



Maoye International Announces 2011 Annual Results

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**Total sales proceeds surge 43.5% to reach 10 billion for the first time
Pressing on with consolidation of mature stores and
enhancing profitability of new stores**

(23 February 2012 – Hong Kong) – Maoye International Holdings Limited (“Maoye” or the “Group”, HKSE stock code: 848), a leading department store chain in China, today announced its annual results for the year 2011.

Results Highlights

- Total sales proceeds for the year 2011 exceeded RMB 10 billion for the first time, growing 43.5% year-on-year to RMB10.43 billion. 16.3% was driven by same store sales growth and 27.2% was driven by new stores
- Same store sales proceeds from concessionaire sales grew 19.7%, of which same store sales proceeds from concessionaire sales of Eastern and Northern China recorded more rapid growth
- Consolidated commission rate was 24.9%
- Average ticket sales reached RMB547, representing growth of 7%
- Operating profit grew 31.5% to RMB1,206.1 million
- Profit attributable to equity holders of the parent was RMB640.3 million, growing 11.1%, basic earnings per share amounted to RMB12.0 cents
- Profit attributable to equity holders of the parent of the department store segment grew 22.5% to RMB735.1 million
- Payment of a final dividend of HK5.9 cents per share was recommended by the board of directors

Operational Review

During the year, the Group adopted a proactive and prudent expansion strategy, and opened a number of new stores including the Yangzhou Wenchang Store, Shandong Heze Store and Shandong Linyi Store. As at 31 December 2011, the Group operated 38 stores across 18 cities, with the gross floor area reaching 1.128 million sq. m., of which around 63.5% is self-owned.

In addition, the Group continued to acquire and lease high-quality sites in Northern China and Eastern China regions for department store development, including the acquisition of a parcel of land in Baotou in Inner Mongolia in December 2011 and leasing premises in Liyang in Jiangsu for the establishment of a commercial property in the city's core commercial district. After the reporting period, the Group also successfully bid for a prime commercial site in Nanjing City, where the Group plans to construct a flagship department store, further completing the Group's Eastern China network.

Store Performance by Region

The Southern China region, where the Group possesses a number of mature stores, remained the biggest profit contributor. During the year, the region's sales proceeds accounted for 37.3% of the Group's total sales proceeds and same-store sales proceeds from concessionaire sales grew 18.3%. In particular, sales during the annual 68-hour Thanksgiving sale reached a record high of RMB150 million. Separately, the Shenzhen Heping Store adopted an operational model similar to that of an outlet, and the store was renamed the Shenzhen Outlet. Over 50% of the store's brands are first-class in China. During the year, the store recorded a stellar 35.8% same-store sales growth from concessionaire sales, indicating the outlet model was generally accepted by consumers. The Group will continue to adjust the product mix and upgrade its brand portfolio by replacing second-tier brands in China with first-tier international brands with an aim to enhance customers' shopping experience and provide products of higher value for money.

The Group continued to implement the dual-brand development strategy of "Maoye Department Store" and "People's Department Store" in Southwestern China, with tailored marketing strategies to suit different customer groups. During the reporting period, sales proceeds in the Southwestern China region accounted for 23.5% of Group's total sales proceeds, and same-store growth of sales proceeds from concessionaire sales was 19.1%. The sales strategy to target key product categories at Chongqing Jiangbei Store, one of the region's flagship stores, brought effective results, helping same store sales proceeds from concessionaire sales grow 25.2%. Another flagship store of the region, Yanshikou Store recorded same store sales growth of 16.1% from concessionaire sales despite the adverse impact of the surrounding roadwork and construction. Yanshikou Phase II will adjoin Yanshikou Phase I by the end of 2012, further solidifying the Group's market position and influence in the Yanshikou commercial hub.

The Eastern China region is the Group's key strategic development area. During the reporting period, the Group established the Shandong Heze Store and Shandong Linyi Store, increasing the number of stores operated and managed by the Group in the region to 11. During the year, the region's sales proceeds accounted for 17.7% of the Group's total sales proceeds. Driven by the region's many young stores, same store sales proceeds from concessionaire sales recorded growth of 27.5%. Taizhou First Department Store recorded impressive performance since acquisition in 2009 and has progressively become the region's flagship store, delivering same-store growth of 27.5% in sales proceeds from concessionaire sales for the year under review. Since the acquisition of the four stores of Zibo Dongtai Building Co., Ltd., the Group has continued to perform store upgrades and merchandise mix adjustments, which facilitated its swift integration with the Group.

The Northern China region is also a key development region of the Group, where 8 department stores are successfully operated. In 2011, the Northern China region accounted for 21.5% of the Group's total sales proceeds, while sales proceeds from concessionaire sales recorded same-store growth of 23.3%. Since becoming the controlling shareholder of Bohai Logistics Holdings Co. ("Bohai Logistics"), the Group has proactively reallocated resources in the Northern China region, employing its management philosophies and strong new store integration capabilities to reform Bohai Logistics in terms of management, operation and finances.

Commenting on the Group's strategies, Chairman and Chief Executive Officer Mr. Huang Mao Ru commented, "The political guidance under the "Twelfth Five-year Plan" has placed consumption as the foremost driver for economic growth, which will be favourable to the retail industry. Rapid growth of the aggregate volume of retail sales of China is expected to be sustained for the next few years. The GDP per capita in China reached USD4,000, a critical point marking China's transition into a high-income per capita country. In addition, the higher purchasing power of the "post-80s" and "post-90s" generation as compared to their predecessors will provide strong support for the long-term growth of the department store sector. Faced with these market opportunities, the Group will continue to solidify mature stores while enhancing profitability of new stores. The Group will also strengthen monitoring and analysis of operational performance indicators, reinforce cost control and employ meticulous management, and strive to introduce exclusive brands with high recognition, quality and sales performance. We are confident to leverage market opportunities and stimulate business growth so as to establish Maoye as the leading department store operator in China."

About Maoye International Holdings Limited

Maoye is a leading department store chain in China, operating 38 stores across 18 cities in the southern, southwestern, eastern and northern regions of China. The Company's revenues are generated predominantly from commissions on concessionaire sales. Maoye has positioned itself at the mid- to high-end segment of the retail market in China and offers a stylish and diversified merchandise mix suitable for a wide range of customers and preferences.

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APPENDICES

Appendix I – Consolidated Income Statement

Year ended 31 December 2011

	2011	2010
	<i>RMB '000</i>	<i>RMB '000</i>
CONTINUING OPERATIONS		
REVENUE	3,357,024	2,197,282
Other income	<u>766,308</u>	<u>551,068</u>
Total operating revenue	4,123,332	2,748,350
Cost of sales	(1,335,146)	(747,147)
Employee expenses	(375,494)	(245,640)
Depreciation and amortisation	(326,202)	(211,107)
Operating lease rental expenses	(216,236)	(172,829)
Other operating expenses	(772,064)	(488,437)
Other gains	<u>107,873</u>	<u>34,251</u>
Operating profit	1,206,063	917,441
Finance costs	(188,793)	(113,780)
Share of profits and losses of associates	<u>498</u>	<u>1,659</u>
PROFIT BEFORE TAX FROM		
CONTINUING OPERATIONS	1,017,768	805,320
Income tax expense	(282,879)	(197,840)

Appendix I - Consolidated Income Statement (Continued)

Year ended 31 December 2011

PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS

734,889 607,480

DISCONTINUED OPERATION

Profit for the year from a discontinued operation

- 16,606

PROFIT FOR THE YEAR

734,889 **624,086**

Attributable to:

Owners of the parent

640,312 576,597

Non-controlling interests

94,577 47,489

734,889 **624,086**

EARNINGS PER SHARE

ATTRIBUTABLE TO ORDINARY

EQUITY HOLDERS OF THE PARENT

Basic

- For net profit for the year

RMB12.0 cents RMB11.2 cents

- For net profit from continuing operations

RMB12.0 cents RMB11.0 cents

Diluted

- For net profit for the year

RMB12.0 cents RMB11.0 cents

- For net profit from continuing operations

RMB12.0 cents RMB11.0 cents

Appendix II – Consolidated Statement of Financial Position

Year ended 31 December 2011

	2011	2010
	<i>RMB '000</i>	<i>RMB '000</i>
NON-CURRENT ASSETS		
Property, plant and equipment	3,646,710	2,437,213
Investment properties	428,221	292,199
Land lease prepayments	3,963,985	3,657,010
Goodwill	641,680	537,050
Other intangible assets	6,823	4,148
Investments in associates	12,260	11,904
Available-for-sale equity investments	782,205	635,398
Other assets	2,458	2,458
Prepayments	1,102,725	1,115,458
Deferred tax assets	83,907	61,647
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Total non-current assets	10,670,974	8,754,485
CURRENT ASSETS		
Inventories	281,977	166,419
Completed properties held for sale	524,734	485,287
Properties under development	1,791,198	1,177,562
Equity investments at fair value through profit or loss	8,674	11,271
Trade receivables	47,912	15,794
Prepayments, deposits and other receivables	587,945	402,778
Due from related parties	43,772	9,919
Pledged deposits	1,530	1,350
Cash and cash equivalents	1,425,837	1,024,073
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Total current assets	4,713,579	3,294,453

Appendix II - Consolidated Statement of Financial Position (Continued)

Year ended 31 December 2011

	2011	2010
	<i>RMB '000</i>	<i>RMB '000</i>
CURRENT LIABILITIES		
Trade and bills payables	1,953,827	1,688,373
Deposits received, accruals and other payables	1,972,429	1,611,369
Interest-bearing bank loans and other borrowings	1,485,973	851,024
Due to related parties	31,486	4,249
Income tax payable	<u>111,253</u>	<u>115,076</u>
Total current liabilities	5,554,968	4,270,091
NET CURRENT LIABILITIES	<u>(841,389)</u>	<u>(975,638)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>9,829,585</u>	<u>7,778,847</u>
NON-CURRENT LIABILITIES		
Convertible bonds	844,363	860,441
Interest-bearing bank loans and other borrowings	1,642,698	1,564,776
Deferred tax liabilities	<u>597,406</u>	<u>413,079</u>
Total non-current liabilities	<u>3,084,467</u>	<u>2,838,296</u>
Net assets	<u><u>6,745,118</u></u>	<u><u>4,940,551</u></u>
EQUITY		
Equity attributable to owners of the parent		
Issued capital	481,988	461,587
Equity component of convertible bonds	119,125	119,125
Reserves	4,851,683	3,318,872
Proposed final dividend	<u>256,125</u>	<u>-</u>
	5,452,796	3,899,584
Non-controlling interests	<u>1,292,322</u>	<u>1,040,967</u>
Total equity	6,745,118	4,940,551

Appendix III – Consolidated Statement of Cash Flows

Year ended 31 December 2011

	2011	2010
	RMB '000	RMB '000
Net cash flows from operating activities	<u>807,580</u>	<u>1,663,535</u>
Net cash flows used in investing activities	<u>(1,631,559)</u>	<u>(2,292,638)</u>
Net cash flows from financing activities	<u>1,217,749</u>	<u>1,201,100</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	393,770	571,997
Effect of foreign exchange rate changes, net	7,994	(9,693)
Cash and cash equivalents at beginning of year	<u>1,024,073</u>	<u>461,769</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>1,425,837</u>	<u>1,024,073</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	<u>1,425,837</u>	<u>1,024,073</u>
Cash and cash equivalents as stated in the statement of cash flows	<u>1,425,837</u>	<u>1,024,073</u>