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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 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 third quarter results for the nine months ended 30 September 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**

	As at 30 September 2012	As at 31 December 2011	Increase/decrease as at 30 September 2012 compared with 31 December 2011 (%)
Total assets(RMB)	2,197,005,745.48	2,093,505,217.05	4.94
Equity attributable to shareholders (RMB)	881,621,124.33	795,028,120.75	10.89
Net assets per share attributable to shareholders of Chengshang (RMB/share)	1.55	1.81	-14.36

	For the nine months ended 30 September 2012	Increase/(decrease) as compared with the corresponding period of previous year (%)
Net cash flows from operating activities (RMB)	85,023,709.95	-35.58
Net cash flows from operating activities per share (RMB/share)	0.15	-50.00

	For the three months ended 30 September 2012 (July to September 2012)	Increase/ (decrease) as compared with the corresponding period of previous year (July to September 2011) (%)	For the nine months ended 30 September 2012 (January to September 2012)
Net profit attributable to Chengshang's shareholders (RMB)	27,450,592.49	-16.45	104,149,643.02
Basic earnings per share (RMB/share)	0.0481	-16.49	0.1826
Basic earnings per share after extraordinary items (RMB/share)	0.0478	-14.64	0.1830
Diluted earnings per share (RMB/share)	0.0481	-16.49	0.1826
Weighted average return on net assets (%)	3.16	A decrease of 1.38 percentage points	12.47
Weighted average return on net assets after extraordinary items (%)	3.14	A decrease of 1.28 percentage points	12.49

Deducting extraordinary item and amount:

<b>Items</b>	<b>For the nine months ended 30 September 2012 <i>RMB</i></b>	<b>Notes</b>
Profit/loss on disposal of non-current assets	-1,084,093.60	Loss of fixed assets due to the cessation of operation of Qingjiang store
Government grants	1,180,896.00	Government project grants, etc.
Other non-operating income and expenses other than the above items	151,897.29	
Amount of income tax effect	-460,591.77	
Minority interests (after tax)	-6,712.89	
Total	-218,604.97	

## 2. SIGNIFICANT EVENTS

### 2.1 Description and reasons for substantial changes in balance sheet items

Items	<i>Unit &amp; currency: RMB</i>			
	As at 30 September 2012	As at 30 September 2011	Amount of change	Percentage of change
Accounts receivable	16,670,597.98	7,454,411.79	9,216,186.19	123.63%
Construction in progress	615,791,584.47	440,062,137.37	175,729,447.10	39.93%
Short-term borrowings	190,000,000.00	50,000,000.00	140,000,000.00	280.00%
Bills payable	27,494,213.70	4,900,000.00	22,594,213.70	461.11%
Tax payable	21,011,069.58	32,762,665.64	-11,751,596.06	-35.87%
Paid-up capital (or share capital)	570,439,657.00	438,799,736.00	131,639,921.00	30.00%

Reasons for changes:

- (1) Increase in accounts receivable was mainly due to the increase in amounts receivable from bank card consumptions during the Reporting Period.
- (2) Increase in construction in progress was mainly due to the investment of approximately RMB176 million in Yanshikou project and Maoye Center project during the Reporting Period.
- (3) Increase in short-term borrowings was mainly due to Chengshang's new current borrowings of RMB160 million during the Reporting Period.
- (4) Increase in bills payable was mainly due to Chengshang's new bank acceptance bills which were not due for payment during the Reporting Period.
- (5) Decrease in tax payable was mainly due to that the amount of certain taxes paid by Chengshang during the Reporting Period is more than that paid in the corresponding period of the previous year.
- (6) Increase in paid-up capital was mainly due to the implementation of 2011 profit distribution plan by Chengshang and the issuance of 3 bonus shares per 10 shares for all shareholders during the Reporting Period.

## 2.2 Description and reasons for substantial changes in income statement items

Items	<i>Unit &amp; currency: RMB</i>			
	January to September 2012	January to September 2011	Amount of change	Percentage of change
Investment income from associated companies and jointly controlled entities	6,507,109.53	48,824,816.83	-42,317,707.30	-86.67%
Non-operating expenses	1,913,742.04	938,064.34	975,677.70	104.01%
Net profit attributable to the parent	104,149,643.02	140,241,168.21	-36,091,525.19	-25.74%

Reasons for changes:

- (1) Decrease in investment income from associated companies and jointly controlled entities was mainly due to the following: pursuant to 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**”) on 20 April 2012 (please refer to the relevant description set out in the announcement of the Company dated 26 April 2012 as published on the website of the Stock Exchange for details), Chengshang currently is not able to make reasonable estimate on the income receivable from Chengdu Shangsha Pacific Department Store Co., Ltd., and hence Chengshang did not recognise the income receivable from Chengdu Shangsha Pacific Department Store Co., Ltd. during the Reporting Period. The amounts of RMB18 million actually received were fully offset against other amounts receivable and subject to tax of RMB2.1 million. The income recognised by Chengshang for the corresponding period of previous year was RMB43,323,700.
- (2) Increase in non-operating expenses was mainly due to the compensation payment for early termination of the lease agreement when Qingjiang store ceased operation during the Reporting Period.
- (3) Decrease in net profit attributable to the parent was mainly due to the following: pursuant to the Award, as Chengshang currently is not able to make reasonable estimate on the income receivable from Chengdu Shangsha Pacific Department Store Co., Ltd., and hence Chengshang did not recognise such income receivable during the Reporting Period, as compared to the income of RMB43,323,700 recognised by Chengshang for the corresponding period of previous year. Without taking account of the effect of the aforesaid factor, Chengshang recorded an actual increase of 9.21% in net profit.

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

Items	<i>Unit &amp; currency: RMB</i>			
	January to September 2012	January to September 2011	Amount of change	Percentage of change
Net cash flows from operating activities	85,023,709.95	131,989,852.79	-46,966,142.84	-35.58%
Net cash flows from investment activities	-127,527,604.98	-284,279,922.13	156,752,317.15	55.14%
Net cash flows from financing activities	42,283,687.27	143,899,694.86	-101,616,007.59	-70.62%

Reasons for changes:

- (1) Decrease in the net cash flows from operating activities was mainly due to the decrease of accounts payables during the Reporting Period.
- (2) Increase in the net cash flows from investment activities was mainly due to the increase of RMB 24 million of project investment during the Reporting Period as compared to the corresponding period of previous year but the total amount for 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 was RMB184 million.
- (3) Decrease in the net cash flows from financing activities was mainly due to the increase of RMB54.96 million for distribution of cash dividend and the repayment of borrowings and interests thereon by Chengshang during the Reporting Period as compared to the corresponding period of previous year, as well as the decrease of new borrowings of RMB46.66 million as compared to the corresponding period of previous year.

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

- (1) The dispute relating to the demolition and relocation agreement with Sichuan Province Zhuxin Housing Demolition and Relocation Services Limited Company, (四川省住信房屋拆遷服務有限公司)

For details of the summary of the case, please refer to the previous announcements and reports issued by Chengshang. Chengshang had recovered RMB1.05 million in cash as at the end of the Reporting Period.

- (2) The dispute relating to the cessation of 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)

In August 2012, Chengshang received the Civil Mediation Statement of Yibin People's Intermediate Court of Sichuan Province ("**Yibin Intermediate Court**"), which stated that Chengshang and Yibin Zhongshan Real Estate Comprehensive Development Co., Ltd (宜賓中山房地產綜合開發有限公司) ("**Zhongshan Company**") voluntarily reached an agreement (the "**Agreement**") through the mediation by Yibin People's Intermediate Court of Sichuan Province. The key terms of the Agreement are as follows:

- (i) Zhongshan Company (中山公司) shall pay compensation of RMB1.8 million to Chengshang, which shall be fully settled before 20 August 2012.
- (ii) Before 10 August 2012, Chengshang shall file a written application to Yibin Intermediate Court to release the sequestration of the properties of Zhongshan Company. Once Zhongshan Company has fully paid RMB1.8 million to Chengshang as provided by the first article of the Agreement and the amount has been transferred into the designated account of Chengshang, Yibin Intermediate Court shall release the sequestration of properties of Zhongshan Company.

Chengshang has received the compensation of RMB1.8 million from Zhongshan Company and the cost of litigation which shall be borne by Zhongshan Company on 22 August 2012. The impact of this litigation on the profit of Chengshang for the Reporting Period was approximately minus RMB664,000 and there was no impact on its profit subsequent to the Reporting Period.

- (3) Arbitration and litigation in relation to the cooperation agreement between Chengshang and Pacific China Holdings Limited

Reference is made to the details of the case in the announcement of the Company dated 26 April 2012 as published on the website of the Stock Exchange. Chengshang received the "Respondent Notice of the Beijing First Intermediate People's Court" on 17 October 2012. The Beijing First Intermediate People's Court has accepted the application submitted by the applicant, Pacific China Holdings Limited ("**Pacific Holdings**") for setting aside the award.

On 24 October 2012, Chengshang received the civil decision from the Beijing First Intermediate People's Court, which made a final decision that the application by Pacific Holdings to set aside the award was dismissed.

Given that a final decision has been made in respect of the case and that the application by Pacific Holdings to set aside the award has been dismissed by the Beijing First Intermediate People's Court, the award remains legally valid. Consequently, pursuant to the award, Chengshang will negotiate with Pacific Holdings to confirm the proceeds to be received by Chengshang for the period between 1 January 2011 and the termination of the contract (that is, 20 April 2012). Relevant disclosure will be made by the Company in due course in accordance with the Listing Rules subject to the progress of the case.

- (4) Development of the dispute between Chengshang and Chengdu Bureau of Commerce in relation to the loan agreement

For details of the basic description of the case, please refer to the previous announcements and reports issued by Chengshang. As of the end of the Reporting Period, Chengshang has paid RMB2 million in cash.

## **2.5 Purchase of financial products from banks**

From January to September 2012, pursuant to the mandate of the board of Chengshang, Chengshang purchased financial products from banks totaling RMB2.3 million and realised gains of RMB550,794.67. As of 30 September 2012, the balance of financial products was nil.

## **2.6 Formulation and implementation of the cash dividend policy during the Reporting Period**

On 30 July 2012, the 45th meeting of the 6th session of the board of directors of Chengshang considered and approved the amendment to the dividend policy in the articles of Chengshang and the amendment was considered and approved at the extraordinary general meeting of Chengshang convened on 15 August 2012.

### 3 APPENDIX

The consolidated balance sheet, consolidated income statement and consolidated cash flow statement below are prepared by Chengshang, which have not been reviewed or audited by the auditors of Chengshang or the Company.

#### 3.1 Consolidated Balance Sheet

Item	As at 30 September 2012 RMB	As at 1 January 2012 RMB
<b>Current assets:</b>		
Cash and bank balance	122,256,975.39	118,403,340.41
Accounts receivable	16,670,597.98	7,454,411.79
Prepayments	7,927,818.17	8,299,063.50
Dividend receivable	1,097,976.42	1,297,976.42
Other receivables	109,264,491.26	144,331,363.85
Inventories	174,042,127.09	187,438,669.70
Non-current assets due within one year	0	0
Total current assets	431,259,986.31	467,224,825.67
<b>Non-current assets:</b>		
Long-term equity investments	211,698,710.90	214,445,980.76
Investment properties	101,226,263.17	105,372,630.07
Fixed assets	453,007,755.20	470,816,117.05
Construction in progress	615,791,584.47	440,062,137.37
Intangible assets	313,671,264.18	320,527,671.55
Goodwill	31,778,249.77	31,778,249.77
Long-term deferred expenditures	23,347,774.97	29,238,928.94
Deferred tax asset	15,224,156.51	14,038,675.87
Total non-current assets	1,765,745,759.17	1,626,280,391.38
Total assets	2,197,005,745.48	2,093,505,217.05

### 3.1 Consolidated Balance Sheet (continued)

Item	As at 30 September 2012 RMB	As at 1 January 2012 RMB
<b>Current liabilities:</b>		
Short-term borrowings	190,000,000.00	50,000,000.00
Notes payable	27,494,213.70	4,900,000.00
Accounts payable	280,764,119.62	342,462,331.26
Advances	88,279,031.74	85,392,892.30
Staff remuneration payable	9,734,387.14	13,350,755.29
Taxes payable	21,011,069.58	32,762,665.64
Interest payable	1,519,731.24	1,434,360.10
Dividend payable	736,840.07	736,840.07
Other payables	88,878,681.30	92,563,462.34
Non-current liabilities due within one year	88,684,400.00	88,684,400.00
Total current liabilities	797,102,474.39	712,287,707.00
<b>Non-current liabilities:</b>		
Long-term borrowings	479,955,700.00	546,469,000.00
Deferred tax liabilities	8,821,939.69	9,129,696.60
Total non-current liabilities	488,777,639.69	555,598,696.60
Total liabilities	1,285,880,114.08	1,267,886,403.60
<b>Owner's equity (or shareholders' equity):</b>		
Paid-up capital (or share capital)	570,439,657.00	438,799,736.00
Capital reserve	30,192,153.20	30,196,803.20
Surplus reserve	96,708,014.27	96,708,014.27
Undistributed profit	184,281,299.86	229,323,567.28
Total owners' equity attributable to the parent	881,621,124.33	795,028,120.75
Minority interests	29,504,507.07	30,590,692.70
Total owners' equity	911,125,631.40	825,618,813.45
Total liabilities and owners' equity	2,197,005,745.48	2,093,505,217.05

### 3.2 Consolidated Income Statement (for the three months ended 30 September 2012)

Item	For the three months ended 30 September 2012 (July to September 2012) RMB	For the three months ended 30 September 2011 (July to September 2011) RMB
<b>1. Total operating revenue</b>	453,805,128.63	422,616,778.58
Including: Operating revenue	453,805,128.63	422,616,778.58
<b>2. Total cost of operations</b>	421,620,361.37	396,398,800.94
Including: Operating cost	342,484,666.67	322,007,764.58
Business tax and surcharges	7,491,098.43	6,663,779.05
Sales expenses	50,549,116.70	50,697,651.23
Administrative expenses	13,455,503.99	8,074,044.49
Finance costs	7,639,975.58	8,955,561.59
Add: Gains on fair value changes (loss stated with “-”)	—	—
Investment income (loss stated with “-”)	4,903,583.21	14,683,470.16
Including: Investment income from associated companies and jointly controlled entities	5,562,892.07	14,279,002.66
<b>3. Operating profit (loss stated with “-”)</b>	37,088,350.47	40,901,447.80
Add: Non-operating income	277,148.04	1,325,397.84
Less: Non-operating expenses	43,735.40	129,953.18
Including: Loss from disposal of non-current asset	17,080.35	24,811.93
<b>4. Total profit (loss stated with “-”)</b>	37,321,763.11	42,096,892.46
Less: Income tax	10,290,116.33	9,537,110.90
<b>5. Net profit (loss stated with “-”)</b>	27,031,646.78	32,559,781.56
Net profit attributable to owners of the parent	27,450,592.49	32,855,861.72
Profit (loss) of minority interests	-418,945.71	-296,080.16
<b>6. Earnings per share:</b>		
(1) Basic earnings per share	0.0481	0.0576
(2) Diluted earnings per share	0.0481	0.0576
<b>7. Other comprehensive income</b>	0	0
<b>8. Total comprehensive income</b>	27,031,646.78	32,559,781.56
Total comprehensive income attributable to owners of the parent	27,450,592.49	32,855,861.72
Total comprehensive income attributable to minority shareholders	-418,945.71	-296,080.16

### 3.3 Consolidated Income Statement (for the nine months ended 30 September 2012)

Item	For the nine months ended 30 September 2012 (January to September 2012) RMB	For the nine months ended 30 September 2011 (January to September 2011) RMB
<b>1. Total operating revenue</b>	1,538,924,018.47	1,455,077,214.68
Including: Operating revenue	1,538,924,018.47	1,455,077,214.68
<b>2. Total cost of operations</b>	1,401,416,603.95	1,325,229,420.06
Including: Operating cost	1,172,434,747.37	1,114,841,772.09
Business tax and surcharges	25,836,802.89	24,247,314.32
Sales expenses	150,374,645.38	137,823,318.99
Administrative expenses	31,025,333.03	25,012,136.56
Finance costs	21,745,075.28	23,304,878.10
Add: Gains on fair value changes (loss stated with “-”)	—	—
Investment income (loss stated with “-”)	6,398,595.34	49,735,018.76
Including: Investment income from associated companies and jointly controlled entities	6,507,109.53	48,824,816.83
<b>3. Operating profit (loss stated with “-”)</b>	143,906,009.86	179,582,813.38
Add: Non-operating income	2,162,441.72	2,346,371.88
Less: Non-operating expenses	1,913,742.04	938,064.34
Including: Loss from disposal of non-current asset	1,124,062.72	111,233.06
<b>4. Total profit (loss stated with “-”)</b>	144,154,709.54	180,991,120.92
Less: Income tax	41,091,252.16	41,184,939.87
<b>5. Net profit (loss stated with “-”)</b>	103,063,457.38	139,806,181.05
Net profit attributable to owners of the parent	104,149,643.02	140,241,168.21
Profit (loss) of minority interests	-1,086,185.64	-434,987.16
<b>6. Earnings per share:</b>		
(1) Basic earnings per share	0.1826	0.2458
(2) Diluted earnings per share	0.1826	0.2458
<b>7. Other comprehensive income</b>	0	0
<b>8. Total comprehensive income</b>	103,063,457.38	139,806,181.05
Total comprehensive income attributable to owners of the parent	104,149,643.02	140,241,168.21
Total comprehensive income attributable to minority shareholders	-1,086,185.64	-434,987.16

### 3.4 Consolidated Cash Flow Statement

Item	For the nine months ended 30 September 2012 (January to September 2012) RMB	For the nine months ended 30 September 2011 (January to September 2011) RMB
<b>1. Cash flows from operating activities</b>		
Cash received from product sales and rendering of services	1,737,286,145.36	1,648,046,179.35
Other cash received relating to operating activities	17,566,623.47	15,623,450.66
Sub-total of cash inflows from operating activities	1,754,852,768.83	1,663,669,630.01
Cash paid for purchase of goods and receipt of services	1,387,857,534.92	1,245,528,084.93
Cash paid to and on behalf of employees	56,413,255.63	46,499,268.10
Taxes and levies paid	120,666,958.07	144,118,610.74
Other cash paid relating to operating activities	104,891,310.26	95,533,813.45
Sub-total of cash outflows from operating activities	1,669,829,058.88	1,531,679,777.22
Net cash flow from operating activities	85,023,709.95	131,989,852.79
<b>2. Cash flows from investment activities:</b>		
Cash received from disposal of investments	232,350,794.67	995,910,201.93
Cash received from returns on investments	24,997,214.40	20,516,394.10
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	41,045.35	2,229,700.53
Sub-total of cash inflows from investment activities	257,389,054.42	1,018,656,296.56
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	154,916,659.40	132,688,448.89
Cash paid for investments	230,000,000.00	1,036,147,769.80
Net cash received from acquisition of subsidiaries and other operated entities	—	134,100,000.00
Sub-total of cash outflows from investment activities	384,916,659.40	1,302,936,218.69
Net cash flow from investment activities	-127,527,601.98	-284,279,922.13

### 3.4 Consolidated Cash Flow Statement (continued)

Item	For the nine months ended 30 September 2012 RMB	For the nine months ended 30 September 2011 RMB
<b>3. Cash flows from financing activities:</b>		
Cash received from borrowings	183,342,145.83	230,000,000.00
Sub-total of cash inflows from financing activities	183,342,145.83	230,000,000.00
Cash repayments of debts	86,513,300.00	45,453,300.00
Cash payment for interest expenses and distribution of dividend or profit	54,545,158.56	40,647,005.14
Sub-total of cash outflows from financing activities	141,058,458.56	86,100,305.14
Net cash flow from financing activities	42,283,687.27	143,899,694.86
<b>4. Effect of foreign exchange rate change on cash and cash equivalents</b>	0	0
<b>5. Net increase in cash and cash equivalents</b>	-220,207.76	-8,390,374.48
Add: Cash and cash equivalents at the beginning of year	116,933,340.41	123,329,782.25
<b>6. Cash and cash equivalents at the end of the period</b>	116,713,132.65	114,939,407.77

## 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 388,143,084 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 October 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.*