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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 MAOYE LOGISTICS 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 Maoye Logistics, 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.

Highlights

Total operating revenue decreased by 9.54% to RMB 549,887,616.14 as compared with the corresponding period of previous year;

Operating profit increased by 13.19% to RMB 54,571,990.07 as compared with the corresponding period of previous year;

Net profit attributable to owners of the Maoye Logistics increased by 14.22% to RMB 39,663,348.19 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

Currency: RMB

	The Reporting Period(January- March 2014)	Corresponding period of previous year(January- March 2013)	Increase/(decrease) of the Reporting Period as compared to the corresponding period of previous year (%)
Operating revenue	549,887,616.14	607,866,880.73	-9.54
Net profit attributable to shareholders of Maoye	39,663,348.19	34,726,668.26	14.22
Logistics			
Net profit after non-recurring gains and losses attributable to shareholders of Maoye	39,288,452.59	34,774,546.95	12.98
Logistics			
Net cash flows from operating activities	-3,071,226.98	46,515,035.92	-106.60
Basic earnings per share (RMB/share)	0.0890	0.0779	14.25
Diluted earnings per share (RMB/share)	0.0890	0.0779	14.25
Weighted average return on net assets (%)	3.35	3.16	An increase of 0.19 percentage points

	As at the end of the Reporting Period(as at 31 March 2014)	As at the end of previous year (as at 31 December 2013)	Increase/(decrease) at the end of the Reporting Period as compared with the end of previous year (%)
Total assets	1,757,305,286.77	1,722,215,377.80	2.04
Net Assets attributable to shareholders of Maoye Logistics	1,202,927,258.65	1,163,263,910.46	3.41

	Amount from the beginning of the year (1 January 2014) to the end of the Reporting Period (RMB)
Items of non-current gains and losses	
Disposal of non-current asset (including the write-off of provision for impairment of asset)	-11,208.36
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)	600,000.00
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	-50,701.18
Other non-operating income and expenses other than the above items	-39,645.73
Less: Income tax effect	123,494.48
Effect on minority interests (after tax)	54.65
Total	374,895.60

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 as compared with the end of previous year (31 December 2013) (%)	Details of and main reasons for changes
Prepayments	889.28	Prepayment increased by RMB 40,797,000 mainly due to the prepayment for the coal trade.
Other receivables	113.26	Other receivables increased by RMB 3,510,900 mainly due to the increase of transaction amount of Huainan Maoye investment Development Co.Ltd.(淮南茂業投資發展有限公司), a subsidiary controlled by Maoye Logistics.
Construction in process	102.51	Construction in process increased by RMB 2,845,600 mainly due to the occurrence of final stage construction of Qinhuangdao Shangcheng(秦皇島商城), a store owned by Maoye Logistics.

Statement items or financial indicators	Increase/(decrease) during the Reporting Period (January to March 2014) as compared with the corresponding period of previous year(January to March 2013) (%)	Details of and main reasons for changes
Financial costs	-100.61	Financial cost decreased by RMB 1,124,600 due to the decrease of interest expenses in the Reporting Period after Maoye Logistics repaying bank loans.
Gains on changes in fair value	168.42	Gains on the changes in fair value decreased by RMB 31,800 due to the decrease of net value of the open-end fund purchased in 2009 and continued to be held in the Reporting Period by Anhui Guorun Investment Development Co., Ltd. (安徽國潤投資發展有限公司), a subsidiary controlled by Maoye Logistics.
Net non-operating income and expenses	1887.38	Net non-operating income and expenses decreased by RMB 579,900 due to the receiving of government funds by Maoye Logistics for energy conservation and emissions reduction by the government.
Net cash flows from operating activities	-106.6	Net cash flows from operating activities decreased by RMB 49,586,300 due to decrease of the advances on sales by Maoye Logistics compared to the corresponding period of last year.

Statement items or financial indicators	Increase/ (decrease) during the Reporting Period (January to March 2014) as compared with the corresponding period of previous year (January to March 2013)(%)	Details of and main reasons for changes
Cash paid for acquisition and construction of fixed assets, intangible assets and other long-term assets	94.66	Cash paid for acquisition and construction of fixed assets, intangible assets and other long-term assets increased by RMB 2,987,600 due to expenditure in the Reporting Period due to the transformation of the Qinhuangdao Shangcheng(秦皇島商城), a store owned by Maoye Logistics.
Cash repayment of debts	-100.00	Cash repayment of debts decreased by RMB 114,000,000 as Maoye Logistics did not make bank loan repayment during the Reporting Period.
Cash payment for interest expenses and distribution of dividend or profit	-100.00	Cash payment for interest expenses and distribution of dividend or profit decreased by RMB 1,743,000 due to decrease in interest payment after 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(as at 31 March 2014)

	Balance at the end of the reporting period (As at 31 March 2014) RMB	Balance at the beginning of the reporting period (As at 1 January 2014) RMB
Item		
Current assets:		
Cash and bank balance	181,143,928.74	190,356,057.52
Trading financial assets	664,086.05	714,787.23
Bills receivable	0	0
Accounts receivable	33,805,890.33	37,666,261.85
Prepayments	45,384,678.56	4,587,659.51
Other receivables	6,610,747.61	3,099,867.64
Inventories	666,310,866.47	656,591,122.75
Total current assets	933,920,197.76	893,015,756.0
Non-current assets:		
Long-term equity investments	5,000,000	5,000,000.00
Investment properties	256,998,025.02	259,498,304.46
Fixed assets	487,407,550.62	492,203,337.46
Construction in progress	5,621,517.29	2,775,870.59
Intangible assets	43,658,538.22	46,319,096.02
Long-term deferred expenditures	17,329,888.19	16,033,443.10
Deferred tax assets	6,358,427.40	6,358,427.40
Other non-current assets	1,011,142.27	1,011,142.27
Total non-current assets	823,385,089.01	829,199,621.30
Total assets	1,757,305,286.77	1,722,215,377.80

3.1 Consolidated Balance Sheet (continued)

Item	Balance at the end of the reporting period (As at 31 March 2014) RMB	Balance at the beginning of the reporting period (As at 1 January 2014) RMB
Current liabilities:		
Short-term borrowings	0	0
Notes payable	0	0
Accounts payable	212,854,106.89	218,146,204.11
Advances from customers	269,624,677.36	273,207,456.49
Staff remuneration payable	12,851,156.74	15,243,320.08
Taxes payable	-28,250,828.26	-33,337,914.66
Interest payable	0	0
Dividend payable	874,026.67	874,026.67
Other payables	75,273,980.07	73,640,454.08
Non-current liabilities due in one year	0	0
Total current liabilities	543,227,119.47	547,773,546.77
Non-current liabilities:		
Long-term borrowings	0	0
Expected liabilities	4,003,627.00	4,003,627.00
Other non-current liabilities	2,561,231.58	2,561,231.58
Total non-current liabilities	6,564,858.58	6,564,858.58
Total liabilities	549,791,978.05	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	417,459,829.28	417,459,829.28
Surplus reserve	38,476,426.68	38,476,426.68
Undistributed profit	301,469,438.69	261,806,090.50
Total equity attributable to owners of Maoye Logistics	1,202,927,258.65	1,163,263,910.46
Minority interests	4,586,050.07	4,613,061.99
Total owners' equity	1,207,513,308.72	1,167,876,972.45
Total liabilities and owners' equity	1,757,305,286.77	1,722,215,377.80

3.2 Consolidated Income Statement (January to March 2014)

Item	For the three months ended 31 March 2014 RMB	For the three months ended 31 March 2013 RMB
1. Total operating revenue	549,887,616.14	607,866,880.73
Including: Operating revenue	549,887,616.14	607,866,880.73
2. Total cost of operations	495,264,924.89	559,636,455.77
Including: Operating cost	437,582,543.23	501,053,092.78
Business tax and surcharges	8,896,129.12	11,248,502.30
Selling expenses	35,119,230.93	34,068,878.43
Administrative expenses	13,673,818.34	12,148,190.27
Finance costs	-6,796.73	1,117,791.99
Impairment loss of assets	0	0
Add: Gain on changes in fair value: (loss stated with “-”)	-50,701.18	-18,888.67
Investment income (loss stated with “-”)	0	0
3. Operating profit (loss stated with “-”)	54,571,990.07	48,211,536.29
Add: Non-operating income	634,604.08	17,283.51
Less: Non-operating expenses	85,458.17	48,007.08
Including: Loss from disposal of non-current assets	11,208.36	
4. Total profit (loss stated with “-”)	55,121,135.98	48,180,812.72
Less: Income tax	15,484,799.71	13,490,828.25
5. Net profit (loss stated with “-”)	39,636,336.27	34,689,984.47
Net profit attributable to owners of Maoye Logistics	39,663,348.19	34,726,668.26
Profit (loss) of minority interests	-27,011.92	-36,683.79
6. Earnings per share:		
(1) Basic earnings per share	0.0890	0.0779
(2) Diluted earnings per share	0.0890	0.0779
7. Other comprehensive income	0	0
8. Total comprehensive income	39,636,336.27	34,689,984.47
Total comprehensive income attributable to owners of Maoye Logistics	39,663,348.19	34,726,668.26
Total comprehensive income attributable to minority	-27,011.92	-36,683.79

3.3 Consolidated Cash Flow Statement

Item	For the three months ended 31 March 2014 RMB	For the three months ended 31 March 2013 RMB
1. Cash flows from operating activities		
Cash received from product sales and rendering of services	614,440,359.84	732,111,729.68
Other cash received relating to operating activities	11,559,931.72	16,277,504.95
Sub-total of cash inflows from operating activities	626,000,291.56	748,389,234.63
Cash paid for purchase of goods and receipt of services	542,291,230.85	606,001,478.79
Cash paid to and on behalf of employees	21,130,493.51	23,488,634.96
Taxes and levies paid	38,641,825.48	48,161,280.28
Other cash paid relating to operating activities	27,007,968.70	24,222,804.68
Sub-total of cash outflows from operating activities	629,071,518.54	701,874,198.71
Net cash flow from operating activities	-3,071,226.98	46,515,035.92
2. Cash flows from investment activities:		
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	2,990.00	0
Sub-total of cash inflows from investment activities	2,990.00	0
Cash paid for acquisition and construction of fixed assets, intangible assets and other long-term assets	6,143,891.80	3,156,296.24
Sub-total of cash outflows from investment activities	6,143,891.80	3,156,296.24
Net cash flow from investment activities	-6,140,901.80	-3,156,296.24
3. Cash flows from financing activities:		
Cash received from borrowings	0	0
Sub-total of cash inflows from financing activities	0	0
Cash repayments of debts	0	114,000,000.00

Item	For the three months ended 31 March 2014 RMB	For the three months ended 31 March 2013 RMB
Cash payment for interest expenses and distribution of dividend or profit	0	1,742,956.12
Sub-total of cash outflows from financing activities	0	115,742,956.12
Net cash flow from financing activities	0	-115,742,956.12
4. Effect of foreign exchange rate change on cash and cash equivalents	0	0
5. Net increase in cash and cash equivalents	-9,212,128.78	-72,384,216.44
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	181,143,928.74	226,081,241.79

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
“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

22 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.