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 2024

HIGHLIGHTS

- Total retail sales of stores (including rental merchants) reached RMB8,328.5 million
- Total sales proceeds and rental income were RMB7,398.1 million
- Profit before income tax for the year was RMB158.4 million, net loss for the year was RMB99.9 million
- Basic loss per share for the year was RMB1.89 cents, and the Board did not recommend to declare any final dividend for the year ended 31 December 2024

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

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 2024 with comparative figures for the year of 2023 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Year ended 31 December	
		2024	2023
	Note	***RMB'000***	*RMB'000*
			(Restated)
Revenue	*4*	**4,018,447**	4,180,814
Other income	*5*	**980,683**	1,125,475
Total operating income		**4,999,130**	5,306,289
Cost of goods and properties sold	*6*	**(1,818,577)**	(1,769,807)
Employee expenses	*7*	**(394,844)**	(414,298)
Depreciation and amortisation		**(996,137)**	(990,072)
Payments for short-term leases and leases of low-value assets		**(8,856)**	(2,256)
Other operating expenses		**(941,418)**	(1,032,657)
Other gains and losses		**57,988**	115,728
Operating profit		**897,286**	1,212,927
Finance costs	*8*	**(690,243)**	(965,288)
Share of loss and impairment of investment in an associate		**(48,663)**	(119,151)
Profit before income tax		**158,380**	128,488
Income tax expense	*9*	**(258,301)**	(136,804)
Loss for the year		**(99,921)**	(8,316)
Attributable to:			
Ordinary shareholders of the Company		**(97,178)**	(34,738)
Non-controlling interests		**(2,743)**	26,422
		(99,921)	(8,316)
Loss per share attributable to ordinary shareholders of the Company	*11*		
– Basic and diluted		**RMB(1.89) cents**	RMB(0.68) cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
		(Restated)
Loss for the year	**(99,921)**	(8,316)
Other comprehensive loss		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(25,491)**	(40,781)
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	**(371,687)**	(290,540)
Exchange difference on translation of the Company	**9,871**	19,570
Defined benefit retirement plans	**(460)**	64
Income tax effect	**92,922**	72,632
Other comprehensive loss, net of tax	**(294,845)**	(239,055)
Total comprehensive loss	**(394,766)**	(247,371)
Attributable to:		
Ordinary shareholders of the Company	**(394,993)**	(271,912)
Non-controlling interests	**227**	24,541
	(394,766)	(247,371)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31 December		As at 1 January
	2024	2023	2023
	RMB'000	*RMB'000*	*RMB'000*
		(Restated)	*(Restated)*
ASSETS			
Non-current assets			
Property, plant and equipment	**7,742,657**	7,554,770	7,928,703
Investment properties	**21,815,147**	21,806,780	21,480,749
Right-of-use assets	**4,618,190**	4,972,486	5,507,352
Goodwill	**1,248,743**	1,260,531	1,270,349
Other intangible assets	**19,415**	27,778	32,595
Investment in associates	**20**	48,663	167,814
Equity investments designated at fair value through other comprehensive income	**327,832**	756,773	1,101,520
Financial assets at fair value through profit or loss	**10,287**	9,650	9,654
Prepayments	**107,766**	116,099	115,042
Pledged deposits	**21,060**	–	–
Deferred tax assets	**855,739**	864,514	739,974
	36,766,856	37,418,044	38,353,752
Current assets			
Inventories	**228,929**	289,292	352,487
Completed properties held for sale	**2,323,879**	1,856,508	2,170,243
Properties under development	**4,206,788**	5,792,874	5,486,731
Financial assets at fair value through profit or loss	**7,713**	21,826	35,425
Trade and notes receivables	**29,162**	26,810	28,331
Prepayments and other receivables	**2,352,879**	2,576,417	2,721,783
Pledged deposits	**106,292**	245,519	368,728
Cash and cash equivalents	**439,993**	722,822	556,293
	9,695,635	11,532,068	11,720,021
Total assets	**46,462,491**	48,950,112	50,073,773

	Notes	As at 31 December 2024 RMB'000	2023 RMB'000 (Restated)	As at 1 January 2023 RMB'000 (Restated)
LIABILITIES				
Current liabilities				
Contract liabilities		**1,060,791**	1,622,306	1,598,849
Trade and notes payables	*12*	**1,263,464**	1,458,160	1,600,620
Deposits received, accruals and other payables		**3,724,890**	5,340,219	4,936,670
Interest-bearing bank and other borrowings		**4,422,287**	6,938,555	6,902,772
Payables for properties development		**1,584,579**	1,673,028	1,931,981
Lease liabilities		**311,582**	296,821	318,115
Income tax payable		**435,192**	434,998	351,936
Dividend payable		**1,283**	465	26,078
		12,804,068	17,764,552	17,667,021
Net current liabilities		**(3,108,433)**	(6,232,484)	(5,947,000)
Total assets less current liabilities		**33,658,423**	31,185,560	32,406,752
Non-current liabilities				
Interest-bearing bank and other borrowings		**6,114,082**	4,858,605	5,961,510
Lease liabilities		**1,099,510**	1,471,041	1,807,755
Deferred tax liabilities		**4,206,139**	4,302,304	4,340,089
Other payables		**–**	4,720,243	4,116,172
Provision for retirement benefits		**4,188**	4,123	6,261
		11,423,919	15,356,316	16,231,787
Total liabilities		**24,227,987**	33,120,868	33,898,808

	Notes	As at 31 December 2024 RMB'000	2023 RMB'000 (Restated)	As at 1 January 2023 RMB'000 (Restated)
EQUITY				
Equity attributable to ordinary shareholders of the Company				
Share capital		**460,153**	460,153	460,153
Reserves		**12,470,145**	12,900,916	13,220,782
		12,930,298	13,361,069	13,680,935
Perpetual bonds	*13*	**6,866,123**	–	–
Non-controlling interests		**2,438,083**	2,468,175	2,494,030
Total equity		**22,234,504**	15,829,244	16,174,965
Total liabilities and equities		**46,462,491**	48,950,112	50,073,773

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. The ultimate controlling shareholder of the Company is Mr. Huang Mao Ru (the "**Ultimate Controlling Shareholder**").

2.1 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with IFRS Accounting Standards and the requirements of the Hong Kong Companies Ordinance Cap.622. IFRS Accounting Standards comprise the following authoritative literature:

- IFRS Accounting Standards
- International Accounting Standards
- Interpretations developed by the IFRS Interpretations Committee or its predecessor body, the Standing Interpretations Committee

The consolidated financial statements 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 2024, the Group had net current liabilities of approximately RMB3,108,433,000 and had current bank and other borrowings of RMB4,422,287,000 that will fall due in the next 12 months. 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 borrowings and continuous financial support of the Ultimate Controlling Shareholder.

The directors have carefully assessed the Group's liquidity position having taken into account:

(1) the Group is expected to continue to generate cash inflows from operating activities in the next 12 months;

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

(3) the Ultimate Controlling Shareholder and the fellow subsidiaries, to provide financial support for the continuing operations of the Group to enable it to meet its liabilities as they fall due and carry on its business without a significant curtailment of operations in the next 12 months from 31 December 2024.

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 period. 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.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised IFRS Accounting Standards for the first time for the current year's financial statements.

		Effective for annual periods beginning on or after
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to IAS 1	Non-current Liabilities with Covenants	1 January 2024
Amendments to IFRS 16	Lease Liability in a sales and Leaseback	1 January 2024
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements	1 January 2024

The adoption of these new and revised standards does not have any significant impact on the consolidated financial statements of the Group.

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

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

		Effective for annual periods beginning on or after
Amendments to IAS 21	Lack of Exchangeability	1 January 2025
Amendment to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Amendment to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity	1 January 2026
Annual Improvements to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards – Volume 11	1 January 2026
IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027

The Group will adopt the above new or revised standards, amendments and interpretations to existing standards as and when they become effective. Management is currently assessing the detailed implications of applying these new or revised standards on the Group's consolidated financial statements, and it is not expected to have material impact to the Group other than the application of IFRS 18. IFRS 18 will replace IAS 1 *Presentation of financial statements*, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though IFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the income statement and providing management-defined performance measures within the financial statements.

2.4 RESTATEMENTS

In the second half year of 2024, the management of the Company identified material misstatements in the financial statements of an associate, Shenzhen Ugo E-commerce Co., Ltd. ("**UGO**"), which in turn led to misstatement for the Group's investment in UGO for each year ended 31 December 2022 and 2023. In addition, the directors of the Company revisited their impairment assessments of its investment in UGO performed in the past taking into consideration of this additional information and concluded that additional impairment charge is required as at 1 January 2023 and 31 December 2023. Accordingly, the consolidated financial statements of the Group have been restated retrospectively to reflect above effects. The effects of the restatements to the Group's consolidated financial statements are summarised as below:

	As at 31 December 2023 RMB'000	As at 1 January 2023 RMB'000
Decreased in investment in associates	**(104,777)**	(195,019)
Increased in deferred tax assets	**11,531**	31,893
Decreased in reserves-retained earnings	**(81,895)**	(143,269)
Decreased in non-controlling interests	**(11,351)**	(19,857)

	Year ended 31 December 2023 RMB'000
Decreased in share of loss and impairment of investment in associates	(90,242)
Increased in income tax expense	20,362
Increased in profit attributable to non-controlling interests	8,506

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 ordinary shareholders of the Company.

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 2024				
Segment income:				
Revenue	2,818,319	889,556	310,572	4,018,447
Other income	918,363	55,405	6,915	980,683
Total segment income	3,736,682	944,961	317,487	4,999,130
Cost of goods and properties sold	(1,121,897)	(644,167)	(52,513)	(1,818,577)
Employee expenses	(273,172)	(27,183)	(94,489)	(394,844)
Depreciation and amortisation	(845,566)	(65,051)	(85,520)	(996,137)
Payments for short-term leases and leases of low-value assets	(7,826)	(787)	(243)	(8,856)
Other operating expenses	(738,395)	(88,669)	(114,354)	(941,418)
Other gains and losses	104,113	(46,391)	266	57,988
Operating profit	853,939	72,713	(29,366)	897,286
Finance costs	(358,236)	(332,007)	–	(690,243)
Share of loss and impairment of investment in associates	(48,663)	–	–	(48,663)
Profit/(loss) before income tax	447,040	(259,294)	(29,366)	158,380
Income tax expense	(108,067)	(155,607)	5,373	(258,301)
Profit/(loss) for the year	338,973	(414,901)	(23,993)	(99,921)
Attributable to:				
Ordinary shareholders of the Company	315,703	(389,126)	(23,755)	(97,178)
Non-controlling interests	23,270	(25,775)	(238)	(2,743)
	338,973	(414,901)	(23,993)	(99,921)
Other segment information:				
Expected credit losses recognised in the consolidated statement of profit or loss	(43,149)	–	–	(43,149)
Impairment of completed properties held for sale	–	(52,736)	–	(52,736)
Impairment of investment in associates	(41,991)	–	–	(41,991)
Impairment of goodwil	(11,788)	–	–	(11,788)
Investment in associates as at the year end	20	–	–	20
Capital expenditure*	16,628	337,902	7,967	362,497

* *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 2023 (Restated)				
Segment income:				
Revenue	3,339,033	560,344	281,437	4,180,814
Other income	1,089,036	29,096	7,343	1,125,475
Total segment income	4,428,069	589,440	288,780	5,306,289
Cost of goods and properties sold	(1,417,183)	(303,955)	(48,669)	(1,769,807)
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)	(126,914)	(92,367)	(1,032,657)
Other gains and losses	150,854	(35,010)	(116)	115,728
Operating profit/(loss)	1,197,893	(1,975)	17,009	1,212,927
Finance costs	(520,432)	(444,856)	–	(965,288)
Share of loss and impairment of investment in associates	(119,151)	–	–	(119,151)
Profit/(loss) before income tax	558,310	(446,831)	17,009	128,488
Income tax expense	(106,884)	(28,655)	(1,265)	(136,804)
Profit/(loss) for the year	451,426	(475,486)	15,744	(8,316)
Attributable to:				
Ordinary shareholders of the Company	395,443	(442,607)	12,426	(34,738)
Non-controlling interests	55,983	(32,879)	3,318	26,422
	451,426	(475,486)	15,744	(8,316)
Other segment information:				
Expected credit losses recognised in the consolidated statement of profit or loss	(60,135)	–	–	(60,135)
Impairment of completed properties held for sale	–	(9,112)	–	(9,112)
Impairment of investment in associates	(93,212)	–	–	(93,212)
Goodwill impairment	(9,818)	–	–	(9,818)
Investment in associates as at the year end	48,663	–	–	48,663
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.*

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

More than 99.9% of the carrying value of the Group's non-current assets, excluding financial instruments and deferred income tax assets, are situated in Mainland China.

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

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Revenue from contracts with customers:		
Commissions from concessionaire sales	**533,831**	702,345
Direct sales	**1,193,403**	1,512,516
Sale of properties	**772,430**	464,366
Hotel accommodation and ancillary services	**308,112**	278,338
Others	**3,342**	3,099
Revenue from other sources:		
Rental income from investment properties	**640,054**	656,593
Rental income from the leasing of shop premises	**567,275**	563,557
	4,018,447	4,180,814

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 related to sales of properties 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:

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of completed properties	**579,000**	259,210

(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

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Income from suppliers and concessionaires		
– Administration and management fee income	**741,798**	766,482
– Promotion income	**157,746**	181,106
– Credit card handling fees	**71,546**	79,171
Government grants*	**–**	78,765
Interest income	**8,104**	8,717
Others	**1,489**	11,234
	980,683	1,125,475

* *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 GOODS AND PROPERTIES SOLD

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Cost of goods sold	**1,121,897**	1,417,183
Cost of properties sold	**592,327**	294,843
Write-down of properties under development and completed properties held for sale	**52,736**	9,112
Others	**51,617**	48,669
	1,818,577	1,769,807

7. EMPLOYEE EXPENSES

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Wages and salaries	**337,739**	370,905
Retirement benefits	**43,376**	40,782
Other employee benefits	**13,729**	2,611
	394,844	414,298

8. FINANCE COSTS

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Interest on bank and other borrowings and other payables	**660,024**	925,801
Interest on lease liabilities	**104,694**	123,871
Total interest expense incurred	**764,718**	1,049,672
Less: Interest capitalised	**(74,475)**	(84,384)
	690,243	965,288

9. INCOME TAX EXPENSE

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Current income tax:		
– Corporate income tax	**118,666**	207,905
– Land appreciation tax	**134,103**	18,996
Deferred income tax	**5,532**	(90,097)
Total tax charge for the year	**258,301**	136,804

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 2024 (2023: 16.5%).

Under the relevant income tax law, the PRC subsidiaries are subject to corporate income tax ("**CIT**") at a statutory rate of 25% (2023: 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 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. Land appreciation tax of RMB134,103,000 was charged to the consolidated statement of profit or loss for the year ended 31 December 2024 (2023: RMB18,996,000).

10. DIVIDENDS

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Proposed final – Nil (2023: HK0.75 cents) per ordinary share	**–**	35,000

The Board did not recommend to declare any final dividend for the year ended 31 December 2024 (2023: HK0.75 cents).

11. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY SHAREHOLDERS OF THE COMPANY

The calculation of the basic loss per share amounts is based on the loss for the year attributable to ordinary shareholders of the Company of RMB97,178,000 (2023: loss per share amounts is based on the loss for the year attributable to ordinary shareholders of the Company of RMB34,738,000 (restated)) and the weighted average number of ordinary shares of 5,140,326,000 (2023: 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 2024 and 2023.

12. TRADE AND NOTES 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:

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Within 90 days	**920,158**	869,889
91 to 180 days	**59,857**	124,863
181 to 360 days	**98,605**	90,068
Over 360 days	**184,844**	373,340
	1,263,464	1,458,160

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

13. PERPETUAL BONDS

In December 2024, the immediate holding company of the Group, certain fellow subsidiaries and some involved group entities of the Group (including the Company and two of its subsidiaries) entered into several debt restructure agreements, pursuant to which the loans from the Immediate Holding Company amounted to RMB1,121,682,000 and the loans from the fellow subsidiaries amounted to RMB5,744,441,000 were restructured as perpetual bonds issued by the Group with aggregate principal amount of RMB6,866,123,000.

The perpetual bonds have no maturity date and were redeemable only at the Group's discretion, and the payments of interest of such perpetual bonds can be deferred at the discretion of the Group. The Group only has the obligation to repay the principals and deferred interests upon the liquidation of the respective group entities of the Group.

As the Group has an unconditional right to avoid delivering cash or other financial asset to settle these perpetual bonds, the perpetual bonds were classified as equity and presented as "Perpetual bonds" in equity. The perpetual bonds were recognised initially at fair value of RMB6,866,123,000 and which were approximately the fair value and the carrying amount of the loans extinguished and no deemed capital contribution or distribution recognized in these arrangements.

The perpetual bonds were presented as a separate equity item between "Equity attributable to ordinary shareholders of the Company" and "Non-controlling interests" in the consolidated statement of financial position.

14. CONTINGENT LIABILITIES

The Group, in the ordinary course of its business, is involved in some legal proceedings from some of its creditors for the settlement of payables. The Directors have assessed the impact of these litigations on the consolidated financial statements for the year ended 31 December 2024, after taking into considerations of opinions from professional advisors, and concluded that reasonable provisions has been made in the Group's consolidated financial statements, and the settlement of these litigations will not adversely affect the Group's operating results or cash flows.

15. COMPARATIVE INFORMATION

Certain comparative amounts in the consolidated financial statements have been reclassified to conform with the current year's presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

I. MACROECONOMIC OVERVIEW

In 2024, the international landscape remained complex and challenging, the domestic environment faced multiple challenges, the economy continued to deepen its adjustment, and the national economy operated in a generally stable and progressive manner, showing an obvious restoration trend. During the year, the State continued to focus on expanding domestic demand and introduced a series of policies to promote consumption, which effectively boosted consumer confidence and ascertained the momentum for economic growth. According to the National Bureau of Statistics, the GDP for 2024 amounted to approximately RMB135 trillion, representing a year-on-year growth of 5.0% at constant prices; total retail sales of social consumer goods for the year amounted to RMB48.8 trillion, representing a year-on-year growth of 3.5%. In terms of consumption categories, retail sales of goods, retail sales of services and restaurant revenues for the whole year of 2024 increased by 3.2%, 6.2% and 5.3% year-on-year respectively; food, tobacco and alcohol performed relatively well; cosmetics, gold, silver and jewellery, apparel, footwear, hats, home appliances and AV equipment showed year-on-year growth, with the household electrical appliances market performing more prominently. In terms of channels, the nation's online retail sales amounted to RMB15.52 trillion in 2024, representing a year-on-year growth of 7.2%, showed an increase while maintaining stable; as regards offline channels, supermarkets, convenience stores, department stores and specialty stores showed year-on-year growth. In addition, according to the China National Commercial Information Center, the retail sales of State-level key large retail enterprises declined by 4.3% year-on-year for the whole year of 2024 whereas offline retail sales were still under pressure. In general, in 2024, China's economy moved forward in a complex and volatile domestic and international landscape, demonstrated resilience amidst multiple challenges, and continued to record a growth in GDP Meanwhile, the continued release of policy dividends laid an important foundation for the development in the coming years.

Looking ahead to 2025, the domestic economy will maintain a steady progress, and policies will continue to help expand domestic demand and promote consumption, thus empowering the economy to revitalize continuously. Given the interaction of macro-dynamics, policy support and change of development trend in the industry, the traditional retail industry is expected to usher in a new round of business cycle evolution. Accordingly, consumer confidence will gradually strengthen, online and offline retail may see their respective market positions being reversed while offline retail may also focus on returning to its nature of simplicity.

II. OPERATIONAL REVIEW

For the year ended 31 December 2024, the Group operated and managed a total of 49 stores in 21 cities nationwide with a gross floor area of approximately 3.1 million sq.m., of which operating area attributable to self-owned properties accounted for 78.1% (including the 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, Jinan 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 2024, 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, Jinan, 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 situation has gradually recovered and sustainable healthy development has been realized.

MAJOR OPERATIONAL HIGHLIGHTS

1. Continuously reshape the business mode, deepen the strategy of transforming to shopping centers and conversion of cessionaire sales to leasing

During the reporting period, the Group adhered to its performance-driven approach and continued to promote the transformation and iteration of the business mode of its stores across the country and the upgrading of store contents, which further facilitated the deepening of the Group's strategies of transforming department stores to shopping centers and conversion of cessionaire sales to leasing. Given the current consumption trends, the Group continued to strengthen the layout of experiential business modes, such as catering, leisure, entertainment, culture, night economy and other ancillary business modes with experiential and social attributes. In addition, we introduced up-to-date trendy and fashionable elements to certain key stores, such as scenarios and products in relation to the "goods" economy, to enhance traffic attraction and to drive the consumption of periphery products. Meanwhile, the further advancement of the reshaping of business mode of stores also promoted the deepening of conversion of the Group's operating model from cessionaire sales to leasing, resulting in the year-on-year growth of the Group's rental income as a percentage of revenue, and also contributed to the healthy iteration of the Group's traditional department store model, thereby maintaining the Group's vitality for further development.

In terms of performance, through the continuous modification and upgrading of the business mode to the key stores of the Group, each key shoping center stores achieved differentiaged year-on-year increase in consolidated gross profits during the reporting period. For example, a number of stores, such as Qinhuangdao Maoye Complex, Taiyuan Maoye Complex, Victory Times City and Victory Mall City, have shown positive results of business mode restructuring.

2. Further refinement of commodities, quality improvement and efficiency enhancement for the operation

In 2024, as brick-and-mortar businesses entered the era of inventory from the era of incremental growth, the Group continued to focus on the further refinement of quality of goods and services according to the needs of customers, so as to allow retailing to gradually return to its simple nature, improve the quality and enhance the efficiency of operations, thus strengthening the foundation of the principal business. During the year under review, with a series of State-level policies to promote consumption, the Group was keen to perceive the pulse and opportunities in the market, cantered on the needs of consumers and precisely positioned its stores nationwide. At the same time, the Group also carried out more refined management and adjustment of goods and services, strengthened the simultaneous optimization of quality and price to accurately meet the prevailing diversified and multi-layered consumer needs, and continued to strengthen the Group's resilience for development.

During the reporting period, the Group continued to revitalize and upgrade the image of its stores and shopping scenarios with reference to the local culture, improve the quality of goods and services, optimize the display and management of goods, integrate and connect online and offline channels to enhance the comprehensive competitive advantages of people, goods and venues in a multi-dimensional manner. At the same time, the Group adjusted its investment promotion strategy to meet the increasing polarization of consumer needs, the co-existence of upgrading and downgrading of consumption, as well as consumers' adherence to brand and quality, and their demand for "quality-price ratio" and "cost-effectiveness". The Group deepened its investment promotion strategy of "one store, one policy" while maintaining its efforts to satisfy the diversified needs of customers. Meanwhile, the Group also focused on introducing representative brands of various sectors with practicality, high value-addedness and value-for-money, so as to satisfy the needs of customers at multiple levels and enhance the efficiency of its investment promotion and operation. In terms of store performance, the Group's stores, such as Qinhuangdao Maoye Complex and Mall City in Inner Mongolia, achieved year-on-year growth in sales, rent and consolidated gross profit through continuous and multi-dimensional adjustments during the year.

In terms of the principal business, the Group adhered to the principle of deep cultivation of the quality of goods and services, implemented the refined management and deepening of the whole chain of people, goods and venues in a number of key stores nationwide, and continuously adjusted and optimized the brands, quality, category mix, shopping experience and services in a comprehensive manner. In respect of brand and product mix optimization, the Group continued to focus on the selection and introduction of brands and categories with market popularity, maturity, quality-price ratios, customer satisfaction, healthiness and customer-clustering effects. For example, the Group introduced the increasingly popular Chinese style clothing and cosmetics brands, affordable, durable and practical light luxury sportswear, electronic products, trendy toys and other categories, including Anta chain brands, Li Ning flagship stores, Huawei flagship stores, the first offline stores of trendy brands and ACG concept stores. Among them, the share of light luxury sports, Chinese style categories and high-end cosmetic categories in key stores nationwide increased to a certain extent, such as in Qinhuangdao Maoye Complex, Taiyuan Maoye Complex and Mall City in Inner Mongolia. In terms of category performance, the Group's Huaqiangbei store once again ranked top in the high-end cosmetic sales of domestic department stores despite the year-on-year decline in the national cosmetic retail sales. In terms of service, the Group actively applied the analysis on big data to provide personalized online and offline integration contact services, improve the after-sales service system, actively enhance the customer loyalty and increase the satisfaction and repurchase rate of customers. Given the comprehensive optimization of goods and services, the deepening and strengthening of quality retailing through continuous innovation and improvement, the needs of consumers were fully satisfied, enabling our goods and retail to return to its simple nature, empowering the century-old store to achieve high-quality development.

In addition, the Group continued to focus on its principal business and maintained the underlying theme of its strategies of improving quality and efficiency, so as to build up momentum for the sustainable development of the Group. During the reporting period, on the premise of maintaining excellent quality, promising efficiency and high standard, the Group actively implemented the optimized management of operations of its stores and shopping centers through external adjustment and internal control, and implemented the strategies of precise optimization, streamlining, quality enhancement and efficiency improvement, cost control and performance preservation. In terms of operation mode, the Group actively promoted the cooperation mode of converting cessionaire sales to leasing for streamlining and downscaling and solidified the revenue. At the same time, the Group endeavoured to introduce artificial intelligence, big data and other technologies to replace labor-intensive processes, such as the application of intelligent financial settlement system and the supply chain management in collaboration with automated management, to significantly reduce labor costs and improve operational efficiency. On the other hand, the Group also carried out in-depth optimization and reduction in the consumption of materials and energy, such as the optimization and management of water and electricity and equipment. As a whole for the year, the Group's control on operating cost showed remarkable results, with expenses recording a significant reduction, thereby further enhancing the Group's efficiency and momentum.

3. ***Continuously deepen the construction of digitalization, integrate the online and offline channels, and enhance the multi-channel development pattern***

During the reporting period, adhering to the goal of "digital retail and smart business", the Group actively developed and operated the Group's online marketing APPs such as "Mao Yue Hui" and "Mao Le Hui", which focused on customers' needs and consumption trends, fully captured online market hotspots and dividends, continued to deepen the digitalized business territory, achieved a high degree of integration between online and offline channels, and actively created a development pattern of integrated multi-channel operations.

In 2024, the overall online retail sales grew slightly nationwide. With the peak of e-commerce traffic dividends accompanied by the increasingly diversified preferences of major consumers, sentimental and experiential consumption was more favored, thus diverting the share of online consumption. The online and offline retail was in a period of shifting balance between offense and defense, and the overall e-commerce sales were generally under pressure. During the year, the Group achieved online full-price sales of approximately RMB300 million for the full year of 2024 by fully acquiring public domain, private domain and community traffic through various applications such as self-operated online shopping mall "Mao Le Hui", WeChat Public Account, Enterprise WeChat, Douyin, Xiaohongshu. In terms of online marketing strategy, a new distribution expansion operation strategy has been added on the self-operated "Mao Le Hui", which optimizes the distribution function, opens up the coupon and live broadcasting channels to realize the path expansion of distribution activities, and increases the initiative of KOC (Key Opinion Consumer). The distribution function has ushered in a breakthrough since it was launched in September 2024, contributing 45% of the performance of the self-operated mall in a single month, with more than 4,000 distributors to develop new platform opportunities; at the same time, in terms of the newly added self-operated gold products, the actual payment made has increased by more than 48 times year-on-year, the orders have increased by 15 times year-on-year, and the number of consumers has increased by 14 times since its launch in October 2024. The performance has maintained a trend of sustained growth and fully seized the hot opportunities in the gold market; in addition, the links for "Everyday Star Product" top-selling creations has been newly added, with top-selling single-item sales of exceeded 1,000 since its launch. On the Douyin channel, the total number of live broadcasts reached 350, representing an increase of 64 over the same period last year, of which 297 were self-broadcasts, and the percentage of daily sales increased by 16%. During the great promotion period, the sales among the self-operated sector grew by 502% year-on-year; 20 rounds of experts live-streaming and new cooperating celebrities and influencers (including Tiffany Chen, Wang Xiaoqian, Lou Yixiao, etc.) have been added; at the same time, an exclusive cooperation was reached with Elizabeth Arden via the new live-streaming consignment, achieving a business increase of 692% year-on-year. In terms of the Xiaohongshu channel (ID: 茂業百貨), Darphin's celebrity live-streaming achieved sales of over one million in a single show. She was ranked the first on the Xiaohongshu live-streaming merchandising expert list on the same day, increasing Maoye's brand exposure; in addition, this year, we participated for the first time in Xiaohongshu's celebrity invitation official account live-streaming sales activity, achieving the first rank on the chart of refined care product sales on the day of the live-streaming. In general, the online sales throughout the year are centered on Maoye's official website, focusing on self-broadcasting and regular shelf operations of all categories; in addition, we made full efforts in broadening the sources of income and cutting expenses. In response to customer needs, we have added new links to connect individual users with official accounts and communities, deepened customer access channels, and on the other hand, optimized experts live-streaming and celebrity live-streaming invitations, so as to reduce costs and increase efficiency.

During the reporting period, online sales of skincare, cosmetics and perfume products achieved outstanding results, supported more than 160 brands, and the category performance contribution exceeded RMB200 million. Among them, the brands of La Mer, Lancome and Estee Lauder brands contributed sales of over 10 million, while SkII, Clarins, Helena Rubinstein, Cle de Peau Beaute, Shiseido and other brands contributed sales of over 1 million.

In 2024, the total number of "Mao Le Hui" members exceeded 3.6 million, representing a year-on-year increase of 5.2% as compared with that of 2023; the conversion rate of new member reached 84.76%, representing a year-on-year increase of 32% as compared with that of 2023. In terms of promotion channels, the "Mao Le Hui" self-operated mall added an AI outbound call promotion function during the year, with an intention rate of 40%, and the promotion efficiency was better than the traditional SMS; at the same time, it focused on the advancement of the KOC promotion method, published nearly a thousand notes, with a reading volume of 84,000 times, thus greatly increasing the market popularity and attention of "Maoye Department Store"; regarding the corporate account promotion and operation, the number of new followers increased by approximately 65,000, with nearly a thousand promotion entries on the Moments, and private messaging groups promoted millions of people, and the average monthly user interaction and activity increased by 700% year-on-year.

As a continuous and full-cycle interactive communication platform between the Group and its customers, the "Mao Yue Hui" membership management system carries out the services and functions that connect and integrate online and offline omni-channel marketing. During the reporting period, "Mao Yue Hui" further optimized the online and offline membership services and management functions, and added more convenient functions. For example, further optimize the system interface, parking payment function, automatic membership upgrading to gold card function, etc., as well as adding functions for voucher use designated to different brand categories and products, functions for sales card order barcode change, etc. As at the end of the reporting period, the number of new members in the "Mao Yue Hui" membership management system reached 753,500, with a total number of members reaching 18.66 million, and the total consumption of its members amounted to RMB3,148 million.

4. *Embracing changes, progressing with stability, transforming and renewing*

During the reporting period, the Group maintained its foothold in its core business and continuously adjusted, modified and upgraded key stores nationwide. The Group also insisted on the transformation into shopping centers and the creation of experiential shopping, focused on the deep cultivation of goods, brands and quality, improved the "quality-price ratio" and "cost-effectiveness" in multiple dimensions, and continued to create a fascinating shopping experience featuring emotional value and experience for customers. During the year, renovation, expansion and upgrading were completed for the Group's major stores, including Qinhuangdao Maoye Complex and Taiyuan Maoye Complex. In addition, many stores nationwide integrated local culture with respective and precise positioning, implemented the one-store-one-policy marketing strategy, reshaped creative shopping spaces, optimized the product mix, introduced diversified business modes and layouts, and steadily implemented the strategic change of transformation to shopping centers and conversion of cessionaire sales to leasing. While conforming to today's consumption and retail trends, these stores also continued to add momentum to the Group's sustainable development.

As at the end of the reporting period, the master conceptual design plan for the redevelopment of the northern part of the Group's Chengdu Yanshikou Maoye Complex was considered and approved by the Architecture and Landscape Art Professional Committee of Chengdu Land and Spatial Planning Commission.

III. FUTURE OUTLOOK

Looking ahead to 2025, the global macroeconomic landscape will remain volatile, the domestic macroeconomy will continue to stabilize and is expected to rebound moderately, and the department store retail industry will continue to be affected by technological changes, changes in consumer preferences and the market condition. As the State clearly emphasizes the underlying theme of its policy of "all-round expansion of domestic demand", along with the introduction of a series of policies to expand domestic demand and promote consumption, consumer confidence is expected to recover continuously and the department store retail industry is expected to witness an optimistic trend of revitalization. Traditional department stores will be further transformed to diversified and multi business formats, such as shopping centers, experiential retailing, online and offline omni-channel integration and seamless shopping. The Group will continue to focus on its principal business, remain at the forefront of the times and the industry, maintain upgrades and adjustments in an all-round and multi-dimensional manner, continue to be innovative, deepen its commitment to goods, quality and services, and further consolidate the Group's brand and foundation, so as to cope with the ever-changing and competitive landscape and the challenges of the times with ever-strengthening core strengths. At the same time, the Group will continue to construct and improve digital intelligence around its principal business, deepen the integration and innovation of science and technology, continue to explore and develop new modes of digital operation, tap into new growth points in its business, continue to build an integrated ecosystem of online and offline businesses, enhance the Group's comprehensive efficiency, and reserve momentum, inject vitality and continue to empower the Group for its sustained high-quality development.

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	1,247,042	21.3	63,243
2	Taiyuan Maoye Complex	668,763	10.1	252,882
3	Guanghua	485,055	15.1	67,914
4	Shenzhen Nanshan	428,684	15.3	44,871
5	Maoye Commercial Building	407,048	21.7	48,187
6	Zibo Maoye Times Square	335,405	9.7	86,677
7	Qinhuangdao Jindu	309,926	16.3	46,610
8	Taizhou First Department Store	305,602	15.3	40,358
9	Qinhuangdao Xiandai Shopping Plaza	302,326	18.2	36,926
10	Baoding Guomao	242,072	14	24,826

Notes:

1. Top 10 department stores are ranked by total sales proceeds and rental income during 2024.

2. Operation period was calculated until 31 December 2024.

FINANCIAL REVIEW

Total Sales Proceeds and Rental Income

For the year ended 31 December 2024, total sales proceeds and rental income of the Group were RMB7,398.1 million, representing a decrease of 14.2% as compared to 2023, mainly due to the lack of consumer confidence and the impact of the gradual transformation of the business model from department store direct sales and concessionaire store to the leasing of shopping centers.

	For the year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Total sales proceeds from concessionaire sales	**4,997,348**	5,890,247
Direct sales income	**1,193,403**	1,512,516
Rental income	**1,207,329**	1,220,150
Total sales proceeds and rental income	**7,398,080**	8,622,913

During the year ended 31 December 2024, among the total sales proceeds and rental income of the Group, total sales proceeds from concessionaire sales accounted for 67.6%, those derived from direct sales income accounted for 16.1%, and those derived from rental income accounted for 16.3%. For the year ended 31 December 2024, the Group's total sales proceeds from concessionaire sales were RMB4,997.3 million, representing a decrease of 15.2% as compared to 2023; direct sales income was RMB1,193.4 million, representing an decrease of 21.1% as compare to 2023; rental income was RMB1,207.3 million, representing an decrease of 1.1% as compared to 2023.

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 2024	2023	Change
	(RMB'000)	*(RMB'000)*	(%)
Eastern China	**1,157,331**	1,245,527	–7.1%
Southern China	**2,270,971**	2,930,472	–22.5%
Southwestern China	**804,617**	1,012,659	–20.5%
Northern China	**3,165,161**	3,434,255	–7.8%
Total	**7,398,080**	8,622,913	–14.2%

For the year ended 31 December 2024, sales of apparels (including men's and ladies' apparels) accounted for 29.5% (2023: 27.3%), jewelries accounted for 16.8% (2023: 21.8%), leisure and sports goods accounted for 13.3% (2023: 12.2%), cosmetics accounted for 18.7% (2023: 19.4%), shoes and leather goods accounted for 6.1% (2023: 5.9%), and others (including branded merchandise, children's items, bedroom and household goods, home appliances, supermarket and others) accounted for 15.6% (2023: 13.4%).

For the year ended 31 December 2024, revenue of the Group's main business amounted to RMB4,018.4 million, representing a reduction of approximately RMB162.4 million as compared to RMB4,180.8 million in 2023.

Other Income

For the year ended 31 December 2024, other income of the Group amounted to RMB980.7 million, representing a decrease of RMB144.8 million as compared to RMB1,125.5 million in 2023. Other income mainly includes administration and 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 a decrease 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 in 2023.

Cost of goods and properties sold

For the year ended 31 December 2024, cost of goods and properties sold of the Group amounted to RMB1,818.6 million, representing an increase of 2.8% as compared to RMB1,769.8 million in 2023. The cost of goods and properties sold mainly includes the cost of purchase of and changes in inventory in stores, the cost of properties sold, as well as write-down of properties under development and completed properties held for sale.

Employee Expenses

For the year ended 31 December 2024, employee expenses of the Group amounted to RMB394.8 million, representing a decrease of 4.7% as compared to RMB414.3 million in 2023, mainly due to the Group's continuous effort in reducing cost and improving human resources efficiency in 2024, which resulted in a year-on-year decrease in employee expenses.

Depreciation and Amortization

For the year ended 31 December 2024, depreciation and amortization of the Group amounted to RMB996.1 million, representing an increase of 0.6% as compared to RMB990.1 million in 2023, mainly due to the completion of depreciation and amortization of the Group's certain store assets and an increase from the opening of Shanxi Marriott Hotel during the period.

Other Operating Expenses

For the year ended 31 December 2024, other operating expenses of the Group amounted to RMB941.4 million, representing a decrease of 8.8% as compared to RMB1,032.7 million in 2023. The decrease in other operating expenses was mainly attributable to the effective control of the Group's in various expenditure, such as expenditures in the respects of publicity and advertising and bank charges etc, which were decreasing year-on-year.

Other Gains and Losses

For the year ended 31 December 2024, the Group recorded other gains of RMB58.0 million, representing an decrease of 49.9% as compared to other gains of RMB115.7 million in 2023, mainly attributable to the decrease of RMB169.5 million in gain on fair value changes of investment properties year-on-year and during the period, the original shareholders of Mongolia Maoye Department Store (Group) Co., Ltd. (the "**Seller**") agreed to waiver certain amount of the unpaid consideration to compensate the Group's operating losses in certain deportment stores acquired from the Seller of RMB90.5 million, which was negotiated separately and recognised as other gains when it was virtually certain to realise in 2024.

Operating Profit

Due to the combined effects of the above-mentioned factors, the Group recorded operating profit of RMB897.3 million for the year ended 31 December 2024, representing a decrease of 26.0% as compared to RMB1,212.9 million in 2023.

Finance Costs

For the year ended 31 December 2024, finance costs of the Group amounted to RMB690.2 million, representing a decrease of 28.5% as compared to RMB965.3 million in 2023. 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 2023; (ii) a slight decrease in the interest rates of interest-bearing liabilities; and (iii) a remission in borrowing interest by Maoye Group and Chongde Property during this period.

Income Tax Expense

For the year ended 31 December 2024, income tax expense of the Group amounted to RMB258.3 million, representing an increase of 88.8% as compared to RMB136.8 million in 2023. The increase in income tax was mainly due to the increase in land appreciation tax paid for this year.

Loss for the Year

As a result of the foregoing, profit before income tax for the year was RMB158.4 million, representing a year-on-year increase of 23.3% (based on restated figures) and 314.1% (based on figures prior to restatement) as compared to the corresponding period of 2023. Net loss for 2024 was RMB99.9 million, representing a an increase of 1,101.6% (based on restated figures) and an increase of 27.8% (based on figures prior to restatement) as compared to the corresponding period of 2023.

Liquidity and Financial Resources

As at 31 December 2024, the Group's cash and cash equivalents amounted to RMB440.0 million, representing a decrease of RMB282.8 million as compared to the balance of RMB722.8 million as at 31 December 2023. The main cash inflow and cash outflow are set out as follows:

(1) Net cash inflow of RMB1,496.5 million from operating activities;

(2) Net cash outflow of RMB33.9 million from investment activities, mainly including:

   (i) the cash outflow of RMB115.3 million for the aggregate input into property, plant and equipment;

   (ii) the outflow of RMB92.7 million from purchase of financial assets at fair value through profit or loss;

(iii) the inflow of RMB110.7 million from repurchase of financial assets at fair value through profit or loss;

(iv) the cash inflow of RMB57.3 million from disposal of equity investments designated at fair value through other comprehensive income; and

(3) Net cash outflow of RMB1,745.4 million from financing activities, mainly including:

(i) the cash inflow of RMB6,365.2 million from the increase in bank loans;

(ii) the cash outflow of RMB7,626.0 million for the repayment of bank loans;

(iii) the cash outflow of approximately RMB594.5 million for the payment of interest;

(iv) the cash outflow of approximately RMB463.2 million for the principal and interest elements of lease payments;

(v) the cash inflow of RMB2,993.4 million from borrowings from fellow subsidiaries;

(vi) the cash outflow of RMB2,345.7 million for the repayment of borrowings from fellow subsidiaries;

(vii) the cash outflow of dividends of RMB35.2 million and RMB31.0 million distributed respectively by Maoye International Holdings Limited to shareholders and by the subsidiaries to the non-controlling shareholders.

Interest-bearing Liabilities

As at 31 December 2024, total bank borrowings of the Group were approximately RMB10,536.4 million (31 December 2023: RMB11,797.2 million). The interest-bearing gearing ratio[1] and net interest-bearing debt to equity ratio[2] were 22.7% and 45.4%, respectively (as at 31 December 2023: 24.1% and 70.0%, 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 2024, 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 RMB2,146.5 million, RMB12,649.8 million, RMB1,342.2 million and RMB109.7 million, respectively.

Foreign Currency Risks

During the reporting period, the Group recorded a net foreign exchange gain of approximately RMB2.5 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 2024, 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 2024.

CLOSURE OF REGISTER OF MEMBERS

Determining the eligibility to attend and vote at the AGM

The Company's Register of Members will be closed from Wednesday, 30 April 2025 to Wednesday, 7 May 2025 (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 2025 Annual General Meeting of the Company to be held on Wednesday, 7 May 2025, 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, 29 April 2025.

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 2024. Save for the below, 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 2024, 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 2024 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 2024 as set out in the preliminary announcement have been agreed by PricewaterhouseCoopers, the Company's auditors to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by PricewaterhouseCoopers, 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 PricewaterhouseCoopers, 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 2024 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 2025.

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, 31 March 2025

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.