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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 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 Maoye Logistics, a subsidiary of the Company, has published its unaudited third quarter results for the nine months ended 30 September 2013 (the “**Reporting Period**”) prepared pursuant to PRC GAAP.

Highlights

Total operating revenue increased by 9.03% to RMB 1,577,973,678 as compared with the corresponding period of previous year;

Operating profit decreased by 1.45% to RMB 106,742,115 as compared with the corresponding period of previous year;

Net profit attributable to owners of the parent decreased by 5.47% to RMB 75,939,397 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

	As at 30 September 2013	As at 31 December 2012 (after restatement)	Increase/decrease (%)	
Total assets(RMB)	1,701,286,812.32	1,829,523,542.87	-7.01	
Equity attributable to shareholders of Maoye Logistics (RMB)	1,146,299,550.75	1,081,498,103.82	5.99	
	For the three months ended 30 September 2013 (July to September 2013)	Increase/ (decrease) as compared with the corresponding period of previous year (after restatement) (%)	For the nine months ended 30 September 2013 (January to September 2013)	Increase/ (decrease) as compared with the corresponding period of previous year (after restatement) (%)
Total operating revenue (RMB)	463,079,253.41	13.02	1,577,973,677.66	9.03
Net profit attributable to shareholders of Maoye Logistics (RMB)	17,848,233.60	-4.39	75,939,397.74	-5.47
Net profit attributable to shareholders of Maoye Logistics after extraordinary items (RMB)	17,630,462.83	-5.91	76,127,641.11	-4.80
Net cash flows from operating activities (RMB)	—	—	93,845,020.36	-20.29
Basic earnings per share (RMB/Share)	0.0401	-4.30	0.1705	-5.44
Diluted earnings per share (RMB/Share)	0.0401	-4.30	0.1705	-5.44
Weighted average return on net assets (%)	1.57	A decrease of 0.21 percentage points	6.81	A decrease of 1.01 percentage points

Note: During the Reporting Period, the share capital of Maoye Logistics for basic earnings per share/diluted earnings per share after restatement and before restatement were 445,521,564 and 338,707,568, respectively.

**For the nine months
ended 30 September
2013
RMB**

Items of non-recurring gains and losses

Gain (loss) on disposal of non-current assets	-8,908.46
Government subsidies	34,918.00
Excluding effective hedging business in the ordinary course of business of Maoye Logistics, profit (loss) on 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	-40,759.77
Other non-operating income and expenses other than the above items	-146,439.17
Income tax effect	-27,445.16
Effect on minority interests	391.19
Total	-188,243.37

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 2013) as compared to the end of previous year (31 December 2012)	Details of and main reasons for changes
Cash	-37.11%	Cash decreased by RMB110.7718 million due to repayment of bank loans by Maoye Logistics.
Construction in progress	>30.00%	Construction in progress increased by RMB15.3856 million due to reconstruction of Maoye Logistics's outlets at Qinhuangdao Shangcheng.
Short-term borrowings	-100.00%	Short-term borrowings decreased by RMB84 million due to repayment of bank loans by Maoye Logistics.
Staff remuneration payable	-31.41%	Staff remuneration payable decreased by RMB5.2460 million as a result of contributions made to social insurance for the current month and payment of wages payable.
Taxes payable	-37.67%	Taxes payable decreased by RMB14.2667 million due to taxes paid and excess VAT paid by Maoye Logistics previously.

Interest payable	-100.00%	Interest payable decreased by RMB186,000 as provision for interest payable was no longer required after full repayment of bank loans by Anhui Guorun, a subsidiary of Maoye Logistics.
Long-term borrowings	-100.00%	Long-term borrowings decreased by RMB80 million after repayment of bank loans by Maoye Logistics.
Accrued liabilities	35.64%	Accrued liabilities increased by RMB1.1326 million due to provision for membership card bonus rebate.
Undistributed profits	34.23%	Undistributed profits increased by RMB64.8014 million due to earnings of Maoye Logistics.

Statement items or financial indicators	Increase/(decrease) in the Reporting Period (for the nine months ended 30 September 2013) as compared to the corresponding period of previous year	Details of and main reasons for changes
Finance costs	-97.97%	Finance costs decreased by RMB13.2453 million due to the decrease in interest on borrowings after repayment of long-term and short-term borrowings by Maoye Logistics.
Impairment loss of assets	-95.09%	Impairment loss of assets decreased by RMB547,100 due to a decrease in the provision for bad debts.

Gain (loss) on changes in fair value	-355.56%	Gain (loss) on changes in fair value decreased by RMB31,800 due to a decrease in the market value of the funds held.
Net non-operating income and expenses	-124.34%	Net non-operating income and expenses decreased by RMB615,300 due to a decrease in the income from handling fees for VAT withholding amounts.
Profit (loss) of minority interests	-7,952.14%	Profit (loss) of minority interests decreased by RMB100,200 due to losses incurred by an indirect subsidiary, Anhui Xinchangjiang Commodity Trading Co., Ltd. (安徽新長江商品交易有限公司)
Net cash flow from investment activities	-59.80%	Net cash flow from investment activities decreased by RMB10.1777 million due to reconstruction expenses incurred by Maoye Logistics's outlet at Qinhuangdao Shangcheng.
Net cash flow from financing activities	-130.63%	Net cash flow from financing activities decreased by RMB100.4909 million due to repayment of bank loans by Maoye Logistics.
Net increase in cash and cash equivalents	-565.80%	Net increase in cash and cash equivalents decreased by RMB134.5528 million due to repayment of bank loans by Maoye Logistics.

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

Item	As at 30 September	As at 1 January
	2013	2013
	RMB	RMB
Current assets:		
Cash and bank balance	187,693,701.29	298,465,458.23
Trading financial assets	732,681.76	773,441.53
Accounts receivable	31,091,911.45	35,451,232.22
Prepayments	14,473,806.29	16,927,237.58
Other receivables	5,135,860.21	5,096,790.37
Inventories	648,291,128.11	644,355,896.88
Total current assets	887,419,089.11	1,001,070,056.81
Non-current assets:		
Long-term equity investments	5,000,000.00	5,000,000.00
Investment properties	262,457,584.63	269,633,375.76
Fixed assets	456,668,575.38	472,230,070.13
Construction in progress	15,385,610.67	0
Intangible assets	48,910,880.31	56,887,438.29
Long-term deferred expenditures	15,677,053.71	14,840,581.64
Deferred tax assets	8,756,876.24	8,850,877.97
Other non-current assets	1,011,142.27	1,011,142.27
Total non-current assets	813,867,723.21	828,453,486.06
Total assets	1,701,286,812.32	1,829,523,542.87

Item	As at 30 September 2013 RMB	As at 1 January 2013 RMB
Current liabilities:		
Short-term borrowings	0	84,000,000.00
Accounts payable	202,901,643.68	241,237,068.10
Advances from customers	322,981,237.47	290,923,492.26
Staff remuneration payable	11,456,571.42	16,702,526.30
Taxes payable	-52,142,763.27	-37,876,073.37
Interest payable	0	185,956.27
Dividend payable	874,026.67	874,026.67
Other payables	57,391,779.50	61,487,380.21
Total current liabilities	543,462,495.47	657,534,376.44
Non-current liabilities:		
Long-term borrowings	0	80,000,000.00
Expected liabilities	4,310,762.00	3,178,153.00
Other non-current liabilities	2,561,231.58	2,561,231.58
Total non-current liabilities	6,871,993.58	85,739,384.58
Total liabilities	550,334,489.05	743,273,761.02
Owners' equity (or shareholders' equity):		
Paid-up capital (or share capital)	445,521,564.00	445,521,564.00
Capital reserve	417,459,829.28	417,459,829.28
Surplus reserve	29,186,050.93	29,186,050.93
Undistributed profit	254,132,106.54	189,330,659.61
Total equity attributable to owners of the parent	1,146,299,550.75	1,081,498,103.82
Minority interests	4,652,772.52	4,751,678.03
Total owners' equity	1,150,952,323.27	1,086,249,781.85
Total liabilities and owners' equity	1,701,286,812.32	1,829,523,542.87

3.2 Consolidated Income Statement (for the three months ended 30 September 2013)

Item	For the three months ended 30 September 2013 RMB	For the three months ended 30 September 2012 RMB
1. Total operating revenue	463,079,253.41	409,741,951.16
Including: Operating revenue	463,079,253.41	409,741,951.16
2. Total cost of operations	438,145,648.07	385,136,503.60
Including: Operating cost	383,026,084.82	329,024,956.98
Business tax and surcharges	6,831,448.00	7,635,039.43
Sales expenses	37,500,188.72	33,264,428.02
Administrative expenses	10,955,671.13	9,743,030.04
Finance costs	-167,744.60	5,469,049.13
Impairment loss of assets	0	0
Add: Gain on changes in fair value: (loss stated with “-”)	76,548.84	-50,701.17
Investment income (loss stated with “-”)	500,000.00	500,000.00
3. Operating profit (loss stated with “-”)	25,510,154.18	25,054,746.39
Add: Non-operating income	206,720.16	229,929.64
Less: Non-operating expenses	49,898.01	255,919.56
Including: Loss from disposal of non-current assets	9,889.61	0
4. Total profit (loss stated with “-”)	25,666,976.33	25,028,756.47
Less: Income tax	7,847,797.90	6,415,166.88
5. Net profit (loss stated with “-”)	17,819,178.43	18,613,589.59
Net profit attributable to owners of the parent	17,848,233.60	18,667,472.08
Profit (loss) of minority interests	-29,055.17	-53,882.49
6. Earnings per share:		
(1) Basic earnings per share	0.0401	0.0419
(2) Diluted earnings per share	0.0401	0.0419
7. Other comprehensive income	0	0
8. Total comprehensive income	17,819,178.43	18,613,589.59
Total comprehensive income attributable to owners of the parent	17,848,233.60	18,667,472.08
Total comprehensive income attributable to minority	-29,055.17	-53,882.49

3.3 Consolidated Income Statement (for the nine months ended 30 September 2013)

Item	For the nine months ended 30 September 2013 RMB	For the nine months ended 30 September 2012 RMB
1. Total operating revenue	1,577,973,677.66	1,447,238,400.19
Including: Operating revenue	1,577,973,677.66	1,447,238,400.19
2. Total cost of operations	1,471,690,802.78	1,339,416,377.45
Including: Operating cost	1,303,862,772.68	1,153,990,206.76
Business tax and surcharges	27,088,760.57	31,818,555.92
Sales expenses	105,991,864.51	101,457,055.95
Administrative expenses	34,444,089.37	38,054,865.07
Finance costs	275,087.81	13,520,408.61
Impairment loss of assets	28,227.84	575,285.14
Add: Gain on changes in fair value: (loss stated with “-”)	-40,759.77	-8,947.26
Investment income (loss stated with “-”)	500,000.00	500,000.00
3. Operating profit (loss stated with “-”)	106,742,115.11	108,313,075.48
Add: Non-operating income	310,306.88	912,888.76
Less: Non-operating expenses	430,736.51	418,013.27
Including: Loss from disposal of non-current assets	10,379.61	8,450.15
4. Total profit (loss stated with “-”)	106,621,685.48	108,807,950.97
Less: Income tax	30,781,193.25	28,474,871.04
5. Net profit (loss stated with “-”)	75,840,492.23	80,333,079.93
Net profit attributable to owners of the parent	75,939,397.74	80,331,820.33
Profit (loss) of minority interests	-98,905.51	1,259.60
6. Earnings per share:		
(1) Basic earnings per share	0.1705	0.1803
(2) Diluted earnings per share	0.1705	0.1803
7. Other comprehensive income	0	0
8. Total comprehensive income	75,840,492.23	80,333,079.93
Total comprehensive income attributable to owners of the parent	75,939,397.74	80,331,820.33
Total comprehensive income attributable to minority	-98,905.51	1,259.60

3.4 Consolidated Cash Flow Statement (for the nine months ended 30 September 2013)

Item	For the nine months ended 30 September 2013 RMB	For the nine months ended 30 September 2012 RMB
1. Cash flows from operating activities		
Cash received from product sales and rendering of services	1,786,842,866.01	1,571,766,366.83
Other cash received relating to operating activities	3,364,573.13	9,678,305.75
Sub-total of cash inflows from operating activities	1,790,207,439.14	1,581,444,672.58
Cash paid for purchase of goods and receipt of services	1,460,252,502.26	1,219,467,035.80
Cash paid to and on behalf of employees	64,357,258.77	71,735,637.22
Taxes and levies paid	102,239,240.19	103,252,218.33
Other cash paid relating to operating activities	69,513,417.56	69,260,605.07
Sub-total of cash outflows from operating activities	1,696,362,418.78	1,463,715,496.42
Net cash flow from operating activities	93,845,020.36	117,729,176.16
2. Cash flows from investment activities:		
Cash gained from investment income	500,000.00	0
Sub-total of cash inflows from investment activities	500,000.00	0
Cash paid for purchase of fixed assets, intangible assets and other long-term assets	27,698,147.85	14,320,434.98
Cash paid for other investment related activities	0	2,700,000.00
Sub-total of cash outflows from investment activities	27,698,147.85	17,020,434.98
Net cash flow from investment activities	-27,198,147.85	-17,020,434.98

Item	For the nine months ended 30 September 2013 RMB	For the nine months ended 30 September 2012 RMB
3. Cash flows from financing activities:		
Cash received from borrowings	0	103,000,000.00
Sub-total of cash inflows from financing activities	0	103,000,000.00
Cash repayments of debts	164,000,000.00	160,000,000.00
Cash payment for interest expenses and distribution of dividend or profit	13,418,629.45	19,927,713.32
Sub-total of cash outflows from financing activities	177,418,629.45	179,927,713.32
Net cash flow from financing activities	-177,418,629.45	-76,927,713.32
4. Effect of foreign exchange rate change on cash and cash equivalents	0	0
5. Net increase in cash and cash equivalents	-110,771,756.94	23,781,027.86
Add: Cash and cash equivalents at the beginning of the period	298,465,458.23	305,806,827.59
6. Cash and cash equivalents at the end of the Reporting Period	187,693,701.29	329,587,855.45

3.5 Restatement of the data for the corresponding period of previous year in the consolidated income statement and consolidated cash flow statement of Maoye Logistics¹

Consolidated income statement for the third quarter in 2012

Item	July-September 2012 (Before restatement)	July-September 2012 (After restatement)	Adjustment
Total operating revenue	320,192,846.10	409,741,951.16	89,549,105.06
Operating revenue	320,192,846.10	409,741,951.16	89,549,105.06
Total operating costs	305,222,858.54	385,136,503.60	79,913,645.06
Operating costs	256,233,855.07	329,024,956.98	72,791,101.91
Business tax and surcharges	6,568,290.11	7,635,039.43	1,066,749.32
Sales expenses	27,061,591.87	33,264,428.02	6,202,836.15
Finance costs	5,616,091.46	5,469,049.13	-147,042.33
Operating profit	15,419,286.39	25,054,746.39	9,635,460.00
Non-operating income	213,970.94	229,929.64	15,958.70
Non-operating cost	250,919.56	255,919.56	5,000.00
Total profit	15,382,337.77	25,028,756.47	9,646,418.70
Income tax	3,709,429.24	6,415,166.88	2,705,737.64
Net profit	11,672,908.53	18,613,589.59	6,940,681.06
Net profit attributable to owners of parent	11,726,791.02	18,667,472.08	6,940,681.06
Basic earnings per share	0.0346	0.0419	0.0073
Diluted earnings per share	0.0346	0.0419	0.0073
Total comprehensive income	11,672,908.53	18,613,589.59	6,940,681.06
Total comprehensive income attributable to owners of parent	11,726,791.02	18,667,472.08	6,940,681.06

1. According to the relevant requirements of the PRC enterprise accounting standards, Maoye Logistics has already consolidated Qinhuangdao Maoye Shangsha Business Management Co., Ltd. (秦皇島茂業商廈經營管理有限公司) into its consolidated financial statements in the previous year. When preparing the consolidated financial statements for the Reporting Period, Maoye Logistics restated the relevant data for the corresponding period of previous year in the consolidated income statement and consolidated cash flow statement for the third quarter of 2013.

Consolidated income statement for the nine months ended 30 September 2012

Item	January-September 2012 (Before restatement)	January-September 2012 (After restatement)	Adjustment
Total operating revenue	1,169,038,075.90	1,447,238,400.19	278,200,324.29
Operating revenue	1,169,038,075.90	1,447,238,400.19	278,200,324.29
Total operating costs	1,088,707,576.81	1,339,416,377.45	250,708,800.64
Operating costs	926,459,599.09	1,153,990,206.76	227,530,607.67
Business tax and surcharges	28,221,625.16	31,818,555.92	3,596,930.76
Sales expenses	81,533,623.83	101,457,055.95	19,923,432.12
Finance costs	13,802,059.29	13,520,408.61	-281,650.68
Impairment	635,804.37	575,285.14	-60,519.23
Operating profit	80,821,551.83	108,313,075.48	27,491,523.65
Non-operating income	797,202.77	912,888.76	115,685.99
Non-operating cost	413,013.27	418,013.27	5,000.00
Total profit	81,205,741.33	108,807,950.97	27,602,209.64
Income tax	20,632,404.24	28,474,871.04	7,842,466.80
Net profit	60,573,337.09	80,333,079.93	19,759,742.84
Net profit attributable to owners of parent	60,572,077.49	80,331,820.33	19,759,742.84
Basic earnings per share	0.1788	0.1803	0.0015
Diluted earnings per share	0.1788	0.1803	0.0015
Total comprehensive income	60,573,337.09	80,333,079.93	19,759,742.84
Total comprehensive income attributable to owners of parent	60,572,077.49	80,331,820.33	19,759,742.84

Consolidated cash flow statement for the nine months ended 30 September 2012

Item	January-September 2012 (Before restatement)	January-September 2012 (After restatement)	Adjustment
Cash received from product sales and rendering of services	1,254,702,067.73	1,571,766,366.83	317,064,299.10
Other cash received relating to operating activities	5,121,707.35	9,678,305.75	4,556,598.40
Sub-total of cash inflows from operating activities	1,259,823,775.08	1,581,444,672.58	321,620,897.50
Cash paid for purchase of goods and receipt of services	962,485,003.61	1,219,467,035.80	256,982,032.19
Cash paid to and on behalf of employees	67,207,210.68	71,735,637.22	4,528,426.54
Taxes and levies paid	85,124,325.94	103,252,218.33	18,127,892.39
Other cash paid relating to operating activities	54,902,265.05	69,260,605.07	14,358,340.02
Sub-total of cash outflows from operating activities	1,169,718,805.28	1,463,715,496.42	293,996,691.14
Net cash flow from operating activities	90,104,969.80	117,729,176.16	27,624,206.36
Cash paid for acquisition and construction of fixed assets, intangible assets and other long-term assets	13,323,212.80	14,320,434.98	997,222.18
Sub-total of cash outflows from investment activities	16,023,212.80	17,020,434.98	997,222.18
Net cash flow from investment activities	-16,023,212.80	-17,020,434.98	-997,222.18
Net increase in cash and cash equivalents	-2,845,956.32	23,781,027.86	26,626,984.18
Cash and cash equivalents at the beginning of the period	281,842,011.28	305,806,827.59	23,964,816.31
Cash and cash equivalents at the end of the period	278,996,054.96	329,587,855.45	50,591,800.49

DEFINITIONS

“Maoye Logistics”	Maoye Logistics Corporation Ltd. (formerly known as Qinhuangdao Bohai Logistics Holding 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
“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

23 October 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.