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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 CHENGSHANG
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 Chengshang, 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.

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

1 KEY ACCOUNTING DATA AND FINANCIAL INDICATORS

	As at 30 September 2014	As at 31 December 2013	Increase/decrease as at 30 September 2014 compared with 31 December 2013 (%)
Total assets (RMB)	2,302,997,601.33	2,310,888,763.87	-0.34
Equity attributable to shareholders of Chengshang (RMB)	1,240,711,564.43	1,115,516,387.45	11.22
	For the nine months ended 30 September 2014 (January to September 2014)	Corresponding period of previous year (January to September 2013)	Increase/decrease as compared with the corresponding period of previous year (January to September 2013) (%)
Net cash flows from operating activities (RMB)	50,149,862.76	121,867,267.13	-58.85

	For the nine months ended 30 September 2014 (January to September 2014)	Corresponding period of previous year (January to September 2013)	Increase/decrease as compared with the corresponding period of previous year (January to September 2013) (%)
Total operating revenue (RMB)	1,561,736,394.69	1,646,909,267.10	-5.17
Net profit attributable to Chengshang's shareholders (RMB)	176,534,746.12	192,011,151.55	-8.06
Net profit attributable to Chengshang's shareholders after extraordinary items (RMB)	99,797,392.82	188,248,772.91	-46.99
Weighted average return on net assets (%)	15.09	18.96	Decreased by 3.87 percentage points
Basic earnings per share (RMB/share)	0.3095	0.3366	-8.05
Diluted earnings per share (RMB/share)	0.3095	0.3366	-8.05

Deducting extraordinary item and amount:

Items	Nine months ended 30 September		Remark
	2014	RMB	
Gain (loss) on disposal of non-current assets	97,226,712.63		Amounts for the third quarter mainly include net losses incurred by Chengshang as a result of its demolition of the buildings and fixtures of the Jiuyanqiao project. Amounts for the beginning of the year to the end of the Reporting Period mainly include the gain on disposal by Chengshang of the 100% equity interest in Chengshang Group Nanchong Commercial Co., Ltd., an indirect subsidiary of the Company.
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)	295,700.00		Government project grants, etc.
Other non-operating income and expenses other than the above items	619,160.21		
Income tax effect	-21,445,504.89		
Effect on minority interests (after tax)	41,285.35		
Total	76,737,353.30		

2. SIGNIFICANT EVENTS

2.1 Description and reasons for substantial changes in balance sheet items

Unit & currency: RMB

Items	As at 30 September 2014	As at 31 December 2013	Amount of change	Percentage of change (%)
Dividend received	—	3,519,000.00	-3,519,000.00	-100.00
Other receivables	128,508,585.03	96,181,584.99	32,327,000.04	33.61
Property for investment	182,361,617.44	109,095,044.90	73,266,572.54	67.16
Short-term borrowings	260,000,000.00	25,000,000.00	235,000,000.00	940.00
Notes payable	3,600,000.00	1,550,000.00	2,050,000.00	132.26
Tax payable	35,242,118.19	13,235,881.96	22,006,236.23	166.26
Non-current liability				
due within one year	21,342,200.00	68,684,400.00	-47,342,200.00	-68.93
Other current liability	—	155,571,993.20	-155,571,993.20	-100.00
Undistributed profit	503,699,846.19	378,504,669.21	125,195,176.98	33.08

Reasons for changes:

- (1) The decrease in dividend receivable is mainly due to the recovery by Chengshang during the Reporting Period of dividends declared but not paid by Chengdu Rainbow Appliance (Group) Co., Ltd. (成都彩虹電器(集團)股份有限公司) during the previous period.
- (2) The increase in other receivables is mainly due to the increase in proceeds from transfer of equity interests and creditors' rights which are confirmed to be receivable as a result of the disposal by Chengshang during the Reporting Period of 100% equity interest in and creditors' rights against Chengshang Group Nanchong Commercial Co., Ltd., an indirect subsidiary of Chengshang.
- (3) The increase in investment properties is mainly due to the transfer of office properties in Chengshang's Maoye Complex project to investment properties following such properties' readiness for use, the de-recognition of Chengshang Group Nanchong Commercial Co., Ltd., an indirect subsidiary of the Company, after disposal of equity interest therein, and the demolition of the buildings and fixtures of the Jiuyanqiao project during the Reporting Period.
- (4) The increase in short-term borrowings is mainly due to the new short-term borrowings obtained by Chengshang during the Reporting Period.
- (5) The increase in notes payable is mainly due to the new unexpired bank acceptance bills of Chengshang.
- (6) The increase in taxes payable is mainly due to the income tax payable for the gain on disposal by Chengshang during the Reporting Period of equity interest in Chengshang Group Nanchong Commercial Co., Ltd., an indirect subsidiary of Chengshang.
- (7) The decrease in non-current liabilities due within one year is mainly due to the decrease in long-term borrowings due within one year as a result of the repayment of principal amount of long-term borrowings by Chengshang during the Reporting Period.
- (8) The decrease in other current liabilities is mainly due to the repayment of principal amount and interests of matured short-term financing notes by Chengshang during the Reporting Period.
- (9) The increase in undistributed profit is mainly due to the increase in net profit of Chengshang for the Reporting Period.

2.2 Description and reasons for substantial changes in income statement items

Unit & currency: RMB

Items	January to September 2014	January to September 2013	Amount of change	Percentage of change (%)
Business tax and surcharges	23,136,341.03	42,320,188.59	-19,183,847.56	-45.33
Finance cost	22,229,656.18	15,507,039.39	6,722,616.79	43.35
Loss on impairment	—	-40,940.25	40,940.25	N/A
Investment income	117,665,225.71	33,336,052.84	84,329,172.87	252.97
Non-operating income	1,065,168.75	5,412,085.09	-4,346,916.34	-80.32
Non-operating expense	10,456,839.91	379,367.93	10,077,471.98	2656.38
Gain/loss on minority interest	-397,577.50	-695,354.89	297,777.39	N/A

Reasons for changes:

- (1) The decrease in business tax and surcharges is mainly due to the income tax arising from income from the agreement that Chengshang entered into with Pacific China Holdings (HK) Limited, Chengdu Shangsha Pacific Department Store Company Limited (成都商厦太平洋百貨有限公司) during the corresponding period of last year.
- (2) The increase in finance cost is mainly due to the increase in cost interests for the Reporting Period as a result of the construction in process converted into fixed assets.
- (3) The increase in loss on impairment is mainly due to the trade receivables which has been made full bad-debt provision before Chengshang reclaims Guangyuan New Century Broadcasting Network Co., Ltd. (新世紀廣電網絡有限公司).
- (4) The increase in investment income is mainly the recognition of income for the Reporting Period as a result of disposing its 100% equity interest in Chengshang Group Nanchong Commercial Co., Ltd. (成商集團南充商業有限公司), a subsidiary of Chengshang, and the paid investment income after Chengshang received Chengdu Shangsha Pacific Department Store Company Limited (成都商厦太平洋百貨有限公司) in the corresponding period of last year.

- (5) The decrease in non-operating income is mainly the revenue arising from the sales of operation right of Lotus Pond Store during the previous period.
- (6) The increase in non-operating expense is mainly due to the increase in net loss as a result of demolishing buildings of Jiuyanqiao project by Chengshang during the Reporting Period.
- (7) The increase in gain/loss on minority interest is mainly due to the increase of net profit for Heze Maoye Department Store Company Limited (荷澤茂業百貨有限公司), a subsidiary of Chengshang, during the Reporting Period, compared to the corresponding period of last year.

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

Unit & currency: RMB

Items	January to September 2014	January to September 2013	Amount of change	Percentage of Change (%)
Net cash flows from operating activities	50,149,862.76	121,867,267.13	-71,717,404.37	-58.85
Net cash flows from investment activities	35,707,214.03	-54,451,575.22	90,158,789.25	N/A

Reasons for changes:

- (1) The decrease in net cash flows from operating activities is mainly because Chengshang obtains lease income receivable as entering into the agreement with Pacific China Holdings (HK) Limited, Chengdu Shangsha Pacific Department Store Company (成都商厦太平洋百貨有限公司) during 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 Chengshang Maoye Center project and Maoye Complex project during the Reporting Period compared to the corresponding period of last year.

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

Items	As at 30 September 2014 RMB	As at 1 January 2014 RMB
Current assets:		
Cash and bank balance	68,440,379.05	77,588,465.08
Accounts receivable	9,324,578.50	11,180,633.55
Prepayments	16,270,663.71	13,002,635.74
Dividend receivable	—	3,519,000.00
Other receivables	128,508,585.03	96,181,584.99
Inventories	179,693,418.76	189,227,286.94
Total current assets	402,237,625.05	390,699,606.30
Non-current assets:		
Available-for-sale financial assets	136,893,996.37	136,893,996.37
Investment properties	182,361,617.44	109,095,044.90
Fixed assets	811,183,308.87	840,321,930.59
Construction in progress	310,885,756.66	364,058,593.37
Intangible assets	392,439,939.32	401,702,176.39
Goodwill	26,740,083.09	26,740,083.09
Long-term deferred expenditures	20,656,943.06	21,864,347.70
Deferred tax asset	19,598,331.47	19,512,985.16
Total non-current assets	1,900,759,976.28	1,920,189,157.57
Total assets	2,302,997,601.33	2,310,888,763.87

3.1 Consolidated Balance Sheet (continued)

Items	As at 30 September 2014 RMB	As at 1 January 2014 RMB
Current liabilities:		
Short-term borrowings	260,000,000.00	25,000,000.00
Notes payable	3,600,000.00	1,550,000.00
Accounts payable	285,721,449.50	390,949,243.64
Advances	59,516,663.85	79,908,469.52
Staff remuneration payable	11,235,601.64	14,029,657.61
Taxes payable	35,242,118.19	13,235,881.96
Interest payable	964,028.01	806,444.00
Dividend payable	433,342.30	433,342.30
Other payables	89,846,456.91	98,753,581.52
Non-current liabilities due within one year	21,342,200.00	68,684,400.00
Other current liabilities	—	155,571,993.20
Total current liabilities	767,901,860.40	848,923,013.75
Non-current liabilities:		
Long-term borrowings	257,586,900.00	309,100,200.00
Deferred tax liabilities	8,366,253.47	8,520,562.14
Total non-current liabilities	265,953,153.47	317,620,762.14
Total liabilities	1,033,855,013.87	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	503,699,846.19	378,504,669.21
Total owners' equity attributable to the parent	1,240,711,564.43	1,115,516,387.45
Minority interests	28,431,023.03	28,828,600.53
Total owners' equity	1,269,142,587.46	1,144,344,987.98
Total liabilities and owners' equity	2,302,997,601.33	2,310,888,763.87

3.2 Consolidated Income Statement

Items	For the nine months ended 30 September 2014 (January to September 2014)	For the nine months ended 30 September 2013 (January to September 2013)
	RMB	RMB
1. Total operating revenue	1,561,736,394.69	1,646,909,267.10
Including: Operating revenue	1,561,736,394.69	1,646,909,267.10
2. Total cost of operations	1,441,998,032.29	1,420,219,562.13
Including: Operating cost	1,209,041,689.52	1,179,922,887.72
Business tax and surcharges	23,136,341.03	42,320,188.59
Sales expenses	146,797,544.21	143,985,303.33
Administrative expenses	40,792,801.35	38,525,083.35
Finance costs	22,229,656.18	15,507,039.39
Impairment loss of assets	—	-40,940.25
Investment income (loss stated with “-”)	117,665,225.71	33,336,052.84
Including: Investment income from associates	—	25,496,674.49
3. Operating profit (loss stated with “-”)	237,403,588.11	260,025,757.81
Add: Non-operating income	1,065,168.75	5,412,085.09
Less: Non-operating expenses	10,456,839.91	379,367.93
Including: Loss from disposal of non-current assets	10,315,479.74	326,506.86
4. Total profit (loss stated with “-”)	228,011,916.95	265,058,474.97
Less: Income tax	51,874,748.33	73,742,678.31
5. Net profit (loss stated with “-”)	176,137,168.62	191,315,796.66
Net profit attributable to owners of the parent	176,534,746.12	192,011,151.55
Profit (loss) of minority interests	-397,577.50	-695,354.89
6. Earnings per share:		
(1) Basic earnings per share	0.3095	0.3366
(2) Diluted earnings per share	0.3095	0.3366
7. Other comprehensive income	—	—
8. Total comprehensive income	176,137,168.62	191,315,796.66
Total comprehensive income attributable to owners of the parent	176,534,746.12	192,011,151.55
Total comprehensive income attributable to minority	-397,577.50	-695,354.89

3.3 Consolidated Cash Flow Statement

Items	For the nine months ended 30 September 2014 (January to September 2014)	For the nine months ended 30 September 2013 (January to September 2013)
	RMB	RMB
1. Cash flows from operating activities		
Cash received from product sales and rendering of services	1,703,667,016.50	1,821,978,780.65
Other cash received relating to operating activities	13,048,226.83	12,867,269.73
Sub-total of cash inflows from operating activities	1,716,715,243.33	1,834,846,050.38
Cash paid for purchase of goods and receipt of services	1,403,727,550.92	1,420,730,710.74
Cash paid to and on behalf of employees	61,628,868.35	61,436,141.97
Taxes and levies paid	86,282,807.79	138,801,201.75
Other cash paid relating to operating activities	114,926,153.51	92,010,728.79
Sub-total of cash outflows from operating activities	1,666,565,380.57	1,712,978,783.25
Net cash flow from operating activities	50,149,862.76	121,867,267.13
2. Cash flows from investment activities:		
Cash received from disposal of investments	0	85,000,000.00
Cash received from returns on investments	13,650,981.71	62,555,407.80
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	388,000.00	4,363,014.06
Net cash received from disposal of subsidiaries and other operated entities	94,023,829.06	7,818,489.22
Sub-total of cash inflows from investment activities	108,062,810.77	159,736,911.08
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	72,355,596.74	129,188,486.30
Cash paid for investments	0	85,000,000.00
Sub-total of cash outflows from investment activities	72,355,596.74	214,188,486.30
Net cash flow from investment activities	35,707,214.03	-54,451,575.22

Items	For the nine months ended 30 September 2014 (January to September 2014) RMB	For the nine months ended 30 September 2013 (January to September 2013) RMB
3. Cash flows from financing activities:		
Cash received from borrowings	260,000,000.00	85,000,000.00
Cash received from notes issuance	0	150,000,000.00
Sub-total of cash inflows from financing activities	260,000,000.00	235,000,000.00
Cash repayments of debts	273,855,500.00	288,684,400.00
Cash payment for interest expenses and distribution of dividend or profit	81,764,662.82	43,732,808.55
Sub-total of cash outflows from financing activities	355,620,162.82	332,417,208.55
Net cash flow from financing activities	-95,620,162.82	-97,417,208.55
4. Effect of foreign exchange rate change on cash and cash equivalents	0	0
5. Net increase in cash and cash equivalents	-9,763,086.03	-30,001,516.64
Add: Cash and cash equivalents at the beginning of year	77,123,465.08	121,760,592.90
6. Cash and cash equivalents at the end of the period	67,360,379.05	91,759,076.26

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

27 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.