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 2022

HIGHLIGHTS

- Total retail sales of stores reached RMB14,461.6 million
- Total sales proceeds and rental income were RMB8,989.4 million, representing a year-on-year decrease of 22.2%
- Total operating revenue was RMB5,396.0 million, representing a year-on-year decrease of 15.7%
- Net profit for the year was RMB205.2 million, representing a year-on-year increase of 85.5%
- Basic earnings per share for the year was RMB4.44 cents, and the Board recommended the payment of a final dividend of HK1.02 cents in cash per share for the year ended 31 December 2022 (2021: nil)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022

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 2022 with comparative figures for the year of 2021 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2022

	Notes	**2022** *RMB'000*	2021 *RMB'000*
REVENUE	*4*	**4,349,690**	5,234,615
Other income	*5*	**1,046,285**	1,165,381
Total operating revenue		**5,395,975**	6,399,996
Cost of sales	*6*	**(1,850,950)**	(2,170,195)
Employee expenses	*7*	**(454,586)**	(472,360)
Depreciation and amortisation		**(1,049,160)**	(1,103,358)
Payments for short-term leases and leases of low-value assets		**(6,728)**	(7,965)
Other operating expenses		**(1,010,824)**	(1,153,118)
Other gains and losses		**486,683**	121,821
Operating profit		**1,510,410**	1,614,821
Finance costs	*8*	**(1,050,310)**	(1,146,469)
Share of profits and losses of:			
a joint venture		**(592)**	(499)
associates		**(17,990)**	(26,167)
PROFIT BEFORE TAX		**441,518**	441,686
Income tax expense	*9*	**(236,334)**	(331,094)
PROFIT FOR THE YEAR		**205,184**	110,592
Attributable to:			
Owners of the parent		**228,093**	65,685
Non-controlling interests		**(22,909)**	44,907
		205,184	110,592
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*11*		
Basic			
– For profit for the year		**RMB4.44 cents**	RMB1.28 cents
Diluted			
– For profit for the year		**RMB4.44 cents**	RMB1.28 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2022

	2022	2021
	RMB'000	*RMB'000*
PROFIT FOR THE YEAR	**205,184**	110,592
OTHER COMPREHENSIVE (LOSS)/INCOME		
Defined benefit retirement plans	**688**	(210)
Exchange differences on translation of foreign operations	**(52,506)**	18,375
Other comprehensive (loss)/income 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	**(168,259)**	(118,067)
Income tax effect	**42,067**	31,769
Gains on property revaluation	**118,136**	1,053,595
Income tax effect	**(29,534)**	(262,642)
	(37,590)	704,655
Share of other comprehensive income of associates	**–**	9,719
Net other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods	**(37,590)**	714,374
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, NET OF TAX	**(89,408)**	732,539
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**115,776**	843,131
Attributable to:		
Owners of the parent	**114,104**	747,117
Non-controlling interests	**1,672**	96,014
	115,776	843,131

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2022

	Note	**31 December 2022** *RMB'000*	31 December 2021 *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**7,928,703**	8,297,704
Investment properties		**21,480,749**	21,394,912
Right-of-use assets		**5,507,352**	5,946,016
Goodwill		**1,270,349**	1,322,252
Other intangible assets		**32,595**	37,446
Investment in a joint venture		**–**	592
Investments in associates		**362,833**	447,013
Equity investments designated at fair value through other comprehensive income		**1,101,520**	1,354,735
Financial assets at fair value through profit or loss		**9,654**	9,475
Prepayments		**115,042**	134,074
Deferred tax assets		**708,081**	745,925
Total non-current assets		**38,516,878**	39,690,144
CURRENT ASSETS			
Inventories		**352,487**	333,974
Completed properties held for sale		**2,170,243**	2,119,354
Properties under development		**5,486,731**	5,314,077
Financial assets at fair value through profit or loss		**35,425**	417,053
Trade and bills receivables		**28,331**	14,144
Prepayments, other receivables and other assets		**2,721,783**	2,511,938
Pledged deposits		**368,728**	147,114
Cash and cash equivalents		**556,293**	1,197,116
Total current assets		**11,720,021**	12,054,770
CURRENT LIABILITIES			
Trade and bills payables	*12*	**1,600,620**	1,892,912
Contract liabilities, deposits received, accruals and other payables		**8,467,500**	8,317,028
Interest-bearing bank loans and other borrowings		**6,902,772**	6,412,887
Lease liabilities		**318,115**	276,666
Income tax payable		**351,936**	383,430
Dividend payable		**26,078**	26,076
Total current liabilities		**17,667,021**	17,308,999
NET CURRENT LIABILITIES		**(5,947,000)**	(5,254,229)
TOTAL ASSETS LESS CURRENT LIABILITIES		**32,569,878**	34,435,915

	31 December 2022 *RMB'000*	31 December 2021 *RMB'000*
NON-CURRENT LIABILITIES		
Interest-bearing bank loans and other borrowings	**5,961,510**	7,901,982
Lease liabilities	**1,807,755**	2,100,472
Deferred tax liabilities	**4,340,089**	4,301,047
Other long-term payables	**4,116,172**	3,858,622
Provision for retirement benefits	**6,261**	6,789
Total non-current liabilities	**16,231,787**	18,168,912
Net assets	**16,338,091**	16,267,003
EQUITY		
Equity attributable to owners of the parent		
Issued capital	**460,153**	460,153
Other reserves	**13,364,051**	13,255,109
	13,824,204	13,715,262
Non-controlling interests	**2,513,887**	2,551,741
Total equity	**16,338,091**	16,267,003

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 Mainland China.

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 2022, the Group had net current liabilities of approximately RMB5,947,000,000. 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 2023;

(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) RMB1,758,677,000 and RMB730,379,000 of current liabilities as at 31 December 2022 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 2022.

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 (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) 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 revised IFRSs for the first time for the current year's financial statements.

Amendments to IFRS 3	*Reference to the Conceptual Framework*
Amendments to IAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*
Amendments to IAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*
Annual Improvements to IFRS Standards 2018-2020	Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41

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

(a) Amendments to IFRS 3 replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* (the "**Conceptual Framework**") issued in March 2018 without significantly changing its requirements. The amendments also add to IFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 if they were incurred separately rather than assumed in a business combination, an entity applying IFRS 3 should refer to IAS 37 or IFRIC 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no contingent assets, liabilities and contingent liabilities within the scope of the amendments arising in the business combination that occurred during the year, the amendments did not have any impact on the financial position and performance of the Group.

(b) Amendments to IAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items as determined by IAS 2 *Inventories*, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1

January 2021. Since there was no sale of items produced prior to the property, plant and equipment being available for use, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to IAS 37 clarify that for the purpose of assessing whether a contract is onerous under IAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.

(d) *Annual Improvements to IFRS Standards 2018-2020* sets out amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41. Details of the amendment that is applicable to the Group are as follows:

- IFRS 9 *Financial Instruments:* clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively from 1 January 2022. As there was no modification or exchange of the Group's financial liabilities during the year, the amendment did not have any impact on the financial position or performance of the Group.

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective in these financial statements.

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*[2]
IFRS 17	*Insurance Contracts*[1]
Amendments to IFRS 17	*Insurance Contracts*[1, 5]
Amendment to IFRS 17	*Initial Application of IFRS 17 and IFRS 9 – Comparative Information*[6]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current* (the "**2020 Amendments**")[2, 4]
Amendments to IAS 1	*Non-current Liabilities with Covenants* (the "**2022 Amendments**")[2]
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*[1]
Amendments to IAS 8	*Definition of Accounting Estimates*[1]
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[1]

1 *Effective for annual periods beginning on or after 1 January 2023*

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

3 *No mandatory effective date yet determined but available for adoption*

4 *As a consequence of the 2022 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning on or after 1 January 2024*

5 *As a consequence of the amendments to IFRS 17 issued in June 2020, IFRS 4 was amended to extend the temporary exemption that permits insurers to apply IAS 39 rather than IFRS 9 for annual periods beginning before 1 January 2023*

6 *An entity that chooses to apply the transition option relating to the classification overlay set out in this amendment shall apply it on initial application of IFRS 17*

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 between an investor and its associate or joint venture 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 in December 2015 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. 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.

Amendments to IAS 1 Classification of Liabilities as Current or Non-current clarify the requirements for classifying liabilities as current or non-current, in particular the determination over whether an entity has a right to defer settlement of the liabilities for at least 12 months after the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. In 2022, the IASB issued the 2022 Amendments to 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. In addition, the 2022 Amendments require additional disclosures by an entity that classifies liabilities arising from loan arrangements as non-current when it has a right to defer settlement of those liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period. The amendments also clarify the situations that are considered a settlement of a liability. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively. Earlier application is 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 1 Disclosure of Accounting Policies 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 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. Amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023 and earlier application is permitted. Since the guidance provided in the amendments to IFRS Practice Statement 2 is non-mandatory, an effective date for these amendments is not necessary. The Group is currently revisiting the accounting policy disclosures to ensure consistency with the amendments.

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. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 12 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. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and shall be applied to transactions related to leases and decommissioning obligations at the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to the opening balance of retained profits or other component of equity as appropriate at that date. In addition, the amendments shall be applied prospectively to transactions other than leases and decommissioning obligations. Earlier application is permitted. 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 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
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 associates 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.*

	Operation of department stores *RMB'000*	Property development *RMB'000*	Others *RMB'000*	Total *RMB'000*
Year ended 31 December 2021				
Segment revenue:				
Sales to external customers	3,998,009	1,026,810	209,796	5,234,615
Other income	1,121,071	38,232	6,078	1,165,381
Cost of sales	(1,650,284)	(476,266)	(43,645)	(2,170,195)
Employee expenses	(359,793)	(41,202)	(71,365)	(472,360)
Depreciation and amortisation	(894,569)	(156,161)	(52,628)	(1,103,358)
Payments for short-term leases and leases of low-value assets	(4,190)	(2,523)	(1,252)	(7,965)
Other operating expenses	(960,368)	(110,646)	(82,104)	(1,153,118)
Other gains and losses	(138,254)	259,507	568	121,821
Operating profit/(loss)	1,111,622	537,751	(34,552)	1,614,821
Finance costs	(733,091)	(413,378)	–	(1,146,469)
Share of profits and losses of associates and a joint venture	(25,484)	(1,182)	–	(26,666)
Profit/(loss) before tax	353,047	123,191	(34,552)	441,686
Income tax expense	(30,423)	(300,573)	(98)	(331,094)
Profit/(loss) for the year	322,624	(177,382)	(34,650)	110,592
Attributable to:				
Owners of the parent	234,024	(134,052)	(34,287)	65,685
Non-controlling interests	88,600	(43,330)	(363)	44,907
	322,624	(177,382)	(34,650)	110,592
Other segment information:				
Impairment losses reversed in the statement of profit or loss, net	26,376	–	5	26,381
Impairment of properties under development	–	(2,872)	–	(2,872)
Impairment of investment in an associate	(102,932)	–	–	(102,932)
Loss on disposal of shares in an associate	(46,272)	–	–	(46,272)
Goodwill impairment	(38,870)	–	–	(38,870)
Investments in associates	447,013	–	–	447,013
Investment in a joint venture	–	592	–	592
Capital expenditure*	(123,823)	(799,008)	(1,970)	(924,801)

* *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 Mainland China. 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

	2022	2021
	RMB'000	*RMB'000*
Revenue from contracts with customers		
Commissions from concessionaire sales	**714,034**	1,051,808
Direct sales	**1,502,247**	1,768,471
Sale of properties	**787,638**	911,793
Revenue from other sources		
Rental income from investment properties	**653,316**	740,769
Rental income from the leasing of shop premises	**505,543**	551,978
Others	**186,912**	209,796
	4,349,690	5,234,615

Revenue from contracts with customers

(i) Disaggregated revenue information

The Group's entire revenue of goods and services transferred is recognised at a point in time. No analysis of timing information is therefore presented.

The following table shows the amount of revenue recognised in the current reporting period that was included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	2022	2021
	RMB'000	*RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of completed properties	**325,933**	378,928
	325,933	378,928

(ii) Performance obligations

Information about the Group's performance obligations is summarised 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 recognised 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

	2022	2021
	RMB'000	*RMB'000*
Income from suppliers and concessionaires		
– Administration and management fee income	**717,156**	721,684
– Promotion income	**178,719**	250,801
– Credit card handling fees	**85,131**	126,206
Interest income	**9,779**	22,380
Others	**55,500**	44,310
	1,046,285	1,165,381

6. COST OF SALES

	2022	2021
	RMB'000	*RMB'000*
Purchases of and changes in inventories	**1,396,342**	1,650,284
Cost of properties sold	**414,095**	476,266
Others	**40,513**	43,645
	1,850,950	2,170,195

7. EMPLOYEE EXPENSES

	2022	2021
	RMB'000	*RMB'000*
Wages and salaries	**406,378**	418,601
Retirement benefits	**45,696**	49,201
Other employee benefits	**2,512**	4,558
	454,586	472,360

8. FINANCE COSTS

	2022	2021
	RMB'000	*RMB'000*
Interest on bank loans and other borrowings	**988,095**	1,047,298
Interest on lease liabilities	**143,560**	159,471
Total interest expense on financial liabilities not at fair value through profit or loss	**1,131,655**	1,206,769
Less: Interest capitalised	**(81,345)**	(60,300)
	1,050,310	1,146,469

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 2022 (2021: 16.5%).

Under the relevant income tax law, the PRC subsidiaries are subject to corporate income tax ("**CIT**") at a statutory rate of 25% (2021: 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 RMB41,122,000 was charged to the consolidated statement of profit or loss for the year ended 31 December 2022 (2021: RMB227,388,000).

	2022	2021
	RMB'000	*RMB'000*
Current – CIT	**135,585**	260,220
Current – LAT	**41,122**	227,388
Deferred	**59,627**	(156,514)
Total tax charge for the year	**236,334**	331,094

10. DIVIDENDS

	2022	2021
	RMB'000	*RMB'000*
Proposed final – HK1.02 cents (2021: Nil) per ordinary share	**45,619**	–

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

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

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent of RMB228,093,000 (2021: RMB65,685,000) and the weighted average number of ordinary shares of 5,140,326,000 (2021: 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 2022 and 2021.

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 2022	31 December 2021
	RMB'000	*RMB'000*
Within 90 days	**1,136,461**	1,281,165
91 to 180 days	**54,445**	92,249
181 to 360 days	**69,252**	82,567
Over 360 days	**340,462**	436,931
	1,600,620	1,892,912

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

The Group's bills payable amounted to RMB28,464,000 as at 31 December 2022 (31 December 2021: RMB70,814,000).

MANAGEMENT DISCUSSION AND ANALYSIS

I. MACROECONOMIC OVERVIEW

In 2022, due to the repeated impact of multiple unexpected factors including the international situation turbulence, domestic epidemic outbreaks and extreme high temperature weather, the complexity, severity and uncertainty of China's economic development environment has risen, which was reflected in the continuous evolution of the triple pressures of demand contraction, supply shock and weakening expectations. Facing the stormy political and economic environment at home and abroad, the Party and the government has led all people in the country to calmly respond, coordinate development and safety, and effectively respond to various unexpected factors, and has achieved social stability and high-quality economic development. In 2022, the gross domestic product (GDP) exceeded RMB120 trillion, an increase of 3% over 2021, equivalent to approximately USD18 trillion, ranking the second in the world; the total retail sales of social consumer goods in the year reached RMB44 trillion, of which the online retail sales of physical goods reached RMB12 trillion, up 6.2% year-on-year. China remains the second largest consumer market and the first largest online retail market in the world.

Looking forward to 2023, with the overall opening of domestic epidemic prevention and control measures, various policies issued at the national level to expand domestic demand and promote consumption, the expansion of offline consumption scenarios will be accelerated and the consumer market will recover steadily.

II. OPERATIONAL REVIEW

For the year ended 31 December 2022, the Group operated and managed a total of 48 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 77.9% (including gross floor area leased from related parties, 84.4%). 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 2022, the distribution of stores of the Group was as follows:

	Southern China	Southwestern China	Eastern China	Northern China	Total
Number of Stores *(stores)*	6	7	15	20	48
Gross Floor Area *(sq.m.)*	218,409	294,982	1,043,668	1,541,576	3,098,635

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. *Adapt to consumption upgrade, continuously adjust store content and enhance core competitiveness*

During the reporting period, the Group continued to promote the upgrading of business format and the optimization of store content, and made continuous adjustments from the two aspects of "store" and "goods", in order to improve the shopping experience of consumers. On the one hand, the Group continued to strengthen the building of large stores, promote the transformation of stores to shopping centers and community life centers, and increase the proportion of experiential businesses. On the other hand, through the optimization of brand management, the Group continued to introduce high-quality first stores and trendy popular categories, and update the content of stores. At the same time, the Group continued to improve the quality of our products, strengthen the building of strategic core commodity clusters, and further consolidate the market leading position of its core categories such as affordable luxuries and cosmetics, in order to achieve further growth in market share and sales performance.

During the reporting period, the Group continued to adhere to high-quality merchant management with deepened store value management system, conducted in-depth data mining and analysis on the value of key stores, made scientific plans and adjustments to the layout of multi-purpose stores, and further clarified its store and pricing policies, in order to achieve effective improvement of store performance. In terms of store operation, the Group has always insisted on improving the refined management capabilities of existing stores. Through the analysis of store consumption data, the layout of store formats and categories is reasonably planned according to the customer flows, so as to enhance the customer attraction of the stores and increase the customer's time spend and consumption levels in the stores.

At the same time, the Group adjusted the layout of product portfolios by enhancing the efficiency of supply chains, so as to strengthen product competitiveness in various aspects. For example, self-owned cosmetics achieved online and offline segmentation of inventories, which empowered the lean management of self-owned cosmetics in a better way and reduced the pressure of manual reconciliation of terminal staff. The Group has developed an independent procurement system of orders, which achieved accurate controls over the order and sales information of self-owned cosmetics. 8 stores operating high-end cosmetics nationwide fully applied the cosmetics management system and the granularity of which reached single-product level, coupled with the penetration into more opportunities for business growth by big market data and artificial intelligence, all of these improved the working efficiency of cosmetics teams.

The Group has always adhered to a customer-centric approach, focusing on the enhancement of customer experience and the improvement of customer service levels. During the reporting period, the Group optimized the functions of the customer parking system in stores, and further improved and upgraded the customer service facilities such as maternity rooms and customer service centers in some stores. Through the enhancement of store environment, experience, products and services, the competitiveness of store products and services are improved, and more attractive commercial space and life content is presented to the customers.

2. Actively promote service upgrade and organizational innovation through technology empowerment

During the reporting period, the Group adhered to the concept of technology empowering operation and management, and continued to inject more vitality into the long-term development of the Group through the planned promotion of a series of digital technologies.

The Group's offline stores have fully promoted the cloud POS system, replacing traditional manual cashiers with various mobile payment methods. Online cashiers have also integrated additional functions such as membership points, shopping coupon management, and electronic invoices to improve operational efficiency and user experience. In addition, the Group has started to promote cleaning robots in some stores, which helps to improve work efficiency, extend working hours and increase work scenarios, and also helps to reduce the risk of manual contact and virus transmission during the epidemic.

During the reporting period, the Group's three-in-one store concessionaire-supplier "Xiao Hong Mao" merchant service platform was continuously optimized, providing updated functions including real-time access to commodity inventory, optimization of back-end management operations, and optimization of material malls, which further improved the convenience of merchant services and the timeliness of payment reconciliation, and increased merchant satisfaction and cooperation efficiency.

3. *Adhere to multi-channel business development and build an interconnected full retail ecological layout*

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. At the same time, the Group has begun to integrate the supermarket business of some offline stores into the online platform, and continued to optimize the back-end inventory management, so as to achieve detailed inventory management at the supply end and real time monitoring of online and offline inventory.

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 2022, the sales of the entire online platform achieved RMB640 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 began to promote enterprise WeChat as a new channel for linking members, stores and brands, and achieved favorable member interaction effects. During 2022, The Group's "Mao Yue Hui" membership management system attracted 1.1 million new members. As of the end of 2022, the total number of members served by”Mao Yue Hui” reached 16.8 million people and the total consumption of members reached RMB4,713 million.

4. *Promote the construction of new stores steadily to prepare for better future growth*

During the reporting period, the Group on the one hand continued to promote the integrated development of offline stores and consolidate the Group's national store layout. At the same time, the Group actively promoted the crowd gathering and traffic attraction of newly opened stores. The Group's Maoye Times Square located in Shuangliu of Chengdu was officially opened on the New Year's Day of 2023. The project has a floor area of about 32,000 sq.m. and a business area of about 17,800 sq.m. It is located in the core residential area of Shuangliu and is surrounded by large communities. It is the first community life center "built for home" in Shuangliu and is expected to contribute sales of about RMB220 million annually.

At the same time, the reconstruction of Maoye Complex (North) located at Yanshikou in Chengdu and the planning of the plot owned by Chengdu Renhe Investment Co., Ltd., a subsidiary of the Group (i.e. the original Jincheng art palace project), are steadily pushing ahead.

5. *Improve financial situation, bolster asset value and improve cash flow level*

During the reporting period, the Group actively improved its financial situation, enhanced the efficiency of its assets and consolidated its risk resistance capability. During the reporting period, Zhongzhao Investment Management Co., Ltd.* (中兆投資管理有限公司, "**Zhongzhao Investment**"), a wholly-owned subsidiary of the Group, disposed its shareholding in INZONEGROUP Co., Ltd.* (銀座集團股份有限公司, "INZONEGROUP", a company incorporated in the P.R.C. and listed on the Shanghai Stock Exchange, stock code: 600858) on the open market. Please refer to the announcements of the Company dated 21 June 2022 and 22 September 2022 and the circular dated 29 November 2022 for details. In December 2022, Chengshang Group Holding Co., Ltd. (成商集團控股有限公司, "**Chengshang Holding**"), an indirect non-wholly-owned subsidiary of the Group, entered into a relocation compensation agreement for the relevant land, properties and facilities with relevant parties. Please refer to the announcement of the Company dated 22 December 2022 for details. The transactions above helped the Group to improve its asset quality, fully release the market value of its assets, enhance its cash flow level, in order to further focus on the development of its main business lines. On the other hand, the Group replaced some of its existing debts, further reducing financing costs and optimizing the debt structure. As of 31 December 2022, the Group's interest-bearing liabilities were further reduced from the end of the interim period, while financial costs decreased, which helped the Group to continuously improve its profitability and achieve stable and healthy development of its operations.

III. FUTURE OUTLOOK

Looking ahead, the comprehensive opening of domestic epidemic prevention and control will bring dawn to the comprehensive recovery of the Group's retail business. The Group will continue to focus on its main business under the favorable factors of the overall environment, and comprehensively promote diversified and cross-regional coordinated development of its core commercial retail business. The Group will follow the development trend of consumption and commerce, continue to consolidate its high-quality service capacity, improve the operating efficiency of stores, and optimize the store layout. At the same time, the Group will hold on to technological empowerment, take technological innovation as the company's core advantage, actively explore and innovate to promote digital upgrading, develop new areas of business growth and create a diversified business ecosystem, and inject more vitality into the long-term 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	1,710,783	19.3	63,243
2	Taiyuan Maoye Complex	879,318	8.1	252,882
3	Shenzhen Nanshan	668,135	13.3	44,871
4	Guanghua	636,675	13.1	67,914
5	Taizhou First Department Store	460,685	13.3	40,358
6	Shenzhen Dongmen	451,837	25.9	40,710
7	Victoria Commercial Building	369,894	19.7	48,187
8	Zibo Maoye Times Square	359,103	7.7	86,677
9	Xiandai Shopping Plaza	289,805	16.2	36,926
10	Qinhuangdao Jindu	260,679	14.3	46,610

Notes:

1. Top 10 department stores are ranked by total sales proceeds and rental income during 2022.

2. Operation period was calculated until 31 December 2022.

FINANCIAL REVIEW

Total Sales Proceeds and Rental Income

For the year ended 31 December 2022, total sales proceeds and rental income of the Group were RMB8,989.4 million, representing a decrease of 22.2% as compared to 2021, mainly due to the impact of the macroeconomic environment and the domestic COVID-19 epidemic, which impacted the overall performance of the retail industry as well as the operation of the Group's stores.

	For the year ended 31 December	
	2022	2021
	RMB'000	*RMB'000*
Total sales proceeds from concessionaire sales	**6,435,823**	8,601,035
Direct sales income	**1,502,247**	1,768,471
Rental income	**1,051,317**	1,177,730
Total sales proceeds and rental income	**8,989,387**	11,547,236

During the year ended 31 December 2022, among the total sales proceeds and rental income of the Group, total sales proceeds derived from concessionaire sales accounted for 71.6%, those derived from direct sales income accounted for 16.7%, and those derived from rental income accounted for 11.7%. For the year ended 31 December 2022, the Group's total sales proceeds from concessionaire sales were RMB6,435.8 million, representing a decrease of 25.2% as compared to 2021; direct sales income was RMB1,502.2 million, representing a decrease of 15.1% as compare to 2021; rental income was RMB1,051.3 million, representing a decrease of 10.7% as compared to 2021.

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		
	2022	2021	**Change**
	(RMB'000)	*(RMB'000)*	*(%)*
Eastern China	**1,335,686**	1,543,639	–13.5%
Southern China	**3,290,793**	4,047,741	–18.7%
Southwestern China	**1,186,428**	1,665,507	–28.8%
Northern China	**3,176,480**	4,290,349	–26.0%
Total	**8,989,387**	11,547,236	–22.2%

For the year ended 31 December 2022, sales of apparels (including men's and ladies' apparels) accounted for 27.8% (2021: 27.4%), jewelries accounted for 22.9% (2021: 22.6%), leisure and sports goods accounted for 10.9% (2021: 11.4%), shoes and leather goods accounted for 5.1% (2021: 5.9%), cosmetics accounted for 17.4% (2021: 16.6%) and others (including branded merchandise, children's items, bedroom and household goods, home appliances, food, family goods, fresh products, retail, ancillary and others) accounted for 15.9% (2021: 16.1%).

For the year ended 31 December 2022, revenue of the Group's main business amounted to RMB4,349.7 million, representing a decrease of 16.9% as compared to RMB5,234.6 million in 2021. The main reason for the decrease in revenue was due to the spread of the COVID-19 epidemic in many domestic areas in 2022, the Group's stores in various locations were short-term closed or had shortened business hours, resulting in a decrease in store operating revenue. In addition, the COVID-19 epidemic has spread in many places, which have also affected consumers' travel ability, psychological expectations and willingness to purchase houses, which has had a certain impact on the Group's property sales.

Other Income

For the year ended 31 December 2022, other income of the Group amounted to RMB1,046.3 million, representing a decrease of 10.2% as compared to RMB1,165.4 million in 2021. 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, and has declined to a certain extent during the reporting period.

Cost of Sales

For the year ended 31 December 2022, cost of sales of the Group amounted to RMB1,851.0 million, representing a decrease of 14.7% as compared to RMB2,170.2 million in 2021. 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, and the decline in cost of sales is generally in line with the decline in revenue.

Employee Expenses

For the year ended 31 December 2022, employee expenses of the Group amounted to RMB454.6 million, representing a decrease of 3.8% as compared to RMB472.4 million in 2021, mainly due to the Group actively reduced costs and increased efficiency, and carried out organizational structure adjustment, which led to the reduction in labor costs and the overall improvement of operating efficiency.

Depreciation and Amortization

For the year ended 31 December 2022, depreciation and amortization of the Group amounted to RMB1,049.2 million, representing a decrease of 4.9% as compared to RMB1,103.4 million in 2021, mainly due to certain of the Group's assets have completed depreciation and amortization.

Other Operating Expenses

For the year ended 31 December 2022, other operating expenses of the Group amounted to RMB1,010.8 million, representing a decrease of 12.3% as compared to RMB1,153.1 million in 2021. The decrease in other operating expenses was mainly due to the Group's effective control of various expenses as well as the year-on-year decrease in utility expenses, promotion and advertising expenses and repair and maintenance expenses.

Other Gains and Losses

For the year ended 31 December 2022, the Group recorded other gains of RMB486.7 million, representing an increase of 299.5% as compared to RMB121.8 million in 2021. Such increase was mainly attributable to gain from converting certain of the Group’s investment in associates to financial assets, and gain from the relocation transaction of Chengdu North Railway Station.

Operating Profit

Due to the combined effects of the above-mentioned factors, the Group recorded operating profit of RMB1,510.4 million for the year ended 31 December 2022, representing a decrease of 6.5% as compared to RMB1,614.8 million in 2021.

Finance Costs

For the year ended 31 December 2022, finance costs of the Group amounted to RMB1,050.3 million, representing a decrease of 8.4% as compared to RMB1,146.5 million in 2021. This was primarily due to the reduced interest-bearing liabilities in 2022, and the financing cost of interest-bearing liabilities decreased slightly, which caused the year-on-year decrease in financial costs.

Income Tax Expense

For the year ended 31 December 2022, income tax expense of the Group amounted to RMB236.3 million, representing a decrease of 28.6% as compared to RMB331.1 million in 2021, mainly due to the decrease in corporate income tax and land appreciation tax paid in this year.

Profit for the Year

As a result of the foregoing, net profit for 2022 was RMB205.2 million, representing an increase of 85.5% as compared to RMB110.6 million in 2021.

Liquidity and Financial Resources

As at 31 December 2022, the Group's cash and cash equivalents amounted to RMB556.3 million, representing a decrease of RMB640.8 million as compared to the balance of RMB1,197.1 million as at 31 December 2021. The main cash inflow and cash outflow are set out as follows:

(1) Net cash inflow of RMB1,249.5 million from operating activities;

(2) Net cash inflow of RMB715.7 million from investment activities, mainly including:

   (i) the cash outflow of RMB123.0 million from purchases of items of property, plant and equipment;

   (ii) the cash inflow of RMB20.3 million from disposal of items of property, plant and equipment;

   (iii) the cash outflow of RMB21.0 million from purchase of financial assets at fair value through profit or loss;

   (iv) the cash inflow of RMB395.7 million from disposal of financial assets at fair value through profit or loss;

   (v) the cash inflow of RMB166.3 million from disposal of investment properties;

   (vi) the cash inflow of RMB537.2 million from disposal of equity investments designated at fair value through other comprehensive income;

   (vii) the cash outflow of RMB44.7 million for dividend paid by subsidiaries to non-controlling shareholders; and

   (viii) the cash outflow of RMB221.6 million for the increase of pledged bank deposits.

(3) Net cash outflow of RMB2,551.3 million from financing activities, mainly including:

(i) the cash inflow of RMB5,545.6 million from the increase in bank loans and other borrowings;

(ii) the cash outflow of RMB6,996.2 million for the repayment of bank loans and other borrowings;

(iii) the cash outflow of approximately RMB748.2 million for the payment of interest;

(iv) the cash outflow of approximately RMB428.2 million for the principal and interest elements of lease payments;

(v) the cash inflow of approximately RMB1,401.0 million from borrowings from fellow subsidiaries; and

(vi) the cash outflow approximately RMB1,325.3 million for the repayment of borrowings from fellow subsidiaries.

Interest-bearing Liabilities

As at 31 December 2022, total bank borrowings and corporate bonds of the Group were approximately RMB12,864.3 million (31 December 2021: RMB14,314.9 million). The interest-bearing gearing ratio[1] and net interest-bearing debt to equity ratio[2] were 25.6% and 75.3%, respectively (31 December 2021: 27.7% and 80.6%, respectively).

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

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

Charge on Assets

As at 31 December 2022, certain borrowings of the Group were secured by the Group's land and buildings, investment properties, right-of-use assets, properties under development and certain shares of a subsidiary with net carrying amounts of approximately RMB3,699.5 million, RMB9,059.8 million, RMB233.4 million, RMB1,929.6 million and RMB999.6 million, respectively.

Foreign Currency Risks

During the reporting period, the Group recorded a net foreign exchange loss of approximately RMB2.3 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 2022, the Group had not entered into any arrangement to hedge its foreign currency risk. The Group's operating cash flow was not exposed to foreign exchange fluctuation risks.

SIGNIFICANT TRANSACTIONS

Disposal of Shares In INZONEGROUP

During the period from June 2022 to September 2022, Zhongzhao Investment Management Co., Ltd.* (中兆投資管理有限公司, "**Zhongzhao Investment**"), a wholly-owned subsidiary of the Group, disposed its shareholding in INZONEGROUP Co., Ltd.* (銀座集團股份有限公司, "**INZONEGROUP**", a company incorporated in the P.R.C. and listed on the Shanghai Stock Exchange, stock code: 600858) on the open market. Please refer to the announcements of the Company dated 21 June 2022 and 22 September 2022 and the circular dated 29 November 2022 for details.

Entering into the Relocation Compensation Agreement for the Land, Properties and Facilities

In December 2022, Chengshang Group Holding Co., Ltd. (成商集團控股有限公司, "**Chengshang Holding**"), an indirect non-wholly-owned subsidiary of the Group, entered into a relocation compensation agreement for the relevant land, properties and facilities with relevant parties. The amount of the relocation compensation is approximately RMB415.70 million. Please refer to the announcement of the Company dated 22 December 2022 for details.

The transactions above helped the Group to improve its asset quality, fully release the market value of its assets, enhance its cash flow level, in order to further focus on the development of its main business lines.

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 2022.

FINAL DIVIDEND

The Board recommended the payment of a final dividend of HK1.02 cents in cash per share for the year ended 31 December 2022 (the "**Proposed Final Dividend**") (2021: nil), subject to the shareholders' approval at the annual general meeting of the Company to be held on Friday, 19 May 2023 (the "**2023 AGM**"). The Proposed Final Dividend will be paid in cash on Thursday, 15 June 2023 to shareholders whose names appear on the Register of Members of the Company as at the close of business on Wednesday, 31 May 2023.

CLOSURE OF REGISTER OF MEMBERS

(i) Determining the elegibility to attend and vote at the 2023 AGM

The Company's Register of Members will be closed from Tuesday, 16 May 2023 to Friday, 19 May 2023 (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 2023 Annual General Meeting of the Company to be held on Friday, 19 May 2023, 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, 15 May 2023.

(ii) Determining the entitlement to the Proposed Final Dividend

The Company's Register of Members will be closed from Monday, 29 May 2023 to Wednesday, 31 May 2023 (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 Thursday, 25 May 2023.

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 2022. The Board is of the view that the Company has complied with the code provisions set out in the Corporate Governance Code as contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") during the year ended 31 December 2022, 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 2022 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 2022 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 2022 containing information required by Appendix 16 of the Listing Rules will be dispatched to shareholders and published on the websites of the Stock Exchange and the Company in April 2023.

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, 24 March 2023

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.