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 2023

HIGHLIGHTS

- Total retail sales of stores (including rental merchants) reached RMB13,926.3 million
- Total sales proceeds was RMB7,402.8 million, representing a year-on-year decrease of 6.7%
- Total rental income was RMB1,124.2 million, representing a year-on-year increase of 6.9%.
- Net loss for the year was RMB78.2 million, representing a year-on-year decrease of 138.1%
- Excluding impact of the impairment charge on the associate of Shenzhen UGO E-Commerce Co., Ltd., net profit for this year was RMB72.3 million
- Basic loss per share for the year was RMB1.9 cents, and the Board recommended the payment of a final dividend of HK0.75 cents in cash per share for the year ended 31 December 2023 (2022: HK 1.02 cents)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

The Board of Directors (the "**Board**") of Maoye International Holdings Limited (the "**Company**") announces the consolidated annual results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2023 with comparative figures for the year of 2022 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2023

	Notes	**2023** *RMB'000*	2022 *RMB'000*
REVENUE	*4*	**4,180,814**	4,349,690
Other income	*5*	**1,125,475**	1,046,285
Total operating revenue		**5,306,289**	5,395,975
Cost of sales	*6*	**(1,760,695)**	(1,850,950)
Employee expenses	*7*	**(414,298)**	(454,586)
Depreciation and amortisation		**(990,072)**	(1,049,160)
Payments for short-term leases and leases of low-value assets		**(2,256)**	(6,728)
Other operating expenses		**(1,041,769)**	(1,010,824)
Other gains and losses		**(84,876)**	486,683
Operating profit		**1,012,323**	1,510,410
Finance costs	*8*	**(965,288)**	(1,050,310)
Share of profits and losses of:			
a joint venture		**–**	(592)
associate		**(8,789)**	(17,990)
PROFIT BEFORE TAX		**38,246**	441,518
Income tax expense	*9*	**(116,442)**	(236,334)
(LOSS)/PROFIT FOR THE YEAR		**(78,196)**	205,184
Attributable to:			
Owners of the parent		**(96,112)**	228,093
Non-controlling interests		**17,916**	(22,909)
		(78,196)	205,184
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*11*		
Basic			
– For (loss)/profit for the year		**RMB(1.87) cents**	RMB4.44 cents
Diluted			
– For (loss)/profit for the year		**RMB(1.87) cents**	RMB4.44 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2023

	2023	2022
	RMB'000	*RMB'000*
(LOSS)/PROFIT FOR THE YEAR	**(78,196)**	205,184
OTHER COMPREHENSIVE LOSS		
Defined benefit retirement plans	**64**	688
Exchange differences on translation of foreign operations	**(21,211)**	(52,506)
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:		
Changes in fair value on equity investments designated at fair value through other comprehensive income	**(290,540)**	(168,259)
Income tax effect	**72,632**	42,067
Gains on property revaluation	**–**	118,136
Income tax effect	**–**	(29,534)
	(217,908)	(37,590)
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods	**(217,908)**	(37,590)
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	**(239,055)**	(89,408)
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR	**(317,251)**	115,776
Attributable to:		
Owners of the parent	**(333,286)**	114,104
Non-controlling interests	**16,035**	1,672
	(317,251)	115,776

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2023

	Note	**31 December 2023** *RMB'000*	31 December 2022 *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**7,554,770**	7,928,703
Investment properties		**21,806,780**	21,480,749
Right-of-use assets		**4,972,486**	5,507,352
Goodwill		**1,260,531**	1,270,349
Other intangible assets		**27,778**	32,595
Investment in a joint venture		**–**	–
Investment in an associate		**153,440**	362,833
Equity investments designated at fair value through other comprehensive income		**756,773**	1,101,520
Financial assets at fair value through profit or loss		**9,650**	9,654
Prepayments		**116,099**	115,042
Deferred tax assets		**852,983**	708,081
Total non-current assets		**37,511,290**	38,516,878
CURRENT ASSETS			
Inventories		**289,292**	352,487
Completed properties held for sale		**1,856,508**	2,170,243
Properties under development		**5,792,874**	5,486,731
Financial assets at fair value through profit or loss		**21,826**	35,425
Trade and bills receivables		**26,810**	28,331
Prepayments, other receivables and other assets		**2,576,417**	2,721,783
Pledged deposits		**245,519**	368,728
Cash and cash equivalents		**722,822**	556,293
Total current assets		**11,532,068**	11,720,021
CURRENT LIABILITIES			
Trade and bills payables	*12*	**1,458,160**	1,600,620
Contract liabilities, deposits received, accruals and other payables		**8,635,553**	8,467,500
Interest-bearing bank loans and other borrowings		**6,938,555**	6,902,772
Lease liabilities		**296,821**	318,115
Income tax payable		**434,998**	351,936
Dividend payable		**465**	26,078
Total current liabilities		**17,764,552**	17,667,021
NET CURRENT LIABILITIES		**(6,232,484)**	(5,947,000)
TOTAL ASSETS LESS CURRENT LIABILITIES		**31,278,806**	32,569,878

	31 December 2023 *RMB'000*	31 December 2022 *RMB'000*
NON-CURRENT LIABILITIES		
Interest-bearing bank loans and other borrowings	**4,858,605**	5,961,510
Lease liabilities	**1,471,041**	1,807,755
Deferred tax liabilities	**4,302,304**	4,340,089
Other long-term payables	**4,720,243**	4,116,172
Provision for retirement benefits	**4,123**	6,261
Total non-current liabilities	**15,356,316**	16,231,787
Net assets	**15,922,490**	16,338,091
EQUITY		
Equity attributable to owners of the parent		
Issued capital	**460,153**	460,153
Other reserves	**12,982,811**	13,364,051
	13,442,964	13,824,204
Non-controlling interests	**2,479,526**	2,513,887
Total equity	**15,922,490**	16,338,091

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 Tower A, 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 Chinese Mainland.

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**"), and 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 2023, the Group had net current liabilities of approximately RMB6,232,484,000. The Group's ability to repay its debts when they fall due relies heavily on its future operating cash flows 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 2024;

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

(3) RMB1,778,563,000 and RMB734,588,000 of current liabilities as at 31 December 2023 are contract liabilities and deposits received in nature of which the Group will not be expecting any cash outflow.

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 year. 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 2023.

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).

Generally, there is a presumption that a majority of voting rights results in control. 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 derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised 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.

IFRS 17	*Insurance Contracts*
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to IAS 8	*Definition of Accounting Estimates*
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to IAS 12	*International Tax Reform – Pillar Two Model Rules*

The nature and the impact of the new and revised IFRSs that are applicable to the Group are described below:

(a) Amendments to IAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to IFRS Practice Statement 2 *Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has disclosed the material accounting policy information in note 2 to the financial statements. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's financial statements.

(b) Amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.

(c) Amendments to IAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in IAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. Prior to the initial application of these amendments, the Group did not apply the initial recognition exception and the Group had recognised a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions which are consistent with the requirement of these amendments, therefore, the amendments did not have any significant impact on the Group's financial statements.

(d) Amendments to IAS 12 *International Tax Reform – Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following revised IFRSs, that have been issued but are not yet effective in these financial statements. The Group intends to apply these revised IFRSs, if applicable, when they become effective.

Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*[1]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current* (the "**2020 Amendments**")[1]
Amendments to IAS 1	*Non-current Liabilities with Covenants* (the "**2022 Amendments**")[1]
Amendments to IAS 7 and IFRS 7	*Supplier Finance Arrangements*[1]
Amendments to IAS 21	*Lack of Exchangeability*[2]

1 *Effective for annual periods beginning on or after 1 January 2024*

2 *Effective for annual periods beginning on or after 1 January 2025*

3 *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 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 resulting from a downstream transaction when the sale or contribution of assets 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. However, the amendments are available for adoption now.

Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16 (i.e., 1 January 2019). Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period. The amendments shall be applied retrospectively with early application permitted. An entity that applies the 2020 Amendments early is required to apply simultaneously the 2022 Amendments, and vice versa. The Group is currently assessing the impact of the amendments and whether existing loan agreements may require revision. Based on a preliminary assessment, the amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 7 and IFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. Earlier application of the amendments is permitted. The amendments provide certain transition reliefs regarding comparative information, quantitative information as at the beginning of the annual reporting period and interim disclosures. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The amendments are 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, and the provision of ancillary 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	Total RMB'000
Year ended 31 December 2023				
Segment revenue:				
Sales to external customers	3,339,033	560,344	281,437	4,180,814
Other income	1,089,036	29,096	7,343	1,125,475
Total segment revenue	4,428,069	589,440	288,780	5,306,289
Cost of sales	(1,417,183)	(294,843)	(48,669)	(1,760,695)
Employee expenses	(309,186)	(30,568)	(74,544)	(414,298)
Depreciation and amortisation	(840,536)	(94,282)	(55,254)	(990,072)
Payments for short-term leases and leases of low-value assets	(749)	(686)	(821)	(2,256)
Other operating expenses	(813,376)	(136,026)	(92,367)	(1,041,769)
Other gains and losses	(49,750)	(35,010)	(116)	(84,876)
Operating profit/(loss)	997,289	(1,975)	17,009	1,012,323
Finance costs	(520,432)	(444,856)	–	(965,288)
Share of profits and losses of an associate and a joint venture	(8,789)	–	–	(8,789)
Profit/(loss) before tax	468,068	(446,831)	17,009	38,246
Income tax expense	(86,522)	(28,655)	(1,265)	(116,442)
Profit/(loss) for the year	381,546	(475,486)	15,744	(78,196)
Attributable to:				
Owners of the parent	334,069	(442,607)	12,426	(96,112)
Non-controlling interests	47,477	(32,879)	3,318	17,916
	381,546	(475,486)	15,744	(78,196)
Other segment information:				
Impairment losses in the statement of profit or loss, net	(60,135)	–	–	(60,135)
Impairment of completed properties held for sale	–	(9,112)	–	(9,112)
Impairment of investment in an associate	(200,604)	–	–	(200,604)
Goodwill impairment	(9,818)	–	–	(9,818)
Investment in an associate	153,440	–	–	153,440
Capital expenditure*	(49,352)	(680,988)	(100)	(730,440)

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

	Operation of department stores RMB'000	Property development RMB'000	Others RMB'000	Total RMB'000
Year ended 31 December 2022				
Segment revenue:				
Sales to external customers	3,267,599	895,179	186,912	4,349,690
Other income	1,007,209	33,949	5,127	1,046,285
Total segment revenue	4,274,808	929,128	192,039	5,395,975
Cost of sales	(1,396,342)	(414,095)	(40,513)	(1,850,950)
Employee expenses	(346,405)	(36,065)	(72,116)	(454,586)
Depreciation and amortisation	(833,599)	(163,756)	(51,805)	(1,049,160)
Payments for short-term leases and leases of low-value assets	(5,096)	(894)	(738)	(6,728)
Other operating expenses	(827,176)	(129,978)	(53,670)	(1,010,824)
Other gains and losses	512,036	(24,891)	(462)	486,683
Operating profit/(loss)	1,378,226	159,449	(27,265)	1,510,410
Finance costs	(576,940)	(473,370)	–	(1,050,310)
Share of profits and losses of an associate and a joint venture	(17,990)	(592)	–	(18,582)
Profit/(loss) before tax	783,296	(314,513)	(27,265)	441,518
Income tax expense	(152,572)	(82,434)	(1,328)	(236,334)
Profit/(loss) for the year	630,724	(396,947)	(28,593)	205,184
Attributable to:				
Owners of the parent	589,580	(332,663)	(28,824)	228,093
Non-controlling interests	41,144	(64,284)	231	(22,909)
	630,724	(396,947)	(28,593)	205,184
Other segment information:				
Impairment losses in the statement of profit or loss, net	(79,529)	–	–	(79,529)
Impairment of completed properties held for sale	–	(8,468)	–	(8,468)
Impairment of investment in an associate	(24,382)	–	–	(24,382)
Gains on deemed disposal of shares in an associate	328,207	–	–	328,207
Goodwill impairment	(51,903)	–	–	(51,903)
Investment in an associate	362,833	–	–	362,833
Capital expenditure*	(36,765)	(804,064)	(757)	(841,586)

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

The Group's entire revenue is attributable to the market in Chinese Mainland. No analysis of geographical information is therefore presented.

The Group has a large number of customers. However, no sales to a single customer amounted to 5% or more of the Group's total revenue.

4. REVENUE

	2023	2022
	RMB'000	*RMB'000*
Revenue from contracts with customers		
Commissions from concessionaire sales	**702,345**	714,034
Direct sales	**1,512,516**	1,502,247
Sale of properties	**464,366**	787,638
Revenue from other sources		
Rental income from investment properties	**656,593**	653,316
Rental income from the leasing of shop premises	**563,557**	505,543
Others	**281,437**	186,912
Total	**4,180,814**	4,349,690

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 amount of revenue recognized in the current reporting period that was included in the contract liabilities at the beginning of the reporting period and recognized from performance obligations satisfied in previous periods:

	2023	2022
	RMB'000	*RMB'000*
Revenue recognized that was included in contract liabilities at the beginning of the reporting period:		
Sale of completed properties	**259,210**	325,933
Total	**259,210**	325,933

(ii) Performance obligations

Information about the Group's performance obligations is recognized below:

Direct sales of merchandise and commissions from concessionaire sales

The performance obligation is satisfied at the point in time when control of the asset is transferred to the customers.

Sale of properties

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

5. OTHER INCOME

	2023	2022
	RMB'000	*RMB'000*
Income from suppliers and concessionaires		
– Administration and management fee income	**704,634**	717,156
– Promotion income	**181,106**	178,719
– Credit card handling fees	**79,171**	85,131
Government grants*	**78,765**	–
Interest income	**8,717**	9,779
Others	**73,082**	55,500
Total other income	**1,125,475**	1,046,285

* *Government grants mainly represented subsidies for relocation provided by local government. There are no unfulfilled conditions or contingencies relating to these subsidies.*

6. COST OF SALES

	2023	2022
	RMB'000	*RMB'000*
Purchases of and changes in inventories	**1,417,183**	1,396,342
Cost of properties sold	**294,843**	414,095
Others	**48,669**	40,513
Total cost of sales	**1,760,695**	1,850,950

7. EMPLOYEE EXPENSES

	2023	2022
	RMB'000	*RMB'000*
Wages and salaries	**370,905**	406,378
Retirement benefits	**40,782**	45,696
Other employee benefits	**2,611**	2,512
Total	**414,298**	454,586

8. FINANCE COSTS

	2023	2022
	RMB'000	*RMB'000*
Interest on bank loans and other borrowings	**925,801**	988,095
Interest on lease liabilities	**123,871**	143,560
Total interest expense on financial liabilities not at fair value through profit or loss	**1,049,672**	1,131,655
Less: Interest capitalised	**(84,384)**	(81,345)
Total	**965,288**	1,050,310

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 2023 (2022: 16.5%).

Under the relevant income tax law, the PRC subsidiaries are subject to corporate income tax ("**CIT**") at a statutory rate of 25% (2022: 25%) of their respective taxable income, except for certain group entities which are entitled to various concessionary tax rates or tax exemptions and reliefs.

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 RMB18,996,000 was charged to the consolidated statement of profit or loss for the year ended 31 December 2023 (2022: RMB41,122,000).

	2023	2022
	RMB'000	*RMB'000*
Current – CIT	**207,905**	135,585
Current – LAT	**18,996**	41,122
Deferred	**(110,459)**	59,627
Total tax charge for the year	**116,442**	236,334

10. DIVIDENDS

	2023	2022
	RMB'000	*RMB'000*
Proposed final – HK0.75 cents (2022: HK1.02 cents) per ordinary share	**35,000**	45,619

The proposed final dividend for the year of 2023 is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

11. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss per share amounts is based on the loss for the year attributable to ordinary equity holders of the parent of RMB96,112,000 (2022: earnings RMB228,093,000) and the weighted average number of ordinary shares of 5,140,326,000 (2022: 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 2023 and 2022.

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 2023 *RMB'000*	31 December 2022 *RMB'000*
Within 90 days	**869,889**	1,136,461
91 to 180 days	**124,863**	54,445
181 to 360 days	**90,068**	69,252
Over 360 days	**373,340**	340,462
Total	**1,458,160**	1,600,620

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

The Group's bills payable amounted to RMB400,000 as at 31 December 2023 (31 December 2022: RMB28,464,000).

MANAGEMENT DISCUSSION AND ANALYSIS

I. MACROECONOMIC OVERVIEW

2023 continued to see a mixed political and economic environment in a global context. Domestic economy improved with the full release of pandemic controls, with the momentum of consumption recovery moderating after reaching its peak. Domestic economy, however, has demonstrated strong resilience amid challenges in recovery. Since the beginning of this year, the nation continued to adopt a progressive strategy across all regions and departments while pursuing stability, and with our focus on expanding domestic demand and optimised structures, economic recovery picked up marginally towards high-quality development. According to Economic Daily, in 2023, China's GDP reached RMB126 trillion, representing a year-on-year increase of 5.2% at constant prices. Total retail sales of social consumer goods for the year amounted to RMB47.1 trillion, representing a year-on-year increase of 7.2%. In 2023, retail services continued to recover rapidly and outperformed, growing at a year-on-year rate of 20.0%, compared with the 14.2% posted by retail sales of goods for the same period. Online consumption grew rapidly, with online retail sales of physical goods increased by 8.4% year-on-year, accelerating by 2.2% year-on-year, and accounting for 27.6% of total social retail sales, a 0.4% increase over the same period last year. During the year, retail sales of physical stores also continued to recover, with retail sales of physical stores above designated size increased by 5.0% as compared with the same period last year. In general, the overall domestic economy showed a trend of balanced and stable recovery, as efforts in expanding domestic demand and promoting consumption and value creation have started to surface.

2024 is a year where we expect to witness macro stability and micro improvement, progress amid stability, and the replenishment of new drivers and momentum. In 2024, the growth momentum of domestic demand will transition towards a sustainable model subsequent to the pandemic. With the introduction of a dual-wheel drive of fiscal and monetary policies, the government expects the expansionary fiscal and monetary easing policies could effectively promote sustainable consumption and investment growth in the domestic market. In 2024, we are aiming to make progress while maintaining stability, and resume a growth profile model ultimately.

II. OPERATIONAL REVIEW

For the year ended 31 December 2023, the Group operated and managed a total of 49 stores in 21 cities nationwide with gross floor area of approximately 3.1 million sq.m., of which operating area attributable to self-owned properties accounted for 78.1% (including gross floor area leased from related parties, 84.5%). Coverage of key cities included Shenzhen and Zhuhai in Guangdong; Chengdu, Nanchong and Mianyang in Sichuan; Chongqing; Wuxi, Yangzhou, Taizhou, Nanjing and Huai'an in Jiangsu; Zibo, Laiwu and Heze in Shandong; Qinhuangdao and Baoding in Hebei; Shenyang and Jinzhou in Liaoning; Taiyuan in Shanxi; Hohhot and Baotou in Inner Mongolia. As at 31 December 2023, the distribution of stores of the Group was as follows:

	Southern China	**Southwestern China**	**Eastern China**	**Northern China**	**Total**
Number of Stores *(stores)*	6	8	15	20	49
Gross Floor Area *(sq.m.)*	218,409	324,502	1,043,668	1,541,576	3,128,155

Notes:

1. Southern China region includes: Shenzhen and Zhuhai.
2. Southwestern China region includes: Chengdu, Nanchong, Mianyang and Chongqing.
3. Eastern China region includes: Zibo, Laiwu, Heze, Wuxi, Yangzhou, Taizhou, Nanjing and Huai'an.
4. Northern China region includes: Hohhot, Baotou, Qinhuangdao, Baoding, Shenyang, Jinzhou and Taiyuan.

As one of the leading mid-to-high-end physical retailers in China, the Group has been committed to building a good reputation through diversified product mix and continuously improving consumer experience, so as to continue to attract new and old customers. During the reporting period, the Group laid foundation for its principal businesses and made intensive and penetrative efforts, consolidated its own resilience and strength in a complicated and ever-growing market environment, continuously improved the quality of operation and management, fully dug into the growth potential of high-quality commodity resources and continued to grow through brand adjustment and creative marketing. The business operation has gradually recovered, and sustainable and healthy development has been achieved.

MAJOR OPERATIONAL HIGHLIGHTS

1. *Continue to promote the strategy of transforming concessionaire sales to leasing, and adhere to the upgrading of business formats and content to improve core competitiveness*

During the reporting period, the Group continued to promote the strategy of upgrading business formats and optimising store contents. In terms of the adjustment to business types and operating contents, the Group continued to deepen the transformation of concessionaire sales to leasing and department stores to shopping centers. At the same time, combined with the Group's positioning and characteristics of regional markets, in terms of business contents, the proportion of retail services has been increased, with the addition of emerging business formats and product categories such as catering support, night economy, sports, contemporary tea culture and modern lifestyle. At the same time, the Group focused on the creation of diversified consumption scenarios, providing customers with more emotional value, and was committed to deepening and strengthening the emotional connection with customers, integrating online and offline services to improve customers' in-store experience and loyalty, and hence enhancing the commercial value of the Group.

During the reporting period, the Group's Huaqiangbei store achieved a 27.6% growth in rental income over the same period under the strategic steer from concessionaire sales to leasing. Besides, the addition of a unique mix of catering offering has contributed to a surge in both store traffic and performance.

2. *Enhance brand awareness and selection of products*

During the reporting period, the Group continued to promote the iteration, optimisation and upgrading of store contents in terms of brand and quality, and implemented it in an orderly and phased manner. In 2023, the Qinhuangdao Maoye Complex store introduced China fashion brands recommended by KOLs and best-selling products from first-to-region brands, high-end beauty brands, light luxury, luxury brands and luxury watches. The store achieved a double-digit growth again with our continued efforts in brand building and quality upgrading, establishing its leading position in the local department store retail industry in Qinhuangdao. With the continued influx of high-quality affordable luxury brands, luxury brands and luxury watch dealers, as well as the presence of first-tier cosmetics brands, the Group's Taiyuan Maoye Complex store has transformed from a fashion and trendy shopping center to a high-end shopping center. At the same time, with the consumers' preference for big-health products post-pandemic, the Group also made targeted adjustments to the sports product categories of key stores, and introduced professional outdoor sports brands, professional sports and affordable luxury sports products with cost-effectiveness.

In addition, in terms of leasing strategy, the Group has conducted in-depth research on market trend and made precise layout, positioning and strategic adjustments to stores. While striving to achieve full occupancy and promoting store innovation, the Group has strengthened the national strategic alliance of brands, continued to introduce high-quality products and brands, introduced new business formats, and improved the effectiveness of leasing and operation. In terms of business adjustment, the Group continued to focus on the transformation and creation of stores to shopping centers and community life centers, adding experiential consumption scenarios, enhancing emotional connection with customers, enriching diversified business formats and leading lifestyles.

3. Promote the construction of digital intelligence, develop business through multiple channels, enhance digital management, and drive business growth

During the reporting period, the Group continuously developed and improved the Group's online marketing APPs such as "Mao Yue Hui" and "Mao Le Hui" with the aim of "digital retail and smart business". The Group continued to expand the depth and width of the Group's online business layout through digital applications such as WeChat official account, enterprise WeChat, and Tik Tok live-streaming.

The Group continued to follow new forms, new channels and new contents of marketing activities, and actively researched differentiated, trendy and youthful brand strategies in response to the consumption upgrading and consumption stratification trends in the current economic environment. In addition, the Group adheres to the interaction and innovation of online and offline marketing, strengthens the coordination and linkage of omni-channel marketing activities, in order to achieve two-way traffic attraction between online and offline. During the reporting period, the Group continued its in-depth integration of offline store sales with the online marketing APP "Mao Le Hui", promoted the functional integration and data interconnection of online APPs such as "Mao Yue Hui" and "Mao Lehui", and realized the synchronization of online and offline products.

During the reporting period, the Group's stores comprehensively promoted the live broadcast among sales team, carried out marketing activities with implemented overall marketing plans, improved cross-merchant marketing linkages, and enhanced the explosive power of marketing activities. At the same time, the stores have increased the promotion points of the online APP to help attract new fans. The functions of the online platform have also been continuously optimized and upgraded according to the ever-changing market trends, and constantly carried out innovative marketing activities and optimized online product functions. The WeChat mini-program "Mao Le Hui" increased its exposure through WeChat Moments advertising and attracted more than 2 million visits throughout the year. At present, there are more than 300 brands on "Mao Le Hui", among which the online sales of various brands including Lancome, SK-II, Shiseido, La Mer have exceeded RMB20 million annually. In 2023, sales across our online platform achieved RMB540 million.

As the main bridge for maintaining and communicating with members of the Group, the "Mao Yue Hui" membership management system has been continuously upgraded in various aspects during the reporting period. The membership management system has been further improved. All aspects of the membership management system have been connected through digital operation, and the data review and refined analysis of marketing costs have been achieved. During the reporting period, the Group continue to promote enterprise WeChat as a new channel for linking members, stores and brands, and achieved favorable member interaction effects. As of the end of 2023, the Group's "Mao Yue Hui" membership management system attracted 1.09 million new members. As of the end of 2023, the total number of members served by "Mao Yue Hui" reached 17.9 million people and the total consumption of members reached RMB4.25 billion.

4. *Continue to innovate and promote multi-business development, and improve overall capabilities*

In 2023, JW Marriott Hotel Chengdu, a subsidiary of the Company, seized the opportunities in the market, adhered to the quality of JW brand services, adopted the strategy of flexible pricing and dedicated brand services, and achieved a breakthrough among its international peer group in Chengdu and other hotels in the central and western regions under JW Marriott's umbrella. In 2023, the Company's revenue from hotel operations increased by 50.8% year-on-year, hitting a record high.

At the same time, the Group's JW Marriott Hotel Taiyuan had also been preparing for its grand opening in the Lantern Festival in 2024.

III. FUTURE OUTLOOK

Looking ahead to 2024, the recovery in consumption is expected to be optimistic as macroeconomic recovery remains positive. The Group will continue to focus on its principal business, take commercial retail business as the core, continue to optimise its operations across the board, pursue progress while maintaining stability, and actively leverage the overall recovery of the retail industry. The Group will seize the opportunities in consumption space and business recovery and development, adhere to high-quality operation and lean management and services, continue to deepen the Group's diversified and cross-regional collaborative development, actively promote the transformation of store-to-shopping centers and community life centers and the construction of new stores, continue to improve the Group's overall capabilities, brand influence and core competitiveness, and achieve sustainable and high-quality development for the Group. At the same time, the Group will get with the times and keep up with its development, adhere to the practice and innovation of digital intelligence, continue to develop and iterate digital infrastructures, actively expand into new areas of business growth, continue to forge new core advantages of the Company, consolidate the Group's diversified business ecology, and inject more vitality into the long-term quality development of the Group.

PERFORMANCE OF TOP 10 STORES[1]

No.	Store Name	Total Sales Proceeds and Rental Income *(RMB'000)*	Operation Period[2] *(Year)*	Gross Floor Area *(m^2)*
1	Shenzhen Huaqiangbei	1,684,697	20.3	63,243
2	Taiyuan Maoye Complex	855,926	9.1	252,882
3	Guanghua	616,384	14.1	67,914
4	Shenzhen Nanshan	528,999	14.3	44,871
5	Taizhou First Department Store	460,866	14.3	40,358
6	Victoria Commercial Building	454,694	20.7	48,187
7	Zibo Maoye Times Square	321,855	8.7	86,677
8	Xiandai Shopping Plaza	288,516	17.2	36,926
9	Shenzhen Dongmen	280,985	26.9	40,710
10	Qinhuuangdao Jindu	260,654	15.3	46,610

Notes:

1. Top 10 department stores are ranked by total sales proceeds and rental income during 2023.

2. Operation period was calculated until 31 December 2023.

FINANCIAL REVIEW

Total Sales Proceeds and Rental Income

For the year ended 31 December 2023, total sales proceeds and rental income of the Group were RMB8,526.9 million, representing a decrease of 5.1% as compared to 2022, mainly due to the impact of the gradual transformation of the business model from department store direct sales and concessionaire store to the leasing of shopping centers, and the Group's same-store sales proceeds and rental income amonted to RMB8,453.2 million, representing a decrease of 5.2% as compared with that in 2022.

	For the year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Total sales proceeds from concessionaire sales	**5,890,247**	6,435,823
Direct sales income	**1,512,516**	1,502,247
Rental income	**1,124,172**	1,051,317
Total sales proceeds and rental income	**8,526,935**	8,989,387

During the year ended 31 December 2023, among the total sales proceeds and rental income of the Group, total sales proceeds from concessionaire sales accounted for 69.1%, those derived from direct sales income accounted for 17.7%, and those derived from rental income accounted for 13.2%. For the year ended 31 December 2023, the Group's total sales proceeds from concessionaire sales were RMB5,890.2 million, representing a decrease of 8.5% as compared to 2022; direct sales income was RMB1,512.5 million, representing an increase of 0.7% as compare to 2022; rental income was RMB1,124.2 million, representing an increase of 6.9% as compared to 2022.

The total sales proceeds and rental income of the Group in the four major regions are set out as follows:

	Total sales proceeds and rental income For the year ended 31 December		
	2023	2022	**Change**
	(RMB'000)	*(RMB'000)*	
Eastern China	**1,244,053**	1,335,686	– 6.9%
Southern China	**2,899,382**	3,290,793	– 11.9%
Southwestern China	**997,549**	1,186,428	–15.9%
Northern China	**3,385,951**	3,176,480	6.6%
Total	**8,526,935**	8,989,387	–5.1%

For the year ended 31 December 2023, sales of apparels (including men's and ladies' apparels) accounted for 27.3% (2022: 27.8%), jewelries accounted for 21.8% (2022: 22.9%), leisure and sports goods accounted for 12.2% (2022: 10.9%), cosmetics accounted for 19.4% (2022: 17.4%), shoes and leather goods accounted for 5.9% (2022: 5.1%), and others (including branded merchandise, children's items, bedroom and household goods, home appliances, supermarket and others) accounted for 13.4% (2022: 15.9%).

For the year ended 31 December 2023, revenue of the Group's main business amounted to RMB4,180.8 million, representing a reduction of approximately RMB168.9 million as compared to RMB4,349.7 million in 2022. The main reason for the decrease in revenue was attributable to the impact of the difference in the progress of delivery of property projects, resulting in a year-on-year decrease of RMB323.3 million in the Group's revenue from property sales for the period. On the other hand, revenue from retail business increased by RMB71.4 million year-on-year and revenue from hotel business increased by RMB94.5 million year- on-year.

Other Income

For the year ended 31 December 2023, other income of the Group amounted to RMB1,125.5 million, representing an increase of RMB79.2 million as compared to RMB1,046.3 million in 2022. Other income mainly includes management fee income from franchised counters in stores, promotion income and credit card handling fee income. The amount of such income is generally linked to the sales level of the stores. Moreover, there was an increase in other income for the period as the income from government incentives received by the Group for the Chengdu North Railway Station demolition and relocation transaction in the amount of RMB78.8 million was included in other income.

Cost of Sales

For the year ended 31 December 2023, cost of sales of the Group amounted to RMB1,760.7 million, representing a decrease of 4.9% as compared to RMB1,851.0 million in 2022. The cost of sales mainly includes the cost of purchase of and changes in inventory in stores, as well as the cost of properties sold. Due to the decrease in cost of properties sold, the total cost of sales has decreased in the reporting period.

Employee Expenses

For the year ended 31 December 2023, employee expenses of the Group amounted to RMB414.3 million, representing a decrease of 8.9% as compared to RMB454.6 million in 2022, mainly due to the Group's continuous effort in reducing cost and improving human resources efficiency in 2023, which resulted in a year-on-year decrease in employee expenses.

Depreciation and Amortization

For the year ended 31 December 2023, depreciation and amortization of the Group amounted to RMB990.1 million, representing a decrease of 5.6% as compared to RMB1,049.2 million in 2022, mainly due to the completion of depreciation and amortization of the Group's certain store assets.

Other Operating Expenses

For the year ended 31 December 2023, other operating expenses of the Group amounted to RMB1,041.8 million, representing an increase of 3.1% as compared to RMB1,010.8 million in 2022. The increase in other operating expenses was mainly due to a decrease in utility expenses as a result of short-term closures or shortened operating hours of the Group's stores in various locations due to the spread of the COVID-19 epidemic in many domestic areas in 2022, and a year-on-year increase in utility expenses, such as water and electricity, as a result of the normal operation of the stores nationwide throughout the year in 2023.

Other Gains and Losses

For the year ended 31 December 2023, the Group recorded other losses of RMB84.9 million, representing a decrease of 117.4% as compared to other gains of RMB486.7 million in 2022, mainly attributable to gain of RMB328.2 million from converting certain of the Group's investment in associates to financial assets, gain of RMB196.1 million from the relocation transaction of Chengdu North Railway Station, and the provision for impairment of long-term equity investments in Shenzhen UGO E-Commerce Co., Ltd., an associate, of RMB200.6 million in the period.

Operating Profit

Due to the combined effects of the above-mentioned factors, the Group recorded operating profit of RMB1,012.3 million for the year ended 31 December 2023, representing a decrease of 33.0% as compared to RMB1,510.4 million in 2022.

Finance Costs

For the year ended 31 December 2023, finance costs of the Group amounted to RMB965.3 million, representing a decrease of 8.1% as compared to RMB1,050.3 million in 2022. This was primarily due to (i) a decrease in finance costs due to a decrease in the principal amount of interest-bearing liabilities in the year as compared to 2022; and (ii) a slight decrease in the interest rates of interest-bearing liabilities.

Income Tax Expense

For the year ended 31 December 2023, income tax expense of the Group amounted to RMB116.4 million, representing a decrease of 50.7% as compared to RMB236.3 million in 2022. The decrease in income tax was mainly due to the decrease in total operating profit for the year.

Profit for the Year

As a result of the foregoing, net loss for 2023 was RMB78.2 million, representing a decrease of 138.1% as compared to the corresponding period of 2022.

Liquidity and Financial Resources

As at 31 December 2023, the Group's cash and cash equivalents amounted to RMB722.8 million, representing an increase of RMB166.5 million as compared to the balance of RMB556.3 million as at 31 December 2022. The main cash inflow and cash outflow are set out as follows:

(1) Net cash inflow of RMB1,531.0 million from operating activities;

(2) Net cash inflow of RMB278.1 million from investment activities, mainly including:

    (i) the cash outflow of RMB86.9 million from purchases of items of property, plant and equipment;

    (ii) the outflow of RMB136.0 million from purchase of financial assets at fair value through profit or loss;

    (iii) the inflow of RMB148.2 million from repurchase of financial assets at fair value through profit or loss;

    (iv) the cash inflow of RMB44.9 million from disposal of equity investments designated at fair value through other comprehensive income;

(v) the cash inflow of RMB249.5 million from disposal of investment properties;

(vi) the cash outflow of approximately RMB72.2 million for dividend distributed by subsidiaries to non-controlling shareholders; and

(vii) the inflow of RMB123.2 million for the decrease of pledged bank deposits.

(3) Net cash outflow of RMB1,617.7 million from financing activities, mainly including:

(i) the cash inflow of RMB6,631.4 million from the increase in bank loans;

(ii) the cash outflow of RMB7,698.5 million for the repayment of bank loans;

(iii) the cash outflow of approximately RMB669.3 million for the payment of interest;

(iv) the cash outflow of approximately RMB437.0 million for the principal and interest elements of lease payments;

(v) the cash inflow of RMB1,194.6 million from borrowings from fellow subsidiaries;

(vi) the cash outflow of RMB590.9 million for the repayment of borrowings from fellow subsidiaries; and

(vii) the dividend of RMB48.0 million distributed by Maoye International Holdings Limited to shareholders.

Interest-bearing Liabilities

As at 31 December 2023, total bank borrowings of the Group were approximately RMB11,797.2 million (31 December 2022: RMB12,864.3 million). The interest-bearing gearing ratio[1] and net interest-bearing debt to equity ratio[2] were 24.1% and 69.6%, respectively (as at 31 December 2022: 25.6% and 75.3%, respectively).

1 Interest-bearing gearing ratio = total interest-bearing debt/total assets = (bank borrowings)/total assets

2 Net interest-bearing debt to equity ratio = net interest-bearing debt/total equity = (bank borrowings – cash and cash equivalents)/total equity

Charge on Assets

As at 31 December 2023, certain borrowings of the Group were secured by the Group's land and buildings, investment properties, properties under development and right-of-use assets with net carrying amounts of RMB2,848.3 million, RMB9,994.5 million, RMB1,955.8 million and RMB208.8 million, respectively.

Foreign Currency Risks

During the reporting period, the Group recorded a net foreign exchange loss of approximately RMB3.7 million. Since the business of the Group was mainly focused in mainland China, its operation was not exposed to any foreign exchange fluctuation risk.

As of 31 December 2023, the Group had not entered into any arrangement to hedge its foreign currency risk. The Business of the Group is mainly concentrated in Mainland China, and the Group's operating cash flow was not exposed to foreign exchange fluctuation risks.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor its subsidiaries had purchased, redeemed or sold any of the Company's listed securities during the year ended 31 December 2023.

FINAL DIVIDEND

The Board recommended the payment of a final dividend of HK0.75 cents in cash per share for the year ended 31 December 2023 (the"**Proposed Final Dividend**") (2022: HK1.02 cents), subject to the shareholders' approval at the annual general meeting of the Company to be held on Tuesday, 7 May 2024 (the "**2024 AGM**"). The Proposed Final Dividend will be paid in cash on Friday, 31 May 2024 to shareholders whose names appear on the Register of Members of the Company as at the close of business on Friday, 17 May 2024.

CLOSURE OF REGISTER OF MEMBERS

(i) Determining the eligibility to attend and vote at the 2024 AGM

The Company's Register of Members will be closed from Thursday, 2 May 2024 to Tuesday, 7 May 2024 (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 2024 Annual General Meeting of the Company to be held on Tuesday, 7 May 2024, 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Tuesday, 30 April 2024.

(ii) Determining the entitlement to the Proposed Final Dividend

The Company's Register of Members will be closed from Tuesday, 14 May 2024 to Friday, 17 May 2024 (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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Monday, 13 May 2024.

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 2023. 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 C1 of the Rules (the "**Listing Rules**") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") during the year ended 31 December 2023, except for the following deviation.

Code Provision C.2.1

Currently, Mr. Huang Mao Ru ("**Mr. Huang**") 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 2023 and has discussed with the management 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 2023 as set out in the preliminary announcement have been agreed by Ernst & Young, the Company's auditors to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by Ernst & Young, 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 Ernst & Young, 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 2023 containing information required by Appendix D2 of the Listing Rules will be dispatched to shareholders and published on the websites of the Stock Exchange and the Company in April 2024.

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, 20 March 2024

As at the date of this announcement, the Board comprises three executive directors, namely Mr. Huang Mao Ru, Ms. Lu Xiaojuan and Mr. Tang Haifeng; one non-executive director, namely Mr. Tony Huang; and three independent non-executive directors, namely Mr. Rao Yong, Mr. Pao Ping Wing and Mr. Gao Yajun.