

For immediate release



## Maoye International Announces 2008 Annual Results

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**Operating profit rose 15.1% to RMB740.5 million**

**Profit attributable to equity holders surged 24.9% to RMB520.9 million**

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Strengthen Leading Position in Existing Markets and Seek Network Expansion  
to Fuel Growth Momentum

### Financial Highlights

For the year ended 31 December	2008 RMB Mil	2007 RMB Mil	Change %
Total sales proceeds	<b>3,995.7</b>	3,797.6	+5.2
Total operating revenue	<b>1,967.4</b>	1,922.9	+2.3
Operating profit	<b>740.5</b>	643.2	+15.1
Operating profit excluding non-recurring items	<b>662.2</b>	559.2	+18.4
Profit attributable to equity holders	<b>520.9</b>	417.0	+24.9
Earnings per share (RMB cents)	<b>10.8</b>	9.8	+10.2
Dividend per share (HK cents)			
- Interim	3.3	--	--
- Final	2.2	--	--

( 26 February 2009 – Hong Kong ) – Maoye International Holdings Limited ( “Maoye” or the “Group”, HKSE stock code: 848), a leading department store chain in the affluent regions of southern and south-western China, today announces its annual results for the year ended 31 December 2008.

For the year ended 31 December 2008, the Group’s total sales proceeds (including the total sales proceeds from concessionaire sales and revenue from direct sales) increased by 5.2% to RMB3,995.7 million as compared to the corresponding period last year. This is attributable to the 4.2% same-store sales growth derived from the concessionaire counters and contribution from new stores. Operating profit excluding non-recurring items increased by 18.4% to RMB662.2 million as compared to the corresponding period last year. Earnings per share surged 10.2% to RMB10.8 cents as compared to the corresponding period last year. The board of directors recommended payment of a final dividend of HKD2.2 cents, accretive to a full-year payout of HKD5.5 cents per share including the distribution of interim dividend of HKD3.3 cents per share.

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"The business environment was extremely challenging in 2008. The U.S. subprime mortgage crisis has escalated into a full-blown global financial crisis which continues to have an effect on China's economy. In addition, the post-Olympics impact and natural disasters such as the snowstorm in February and the Sichuan earthquake in May dampened the growth of China's economy," said Mr. Huang Mao Ru, Chairman and Chief Executive Officer of the Company. "Against these considerable odds, Maoye delivered a set of encouraging results, thanks to the Group's excellent execution capability, strong brand effect as well as flexible and innovative marketing strategies. This demonstrates that the Group's business is anchored on a proven model."

During the year under review, the Group endeavoured to strengthen its leading position in southern and south-western China. With respect to Shenzhen, the construction of the mass transit railway led to diversion of traffic, which affected the footfall of some of its stores. In the second half of the year, due to its open nature, Shenzhen's economy was inevitably affected by the global financial crisis. Nevertheless, leveraging on the Group's strong brand effect and flexible and innovative marketing strategies, its Shenzhen operations were able to maintain a steady performance over the year, especially in December when both footfall and sales recorded satisfactory growth. With respect to the Sichuan province, despite the detrimental effect on the economy caused by the earthquake in May, Sichuan's consumption has shown strong resilience and recovered rapidly in a matter of two months. In particular, the sales proceeds from concessionaire sales of this region recorded a same-store growth of 4.8% and an annual growth of 10.3% in the second half of the year. This reflects the strength of consumption in the region. South-western China will continue to be one of the Group's key markets.

The Group has always eyed network expansion in affluent cities and continued to expand business operations, extend geographical presence and increase market share via acquisitions and self-developed properties. During the year under review, the Group set up 5 new department stores, among which are first stores in Taiyuan, Shanxi Province and Qinhuangdao, Hebei Province. This brings the Group's total number of stores to 19, spanning from southern, eastern, northern and south-western parts of China. In addition, capitalizing on the Group's experience in acquiring and integrating Chengshang Group Co., Ltd. in Sichuan, the transactions in Mianyang, Sichuan Province and Qinhuangdao were completed in one day, effecting a speedy injection of resources into these two stores. This demonstrates the Group's leading position as an industry consolidator. Meanwhile, the Group acquired two plots of land located in Nanshan, Shenzhen and Qin Xian Street in Taiyuan, Shanxi Province through auctions during the year. The store in Nanshan District is under construction and is expected to commence operations in the second half of 2009. The plot located on Qin Xian Street in Taiyuan City of Shanxi Province will commence construction within this year.

During the year, the Group adjusted and upgraded the branding of its shops, as well as enhanced the brand mix and merchandise collections. The Group also actively introduced popular brands to its portfolio to enlarge market share and avoid brand repetition against its competitors in an effort to strengthen customer loyalty.

Looking forward to 2009, the Group has already devised a number of strategies. As far as internal management is concerned, the Group will collaborate with a leading information management company in the development of a new generation of enterprise management system (ERP). Aiming at adapting to the needs of the fast-changing retail environment, the platform is set to enhance internal management, perfect the service platform for its suppliers as well as to manage the supply chain in a flexible way.

With respect to customer service, the Group will continue to step up its efforts in the acquisition and retention of members as well as in the management of the membership system. The Group will implement targeted strategies through extensive research on consumer psychology and behaviour. To boost the prestige of the membership card and loyalty among members, the Group will continue to collaborate with external parties, to enhance the value and enrich the content of the membership card as well as to ensure the full roll-out of the membership card programme.

On network expansion, Maoye will set up new stores in Nanshan, Shenzhen, Changzhou, Jiangsu Province and Shenyang, Liaoning Province in 2009.

"As the global financial crisis continues to have an effect on the business environment, 2009 will be a challenging year. Nevertheless, with the right degree of realism and optimism, we believe there are reasons for hope," said Mr. Huang. "Despite a global economic slowdown, China is still one of the fastest growing countries in the world. Indeed, domestic consumption has become a major force in driving China's economy. Maoye will continue to reinforce our competitive strengths as well as to solidify our leading position in existing markets. In addition, we will cautiously seek acquisition opportunities in commercial properties and department stores, in a bid to accelerate our expansion pace nationwide and to establish Maoye as China's leading department store operator," concluded Mr. Huang.

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### **About Maoye International Holdings Limited**

Maoye is a leading department store chain in the affluent regions of southern and south-western China, operating 19 stores across 10 cities including Shenzhen, Zhuhai, Chengdu, Chongqing, Taiyuan and Qinhuangdao. The Company's revenue is generated predominantly from commissions on concessionaire sales. Maoye has positioned itself at the mid to high-end segment of the retail market in China and offers a stylish and diversified merchandise mix suitable for a wide range of customers to cater to their preferences.

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