



Maoye International Announces 2012 Interim Results

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Continued to solidify foundation and actively developed new stores

(15 August 2012 – Hong Kong) – Maoye International Holdings Limited (“Maoye” or the “Group”, HKSE stock code: 848), a leading department store chain in China, today announced its interim results for the six months end 30 June 2012.

Results Highlights

- Total sales proceeds increased to RMB5,397.8 million, representing an increase of 5.2%
- Same-store sales proceeds from concessionaire sales grew 2.4%
- Commission rates from concessionaire sales was 17.1%
- Total operating profit increased to RMB832.2 million, representing an increase of 36.4%
- Profit attributable to owners of the parent increased to RMB467.9 million, representing an increase of 55.7%
- Without taking into account the effect of non-operating gains and losses, profit attributable to owners of the parent increased by 5.7% to RMB309.2 million
- Profit attributable to owners of the parent of the department store segment grew 45.7% to RMB523.3 million
- Without taking into account the effect of non-operating gains and losses, profit attributable to owners of the parent of the department store segment increased to RMB365.2 million, representing a growth of 4.0%
- Basic earnings per share for the period were RMB8.7 cents
- Interim dividend amounted to HK3.2 cents per share

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Operational Review

In response to the challenges of the global economic environment and the industry, the Group adopted prudent approach and adjusted its expansion pace, with focus on enhancing operating efficiency of existing stores while developing newly opened stores. Meanwhile, the Group strengthened the refined management of stores and integrated resources. As at 30 June 2012, the Group operated 37 stores across 18 cities, with the gross floor area reaching 1.123 million sq. m., of which around 63.8% is self-owned.

In February of this year, the Group acquired a parcel of land located at a prime location within the commercial circle of Fuzi Temple in Nanjing City, Jiangsu Province, for a total consideration of RMB650.0 million. The site area occupies approximately 13,452.5 sq. m., on which the Group intends to construct and operate a department store. With Nanjing as a base for operation of department stores, the Group will be able to leverage on the existing network of 11 stores in Eastern China to take advantage of the affluent consumer market in the region.

After the reporting period ended, in July, the Group opened its second store in Shenyang, the Tiexi store. Shenyang Tiexi Store was built on the acquired land by the Group, with gross floor area of approximately 49,600 sq. m. Located in the most prosperous area in the Shenyang Tiexi business district, the store is surrounded by its potential customers and strong business ambience.

In addition, in June and July of this year, the Group acquired 13,325,022 shares of Dashang Co., Ltd. (stock code: 600694) ("Dashang") in aggregate, at the open market of the Shanghai Stock Exchange. The aggregate cost of the transaction amounted to approximately RMB450 million, and represented approximately 4.5% of the issued share capital of Dashang as at 31 December 2011. As the Group is optimistic towards the prospect of the retail industry, the transaction is expected to generate long-term benefits to the Group.

Performance by Region

The Southern China region, where the Group possesses a number of mature stores, remained the biggest profit contributor. During the period under review, the region's sales proceeds accounted for 35.4% of the Group's total sales proceeds. The Shenzhen Outlet, which adopted an operational model similar to that of an outlet, recorded an impressive 22.9% same-store sales growth from concessionaire sales. Separately, the Shenzhen Nanshan store 18.3% same-store sales growth from concessionaire sales.

Of the four major regions, the Northern China region outperformed the other regions at same-store sales growth of 7.7%, and accounted for 21.7% of the Group's total sales proceeds. The Zibo Taikerong Store acquired in 2010 and the Dongtai Plaza was successfully consolidated by the Group and achieved a stellar sales growth of 207.3% and 55.5%. The sales proceeds from the Southwestern and Eastern China regions contributed 23.1 and 19.8% to the Group's total sales proceeds, respectively.

Operational Management

Since the second half of 2011, the Group has set up four major regional centers in Southern China, Western China, Eastern China and Northern China, to establish a defined and efficient management structure comprising the headquarters, regional centers and stores. In April 2012, the Northern China center – its fourth regional center – was set up, signifying the establishment of the distinct three-tier management structure of the Group. This structure allowed the Group to promptly integrate regional resources, leverage on the synergies between regions, strengthen regional competitiveness and boost operational efficiency.

During the period under review, the Group continued to promote the customer-centric approach of the results-oriented management model. According to the three-tier management model, the Group further standardized mechanisms and streamlined processes. Furthermore, the Group formulated and progressively implemented the comprehensive plan to enhance information systems.

The Group has always placed emphasis on its relationship with customers. During the period under review, the Group actively promoted the customer loyalty program and launched various activities for its members in order to build long-term cooperation with members. Namely, once the "cross-industry alliance" scheme of the Group is approved, more value-added services will be provided to customers to further enhance customer loyalty.

The Group attaches high importance to retaining and training talents. In addition to the MBA training course for store managers in 2011, the Group continued to strengthen internal training for team building in 2012 by expanding the training program for middle management. It formulated effective and specific incentive policies according to the grade and maturity of stores to fully unleash the potential of the team.

Commenting on the Group's strategies, Chairman and Chief Executive Officer Mr. Huang Mao Ru said, "In the second half of the year, the Group will place emphasis on maintaining growth of mature stores while enhancing profitability of new stores. We will also strengthen cost control, reduce costs of operations and employ meticulous management. Moreover, the Group will accelerate the enhancement of stores by tier, step up resource integration of the four regional brands, and prepare for the opening of new stores. In the second half of the year, the Group will ride on its sound foundation to further enhance the cooperation with suppliers and strive to introduce exclusive brands with high recognition, sales performance and quality. By leveraging on our extensive network and prime locations of stores within core commercial zones, the Group will persist to enrich product mix and construct stores of distinctive appeal."

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About Maoye International Holdings Limited

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

For further information, please contact:

iPR Ogilvy Ltd.

Natalie Tam/ Joey Ho/ Janis Lai/ Cindy Cheuk

Tel: (852) 2136 6182/ 3920 7642/ 2169 0646/ 3920 7648

Fax: (852) 3170 6606

Email: natalie.tam@iprogilvy.com/ joey.ho@iprogilvy.com/
janis.lai@iprogilvy.com/cindy.cheuk@iprogilvy.com