



Maoye International Holdings Limited

茂業國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 848)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2016**

HIGHLIGHTS

- Total sales proceeds were RMB5,735.6 million, representing an increase of 23.9% compared to the corresponding period in the last year.
- Total operating revenue was RMB2,288.2 million, representing an increase of 11.1% compared to the corresponding period in the last year.
- Operating profit before depreciation and amortisation (net profit before depreciation, amortisation, finance costs, income tax and other income) was RMB873.8 million, representing an increase of 26.9% compared to the corresponding period in the last year.
- The net profit for the period was RMB47.9 million. Profit attributable to owners of the parent was RMB18.43 million.
- As basic earnings per share for the period was RMB0.4 cent.

(Hong Kong, 29 August 2016) Maoye International Holdings Limited (the “Company”) announces the unaudited consolidated interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2016 (“the reporting period”).

During the reporting period, total sales of the Group proceeds were RMB5,735.6 million, representing an increase of 23.9% compared to the corresponding period in the last year. Total operating revenue was RMB2,288.2 million, representing an increase of 11.1% compared to the corresponding period in the last year. Operating profit before depreciation and amortisation (net profit before depreciation, amortisation, finance costs, income tax and other income) was RMB873.8 million, representing an increase of 26.9% compared to the corresponding period in the last year. Profit attributable to owners of the parent was RMB18.43 million for the six months ended 30 June 2016. As basic earnings per share for the period was RMB0.4 cent.

During the first half of 2016, the continuous threats to physical retail from online consumption and the diversion of traffic volume from department stores by shopping centers has led to further operation differentiation in the department store sector and a general decline in the results of the industry. Meanwhile, competition among players in the industry became fierce. In the market with opportunities and challenges, the Group has presented remarkable cost

advantage and risk resistance ability by leveraging its unique advantage in the operation model of “department store plus commercial real estate”. During the reporting period, while maintaining the leading position in the core market of Southern China, the Group actively organized its layout in major cities in Southwestern China, Eastern China and Northern China by developing major stores in tier 2 and tier 3 cities with consumption potential; strengthened the integration in order to establish leading positions in major cities within relevant regions. In addition, the Group further promoted its business transforming and upgrading to deepen its strategy of transforming core stores into shopping centers, provide experiential, interactive, educational and perceptible content for consumption, and satisfy consumers’ demand for spiritual consumption. On the other hand, the Group took initiatives to apply network tools in information delivery, payment and goods delivery, achieving an efficient integration of online and offline business and improving consumers’ consumption experience.

The Group continued to promote its strategy of transforming department stores into shopping centers. As of 30 June 2016, the Group has completed more than 10 projects for transforming stores into shopping centers, including Huaqiangbei store and Chongqing Jiangbei store. At the same time, when capitalizing the synergy effect with the existing stores in the region, the Group continued to construct the “Maoye Complex” projects in key cities and actively promoted the business solicitation and opening of the projects to consolidate its leading position in regional market.

The Group has finished a series of merger and acquisition. Firstly, in February 2016, the Group completed the acquisition of two Renhe Chuntian Stores, namely Rendong Department Store and Guanghua Department Store, which significantly increased the Group’s market share in Chengdu and consolidated the Group’s leading position in the Southwestern region. Upon completion of such acquisition, the Group made active efforts in consolidating, among other things, management, personnel and information system, and coordinated and managed Renhe Stores and original stores of the Group in the region, resulting in positive interactions and complementary effects between the stores. Secondly, in the first half of 2016, Maoye Commercial Co., Ltd.* (茂業商業股份有限公司) (“Moye Commercial”), a company listed on the Shanghai Stock Exchange (stock code: 600828) and a subsidiary of the Group, underwent material asset reorganization to acquire 70% equity interest in Inner Mongolia Victoria Commercial (Group) Co., Ltd (“Victoria”). at a cash consideration of RMB1,565.3 million. Such acquisition involved 20 stand-alone entities in total, including 6 shopping malls and 14 supermarkets. Upon completion of such transaction, the Group, leveraging on extensive management experience and information system advantage throughout the nation, facilitated rapid adjustments to the operational, financial and management strategies of Victoria’s stores and improved its overall profitability, which further increased the Group’s market share in major cities in Northern China.

The Group continued its financing activities actively and stably and implemented restructuring of material assets. The Group actively develop financing channels while

reducing finance costs. In January 2016, the Group's wholly-owned subsidiary, Maoye Shangsha, issued in the mainland China corporate bonds with an aggregate principal amount of RMB2.8 billion. The above financing activities provided stable liquidity for the development of the Group and were instrumental to the Group for its smooth process of the acquisition and consolidation. In June 2016, Maoye Shangsha, the Group's wholly-owned subsidiary, implemented restructuring of material assets and intended to raise funds through private issue of shares. Part of the proceeds from the issue will be applied to acquire equity interests in two companies, including Qinhuangdao Maoye Holdings Co., Ltd. (秦皇島茂業控股有限公司) and Chongqing Maoye Department Store Co., Ltd. (重慶茂業百貨有限公司), from Zhongzhao Investment Management Co., Ltd. (中兆投資管理有限公司) ("Zhongzhao") and Maoye Department Stores (China) Limited (茂業百貨(中國)有限公司) ("Maoye China"). Part of the proceeds from this private issue is intended for repaying bank loans to lower the Group's gearing ratio, optimize the debt structure and develop solvency and the capability of fending off risks, to a certain extent.

Looking forward, the Group will uphold its strategies to grow moderately and healthily. On business structure, it will promote the transformation of existing stores to shopping malls, focus on consolidation of acquired stores, actively promote the opening and development of the "Maoye Complex" project and increase its efforts on realization of non-core assets. On operation strategies, it will uphold the profit-oriented operation strategy, utilize the information system, improve service capacities and actively explore the development of proprietary business. On financing arrangements, it will actively adjust debt structure in order to achieve reasonable allocation of assets and liabilities and lower overall financing costs. To conclude, The Group will actively explore products and service models that meets the personalized consumption needs of the major consumers group and create a diversified experiential consumption platform in order to gain sustainable sales growth and profit margin.

About Maoye International Holdings Limited

Maoye International is the leading Hong Kong-listed retail operators, which focus on retail store & commercial estate. Maoye currently operates 49 stores in the core business district of 18 cities covering South China, East China, the Southwest and the North to provide a rich assortment and diversified services of citizens.

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