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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 AND PRICE SENSITIVE INFORMATION
PROGRESS IN RELATION TO ASSET REORGANISATION OF
BOHAI LOGISTICS**

Reference is made to the announcements issued by the Company dated 30 March 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).

The Board is pleased to announce that, on 12 October 2012, the Group has received the approval of the CSRC for the Reorganisation pursuant to which the CSRC has approved the issue of the New Bohai Logistics Shares by Bohai Logistics to Zhongzhao for the Asset Transfer. The CSRC Approval is valid for 12 months from the date of the approval. As at the date of this announcement, all of the conditions precedent under the Asset Transfer Agreement have been satisfied. Bohai Logistics and Zhongzhao are expected to proceed with completion of the Asset Transfer, and perform the relevant registration formalities in accordance with applicable requirements, in the near future.

As a result of the payment by Bohai Logistics of a cash dividend of RMB0.22 (inclusive of tax) for every 10 shares held by the shareholders of Bohai Logistics on 7 May 2012 subsequent to the date of the Asset Transfer Agreement, the issue price of the New Bohai Logistics Shares will be adjusted downwards from RMB5.45 per share to RMB5.43 per share. As such, based on the Consideration of RMB580,000,000, the number of New Bohai Logistics Shares to be issued to

Zhongzhao will be adjusted upwards from 106,422,018 to 106,813,996 shares. Upon completion of the Reorganisation, the total issued share capital of Bohai Logistics will increase from 338,707,568 to 445,521,564, and the shareholding of Zhongzhao in Bohai Logistics will increase from 101,260,836 to 208,074,832 (from 29.90% to 46.70%).

To provide further protection to the public shareholders of Bohai Logistics, Zhongzhao entered into the Supplemental Indemnity Undertaking on 19 September 2012, which was approved by the CSRC. Pursuant to the Supplemental Indemnity Undertaking, Zhongzhao has undertaken that it will compensate Bohai Logistics with such number of New Bohai Logistics Shares if the aggregate net profit (after deducting extraordinary items) of the Target Company for the Indemnity Period (namely the years ending 31 December 2012, 2013 and 2014) does not meet the Indemnity Threshold, being RMB107,507,100.

In addition, to resolve concerns over conflicts of interests in various operations and companies in the PRC, the Undertakings were entered into by Mr. Huang and/or Zhongzhao.

In connection with the Reorganisation, Bohai Logistics, as a company listed on the Shenzhen Stock Exchange, has published, amongst others, announcements and an acquisition report on the website of the Shenzhen Stock Exchange on 13 October 2012 to provide domestic investors of Bohai Logistics with certain updated information concerning the Reorganisation.

BACKGROUND

Reference is made to the announcements issued by the Company dated 30 March 2012 (the “**Previous Announcements**”) 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). Terms defined in this announcement shall have the same meanings with the Previous Announcements unless the context otherwise requires.

As mentioned in the Previous Announcements, 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. In 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 the final determination and approval of the CSRC and subject

to any adjustment). As stated in the Previous Announcements, upon completion of the Reorganisation, the total issued share capital of Bohai Logistics will increase from 338,707,568 to 445,129,586, and the shareholding of Zhongzhao in Bohai Logistics will increase from 29.90% to 46.66%.

CSRC APPROVAL

The Board is pleased to announce that, on 12 October 2012, the Group has received the approval of the CSRC (the “**CSRC Approval**”) for the Reorganisation pursuant to which the CSRC has approved the issue of the New Bohai Logistics Shares by Bohai Logistics to Zhongzhao for the Asset Transfer. The CSRC Approval is valid for 12 months from the date of the approval. As at the date of this announcement, all of the conditions precedent under the Asset Transfer Agreement have been satisfied. Bohai Logistics and Zhongzhao are expected to proceed with the completion of the Asset Transfer, and perform the relevant registration formalities in accordance with applicable requirements, in the near future.

ADJUSTMENT OF ISSUE PRICE AND NUMBER OF NEW BOHAI LOGISTICS SHARES

As a result of the payment by Bohai Logistics of a cash dividend of RMB0.22 (inclusive of tax) for every 10 shares held by the shareholders of Bohai Logistics on 7 May 2012 subsequent to the date of the Asset Transfer Agreement, the issue price of the New Bohai Logistics Shares will be adjusted downwards from RMB5.45 per share to RMB5.43 per share. As such, based on the Consideration of RMB580,000,000, the number of New Bohai Logistics Shares to be issued to Zhongzhao will be adjusted upwards from 106,422,018 to 106,813,996 shares. Upon completion of the Reorganisation, the total issued share capital of Bohai Logistics will increase from 338,707,568 to 445,521,564 and the shareholding of Zhongzhao in Bohai Logistics will increase from 101,260,836 to 208,074,832 (from 29.90% to 46.70%).

The total number of New Bohai Logistics Shares to be issued to Zhongzhao shall be further adjusted if events such as declaration of dividend, bonus issue and capitalisation of share capital of Bohai Logistics take place.

SUPPLEMENTAL INDEMNITY UNDERTAKING

As mentioned in the Previous Announcements, pursuant to the Indemnity Agreement, 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 in accordance with the formula set out in the Previous Announcements.

To provide further protection to the public shareholders of Bohai Logistics, Zhongzhao entered into the Supplemental Indemnity Undertaking on 19 September 2012, and such Supplemental Indemnity Undertaking has been approved by the CSRC.

Pursuant to the Supplemental Indemnity Undertaking, Zhongzhao has undertaken that it will compensate Bohai Logistics with such number of New Bohai Logistics Shares calculated in accordance with the formula set out below if the aggregate net profit (after deducting extraordinary items) of the Target Company for the Indemnity Period (namely the years ended 31 December 2012, 2013 and 2014) does not meet the indemnity threshold, being RMB107,507,100 (the “**Indemnity Threshold**”). The New Bohai Logistics Shares to be compensated shall be repurchased by Bohai Logistics and cancelled for a total consideration of RMB 1.

Pursuant to the Supplemental Indemnity Undertaking, whether the above compensation will be applicable will be determined by an appraisal and audit by an accountant appointed by Bohai Logistics of the aggregate net profit of the Target Company for the Indemnity Period.

The number of the New Bohai Logistics Shares to be compensated by Zhongzhao during the Indemnity Period will be calculated in accordance with the following formula:

$$\begin{array}{ccccccc} \text{Number of} & & \text{The amount by which the} & & \text{Total number} & & \text{Number of} \\ \text{Bohai Logistics} & & \text{aggregate net profit (after} & & \text{of the Bohai} & & \text{Bohai Logistics} \\ \text{Shares to be} & = & \text{deducting extraordinary items)} & \times & \text{Logistics} & \div & \text{Shares already} \\ \text{compensated} & & \text{of the Target Company for the} & & \text{Shares} & & \text{compensated} \\ & & \text{Indemnity Period falls short of} & & \text{subscribed by} & & \\ & & \text{the Indemnity Threshold} & & \text{Zhongzhao} & & \end{array}$$

The maximum number of Bohai Logistics Shares held by Zhongzhao to be compensated will not exceed the total number of the New Bohai Logistics Shares issued to Zhongzhao.

The number of New Bohai Logistics Shares to be compensated shall be adjusted accordingly if events such as declaration of dividend, bonus issue, capitalisation of shares or rights issue of Bohai Logistics take place during the Indemnity Period.

The Supplemental Indemnity Undertaking and the compensation contemplated thereunder will be in addition to the compensations contemplated under the Indemnity Agreement.

UNDERTAKINGS

Mr. Huang currently controls the Company, Bohai Logistics and Chengshang which are all engaged in operation of department stores in the PRC. Bohai Logistics and Chengshang are companies listed in the PRC (A-share listed companies). Bohai Logistics is principally engaged in the department store business in Qinhuangdao with some commercial property development business in Anhui, while Chengshang is principally engaged in the department store business in Sichuan Province and Shandong Province. In order to resolve concerns over conflicts of interests between Bohai Logistics and the department stores controlled by Mr. Huang and to facilitate business integration, the Undertakings were entered into by Mr. Huang and/or Zhongzhao on 14 August 2012 and such Undertakings have been approved by the CSRC.

The translation of the Undertakings is set out as follows:

Mr. Huang and Zhongzhao have undertaken that:

1. through the Reorganisation, the Target Company which is currently located in the Qinhuangdao City and in competition with Bohai Logistics will be injected into Bohai Logistics;
2. the principal business operations of Bohai Logistics are based in Qinhuangdao and the Anhui regions. In the Qinhuangdao region, Bohai Logistics mainly engages in commercial retail business. It focuses on the operation of department stores, while supplemented with the business of storage, sale and lease of commercial plaza properties. In the Anhui region, Bohai Logistics mainly engages in the operation of commercial merchandise wholesale market as well as the development, sale and site lease of commercial plaza properties. As of the date of the undertaking, except for the Jindu Store operated by the Target Company under this transaction, none of the assets and operations of Zhongzhao (Mr. Huang) and those of the affiliated companies controlled by Zhongzhao (Mr. Huang) are identical or similar to those engaged by Bohai Logistics in the above regions. After the completion of the transaction, all assets and operations of

Zhongzhao (Mr. Huang) and those of the affiliated companies controlled by Zhongzhao (Mr. Huang) which are identical or similar to those engaged by Bohai Logistics within its operational region will have already been injected into Bohai Logistics;

3. in order to procure the continuous development of Bohai Logistics, Zhongzhao (Mr. Huang) will supervise and restrict its(his) own operational activities and those of the affiliated companies controlled by Zhongzhao (Mr. Huang), such that within the operational region of Bohai Logistics, assets and operations which are identical or similar to those of Bohai Logistics will not be newly developed or acquired. If any commercial opportunities which are identical or similar to the business operations of Bohai Logistics within its operational region arise in the future, Zhongzhao (Mr. Huang) will give Bohai Logistics priority to engage in such operation, and Bohai Logistics shall have the right of first refusal.

Mr. Huang has further undertaken that:

1. within three years after the completion of the Reorganisation and subject to permission under the relevant regulatory policies and rules, the business integration of the Company and A-share listed companies will be commenced;
2. after the completion of the Reorganisation, based on the needs and business development conditions of the listed companies in and outside of the PRC and subject to the compliance with the securities laws and regulations in and outside the PRC, and that minority shareholders' interests are adequately protected, the Company will contemplate a business integration proposal for the listed companies. Specific forms of integration may include legal actions such as merger by absorption, asset reorganisation, listing of A shares and H shares;
3. the ultimate objective of the business integration is to enhance the regulation of the management and operation of the listed companies, to resolve the existing and potential issues of intra-group competition, to promote the regulated, healthy and rapid development of the listed companies, and to safeguard the interests of all shareholders including minority shareholders.

GENERAL

The Directors (including the independent non-executive Directors) consider the terms of the Reorganisation and the Supplemental Indemnity Undertaking to be fair and reasonable and in the interests of the shareholders as a whole. Save as disclosed above, all other material terms of the Reorganisation remain unchanged.

In connection with the Reorganisation, Bohai Logistics, as a company listed on the Shenzhen Stock Exchange, has published, amongst others, announcements and an acquisition report on the website of the Shenzhen Stock Exchange on 13 October 2012 to provide domestic investors of Bohai Logistics with certain updated information concerning the Reorganisation. The announcements issued by Bohai Logistics and the relevant documents of the Reorganisation are also posted on the website of www.cninfo.com.cn.

DEFINITIONS

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

“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 according to the laws of the PRC and listed on the Shanghai Stock Exchange (stock code: 600828)
“Consideration”	the consideration for sale of the Target Company by Zhongzhao to Bohai Logistics, being RMB580,000,000 to be satisfied by the issue of the New Bohai Logistics Shares by Bohai Logistics to Zhongzhao
“CSRC Approval”	has the meaning ascribed to it in the section entitled “CSRC Approval” in this announcement
“Indemnity Period”	the years ending 31 December 2012, 2013 and 2014
“Indemnity Threshold”	has the meaning ascribed to it in the section entitled “Supplemental Indemnity Undertaking” in this announcement
“Mr. Huang”	Mr. Huang Mao Ru, Chairman, executive Director and Chief Executive Officer of the Company and the Company’s ultimate controlling shareholder
“Supplemental Indemnity Undertaking”	the supplemental indemnity undertaking dated 19 September 2012 entered into by Zhongzhao, which was approved by the CSRC

“Undertakings” the undertakings given by Mr. Huang and/or Zhongzhao
as referred to in the sections headed “Undertakings” in
this announcement

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, 16 October 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.