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 2018

HIGHLIGHTS

- Total sales proceeds and rental income were RMB15,787.8 million, representing a year-on-year increase of 0.5%
- Total operating revenue was RMB7,848.9 million, representing a year-on-year increase of 9.4%
- Earnings before interest, taxes, depreciation and amortization (EBITDA) were RMB3,836.5 million, representing a year-on-year increase of 4.2%
- Net profit for the year was RMB1,127.2 million, representing a year-on-year decrease of 11.1%
- Without taking into account the effect of non-operating gains and losses, profit for the year was RMB752.3 million, representing a year-on-year increase of 67.2%
- Basic earnings per share for the year was RMB15.6 cents, and the Board recommended the payment of a final dividend of HK3.64 cents in cash per share for the year ended 31 December 2018

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2018

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 2018 with comparative figures for the year of 2017 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
YEAR ENDED 31 DECEMBER 2018

	Notes	**2018** *RMB'000*	2017 *RMB'000*
REVENUE	4	**6,117,247**	5,756,639
Other income	5	**1,731,664**	1,417,677
Total operating revenue		**7,848,911**	7,174,316
Cost of sales	6	**(2,225,826)**	(2,255,870)
Employee expenses	7	**(608,096)**	(595,886)
Depreciation and amortisation		**(801,432)**	(906,334)
Operating lease rental expenses		**(440,542)**	(424,037)
Other operating expenses		**(1,265,784)**	(1,333,974)
Other gains and losses		**499,944**	1,091,398
Operating profit		**3,007,175**	2,749,613
Finance costs	8	**(1,010,188)**	(924,616)
Share of profits and losses of:			
a joint venture		**(1,218)**	(79)
associates		**29,082**	27,707
PROFIT BEFORE TAX		**2,024,851**	1,852,625
Income tax expense	9	**(897,630)**	(584,216)
PROFIT FOR THE YEAR		**1,127,221**	1,268,409
Attributable to:			
Owners of the parent		**799,403**	1,071,973
Non-controlling interests		**327,818**	196,436
		1,127,221	1,268,409
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	11		
Basic			
– For profit for the year		**RMB15.55 cents**	RMB20.85 cents
Diluted			
– For profit for the year		**RMB15.55 cents**	RMB20.85 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 31 DECEMBER 2018

	2018	2017
	RMB'000	*RMB'000*
PROFIT FOR THE YEAR	**1,127,221**	1,268,409
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Available-for-sale equity investments:		
Changes in fair value	**–**	(163,700)
Income tax effect	**–**	40,924
	–	(122,776)
Defined benefit retirement plans	**(683)**	(438)
Exchange differences on translation of foreign operations	**(3,259)**	23,164
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Net loss on disposal of equity investments designated at fair value through other comprehensive income	**(95,856)**	–
Changes in fair value on equity investments designated at fair value through other comprehensive income	**(444,516)**	–
Income tax effect	**111,129**	–
Gains on property revaluation	**1,594,911**	840,676
Income tax effect	**(398,728)**	(210,169)
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	**766,940**	630,507
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**762,998**	530,457
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**1,890,219**	1,798,866
Attributable to:		
Owners of the parent	**1,502,772**	1,331,100
Non-controlling interests	**387,447**	467,766
	1,890,219	1,798,866

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2018

	Note	**31 December 2018** *RMB'000*	31 December 2017 *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**9,918,778**	10,937,682
Investment properties		**16,334,049**	12,890,379
Prepaid land lease payments		**4,417,142**	4,813,295
Goodwill		**1,395,097**	1,409,574
Other intangible assets		**50,611**	39,594
Investment in a joint venture		**1,703**	921
Investments in associates		**2,129,808**	1,839,748
Equity investments designated at fair value through other comprehensive income		**1,312,915**	–
Financial assets at fair value through profit or loss		**208,080**	–
Available-for-sale equity investments		**–**	2,937,478
Prepayments		**424,646**	357,358
Deferred tax assets		**587,435**	576,534
Total non-current assets		**36,780,264**	35,802,563
CURRENT ASSETS			
Inventories		**234,870**	236,103
Completed properties held for sale		**1,371,672**	922,108
Properties under development		**5,686,270**	5,886,069
Financial assets at fair value through profit or loss		**144**	212
Trade receivables		**6,800**	7,991
Prepayments, other receivables and other assets		**3,382,845**	3,209,654
Pledged deposits		**201,948**	310,322
Cash and cash equivalents		**3,304,911**	1,456,783
Total current assets		**14,189,460**	12,029,242
CURRENT LIABILITIES			
Trade and bills payables	12	**3,757,829**	2,953,491
Deposits received, accruals and other payables		**9,254,049**	7,583,674
Interest-bearing bank loans and other borrowings		**7,083,421**	8,721,632
Income tax payable		**529,953**	336,676
Dividend payable		**433**	433
Total current liabilities		**20,625,685**	19,595,906
NET CURRENT LIABILITIES		**(6,436,225)**	(7,566,664)
TOTAL ASSETS LESS CURRENT LIABILITIES		**30,344,039**	28,235,899

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
31 DECEMBER 2018

	31 December 2018 *RMB'000*	31 December 2017 *RMB'000*
NON-CURRENT LIABILITIES		
Interest-bearing bank loans and other borrowings	**11,158,502**	11,017,391
Deferred tax liabilities	**3,882,199**	3,416,085
Other long-term liabilities	**204**	6,117
Provision for retirement benefits	**8,248**	8,133
Total non-current liabilities	**15,049,153**	14,447,726
Net assets	**15,294,886**	13,788,173
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	**11,784,317**	10,556,491
	12,300,008	11,072,182
Non-controlling interests	**2,994,878**	2,715,991
Total equity	**15,294,886**	13,788,173

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**"), 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 2018, the Group had net current liabilities of approximately RMB6,436,225,000. 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 have carefully assessed the Group's liquidity position having taken into account:

(1) the Group's expected cash inflows from operating activities in 2019;

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

(3) the unutilized credit facility of the Group amounted to RMB1,410,000,000 as at 31 December 2018; and

(4) subsequent to 31 December 2018, the Group has obtained new banking facilities with an aggregate amount of RMB200,000,000 within maturity of one year.

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.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2018.

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 derecognizes (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 recognizes (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 recognized 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 new and revised IFRSs for the first time for the current year's financial statements.

Amendments to IFRS 2	*Classification and Measurement of Share-based Payment Transactions*
Amendments to IFRS 4	*Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts*
IFRS 9	*Financial Instruments*
IFRS 15	*Revenue from Contracts with Customers*
Amendments to IFRS 15	*Clarifications to IFRS 15 Revenue from Contracts with Customers*
Amendments to IAS 40	*Transfers of Investment Property*
IFRIC 22	*Foreign Currency Transactions and Advance Consideration*
Annual Improvements 2014-2016 Cycle	Amendments to IFRS 1 and IAS 28

Except for the amendments to IFRS 4 and *Annual Improvements 2014-2016 Cycle*, which are not relevant to the preparation of the Group's financial statements, The nature and the impact of the new and revised IFRSs are described below:

(a) Amendments to IFRS 2 address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding a certain amount in order to meet an employee's tax obligation associated with the share-based payment; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled. The amendments clarify that the approach used to account for vesting conditions when measuring equity-settled share-based payments also applies to cash-settled share-based payments. The amendments introduce an exception so that a share-based payment transaction with net share settlement features for withholding a certain amount in order to meet the employee's tax obligation is classified in its entirety as an equity-settled share-based payment transaction when certain conditions are met. Furthermore, the amendments clarify that if the terms and conditions of a cash-settled share-based payment transaction are modified, with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as an equity-settled transaction from the date of the modification. The amendments have had no impact on the financial position or performance of the Group as the Group does not have any cash-settled share-based payment transactions and has no share-based payment transactions with net settlement features for withholding tax.

(b) *IFRS 9 Financial Instruments* replaces IAS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, and impairment.

The Group has applied IFRS 9 prospectively, and has recognised the transition adjustments against the applicable opening balances in equity at 1 January 2018. Therefore, the comparative information was not restated and continues to be reported under IAS 39.

Classification and measurement

The following information sets out the impacts of adopting IFRS 9 on the statement of financial position, including the effect of replacing IAS 39's incurred credit loss calculations with IFRS 9's expected credit losses ("**ECLs**").

A reconciliation between the carrying amounts under IAS 39 and the balances reported under IFRS 9 as at 1 January 2018 is as follows:

	Notes	IAS 39 measurement Category	IAS 39 measurement Amount	Re-classification RMB'000	ECL RMB'000	IFRS 9 measurement Amount RMB'000	IFRS 9 measurement Category
Financial assets							
Equity investments designated at fair value through other comprehensive income		N/A	–	2,187,462	–	2,187,462	FVOCI[1]
From: Available-for-sale investments	(i)		–	2,187,462	–		
Available-for-sale investments		AFS[2]	2,937,478	(2,937,478)		–	N/A
To: Equity investments designated at fair value through other comprehensive income	(i)			(2,187,462)	–		
To: Financial assets at fair value through profit or loss	(ii)			(750,016)	–		
Trade receivables	(iii)	L&R[3]	7,991	–	(1,636)	6,355	AC
Financial assets included in prepayments, other receivables and other assets		L&R	3,209,654	–	(31,039)	3,178,615	AC
Financial assets at fair value through profit or loss		FVPL[5]		750,016		750,016	FVPL
From: Available-for-sale investments	(ii)			750,016			
Pledged deposits		L&R	298,522	–	–	298,522	AC
Cash and cash equivalents		L&R	1,686,034	–	–	1,686,034	AC
Total assets			47,831,805	–	(32,675)	47,799,130	
Financial liabilities							
Trade and bills payables		AC[4]	2,953,491	–	–	2,953,491	AC
Financial liabilities included in other payables and accruals		AC	7,583,674	–	–	7,583,674	AC
Interest-bearing bank loans and other borrowings		AC	19,739,023	–	–	19,739,023	AC
Total liabilities			31,625,148	–	–	31,625,148	

1 FVOCI: Financial assets at fair value through other comprehensive income
2 AFS: Available-for-sale investments
3 L&R: Loans and receivables
4 AC: Financial assets or financial liabilities at amortised cost
5 FVPL: Financial assets or financial liabilities at fair value through profit or loss

Notes:

(i) The Group has elected the option to irrevocably designate certain of its previous available-for-sale equity investments as equity investments designated at fair value through other comprehensive income.

(ii) The Group has classified its unlisted investments previously classified as available-for-sale investments as financial assets measured at fair value through profit or loss as these non-equity investments did not pass the contractual cash flow characteristics test in IFRS 9.

(iii) The gross carrying amounts of the trade receivables under the column "IAS 39 measurement – Amount" represent the amounts after adjustments for the adoption of IFRS 15 but before the measurement of ECLs.

Impairment

The following table reconciles the aggregate opening impairment allowances under IAS 39 to the ECL allowances under IFRS 9.

	Impairment allowances under IAS 39 at 31 December 2017	**Re-measurement**	**ECL allowances under IFRS 9 at 1 January 2018**
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	19,338	1,636	20,974
Financial assets included in prepayments, other receivables and other assets	17,561	31,039	48,600
	36,899	32,675	69,574

Impact on reserves and retained profits

The impact of transition to IFRS 9 on reserves and retained profits is as follows:

	Reserves and retained profits *RMB'000*
Asset revaluation reserve under IFRS 9 (including available-for-sale investment revaluation reserve under IAS 39)	
Balance as at 31 December 2017 under IAS 39	2,470,908
Remeasurement of equity investments designated at fair value through other comprehensive income previously measured at cost under IAS 39	67,064
Deferred tax in relation to the above	(16,766)
Non-controlling interests in relation to the above	(20,200)
Balance as at 1 January 2018 under IFRS 9	2,501,006
Retained profits	
Balance as at 31 December 2017 under IAS 39	5,941,344
Recognition of expected credit losses for trade receivables under IFRS 9	(1,636)
Recognition of expected credit losses for other receivables under IFRS 9	(31,039)
Deferred tax in relation to the above	8,169
Balance as at 1 January 2018 under IFRS 9	5,916,838

(c) IFRS 15 and its amendments replace IAS 11 *Construction Contracts*, IAS 18 *Revenue* and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. IFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates.

The Group has adopted IFRS 15 using the modified retrospective method of adoption. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Group has elected to apply the standard to contracts that are not completed as at 1 January 2018.

The cumulative effect of the initial application of IFRS 15 was recognised as an adjustment to the opening balance of retained profits as at 1 January 2018. Therefore, the comparative information was not restated and continues to be reported under IAS 11, IAS 18 and related interpretations.

Set out below are the amounts by which each financial statement line item was affected as at 1 January 2018 as a result of the adoption of IFRS 15:

	Notes	**Increase** *RMB'000*
Assets		
Completed properties held for sale	(i)	29,772
Liabilities		
Deposits received, accruals and other payables	(i)	29,772

Set out below are the amounts by which each financial statement line item was affected as at 31 December 2018 and for the year ended 31 December 2018 as a result of the adoption of IFRS 15. The adoption of IFRS 15 has had no impact on other comprehensive income or on the Group's operating, investing and financing cash flows. The first column shows the amounts recorded under IFRS 15 and the second column shows what the amounts would have been had IFRS 15 not been adopted:

Consolidated statement of profit or loss for the year ended 31 December 2018:

		Amounts prepared under		
	Notes	**IFRS 15** *RMB'000*	**Previous IFRS** *RMB'000*	**Increase /(decrease)** *RMB'000*
Revenue	(i)	6,117,247	6,090,702	26,545
Cost of sales	(i)	(2,225,826)	(2,199,281)	(26,545)
Gross profit		3,891,421	3,891,421	–
Finance costs	(iii)	(1,010,188)	(987,562)	(22,626)
Profit before tax		2,024,851	2,047,477	(22,626)
Income tax expense		(897,630)	(903,287)	5,657
Profit for the year		1,127,221	1,144,191	(16,970)
Attributable to:				
Owners of the parent		799,403	816,373	(16,970)
Non-controlling interests		327,818	327,818	–
		1,127,221	1,144,191	(16,970)
Earnings per share attributable to ordinary equity holders of the parent				
Basic		RMB15.55 cents	RMB15.55 cents	–
Diluted		RMB15.55 cents	RMB15.55 cents	–

Consolidated statement of financial position as at 31 December 2018:

		Amounts prepared under		
	Notes	**IFRS 15**	**Previous IFRS**	**Increase /(decrease)**
		RMB'000	*RMB'000*	*RMB'000*
Properties under development	(i)	5,686,270	5,576,377	109,893
Deferred tax assets	(i)	587,436	581,780	5,656
Total assets		6,273,706	6,158,157	115,549
Deposits received, accruals and other payables	(i),(ii)	8,455,686	8,323,167	132,519
Total liabilities		8,455,686	8,323,167	132,519
Net assets		15,294,886	15,311,856	(16,970)
Retained profits	(i),(iii)	11,784,317	11,801,287	(16,970)
Total equity		15,294,886	15,311,856	(16,970)

The nature of the adjustments as at 1 January 2018 and the reasons for the significant changes in the statement of financial position as at 31 December 2018 and the statement of profit or loss for the year ended 31 December 2018 are described below:

(i) Accounting for sales of properties

In prior reporting periods, the Group accounted for sales of properties when significant risk and rewards of ownership have been transferred to the customers on delivery of a property in its entirety at a single time upon vacant possession and not continuously as construction progresses.

Under IFRS 15, the Group's contracts with customers for the sale of properties generally include one performance obligation and the Group has concluded that revenue from sales of properties should be recognised at the point in time when control of the asset is transferred to the customer, generally on delivery based on the contract terms of existing sales contracts. Therefore, the adoption of IFRS 15 did not have an impact on the timing of revenue recognition.

In prior reporting periods, proceeds received from customers for pre-sold properties were presented as deferred revenue and no interest was accrued on the advances received.

Under IFRS 15, for contracts where the period between the payments by the customer differs from the transfer of the promised goods or service, the transaction price and the amount of revenue from the sales are adjusted for the effects of a financing component, if significant. The Group concluded that there is a significant financing component considering the length of time between the customers' payment and the transfer of properties to customers and the prevailing interest rates in the market. The transaction price is discounted to take into consideration the significant financing component. The Group recognised contract liabilities for the interest on the advances received from customers with a significant financing component. In addition, reclassifications have been made from deferred revenue from the pre-sale of properties to contract liabilities for the outstanding balance of advances from customers.

The statement of financial position as at 1 January 2018 was restated, resulting in recognition of contract liabilities, an increase in properties held for sale and a decrease in deferred revenue from the pre-sale of properties amounting to RMB1,280,812,000, RMB29,772,000 and RMB1,251,040,000, respectively.

(ii) Consideration received from customers in advance

Before the adoption of IFRS 15, the Group recognised consideration received from customers in advance for the sale of prepaid card as deferred revenue which is included in deposit received, accruals and other payables and accruals. Under IFRS 15, the amount is classified as contract liabilities which are included in deposit received, accruals and other payables.

Therefore, upon the adoption of IFRS 15, the Group reclassified RMB1,148,665,000 from deferred revenue to contract liabilities as at 1 January 2018 in relation to the consideration received from customers in advance as at 1 January 2018.

As at 31 December 2018, under IFRS 15, RMB1,306,714,000 was reclassified from deferred revenue to contract liabilities in relation to the consideration received from customers in advance for the sale of prepaid cards.

(iii) Other adjustments

In addition to the adjustments described above, other items of the primary financial statements such as tax and finance costs were adjusted as necessary.

(d) Amendments to IAS 40 clarify when an entity should transfer property, including property under construction or development, into or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments have had no impact on the financial position or performance of the Group.

(e) IFRIC 22 provides guidance on how to determine the date of the transaction when applying IAS 21 to the situation where an entity receives or pays advance consideration in a foreign currency and recognises a non-monetary asset or liability. The interpretation clarifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognises the non-monetary asset (such as a prepayment) or non-monetary liability (such as deferred income) arising from the payment or receipt of the advance consideration. If there are multiple payments or receipts in advance of recognising the related item, the entity must determine the transaction date for each payment or receipt of the advance consideration. The interpretation has had no impact on the Group's financial statements as the Group's accounting policy for the determination of the exchange rate applied for initial recognition of non-monetary assets or non-monetary liabilities is consistent with the guidance provided in the interpretation.

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	*Definition of a Business*[2]
Amendments to IFRS 9	*Prepayment Features with Negative Compensation*[1]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
IFRS 16	*Leases*[1]
IFRS 17	*Insurance Contracts*[3]
Amendments to IAS 1 and IAS 8	*Definition of Material*[2]
Amendments to IAS 19	*Plan Amendment, Curtailment or Settlement*[1]
Amendments to IAS 28	*Long-term Interests in Associates and Joint Ventures*[1]
IFRIC 23	*Uncertainty over Income Tax Treatments*[1]
Annual Improvements 2015-2017 Cycle	Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23[1]

[1] Effective for annual periods beginning on or after 1 January 2019
[2] Effective for annual periods beginning on or after 1 January 2020
[3] Effective for annual periods beginning on or after 1 January 2021
[4] No mandatory effective date yet determined but available for adoption

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

Amendments to IFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group expects to adopt the amendments prospectively from 1 January 2020.

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 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.

IFRS 16, replaces IAS 17 *Leases*, IFRIC-Int 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases – Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise assets and liabilities for most leases. The standard includes two elective recognition exemptions for lessees – leases of low-value assets and short-term leases. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses unless the right-of-use asset meets the definition of investment property in IAS 40, or relates to a class of property, plant and equipment to which the revaluation model is applied. The lease liability is subsequently increased to reflect the interest on the lease liability and reduced for the lease payments. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will also be required to remeasure the lease liability upon the occurrence of certain events, such as change in the lease term and change in future lease payments resulting from a change in an index or rate used to determine those payments. Lessees will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under IFRS 16 is substantially unchanged from the accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between operating leases and finance leases. IFRS 16 requires lessees and lessors to make more extensive disclosures than under IAS 17. Lessees can choose to apply the standard using either a full retrospective or a modified retrospective approach. The Group will adopt IFRS 16 from 1 January 2019. The Group plans to adopt the transitional provisions in IFRS 16 to recognise the cumulative effect of initial adoption as an adjustment to the opening balance of retained earnings at 1 January 2019 and will not restate the comparatives. In addition, the Group plans to apply the new requirements to contracts that were previously identified as leases applying IAS 17 and measure the lease liability at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate at the date of initial application. The right-of-us asset will be measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before the date of initial application. The Group plans to use the exemptions allowed by the standard on lease contracts whose lease terms end within 12 months as of the date of initial application. During 2018, the Group has performed a detailed assessment on the impact of adoption of IFRS 16. The Group has estimated that right-of-use assets of RMB2,811,870,000 and lease liabilities of RMB2,811,870,000 will be recognised at 1 January 2019.

Amendments to IAS 1 and IAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influent decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. The Group expects to adopt the amendments prospectively from 1 January 2020. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 28 clarify that the scope exclusion of IFRS 9 only includes interests in an associate or joint venture to which the equity method is applied and does not include long-term interests that in substance form part of the net investment in the associate or joint venture, to which the equity method has not been applied. Therefore, an entity applies IFRS 9, rather than IAS 28, including the impairment requirements under IFRS 9, in accounting for such long-term interests. IAS 28 is then applied to the net investment, which includes the long-term interests, only in the context of recognising losses of an associate or joint venture and impairment of the net investment in the associate or joint venture. The Group expects to adopt the amendments on 1 January 2019 and will assess its business model for such long-term interests based on the facts and circumstances that exist on 1 January 2019 using the transitional requirements in the amendments. The Group also intends to apply the relief from restating comparative information for prior periods upon adoption of the amendments.

IFRIC 23 addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of IAS 12 (often referred to as "uncertain tax positions"). The interpretation does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. The interpretation is to be applied retrospectively, either fully retrospectively without the use of hindsight or retrospectively with the cumulative effect of application as an adjustment to the opening equity at the date of initial application, without the restatement of comparative information. The Group expects to adopt the interpretation from 1 January 2019. The interpretation is not expected to have any significant impact on the Group's financial statements.

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 RMB'000	Property development RMB'000	Others RMB'000	Adjustments and eliminations RMB'000	Total RMB'000
Year ended 31 December 2018					
Segment revenue:					
Sales to external customers	4,820,945	1,115,408	180,894	–	6,117,247
Intersegment revenue	–	6,864	–	(6,864)	–
Other income	1,656,034	–	75,630	–	1,731,664
Cost of sales	(1,583,376)	(624,431)	(18,019)	–	(2,225,826)
Employee expenses	(501,199)	(41,478)	(65,419)	–	(608,096)
Depreciation and amortisation	(643,714)	(113,139)	(44,579)	–	(801,432)
Operating lease rental expenses	(439,245)	(1,137)	(160)	–	(440,542)
Other operating expenses	(1,098,249)	(92,504)	(81,895)	6,864	(1,265,784)
Other gains and losses	501,324	(1,052)	(328)	–	499,944
Operating profit	2,712,520	248,531	46,124	–	3,007,175
Finance costs	(717,992)	(292,196)	–	–	(1,010,188)
Share of profits and losses of associates and a joint venture	29,082	(1,218)	–	–	27,864
Profit/(loss) before tax	2,023,610	(44,883)	46,124	–	2,024,851
Income tax expense	(689,908)	(206,984)	(738)	–	(897,630)
Profit/(loss) for the year	1,333,702	(251,867)	45,386	–	1,127,221
Attributable to:					
Owners of the parent	973,586	(219,691)	45,508	–	799,403
Non-controlling interests	360,116	(32,176)	(122)	–	327,818
	1,333,702	(251,867)	45,386	–	1,127,221
Other segment information:					
Impairment losses recognized in the statement of profit or loss	4,965	5,494	–	–	10,459
Reversal of impairment losses on accounts receivable	(839)	–	–	–	(839)
Gain on deemed disposal of shares in an associate	(48,269)	–	–	–	(48,269)
Property, plant and equipment impairment	48,649	–	–	–	48,649
Goodwill impairment	14,477	–	–	–	14,477
Investments in associates	2,129,808	–	–	–	2,129,808
Investment in a joint venture	–	1,703	–	–	1,703
Capital expenditure*	92,308	1,490,326	420	–	1,583,054

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

	Operation of department stores RMB'000	Property development RMB'000	Others RMB'000	Adjustments and eliminations RMB'000	Total RMB'000
Year ended 31 December 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
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.

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 to the Group's total revenue.

4. REVENUE

	2018	2017
	RMB'000	*RMB'000*
Revenue from contracts with customers		
Commissions from concessionaire sales	**2,022,848**	2,105,513
Direct sales	**1,794,280**	1,759,881
Sale of properties	**1,001,608**	871,873
Management fee income from the operation of department stores	**755**	2,002
Revenue from other source		
Rental income from investment properties	**412,928**	306,488
Rental income from the leasing of shop premises	**710,026**	566,498
Others	**174,802**	144,384
	6,117,247	5,756,639

Revenue from contracts with customers

(i) Disaggregated revenue information

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

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

	2018
	RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:	
Sale of completed properties	**1,828**
	1,828

(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 a point in time when control of the asset is transferred to the customers.

Sales of properties

For contracts entered into with customers on sales of properties, the Group does not have an enforceable right to payment prior to transfer of the relevant properties to customers. Revenue from sales of properties is therefore recognised at a 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.

The Group receives deposits from customers when they sign the sale and purchase agreements. The Group considers the advance payment contains a financing component which provides the Group a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method.

Management fee income

The performance obligation is satisfied at a point in time when management services are rendered.

The transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2018 are as follows:

	2018
	RMB'000
Within one year	**3,134,634**
More than one year	**164,767**
	3,299,401

The remaining performance obligations expected to be recognised in more than one year relate to sales of properties with a significant financing component that are to be satisfied within two years. All the other remaining performance obligations are expected to be recognised within one year. The amounts disclosed above do not include variable consideration which is constrained.

5. OTHER INCOME

	2018	2017
	RMB'000	*RMB'000*
Income from suppliers and concessionaires		
– Administration and management fee income	**845,658**	727,673
– Promotion income	**545,359**	443,116
– Credit card handling fees	**200,622**	170,992
Interest income	**64,395**	33,327
Others	**75,630**	42,569
	1,731,664	1,417,677

6. COST OF SALES

	2018	2017
	RMB'000	*RMB'000*
Purchases of and changes in inventories	**1,583,376**	1,551,098
Cost of properties sold	**624,431**	687,532
Others	**18,019**	17,240
	2,225,826	2,255,870

7. EMPLOYEE EXPENSES

	2018	2017
	RMB'000	*RMB'000*
Wages and salaries	**517,243**	509,551
Retirement benefits	**66,359**	63,028
Other employee benefits	**24,494**	23,307
	608,096	595,886

8. FINANCE COSTS

	2018	2017
	RMB'000	*RMB'000*
Interest on bank loans	**1,234,426**	1,186,616
Interest expense arising from revenue contracts	**22,626**	–
Total interest expense on financial liabilities not at fair value through profit or loss	**1,257,052**	1,186,616
Less: Interest capitalised	**(246,864)**	(262,000)
	1,010,188	924,616

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 2018 (2017: 16.5%).

Under the relevant income tax law, the PRC subsidiaries are subject to corporate income tax ("**CIT**") at a statutory rate of 25% (2017: 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 land use rights, borrowing costs and all property development expenditures. LAT of RMB49,219,000 was charged to the consolidated statement of profit or loss for the year ended 31 December 2018 (2017: RMB24,164,000).

	2018	2017
	RMB'000	*RMB'000*
Current – CIT	**686,316**	536,995
Current – LAT	**49,219**	24,164
Deferred	**162,095**	23,057
Total tax charge for the year	**897,630**	584,216

10. DIVIDENDS

	2018	2017
	RMB'000	*RMB'000*
Proposed final – HK3.64 cents (2017: HK3.88 cents) per ordinary share	**159,881**	160,796

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

11. 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 RMB799,403,000 (2017: RMB1,071,973,000) and the weighted average number of ordinary shares of 5,140,326,000 (2017: 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 2018 and 2017.

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 2018 *RMB'000*	31 December 2017 *RMB'000*
Within 90 days	**3,211,374**	2,298,222
91 to 180 days	**133,195**	117,409
181 to 360 days	**152,632**	130,795
Over 360 days	**260,628**	407,065
	3,757,829	2,953,491

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

The Group's bills payable amounted to RMB678,700,000 as at 31 December 2018 (31 December 2017: RMB18,000,000).

13. EVENTS AFTER THE REPORTING PERIOD

i. Pursuant to the relevant terms of the prospectus of the corporate bonds issued on 5 January 2016 by Shenzhen Maoye Shangsha Co., Ltd. ("**Maoye Shangsha").** Maoye Shangsha has redeemed (1) the First Tranche of Bonds in the principal amount of RMB1,076,354,000 with its accrued interest of RMB44,000,000 on 5 January 2018; (2) the remaining First Tranche of Bonds in the principal amount of RMB23,646,000 with its accrued interest of RMB945,840 on 7 January 2019; and (3) the Second Tranche of Bonds in the principal amount of RMB1,696,969,000 with its accrued interest of RMB76,500,000 on 7 January 2019 (the "**Redemption**"). Upon completion of the Redemption, Maoye Shangsha has Second Tranche of Bonds of RMB3,031,000 in issue as at the date of the announcement.

ii. On 15 February 2019, the board announced that Baotou Maoye Dongzheng Real Estate Development Co., Ltd. ("**Baotou Maoye Dongzheng**"), a wholly-owned subsidiary of the Company, has acquired on the market in a series of transactions conducted between 23 March 2018 and 15 February 2019 a total of 25,956,157 shares in Maoye Commercial Co., Ltd. ("**Maoye Commercial**") representing approximately 1.5% of the issued share capital of Maoye Commercial as at the date of the announcement at an aggregate consideration of approximately RMB149,900,000 (exclusive of transaction costs). The average purchase cost of each Maoye Commercial's Share is approximately RMB5.78. After the acquisition of the shares, the Group's shareholding in Maoye Commercial has increased from 81.69% to 82.73%.

MANAGEMENT DISCUSSION AND ANALYSIS

I. MACRO ECONOMY OVERVIEW

In 2018, China faced grim international situations and arduous domestic reform and development tasks. In accordance with the general requirements for high-quality development, and with the deepening supply side structural reform as its main task, China has made coordinated efforts to achieve steady growth, promote continued reform, make structural adjustments, improve people's livelihood and guard against economic risks. At present, the PRC's economy is operating within a reasonable range. Despite of uncertainty and volatility, the overall situation of the PRC economy maintained stable performance with good momentum. The gross domestic product of the PRC exceeded RMB90.0 trillion, representing a year-on-year increase of 6.6%, and continued to maintain a steady growth trend.

The economic structure continued to be optimized. Consumption has become the first driving force underpinning economic growth for five consecutive years with a contribution rate to economic growth was of 76.2%, representing an increase of 18.6 percentage points over the previous year. Although the growth of infrastructure investment has slowed down, the growth of manufacturing, real estate and private investment remained stable, and demand for service consumption was strong. The growth of resident income was in line with economic growth, and the income gap between urban and rural residents has been gradually narrowing down.

According to relevant report data, in 2018, the retail sales of 100 key large-scale retail enterprises nationwide increased by 0.7% year-on-year, and the growth rate slowed down. Department stores and supermarkets continued to close down, and department stores have been transformed into shopping centers. Enterprises have commenced multi-channel promotion of online and offline commercial segments, but new retail segment has not developed as expected. A number of foreign brands have encountered obstacles and completely withdrawn from the Chinese retail market. The retail industry was in a period of critical change, and the fittest would survive under such intense market competition.

II. OPERATION REVIEW

In 2018, in the background of China's economic restructuring, the Group deepened the reform of its operation model, vitalized marketing in various ways and enhanced the operation efficiency. In the meanwhile, the Group strengthened effective control measures, and reduced costs and controlled expenses. In 2018, the Group recorded operating revenue of RMB7,848.9 million, representing a year-on-year increase of 9.4%; net profit attributable to owners of the parent of RMB799.4 million, representing a year-on-year decrease of 25.4%; basic earnings per share of RMB15.6cents, representing a year-on-year decrease of 25.4%.

In addition, by continuing to pay attention to market changes, the Group actively grasped the opportunities brought by the new retail model. With data-driven and refined operations, the Group accelerated the disposal of the non-core assets. Its achievements were mainly reflected in the following respects:

1. Deepening reform of operation model to adjust income structure gradually

With the continuing change of industry and consumer market, the Group carried on deepening the operational restructuring and driving the performance growth. Firstly, the income structure was adjusted, which shifted to a more stable rental model by reducing the joint area and increasing the leased area. Under this strategy, the rental income of the Group's stores in 2018 reached RMB1,003.2 million, representing a year-on-year increase of 31.1%.

Secondly, the Group continually optimized the category portfolio through increasing the proportion of categories with high gross profit, such as children, education, catering and cosmetic products, adjusted the business solicitation relying on brand, and focused on the introduction of cost-effective, young and trendy brands to meet the demands of the current mainstream consumers.

2. Successful transformation into shopping malls to help enhance the operation efficiency

With continuous attention and adaptation to current changes of consumers' demands, the Group has promoted the transformation of department stores into shopping malls in a steady and robust way. Based on the characteristics of the demands of local consumers and the realistic condition of business districts, the Group has provided distinctive and diversified services, hence to create continuous improvement in physical stores service experience and operating efficiency. The Group has also been building theme streets and increasing the proportion of supporting facilities in order to satisfy consumer experience and enhance the customer retention capability of the stores. At the same time, the improvement in store shopping guide sign function and shopping experience aimed to facilitate the efficiency of stores operation.

During the reporting period, the Group completed the projects of transforming four stores into shopping malls, including Wuxi Shopping Mall, Victory Times Plaza in Inner Mongolia, Taiyuan Maoye Complex and Chengdu Maoye Complex, and the strategy of transformation into shopping malls has gradually yielded results. Among them, Taiyuan Maoye Complex carried out the "shopping mall + department store" operation model, which boosted the customer flow as well as the consumption rate. The transformation of Chengdu Maoye Complex into shopping mall effectively drove a significant increase in counter commission and income from sales promotion.

3. Capturing opportunities brought by new retail development with consumer-based, data-driven and refined operations

During the reporting period, the Group paid close attention to the new trends of "retail industry" development. Based on innovative thinking and internet technology, the Group has developed the "Internet+" Maoye digital life circle, which conducts deep fusion by integrating the entire offline physical business. As of 31 December 2018, the Group has had 18 online products in nine provinces, 19 cities and two municipalities, in various forms like department stores, shopping centers, offices, hotels, properties and others.

The Group has built a consumer-based marketing system and a new membership management system, with which omni-channel data was integrated to reflect a clear picture of its members. Through the continuous refinement of the label dimension and the continuous optimization of the data algorithm, the member's accurate profile insight is finally realized. On this basis, the Group has carried out precise marketing, and different information templates for different timeframe can be customized to deliver marketing information under different circumstances according to the consumption habits of members, browsing time, personal preferences, purchasing categories, spending power, etc.. As of 31 December 2018, the "Mao Le Hui" (茂樂惠) APP achieved a total online sales of RMB367.6 million.

In addition, the Group has begun to test and promote data-driven refinement operations in some stores and analyze modeling and achieve data to drive the Company's decision-making, brand strategy and marketing activities adjustment through the data on customer base of the stores, consumption power, category brand, and surrounding competitive market conditions. Moreover, the Group also independently developed the "Payment Collection in Second" (秒收銀) APP applet for the shopping centers. Its main function is to implement comprehensive processes of management on shopping centers, which can achieve the same refined management as that of the department stores. The traditional payment time can also be shortened to several seconds, which helps improve the shopping experience of consumers and reduction of the rate of avoidance of payment.

In the meantime, via the "Xiao Hong Mao" (小紅茂) merchant service APP, the Group also helped merchants to improve management efficiency and sales performance with functions including sales discount management, online customer support for Express Payment and Collection (快付收銀), sales report of merchants, daily sales alert, advertisement placement on refined and diverse channels, supplier data verification, etc.. In addition, the Group has started to offer the all-in-one precise marketing paid service to suppliers. As of 31 December 2018, the "Xiao Hong Mao" APP has been launched in all our stores in China, accumulating total users of over 54,000, daily active users of over 4,000, and daily initiated frequency of approximately 34,000 times a day.

4. **Vigorously implementing the "Purchase and Leasing" strategy and achieving significant process in destocking**

In 2018, the real estate control policy has created a more complicated macroeconomic environment for the Group. While the fiscal policy was loosening up, the macroeconomic control policy on real estate remained stringent. Under the overall pressure on the national real estate market and given the declining performance, the Group has shifted its strategy actively and managed to grow in times of adversity. During the reporting period, the Group recorded a significant increase in proceeds from pre-sale from property contracts of RMB3,016.9 million, representing a year-on-year increase of approximately 81.4%. Due to certain contracts not meeting the requirements of recognition of revenue, the sales revenue of properties carried forward to this year was RMB1,001.6 million, representing an increase of 14.9%.

The above achievements were mainly attributable to the Group's vigorous implementation of the "Purchase and Leasing" strategy in a bid to seize the market opportunities. The Group formulated effective and targeted sale program according to the characteristics of each project and local market condition, while exploring sales and lease channels for property business. As for key marketing and management positions, the Group recruited talented staff. In order to improve employees' incentive, the Group also expedited the payment of commission. Moreover, the Group put more efforts on the property leasing and shifted the strategy from leasing to selling through rental advantages. As such, the assets were revitalized and the destocking progress of the property business was accelerated.

5. **Strengthening effectiveness of management and reducing costs to improve corporate governance continually**

In terms of cost control, the Group maintained the proportion of self-owned property in stores up to 76.0% and the proportion of related party leases achieved to 83.7%. This could effectively reduce the impact of price fluctuations in the rental market and control expenditure. Meanwhile, with the strategic integration of supply chain resources and effective operation mode, the Company provided resources and management to cross-regional stores to achieve economy of scale and improve operation efficiency.

In respect of enterprise risk management and control, the Group used electronic information technology to deal with risk management and control, carried out fine management of financial system, strengthened close cooperation between financial department and legal department, conducted risk control and management synchronously, and improved corporate governance. Specifically, the measures including the control of key nodes, cross-validation and personnel supervision were adopted to carry out major tasks, such as related party reconciliation management and account management of construction in process.

III. FUTURE OUTLOOK

In 2019, the external environment faced by China amidst the economic development is more complex and tough than in 2018. At the same time, the effect of supply-side structural reform on stabilizing the economy will continue to show. The Group will keep on maintaining a steady strategy, and seize the opportunities brought by the new retail development. It will also pay attention to the improvement of business scale and efficiency, actively explore diversified retail formats, optimize operation, strengthen cost control, and fully promote the healthy and sustainable development of the Group so as to secure better returns for shareholders. The highlights of which are as follows:

Firstly, to keep implementing the strategy of transforming department stores into shopping malls actively and fully carry out the stores renovation works in 2019. Through focusing on exploring the growth potential of stores and emphasizing the synergy of stores in the region, the Group will further consolidate its leading position in the strategic regions.

Secondly, to proactively capture new trends in consumption, innovate based on the theme, scene, brand, pattern and service, and cater for consumers' experiential shopping needs while focusing on the development of high-margin, high-growth operations and categories and capitalizing on the ability to attract investment and resources, thereby enhancing the efficiency of store operations continually.

Thirdly, to make full use of the Group's rich commercial real estate resources and management experience while opening up the light asset output model through brand output, resource grafting, operation management and other means and in virtue of content empowerment and data operation.

Fourthly, to quicken the comprehensive application of the digitalization of Maoye, accelerate the pace of achieving comprehensive data-driven and refined operations and promote the upgrade of Maoye's new retail model. The Group will further strengthen the online marketing to encourage consumers to take delivery of the goods on their own and convert online traffic into offline consumption to drive store passenger flow.

Fifthly, to strengthen the value analysis, management and supervision of inefficient and non-core assets, and combine the Group's strategic planning and business plans based on market-orientated and the goal of maximizing asset efficiency in order to optimize disposal combination and increase its efforts in the disposal, which in turn achieve the goal of revitalizing assets.

Sixthly, the Group proactively establishes linkage with the multi-level capital markets in the PRC and overseas, explores innovative financial instruments, seizes opportunities and strives to build the multi-level, diversified and complementary financing channel to control financing costs and further optimize debt structure.

PERFORMANCE OF MAJOR DEPARTMENT STORES[1]

Store		Total Sales Proceeds and Rental Income *(RMB'000)*	Operation Period[2] *(Year)*	Operation Area *(m^2)*
1	Shenzhen Huaqiangbei	1,963,278	15.3	63,243
2	Guanghua	974,858	9.1	67,914
3	Shenzhen Dongmen	868,483	21.8	40,709
4	Victory Commercial Building	831,894	15.7	44,221
5	Victory International Plaza	803,751	11.0	116,347
6	Shenzhen Nanshan	790,641	9.3	44,871
7	Taiyuan Maoye Complex	682,359	2.1	246,224
8	Taizhou First Department Store	675,776	9.3	40,358
9	Chengdu Maoye Complex	561,770	13.6	87,309
10	Victory Shopping Center	524,888	12.3	63,695
11	Xiandai Shopping Plaza	453,177	8.6	36,897
12	Qinhuangdao Jindu	441,700	10.3	46,610
13	Rendong	409,826	20.3	31,078

Notes:

1 Major department stores are stores with annual total sales proceeds and rental income over RMB400 million.

2 Operation period was calculated till 31 December 2018.

FINANCIAL REVIEW

Total Sales Proceeds and Rental Income

For the year ended 31 December 2018, total sales proceeds and rental income of the Group were RMB15,787.8 million, representing an increase of 0.5% compared to the year of 2017. The increase of total sales proceeds and rental income was primarily due to the upgrading and transforming of department stores has achieved a preliminary success with a significant increase in rental. Same-store sales proceeds and rental income were RMB15,700.6 million, representing an increase of 0.1% compared to the year of 2017.

	For the year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Total sales proceeds from concessionaire sales	**12,990,329**	13,186,780
Direct Sales	**1,794,280**	1,759,881
Rental	**1,003,153**	765,188
Total Sales Proceeds and Rental Income	**15,787,762**	15,711,849

Among the total sales proceeds and rental income of the Group for the year of 2018, total sales proceeds derived from concessionaire sales accounted for 82.3%, those derived from direct sales accounted for 11.4%, and those derived from rental income accounted for 6.3%. For the year ended 31 December 2018, sales proceeds from concessionaire sales were RMB12,990.3 million, representing a decrease of 1.5% compared to the year of 2017; rental income were RMB1,003.2 million, representing an increase of 31.1% compared to the year of 2017.

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		
	2018	2017	Growth Rate
	RMB'000	*RMB'000*	%
Eastern China	**1,925,452**	1,981,681	–2.8%
Southern China	**4,419,351**	4,133,221	6.9%
South-western China	**3,166,855**	3,271,923	–3.2%
Northern China	**6,276,104**	6,325,024	–0.8%
Total	**15,787,762**	15,711,849	0.5%

For the year ended 31 December 2018, sales of apparels (including men's and ladies' apparels) accounted for 34.2% (2017: 34.5%), jewelries accounted for 16.5% (2017: 15.6%), leisure and sports goods accounted for 11.4% (2017: 10.9%), cosmetics accounted for 9.0% (2017: 7.8%), shoes and leather goods accounted for 8.3% (2017: 9.2%), others (including branded merchandise, children's items, bedroom and household goods, home appliances, supermarket and others) accounted for 20.6% (2017: 22.0%).

For the year ended 31 December 2018, revenue of the Group amounted to RMB6,117.2 million, representing an increase of RMB360.6 million compared with RMB5,756.6 million for the year of 2017. The increase of revenue was mainly because (1) the upgrading and transforming of department stores has achieved a preliminary success with a significant increase in rental; and (2)the revenue derived from the real estate project of Chuzhou Guorun, Huaian Zhiye and Maoye Haoyuan of the Group has recorded a significant increase.

Other Income

For the year ended 31 December 2018, other income of the Group amounted to RMB1,731.7 million, representing an increase of RMB314.0 million compared with RMB1,417.7 million for the year of 2017. The increase of the other income was primarily due to the significant increase of revenue deriving from administration and management fee and sales promotion.

Cost of Sales

For the year ended 31 December 2018, cost of sales of the Group amounted to RMB2,225.8 million, representing a decrease of 1.3% compared with RMB2,255.9 million for the year of 2017. This was primarily because: (1) the cost of sales carried forward for the property projects was at a lower level, and (2) the structure of revenue and cost of sales has changed due to the preliminary success achieved in the upgrading and transforming of department stores.

Employee Expenses

For the year ended 31 December 2018, employee expenses of the Group amounted to RMB608.1 million, representing an increase of 2.0% compared with RMB595.9 million for the year of 2017, which was mainly due to the increase in employee cost of some subsidiaries.

Depreciation and Amortization

For the year ended 31 December 2018, depreciation and amortization of the Group amounted to RMB801.4 million, representing a decrease of 11.6% compared with RMB906.3 million for the year of 2017, which was primarily due to the transformation into investment property at fair value of Victory Mall City by the end of 2017.

Operating Lease Rental Expenses

For the year ended 31 December 2018, operating lease rental expenses of the Group amounted to RMB440.5 million, representing an increase of 3.9% compared with RMB424.0 million for the year of 2017, which was mainly due to the increase of rental expenses of certain department stores compared with that in the year of 2017.

Other Operating Expenses

For the year ended 31 December 2018, other operating expenses of the Group amounted to RMB1,265.8 million, representing a decrease of 5.1% compared with RMB1,334.0 million for the year of 2017. The other operating expenses as percentage of total sales proceeds and rental income has been decreasing steadily.

Other Gains

For the year ended 31 December 2018, other gains of the Group was recorded as gain of RMB499.9 million, representing a decrease of 54.2% compared with RMB1,091.4 million for the year of 2017. This was primarily because the Group recorded one-off investment gains from the disposal of part of the equity interest in ZhongJia Bochuang (中嘉博創) for the year of 2017.

Operating Profit

For the year ended 31 December 2018, operating profit of the Group was RMB3,007.2 million, representing an increase of 9.4% as compared to that of RMB2,749.6 million for the year of 2017. This was primarily due to (1) the upgrading and transforming of department stores has achieved a preliminary success with a significant increase in rental; (2) the revenue derived from the real estate project of Chuzhou Guorun, Huaian Zhiye and Maoye Haoyuan of the Group has recorded a significant increase; and (3) the transformation into investment property at fair value of Victory Mall City, and depreciation expiration of part of the assets, resulting in a large decrease in the depreciation expenses.

Finance Costs

For the year ended 31 December 2018, finance costs of the Group amounted to RMB1,010.2 million, representing an increase of 9.3% compared with RMB924.6 million for the year of 2017. This was primarily due to the increase of interest rate for the interest-bearing loans.

Income Tax Expense

For the year ended 31 December 2018, income tax expense of the Group amounted to RMB897.6 million, representing an increase of 53.6% compared with RMB584.2 million for the year of 2017. This was primarily due to the increase of the operating profit before tax.

Profit for the year ended 31 December 2018

As a result of the foregoing, for the year ended 31 December 2018:

– Profit for the year of 2018 was RMB1,127.2 million, representing a decrease of 11.1% as compared with the year of 2017;

– Without taking into account the effect of non-operating gains and losses*, profit for the year of 2018 was RMB752.3 million, representing an increase of 67.2% as compared with RMB449.9 million for the year of 2017.

* *non-operating gains and losses represent the gains and losses in respect of financial assets at fair value through profit or loss, equity investments designated at fair value through other comprehensive income, 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 2018, the Group's cash and cash equivalents amounted to RMB3,304.9 million, representing an increase by RMB1,848.1 million compared to RMB1,456.8 million as at 31 December 2017. The main cash inflow and cash outflow are set out as follows:

(1) Net cash inflow of RMB4,895.3 million arising from operating activities;

(2) Net cash inflow of RMB275.8 million arising from investment activities, which mainly includes: 1) cash inflow from disposal of financial assets at fair value through profit or loss amounting to RMB540.5 million; 2) cash inflow of RMB108.4 million by releasing pledged bank deposits; 3) cash inflow of RMB401.2 million from disposal of Dashang Shares and Shenwan Hongyuan Shares; 4) the payments for properties, equipment, investment property in construction progress and land amounting to RMB518.8 million; 5) payments for the consideration with respect to the acquisition of 38.24% of UGO's equity interests amounting to RMB193.4 million; 6) cash outflow from the profit distribution of Maoye Commercial amounting to RMB111.8 million; and 7) dividends received from associates and equity investments designated at fair value through other comprehensive income amounting to RMB41.9 million;

(3) Net cash outflow of RMB3,191.7 million arising from financing activities, which mainly includes: 1) increase in cash inflow arising from bank loans of RMB8,032.1 million; 2) cash outflow arising from repayment of bank loans and other borrowings of RMB9,531.1 million; 3) cash outflow arising from repayment of interest of approximately RMB1,214.8 million; 4) cash outflow arising from increasing in the equity interest of Maoye Commercial of approximately RMB119.9 million by Baotou Maoye Dongzheng; and 5) cash outflow arising from allocating dividend amounting to RMB177.5 million by the Company; and 6) net cash outflow arising from repayment of borrowings to fellow subsidiaries amounting to RMB180.5 million.

Interest-bearing Loans

As at 31 December 2018, total bank loans, USD senior guarantee notes and corporate bonds of the Group were approximately RMB18,241.9 million (31 December 2017: RMB19,739.0 million). The gearing ratio[1] and net gearing ratio[2] were 35.8% and 97.7%, respectively (31 December 2017: 41.3% and 132.6%, 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*

Contingent Liabilities

On 14 December 2011, Taizhou First Department Store Co., Ltd. (泰州第一百貨商店股份有限公司) ("**Taizhou First**"), a subsidiary of the Group, entered into the Property Lease Agreement (the "**Agreement**") with Liyang Fenglian Property Development Co., Ltd. (溧陽豐聯置業發展有限公司) ("**Fenglian Company**"), pursuant to which, Taizhou First will rent the property of Fenglian Company to operate Maoye Department Store Liyang Pingling Square Branch (茂業百貨溧陽平陵廣場店) ("**Liyang Store**"). On 19 December 2014, Fenglian Company filed a lawsuit at the Changzhou Intermediate People's Court (常州市中級人民法院) (the "**Court**") over the unilateral termination of the Agreement by Taizhou First. On 17 July 2018, Fenglian Company amended its litigation claims, requiring an order that Taizhou First shall pay a property use fee of RMB81,126,129, a rental loss of RMB14,316,376, a commercial service fee of RMB239,700 and interest.

On 28 November 2018, the Court adjudicated that the lease agreement and supplemental lease agreement entered into between the two parties were terminated on 30 November 2014 and that Taizhou First shall compensate Fenglian Company for the use of its property in the amount of RMB66,611,996, the interest from 1 December 2014 to the date of full settlement which shall be calculated at the prevailing lending rate stipulated by the People's Bank of China, and the handling fee relating to the case. The court judgment also rejected the other litigation claims from Fenglian Company. Both Taizhou First and Fenglian Company appealed against the court judgment.

Upon consulting with the external counsel, the management of the Company is of the view that Taizhou First exercised its right by closing the store in advance, instead of committing a breach of the Agreement. The trial is still in progress and the management of the Company is unable to estimate the potential loss or gain from the case at the present stage.

Pledge of Assets

As at 31 December 2018, the Group's collateral interest-bearing bank loans amounting to RMB9,909.5 million were secured by approximately RMB3,171.4 million, RMB409.3 million and RMB704.3 million respectively of the Group's land and buildings, land lease prepayments and properties under development measured at cost, and approximately RMB7,693.1 million of investment properties measured at fair value.

Foreign Currency Risk

The Company issued US$300,000,000 senior guaranteed notes in 2017 and due 2018, and US$250,000,000 senior guaranteed notes with term of 2 years in 27 September 2018 which is exposed to the effect of foreign exchange fluctuation risks. During the reporting period, the Group recorded a foreign exchange loss of RMB128.2 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.

For the year ended 31 December 2018, 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 HK3.64 cents in cash per share for the year ended 31 December 2018 (the "**Proposed Final Dividend**") (2017: HK3.88 cents), subject to the shareholders' approval at the annual general meeting of the Company to be held on Thursday, 9 May 2019 (the "**2019 AGM**"). The Proposed Final Dividend will be paid in cash on Friday, 31 May 2019 to shareholders whose names appear on the Register of Members of the Company as at the close of business on Tuesday, 21 May 2019.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

On 9 October 2018, the Company early redeemed the 13.45 million shares of US$300 million 7.00% senior guaranteed notes due 23 October 2018 with a nominal value of US$13.45 million, and the Company has completed the redemption of the outstanding notes in full in aggregate principal amount of US$286.55 million together with accrued interest up to the maturity date.

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 2018.

CLOSURE OF REGISTER OF MEMBERS

(i) Determining the eligibility to attend and vote at the 2019 AGM

The Company's Register of Members will be closed from Monday, 6 May 2019 to Thursday, 9 May 2019 (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 2019 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 Friday, 3 May 2019.

(ii) Determining the entitlement to the Proposed Final Dividend

The Company's Register of Members will be closed from Friday, 17 May 2019 to Tuesday, 21 May 2019 (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, 16 May 2019.

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 2018. 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 2018, 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 2018 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 2018 as set out in the preliminary announcement have been agreed by the Company's auditors to the amounts set out in the Group's draft 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 2018 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, 14 March 2019

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.