8% compared with RMB415.2 million for the year of 2020, which was mainly due to the fact that the corresponding period in 2020 was the severe period under the COVID-19 pandemic, the State implemented preferential social security policies and enterprises could enjoy reduction or exemption of social security expenses, thus the relevant employee expenses decreased.

Depreciation and Amortization

For the year ended 31 December 2021, depreciation and amortization of the Group amounted to RMB1,103.4 million, representing an increase of 1.8% compared with RMB1,083.4 million for the year of 2020, which was mainly due to new addition of certain fixed assets during the current period.

Payments for Short Term Leases and Leases of Low Value Assets/Operating Lease Rental Expenses

For the year ended 31 December 2021, payments for short-term leases and leases of low value assets of the Group amounted to RMB8.0 million, representing a decrease of 27.2% compared with operating lease rental expenses of RMB10.9 million for the same period last year, which was mainly due to the reason that certain high-value lease contracts with undefined lease extension option were officially extended and included in the new accounting standard for leases, resulting in a year-on-year decrease in payments for short-term leases and leases of low-value assets for the period.

Other Operating Expenses

For the year ended 31 December 2021, other operating expenses of the Group amounted to RMB1,153.1 million, representing an increase of 0.7% compared with RMB1,145.0 million for the year of 2020. Other operating expenses as percentage of total sales proceeds and rental income decreased to 10.0% compared with 10.7% in the corresponding period of 2020.

Other Gains and Losses

For the year ended 31 December 2021, the Group recorded other gains of RMB121.8 million, representing an increase of RMB947.7 million compared with other net loss of RMB825.9 million for the year of 2020. This was primarily due to (i) gains of fair value change of investment properties of RMB302.4 million recorded by the Group, representing a year-on-year increase of RMB710.2 million as compared to the losses of fair value change of investment properties of RMB407.8 million for the corresponding period of 2020, which was due to the improvement of certain regional markets and leases; and (ii) gains of disposal of items of property, plant and equipment of of RMB89.9 million recorded by the Group, representing a year-on-year increase of RMB185.9 million as compared to the loss of disposal of RMB96.0 million for the corresponding period of last year.

Operating Profit

For the year ended 31 December 2021, operating profit of the Group was RMB1,614.8 million, representing an increase of 23.8% as compared with RMB1,304.8 million for the year of 2020. This was primarily due to (i) the increase in rents of the Group’s investment properties and recorded positive results of operation, resulting in the increase in fair values; and (ii) the rental income of investment properties and stores recorded a year-on-year increase.

Finance Costs

For the year ended 31 December 2021, finance costs of the Group amounted to RMB1,146.5 million, representing a decrease of 6.9% compared with RMB1,231.5 million for the year of 2020. This was primarily due to the slight decrease in the financing rates of the interest-bearing liabilities.

Income Tax Expense

For the year ended 31 December 2021, income tax expense of the Group amounted to RMB331.1 million, representing an increase of 5.8% compared with RMB312.9 million for the year of 2020. The increase in income tax expense was primarily due to certain subsidiaries liquidated the provided tax in respect of land value-added tax during the year.

Profit for the year

As a result of the foregoing, for the year ended 31 December 2021:

— Net profit for the year was RMB110.6 million, representing an increase of 144.4% as compared with the year of 2020;

— Without taking into account the effect of non-operating gains and losses*, net profit for the year was RMB75.7 million, representing a decrease of 79.9% as compared with RMB377.0 million for the year of 2020.

* *Non-operating gains and losses represent the gains and losses on fair value changes and disposal of financial assets at fair value through profit or loss, the impairment loss of investment in an associate, the gains and losses on disposal of property, plant and equipment items, investment properties and land lease prepayments.*

Liquidity and Financial Resources

As at 31 December 2021, the Group's cash and cash equivalents amounted to RMB1,197.1 million, representing an increase of RMB150.4 million compared to the balance of RMB1,046.7 million as at 31 December 2020. The main cash inflow and cash outflow are set out as follows:

(i) Net cash inflow of RMB806.7 million arising from operating activities;

(ii) Net cash outflow of RMB176.8 million arising from investment activities, which mainly included:

   (1) the outflow of RMB231.4 million in total arising from the purchase of properties and equipment;

   (2) the inflow of RMB79.7 million in total arising from the disposal of properties and equipment;

   (3) the outflow of RMB626.3 million from the purchase of financial assets at fair value through profit or loss;

   (4) the inflow of RMB224.1 million in total from the disposal of financial assets at fair value through profit or loss;

   (5) the inflow of RMB207.3 million in total arising from the disposal of financial assets at fair value through other comprehensive income, i.e. shares of CQ Pharma and Haicheng Guarantee;

   (6) the inflow of RMB302.2 million arising from the partial disposal of ZJBC, a partially-owned associate;

   (7) the inflow of RMB20.2 million arising from the receipt of repayment from Hu Wubiao;

   (8) the cash outflow of RMB228.6 million arising from the payment for the investments in Renhe Investment;

   (9) the outflow from the profit distribution to small and medium shareholders of Maoye Commercial amounting to approximately RMB31.8 million; and

   (10) the inflow of RMB98.8 million due to the decrease in pledged bank deposits; and

(iii) Net cash outflow of RMB499.9 million arising from financing activities, which mainly included:

(1) the cash inflow arising from new bank loans and other borrowings of RMB6,267.1 million;

(2) the cash outflow arising from repayment of bank borrowings and other borrowings of RMB6,294.7 million;

(3) the cash outflow arising from payment of interest of approximately RMB825.9 million;

(4) the lease expenses of approximately RMB443.6 million included in the new accounting standard on leases;

(5) the cash inflow arising from borrowings from fellow subsidiaries amounting to RMB1,431.2 million; and

(6) the cash outflow arising from repayment of borrowings from fellow subsidiaries amounting to approximately RMB634.0 million.

Interest-bearing Liabilities

As at 31 December 2021, total bank loans and corporate bonds of the Group were approximately RMB14,314.9 million (31 December 2020: RMB14,342.5 million). The gearing ratio[1] and net gearing ratio[2] were 27.7% and 80.6%, respectively (as of 31 December 2020: 28.0% and 86.0%, respectively).

[1] Gearing ratio = total debt/total assets = (bank loans + corporate bonds + USD senior guarantee notes)/total assets

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

Major Acquisition and Disposal

Disposal of Shares in ZJBC

On 8 May 2020, Zhongzhao Investment Management Co., Ltd. ("**Zhongzhao**", a wholly-owned subsidiary of the Company) disposed of approximately 2.01% of the issued share capital of ZJBC on the open market (the "**Disposal**"). On 12 May 2020, Zhongzhao further disposed of approximately 0.98% of the issued share capital of ZJBC on the open market (the "**Further Disposal**"). On 18 May 2020, Shenzhen Maoye Department Store Co., Ltd ("**Shenzhen Maoye**", a non-wholly-owned subsidiary of the Company, which is indirectly held by the Company as to 82.80%) disposed of approximately 1.86% of the issued share capital of ZJBC on the open market for the third time (the "**Third Disposal**"). As the Company held 82.80% equity interests in Shenzhen Maoye, as a result, the Company disposed of approximately 1.54% of the issued share capital of ZJBC under the Third Disposal. From 19 August 2020 to 7 September 2020, Zhongzhao disposed of approximately 2.00% of the issued share capital of ZJBC on the open market for the fourth time (the "**Fourth Disposal**"). After the Disposal, the Further Disposal, the Third Disposal and the Fourth Disposal, the equity interests in ZJBC held by the Company was reduced from approximately 22.18% to approximately 15.66%. For details of the above, please refer to the announcements of the Company dated 11 May 2020, 15 May 2020, 19 May 2020 and 8 September 2020, and the circular of the Company dated 30 October 2020.

From 8 September 2020 to 29 December 2021, Zhongzhao disposed of shares of ZJBC on the open market several times, representing approximately 11.47% of the issued share capital of ZJBC in total (the "**Fifth Disposal**"). After the Fifth Disposal, the equity interests in ZJBC held by the Company was reduced from approximately 15.66% to approximately 4.19%. The proceeds from the above disposal further strengthened the financial position and capital base of the Group, which helped the Group further focus on its main business, and promoted the future business growth and development of the Group.

Disposal of Shares in CQP

From 23 August 2021 to 17 December 2021, Maoye Commercial Co., Ltd., a non-wholly-owned subsidiary of the Company, disposed of 34,846,438 shares of C.Q. Pharmaceutical Holding Co., Ltd. ("**CQP**", which is a joint stock limited company established in the PRC and are listed on the Shenzhen Stock Exchange (stock code: 000950)) on the open market. After the completion of such transaction, the equity interest in CQP indirectly held by the Company was reduced from approximately 3.48% to approximately 1.82%. For details of the above, please refer to the announcements of the Company dated 1 September 2021 and 17 December 2021.

Save for the above, the Group did not have any other major acquisition or disposal during the year.

Pledge of Assets

As at 31 December 2021, the Group's collateral interest-bearing bank loans amounting to RMB10,864.9 million were secured by approximately RMB4,370.2 million, RMB8,422.1 million, RMB158.7 million and RMB1,874.4 million respectively of the Group's land and buildings, investment properties, right-of-use assets and properties under development.

Foreign Currency Risk

During the reporting period, the Group recorded a net foreign exchange gain of RMB1.1 million on exchange. Since the business of the Group was mainly focused on Mainland China, its operation was not exposed to any foreign exchange fluctuation risks.

As of 31 December 2021, 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.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor its subsidiaries had purchased, redeemed or sold any of the Company's listed securities during the year ended 31 December 2021.

CLOSURE OF REGISTER OF MEMBERS

The Company's Register of Members will be closed from Thursday, 19 May 2022 to Tuesday, 24 May 2022 (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 2022 Annual General Meeting of the Company to be held on Tuesday, 24 May 2022, 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 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Wednesday, 18 May 2022.

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 2021. 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 2021, except for the following deviation.

Code Provision C.2.1

Currently, Mr. Huang Mao Ru ("**Mr. Huang**") 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 2021 and has discussed with the management 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 2021 as set out in the preliminary announcement have been agreed by Ernst & Young, the Company's auditors to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by Ernst & Young, 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 Ernst & Young, 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 2021 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, 25 March 2022

As at the date of this announcement, the Board comprises three executive directors, namely, Mr. Huang Mao Ru, Mr. Zhong Pengyi and Ms. Lu Xiaojuan; one non-executive director, namely Mr. Wang Bin; and three independent non-executive directors, namely, Mr. Rao Yong, Mr. Pao Ping Wing and Mr. Gao Yajun.