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## **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 2014**

#### **HIGHLIGHTS**

- Total sales proceeds<sup>1</sup> was RMB10,764.1 million, representing a decrease of 5.4%, and same-store<sup>2</sup> sales proceeds from concessionaire sales was RMB7,935.4 million, representing a decrease of 2.4%.
- Total operating revenue was RMB4,400.5 million, representing a decrease of 4.8%.
- Operating profit was RMB2,321.8 million, representing an increase of 59.2%.
- Proposed final dividend is 1.1 HK cents per share.

#### **RESULTS OF THE GROUP**

- Profit attributable to owners of the parent was RMB1,364.7 million, representing an increase of 70.2%.
- Without taking into account the effect of non-operating gains and losses, profit attributable to owners of the parent decreased by 28.9% to RMB487.9 million.
- Basic earnings per share for the year were RMB26.3 cents.

## **RESULTS OF THE OPERATION OF DEPARTMENT STORES SEGMENT**

- Profit attributable to owners of the parent from the operation of department stores segment was RMB1,516.1 million, representing an increase of 99.1% compared with RMB761.6 million in the same period last year.

### *Notes:*

- <sup>1</sup> Total sales proceeds refer to the sum of total sales proceeds from concessionaire sales and revenue from direct sales at our department stores.
- <sup>2</sup> Same-store refers to the stores which have opened or been consolidated into the Group's financial statements by acquisition at the beginning of the previous fiscal year.

## **ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2014**

The Board of Directors (the “**Board**”) of Maoye International Holdings Limited (the “**Company**”) is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2014 with comparative figures for the year 2013 as follows:

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
YEAR ENDED 31 DECEMBER 2014**

	<i>Notes</i>	<b>2014</b> <i>RMB'000</i>	2013 <i>RMB'000</i>
<b>REVENUE</b>	4	<b>3,550,111</b>	3,805,452
Other income	5	<u>850,349</u>	<u>818,141</u>
Total operating revenue		<b>4,400,460</b>	4,623,593
Cost of sales	6	<b>(1,365,726)</b>	(1,425,243)
Employee expenses	7	<b>(467,529)</b>	(444,232)
Depreciation and amortisation		<b>(363,458)</b>	(353,996)
Operating lease rental expenses		<b>(225,575)</b>	(218,285)
Other operating expenses		<b>(914,409)</b>	(917,926)
Other gains		<u>1,257,995</u>	<u>194,751</u>
Operating profit		<b>2,321,758</b>	1,458,662
Finance costs	8	<b>(170,354)</b>	(133,777)
Share of profits and losses of associates		<u>(64,927)</u>	<u>(452)</u>
<b>PROFIT BEFORE TAX</b>		<b>2,086,477</b>	1,324,433
Income tax expense	9	<u>(637,274)</u>	<u>(411,319)</u>
<b>PROFIT FOR THE YEAR</b>		<u><b>1,449,203</b></u>	<u>913,114</u>
Attributable to:			
Owners of the parent		<b>1,364,692</b>	802,041
Non-controlling interests		<u>84,511</u>	<u>111,073</u>
		<u><b>1,449,203</b></u>	<u>913,114</u>
<b>EARNINGS PER SHARE</b>			
<b>ATTRIBUTABLE TO ORDINARY</b>			
<b>EQUITY HOLDERS OF THE</b>			
<b>PARENT</b>	10		
Basic			
- For profit for the year		<u><b>RMB26.3 cents</b></u>	<u>RMB15.5 cents</u>
Diluted			
- For profit for the year		<u><b>RMB26.3 cents</b></u>	<u>RMB15.5 cents</u>

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
YEAR ENDED 31 DECEMBER 2014**

	<b>2014</b>	2013
	<i><b>RMB'000</b></i>	<i>RMB'000</i>
<b>PROFIT FOR THE YEAR</b>	<b><u>1,449,203</u></b>	<b><u>913,114</u></b>
<b>OTHER COMPREHENSIVE INCOME</b>		
Other comprehensive income to be reclassified to profit or loss in subsequent periods		
Available-for-sale equity investments		
Changes in fair value	<b>311,208</b>	(134,121)
Reclassification adjustments of equity investment recognised in the consolidated statement of profit or loss		
Gain on disposal	—	(78,635)
Gain on deemed disposal	<b>(35,613)</b>	—
Income tax effect	<b><u>(68,899)</u></b>	<u>48,730</u>
	<b>206,696</b>	(164,026)
Exchange differences on translation of foreign operations	<b><u>(7,253)</u></b>	<u>31,386</u>
<b>OTHER COMPREHENSIVE GAIN/(LOSS) FOR THE YEAR, NET OF TAX</b>	<b><u>199,443</u></b>	<b><u>(132,640)</u></b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b><u>1,648,646</u></b>	<b><u>780,474</u></b>
Attributable to:		
Owners of the parent	<b>1,564,135</b>	669,401
Non-controlling interests	<b><u>84,511</u></b>	<u>111,073</u>
	<b><u>1,648,646</u></b>	<b><u>780,474</u></b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 DECEMBER 2014

	2014	2013
	<i>RMB'000</i>	<i>RMB'000</i>
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	5,919,957	4,870,979
Investment properties	373,023	545,962
Land lease prepayments	3,673,654	4,408,731
Goodwill	352,104	637,348
Other intangible assets	2,672	4,571
Investments in associates	2,418,096	—
Available-for-sale equity investments	1,161,503	825,469
Prepayments	437,158	1,191,690
Deferred tax assets	<u>317,615</u>	<u>253,579</u>
Total non-current assets	<u>14,655,782</u>	<u>12,738,329</u>
<b>CURRENT ASSETS</b>		
Inventories	179,199	227,894
Completed properties held for sale	701,595	763,762
Properties under development	7,059,699	4,676,226
Equity investments at fair value through profit or loss	173	887
Trade receivables	13,418	52,562
Prepayments, deposits and other receivables	998,891	477,893
Due from related parties	132,880	114,933
Pledged deposits	54,949	47,194
Cash and cash equivalents	<u>662,069</u>	<u>978,447</u>
Total current assets	<u>9,802,873</u>	<u>7,339,798</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)**  
**31 DECEMBER 2014**

	<i>Notes</i>	<b>2014</b> <i>RMB'000</i>	2013 <i>RMB'000</i>
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	12	<b>2,174,127</b>	2,447,580
Deposits received, accruals and other payables		<b>3,283,478</b>	2,685,580
Interest-bearing bank loans and other borrowings		<b>1,825,220</b>	1,751,494
Convertible bonds		—	12,023
Due to related parties		<b>74,094</b>	84,271
Income tax payable		<b>146,841</b>	167,636
		<u><b>7,503,760</b></u>	<u>7,148,584</u>
Total current liabilities		<u><b>7,503,760</b></u>	<u>7,148,584</u>
<b>NET CURRENT ASSETS</b>			
		<u><b>2,299,113</b></u>	<u>191,214</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		<u><b>16,954,895</b></u>	<u>12,929,543</u>
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank loans and other borrowings		<b>7,648,656</b>	5,007,069
Deferred tax liabilities		<b>1,097,613</b>	591,610
		<u><b>8,746,269</b></u>	<u>5,598,679</u>
Total non-current liabilities		<u><b>8,746,269</b></u>	<u>5,598,679</u>
Net assets		<u><b>8,208,626</b></u>	<u>7,330,864</u>
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital: nominal value		—	467,449
Other statutory capital reserves		—	1,682,767
		<u><b>2,126,065</b></u>	2,150,216
Share capital and other statutory capital reserves		<b>2,126,065</b>	2,150,216
Equity component of convertible bonds		<b>55,538</b>	56,546
Other reserves		<b>4,920,404</b>	3,531,814
Proposed final dividend	11	<b>45,171</b>	123,571
		<u><b>7,147,178</b></u>	<u>5,862,147</u>
Non-controlling interests		<u><b>1,061,448</b></u>	<u>1,468,717</u>
Total equity		<u><b>8,208,626</b></u>	<u>7,330,864</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 1. CORPORATE INFORMATION

Maoye International Holdings Limited 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 is Floor 4, Willow House, Cricket Square, P.O. Box 2804, Grand Cayman KY1-1112, Cayman Islands, 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 Group is principally engaged in the operation and management of department stores and property development in the PRC.

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. BASIS OF PREPARATION

The annual consolidated financial statements for the year ended 31 December 2014 have been prepared in accordance with the International Financial Reporting Standards as issued by the International Accounting Standards Board and the disclosure requirements of the Hong Kong Companies Ordinance.

### 3. SEGMENT INFORMATION

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

- (a) the operation of department stores segment comprises concessionaire, and direct sales of merchandise and leases of commercial properties to third parties for the operation of department stores;
- (b) the property development segment principally engaged in the development and sale of commercial and residential properties and leases of commercial properties to third parties for the operation of department stores; and
- (c) the "others" segment comprises principally operations of hotels and provision of ancillary services, provision of advertising services.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated according to net profit of reportable segment attributable to the owners of the parent company after adjustment.

	Operation of department stores <i>RMB'000</i>	Property development <i>RMB'000</i>	Others <i>RMB'000</i>	Adjustments and eliminations <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Year ended</b>					
<b>31 December 2014</b>					
<b>Segment revenue:</b>					
Sales to external customers	3,012,141	533,073	4,897	—	3,550,111
Intersegment revenue	—	6,891	—	(6,891)	—
Other income	<u>807,143</u>	<u>35,688</u>	<u>7,518</u>	<u>—</u>	<u>850,349</u>
Cost of sales	(1,059,572)	(305,602)	(552)	—	(1,365,726)
Employee expenses	(396,307)	(65,331)	(5,891)	—	(467,529)
Depreciation and amortisation	(307,574)	(54,067)	(3,757)	1,940	(363,458)
Operating lease rental expenses	(210,590)	(14,644)	(165)	(176)	(225,575)
Other operating expenses	(771,877)	(140,037)	(7,622)	5,127	(914,409)
Other gains/(loss)	<u>1,245,679</u>	<u>(315)</u>	<u>12,631</u>	<u>—</u>	<u>1,257,995</u>
Operating profit/(loss)	2,319,043	(4,344)	7,059	—	2,321,758
Finance costs	(36,761)	(133,370)	(223)	—	(170,354)
Share of profits and losses of associates	<u>(64,927)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(64,927)</u>
Segment profit/(loss) before tax	2,217,355	(137,714)	6,836	—	2,086,477
Income tax expense	<u>(611,997)</u>	<u>(22,583)</u>	<u>(2,694)</u>	<u>—</u>	<u>(637,274)</u>
Segment profit/(loss) for the year	<u><u>1,605,358</u></u>	<u><u>(160,297)</u></u>	<u><u>4,142</u></u>	<u><u>—</u></u>	<u><u>1,449,203</u></u>
Attributable to:					
Owners of the parent	1,516,051	(157,688)	6,329	—	1,364,692
Non-controlling interests	<u>89,307</u>	<u>(2,609)</u>	<u>(2,187)</u>	<u>—</u>	<u>84,511</u>
	<u><u>1,605,358</u></u>	<u><u>(160,297)</u></u>	<u><u>4,142</u></u>	<u><u>—</u></u>	<u><u>1,449,203</u></u>



	<b>Operation of department stores</b>	<b>Property development</b>	<b>Others</b>	<b>Adjustments and eliminations</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Other segment information</b>					
Impairment losses recognised in the income statement	6,692	15,010	—	—	21,702
Investments in associates	2,418,096	—	—	—	2,418,096
Capital expenditure*	<u>1,268,678</u>	<u>3,359,087</u>	<u>23</u>	<u>—</u>	<u>4,627,788</u>

\* 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.

	<b>Operation of department stores</b>	<b>Property development</b>	<b>Others</b>	<b>Adjustments and eliminations</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Year ended</b>					
<b>31 December 2013</b>					
<b>Segment revenue:</b>					
Sales to external customers	3,121,513	677,019	6,920	—	3,805,452
Intersegment revenue	—	20,015	—	(20,015)	—
Other income	<u>797,551</u>	<u>13,423</u>	<u>7,167</u>	<u>—</u>	<u>818,141</u>
Cost of sales	(1,195,659)	(228,906)	(678)	—	(1,425,243)
Employee expenses	(380,346)	(59,487)	(4,399)	—	(444,232)
Depreciation and amortisation	(310,556)	(42,719)	(721)	—	(353,996)
Operating lease rental expenses	(214,684)	(17,517)	(100)	14,016	(218,285)
Other operating expenses	(799,934)	(116,234)	(7,757)	5,999	(917,926)
Other gains/(loss)	<u>199,139</u>	<u>(825)</u>	<u>(3,563)</u>	<u>—</u>	<u>194,751</u>
Operating profit/(loss)	1,217,024	244,769	(3,131)	—	1,458,662
Finance costs	(28,871)	(104,747)	(159)	—	(133,777)
Share of profits and losses of associates	<u>—</u>	<u>—</u>	<u>(452)</u>	<u>—</u>	<u>(452)</u>
Segment profit/(loss) before tax	1,188,153	140,022	(3,742)	—	1,324,433
Income tax expense	<u>(374,806)</u>	<u>(35,006)</u>	<u>(1,507)</u>	<u>—</u>	<u>(411,319)</u>
Segment profit/(loss) for the year	<u><u>813,347</u></u>	<u><u>105,016</u></u>	<u><u>(5,249)</u></u>	<u><u>—</u></u>	<u><u>913,114</u></u>
Attributable to:					
Owners of the parent	761,609	45,892	(5,460)	—	802,041
Non-controlling interests	<u>51,738</u>	<u>59,124</u>	<u>211</u>	<u>—</u>	<u>111,073</u>
	<u><u>813,347</u></u>	<u><u>105,016</u></u>	<u><u>(5,249)</u></u>	<u><u>—</u></u>	<u><u>913,114</u></u>

	<b>Operation of department stores</b>	<b>Property development</b>	<b>Others</b>	<b>Adjustments and eliminations</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Other segment information</b>					
Impairment losses recognised in the income statement	2,158	—	—	—	2,158
Impairment losses reversed in the income statement	(8,147)	—	—	—	(8,147)
Capital expenditure*	<u>932,248</u>	<u>1,792,224</u>	<u>22,590</u>	<u>—</u>	<u>2,747,062</u>

\* 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.

#### 4. REVENUE

	For the year ended 31 December	
	2014	2013
	<i>RMB'000</i>	<i>RMB'000</i>
Commissions from concessionaire sales	<b>1,626,820</b>	1,622,662
Direct sales	<b>1,173,992</b>	1,313,610
Rental income from the leasing of shop premises	<b>204,098</b>	178,195
Management fee income from the operation of department stores	<b>7,231</b>	7,046
Rental income from investment properties	<b>71,316</b>	236,400
Sale of properties	<b>461,757</b>	440,619
Others	<b>4,897</b>	6,920
	<b><u>3,550,111</u></b>	<b><u>3,805,452</u></b>

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

	For the year ended 31 December	
	2014	2013
	<i>RMB'000</i>	<i>RMB'000</i>
Total sales proceeds from concessionaire sales	<b><u>9,590,145</u></b>	<b><u>10,060,753</u></b>
Commissions from concessionaire sales	<b><u>1,626,820</u></b>	<b><u>1,622,662</u></b>

#### 5. OTHER INCOME

	For the year ended 31 December	
	2014	2013
	<i>RMB'000</i>	<i>RMB'000</i>
Income from suppliers and concessionaires		
- Administration and management fee income	<b>412,154</b>	404,470
- Promotion income	<b>242,256</b>	221,807
- Credit card handling fees	<b>126,798</b>	127,523
Interest income	<b>25,935</b>	21,187
Others	<b>43,206</b>	43,154
	<b><u>850,349</u></b>	<b><u>818,141</u></b>

## 6. COST OF SALES

	For the year ended	
	31 December	
	2014	2013
	<i>RMB'000</i>	<i>RMB'000</i>
Purchases of and changes in inventories	<b>1,059,572</b>	1,195,659
Cost of properties sold	<b>305,602</b>	228,906
Others	<u><b>552</b></u>	<u>678</u>
	<u><b>1,365,726</b></u>	<u>1,425,243</u>

## 7. EMPLOYEE EXPENSES

	For the year ended	
	31 December	
	2014	2013
	<i>RMB'000</i>	<i>RMB'000</i>
Wages and salaries	<b>409,688</b>	383,173
Retirement benefits	<b>46,557</b>	45,678
Other employee benefits	<u><b>11,284</b></u>	<u>15,381</u>
	<u><b>467,529</b></u>	<u>444,232</u>

## 8. FINANCE COSTS

	For the year ended	
	31 December	
	2014	2013
	<i>RMB'000</i>	<i>RMB'000</i>
Interest on bank loans	<b>549,697</b>	357,125
Interest on convertible bonds	<u><b>449</b></u>	<u>43,147</u>
Total interest expense on financial liabilities not at fair value through profit or loss	<b>550,146</b>	400,272
Less: Interest capitalised	<u><b>(379,792)</b></u>	<u>(266,495)</u>
	<u><b>170,354</b></u>	<u>133,777</u>

## 9. INCOME TAX EXPENSE

	For the year ended 31 December	
	2014	2013
	<i>RMB'000</i>	<i>RMB'000</i>
Group:		
Current — Corporate income tax	347,049	414,162
Current — Land appreciation tax	20,416	40,549
Deferred	<u>269,809</u>	<u>(43,392)</u>
Total tax charge for the year	<u>637,274</u>	<u>411,319</u>

## 10. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT

The calculation of basic earnings per share is based on the profit for the year ended 31 December 2014 attributable to owners of the parent of RMB1,364,692,000 (2013: RMB802,041,000) and the 5,197,910,878 ordinary shares in issue during the year (2013: 5,159,225,623 ordinary shares in issue).

## 11. DIVIDENDS

	2014	2013
	<i>RMB'000</i>	<i>RMB'000</i>
Proposed final dividend — HK1.1 cents per ordinary share	<u>45,171</u>	<u>123,571</u>

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

## 12. TRADE AND BILLS PAYABLES

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

	As at 31 December	
	2014	2013
	<i>RMB'000</i>	<i>RMB'000</i>
Within 90 days	1,666,599	1,939,607
91 to 180 days	159,381	227,599
181 to 360 days	182,218	159,272
Over 360 days	<u>165,929</u>	<u>121,102</u>
	<u>2,174,127</u>	<u>2,447,580</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

In 2014, China's traditional retail industry continued to face various challenges due to the continuous slowdown in the growth of the macro-economy of China, the abnormal excess supply of shopping centres and the keen competitions from e-business. To cope with the competitive market situation, the Group has undergone a series of reforms and transformation, gradually adjusted its business model and operation mode and implemented innovation in management. The business performance of the Company has been stabilised as a result.

Total sales proceeds were RMB10,764.1 million, representing a decrease of 5.4% compared to the same period last year; total operating revenue was RMB4,400.5 million, representing a decrease of 4.8% compared to the same period last year; same-store sales growth of concessionaire sales decreased by 2.4%; profit attributable to owners of the parent was RMB1,364.7 million, representing an increase of 70.2% compared to the same period last year, or a decrease of 28.9% as compared to the same period last year without taking into account the non-operating items.

### Major Operating Highlights

The Group has continued to strengthen the strategy of “transforming department stores into shopping centres” which was commenced in 2012. The Group increased the proportion of supporting facilities such as catering, recreation and entertainment, provided one-stop consumer services and was committed to creating a social platform which builds customer loyalty. The Group provided various stores with integrated experience services to satisfy consumers' increasing demand for high-quality consumption. The percentages of areas comprising of supporting facilities of stores such as the Zibo Maoye Complex and the newly opened Taiyuan Maoye Complex exceeded 20% after adjustment.

As to the variety of products in department stores, the Group insisted on its business philosophy of focusing on stylish and medium- and high-end markets and has been introducing trendy brands and light luxury goods from 2014. Apart from Shenzhen Dongmen Store which continued to introduce trendy brands which are new to the Shenzhen market and adopted the strategy of competitive differentiation, Huaqiangbei Store also carried out large-scale renovation and adjustment to prepare for the introduction of various light luxury brands in the second half of 2015. In September 2014, the Yanzhao Store was opened in the core business district of Baoding City, Hebei, leading the local department store sector with its business philosophy focusing on stylish and light luxury goods. It was the first store to introduce various light luxury brands such as Pinko and Lee Cooper into the Hebei market. Since its opening in 2013, the Zibo Maoye Complex in Shandong has also

introduced key international brands such as Armani Collezioni and Versace Collection. After 11 years of its opening, the Chongqing Jiangbei Store has also begun to make adjustments and introduced renowned brands such as Mannings, EXCEPTION and VASTO. The Chengdu Chunxi Store, which was closed for renovation in 2014, was reopened on 30 January 2015. Brands newly introduced in the store accounted for 60%, most of which were trendy brands that are popular among young people.

The Taiyuan Maoye Complex, which was opened in November 2014, has introduced various light luxury brands for the first time in Taiyuan and will soon introduce brands such as Apple Store and Fast Fashion which can attract a lot of customers. The opening of the store was a key milestone of the Group's development of new segments and city complex projects that were in line with the trend of city consumption. As a new landmark building in Taiyuan, the Taiyuan Maoye Complex was committed to establishing a flagship store in the north region which was the first international, integrated and all-inclusive one-stop shopping centre that highlighted lifestyle concepts in Shanxi.

As to the sub-segments of businesses, the Shenzhen Maoye Outlet Store has continued to be the role model and sustained its growth contrary to the trend. The Group has successfully transformed the Baoding Guomao Store into the Outlet Store in 2013, positioning it as a discount store for first- and second-tier brands in China covering the entire Hebei region. The store achieved a same-store growth of 21.1% in 2014.

Following the establishment of a strategic partnership with SAP in 2013, the Group has achieved significant progress in information management. Currently, ERP management modules such as operation, finance and human resources have been launched successfully. With the comprehensive standardisation of the stores' systems such as supply management, stock management and sales management, store positioning and business update were provided with fast and effective decision making support and accurate guidance was given for the evaluation of suppliers and sales promotion activities. These have provided effective means to the Group for the development of its diversified businesses and the standardisation of its management. Meanwhile, the subsequent launch of new models such as business intelligence analysis, member management system and bank and enterprise direct connection will have a material impact on the implementation of precise marketing and refined management of the Company.

In addition, most stores of the Group have allowed the use of online payment tools such as Alipay. In the future, the Group will continue to take advantage of the convenience offered by mobile internet in purchasing and connect it with the physical stores of the Company in order to increase the quality and comfortableness of customers' purchasing experience.



As to capital management, the Group has grasped the opportunity in light of the downturn of the industry and acquired and consolidated with various peers in the industry. In February 2014, the Group acquired 11.74% of the shares in Shenyang Commercial City Co. Ltd. (stock code 600306) from its original substantial shareholder for approximately RMB207 million. It has then become the largest shareholder of the company with a shareholding of 29.22%, including the shares previously held by the Group. As a result, the Group operates 4 stores in Shenyang, the largest city in the Northeast, which helps to increase the Group's competitiveness and influence in the north region.

The Group is optimistic about the development and position of Silver Plaza Group Co., Ltd (stock code 600858) ("**Silver Plaza**") in the Shandong region. The Group increased its stake in such company in the secondary market in December 2014 and continued to increase its stake to 10% in January 2015, with total costs of approximately RMB491 million.

In 2014, the Group's associated company, Maoye Logistics Corporation Limited ("**Maoye Logistics**") (stock code 000889), implemented major asset reorganisation and acquired 100% equity interest in Beijing TrustMeDu Sci-tech Co., Ltd. for a consideration of RMB878 million which was settled partly by issuing shares and partly by cash. The acquisition helped to optimise the business structure of the Company and to improve its profitability. Meanwhile, it provided the possibility of technical extension for the information flow platform and precise marketing analysis of the Group in its retail business.

In 2014, the Group has continued to explore diversified financing channels. In May 2014, the Group successfully issued three-year term US dollar senior notes in the amount of US\$300 million for the first time. In February, June and July 2014, the Group's wholly-owned subsidiary, Shenzhen Maoye Shangsha Co., Ltd. ("**Maoye Shangsha**"), successfully issued three-year term medium notes in the amount of RMB700 million, one-year term financing notes in the amount of RMB400 million and RMB800 million, respectively, in the interbank market of China, with an annual interest rate of 6.7%, 5.3% and 5.0%, respectively. The above financing activities have provided long-term and stable capital support for the development of the Group, broadened the Group's financing channels through a number of ways and further optimised the Company's debt structure.

As the Group has already had 11 projects under construction and it is expected that the market will experience an adjustment, the Group has slowed down its expansion as early as 2011. In 2014, the Group has only acquired a land parcel with a total area of approximately 51,000 square metres situated in the core emerging business district of Qinhuangdao City. The Group planned to construct a city commercial complex on that land parcel.

## PERFORMANCE OF MAJOR SAME STORES<sup>1</sup>

Store Name	Proceeds of Concessionaire Sales (RMB'000)	Same Store Sales Growth %	Operation Period <sup>2</sup> (years)	Gross Floor Area (m <sup>2</sup> )	Ticket Per Sale (RMB)
1 Shenzhen Huaqiangbei	1,562,897	-10.0%	11.2	59,787	986
2 Shenzhen Dongmen	940,884	-1.4%	17.8	47,436	901
3 Taizhou First Department	663,749	-5.3%	5.3	40,358	962
4 Chongqing Jiangbei	469,173	-15.8%	10.2	52,281	666
5 Shenzhen Nanshan	661,263	17.2%	5.3	44,871	1,161
6 Taiyuan Liuxiang	480,614	0.0%	6.2	31,448	688
7 Nanchong Wuxing	306,164	7.8%	9.6	25,195	666
8 Mianyang Xingda	254,883	-8.6%	6.3	27,535	634
9 Zhuhai Xiangzhou	336,445	6.8%	13.2	23,715	562
10 Shenzhen Outlet	282,660	17.0%	15.3	23,048	551
11 Zibo Maoye Plaza	270,486	0.4%	4.1	36,791	420

Notes:

<sup>1</sup> Major stores are same stores with sales proceeds per annum of over RMB200 million.

<sup>2</sup> Operation period was calculated till 31 December 2014.

## **Property Development**

As of 31 December 2014, the Group operated and managed 41 stores across 17 cities in China, including Shenzhen and Zhuhai in Guangdong Province; Chengdu, Nanchong and Mianyang in Sichuan Province; Chongqing; Wuxi, Taizhou, Yangzhou and Changzhou in Jiangsu Province; Zibo, Heze and Linyi in Shandong Province; Qinhuangdao and Baoding in Hebei Province; Shenyang in Liaoning Province and Taiyuan in Shanxi Province. The total gross floor area is approximately 1.37 million square metres, of which self-owned areas accounted for 80.4% (excluding the gross floor area of managed stores), areas leased from connected parties accounted for 13.9% and areas leased from independent third parties accounted for 5.7%. In addition, the Group also has projects under development in Taiyuan of Shanxi Province; Jinzhou of Liaoning Province; Baoding of Hebei Province; Weifang and Laiwu of Shandong Province; Nanjing, Huai'an, Wuxi and Taizhou of Jiangsu Province; and Baotou of Inner Mongolia Autonomous Region.

## **Outlook**

In 2015, the Group will continue to maintain the strategy of steady development. It has already opened two new stores, Taizhou Maoye Complex and Zibo Maoye Time Square in January and February 2015 and plans to continue to open two to three stores in regions already developed by the Company and take more proactive and effective measures as set out below.

Firstly, it will continue to speed up the development of shopping centers, accelerate the transformation of department stores into shopping malls and expand various business portfolios, which will effectively increase the gross profit.

Secondly, it will further optimise the product mix and brand portfolio of its stores and proactively carry out brand differentiation in its operation in accordance with the demand of consumers and the positioning of its stores.

Thirdly, it will plan to connect online shopping and logistics services and improve the online shopping model in order to promote the establishment of an online to offline close circular marketing system.

Fourthly, it will continue to utilise the application of information system and incorporate the Internet element into its marketing concepts and management approach to enhance the Group's innovation and competitiveness.

## Financial Review

### *Total Sales Proceeds and Revenue*

For the year ended 31 December 2014, total sales proceeds of the Group was RMB10,764.1 million, representing a decrease of 5.4% as compared to the same period in 2013.

	For the year ended 31 December	
	2014 <i>RMB'000</i>	2013 <i>RMB'000</i>
Total sales proceeds from concessionaire sales	<b>9,590,145</b>	10,060,753
Revenue from direct sales	<b><u>1,173,992</u></b>	<u>1,313,610</u>
Total sales proceeds	<b><u>10,764,137</u></b>	<u>11,374,363</u>

Among the total sales proceeds of the Group in the year of 2014, total sales proceeds derived from concessionaire sales accounted for 89.1% and those derived from direct sales accounted for 10.9%.

The total sales proceeds and same-store sales growth of sales proceeds derived from concessionaire sales of the Group in the four regions are set out as follows:

	Total sales proceeds <i>RMB million</i>	Contribution to the total sales proceeds of the Group %	Same-store sales growth of sales proceeds derived from concessionaire sales %
Southern China	4,140.1	38.5	-1.0
South-western China	2,232.1	20.7	-7.3
Eastern China	2,166.4	20.1	0.6
Northern China	<u>2,225.5</u>	<u>20.7</u>	-2.6
Total	<u>10,764.1</u>	<u>100</u>	-2.4

For the year ended 31 December 2014, same-store sales proceeds from concessionaire sales decreased to RMB7,935.4 million, representing a decrease of 2.4% compared to the same period in 2013. The Group's commission rates from concessionaire sales was 17.0%, representing an increase of 0.9% compared with 16.1% for the same period in 2013. In 2014, the Group carried out adjustment for brand differentiation and introduced innovative marketing strategies, which stabilized the commission rate.

Total sales proceeds in the year of 2014 comprised sales of apparel 48.3% (2013: 44.0%), cosmetics and jewelry 22.0% (2013: 22.8%), shoes and leather goods 12.9% (2013: 12.8%) and others such as children's wear and toys, household and electronic appliances, etc. 16.8% (2013: 20.4%). The change in the percentage attributable to each product category to total sales proceeds was primarily due to the introduction of more clothing brands, and the decrease in the standardized products such as home appliances.

For the year ended 31 December 2014, revenue of the Group amounted to RMB3,550.1 million, representing a decrease of 6.7% as compared with RMB3,805.5 million for the same period in 2013. The commissions from concessionaire sales increased by RMB4.2 million and revenue from direct sales decreased by RMB139.6 million. The decrease of revenue was mainly due to the decrease in the revenue from the direct sales of some stores.

### ***Other Income***

For the year ended 31 December 2014, other income of the Group amounted to RMB850.3 million, representing an increase of 3.9% as compared with RMB818.1 million for the same period in 2013. This was primarily resulted from the increase of income from promotional activities, administration and management fee income and interest income.

### ***Cost of Sales***

For the year ended 31 December 2014, cost of sales of the Group amounted to RMB1,365.7 million, representing a decrease of 4.2% as compared with RMB1,425.2 million for the same period in 2013. The decrease in cost of sales was primarily due to the decrease of direct sales in some stores.

### ***Employee Expenses***

For the year ended 31 December 2014, employee expenses of the Group amounted to RMB467.5 million, representing an increase of 5.2% as compared with RMB444.2 million for the same period in 2013. Employee expenses as percentage of total sales proceeds in 2014 increased to 4.3% as compared with 3.9% for the year of 2013. The increase of employee expenses was primarily due to the increase in employee remunerations arising from the pipeline stores, such as Taiyuan Qinxianjie Store, Baoding Yanzhao Store and Taizhou Maoye Complex.

### ***Depreciation and Amortisation***

For the year ended 31 December 2014, depreciation and amortisation of the Group amounted to RMB363.5 million, representing an increase of 2.7% as compared with RMB354.0 million for the same period in 2013, which was primarily due to the completion of new stores, rebuilding and upgrading of certain self-owned stores in 2014. The depreciation and amortisation as percentage of total sales proceeds in 2014 was 3.4%, representing a mild increase as compared with 3.1% for the year of 2013.

### ***Operating Lease Rental Expenses***

For the year ended 31 December 2014, operating lease rental expenses of the Group amounted to RMB225.6 million, representing an increase of 3.3% as compared with RMB218.3 million for the same period of 2013. This was primarily due to the cessation of business for renovation of Jinyuan Store in March 2014, as a result of which no rental was received from suppliers to compensate the lease rental expense. The operating lease rental expenses as percentage of total sales proceeds in the year of 2014 increased to 2.1% as compared with 1.9% for the year of 2013.

### ***Other Operating Expenses***

For the year ended 31 December 2014, other operating expenses of the Group amounted to RMB914.4 million, representing a decrease of 0.4% as compared with RMB917.9 million for the same period in 2013. This was primarily due to the decrease in other tax expense. The other operating expenses as percentage of total sales proceeds in 2014 increased to 8.5% from 8.1% in 2013.

### ***Other Gains***

For the year ended 31 December 2014, other gains of the Group amounted to RMB1,258.0 million, representing an increase of 546.0% as compared with RMB194.8 million for the same period in 2013. This was primarily due to the reorganization of Maoye Logistics in 2014, which was regarded as a deemed disposal, as a result of which an investment income of approximately RMB1,055.1 million was recognised.

### ***Operating Profit***

For the year ended 31 December 2014, operating profit of the Group amounted to RMB2,321.8 million, representing an increase of 59.2% as compared to RMB1,458.7 million for the same period in 2013. This was primarily due to the increase in the total amount of other gains of the Group.

### ***Finance Costs***

For the year ended 31 December 2014, finance costs of the Group amounted to RMB170.4 million, representing an increase of 27.3% as compared to RMB133.8 million for the same period in 2013. This was primarily due to the increase of loans as compared for the same period in 2013.

### ***Income Tax Expense***

For the year ended 31 December 2014, income tax expense of the Group was RMB637.3 million, representing an increase of 54.9% as compared to RMB411.3 million for the same period last year. During the year ended 31 December 2014, the effective tax rate applicable to the Group was 30.5% (for the year ended 31 December 2013: 31.1%). This was primarily due to the increase in the total amount of other gains.

### ***Profit Attributable to Owners of the Parent***

As a result of the foregoing, for the year ended 31 December 2014:

- Profit attributable to owners of the parent increased by 70.2% to RMB1,364.7 million.
- Without taking into account the effect of non-operating gains and losses\*, profit attributable to owners of the parent decreased by 28.9% to RMB487.9 million.

Among them, the results of the operation of department stores segment are as follows: Profit attributable to owners of the parent increased by 99.1% to RMB1,516.1 million compared with RMB761.6 million for the same period in 2013.

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

## ***Liquidity and Financial Resources***

As at 31 December 2014, the Group's cash and cash equivalents amounted to RMB662.1 million, which decreased by RMB316.3 million as compared to RMB978.4 million as at 31 December 2013. The main cash inflow and cash outflow are set out as follows:

- (1) net cash inflow of RMB233.0 million arising from operating activities;
- (2) net cash outflow arising from investing activities amounted to RMB1,762.5 million, mainly including payments for properties and equipment amounting to RMB1,059.1 million, prepayment and purchase of land lease prepayment amounting to RMB97.9 million, and purchase of available-for-sale equity investments amounting to RMB477.9 million; and
- (3) net cash inflow arising from financing activities amounted to RMB1,216.0 million, mainly including (1) inflow resulting from bank loans and other borrowing of RMB5,072.6 million; (2) outflow resulting from redeemable convertible bond, repayment of bank loans, interest paid, final dividend for the year of 2013 paid and interim dividend for the six months ended 30 June 2014 paid of RMB13.4 million, RMB2,561.7 million, RMB548.1 million, RMB123.6 million and RMB128.1 million, respectively.

## ***Interest-bearing Loans***

Total bank loans, short-term and medium-term financing notes and convertible bonds of the Group as at 31 December 2014 amounted to RMB9,473.9 million, and the gearing ratio<sup>1</sup> and net gearing ratio<sup>2</sup> were 38.7% and 107.3%, respectively (as at 31 December 2013: 33.7% and 79.0%, respectively).

<sup>1</sup> Gearing ratio = total debt/total assets = (bank loans + short-term and medium-term financial notes + convertible bonds)/total assets

<sup>2</sup> Net gearing ratio = net debt/equity = (bank loans + short-term and medium-term financial notes + convertible bonds-cash equivalents)/equity



### ***Investment in Listed Shares***

The Group currently owns minority interests in companies with department store operations listed in the PRC. The Directors believe these investments will bring long-term benefits to the Group. The following table sets out the Group's interests in two companies listed in the PRC as at 31 December 2014, and relevant summary information relating to these companies.

<b>Investment</b>	<b>The Group's Shareholding</b>	<b>Principal Business</b>	<b>Geographical Location</b>
Silver Plaza Group Co., Ltd. (銀座集團股份有限公司)	5.87% <sup>1</sup>	Owens a number of department stores in Northern China	Jinan City, Shandong Province
Dashang Co., Ltd. (大商股份有限公司)	5.00%	Owens a number of department stores in Northern China	Dalian City, Liaoning Province

<sup>1</sup> The Group has further acquired shares in Silver Plaza after the reporting period. As at the date of this announcement, the Group's shareholding in Silver Plaza is approximately 10.0%.

The total cost of the investments of the Group in the above companies was RMB762.3 million, which was financed by the Group's cash inflow from operations. As at 31 December 2014, the total market value of the shares held by the Group in the two above-mentioned A share listed companies amounted to approximately RMB1,010.9 million, representing an increase of 32.6% compared with the total cost of investments.

### ***Contingent Liabilities***

The Group did not have any significant contingent liabilities as at the date of this announcement.

### ***Pledge of Assets***

As at 31 December 2014, the Group's interest-bearing bank loans amounting to RMB9,473.9 million were secured by the Group's land and buildings, investment properties, land lease prepayments, completed properties held for sale and properties under development with net carrying amounts of approximately RMB952.8 million, RMB49.7 million, RMB741.5 million, RMB318.0 million and RMB349.6 million, respectively.

As at 31 December 2014, the Group's bills payables amounting to RMB0.52 million were pledged by the Group's deposits amounting to RMB0.15 million.

### *Foreign Currency Risk*

The Group's certain cash and bank balances and investments are denominated in Hong Kong dollars, so the Group is exposed to foreign currency risk. During the year under review, the Group recorded a net gain from foreign currency of approximately RMB30.4 million.

For the year ended 31 December 2014, the Group had not entered into any arrangements to hedge its foreign currency risk. The Group's operating cash flow is not exposed to any foreign exchange fluctuation risks.

### **PROPOSED FINAL DIVIDEND**

The Board recommended the payment of a final dividend of 1.1 HK cents in cash per share for the year ended 31 December 2014 (the "**Proposed Final Dividend**") (2013: 3.0 HK cents), subject to the shareholders' approval at the annual general meeting of the Company to be held on Friday, 10 April 2015 (the "**2015 AGM**"). The Proposed Final Dividend will be paid in cash on Friday, 24 April 2015 to shareholders whose names appear on the Register of Members of the Company as at the close of business on Friday, 17 April 2015.

### **PURCHASE, SALE OR REDEMPTION OF LISTED SHARES OF THE COMPANY**

The Company repurchased a total of 25,442,000 shares on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") during the year ended 31 December 2014. Such shares were cancelled upon repurchase and accordingly the issued capital of the Company was reduced by the nominal value of these shares.

Details of the repurchase are summarized as follows:

Month of repurchase	Total number of shares repurchased	Repurchase price per share		Aggregate consideration <i>HK\$'000</i>
		Highest	Lowest	
		<i>HK\$</i>	<i>HK\$</i>	
June 2014	7,474,000	1.28	1.22	9,371
July 2014	17,968,000	1.38	1.25	23,804
Total	25,442,000	1.38	1.22	33,175

Except as disclosed above, neither the Company nor its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year ended 31 December 2014.

## **CLOSURE OF REGISTER OF MEMBERS**

### ***(i) For determining the entitlement to attend and vote at the 2015 AGM***

The Company's Register of Members will be closed from Thursday, 9 April 2015 to Friday, 10 April 2015 (both days inclusive), during such period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the 2015 AGM, unregistered holders of shares of the Company should ensure all share transfer forms accompanied by the relevant share certificates must 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 Wednesday, 8 April 2015.

### ***(ii) For determining the entitlement to the Proposed Final Dividend***

The Company's Register of Members will be closed from Thursday, 16 April 2015 to Friday, 17 April 2015 (both days inclusive), during such period no transfer of shares of the Company will be registered. In order to be eligible to receive the Proposed Final Dividend, unregistered holders of shares of the Company should ensure all share transfer forms accompanied by the relevant share certificates must 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 Wednesday, 15 April 2015.

## **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 2014. 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 Listing Rules during the year ended 31 December 2014, 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.

## **SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD**

The Company has acquired in aggregate 21,487,729 Shares of Silver Plaza, being a company listed on the Shanghai Stock Exchange, from 5 January 2015 to 9 January 2015, representing approximately 4.1% of the issued share capital of Silver Plaza, through on-market purchases on the Shanghai Stock Exchange. As of 9 January 2015, the Company has acquired a total of 52,000,875 Shares in Silver Plaza, representing approximately 10.0% of the issued share capital of Silver Plaza. The aggregate cost of the acquisitions was approximately RMB491,211,011.

On 21 January 2015, Maoye Shangsha completed the issue of the second tranche of the notes with a principal amount of RMB800 million and with a term of 1 year in the PRC. The interest rate was 5.23% per annum.

## **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 2014 and has discussed with the management the accounting principles and practices adopted by the Group, and its internal controls and financial reporting matters.

## **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](http://www.hkexnews.hk)) and on the website of the Company ([www.maoye.cn](http://www.maoye.cn)). The annual report for the year ended 31 December 2014 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 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, 16 February 2015

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