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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 2010

This is an announcement made pursuant to Rule 13.09(1) 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 2010 prepared pursuant to PRC GAAP.

Highlights

- Total operating revenue increased to RMB480,749,702, representing an increase of 5.7% as compared to the same period of the previous year, or excluding the effect from divested auto business, an increase of 29.0% for the current period over the same period of last year;
- Operating profit amounted to RMB59,481,105, representing an increase of 69.5% as compared to the same period of the previous year;
- Net profit attributable to equity holders of parent company amounted to RMB42,976,443, representing an increase of 64.8% as compared to the same period of the previous year.

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

1. KEY ACCOUNTING DATA AND FINANCIAL INDICATORS

Currency: RMB

	As at the end of the reporting period	As at the end of previous year	Increase/(decrease) at the end of the reporting period as compared with the end of previous year (%)
Total asset (RMB)	1,555,320,161.98	1,483,521,923.73	4.84
Owners' equity (or equity) (RMB)	514,940,116.10	503,035,827.21	2.37
Net assets per share attributable to Listco shareholders (RMB/share)	2.53	2.48	2.02
			Increase/(decrease) From the beginning of the year to the end of the reporting period as compared with the corresponding period of previous year (%)
Net cash flows from operating activities (RMB)		119,624,769.56	691.44
Net cash flows from operating activities per share (RMB/share)		0.59	742.86
	Reporting period	reporting period	Increase/ (decrease) of the From the reporting period beginning of as compared with the year to the corresponding the end of the period of previous year (%)
Net profit attributable to Listco shareholders (RMB)	42,976,443.46	42,976,443.46	64.78

	Reporting period	From the beginning of the year to the end of the reporting period	Increase/ (decrease) of the reporting period as compared with the corresponding period of previous year (%)
Basic earnings per share (RMB/Share)	0.2116	0.2116	64.80
Basic earnings per share after extraordinary items (RMB/Share)	0.1669	0.1669	35.69
Diluted earnings per share (RMB/Share)	0.2116	0.2116	64.80
Weighted average return on net assets (%)	8.19	8.19	An increase of 1.50 percentage points
Weighted average return on net assets after extraordinary items (%)	6.46	6.46	An increase of 0.05 percentage points

Extraordinary items	Amount (RMB)	Description
Profit/loss on disposal of non-current assets	11,481,852.85	Realized investment gain of about RMB11.5 million due to the transfer of equity in Chengdu Chengshang Motor Vehicle Co., Ltd (“Chengshang Motor”)
Government grants (except for the grants which are closely related to a company’s business, in compliance and of an amount and quantity specified by certain standard) credited to profit and loss account for the period	492,820.00	
Other non-operating income and expenses other than the above items	134,956.39	
Amount of income tax effect	-3,027,407.31	
Minority interests (After tax)	<u>-2,570.33</u>	
Total	<u><u>9,079,651.60</u></u>	

2. SIGNIFICANT MATTERS

2.1 Major changes in balance sheet items and reasons of changes

Items	As at 31 March 2010	As at 31 December 2009	Amount of change	Percentage of change
Cash and Cash equivalents	165,718,574.17	67,701,795.31	98,016,778.86	144.78%
Trade receivables	2,667,192.10	6,227,297.92	-3,560,105.82	-57.17%
Prepayments	5,480,913.18	29,829,280.00	-24,348,366.82	-81.63%
Dividends receivable	1,297,976.42	960,947.47	337,028.95	35.07%
Dividends payable	31,209,043.97	736,840.07	30,472,203.90	4135.52%
Non-current liabilities due within one year	55,000,100.00	33,333,400.00	21,666,700.00	65.00%

Reasons of changes:

- (1) The increase in cash and cash equivalents was mainly due to the combined effect of good sales performance of Chengshang, receipt of the cash arising from the transfer of the equity interest of Chengshang Motor and collection of trade receivable for the reporting period.
- (2) The decrease in trade receivables was mainly due to Chengshang's collection of previous sales proceeds during the current period.
- (3) The decrease in prepayments was mainly due to the balance of the prepayment for the purchase of motor vehicles at RMB24.2 million by Chengshang's former subsidiary Chengshang Motor at the end of 2009, which was transferred during the current period.
- (4) The increase in dividends receivable was mainly due to the declaration to distribute dividends by Chengshang's associates during the current period.
- (5) The increase in dividends payable was mainly due to the declaration to distribute dividends of RMB1.5 (tax inclusive) per 10 shares to all shareholders announced by Chengshang at the 2009 annual general meeting held on 25 March 2010.
- (6) The increase in non-current liabilities due within one year was mainly due to Chengshang's new long-term borrowings of RMB400 million in September 2009, with the principal to be repaid quarterly starting from September 2010.

2.2 Major changes in income statement items and reasons of changes

Items	January to March, 2010	January to March, 2009	Amount of change	Percentage of change
Investment income	18,182,038.11	6,469,658.48	11,712,379.63	181.04%
Non-operating income	646,182.33	989,005.76	-342,823.43	-34.66%
Non-operating expense	44,772.28	398,487.66	-353,715.38	-88.76%
Income tax expense	17,033,275.88	9,712,828.82	7,320,447.06	75.37%

Reasons of changes:

- (1) The increase in investment income was mainly due to the transfer of the equity interest of Chengshang Motor, one of the subsidiaries, by Chengshang during the current period, realizing the investment gain of RMB11.5 million.
- (2) The decrease in non-operating income was mainly attributable to the income from disposal of non-current assets of Chengshang during the same period of last year more than that during the reporting period.
- (3) The decrease in non-operating expense was mainly due to loss from disposal of non-current assets by Chengshang during the same period of previous year more than that during the reporting period.
- (4) The increase in income tax expense was mainly due to the increase in total profit of Chengshang during the current period.

2.3 Major changes in cash flow statements items and reasons of changes

Items	January to March, 2010	January to March, 2009	Amount of change	Percentage of change
Net cash flow from operating activities	119,624,769.56	15,114,788.15	104,509,981.41	691.44%
Net cash flow from investing activities	-13,885,990.70	-4,657,010.64	-9,228,980.06	-198.17%
Cash and cash equivalents at the end of the period	165,718,574.17	69,041,023.61	96,677,550.56	140.03%

Reasons of changes:

- (1) The increase in net cash flow from operating activities was mainly due to the combined effect of the year-on-year increase in operating revenue, decrease in prepayment and increase in payables of Chengshang during the current period.
- (2) The decrease in net cash flow from investing activities was mainly attributable to the investment in Chengshang's Maoye Centre project ("Chengshang South Project") during the current period.
- (3) The increase in cash and cash equivalents at the end of the period is mainly due to Chengshang's substantial increase in net cash flow from operating activities.

2.4 Major changes in key financial indicators and reasons of changes

Indicators	Reporting period	Increase/ (decrease) of the reporting period as compared with the corresponding period in previous year
Net profit attributable to equity holders of parent company (RMB)	42,976,443.46	64.78%
Basic earnings per share (RMB)	0.2116	64.80%
Diluted earnings per share (RMB)	0.2116	64.80%
Weighted average return on net assets (%)	8.19	An increase of 1.50 percentage points
Weighted average return on net assets after extraordinary items (%)	6.46	An increase of 0.05 percentage point

Reasons of changes:

The increase in the above indicators was mainly due to the enhancement of Chengshang's operating results during the current period and the income arising from the transfer of the equity interest of a subsidiary.

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

(1) In order to optimize the Company's assets structure and highlight the main businesses of the Company, on 31 December 2009, Chengshang and Lu Zhiyong ("Party B"), Tu Bin ("Party C"), Chengdu Chengshang Motor Vehicle Co., Ltd ("Party D") entered into an equity interest transfer agreement, pursuant to which Chengshang agreed to transfer its 100% equity interest in Party D to Party B and Party C, at the consideration of RMB 23 million, in which Party B and Party C accounted for 90% and 10% equity interest, respectively. Party B and Party C agreed to bear the total liabilities of Chengshang and its related parties at RMB27,087,570.37 in the meantime. This matter has been considered and approved by the 9th meeting of the 6th session of the Board of directors of Chengshang and disclosed in the Shanghai Securities News and Securities Daily, respectively, on 9 July 2009. During the reporting period, the ownership of assets involved in the above transaction had been transferred completely. The amount of the equity interest transfer and receivables had been received entirely, realizing the investment income of approximately RMB11.5 million.

- (2) During the reporting period, according to the authorization of Chengshang's Board of directors, Chengshang purchased the wealth management products in an aggregate value of RMB70 million, receiving interest of RMB49,671.23. As at 31 March 2010, the balance of the wealth management products was nil.

2.6 Implementation of cash dividends policy during the Reporting Period

On 25 March 2010, the profit distribution and capitalisation from capital reserves for 2009 (a bonus issue to Shareholders of Chengshang of 1 bonus share and RMB1.5 (including tax) in cash for every 10 existing shares held, the residual amount of the profit carried forward to subsequent years based on the total share capital of 203,148,026 shares as at 31 December 2009; and in the meantime, a creation of 7 shares for every 10 shares to Shareholders of Chengshang by way of capitalisation of capital reserves based on the total share capital of 203,148,026 shares as at 31 December 2009) was considered and approved at the 2009 annual general meeting of Chengshang. Implementation of the plan was completed as at 15 April 2010, with the distribution of cash dividend at RMB30,472,203.90, bonus issue of 20,314,803 shares, and creation of 142,203,618 shares by way of capitalization in total. The total share capital of Chengshang has increased to 365,666,447 shares.

3 APPENDIX

3.1 Consolidated Balance Sheet

As at 31 March 2010

Prepared by: Chengshang Group Co. Ltd.

Unit: Yuan Currency: RMB Type of Audit: Unaudited

Item	Balance as at the end of the period	Balance as at the beginning of the year
Current assets:		
Cash and bank balance	165,718,574.17	67,701,795.31
Bills receivable	100,000.00	100,000.00
Accounts receivable	2,667,192.10	6,227,297.92
Prepayments	5,480,913.18	29,829,280.00
Dividend receivable	1,297,976.42	960,947.47
Other receivables	80,156,640.94	80,835,829.84
Inventories	89,053,796.44	96,699,552.53
Non-current assets due within one year		
Other current assets		
Total current assets	344,475,093.25	282,354,703.07

Item	Balance as at the end of the period	Balance as at the beginning of the year
Non-current assets:		
Long-term equity investments	174,256,351.28	174,186,514.45
Investment properties	60,314,289.56	61,149,502.90
Fixed assets	391,963,643.19	408,074,068.70
Construction in progress	149,191,763.51	118,210,198.58
Intangible assets	352,105,543.56	354,559,824.42
Goodwill	22,435,981.44	22,453,605.58
Long-term deferred expenditures	44,190,704.64	46,142,159.29
Deferred tax asset	16,386,791.55	16,391,346.74
Other non-current assets		
Total non-current assets	1,210,845,068.73	1,201,167,220.66
Total assets	1,555,320,161.98	1,483,521,923.73
Current liabilities:		
Short-term borrowings		
Notes payable	13,352,460.00	14,078,689.00
Accounts payable	253,988,402.77	208,219,541.72
Advances from customers	56,592,298.15	68,725,511.90
Staff remuneration payable	11,608,090.47	13,112,689.25
Taxes payable	35,385,994.77	33,743,196.82
Interest payable	960,325.00	960,325.00
Dividend payable	31,209,043.97	736,840.07
Other payables	81,441,809.44	85,140,476.85
Non-current liabilities due within one year	55,000,100.00	33,333,400.00
Other current liabilities		
Total current liabilities	539,538,524.57	458,050,670.61
Non-current liabilities:		
Long-term borrowings	484,999,900.00	506,666,600.00
Deferred tax liability		
Other non-current liabilities		
Total non-current liabilities	484,999,900.00	506,666,600.00
Total liabilities	1,024,538,424.57	964,717,270.61
Owner's equity (or shareholders' equity):		
Paid-up capital (or share capital)	203,148,026.00	203,148,026.00
Capital reserve	172,400,421.20	173,000,371.87
Surplus reserve	68,973,873.49	68,973,873.49
Undistributed profit	70,417,795.41	57,913,555.85
Total owners' equity attributable to the Company	514,940,116.10	503,035,827.21
Minority interests	15,841,621.31	15,768,825.91
Total owners' equity	530,781,737.41	518,804,653.12
Total liabilities and owners' equity	1,555,320,161.98	1,483,521,923.73

3.2 Consolidated Income Statement

January-March 2010

Prepared by: Chengshang Group Co. Ltd.

		Unit: Yuan	Currency: RMB	Type of Audit: Unaudited
Item		Amount during the current period	Amount during the previous period	
1.	Total operating revenue	480,749,702.03	454,757,865.00	
	Including: Operating revenue	480,749,702.03	454,757,865.00	
2.	Total cost of operations	439,450,635.45	426,130,109.07	
	Including: Operating cost	377,522,144.13	362,096,286.79	
	Business tax and surcharges	6,892,888.61	6,454,540.51	
	Selling expenses	39,782,186.86	38,347,315.09	
	Administrative expenses	8,014,005.10	9,168,916.91	
	Finance costs	7,239,410.75	10,063,049.77	
	Add: Gains on fair value changes (loss stated with “-”)			
	Investment income (loss stated with “-”)	18,182,038.11	6,469,658.48	
	Including: Investment income from associated companies and jointly entities controlled	6,624,147.69	5,615,377.42	
	Foreign currency exchange gains (loss stated with “-”)			
3.	Operating profit (loss stated with “-”)	59,481,104.69	35,097,414.41	
	Add: Non-operating income	646,182.33	989,005.76	
	Less: Non-operating expenses	44,772.28	398,487.66	
	Including: Loss from disposal of non-current asset	33,105.87	156,598.79	
4.	Total profit (loss stated with “-”)	60,082,514.74	35,687,932.51	
	Less: Income tax	17,033,275.88	9,712,828.82	
5.	Net profit (loss stated with “-”)	43,049,238.86	25,975,103.69	
	Net profit attributable to the Company	42,976,443.46	26,080,659.34	
	Profit (loss) of minority interests	72,795.40	-105,555.65	
6.	Earnings per share:			
	(1) Basic earnings per share	0.2116	0.1284	
	(2) Diluted earnings per share	0.2116	0.1284	
7.	Other comprehensive income	-599,950.67		
8.	Total comprehensive income	42,449,288.19	25,975,103.69	
	Total comprehensive income attributable to owners of the Company	42,376,492.79	26,080,659.34	
	Total comprehensive income attributable to minority shareholders	72,795.40	-105,555.65	

3.3 Consolidated Cash Flow Statement

January-March 2010

Prepared by: Chengshang Group Co. Ltd.

Item	Unit: Yuan	Currency: RMB	Type of Audit: Unaudited	
			Amount during the current period	Amount during the previous period
1. Cash flows from operating activities				
Cash received from product sales and rendering of services			554,147,625.81	501,779,952.02
Other cash received relating to operating activities			32,580,722.03	19,262,552.28
Sub-total of cash inflows from operating activities			586,728,347.84	521,042,504.30
Cash paid for purchase of goods and receipt of services			393,816,254.50	420,735,010.77
Net increase in loans and advances to customers				
Cash paid to and on behalf of employees			13,372,446.94	12,502,717.75
Taxes and levies paid			33,270,094.01	32,895,713.58
Other cash paid relating to operating activities			26,644,782.83	39,794,274.05
Sub-total of cash outflows from operating activities			467,103,578.28	505,927,716.15
Net cash flow from operating activities			119,624,769.56	15,114,788.15
2. Cash flows from investment activities:				
Cash received from disposal of investments			70,049,671.23	
Cash received from returns on investments			6,791,281.91	7,032,408.73
Net cash received from disposal of fixed assets, intangible assets and other long-term assets			133,269.79	496,675.84
Net cash received from disposal of subsidiaries and other operated entities			15,288,697.62	440,000.00
Other cash received relating to investment activities				
Sub-total of cash inflows from investment activities			92,262,920.55	7,969,084.57
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets			36,148,911.25	12,626,095.21
Cash paid for acquisition of investments			70,000,000.00	
Other cash paid relating to investment activities				
Sub-total of cash outflows from investment activities			106,148,911.25	12,626,095.21
Net cash flow from investment activities			-13,885,990.70	-4,657,010.64

Item	Amount during the current period	Amount during the previous period
3. Cash flows from financing activities:		
Cash received from borrowings	67,000,000.00	
Other cash received relating to financing activities		
Sub-total of cash inflows from financing activities	67,000,000.00	
Cash repayments of debts	64,700,000.00	
Cash payment for interest expenses and distribution of dividend or profit	7,722,000.00	9,587,192.55
Including: Dividend or profit paid by subsidiary to minority shareholders		
Other cash paid relating to financing activities		
Sub-total of cash outflows from financing activities	7,722,000.00	74,287,192.55
Net cash flow from financing activities	-7,722,000.00	-7,287,192.55
4. Effect of foreign exchange rate change on cash and cash equivalents		
5. Net increase in cash and cash equivalents	98,016,778.86	3,170,584.96
Add: Cash and cash equivalents at the year beginning	67,701,795.31	65,870,438.65
6. Cash and cash equivalents at the end of the period	165,718,574.17	69,041,023.61

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 244,176,842 shares in Chengshang through Maoye Shangsha, representing approximately 66.78% 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
“Reporting Period”	1 January 2010 to 31 March 2010

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

26 April 2010, 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 Guisheng; one non-executive director, namely, Mrs. Huang Jingzhang; and three independent non-executive directors, namely, Mr. Chow Chan Lum, Mr. Pao Ping Wing and Mr. Leung Hon Chuen.