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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)

ANNOUNCEMENT

HIGHLIGHTS OF THIRD QUARTER RESULTS OF MAOYE LOGISTICS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2014

This is an announcement made pursuant to the Inside Information provisions under part XIVA of the Securities and Futures Ordinance (Cap. 571) and Rule 13.09 of the Listing Rules.

The Board of Directors (the “**Board**”) of Maoye International Holdings Limited (“the **Company**”) is pleased to announce that Maoye Logistics, a subsidiary of the Company, has published its unaudited third quarter results for the nine months ended 30 September 2014 (the “**Reporting Period**”) prepared pursuant to PRC GAAP.

Highlights

Total operating revenue decreased by 14.54% to RMB 1,348,500,462.08 as compared with the corresponding period of previous year;

Operating profit increased by 7.96% to RMB 115,241,431.30 as compared with the corresponding period of previous year;

Net profit attributable to owners of the parent increased by 2.19% to RMB 77,602,347.71 as compared with the corresponding period of previous year.

The key financial data and material information are set out as follows:

1 KEY ACCOUNTING DATA AND FINANCIAL INDICATORS

	<i>Currency: RMB</i>		
	Reporting Period <i>(January-September 2014)</i>	Corresponding period of previous year <i>(January-September 2013)</i>	Increase/Decrease of the Reporting Period as compared to the corresponding period of previous year <i>(%)</i>
Operating revenue	1,348,500,462.08	1,577,973,677.66	-14.54%
Net profit attributable to shareholders of Maoye Logistics	77,602,347.71	75,939,397.74	2.19%
Net profit after non-recurring gains and losses attributable to shareholders of Maoye Logistics	80,392,887.98	76,127,641.11	5.31%
Net cash flows from operating activities	20,787,791.14	93,845,020.36	-77.85%
Basic earnings per share (RMB/share)	0.1742	0.1705	2.17%
Diluted earnings per share (RMB/share)	0.1742	0.1705	2.17%
Weighted average return on net assets (%)	6.50	6.81	Decreased by 0.31 percentage point
	As at the end of the Reporting Period <i>(as at 30 September 2014)</i>	As at the end of the previous year <i>(as at 31 December 2013)</i>	Increase/Decrease at the end of the Reporting Period as compared with the end of previous year <i>(%)</i>
Total assets	1,738,005,433.20	1,722,215,377.80	0.92%
Net Assets attributable to shareholders of Maoye Logistics	1,222,249,751.82	1,163,263,910.46	5.07%

Items of non-recurring gains and losses	Amount from the beginning of the year (1 January 2014) to the end of the Reporting Period (RMB)
Disposal of non-current asset (including the write-off of provision for impairment of asset)	-572,390.95
Government subsidies which are included in the current profits and losses (excluding government subsidies which are closely related to the business and granted in a fixed amount or sum according to uniform national standard)	620,000.00
Excluding effective hedging business in the ordinary course of business of Maoye Logistics, profit/(loss) from changes in fair value arising from trading financial assets or trading financial liabilities held and investment gains from disposal of trading financial assets, trading financial liabilities and financial assets available for sale	45,730.48
Other non-operating income and expenses other than the above items	-2,421,668.34
Less: Income tax effect	461,117.78
Effect on minority interests (after tax)	1,093.68
Total	-2,790,540.27

2 SIGNIFICANT EVENTS

Details of and reasons for material changes in the major financial statement items and financial indicators of Maoye Logistics

Statement items or financial indicators	Increase/Decrease at the end of the Reporting Period (30 September 2014) as compared with the end of previous year (31 December 2013) (%)	Details of and main reasons for changes
Accounts receivable	-57.83%	Accounts receivable decreased by RMB21,782,100 due to various factors including the impairment provision of RMB14,388,000

Statement items or financial indicators	Increase/Decrease at the end of the Reporting Period (30 September 2014) as compared with the end of previous year (31 December 2013) (%)	Details of and main reasons for changes
Other receivables	249.96%	<p>made by Anhui Guorun Investment Development Co., Ltd. (安徽國潤投資發展有限公司) (hereinafter referred to as Anhui Guorun), a subsidiary controlled by the Company, and the receipt of proceeds from property sales amounting to RMB5,700,000 by Chuzhou Maoye Investment Development Co., Ltd. (滁州茂業投資發展有限公司), an indirect subsidiary controlled by the Company.</p> <p>Other receivables increased by RMB7,748,400 due to the increase in transaction amount for the current period payable to Huainan Maoye Investment Development Co. Ltd. (淮南茂業投資發展有限公司), an indirect subsidiary controlled by the Company.</p>
Construction in progress	50.59%	Construction in progress increased by RMB1,404,300 due to the investments in the Company's ERP system and in the decoration and transformation of the outlet named Jinyuan Supermarket.

Statement items or financial indicators	Increase/Decrease at the end of the Reporting Period (30 September 2014) as compared with the end of previous year (31 December 2013) (%)	Details of and main reasons for changes
Long-term deferred expenditures	151.70%	Long-term deferred expenditures increased by RMB24,322,600 as a result of the investments made by Qinhuangdao Jinyuan Property Service Co., Ltd. (秦皇島市金原商業管理有限責任公司), a subsidiary controlled by the Company, in the transformation of Jinyuan Commercial Building (金原商廈).
Deferred income tax assets	34.96%	Deferred income tax assets increased by RMB2,223,100 due to the increase in deferred income tax assets as a result of the impairment provision for accounts receivable made by Anhui Guorun.
Taxes payable	147.34%	Taxes payable increased by RMB49,120,800 due to the decrease in value added tax prepaid by the Company.

Statement items or financial indicators	Increase/Decrease at the end of the Reporting Period (January to September 2014) as compared with the same period of last year (January to September 2013)(%)	Details of and main reasons for changes
Finance costs	-382.65%	Finance costs decreased by RMB1,052,600 as no bank interest expense was recorded for the current period after the Company repaid its bank borrowings.
Impairment loss of assets	51,274.28%	Impairment loss of assets increased by RMB14,473,600 as Anhui Guorun made impairment provision for accounts receivable.
Gain on changes in fair value	212.20%	Gain on changes in fair value increased by RMB86,500 because the net value of the securities investment fund purchased by Anhui Guorun in 2009 recorded a year-on-year growth.
Net non-operating income and expenses	-1,871.32%	Net non-operating income and expenses decreased by RMB2,253,600 due to the loss on disposal of assets as a part of the decoration and transformation of the Company's outlet.
Income tax expenses	58.69%	Income tax expenses for the Reporting Period increased by RMB4,606,000 due to the shutdown and transformation of the Qinhuangdao Shopping Mall (秦皇島商城), a store owned by the Company, in the same period of last year and the tax payable for the operating profits of the current period.

Statement items or financial indicators	Increase/Decrease at the end of the Reporting Period (January to September 2014) as compared with the same period of last year (January to September 2013)(%)	Details of and main reasons for changes
Other comprehensive income items which cannot be reclassified into profit or loss in subsequent accounting periods	Greater than 30%	Other comprehensive income items which cannot be reclassified into profit or loss in subsequent accounting periods increased from nil in the same period of last year to RMB95,400 in the current period due to the settlement by CSDCC Shenzhen Branch of the Company's gains on fractional shares historically arising from matters such as profit distribution and remittance thereof to our corporate account.
Net cash flows from operating activities	-77.85%	Net cash flows from operating activities decreased by RMB73,057,200 due to the year-on-year decrease in sales proceeds received in advance.
Net cash flows from financing activities	89.45%	Net cash flows from financing activities increased by RMB158,706,800 because no bank borrowing repayment and interest expense was recorded in the current period.

3 APPENDIX

The consolidated balance sheet, consolidated income statement and consolidated cash flow statement below are prepared by Maoye Logistics, which have not been reviewed or audited by the auditors of Maoye Logistics or the Company.

3.1 Consolidated Balance Sheet (as at 30 September 2014)

Item	As at 30 September 2014 RMB	As at 1 January 2014 RMB
Current assets:		
Cash and bank balance	158,830,881.74	190,356,057.52
Trading financial assets	760,517.71	714,787.23
Accounts receivable	15,884,185.63	37,666,261.85
Prepayments	5,502,088.20	4,587,659.51
Other receivables	10,848,275.98	3,099,867.64
Inventories	682,487,156.76	656,591,122.75
Other current assets	35,349,372.82	0
Total current assets	909,662,478.84	893,015,756.50
Non-current assets:		
Available-for-sale equity investments	5,000,000.00	5,000,000.00
Investment properties	251,997,466.14	259,498,304.46
Fixed assets	478,820,314.15	492,203,337.46
Construction in progress	4,180,202.98	2,775,870.59
Intangible assets	38,396,254.52	46,319,096.02
Long-term deferred expenditures	40,356,071.95	16,033,443.10
Deferred tax assets	8,581,502.35	6,358,427.40
Other non-current assets	1,011,142.27	1,011,142.27
Total non-current assets	828,342,954.36	829,199,621.30
Total assets	1,738,005,433.20	1,722,215,377.80

Item	As at 30 September 2014 RMB	As at 1 January 2014 RMB
Current liabilities:		
Accounts payable	166,949,314.12	218,146,204.11
Advances from customers	244,293,911.38	273,207,456.49
Staff remuneration payable	11,305,918.86	15,243,320.08
Taxes payable	15,782,861.14	-33,337,914.66
Dividend payable	874,026.67	874,026.67
Other payables	66,284,959.55	73,640,454.08
Total current liabilities	505,490,991.72	547,773,546.77
Non-current liabilities:		
Expected liabilities	3,389,148.74	4,003,627.00
Other non-current liabilities	2,310,679.75	2,561,231.58
Total non-current liabilities	5,699,828.49	6,564,858.58
Total liabilities	511,190,820.21	554,338,405.35
Owner's equity (or shareholders' equity):		
Paid-up capital (or share capital)	445,521,564.00	445,521,564.00
Capital reserve	417,555,182.09	417,459,829.28
Surplus reserve	38,476,426.68	38,476,426.68
Undistributed profit	320,696,579.05	261,806,090.50
Total equity attributable to owners of the parent	1,222,249,751.82	1,163,263,910.46
Minority interests	4,564,861.17	4,613,061.99
Total owners' equity	1,226,814,612.99	1,167,876,972.45
Total liabilities and owners' equity	1,738,005,433.20	1,722,215,377.80

3.2 Consolidated Income Statement (January to September 2014)

Item	For the nine months ended 30 September 2014 RMB	For the nine months ended 30 September 2013 RMB
1. Total operating revenue	1,348,500,462.08	1,577,973,677.66
Including: Operating revenue	1,348,500,462.08	1,577,973,677.66
2. Total cost of operations	1,233,804,761.26	1,471,690,802.78
Including: Operating cost	1,063,526,557.18	1,303,862,772.68
Business tax and surcharges	23,618,001.96	27,088,760.57
Selling expenses	96,750,604.50	105,991,864.51
Administrative expenses	36,185,285.90	34,444,089.37
Finance costs	-777,537.52	275,087.81
Impairment loss of assets	14,501,849.24	28,227.84
Add: Gain on changes in fair value: (loss stated with “-”)	45,730.48	-40,759.77
Investment income (loss stated with “-”)	500,000.00	500,000.00
3. Operating profit (loss stated with “-”)	115,241,431.30	106,742,115.11
Add: Non-operating income	1,831,291.73	310,306.88
Less: Non-operating expenses	4,205,351.02	430,736.51
Including: Loss from disposal of non-current assets	758,644.01	10,379.61
4. Total profit (loss stated with “-”)	112,867,372.01	106,621,685.48
Less: Income tax	35,313,225.12	30,781,193.25
5. Net profit (loss stated with “-”)	77,554,146.89	75,840,492.23
Net profit attributable to owners of the parent	77,602,347.71	75,939,397.74
Profit (loss) of minority interests	-48,200.82	-98,905.51
6. Earnings per share:		
(1) Basic earnings per share	0.1742	0.1705
(2) Diluted earnings per share	0.1742	0.1705
7. Other comprehensive income	95,352.81	0
8. Total comprehensive income	77,649,499.70	75,840,492.23
Total comprehensive income attributable to owners of the parent	77,697,700.52	75,939,397.74
Total comprehensive income attributable to minority	-48,200.82	-98,905.51

3.4 Consolidated Cash Flow Statement (January to September 2014)

Item	For the nine months ended 30 September 2014 RMB	For the nine months ended 30 September 2013 RMB
1. Cash flows from operating activities		
Cash received from product sales and rendering of services	1,464,105,272.29	1,786,842,866.01
Tax refunds received	11,044.76	0
Other cash received relating to operating activities	13,958,890.88	3,364,573.13
Sub-total of cash inflows from operating activities	1,478,075,207.93	1,790,207,439.14
Cash paid for purchase of goods and receipt of services	1,255,181,914.39	1,460,252,502.26
Cash paid to and on behalf of employees	61,496,394.14	64,357,258.77
Taxes and levies paid	92,508,402.42	102,239,240.19
Other cash paid relating to operating activities	48,100,705.84	69,513,417.56
Sub-total of cash outflows from operating activities	1,457,287,416.79	1,696,362,418.78
Net cash flow from operating activities	20,787,791.14	93,845,020.36
2. Cash flows from investment activities:		
Cash received from investment income	500,000.00	500,000.00
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	1,359,840.36	0
Sub-total of cash inflows from investment activities	1,859,840.36	500,000.00
Cash paid for acquisition and construction of fixed assets, intangible assets and other long-term assets	35,460,948.12	27,698,147.85
Sub-total of cash outflows from investment activities	35,460,948.12	27,698,147.85
Net cash flow from investment activities	-33,601,107.76	-27,198,147.85

Item	For the nine m onths ended 30 September 2014 RMB	For the nine m onths ended 30 September 2013 RMB
3. Cash flows from financing activities:		
Cash repayments of debts	0	164,000,000.00
Cash payment for interest expenses and distribution of dividend or profit	18,711,859.16	13,418,629.45
Sub-total of cash outflows from financing activities	18,711,859.16	177,418,629.45
Net cash flow from financing activities	-18,711,859.16	-177,418,629.45
4. Effect of foreign exchange rate change on cash and cash equivalents	0	0
5. Net increase in cash and cash equivalents	-31,525,175.78	-110,771,756.94
Add: Cash and cash equivalents at the beginning of the period	190,356,057.52	298,465,458.23
6. Cash and cash equivalents at the end of the reporting period	158,830,881.74	187,693,701.29

DEFINITIONS

“Maoye Logistics”	Maoye Logistics Corporation Ltd., a subsidiary of the Company and a joint stock limited company established in the PRC and listed on the Shenzhen Stock Exchange (stock code: 000889). As at the date of this announcement, the Company holds 208,074,832 shares in Maoye Logistics through Zhongzhao Investment, representing approximately 46.7% of its issued share capital;
“Company”	Maoye International Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the main board of the Stock Exchange;

“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange;
“PRC GAAP”	The PRC Accounting Standards and its supplementary Regulations;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“Zhongzhao Investment”	Zhongzhao Investment Management Co., Ltd. (中兆投資管理有限公司), a wholly-owned subsidiary of the Company incorporated in the PRC.

By Order of the Board
Maoye International Holdings Limited
Mr. Huang Mao Ru
Chairman

24 October 2014, Hong Kong

As at the date of this announcement, the Board comprises four executive directors, namely, Mr. Huang Mao Ru, Mr. Zhong Pengyi, Ms. Wang Fuqin and Mr. Wang Bin; and three independent non-executive directors, namely, Mr. Chow Chan Lum, Mr. Pao Ping Wing and Mr. Leung Hon Chuen.