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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 2011

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 2011 (“the **Reporting Period**”) prepared pursuant to PRC GAAP.

Highlights

Total operating revenue increased to RMB578,947,967, representing an increase of 20.4% as compared to the same period of the previous year;

Operating profit amounted to RMB64,133,534, representing an increase of 7.8% as compared to the same period of the previous year;

Net profit attributable to equity holders of parent company amounted to RMB47,636,708, representing an increase of 10.8% as compared to the same period of the previous year, or excluding the effect from non-recurring profit and loss, an increase of approximately 41.0% over the same period of last 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)	1,773,848,022.07	1,611,544,900.46	10.07
Owners' equity (or equity) (RMB)	646,934,474.26	610,267,759.29	6.01
Net assets per share attributable to Chengshang's shareholders (RMB/share)	1.77	1.67	5.99
	From the beginning of the year to the end of the Reporting Period		Increase/(decrease) as compared with the corresponding period of previous year (%)
Net cash flows from operating activities (RMB)	184,151,307.00		53.94
Net cash flows from operating activities per share (RMB/share)		0.50	-15.25

			Increase/ (decrease) of the From the reporting period beginning of as compared with the year to the corresponding the end of the Reporting Period Reporting Period period of previous year (%)
Net profit attributable to Chengshang's shareholders (RMB)	47,636,708.38	47,636,708.38	10.84
Basic earnings per share (RMB/Share)	0.1303	0.1303	10.89
Basic earnings per share after extraordinary items (RMB/Share)	0.1307	0.1307	40.99
Diluted earnings per share (RMB/Share)	0.1303	0.1303	10.89
Weighted average return on net assets (%)	7.51	7.51	A decrease of 0.68 percentage points
Weighted average return on net assets after extraordinary items (%)	7.54	7.54	An increase of 1.08 percentage points

Unit: Yuan Currency: RMB

Items of non-current gains and losses	Amount
Gain/loss on disposal of non-current assets	-979.78
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 gain and loss account for the period	87,996.00
Other non-operating income and expenses other than the above items	-277,599.36
Amount of income tax effect	48,608.59
Minority interests (After tax)	<u>-114.70</u>
Total	<u><u>-142,089.25</u></u>

2. SIGNIFICANT EVENTS

2.1 Major changes in balance sheet items and reasons of changes

Unit: Yuan Currency: RMB

Items	As at 31 March 2011	As at 31 December 2010	Amount of change	Percentage of change
Cash and Cash equivalents	81,787,364.09	124,679,782.25	-42,892,418.16	-34.40%
Prepayments	107,556,076.30	4,081,107.53	103,474,968.77	2535.46%
Trade payable	386,238,261.41	253,722,930.59	132,515,330.82	52.23%
Dividends payable	11,706,833.48	736,840.07	10,969,993.41	1,488.79%

Reasons of changes:

- (1) The decrease in cash and cash equivalents was mainly due to the down payment and the security deposit paid for the acquisition of the equity interest of Heze Huihe Commercial Centre Co., Ltd. (荷澤惠和商業中心有限公司) during the Reporting Period, as well as the capital increase to Chongqing Medicine.
- (2) The increase in prepayments was mainly due to the advance down payment for the acquisition of the equity interests of Heze Huihe Commercial Centre Co., Ltd. (荷澤惠和商業中心有限公司) during the Reporting Period, as well as the increase in project prepayment.
- (3) The increase in trade payable was mainly due to the money unpaid to certain suppliers during the Reporting Period.
- (4) The increase in dividends payable was mainly due to distribution of dividends of RMB0.3 (tax inclusive) per 10 shares to all shareholders declared at Chengshang's 2010 annual general meeting held on 21 March 2011. The dividends remain unpaid at the end of the Reporting Period.

2.2 Major changes in income statement items and reasons of changes

Unit: Yuan Currency: RMB

Items	January to March, 2011	January to March, 2010	Amount of change	Percentage of change
Business tax and surcharges	9,142,639.24	6,892,888.61	2,249,750.63	32.64%
Investment income	7,674,064.32	18,182,038.11	-10,507,973.79	-57.79%
Non-operating income	207,890.86	646,182.33	-438,291.47	-67.83%
Non-operating expense	398,474.00	44,772.28	353,701.72	790.00%

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 and the growth of earnings from other businesses.
- (2) The decrease in investment income was mainly due to the transfer of the equity interest of Chengshang Motor, one of the subsidiaries of Chengshang during the corresponding period of last year, realizing an investment gain of RMB11.5 million.
- (3) The decrease in non-operating income was mainly attributable to the post-disaster reconstruction subsidies and other incentive payments received during the corresponding period of last year which were more than that during this Reporting Period.
- (4) The increase in non-operating expense was mainly due to the donations by Chengshang to support the community construction during the Reporting Period.

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

Unit: Yuan Currency: RMB

Items	January to March, 2011	January to March, 2010	Amount of change	Percentage of change
Net cash flow from investing activities	-207,177,047.72	-13,885,990.70	-193,291,057.02	N/A
Net cash flow from financing activities	-19,716,677.44	-7,722,000.00	-11,994,677.44	N/A
Net increase in cash and cash equivalents	-42,742,418.16	98,016,778.86	-140,759,197.02	-143.61%

Reasons of changes:

- (1) The decrease in net cash flow from investing activities was mainly due to the down payment and the security deposit paid for the acquisition of the equity interest of Heze Huihe Commercial Centre Co., Ltd. (荷澤惠和商業中心有限公司) during the Reporting Period, as well as the capital increase in Chongqing Medicine.
- (2) The decrease in net cash flow from financing activities was mainly due to the repayment for partial loans by Chengshang during the Reporting Period.
- (3) The decrease in net increase in cash and cash equivalents was mainly due to the substantial decrease in net cash flow from investing activities and from financing activities during the Reporting Period.

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 cash flows from operating activities (RMB)	184,151,307.00		53.94%
Basic earnings per share after extraordinary items (RMB)	0.1307		40.99%
Weighted average return on net assets after extraordinary items	7.54%	An increase of 1.08	percentage points
Reasons of changes:			

The increase in the above indicators was mainly due to the significant enhancement of Chengshang's operating results during the Reporting Period.

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

(1) Matters about the adjustments to the planning of Yanshiko Project Phase Two (鹽市口二期專案) and investment

For details, please see Shanghai Securities News (《上海證券報》) dated 12 January and 28 January 2011, the website of the Shanghai Stock Exchange, and the announcement of the Company dated 12 January 2011 on the website of Stock Exchange. As at the date of this announcement, the foundation pit of the south district of Yanshiko Project was under construction.

(2) Matters about the initial investment in the north district of Yanshiko Project

For details, please see Shanghai Securities News dated 12 January 2011, as well as the website of the Shanghai Stock Exchange.

(3) Matters about the capital increase to Chongqing Medicine Co., Ltd.

For details, please see Shanghai Securities News dated 12 January 2011, as well as the website of the Shanghai Stock Exchange. As at the end of the Reporting Period, the above capital increase was completed. The number of shares in Chongqing Medicine held by Chengshang changed to 28,211,220 shares, representing a 11.64% shareholding.

(4) Progress of the co-operation contract dispute between Chengshang and Pacific China Holdings Limited

For details, please see Shanghai Securities News dated 15 January and 9 March 2011, as well as the website of the Shanghai Stock Exchange. As at the date of this announcement, the lawsuit was still pending.

(5) Progress of the lease contract dispute between Chengdu Renmin Department Store (Group) Mianyang Company Limited (成都人民商場(集團)綿陽有限公司), a subsidiary of Chengshang, and Chengdu Watsons Economic Development Co., Ltd (成都屈臣經濟發展有限公司)

For details, please see Shanghai Securities News dated 26 January and 12 March 2011, as well as the website of the Shanghai Stock Exchange.

(6) Matters about the acquisition of 90% equity interest in Heze Huihe Commercial Centre Co. held by Heze Traffic Group Corporation (荷澤交通集團總公司)

For details, please see Shanghai Securities News dated 22 March 2011, the website of the Shanghai Stock Exchange, and the announcement of the Company dated 22 March 2011 on the website of Stock Exchange. As at the date of this announcement, Chengshang paid RMB10 million in security deposit of and RMB100 million in down payment of transfer. As the business registration of equity transfer change was still being processed, the transfer was not included in the consolidated statements during the Reporting Period.

(7) Matters about purchase of wealth management products

During January to March 2011, pursuant to the authorization of Chengshang's Board of directors, Chengshang purchased the wealth management products worth an aggregate of RMB180 million, and received interest of RMB129,433.15. As at 31 March 2011, the balance of the wealth management products was RMB0.

2.6 Implementation of cash dividends policy during the Reporting Period

On 21 March 2011, the profit distribution and capitalisation from capital reserves for 2010 (a bonus issue to Shareholders of Chengshang of 2 bonus shares and RMB0.3 (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 365,666,447 shares as at 31 December 2010. In 2010, there was no plan for capitalisation from capital reserves. As at the date of this announcement, the above plan has not been implemented yet.

3 APPENDIX

3.1 Consolidated Balance Sheet

As at 31 March 2011

Prepared by: Chengshang Group Co. Ltd.

Unit: Yuan 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 2011)
Current assets:		
Cash and bank balance	81,787,364.09	124,679,782.25
Accounts receivable	5,359,397.42	5,234,186.59
Prepayments	107,556,076.30	4,081,107.53
Dividend receivable	1,297,976.42	1,297,976.42
Other receivables	98,843,959.60	83,840,875.39
Inventories	94,013,447.90	98,695,323.38
Non-current assets due within one year		
Total current assets	388,858,221.73	317,829,251.56
Non-current assets:		
Long-term equity investments	222,588,839.43	172,653,593.14
Investment properties	108,320,101.59	109,677,649.53
Fixed assets	336,566,140.94	340,627,767.26
Construction in progress	318,742,781.83	266,210,350.85
Intangible assets	327,507,029.18	329,837,774.44
Goodwill	22,435,981.44	22,435,981.44
Long-term deferred expenditures	32,783,611.69	36,227,218.00
Deferred tax asset	16,045,314.24	16,045,314.24
Total non-current assets	1,384,989,800.34	1,293,715,648.90
Total assets	1,773,848,022.07	1,611,544,900.46

3.1 Consolidated Balance Sheet (continued)

As at 31 March 2011

Prepared by: Chengshang Group Co. Ltd.

Unit: Yuan 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 2011)
Current liabilities:		
Short-term borrowings	10,000,000.00	—
Notes payable	4,000,000.00	4,500,000.00
Accounts payable	386,238,261.41	253,722,930.59
Advances from customers	69,434,491.59	86,005,114.03
Staff remuneration payable	11,733,542.48	14,766,658.14
Taxes payable	60,504,909.66	56,790,482.79
Interest payable	899,314.28	897,440.16
Dividend payable	11,706,833.48	736,840.07
Other payables	82,292,851.25	71,656,552.93
Non-current liabilities due within one year	38,333,300.00	44,444,400.00
Total current liabilities	675,143,504.15	533,520,418.71
Non-current liabilities:		
Long-term borrowings	437,222,300.00	453,333,400.00
Total non-current liabilities	437,222,300.00	453,333,400.00
Total liabilities	1,112,365,804.15	986,853,818.71
Owner's equity (or shareholders' equity):		
Paid-up capital (or share capital)	365,666,447.00	365,666,447.00
Capital reserve	30,196,803.20	30,196,803.20
Surplus reserve	81,607,119.29	81,607,119.29
Undistributed profit	169,464,104.77	132,797,389.80
Total owners' equity attributable to the Chengshang's parent company	646,934,474.26	610,267,759.29
Minority interests	14,547,743.66	14,423,322.46
Total owners' equity	661,482,217.92	624,691,081.75
Total liabilities and owners' equity	1,773,848,022.07	1,611,544,900.46

3.2 Consolidated Income Statement

January-March 2011

Prepared by: Chengshang Group Co. Ltd.

Unit: Yuan Currency: RMB Type of Audit: Unaudited

Item	Amount during the current period (January to March, 2011)	Amount during the previous period (January to March, 2010)
1. Total operating revenue	578,947,967.40	480,749,702.03
Including: Operating revenue	578,947,967.40	480,749,702.03
2. Total cost of operations	522,488,498.05	439,450,635.45
Including: Operating cost	456,996,599.37	377,522,144.13
Business tax and surcharges	9,142,639.24	6,892,888.61
Selling expenses	41,752,665.49	39,782,186.86
Administrative expenses	8,309,010.38	8,014,005.10
Finance costs	6,287,583.57	7,239,410.75
Add: Gains on fair value changes (loss stated with “-”)	—	—
Investment income (loss stated with “-”)	7,674,064.32	18,182,038.11
Including: Investment income from associated companies and jointly entities controlled	6,867,490.00	6,624,147.69
Foreign currency exchange gains (loss stated with “-”)	—	—
3. Operating profit (loss stated with “-”)	64,133,533.67	59,481,104.69
Add: Non-operating income	207,890.86	646,182.33
Less: Non-operating expenses	398,474.00	44,772.28
Including: Loss from disposal of non-current asset	1,089.78	33,105.87
4. Total profit (loss stated with “-”)	63,942,950.53	60,082,514.74
Less: Income tax	16,181,820.95	17,033,275.88
5. Net profit (loss stated with “-”)	47,761,129.58	43,049,238.86
Net profit attributable to Chengshang’s parent company	47,636,708.38	42,976,443.46
Profit (loss) of minority interests	124,421.20	72,795.40
6. Earnings per share:		
(1) Basic earnings per share	0.1303	0.1175
(2) Diluted earnings per share	0.1303	0.1175
7. Other comprehensive income	—	-599,950.67
8. Total comprehensive income	47,761,129.58	42,449,288.19
Total comprehensive income attributable to owners of Chengshang’s parent company	47,636,708.38	42,376,492.79
Total comprehensive income attributable to minority shareholders	124,421.20	72,795.40

3.3 Consolidated Cash Flow Statement

January-March 2011

Prepared by: Chengshang Group Co. Ltd.

Item	Unit: Yuan Currency: RMB Type of Audit: Unaudited	
	Amount during the current period (January to March, 2011)	Amount during the previous period (January to March, 2010)
1. Cash flows from operating activities		
Cash received from product sales and rendering of services	657,765,351.56	554,147,625.81
Other cash received relating to operating activities	3,048,104.67	32,580,722.03
Sub-total of cash inflows from operating activities	660,813,456.23	586,728,347.84
Cash paid for purchase of goods and receipt of services	383,710,412.63	393,816,254.50
Net increase in loans and advances to customers		
Cash paid to and on behalf of employees	16,398,846.24	13,372,446.94
Taxes and levies paid	44,683,638.53	33,270,094.01
Other cash paid relating to operating activities	31,869,251.83	26,644,782.83
Sub-total of cash outflows from operating activities	476,662,149.23	467,103,578.28
Net cash flow from operating activities	184,151,307.00	119,624,769.56
2. Cash flows from investment activities:		
Cash received from disposal of investments	189,129,433.15	70,049,671.23
Cash received from returns on investments	7,010,365.68	6,791,281.91
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	110.00	133,269.79
Net cash received from disposal of Chengshang's subsidiaries and other operated entities	—	15,288,697.62
Sub-total of cash inflows from investment activities	196,139,908.83	92,262,920.55
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	63,915,975.75	36,148,911.25
Cash paid for investments	229,400,980.80	70,000,000.00
Net cash received from acquisition of Chengshang's subsidiaries and other operated entities	110,000,000.00	—
Sub-total of cash outflows from investment activities	403,316,956.55	106,148,911.25
Net cash flow from investment activities	-207,177,047.72	-13,885,990.70

3.3 Consolidated Cash Flow Statement (continued)

January-March 2011

Prepared by: Chengshang Group Co. Ltd.

Unit: Yuan Currency: RMB Type of Audit: Unaudited

Item	Amount during the current period (January to March, 2011)	Amount during the previous period (January to March, 2010)
3. Cash flows from financing activities:		
Cash received from borrowings	10,000,000.00	—
Sub-total of cash inflows from financing activities	10,000,000.00	—
Cash repayments of debts	22,222,200.00	—
Cash payment for interest expenses and distribution of dividend or profit	7,494,477.44	7,722,000.00
Sub-total of cash outflows from financing activities	29,716,677.44	7,722,000.00
Net cash flow from financing activities	-19,716,677.44	-7,722,000.00
4. Effect of foreign exchange rate change on cash and cash equivalents	—	—
5. Net increase in cash and cash equivalents	-42,742,418.16	98,016,778.86
Add: Cash and cash equivalents at the year beginning	123,329,782.25	67,701,795.31
6. Cash and cash equivalents at the end of the period	80,587,364.09	165,718,574.17

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
“Chongqing Medicine”	Chongqing Medicine Company Limited, a company established in the PRC under PRC Law. As at the date of this announcement, Chengshang held 28,211,220 shares in Chongqing Medicine, representing 11.64% of its issued 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 incorporated by the Company in the PRC
“PRC GAAP”	The PRC Accounting Standards and its supplementary regulations

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

26 April 2011, 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.