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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 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 third quarter results for the nine months ended 30 September 2010 prepared pursuant to PRC GAAP.

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 31 December 2009	Increase/(decrease) at the end of the Reporting Period as compared with the end of previous year (31 December 2009) (%)
Total assets (<i>RMB</i>)	1,554,590,013.53	1,483,521,923.73	4.79
Owners' equity (or equity) (<i>RMB</i>)	564,117,663.36	503,035,827.21	12.14
Net assets per share attributable to Chengshang's shareholders (<i>RMB/share</i>)	1.54	1.38	11.59

	From the beginning of the year (1 January 2010) to the end of the Reporting Period		Increase/(decrease) as compared with the corresponding period of previous year (%)
Net cash flows from operating activities (<i>RMB</i>)		166,590,765.58	132.53
Net cash flows from operating activities per share (<i>RMB/share</i>)		0.46	130.00
	From the beginning of the year (1 January 2010) to the end of the Reporting period		Increase/(decrease) as compared with the corresponding period of previous year (%)
Net profit attributable to Chengshang's shareholders (<i>RMB</i>)	25,632,053.66	92,153,990.72	90.39
Basic earnings per share (<i>RMB/Share</i>)	0.0701	0.2520	90.49
Basic earnings per share after extraordinary items (<i>RMB/Share</i>)	0.0693	0.2255	112.58
Diluted earnings per share (<i>RMB/Share</i>)	0.0701	0.2520	90.49
Weighted average return on net assets (%)	4.65	17.43	An increase of 1.67 percentage points
Weighted average return on net assets after extraordinary items (%)	4.60	15.59	An increase of 1.96 percentage points

Currency: RMB

Extraordinary items	Amount (RMB)	Description
Profit/loss on disposal of non-current assets	11,582,491.45	Realized investment
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	934,620.00	gain of approximately RMB11.5 million due to the transfer of equity in Chengdu Chengshang Motor Vehicle Co., Ltd
Other non-operating income and expenses other than the above items	405,007.07	(“Chengshang Motor”)
Amount of income tax effect	-3,230,529.63	
Minority interests (After tax)	<u>-2,671.54</u>	
Total	<u>9,688,917.35</u>	

2. SIGNIFICANT MATTERS

2.1 Major changes in balance sheet items and reasons of changes

Currency: RMB

Items	As at 30 September 2010	As at 31 December 2009	Amount of change	Percentage of change (%)
Cash and Cash equivalents	134,666,086.69	67,701,795.31	66,964,291.38	98.91
Prepayments	7,402,240.03	29,829,280.00	-22,427,039.97	-75.18
Investment properties	89,289,798.50	61,149,502.90	28,140,295.60	46.02
Construction in progress	195,759,907.25	118,210,198.58	77,549,708.67	65.60
Notes payable	3,900,125.00	14,078,689.00	-10,178,564.00	-72.30
Taxes payable	57,749,627.00	33,743,196.82	24,006,430.18	71.14
Non-current liabilities due within one year	59,444,400.00	33,333,400.00	26,111,000.00	78.33
Paid-up capital (or share capital)	365,666,447.00	203,148,026.00	162,518,421.00	80.00
Capital reserve	30,196,803.20	173,000,371.87	-142,803,568.67	-82.55

Reasons of changes:

- (1) The increase in cash and cash equivalents was mainly due to good sales performance of Chengshang, receipt of the payment arising from the transfer of the equity interest of Chengshang Motor and collection of trade receivable for the Reporting Period.

- (2) The decrease in prepayments was mainly due to the balance of the prepayment at the end of 2009 primarily included the amounts for the purchase of motor vehicles by Chengshang's former subsidiary Chengshang Motor, which had been transferred during the Reporting Period.
- (3) The increase in investment properties was mainly due to the leasing of certain properties, which resulted in the change from being part of fixed assets to investment properties.
- (4) The increase in construction in progress was mainly due to the investment in Maoye Centre project during the Reporting Period.
- (5) The decrease in notes payable was mainly due to the due payment of bank acceptance notes during the Reporting Period.
- (6) The increase in taxes payable was mainly due to certain taxes in the accounts have not been paid to the Tax Bureau during the Reporting Period.
- (7) The increase in non-current liabilities due within one year was mainly due to the new long-term borrowings of RMB400 million repayable by instalments pursuant to the loan agreement, which resulted in the increase of borrowings repayable within one year.
- (8) The increase in paid-up capital (or share capital) was mainly due to the profit distribution and capitalisation from capital reserves for 2009 of Chengshang during the Reporting Period.
- (9) The decrease in capital reserve was mainly due to the profit distribution and capitalisation from capital reserves for 2009 of Chengshang during the Reporting Period.

2.2 Major changes in income statement items and reasons of changes

Currency: RMB

Items	January to September 2010	January to September 2009	Amount of change	Percentage of change (%)
Business tax and surcharges	19,067,611.44	14,509,409.16	4,558,202.28	31.42
Finance costs	20,029,167.08	29,929,628.46	-9,900,461.38	-33.08
Investment income	33,207,681.77	15,460,411.84	17,747,269.93	114.79
Non-operating income	1,527,650.00	32,565,887.37	-31,038,237.37	-95.31
Non-operating expenses	113,750.67	1,808,313.02	-1,694,562.35	-93.71

Reasons of changes:

- (1) The increase in business tax and surcharges was mainly due to the increase of sales in taxable consumption goods such as gold and silver ornaments which led to an increase in the sales tax payable and the growth of earnings from other businesses which led to an increase in the business tax and surcharges which resulted in the growth of consumption taxes and other operating income.
- (2) The decrease in finance costs was mainly due to the capitalisation of certain income expenses during the Reporting Period.
- (3) The increase in investment income was mainly due to the transfer of the entire equity interests of Chengshang Motor, a subsidiary of Chengshang, during the Reporting Period.
- (4) The decrease in non-operating income was mainly due to receiving non-operating income during the same period last year from the land use right disposal for a piece of land situated at Sheng Li Village, Bao He Township, Cheng Hua District, Chengdu City, PRC.
- (5) The decrease in non-operating expense was mainly due to the compensations paid to Chengdu Zhengyang Advertising Co., Ltd by Chengshang, after reaching civil mediation in respect of a lease contract dispute between these parties during the same period of last year.

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

Items	January to September, 2010	January to September, 2009	Amount of change	Currency: RMB
				Percentage of change (%)
Net cash flow from operating activities	166,590,765.58	71,641,632.33	94,949,133.25	132.53
Net cash flow from financing activities	-65,092,503.90	14,049,679.80	-79,142,183.70	-563.30

Reasons of changes:

- (1) The increase in net cash flow from operating activities was mainly due to the increase of net profits from operating activities, the decrease of operating receivables and the increase of operating payables during the Reporting Period.
- (2) The decrease in net cash flow from financing activities was mainly due to the payment of dividends, the repayment of principal amount and interests of loans.

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

(1) Progress of the contract dispute between Chengshang and Chengdu Commercial Bureau

On 1 September 2010, Chengshang received the enforcement notice of Sichuan Province Chengdu Municipal Intermediate People's Court (2010) Cheng Zhi Zi No.816. As Chengshang failed to perform the obligations within the time limits prescribed in (2008) Chuan Min Zhong Zi No.612 Judgement, Chengdu Commercial Bureau, as creditor, has applied to the Court for enforcement. The Court requested Chengshang to immediately perform all the obligations specified in the legal documents after receiving the notice, and to assume the interests incurred (or the default fee) on the abovementioned debt during the default period and the enforcement fee for the case. If this is not complied with, the Court shall make enforcement according to the law. After receiving the said enforcement notice, Chengshang repeatedly requested Guangdong Huanghe Industrial Group. Co. Ltd (廣東黃河實業集團有限公司) (hereinafter referred to as "**Guangdong Huanghe**") by written notice to assume Chengshang's payment obligation under such judgment pursuant to its undertakings. On 9 September 2010, Chengshang has received Guangdong Huanghe's payment of RMB5 million. On 10 September 2010, Chengshang has paid the RMB5 million it received to Chengdu Urban and Rural Commercial Development of Logistics Investment (Group) Co., Ltd (成都城鄉商貿物流發展投資(集團)有限公司), the receiving unit designated by Chengdu Commercial Bureau.

The abovementioned issues were published on Shanghai Securities News dated 3 September 2010 and 11 September 2010, and disclosed in the overseas regulatory announcement dated 6 June 2008, the voluntary announcements dated 11 December 2009, 3 September 2010 and 30 September 2010.

(2) During January to September 2010, pursuant to the authorization of Chengshang's Board of directors, Chengshang purchased the wealth management products in an aggregate value of RMB200 million, and received interest of RMB85,246.57. As at 30 September 2010, the balance of the wealth management products was RMB45 million.

2.5 Implementation of cash dividends policy during the Reporting Period

Chengshang did not distribute any cash dividends during the Reporting Period.

3 APPENDIX

3.1 Consolidated Balance Sheet

As at 30 September 2010

Prepared by: Chengshang Group Co. Ltd.

Currency: RMB Type of Audit: Unaudited

Item	Balance as at the end of the Reporting Period	Balance as at the beginning of the year (1 January 2010)
Current assets:		
Cash and bank balance	134,666,086.69	67,701,795.31
Bills receivable	0.00	100,000.00
Accounts receivable	3,811,112.73	6,227,297.92
Prepayments	7,402,240.03	29,829,280.00
Dividend receivable	1,297,976.42	960,947.47
Other receivables	74,996,508.95	80,835,829.84
Inventories	96,720,242.87	96,699,552.53
Non-current assets due within one year		
Other current assets		
Total current assets	318,894,167.69	282,354,703.07
Non-current assets:		
Long-term equity investments	173,674,697.46	174,186,514.45
Investment properties	89,289,798.50	61,149,502.90
Fixed assets	352,017,113.81	408,074,068.70
Construction in progress	195,759,907.25	118,210,198.58
Intangible assets	347,229,691.58	354,559,824.42
Development expense		
Goodwill	22,435,981.44	22,453,605.58
Long-term deferred expenditures	38,901,864.25	46,142,159.29
Deferred tax assets	16,386,791.55	16,391,346.74
Other non-current assets		
Total non-current assets	1,235,695,845.84	1,201,167,220.66
Total assets	1,554,590,013.53	1,483,521,923.73

Item	Balance as at the end of the Reporting Period	Balance as at the beginning of the year (1 January 2010)
Current liabilities:		
Short-term borrowings		
Notes payable	3,900,125.00	14,078,689.00
Accounts payable	211,683,641.24	208,219,541.72
Advances from customers	74,651,994.06	68,725,511.90
Financial assets sold under repurchase agreements		
Fee and commission payable		
Staff remuneration payable	11,516,233.27	13,112,689.25
Taxes payable	57,749,627.00	33,743,196.82
Interest payable	849,291.68	960,325.00
Dividend payable	736,840.07	736,840.07
Other payables	85,576,665.07	85,140,476.85
Non-current liabilities due within one year	59,444,400.00	33,333,400.00
Other current liabilities		
Total current liabilities	506,108,817.39	458,050,670.61
Non-current liabilities:		
Long-term borrowings	469,444,500.00	506,666,600.00
Deferred tax liability		
Other non-current liabilities		
Total non-current liabilities	469,444,500.00	506,666,600.00
Total liabilities	975,553,317.39	964,717,270.61
Owner's equity (or shareholders' equity):		
Paid-up capital (or share capital)	365,666,447.00	203,148,026.00
Capital reserve	30,196,803.20	173,000,371.87
Surplus reserve	68,973,873.49	68,973,873.49
Undistributed profit	99,280,539.67	57,913,555.85
Total owners' equity attributable to Chengshang	564,117,663.36	503,035,827.21
Minority interests	14,919,032.78	15,768,825.91
Total owners' equity	579,036,696.14	518,804,653.12
Total liabilities and owners' equity	1,554,590,013.53	1,483,521,923.73

3.2 Consolidated Income Statement

January to September 2010

Prepared by: Chengshang Group Co. Ltd.

Currency: RMB Type of Audit: Unaudited

Item	Amount during the current period (July to September 2010)	Amount during the previous period (July to September 2009)	Amount during the period from the beginning of the year to the end of the Reporting Period (January to September 2010)	Amount during the period from the beginning of the previous year to the end of the previous reporting period (January to September 2009)
1. Total operating revenue	373,809,675.89	388,607,835.13	1,209,278,254.41	1,207,690,420.23
Including:				
Operating revenue	373,809,675.89	388,607,835.13	1,209,278,254.41	1,207,690,420.23
2. Total cost of operations	345,029,048.61	372,110,297.57	1,112,333,907.70	1,142,598,937.73
Including:				
Operating cost	283,066,968.09	308,574,333.58	928,947,889.61	954,950,943.38
Business tax and surcharges	6,949,471.32	5,227,219.65	19,067,611.44	14,509,409.16
Selling expenses	41,712,959.68	41,966,276.37	120,942,289.11	121,541,549.55
Administrative expenses	6,822,246.02	6,880,874.96	23,346,950.46	21,714,288.18
Finance costs	6,477,403.50	9,461,593.01	20,029,167.08	29,929,628.46
Loss of assets impairment	0.00	0.00	0.00	-46,881.00
Add:				
Investment income (loss stated with "-")	5,888,540.96	2,044,740.65	33,207,681.77	15,460,411.84
Including:				
Investment income from associated companies and jointly controlled entities	5,852,965.52	5,304,855.55	21,614,215.91	18,066,245.68
Foreign currency exchange gains (loss stated with "-")				

Item	Amount during the current period (July to September 2010)	Amount during the previous period (July to September 2009)	Amount during the period from the beginning of the year to the end of the Reporting Period (January to September 2010)	Amount during the period from the beginning of the previous year to the end of the previous reporting period (January to September 2009)
3. Operating profit (loss stated with “-”)	34,669,168.24	18,542,278.21	130,152,028.48	80,551,894.34
Add:				
Non-operating income	419,287.08	1,200,295.66	1,527,650.00	32,565,887.37
Less:				
Non-operating expenses	49,541.54	583,903.08	113,750.67	1,808,313.02
Including:				
Loss from disposal of non-current assets	4,275.00	4,359.16	38,201.91	339,162.41
4. Total profit (loss stated with “-”)	35,038,913.78	19,158,670.79	131,565,927.81	111,309,468.69
Less: Income tax	9,599,483.90	7,281,510.04	40,261,730.22	32,034,956.91
5. Net profit (loss stated with “-”)	25,439,429.88	11,877,160.75	91,304,197.59	79,274,511.78
Net profit attributable to Chengshang	25,632,053.66	13,463,165.74	92,153,990.72	81,251,718.19
Profit (loss) of minority interests	-192,623.78	-1,586,004.99	-849,793.13	-1,977,206.41
6. Earnings per share:				
(1) Basic earnings per share	0.0701	0.0368	0.2520	0.2222
(2) Diluted earnings per share	0.0701	0.0368	0.2520	0.2222
7. Other comprehensive income	0.00	0.00	-599,950.67	0.00
8. Total comprehensive income	25,439,429.88	11,877,160.75	90,704,246.92	79,274,511.78
Total comprehensive income attributable to owners of Chengshang	25,632,053.66	13,463,165.74	91,554,040.05	81,251,718.19
Total comprehensive income attributable to minority shareholders	-192,623.78	-1,586,004.99	-849,793.13	-1,977,206.41

3.3 Consolidated Cash Flow Statement

January to September 2010

Prepared by: Chengshang Group Co. Ltd.

Item	<i>Currency: RMB Type of Audit: Unaudited</i>	
	Amount during the period from the beginning of the year to the end of the Reporting Period (January to September 2010)	Amount during the period from the beginning of the previous year to the end of the previous reporting period (January to September 2009)
1. Cash flows from operating activities		
Cash received from product sales and rendering of services	1,393,247,528.73	1,422,030,679.90
Other cash received relating to operating activities	40,598,965.80	33,753,797.79
Sub-total of cash inflows from operating activities	1,433,846,494.53	1,455,784,477.69
Cash paid for purchase of goods and receipt of services	1,082,245,594.74	1,188,605,708.19
Cash paid to and on behalf of employees	39,475,527.28	37,677,762.85
Taxes and levies paid	69,644,629.69	70,019,266.22
Other cash paid relating to operating activities	75,889,977.24	87,840,108.10
Sub-total of cash outflows from operating activities	1,267,255,728.95	1,384,142,845.36
Net cash flow from operating activities	166,590,765.58	71,641,632.33
2. Cash flows from investment activities:		
Cash received from disposal of investments	20,085,246.67	0.00
Cash received from returns on investments	22,363,003.95	22,342,185.31
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	342,899.79	30,049,466.42
Net cash received from disposal of subsidiaries and other operating entities	22,788,697.62	10,440,000.00
Other cash received relating to investment activities		
Sub-total of cash inflows from investment activities	245,579,848.03	62,831,651.73

Item	Amount during the period from the beginning of the year to the end of the Reporting Period (January to September 2010)	Amount during the period from the beginning of the previous year to the end of the previous reporting period (January to September 2009)
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	81,283,855.83	96,457,232.78
Cash paid for investments	20,000,000.00	0.00
Other cash paid relating to investment activities		
Sub-total of cash outflows from investment activities	281,283,855.83	96,457,232.78
Net cash flow from investment activities	-35,704,007.80	-33,625,581.05
3. Cash flows from financing activities:		
Cash received from borrowings	0.00	807,000,000.00
Sub-total of cash inflows from financing activities	0.00	807,000,000.00
Cash repayments of debts	11,111,100.00	763,400,000.00
Cash payment for interest expenses and distribution of dividend or profit	53,981,403.90	29,550,320.20
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	65,092,503.90	792,950,320.20
Net cash flow from financing activities	-65,092,503.90	14,049,679.80
4. Effect of foreign exchange rate change on cash and cash equivalents		
5. Net increase in cash and cash equivalents	65,794,253.88	52,065,731.08
Add: Cash and cash equivalents at the beginning of year	67,701,795.31	65,870,438.65
6. Cash and cash equivalents at the end of the period	133,496,049.19	117,936,169.73

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). As 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
“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
“Reporting Period”	1 July 2010 to 30 September 2010

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

25 October 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 Bin and three independent non-executive directors, namely, Mr. Chow Chan Lum, Mr. Pao Ping Wing and Mr. Leung Hon Chuen.