

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **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**

This is an announcement made pursuant to Rule 13.09(1) of the Listing Rules.

Chengshang, 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), has published its unaudited third quarter results for the three months ended 30 September 2009 prepared pursuant to PRC GAAP. The principal financial data and material information are set out as follows:

#### **1. MAJOR ACCOUNTING DATA AND FINANCIAL INDICATORS**

*Currency: RMB*

*Unit: Yuan*

	<b>As at the end of the reporting period</b>	<b>As at the end of previous year</b>	<b>Increase/ (decrease) at the end of the reporting period as compared with the end of previous year (%)</b>
Total asset	1,486,609,438.67	1,463,341,131.78	1.59
Owners' equity (or equity)	457,860,153.52	376,608,435.33	21.57
Net assets per share			
attributable to Listco			
shareholders	2.25	1.85	21.62

	<b>From the beginning of the year to the end of the reporting period (January to September)</b>	<b>Increase/ (decrease) comparing with the corresponding period of previous year (%)</b>
Net cash flows from operating activities	71,641,632.33	(21.07)
Net cash flows from operating activities per share	0.35	(22.22)

	<b>Reporting period (July to September)</b>	<b>From the beginning of the year to the end of the reporting period (January to September)</b>	<b>Increase/ (decrease) of the reporting period comparing with the corresponding period of previous year (%)</b>
Net profit attributable to			
Listco shareholders	13,463,165.74	81,251,718.19	(12.38)
Basic earnings per share	0.066	0.400	(13.16)
Basic earnings per share excluding extraordinary items	—	0.279	—
Diluted earnings per share	0.066	0.400	(13.16)
Fully diluted return on net assets (%)	2.94	17.75	decreased by 1.60 percentage
Fully diluted return on net assets after extraordinary items (%)	2.60	12.37	decreased by 0.98 percentage

<b>Extraordinary items</b>	<b>From the beginning of the year to the end of the reporting period (January to September) (RMB)</b>
Profit/loss on disposal of non-current assets	32,712,869.73
Government grants (except for the grants which are closely related to Chengshang's business, in compliance and of an amount and quantity specified by certain standard) credited to profit and loss account for the reporting period	616,713.74
Other non-operating income and expenses other than the above items	(484,875.40)
Minority interests	(5,630.15)
Income tax	<u>(8,211,177.02)</u>
<b>Total</b>	<b><u>24,627,900.90</u></b>

## **2. SIGNIFICANT MATTERS**

### **2.1 Major changes in balance sheet items and reasons of changes (RMB)**

<b>Items</b>	<b>As at 30 September 2009</b>	<b>As at 31 December 2008</b>	<b>Amount of change</b>	<b>Percentage of change</b>
Cash and cash equivalents	117,936,169.73	65,870,438.65	52,065,731.08	79.04%
Prepayments	66,909,343.54	50,019,295.36	16,890,048.18	33.77%
Construction-in-progress	34,809,580.68	13,139,102.97	21,670,477.71	164.93%
Deferred income tax assets	10,846,598.33	19,635,449.72	(8,788,851.39)	(44.76%)
Short-term borrowings	50,000,000.00	141,000,000.00	(91,000,000.00)	(64.54%)
Bills payable	27,902,010.00	43,520,000.00	(15,617,990.00)	(35.89%)
Other payables	57,504,415.26	334,910,181.28	(277,405,766.02)	(82.83%)
Non-current liabilities due within one year	36,666,700.00	20,000,000.00	16,666,700.00	83.33%
Long-term borrowings	528,333,300.00	160,000,000.00	368,333,300.00	230.21%

Reasons of changes:

- (1) The increase in cash and cash equivalents was mainly due to the new bank loans for the reporting period.
- (2) The increase in prepayments was mainly attributable to the prepayment of the fees for land use rights of Maoye Centre project.

- (3) Construction-in-progress increased mainly because of the commencement of Yan Shi Kou Phase II and Maoye Centre project during the reporting period.
- (4) The decrease in deferred income tax assets was mainly due to the loss incurred in previous year was made up by the profit for the reporting period.
- (5) The decrease in short-term borrowings was mainly due to the repayment of the bank loans for current capital during the reporting period.
- (6) The decrease in bills payable was mainly due to the acceptance notes which were mature during the reporting period.
- (7) The decrease in other payables was mainly due to the repayment of entrusted loan from Maoye Shangsha during the reporting period.
- (8) The increase in non-current liabilities due within one year was mainly attributable to the creation of 10-year term loan secured by operating property of RMB400 million and crediting the portion of non-current liabilities due within one year during the reporting period.
- (9) The increase in long-term borrowings was mainly attributable to the creation of 10-year term loan secured by operating property of RMB400 million during the reporting period.

## 2.2 Major changes in income statement items and reasons of changes (RMB)

Items	January to September, 2009	January to September, 2008	Amount of change	Percentage of change
Investment income	15,460,411.84	22,887,914.14	(7,427,502.30)	(32.45%)
Non-operating income	32,565,887.37	3,590,638.00	28,975,249.37	806.97%
Non-operating expense	1,808,313.02	448,152.58	1,360,160.44	303.50%
Income tax expense	32,034,956.91	23,276,678.44	8,758,278.47	37.63%

Reasons of changes:

- (1) The decrease in investment income was mainly due to the transfer of the equity interest of three trading companies in the same period last year.
- (2) The increase in non-operating income was mainly attributable to the non-operating income of RMB29.70 million resulting from the repurchase of the land use right for a piece of land of 11,762.76 sq.m. (located in Sheng Li Village, Bao He Township, Cheng Hua District, Chengdu City, PRC) during the reporting period.

- (3) The increase in non-operating expense was mainly due to the compensational payment to Zhengyang advertising company (正陽廣告公司).
- (4) The increase in income tax expense was mainly due to the increase in profit for the reporting period.

## 2.3 Major changes in cash flow statements items and reasons of changes (RMB)

Items	January to September, 2009	January to September, 2008	Amount of change	Percentage of change
Net cash flow from investing activities	(33,625,581.05)	(51,520,227.47)	17,894,646.42	34.73%
Net cash flow from financing activities	14,049,679.80	(54,006,643.68)	68,056,323.48	126.01%

Reasons of changes:

- (1) The increase in net cash flow from investing activities was mainly due to the cash inflow of the proceeds from the repurchase of the land use right for a piece of land (located in Sheng Li Village, Bao He Township, Cheng Hua District, Chengdu City, PRC) during the reporting period.
- (2) The increase in the net cash flow from financing activities was mainly due to the new bank loans for the reporting period.

## 2.4 Progress of significant matters, their effects and analysis on relevant solutions

- On 7 July 2009, Chengshang and Chengdu Guohua entered into an equity interest transfer agreement, pursuant to which Chengshang agreed to transfer its 100% equity interest in Chengshang Motor Vehicle to Chengdu Guohua. This matter had been disclosed in the Shanghai Securities News and Securities Daily, respectively, on 9 July 2009. As at the date of this report, Chengshang had received RMB11.50 million paid by Chengdu Guohua as the consideration of equity interest transfer, but the registration of equity interest transfer is still in the process. Therefore, Chengshang Motor Vehicle continued to be consolidated in Chengshang's combined statements for the reporting period.
- On 4 August 2009, Mianyang Company, a subsidiary of Chengshang, entered into an entrusted loan contract with its controlling shareholder, Maoye Shangha, pursuant to which Maoye Shangha agreed to entrust Industrial and Commercial Bank of China Shenzhen Dongmen branch to provide an entrusted loan of

RMB200 million to Mianyang Company. This matter had been disclosed in the Shanghai Securities News and Securities Daily on 9 July, 25 July and 7 August 2009, respectively. As at 25 September 2009, the aforesaid loan had been fully settled.

3. On 3 August 2009, Chengshang and Chengdu Chongde entered into a joint construction agreement, pursuant to which Chengshang will develop the land which was owned by Chengdu Chongde, No. GX15 (213):2006-061, located in the headquarter office area at the southern sub-centre of Chengdu (Group 7, Yong'an Village and Group 6, Renhe Village, Gaoxin District). Chengshang will own 91,505 square metres of commercial area after the completion of the construction. This matter had been disclosed in the Shanghai Securities News and Securities Daily on 5 August and 21 August 2009, respectively. As at the date of this report, Chengshang had paid RMB39.815 million in relation to the land use rights, and the relevant procedures are still in the process.
4. During the Reporting Period, Chengshang spent RMB20 million in establishing Chengshang Group Chengdu People's Department Store Co., Ltd (hereinafter, "People's Department Store"). This matter had been disclosed in the Shanghai Securities News and Securities Daily on 5 August 2009.
5. During the Reporting Period, Watsons Company brought a case in relation to a lease agreement dispute against Mianyang Company, a subsidiary of Chengshang. This matter had been disclosed in the Shanghai Securities News and Securities Daily, respectively, on 14 August 2009. During the proceedings Watsons Company applied to the court for property preservation, and the court ordered the seizure of a property of RMB13.50 million owned by Mianyang Company located at the Xingda Plaza. The seizure had no material adverse effects on Mianyang Company's operations.
6. On 14 September 2009, People's Department Store, a subsidiary of Chengshang, entered into a lease agreement with Chengdu Guangcheng Zhiheng Corporation Management Company Limited, Chengdu Xinglong Construction and Development Company Limited and Owners' Incorporation of Subtropical Commercial City in Longquanyi District, pursuant to which People's Department Store rented the first to third floor of Subtropical Commercial City and the related facilities (approximately 8,373.43 square metres) located on 102 Longping Road, Longquan Town, Longquanyi District, Chengdu to open the Longquan store of People's Department Store. This matter had been disclosed in the Shanghai Securities News and Securities Daily, respectively, on 16 September 2009. Longquan store was opened on 29 September 2009.

7. On 18 September 2009, People's Department Store, a subsidiary of Chengshang, entered into a lease agreement with Fulin Group, pursuant to which People's Department Store rented from Fulin Group a commercial property with an area of 5,033.04 square meters located at the first and second floors of Building 2, Fulin Qingjiang Yaju, No. 6 Daqing Road, Chengdu to open the Qingjiang store of People's Department Store. This matter had been disclosed in the Shanghai Securities News and Securities Daily, respectively, on 22 September 2009. Qingjiang store is expected to open within this year.
8. On 21 September 2009, Chengshang and Agricultural Bank of China Limited Chengdu North Station branch entered into a mortgage contract and an operational property mortgage loan contract, pursuant to which the bank agreed to provide a loan of RMB600 million to Chengshang and Chengshang's beneficial owners, being Mr. HUANG Mao Ru and his spouse Mrs. HUANG Jingzhang, agreed to provide a joint and several guarantee for the mortgage loan. This matter had been disclosed in the Shanghai Securities News and Securities Daily on 5 September, 22 September and 24 September 2009, respectively. During the Reporting Period, the procedures for the mortgage loan had been complete. As at the end of the Reporting Period, Chengshang borrowed a total of RMB400 million under the facility.

## **2.5 Implementation of cash dividends policy during the Reporting Period**

The cash dividends policy of Chengshang is summarised as follows: Chengshang may distribute dividends by cash or shares, and may distribute interim cash dividends; the total cash dividends paid by Chengshang during the last three years shall not be less than 30% of the total average distributable profits for the last three years. Chengshang did not distribute any cash dividends during the Reporting Period.

## DEFINITIONS

“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 under the PRC laws whose shares are listed on the Shanghai Stock Exchange (stock code: 600828). The Company currently holds 135,643,158 shares in Chengshang through Maoye Shangsha, representing approximately 66.77% of its issued share capital;
“Chengdu Chongde”	Chengdu Chongde Investment Company Limited (成都崇德投資有限公司), a company incorporated in the PRC;
“Chengdu Guohua”	Chengdu Guohua Metal Manufacturing Co., Ltd. (成都國樺金屬製業有限公司), a company incorporated in the PRC;
“Chengshang Motor Vehicle”	Chengdu Chengshang Motor Vehicle Co., Ltd. (成都成商汽車有限責任公司), a company incorporated in the PRC with limited liability;
“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;
“Fulin Group”	Sichuan Fulin Industrial Group Co., Ltd. (四川富臨實業集團有限公司), a company incorporated in the PRC with limited liability;
“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;
“Mianyang Company”	Chengdu People’s Department Store (Group) Mianyang Co., Ltd (成都人民商場(集團)綿陽有限公司), a company incorporated in the PRC;



“People’s Department Store”	Chengshang Group Chengdu People’s Department Store Co., Ltd. (成商集團成都人民商場有限公司), a company incorporated in the PRC;
“PRC”	People’s Republic of China;
“PRC GAAP”	the general accepted accounting principles of the PRC and its supplementary regulations;
“Reporting Period”	1 July 2009 to 30 September 2009;
“Stock Exchange”	the Stock Exchange of Hong Kong Limited;
“RMB”	Renminbi, the lawful currency in the PRC; and
“Watsons Company”	Chengdu Watsons Economic Development Co., Ltd (成都屈臣經濟發展有限公司), a company incorporated in the PRC.

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

28 October 2009, Hong Kong

*As at the date of this announcement, the executive Directors are Mr. HUANG Mao Ru, Mr. WANG Guisheng and Ms. WANG Fuqin. The non-executive Directors are Mr. ZHONG Pengyi and Mrs. HUANG Jingzhang. The independent non-executive Directors are Mr. CHOW Chan Lum, Mr. PAO Ping Wing and Mr. LEUNG Hon Chuen.*