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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 FIRST QUARTER RESULTS OF CHENGSHANG
FOR THE THREE MONTHS ENDED 31 MARCH 2013**

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 Chengshang, a subsidiary of the Company, has published its unaudited first quarter results for the three months ended 31 March 2013 (“the **Reporting Period**”) prepared pursuant to PRC GAAP.

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

1. KEY ACCOUNTING DATA AND FINANCIAL INDICATORS

Currency: RMB

	As at the end of the Reporting Period (As at 31 March 2013)	As at the end of previous year (As at 31 December 2012)	Increase/ (decrease) at the end of the Reporting Period as compared with the end of previous year (%)
Total assets (RMB)	2,229,620,960.40	2,232,066,845.37	-0.11
Owners' equity (or equity) (RMB)	959,043,416.30	928,123,477.35	3.33
Net assets per share attributable to Chengshang's shareholders (RMB/share)	1.68	1.63	3.07
		Reporting Period (January to March 2013)	Increase/ (decrease) as compared with the corresponding period of previous year (January to March 2012) (%)
Net cash flows from operating activities (RMB)		35,160,818.23	-68.13
Net cash flows from operating activities per share (RMB/share)		0.06	-76.00

	Reporting Period	Increase/ (decrease) during the Reporting Period as compared with the corresponding period of previous year (January to March 2012) (%)
Net profit attributable to Chengshang's shareholders (RMB)	48,033,128.66	2.66
Basic earnings per share (RMB/share)	0.0842	2.68
Basic earnings per share after extraordinary items (RMB/share)	0.0804	-3.60
Diluted earnings per share (RMB/share)	0.0842	2.68
Weighted average return on net assets (%)	5.04	A decrease of 0.68 percentage point
Weighted average return on net assets after extraordinary items (%)	4.82	A decrease of 0.99 percentage point

Currency: RMB

Deducting Extraordinary Item and Amount

Items	Amount (RMB)
Profit/loss on disposal of non-current assets	2,447,210.74
Government grants	61,920.00
Other non-operating income and expenses other than the above items	389,313.02
Amount of income tax effect	-723,185.81
Minority interests (After tax)	<u>1,872.33</u>
Total	<u><u>2,177,130.28</u></u>

2. SIGNIFICANT EVENTS

2.1 Description and reasons for substantial changes in balance sheet items

Items	As at 31 March 2013 (RMB)	As at 31 December 2012 (RMB)	Amount of change (RMB)	Percentage of change
Prepayments	10,718,331.50	4,979,347.47	5,738,984.03	115.26%
Short-term borrowings	40,000,000.00	120,000,000.00	-80,000,000.00	-66.67%
Bills payable	—	28,298,204.29	-28,298,204.29	-100.00%
Tax payable	15,934,200.54	32,589,769.93	-16,655,569.39	-51.11%
Dividends payable	17,801,654.78	688,465.07	17,113,189.71	2485.70%
Non-current liabilities				
due within one year	22,171,100.00	88,684,400.00	-66,513,300.00	-75.00%
Other current liabilities	150,479,166.67	—	150,479,166.67	NA

Reasons for changes:

- (1) Increase in prepayments was mainly due to the increase of prepayments of goods and project funds during the Reporting Period.
- (2) Decrease in short-term borrowings was mainly due to the early loan repayment of RMB 80 million by Chengshang during the Reporting Period.
- (3) Decrease in bills payable was mainly due to the payment of bank acceptance bills which were due for payment during the Reporting Period.
- (4) Decrease in tax payable was mainly due to the payment of certain taxes in the accounts to the State Administration of Taxation (國家稅務總局) and Local Taxation Bureau (地方稅務局) during the Reporting Period.
- (5) Increase in dividends payable was mainly due to the declaration of cash dividends of RMB 0.3 (tax inclusive) per 10 shares for all shareholders at the 2012 Annual General Meeting of Chengshang held on 21 March 2013. Such dividends remained unpaid as at the end of the Reporting Period.
- (6) Decrease in non-current liabilities due within one year was mainly due to repayment of certain long-term loans by Chengshang.
- (7) Increase in other current liabilities was mainly due to the issuance by Chengshang of short-term financing notes with a principal amount of RMB150 million with a term of one year.

2.2 Description and reasons for substantial changes in income statement items

Items	January to March 2013 (RMB)	January to March 2012 (RMB)	Amount of change (RMB)	Percentage of change
Finance cost	3,732,384.17	7,480,527.48	-3,748,143.31	-50.11%
Income from investment	-447,527.23	6,168,565.08	-6,616,092.31	-107.25%
Non-operating revenue	2,927,872.38	1,358,626.09	1,569,246.29	115.50%
Non-operating expenditure	29,428.62	1,833,453.60	-1,804,024.98	-98.39%
Net profit attributable to the owners of Chengshang	48,033,128.66	46,790,332.08	1,242,796.58	2.66%

Reasons for changes:

- (1) Decrease in finance cost was mainly due to the decrease in interest arising from the decrease in loans.
- (2) Decrease in the investment income was mainly due to the following: Chengshang is not able to make reasonable estimate of the income receivable from Chengdu Shangsha Pacific Department Store Co., Ltd. (“**Chengdu Pacific**”) pursuant to the arbitration award from the China International Economic and Trade Arbitration Commission on April 20, 2012 ((2012) Zhong Guo Mao Zhong Jing Cai Zi No. 0200) and hence the income receivable from Chengdu Pacific was not recognized during the Reporting Period. The amount of RMB6 million actually received was fully offset against other accounts receivable. The income recognised by Chengshang for the corresponding period of previous year was RMB5.3 million.
- (3) Increase in non-operating income was mainly due to the revenue received by Chengshang from the sale of operation right of Lotus Pond Shop during the Reporting Period.
- (4) Decrease in non-operating expenses was mainly due to the compensation payment for early termination of the leasing agreement when Qingjiang Store ceased operation in the same period of last year.

(5) Profit attributable to the owners of Chengshang: Chengshang did not recognize the income from Chengdu Pacific in the Reporting Period due as Chengshang is not able to make reasonable estimate on the income receivable from Chengdu Pacific pursuant to the arbitration award from the China International Economic and Trade Arbitration Commission on April 20, 2012 ((2012) Zhong Guo Mao Zhong Jing Cai Zi No. 0200). The amount of RMB6 million actually received was fully offset against other accounts receivable, subject to circulation tax and income tax of RMB2 million. The income recognised by Chengshang for the corresponding period of previous year was RMB5.30 million. Without taking into account the effect of the aforesaid factor, the net profit attributable to the owners of Chengshang during the Reporting Period increased by 16.91% as compared with the same period in the last year.

2.3 Description and reasons for substantial changes in cash flow statement items

Items	January to March 2013 (RMB)	January to March 2012 (RMB)	Amount of change (RMB)	Percentage of change
Net cash flows from operating activities	35,160,818.23	110,342,111.45	-75,181,293.22	-68.13%
Net cash flows from financing activities	-28,535,349.15	-54,074,324.07	25,538,974.92	NA

Reasons for changes:

- (1) Decrease in the net cash flows from operating activities was mainly due to the increase in payments made in respect of goods during the Reporting Period as compared to the corresponding period last year.
- (2) Increase in the net cash flows from financing activities was mainly due to the issuance of short-term financing notes with a principal amount of RMB150 million and the increase in loan repayment of RMB 126 million by Chengshang during the Reporting Period as compared to the corresponding period last year.

2.4 Progress of major events, their effects as well as the analysis of relevant solutions

- (1) Dispute relating to the demolition and relocation agreement entered into with Sichuan Province Zhuxin Housing Demolition and Relocation Services Co., Limited (四川省住信房屋拆遷服務有限公司)**

For the details of the summary of this case, please refer to the previous announcements and reports issued by Chengshang. There was no new progress during the Reporting Period.

- (2) Arbitration and litigation relating to the disputes over the cooperation agreement between Chengshang and Pacific China Holdings Co., Ltd. (太平洋中國控股有限公司)**

For the details of the summary of this case, please refer to the previous announcements and reports issued by Chengshang. There was no new progress during the Reporting Period.

2.5 Implementation of the cash dividend policy during the Reporting Period

The 2012 profit distribution resolution that for every share held, a cash dividend of RMB 0.03 (tax inclusive) will be distributed to shareholders of Chengshang was considered and approved at the 2012 Annual General Meeting of Chengshang.

3 APPENDIX

The following consolidated balance sheet, consolidated income statement and consolidated cash flow statement were prepared by Chengshang and had not been reviewed or audited by the auditors of Chengshang or the Company.

3.1 Consolidated Balance Sheet

Item	As at 31 March 2013 (RMB)	As at 1 January 2013 (RMB)
Current assets:		
Cash and bank balance	94,927,977.85	127,505,433.29
Accounts receivable	9,805,731.54	11,132,424.19
Prepayments	10,718,331.50	4,979,347.47
Dividend receivable	839,145.98	939,145.98
Other receivables	90,116,349.24	104,498,626.10
Inventories	180,073,579.84	180,990,226.84
Total current assets	386,481,115.95	430,045,203.87
Non-current assets:		
Long-term equity investments	209,106,694.60	211,781,621.83
Investment properties	98,462,018.58	99,844,140.88
Fixed assets	443,468,841.42	448,223,953.61
Construction in progress	714,636,448.22	660,166,508.46
Intangible assets	309,040,246.87	311,342,462.90
Goodwill	31,778,249.77	31,778,249.77
Long-term deferred expenditures	19,608,074.74	22,019,219.12
Deferred tax asset	17,039,270.25	16,865,484.93
Total non-current assets	1,843,139,844.45	1,802,021,641.50
Total assets	2,229,620,960.40	2,232,066,845.37

3.1 Consolidated Balance Sheet (continued)

Item	As at 31 March 2013 (RMB)	As at 1 January 2013 (RMB)
Current liabilities:		
Short-term borrowings	40,000,000.00	120,000,000.00
Notes payable	0	28,298,204.29
Accounts payable	358,637,043.15	332,649,332.41
Advances from customers	89,273,553.87	96,829,284.72
Staff remuneration payable	10,378,378.98	12,729,501.34
Taxes payable	15,934,200.54	32,589,769.93
Interest payable	998,554.13	1,349,743.33
Dividend payable	17,801,654.78	688,465.07
Other payables	91,605,645.24	94,341,307.46
Non-current liabilities due within one year	22,171,100.00	88,684,400.00
Other current liabilities	150,479,166.67	0
Total current liabilities	797,279,297.36	808,160,008.55
Non-current liabilities:		
Long-term borrowings	435,613,500.00	457,784,600.00
Deferred tax liabilities	8,676,242.28	8,747,852.70
Total non-current liabilities	444,289,742.28	466,532,452.70
Total liabilities	1,241,569,039.64	1,274,692,461.25
Owner's equity (or shareholders' equity):		
Paid-up capital (or share capital)	570,439,657.00	570,439,657.00
Capital reserve	30,192,153.20	30,192,153.20
Surplus reserve	111,812,632.90	111,812,632.90
Undistributed profit	246,598,973.20	215,679,034.25
Total owners' equity attributable to the parent	959,043,416.30	928,123,477.35
Minority interests	29,008,504.46	29,250,906.77
Total owners' equity	988,051,920.76	957,374,384.12
Total liabilities and owners' equity	2,229,620,960.40	2,232,066,845.37

3.2 Consolidated Income Statement

Item	January to March 2013 (RMB)	January to March 2012 (RMB)
1. Total operating revenue	619,841,976.02	605,723,439.89
Including: Operating revenue	619,841,976.02	605,723,439.89
2. Total cost of operations	555,921,089.84	547,570,361.35
Including: Operating cost	485,776,253.73	468,501,827.51
Business tax and surcharges	10,125,814.60	10,564,502.42
Selling expenses	47,637,426.24	52,099,090.05
Administrative expenses	8,649,211.10	8,924,413.89
Finance costs	3,732,384.17	7,480,527.48
Add: Investment income (loss stated with “-”)	-447,527.23	6,168,565.08
Including: Investment income from associated companies and jointly controlled entities	-1,091,636.20	5,482,558.39
3. Operating profit (loss stated with “-”)	63,473,358.95	64,321,643.62
Add: Non-operating income	2,927,872.38	1,358,626.09
Less: Non-operating expenses	29,428.62	1,833,453.60
Including: Loss from disposal of non-current asset	27,061.65	1,103,996.38
4. Total profit (loss stated with “-”)	66,371,802.71	63,846,816.11
Less: Income tax	18,581,076.36	17,195,220.33
5. Net profit (loss stated with “-”)	47,790,726.35	46,651,595.78
Net profit attributable to owners of the parent	48,033,128.66	46,790,332.08
Profit (loss) of minority interests	-242,402.31	-138,736.30
6. Earnings per share:		
(1) Basic earnings per share	0.0842	0.0820
(2) Diluted earnings per share	0.0842	0.0820
7. Other comprehensive income	-35,574.00	0
8. Total comprehensive income	47,755,152.35	46,651,595.78
Total comprehensive income attributable to owners of the parent	47,997,554.66	46,790,332.08
Total comprehensive income attributable to minority shareholders	-242,402.31	-138,736.30

3.3 Consolidated Cash Flow Statement

Item	January to March 2013 (RMB)	January to March 2012 (RMB)
1. Cash flows from operating activities		
Cash received from product sales and rendering of services	693,561,441.20	684,090,606.95
Other cash received relating to operating activities	3,929,756.38	3,932,944.50
Sub-total of cash inflows from operating activities	697,491,197.58	688,023,551.45
Cash paid for purchase of goods and receipt of services	551,081,060.02	464,852,962.44
Cash paid to and on behalf of employees	21,371,726.85	21,326,100.85
Taxes and levies paid	59,055,858.64	58,268,609.87
Other cash paid relating to operating activities	30,821,733.84	33,233,766.84
Sub-total of cash outflows from operating activities	662,330,379.35	577,681,440.00
Net cash flow from operating activities	35,160,818.23	110,342,111.45
2. Cash flows from investment activities:		
Cash received from disposal of investments	0	230,550,794.67
Cash received from returns on investments	6,445,600.00	6,135,212.02
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	4,238,599.00	58.35
Net cash received from disposal of subsidiaries and other business entity	2,582,000.00	0
Sub-total of cash inflows from investment activities	13,266,199.00	236,686,065.04
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	52,469,123.52	60,410,020.94
Cash paid for investments	0	230,000,000.00

3.3 Consolidated Cash Flow Statement (continued)

Item	January to March 2013 (RMB)	January to March 2012 (RMB)
Sub-total of cash outflows from investment activities	52,469,123.52	290,410,020.94
Net cash flow from investment activities	-39,202,924.52	-53,723,955.90
3. Cash flows from financing activities:		
Cash received from issuance of notes	150,000,000.00	0
Sub-total of cash inflows from financing activities	150,000,000.00	0
Cash repayments of debts	168,684,400.00	42,171,100.00
Cash payment for interest expenses and distribution of dividend or profit	9,850,949.15	11,903,224.07
Sub-total of cash outflows from financing activities	178,535,349.15	54,074,324.07
Net cash flow from financing activities	-28,535,349.15	-54,074,324.07
4. Effect of foreign exchange rate change on cash and cash equivalents	0	0
5. Net increase in cash and cash equivalents	-32,577,455.44	2,543,831.48
Add: Cash and cash equivalents at the beginning of year	127,505,433.29	116,933,340.41
6. Cash and cash equivalents at the end of the Reporting Period	94,927,977.85	119,477,171.89

DEFINITION

“Chengshang”	Chengshang Group Co., Ltd (成商集團股份有限公司), a subsidiary of the Company and a joint stock limited company established in the PRC and listed on the Shanghai Stock Exchange (stock code: 600828). As at the date of this announcement, the Company holds 388,161,764 shares in Chengshang through Maoye Shangsha, representing approximately 68.05% 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;
“Maoye Shangsha”	Shenzhen Maoye Shangsha Company Limited (深圳茂業商廈有限公司), a wholly owned subsidiary of the Company incorporated in the PRC;
“PRC GAAP”	The PRC Accounting Standards and its supplementary regulations; and
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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

25 April 2013, 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.