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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 2012**

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 2012 (“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

Currency: RMB

	As at the end of the Reporting Period	As at the end of previous year (31 December 2011)	Increase/ (decrease) at the end of the Reporting Period as compared with the end of previous year (%)
Total assets (RMB)	2,128,064,953.66	2,093,505,217.05	1.65
Owners' equity (or equity) (RMB)	824,266,463.39	795,028,120.75	3.68
Net assets per share attributable to Chengshang's shareholders (RMB/share)	1.88	1.81	3.87

	Reporting Period	Increase/ (decrease) as compared with the corresponding period of previous year (January to March 2011) (%)
Net cash flows from operating activities (RMB)	110,342,111.45	-40.08
Net cash flows from operating activities per share (RMB/share)	0.25	-50.00

		From the beginning of the year to the end of the Reporting Period (January to March 2012)	Increase/ (decrease) of the Reporting Period as compared with the corresponding period of previous year (January to March 2011) (%)
	Reporting Period		
Net profit attributable to Chengshang's shareholders (RMB)	46,790,332.08	46,790,332.08	-1.78
Basic earnings per share (RMB/share)	0.1066	0.1066	-1.84
Basic earnings per share after extraordinary items (RMB/share)	0.1084	0.1084	-0.46
Diluted earnings per share (RMB/share)	0.1066	0.1066	-1.84
Weighted average return on net assets (%)	5.72	5.72	A decrease of 1.79 percentage points
Weighted average return on net assets after extraordinary items (%)	5.81	5.81	A decrease of 1.73 percentage points

Currency: RMB

Extraordinary Item and Amount

Items	Amount
Profit/loss on disposal of non-current assets	-1,096,145.43
Government grants	793,896.00
Other non-operating income and expenses other than the above items	-172,578.09
Amount of income tax effect	-287,981.66
Minority interests (After tax)	<u>-3,536.27</u>
Total	<u><u>-766,345.45</u></u>

2. SIGNIFICANT EVENTS

2.1 Description and reasons for substantial changes in balance sheet items

Currency: RMB

Items	As at 31 March 2012	As at 31 December 2011	Amount of change	Percentage of change
Short-term borrowings	30,000,000.00	50,000,000.00	-20,000,000.00	-40.00%
Bills payable	500,000.00	4,900,000.00	-4,400,000.00	-89.80%
Tax payable	17,998,604.76	32,762,665.64	-14,764,060.88	-45.06%
Dividends payable	18,288,829.51	736,840.07	17,551,989.44	2382.06%

Reasons for changes:

- (1) Decrease in short-term borrowings was mainly due to early repayment of loans during the Reporting Period.
- (2) Decrease in bills payable was mainly due to the payment of bank acceptance bills which were due for payment during the Reporting Period.
- (3) Decrease in tax payable was mainly due to the payment of certain taxes in the accounts to the State Administration of Taxation (國家稅務總局) and Local Taxation Bureau (地方稅務局) during the Reporting Period.

- (4) Increase in dividends payable was mainly due to the declaration of cash dividends of RMB 0.4 (tax inclusive) per 10 shares for all shareholders at the 2011 Annual General Meeting of Chengshang held on 15 March 2012. Such dividends remained unpaid as at the end of the Reporting Period.

2.2 Description and reasons for substantial changes in income statement items

Currency: Renminbi

Items	January to March 2012	January to March 2011	Amount of change	Percentage of change
Non-operating income	1,358,626.09	207,890.86	1,150,735.23	553.53%
Non-operating expenses	1,833,453.60	398,474.00	1,434,979.60	360.12%

Reasons for changes:

- (1) Increase in non-operating income was mainly due to an increase in the government grants received during the Reporting Period as compared to the corresponding period last year.
- (2) Increase in non-operating expenses was mainly due to the compensation payment for early termination of the leasing agreement when Qingjiang Store ceased operation during the Reporting Period.

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

Currency: Renminbi

Items	January to March 2012	January to March 2011	Amount of change	Percentage of change
Net cash flows from operating activities	110,342,111.45	184,151,307.00	-73,809,195.55	-40.08%
Net cash flows from investment activities	-53,723,955.90	-207,177,047.72	153,453,091.82	Not applicable
Net cash flows from financing activities	-54,074,324.07	-19,716,677.44	-34,357,646.63	Not applicable
Net increase in cash and cash equivalents	2,543,831.48	-42,742,418.16	45,286,249.64	Not applicable

Reasons for changes:

- (1) Decrease in the net cash flows from operating activities was mainly due to the increase in payments made in respect of trade payables to suppliers and tax payments during the Reporting Period as compared to the corresponding period last year.
- (2) Increase in the net cash flows from investment activities was mainly due to the acquisition of equity interest in Heze Huihe Commercial Centre Co., Ltd. and capital contribution to Chongqing Medicines Co., Ltd. by Chengshang during the corresponding period last year.
- (3) Decrease in the net cash flows from financing activities was mainly due to the increase in new short-term borrowings of RMB 10 million during the corresponding period last year and the loan repayment of RMB 20 million by Chengshang during the Reporting Period.
- (4) The increase in the net increase amount of cash and cash equivalents was mainly due to the increase in the net cash flows from investment activities during the Reporting Period.

2.4 Progress of major events, their effects as well as the analysis of relevant solutions

(1) The dispute relating to the discontinued operation of Chengdu People's Department Store (Group) Yibin Daguan Building Department Store Co., Ltd. (成都人民商場(集團)宜賓大觀樓商場有限責任公司)

Please refer to the announcements and reports issued by Chengshang in the previous year for details of the basic facts of this case. Progress of this case during the Reporting Period was as follows: On 20 February 2012, the case was heard by the court and no judgment had been made as at the date of this announcement.

(2) Arbitration and litigation relating to the disputes over the co-operative contract between Chengshang and Pacific China Holdings Co., Ltd. (太平洋中國控股有限公司)

For the details of the basic facts and progress of this case, please refer to the announcements in the Shanghai Securities News (《上海證券報》) and the website of the Shanghai Stock Exchange issued by Chengshang on 29 December 2010, 15 January 2011, 9 March 2011, 28 April 2011, 31 May 2011, 25 June 2011 and 26 April 2012, respectively, as well as the 2010 and 2011 annual report of Chengshang.

On 24 April 2012, Chengshang received an arbitration award from the China International Economic and Trade Arbitration Commission ((2012) Zhong Guo Mao Zhong Jing Cai Zi No. 0200) 《中國國際經濟貿易仲裁委員會裁決書》((2012) 中國貿仲京裁字第0200號) (the “**Award**”). The Award was made by the China International Economic and Trade Arbitration Commission on the arbitration concerning the sino-foreign joint venture contract (No. V20100648) between Chengshang (the “**Respondent**”) and Pacific China Holdings Co., Ltd. (the “**Applicant**”) according to the applicable laws.

1. The results of the Award were as follows:

- 1) to terminate the Contract on the Co-operative Operation of Chengdu Shangsha Pacific Department Store Co., Ltd. (the “**Co-operation Contract**”) on 20 April 2012. Since that date, both parties should liquidate the joint venture entity, i.e. Chengdu Shangsha Pacific Department Store Co., Ltd. (“**Chengdu Pacific**”) according to the applicable laws.
- 2) to dismiss the arbitration claim of the Applicant pursuant to which the Applicant requested for a ruling that the Applicant and the Respondent should continue to fulfill the Co-operation Contract until 31 December 2014.
- 3) to dismiss the second arbitration claim of the Applicant pursuant to which the Applicant requested for a ruling that during the third stage of the Co-operation Contract (1 January 2011 to 31 December 2014), Chengdu Pacific should first pay a fixed income of RMB26 million and 50% of the enterprise profits after tax to the Respondent each year.
- 4) to dismiss the arbitration claim of the Respondent pursuant to which the Respondent requested for a ruling that the Co-operation Contract should have terminated on 31 December 2010.
- 5) to dismiss the arbitration claim of the Respondent pursuant to which the Respondent requested for a ruling that the Applicant should immediately evacuate from the Chengdu Commercial Building.
- 6) to dismiss the arbitration claim of the Respondent pursuant to which the Respondent requested for a ruling that the Applicant should compensate RMB50 million to the Respondent from 1 January 2011 to 31 May 2011.
- 7) the claim arbitration fee in this case of US\$67,143 to be entirely borne by the Applicant, and offset against the equivalent amount of advance paid by the Applicant for the arbitration; the counter-claim arbitration fee in this case of RMB795,000 to be entirely borne by the Respondent, and offset against the equivalent amount of advance paid by the Respondent for the arbitration.

This Award should be final and effective from the date it was made, and should be binding on both parties.

2. The impact of the Award on the profits of Chengshang during or after the Reporting Period:

Based on the results of the Award, as the revenue attributable to Chengshang from the period between 1 January 2011 to the termination date of the Co-operation Contract (being 20 April 2012) shall be determined by mutual agreement between the Applicant and the Respondent, Chengshang provisionally recognised revenue of RMB6 million based on the actual amount paid by Chengdu Pacific. The aforesaid amount will be adjusted after the relevant revenue is ascertained. The counter-claim arbitration fee in this case of RMB795,000 in total should be borne by Chengshang.

3. Possible impact of the Award on the recognised investment income from Chengdu Pacific in the 2011 interim report, 2011 third quarterly report and 2011 annual report of Chengshang:

In the 2011 interim report, 2011 third quarterly report and 2011 annual report of Chengshang, investment income of Chengshang from Chengdu Pacific has been recognised based on the Applicant's arbitration request, that is, "Each year Chengdu Pacific shall first pay to the Respondent a fixed income of RMB 26 million, and each year the Respondent will be entitled to 50% of the net profit after tax of Chengdu Pacific for the year (Note: In calculation of net profit, RMB 26 million which has already been paid to the Respondent by Chengdu Pacific shall first be deducted)". Due to the impact of Clause 3 of the Award, investment income from Chengdu Pacific in the 2011 interim report, 2011 third quarterly report and 2011 annual report of Chengshang shall be re-determined by further mutual agreement between the Applicant and the Respondent. Chengshang will disclose the relevant progress in a timely manner.

(3) Progress of the dispute relating to the loan agreement between Chengshang and the Chengdu Bureau of Commerce

Please refer to the announcements and reports issued by Chengshang in the previous year for details of the basic facts of this case. Progress of this case during the Reporting Period was as follows:

On 10 February 2012, Chengshang received a Notice on the Approval of Application for Civil Case Re-Trial (Reference: (2012) Min Shen Zi No. 167) ((2012) 民申字第167號《民事申請再審案件受理》) issued by the Supreme People's Court. The Chengdu Bureau of Commerce was dissatisfied with the civil case judgment (Reference: (2008) Chuan Min Zhong Zi No. 612) made by the High People's Court of Sichuan Province on 7 December 2009 in respect of

a dispute relating to the loan agreement between the Chengdu Bureau of Commerce, Chengshang and Chengdu People's Department Store Huanghe Commercial City Limited Liability Company. An application was made to the Supreme People's Court of the People's Republic of China for re-trial which was approved by the Supreme People's Court for case acceptance and review. As at the date of this announcement, court hearing on this case has not yet commenced.

(4) Relevant matters relating to the termination of operation of the Qingjiang Store of the People's Plaza by Chengshang

Please refer to the Shanghai Securities News (《上海證券報》) dated 1 March 2012 and the website of the Shanghai Stock Exchange for the relevant information of this matter.

As Qingjiang Store discontinued its operations, Chengshang incurred compensation and liquidation costs of approximately RMB3.5 million during the Reporting Period. Without taking into account the effects of the above-mentioned costs, during the Reporting Period, Chengshang achieved a net profit of RMB50,142,391.21, an increase of 4.99% over the same period last year. The net profit attributable to the parent company amounted to RMB50,281,127.51, an increase of 5.55% over the same period last year.

(5) Matter relating to the purchases of wealth management banking products

For the period from January to March in 2012, pursuant to the authorisation granted by the Board of Directors of Chengshang, Chengshang purchased a cumulative amount of RMB 230 million in wealth management banking products and received gains of RMB550,794.67. As at 31 March 2012, the balance of wealth management products was zero.

2.5 Implementation of the cash dividend distribution policy during the Reporting Period

On 15 March 2012, the 2011 profit distribution resolution was considered and approved at the 2011 Annual General Meeting of Chengshang. Based on the total share capital of 438,799,736 shares as at 31 December 2011, for every 10 shares held, 3 bonus shares will be issued and a cash dividend of RMB 0.4 (tax inclusive) will be distributed to shareholders of Chengshang. The residual amount of undistributed profit will be carried forward to the subsequent year. No capital reserve was capitalised for the year 2011. As at the date of this announcement, the above proposal is in the process of being implemented.

3 APPENDIX

3.1 Consolidated Balance Sheet

As at 31 March 2012

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 2012)
Current assets:		
Cash and bank balance	119,627,171.89	118,403,340.41
Accounts receivable	6,407,884.13	7,454,411.79
Prepayments	8,852,653.42	8,299,063.50
Dividend receivable	1,297,976.42	1,297,976.42
Other receivables	137,281,419.56	144,331,363.85
Inventories	177,030,608.63	187,438,669.70
Non-current assets due within one year	0	0
Total current assets	450,497,714.05	467,224,825.67
Non-current assets:		
Long-term equity investments	214,630,539.15	214,445,980.76
Investment properties	103,990,507.76	105,372,630.07
Fixed assets	463,800,961.63	470,816,117.05
Construction in progress	505,623,449.59	440,062,137.37
Intangible assets	318,202,376.39	320,527,671.55
Goodwill	31,778,249.77	31,778,249.77
Long-term deferred expenditures	25,502,479.46	29,238,928.94
Deferred tax asset	14,038,675.86	14,038,675.87
Total non-current assets	1,677,567,239.61	1,626,280,391.38
Total assets	2,128,064,953.66	2,093,505,217.05

3.1 Consolidated Balance Sheet (continued)

As at 31 March 2012

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 2012)
Current liabilities:		
Short-term borrowings	30,000,000.00	50,000,000.00
Notes payable	500,000.00	4,900,000.00
Accounts payable	410,209,040.92	342,462,331.26
Advances from customers	76,234,822.90	85,392,892.30
Staff remuneration payable	9,683,823.79	13,350,755.29
Taxes payable	17,998,604.76	32,762,665.64
Interest payable	1,389,768.30	1,434,360.10
Dividend payable	18,288,829.51	736,840.07
Other payables	87,038,065.38	92,563,462.34
Non-current liabilities due within one year	88,684,400.00	88,684,400.00
Total current liabilities	740,027,355.56	712,287,707.00
Non-current liabilities:		
Long-term borrowings	524,297,900.00	546,469,000.00
Deferred tax liabilities	9,021,278.31	9,129,696.60
Total non-current liabilities	533,319,178.31	555,598,696.60
Total liabilities	1,273,346,533.87	1,267,886,403.60
Owner's equity (or shareholders' equity):		
Paid-up capital (or share capital)	438,799,736.00	438,799,736.00
Capital reserve	30,196,803.20	30,196,803.20
Surplus reserve	96,708,014.27	96,708,014.27
Undistributed profit	258,561,909.92	229,323,567.28
Total owners' equity attributable to the parent	824,266,463.39	795,028,120.75
Minority interests	30,451,956.40	30,590,692.70
Total owners' equity	854,718,419.79	825,618,813.45
Total liabilities and owners' equity	2,128,064,953.66	2,093,505,217.05

3.2 Consolidated Income Statement

January-March 2012

Prepared by: Chengshang Group Co. Ltd.

Currency: RMB Type of Audit: Unaudited

Item	Amount during the Reporting Period (January to March, 2012)	Amount during the previous period (January to March, 2011)
1. Total operating revenue	605,723,439.89	578,947,967.40
Including: Operating revenue	605,723,439.89	578,947,967.40
2. Total cost of operations	547,570,361.35	522,488,498.05
Including: Operating cost	468,501,827.51	456,996,599.37
Business tax and surcharges	10,564,502.42	9,142,639.24
Selling expenses	52,099,090.05	41,752,665.49
Administrative expenses	8,924,413.89	8,309,010.38
Finance costs	7,480,527.48	6,287,583.57
Add: Gains on fair value changes (loss stated with “-”)	0	0
Investment income (loss stated with “-”)	6,168,565.08	7,674,064.32
Including: Investment income from associated companies and jointly controlled entities	5,482,558.39	6,867,490.00
3. Operating profit (loss stated with “-”)	64,321,643.62	64,133,533.67
Add: Non-operating income	1,358,626.09	207,890.86
Less: Non-operating expenses	1,833,453.60	398,474.00
Including: Loss from disposal of non-current asset	1,103,996.38	1,089.78
4. Total profit (loss stated with “-”)	63,846,816.11	63,942,950.53
Less: Income tax	17,195,220.33	16,181,820.95
5. Net profit (loss stated with “-”)	46,651,595.78	47,761,129.58
Net profit attributable to owners of the parent	46,790,332.08	47,636,708.38
Profit (loss) of minority interests	-138,736.30	124,421.20
6. Earnings per share:		
(1) Basic earnings per share	0.1066	0.1086
(2) Diluted earnings per share	0.1066	0.1086
7. Other comprehensive income	0	0
8. Total comprehensive income	46,651,595.78	47,761,129.58
Total comprehensive income attributable to owners of the parent	46,790,332.08	47,636,708.38
Total comprehensive income attributable to minority shareholders	-138,736.30	124,421.20

3.3 Consolidated Cash Flow Statement

January-March 2012

Prepared by: Chengshang Group Co. Ltd.

Currency: RMB Type of Audit: Unaudited

Item	Amount during the Reporting Period	Amount during the previous period (January to March 2011)
1. Cash flows from operating activities		
Cash received from product sales and rendering of services	684,090,606.95	657,765,351.56
Other cash received relating to operating activities	3,932,944.50	3,048,104.67
Sub-total of cash inflows from operating activities	688,023,551.45	660,813,456.23
Cash paid for purchase of goods and receipt of services	464,852,962.44	383,710,412.63
Cash paid to and on behalf of employees	21,326,100.85	16,398,846.24
Taxes and levies paid	58,268,609.87	44,683,638.53
Other cash paid relating to operating activities	33,233,766.84	31,869,251.83
Sub-total of cash outflows from operating activities	577,681,440.00	476,662,149.23
Net cash flow from operating activities	110,342,111.45	184,151,307.00
2. Cash flows from investment activities:		
Cash received from disposal of investments	230,550,794.67	189,129,433.15
Cash received from returns on investments	6,135,212.02	7,010,365.68
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	58.35	110.00
Sub-total of cash inflows from investment activities	236,686,065.04	196,139,908.83
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	60,410,020.94	63,915,975.75
Cash paid for investments	230,000,000.00	229,400,980.80
Net cash received from acquisition of Chengshang's subsidiaries and other operated entities	0	110,000,000.00
Sub-total of cash outflows from investment activities	290,410,020.94	403,316,956.55
Net cash flow from investment activities	-53,723,955.90	-207,177,047.72

3.3 Consolidated Cash Flow Statement (continued)

January-March 2012

Prepared by: Chengshang Group Co. Ltd.

Currency: RMB Type of Audit: Unaudited

Item	Amount during the Reporting Period	Amount during the previous period (January to March 2011)
3. Cash flows from financing activities:		
Cash received from borrowings	0	10,000,000.00
Sub-total of cash inflows from financing activities	0	10,000,000.00
Cash repayments of debts	42,171,100.00	22,222,200.00
Cash payment for interest expenses and distribution of dividend or profit	11,903,224.07	7,494,477.44
Sub-total of cash outflows from financing activities	54,074,324.07	29,716,677.44
Net cash flow from financing activities	-54,074,324.07	-19,716,677.44
4. Effect of foreign exchange rate change on cash and cash equivalents	0	0
5. Net increase in cash and cash equivalents	2,543,831.48	-42,742,418.16
Add: Cash and cash equivalents at the beginning of year	116,933,340.41	123,329,782.25
6. Cash and cash equivalents at the end of the period	119,477,171.89	80,587,364.09

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
“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

26 April 2012, 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.