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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)

**DISCLOSEABLE TRANSACTION
ASSET REORGANISATION OF BOHAI LOGISTICS**

Reference is made to the announcements issued by the Company dated 23 March 2012, 16 March 2012, 9 March 2012, 5 March 2012, 27 February 2012, 20 February 2012, 13 February 2012, 6 February 2012, 30 January 2012, 16 January 2012, and 9 January 2012 in relation to the proposed reorganisation between Zhongzhao (a wholly-owned subsidiary of the Group) and Bohai Logistics (a non-wholly owned subsidiary of the Group and a company listed on the Shenzhen Stock Exchange).

The Board is pleased to announce that Zhongzhao entered into the Asset Transfer Agreement and the Indemnity Agreement with Bohai Logistics on 29 March 2012 pursuant to which Zhongzhao has agreed to transfer 100% of the issued share capital of the Target Company to Bohai Logistics. As consideration, Bohai Logistics has agreed to issue to Zhongzhao such number of New Bohai Logistics Shares representing an aggregate value of RMB580,000,000 at an issue price of RMB5.45 per share. As such, 106,422,018 New Bohai Logistics Shares will be issued to Zhongzhao, subject to adjustment. Upon completion of the Reorganisation, the shareholding of Zhongzhao in Bohai Logistics will increase from 29.90% to 46.66%.

In connection with the Reorganisation, Bohai Logistics, as a company listed on the Shenzhen Stock Exchange, has published, amongst others, an acquisition report on the Shenzhen Stock Exchange on 29 March 2012 to provide domestic investors of Bohai Logistics with certain information concerning the Reorganisation, valuation reports and accountant's report, and a legal opinion.

The trading of the securities of Bohai Logistics on the Shenzhen Stock Exchange was suspended with effect from 9 January 2012 pending the publication by Bohai Logistics of the announcement in relation to the Reorganisation on the Shenzhen Stock Exchange. Trading of the securities of Bohai Logistics on the Shenzhen Stock Exchange was resumed on 30 March 2012.

As the applicable percentage ratios pursuant to Rule 14.07 of the Listing Rules in respect of the Reorganisation contemplated under the Asset Transfer Agreement and the Indemnity Agreement exceed 5% but are below 25%, the Reorganisation constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. The Reorganisation is not subject to approval of shareholders of the Company under the Listing Rules.

THE REORGANISATION UNDER THE ASSET TRANSFER AGREEMENT AND THE INDEMNITY AGREEMENT

Reference is made to the announcements issued by the Company dated 23 March 2012, 16 March 2012, 9 March 2012, 5 March 2012, 27 February 2012, 20 February 2012, 13 February 2012, 6 February 2012, 30 January 2012, 16 January 2012, and 9 January 2012 in relation to the proposed reorganisation between Zhongzhao (a wholly-owned subsidiary of the Group) and Bohai Logistics (a non-wholly owned subsidiary of the Group and a company listed on the Shenzhen Stock Exchange).

The Board is pleased to announce that Zhongzhao entered into the Asset Transfer Agreement and the Indemnity Agreement with Bohai Logistics on 29 March 2012.

Asset Transfer Agreement

- Date** : 29 March 2012
- Parties** : (i) Zhongzhao, a wholly-owned subsidiary of the Group; and
(ii) Bohai Logistics, a non-wholly owned subsidiary of the Group.
- Summary** : Pursuant to the Asset Transfer Agreement, Zhongzhao has agreed to transfer 100% of the issued share capital of the Target Company to Bohai Logistics (“**Asset Transfer**”). After the completion of the Asset Transfer, the Target Company shall become a subsidiary wholly-owned by Bohai Logistics.

As consideration, Bohai Logistics has agreed to issue to Zhongzhao such number of New Bohai Logistics Shares representing an aggregate value of RMB580,000,000 at an issue price of RMB5.45 per share (the “**Issue**”). As such, 106,422,018 New Bohai Logistics Shares will be issued to Zhongzhao (subject to the final determination and approval of CSRC and subject to any adjustment due to events such as declaration of dividend, distribution, issue of new shares or rights issue of Bohai Logistics).

Upon completion of the Reorganisation:

- (i) the total issued share capital of Bohai Logistics will increase from 338,707,568 to 445,129,586;
- (ii) the shareholding of Zhongzhao in Bohai Logistics will increase from 29.90% to 46.66%,

both assuming that no adjustment to the number of New Bohai Logistics shares to be issued mentioned above will be made. The issue price of RMB5.45 per share is determined with reference to the volume-weighted average price of the Bohai Logistics Shares on the Shenzhen Stock Exchange for the 20 trading days immediately preceding the date of announcement of the board meeting of Bohai Logistics on 30 March 2012.

- Conditions** : The Asset Transfer Agreement will be effective upon the satisfaction of the following conditions precedent:
- 1. the Asset Transfer Agreement having been approved by the relevant decision-making bodies of Zhongzhao and Bohai Logistics in accordance with the relevant companies law, relevant law and regulations and articles of association of the respective companies;
 - 2. the relevant resolutions in relation to the Asset Transfer Agreement having been approved by the shareholders of Bohai Logistics;

3. the waiver from the requirement of Zhongzhao to make a general offer for Bohai Logistics Shares having been approved by the shareholders of Bohai Logistics; and
4. the Reorganisation having been approved by CSRC.

Completion of the Asset Transfer Agreement : Completion of the Asset Transfer Agreement shall take place within three months after the Asset Transfer Agreement becomes effective.

Upon completion of the Asset Transfer Agreement:

1. the relevant registration of the Asset Transfer with the relevant authorities shall have been completed and 100% of the share capital of the Target Company shall have been transferred to Bohai Logistics; and
2. the New Bohai Logistics Shares shall have been issued to Zhongzhao in accordance with the provisions in the Asset Transfer Agreement.

Other Provisions : Pursuant to the Asset Transfer Agreement, amongst others:

1. the New Bohai Logistics Shares are proposed to be listed on the Shenzhen Stock Exchange. The New Bohai Logistics Shares are subject to a lock-up period for 36 months from the date of completion of registration of the New Bohai Logistics Shares under the name of Zhongzhao at the China Securities Depository and Clearing Corporation Limited Shenzhen Branch (中國證券登記結算有限責任公司深圳分公司).

2. Bohai Logistics shall engage an auditor within 30 working days after the completion of the Asset Transfer (i.e. the date when the relevant registration of the transfer of the Target Company to Bohai Logistics is completed). The auditor shall perform audit of the financial information of the Target Company for the period from 31 December 2011 to the abovementioned completion date of the Asset Transfer. Bohai Logistics shall be entitled to any profit generated by the Target Company during such period, while Zhongzhao shall bear any loss incurred. Within 30 days after the audit is completed, Zhongzhao shall pay to Bohai Logistics in cash the relevant loss if any.
3. Bohai Logistics shall be entitled to any accumulated undistributed dividend of the Target Company incurred prior to 31 December 2011.
4. After the completion of the Issue, shareholders of Bohai Logistics shall be entitled to any accumulated undistributed dividend of Bohai Logistics generated prior to the Issue on a pro rata basis in accordance with their respective shareholding in Bohai Logistics after the Issue.

Indemnity Agreement

Date : 29 March 2012

Parties : (i) Zhongzhao; and
(ii) Bohai Logistics.

Summary : Zhongzhao undertakes that the net asset value of the Target Company for the years ended 2012, 2013 and 2014 appraised by relevant professional parties shall not fall below RMB580,000,000.

Bohai Logistics shall appoint relevant professional parties to perform appraisal and audit of the net asset value of the Target Company for the years 2012, 2013 and 2014. If the appraised net asset value of the Target Company falls below RMB580,000,000 for the years ended 2012, 2013 and 2014, the New Bohai Logistics Shares issued to Zhongzhao shall be repurchased by Bohai Logistics and cancelled for a total consideration of RMB1. The actual number of New Bohai Logistics Shares to be repurchased and cancelled shall be calculated in accordance with the formula set forth in the Indemnity Agreement.

The maximum number of Bohai Logistics Shares held by Zhongzhao to be repurchased and cancelled shall not exceed the total number of the New Bohai Logistics Shares issued to Zhongzhao pursuant to the Issue.

Termination : The Indemnity Agreement is supplemental to the Asset Transfer Agreement. The Indemnity Agreement shall be effective upon the Asset Transfer Agreement becoming effective and the Indemnity Agreement shall terminate simultaneously upon termination of the Asset Transfer Agreement.

If the Asset Transfer and Issue have not completed by the end of 2012, a new indemnity agreement shall be entered into between the parties.

INFORMATION OF THE SUBJECT OF THE REORGANISATION

Target Company

The Target Company is wholly-owned by Zhongzhao prior to the Reorganisation. It is principally engaged in departmental store retail business. The Target Company currently wholly owns and operates the Jindu Store which was acquired in August 2008 (from an independent third party). Jindu Store is a seven storey department store building with a total gross floor area of approximately 46,609 square metres and located in the core commercial circle of Qinhuangdao City, Hebei Province.

Based on the audited accounts of the Target Company prepared in accordance with PRC accounting principles, the total asset and net asset value of the Target Company for the financial year ended 31 December 2011 were RMB313,808,097 and RMB257,323,884

The audited net profit (before and after taxation and extraordinary items) of the Target Company for the financial years ended 31 December 2010 and 2011 are as follows:

	For the year ended	
	31 December	31 December
	2010	2011
	<i>RMB</i>	<i>RMB</i>
Net profit before taxation and extraordinary items	16,657,973	1,920,217
Net profit after taxation and extraordinary items	12,694,803	1,931,317

According to the valuation report prepared by China Enterprise Appraisals (北京中企華資產評估有限責任公司), the report valued the net asset value of the Target Company as at 31 December 2011 as RMB602,957,500 on an asset-based approach.

Bohai Logistics

Bohai Logistics is a non-wholly owned subsidiary of the Group held as to approximately 29.9% by the Group prior to the Reorganization. As the Group has obtained effective control of the board of directors of Bohai Logistics, Bohai Logistics has been consolidated in the consolidated financial statements of the Group.

Bohai Logistics is principally engaged in the department store retail business. It occupies a leading position in the retail industry of Qinhuangdao city. At present it has three department stores, one supermarket and one home furnishing centre in Qinhuangdao city.

Based on the audited accounts of the Bohai Logistics prepared in accordance with PRC generally accepted accounting principles, the total asset and net asset value of Bohai Logistics for the financial year ended 31 December 2011 were RMB1,585,831,780 and RMB735,155,201.

The audited net profit (before and after taxation and extraordinary items) of Bohai Logistics for the financial years ended 31 December 2010 and 2011 are as follows:

	For the year ended	
	31 December	31 December
	2010	2011
	<i>RMB</i>	<i>RMB</i>
Net profit before taxation and extraordinary items	32,412,259	96,831,287
Net profit after taxation and extraordinary items	30,572,001	70,102,694

BASIS OF DETERMINATION OF THE CONSIDERATION

The consideration of the Asset Transfer and the Issue was determined after arm's length negotiations between the parties with reference to the abovementioned appraised value of the Target Company and the value of the New Bohai Logistics Shares. The issue price of RMB5.45 per share is determined with reference to the volume-weighted average price of the Bohai Logistics Shares on the Shenzhen Stock Exchange for the 20 trading days immediately preceding the date of announcement of the board meeting of Bohai Logistics dated 30 March 2012.

The Directors expect that the Group will not record any gain or loss on the Reorganisation as it does not result in a loss of control of Zhongzhao or Bohai Logistics, being subsidiaries of the Company both before and after this Reorganisation.

REASONS FOR AND BENEFITS OF THE REORGANISATION

Bohai Logistics is principally engaged in department store operation business in Qinhuangdao city. Prior to the Asset Transfer, the Jindu Store, which also operates in Qinhuangdao city, is owned by Zhongzhao through its shareholdings in the Target Company. In order to avoid horizontal trade competition between Bohai Logistics and Zhongzhao (which is a controlling shareholder of Bohai Logistics), the Reorganisation was entered into so that the Target Company will become a wholly-owned subsidiary of Bohai Logistics after the completion of the Asset Transfer. The Directors believe that the Reorganisation will not only increase the shareholding held by the Group in Bohai Logistics and but also facilitate the further enhancement of the Company's synergy and resource allocation in the market of Qinhuangdao city and the Bohai Rim region.

The Directors (including the independent non-executive Directors) consider the terms of the Reorganisation to be fair and reasonable and in the interests of the shareholders as a whole.

INFORMATION ON THE PARTIES

Zhongzhao

Zhongzhao is a wholly-owned subsidiary of the Group incorporated in the PRC. It is also the controlling shareholder of Bohai Logistics which holds 29.9% of the issued share capital of Bohai Logistics. Zhongzhao is an investment holding company.

The Company

The Company is principally engaged in the operation and management of department stores in the PRC, and is a leading domestic operator of department store in the affluent regions of the PRC with high economic growth. Currently, the Company is strategically expanding into four regions: Guangdong Province which is economically developed, Sichuan Province which is one of the most densely populated regions, Jiangsu Province and Shandong Province which rank among the top three regions in terms of GDP, and the Bohai Rim region. The Company currently operates 37 stores across 18 cities.

REQUIREMENTS OF THE LISTING RULES

As the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Reorganisation contemplated under the Asset Transfer Agreement and the Indemnity Agreement exceeds 5% but are below 25%, the Reorganisation constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. The Reorganisation is not subject to approval of shareholders of the Company under the Listing Rules.

Zhongzhao is a controlling shareholder of Bohai Logistics and, therefore, a connected person of Bohai Logistics under the rules of Shenzhen Stock Exchange. As such, the Reorganisation constitutes a connected transaction of Bohai Logistics under the rules of Shenzhen Stock Exchange, which is subject to shareholders' approval of Bohai Logistics. The Reorganisation is not a connected transaction of the Company under the Listing Rules.

GENERAL

In connection with the Reorganisation, Bohai Logistics, as a company listed on the Shenzhen Stock Exchange, has published, amongst others, an acquisition report on the Shenzhen Stock Exchange on 29 March 2012 to provide domestic investors of Bohai Logistics with certain information concerning the Reorganisation, valuation reports and accountant's report, and a legal opinion. The announcement issued by Bohai Logistics and the relevant documents of the Reorganisation are posted on the website of the Shenzhen Stock Exchange.

RESUMPTION OF TRADING OF BOHAI LOGISTICS ON THE SHENZHEN STOCK EXCHANGE

The trading of the securities of Bohai Logistics on the Shenzhen Stock Exchange was suspended with effect from 9 January 2012 pending the publication of the announcement by Bohai Logistics in relation to the Reorganisation on the Shenzhen Stock Exchange. Trading of the securities of Bohai Logistics on the Shenzhen Stock Exchange was resumed on 30 March 2012.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Asset Transfer”	the proposed transfer by Zhongzhao to Bohai Logistics the entire issued shares of the Target Company as contemplated under the Asset Transfer Agreement;
“Asset Transfer Agreement”	the asset transfer agreement dated 29 March 2012 entered into between Zhongzhao and Bohai Logistics in relation to the Asset Transfer;
“Board”	the board of Directors;
“Bohai Logistics”	Qinhuangdao Bohai Logistics Holding Corporation Ltd. (秦皇島渤海物流控股股份有限公司), a subsidiary of the Company and a joint stock limited company established in the PRC and listed on the Shenzhen Stock Exchange (stock code: 000889). As at the date of this announcement, the Group holds 101,260,836 shares in Bohai Logistics, representing approximately 29.90% of its issued share capital;

“Bohai Logistics Share(s)”	the ordinary share(s) of Bohai Logistics with a nominal value of RMB1 per share;
“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;
“CSRC”	China Securities Regulatory Commission;
“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Indemnity Agreement”	the indemnity agreement dated 29 March 2012 entered into between Zhongzhao and Bohai Logistics;
“Issue”	has the meaning ascribed to it in the section entitled “Asset Transfer Agreement” in this announcement;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“New Bohai Logistics Shares”	the Bohai Logistics Shares to be issued to Zhongzhao in accordance with the provisions in the Asset Transfer Agreement;
“PRC”	the People’s Republic of China, which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administration Region of the PRC and Taiwan;
“RMB”	Renminbi, the lawful currency of the People’s Republic of China;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Target Company”	Qinhuangdao Maoye Shangsha Operation Management Company Limited (秦皇島茂業商廈經營管理有限公司), a company in the PRC and is 100% owned by Zhongzhao prior to the Asset Transfer;
“Reorganisation”	the reorganisation between Bohai Logistics and Zhongzhao contemplated under the Asset Transfer Agreement and the Indemnity Agreement;

“Zhongzhao” Zhongzhao Investment Management Company Limited
(中兆投資管理有限公司), a wholly-owned subsidiary of
the Group incorporated in the PRC, and the controlling
shareholder of Bohai Logistics;

“%” per cent.

The English names of the PRC entities and departments referred to in this announcement are translations from their Chinese names and are for identification purposes only. If there is any inconsistency, the Chinese name shall prevail.

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

Hong Kong, 30 March 2012

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.