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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 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 Chengshang, a subsidiary of the Company, has published its unaudited first quarter results for the three months ended 31 March 2014 (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

	As at 31 March 2014	As at 31 December 2013	Increase/ (decrease) as at 31 March 2014 compared with 31 December 2013 (%)
Total assets (RMB)	2,264,491,644.43	2,310,888,763.87	-2.01
Equity attributable to shareholders of Chengshang (RMB)	1,115,666,151.19	1,115,516,387.45	0.01
	For the three months ended 31 March 2014 (January to March 2014)	Corresponding period of previous year (January to March 2013)	Increase/ (decrease) as compared with the corresponding period of previous year (January to March 2013) (%)
Net cash flows from operating activities (RMB)	112,241,117.55	35,160,818.23	219.22

	For the three months ended 31 March 2014 (January to March 2014)	Corresponding period of previous year (January to March 2013)	Increase/ (decrease) as compared with the corresponding period of previous year (January to March 2013) (%)
Operating revenue (RMB)	638,248,570.84	619,841,976.02	2.97
Net profit attributable to Chengshang's shareholders (RMB)	51,489,332.87	48,033,128.66	7.20
Net profit attributable to Chengshang's shareholders after extra ordinary items (RMB)	51,632,526.55	45,855,998.38	12.60
Weighted average return on net assets (%)	4.51	5.04	A decrease of 0.53 percentage point
Basic earnings per share (RMB/share)	0.0903	0.0842	7.20
Diluted earnings per share (RMB/share)	0.0903	0.0842	7.20

Deducting extraordinary item and amount:

Item	For the three months ended 31 March 2014 RMB	Note
Profit/loss on disposal of non-current assets	-401,954.35	Net loss on disposal of fixed assets
Government subsidies credited to profit and loss for the current period (other than government subsidies closely related to the Company's business and granted in standard fixed amount or fixed continuous amount according to national policy standard)	198,700.00	
Other non-operating income and expenses other than the above items	61,864.81	
Income tax effect	-44,161.78	
Effect on minority interests (after tax)	<u>42,357.64</u>	
Total	<u><u>-143,193.68</u></u>	

2. SIGNIFICANT EVENTS

2.1 Description and reasons for substantial changes in balance sheet items

Unit & currency: RMB

Items	As at 31 March 2014	As at 31 December 2013	Amount of change	Percentage of change
Cash and bank balance	23,386,598.79	77,588,465.08	-54,201,866.29	-69.86%
Dividend receivable	5,680,991.20	3,519,000.00	2,161,991.20	61.44%
Short-term loan	45,000,000.00	25,000,000.00	20,000,000.00	80.00%
Notes payable	2,900,000.00	1,550,000.00	1,350,000.00	87.10%
Dividend payable	51,772,911.43	433,342.30	51,339,569.13	11847.35%
Other current liabilities	0	155,571,993.20	-155,571,993.20	-100.00%

Reasons for changes:

- (1) The decrease in cash and bank balance is mainly due to the repayment of the principal amount and interests of short-term financing notes by Chengshang during the Reporting Period.
- (2) The increase in dividend receivable is mainly due to the increase of cash dividend declared but unpaid which is receivable by Chengshang during the Reporting Period.
- (3) The increase in short-term loan is mainly due to the new bank loans obtained by Chengshang during the Reporting Period.
- (4) The increase in notes payable is mainly due to the increase of acceptance notes of Chengshang during the Reporting Period.
- (5) The increase in dividend payable is mainly due to the declaration of cash dividend of RMB0.9 (tax inclusive) for every ten shares by Chengshang to all its shareholders at the 2013 annual general meeting on 20 March 2014. The dividends have not been paid as of the Reporting Period.
- (6) The decrease in other current liabilities is mainly due to the maturity and the repayment of principal amount and interests of short-term financing notes (the principal and interests shall be paid within one-year maturity) issued by Chengshang in March 2013, during the Reporting Period.

2.2 Description and reasons for substantial changes in income statement items

Unit & currency: RMB

Items	January to March 2014	January to March 2013	Amount of change	Percentage of change
Administration expense	13,908,162.75	8,649,211.10	5,258,951.65	60.80%
Finance cost	6,448,464.83	3,732,384.17	2,716,080.66	72.77%
Investment income	5,680,991.20	-447,527.23	6,128,518.43	N/A
Non-operating income	280,578.35	2,927,872.38	-2,647,294.03	-90.42%
Non-operating expense	421,967.89	29,428.62	392,539.27	1333.87%

Reasons for changes:

- (1) The increase in administration expense is mainly due to the increase of depreciation and amortization expenses of Chengshang during the Reporting Period.
- (2) The increase in finance cost is mainly due to the funds and interest thereon related to the assets of Chengshang Maoye Center and Chengdu Maoye Complex projects which have been put into use are included in finance cost during the Reporting Period.
- (3) The increase in investment income is mainly due to the increase of cash dividend declared but undistributed which is receivable by Chengshang during the Reporting Period.
- (4) The decrease in non-operating income is mainly due to the income of RMB2.47 million received by Changshang by transferring the operating rights of shops in Hehuachi during previous reporting period.
- (5) The increase in non-operating expense is mainly due to the net loss of RMB0.4 million arising from the disposal of fixed assets by Chengshang during the Reporting Period.

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

Unit & currency: RMB

Items	January to March 2014	January to March 2013	Amount of change	Percentage of Change (%)
Net cash flows from operating activities	112,241,117.55	35,160,818.23	77,080,299.32	219.22%
Net cash flows from investment activities	-23,246,372.47	-39,202,924.52	15,956,552.05	N/A
Net cash flows from financing activities	-143,601,611.37	-28,535,349.15	-115,066,262.22	N/A

Reasons for changes:

- (1) The decrease in net cash flows from operating activities is mainly due to the decrease of cash paid for purchase of commodities during the Reporting Period compared to the corresponding period of last year.
- (2) The increase in net cash flows from investment activities is mainly due to the decrease of Chengshang's investment in Maoye Complex, Chengshang Maoye Center project and Jiuyanqiao project during the Reporting Period compared to previous reporting period.
- (3) The decrease in net cash flows from financing activities is mainly due to the payment of principal amount and interest of Chengshang's short-term financing notes which became due during the Reporting Period.

3 APPENDIX

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

3.1 Consolidated Balance Sheet

Item	As at 31 March 2014 RMB	As at 1 January 2014 RMB
Current assets:		
Cash and bank balance	23,386,598.79	77,588,465.08
Accounts receivable	8,680,044.85	11,180,633.55
Prepayments	16,717,981.01	13,002,635.74
Dividend receivable	5,680,991.20	3,519,000.00
Other receivables	93,365,403.92	96,181,584.99
Inventories	179,234,001.17	189,227,286.94
Non-current assets due within one year	0	0
Total current assets	327,065,020.94	390,699,606.30
Non-current assets:		
Long-term equity investments	136,893,996.37	136,893,996.37
Investment properties	107,877,879.56	109,095,044.90
Fixed assets	832,185,560.00	840,321,930.59
Construction in progress	396,000,506.84	364,058,593.37
Intangible assets	398,387,857.00	401,702,176.39
Goodwill	26,740,083.09	26,740,083.09
Long-term deferred expenditures	19,827,461.59	21,864,347.70
Deferred tax asset	19,513,279.04	19,512,985.16
Total non-current assets	1,937,426,623.49	1,920,189,157.57
Total assets	2,264,491,644.43	2,310,888,763.87

3.1 Consolidated Balance Sheet (continued)

Item	As at 31 March 2014 RMB	As at 1 January 2014 RMB
Current liabilities:		
Short-term borrowings	45,000,000.00	25,000,000.00
Notes payable	2,900,000.00	1,550,000.00
Accounts payable	455,351,876.40	390,949,243.64
Advances	63,706,478.50	79,908,469.52
Staff remuneration payable	10,794,247.88	14,029,657.61
Taxes payable	10,511,122.91	13,235,881.96
Interest payable	845,677.36	806,444.00
Dividend payable	51,772,911.43	433,342.30
Other payables	92,924,000.27	98,753,581.52
Non-current liabilities due within one year	79,795,500.00	68,684,400.00
Other current liabilities	0	155,571,993.20
Total current liabilities	813,601,814.75	848,923,013.75
Non-current liabilities:		
Long-term borrowings	297,989,100.00	309,100,200.00
Deferred tax liabilities	8,696,227.78	8,520,562.14
Total non-current liabilities	306,685,327.78	317,620,762.14
Total liabilities	1,120,287,142.53	1,166,543,775.89
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	136,379,908.04	136,379,908.04
Undistributed profit	378,654,432.95	378,504,669.21
Total owners' equity attributable to		
Chengshang	1,115,666,151.19	1,115,516,387.45
Minority interests	28,538,350.71	28,828,600.53
Total owners' equity	1,144,204,501.90	1,144,344,987.98
Total liabilities and owners' equity	2,264,491,644.43	2,310,888,763.87

3.2 Consolidated Income Statement (for the three months ended 31 March 2014)

Item	For the three months ended 31 March 2014 (January to March 2014) RMB	For the three months ended 31 March 2013 (January to March 2013) RMB
1. Total operating revenue	638,248,570.84	619,841,976.02
Including: Operating revenue	638,248,570.84	619,841,976.02
2. Total cost of operations	576,865,593.65	555,921,089.84
Including: Operating cost	500,073,073.07	485,776,253.73
Business tax and surcharges	9,484,602.53	10,125,814.60
Sales expenses	46,951,290.47	47,637,426.24
Administrative expenses	13,908,162.75	8,649,211.10
Finance costs	6,448,464.83	3,732,384.17
Add: Gains on fair value changes (loss stated with “-”)		
Investment income (loss stated with “-”)	5,680,991.20	-447,527.23
Including: Investment income from associated companies and jointly controlled entities	0	-1,091,636.20
3. Operating profit (loss stated with “-”)	67,063,968.39	63,473,358.95
Add: Non-operating income	280,578.35	2,927,872.38
Less: Non-operating expenses	421,967.89	29,428.62
Including: Loss from disposal of non-current asset	400,937.26	27,061.65
4. Total profit (loss stated with “-”)	66,922,578.85	66,371,802.71
Less: Income tax	15,723,495.80	18,581,076.36
5. Net profit (loss stated with “-”)	51,199,083.05	47,790,726.35
Net profit attributable to owners of Chengshang	51,489,332.87	48,033,128.66
Profit (loss) of minority interests	-290,249.82	-242,402.31
6. Earnings per share:		
(1) Basic earnings per share	0.0903	0.0842
(2) Diluted earnings per share	0.0903	0.0842
7. Other comprehensive income	0	-35,574.00
8. Total comprehensive income	51,199,083.05	47,755,152.35
Total comprehensive income attributable to owners of Chengshang	51,489,332.87	47,997,554.66
Total comprehensive income attributable to minority shareholders	-290,249.82	-242,402.31

3.3 Consolidated Cash Flow Statement

Item	For the three months ended 31 March 2014 (January to March 2014) RMB	For the three months ended 31 March 2013 (January to March 2013) RMB
1. Cash flows from operating activities		
Cash received from product sales and rendering of services	697,257,224.72	693,561,441.20
Other cash received relating to operating activities	3,635,016.12	3,929,756.38
Sub-total of cash inflows from operating activities	700,892,240.84	697,491,197.58
Cash paid for purchase of goods and receipt of services	479,614,970.92	551,081,060.02
Cash paid to and on behalf of employees	22,362,171.95	21,371,726.85
Taxes and levies paid	40,472,552.14	59,055,858.64
Other cash paid relating to operating activities	46,201,428.28	30,821,733.84
Sub-total of cash outflows from operating activities	588,651,123.29	662,330,379.35
Net cash flow from operating activities	112,241,117.55	35,160,818.23
2. Cash flows from investment activities:		
Cash received from disposal of investments	0	0
Cash received from returns on investments	3,519,000.00	6,445,600.00
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	142,000.00	4,238,599.00
Net cash received from disposal of subsidiaries and other operated entities	0	2,582,000.00
Sub-total of cash inflows from investment activities	3,661,000.00	13,266,199.00
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	26,907,372.47	52,469,123.52
Cash paid for investments	0	0
Net cash received from acquisition of subsidiaries and other operated entities	0	0
Sub-total of cash outflows from investment activities	26,907,372.47	52,469,123.52
Net cash flow from investment activities	-23,246,372.47	-39,202,924.52

3.3 Consolidated Cash Flow Statement (continued)

Item	For the three months ended 31 March 2014 (January to March 2014) RMB	For the three months ended 31 March 2013 (January to March 2013) RMB
3. Cash flows from financing activities:		
Cash received from borrowings	20,000,000.00	0
Cash received from notes issuance	0	150,000,000.00
Sub-total of cash inflows from financing activities	20,000,000.00	150,000,000.00
Cash repayments of debts	150,000,000.00	168,684,400.00
Cash payment for interest expenses and distribution of dividend or profit	13,601,611.37	9,850,949.15
Sub-total of cash outflows from financing activities	163,601,611.37	178,535,349.15
Net cash flow from financing activities	-143,601,611.37	-28,535,349.15
4. Effect of foreign exchange rate change on cash and cash equivalents	0	0
5. Net increase in cash and cash equivalents	-54,606,866.29	-32,577,455.44
Add: Cash and cash equivalents at the beginning of year	77,123,465.08	127,505,433.29
6. Cash and cash equivalents at the end of the period	22,516,598.79	94,927,977.85

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). At the date of this announcement, the Company holds 388,226,763 shares in Chengshang through Maoye Shangsha, representing approximately 68.06% 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
“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 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.