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This Announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of the Company.

The Offer is not related to any of the publicly listed entities in which the privately held Li & Fung (1937) Limited has interests, including Li & Fung Limited (Stock Code: 00494), Trinity Limited (Stock Code: 00891) and Convenience Retail Asia Limited (Stock Code: 00831).

PERFECT LEAD INVESTMENTS LIMITED

(incorporated in the British Virgin Islands with limited liability)

 **HANG TEN**

HANG TEN GROUP HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

(Stock Code: 00448)

JOINT ANNOUNCEMENT

**VOLUNTARY CONDITIONAL CASH OFFER BY
CITIGROUP GLOBAL MARKETS ASIA LIMITED
ON BEHALF OF
PERFECT LEAD INVESTMENTS LIMITED
TO ACQUIRE ALL THE ISSUED SHARES IN
HANG TEN GROUP HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED OR AGREED
TO BE ACQUIRED BY PERFECT LEAD INVESTMENTS LIMITED
AND PARTIES ACTING IN CONCERT WITH IT)**

AND

RESUMPTION OF TRADING

Financial adviser to Perfect Lead Investments Limited



CITIGROUP GLOBAL MARKETS ASIA LIMITED

VOLUNTARY CONDITIONAL CASH OFFER

The Offeror and the Company jointly announce that Citi will make a voluntary conditional cash offer on behalf of the Offeror for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) in accordance with the Takeovers Code.

The consideration in respect of the Offer is as follows:

For every Share HK\$2.70 in cash

The Offeror will not revise the Offer Price.

The Offer Price of HK\$2.70 per Share represents:

- a premium of approximately 58.8% over the closing price of HK\$1.70 per Share as quoted on the Stock Exchange on the Last Trading Day;
- a premium of approximately 62.7% over the average of the closing prices as quoted on the Stock Exchange for the 5 consecutive trading days up to and including the Last Trading Day of HK\$1.66 per Share;
- a premium of approximately 59.8% over the average of the closing prices as quoted on the Stock Exchange for the 10 consecutive trading days up to and including the Last Trading Day of HK\$1.69 per Share; and
- a premium of approximately 54.3% over the average of the closing prices as quoted on the Stock Exchange for the 30 consecutive trading days up to and including the Last Trading Day of HK\$1.75 per Share.

As at the date of this Announcement, there are 982,250,000 Shares in issue. The Company has no other shares, options, warrants, derivatives or other securities that are convertible or exchangeable into Shares or other types of equity interest.

CONDITIONS OF THE OFFER

The Offer will be conditional on the satisfaction or waiver of the following Conditions:

- (a) valid acceptances of the Offer being received (and not, where permitted, withdrawn) by 4:00 p.m. on the First Closing Date (or such later time(s) and/or date(s) as the Offeror may, subject to the rules of the Takeovers Code, decide) in respect of such number of Shares (which shall include all the Shares owned by the Selling Shareholders) which will result in the Offeror and persons acting in concert with it holding at least 69.06% of the voting rights in the Company;
- (b) the Shares remaining listed and traded on the Main Board of the Stock Exchange up to the First Closing Date (save for any temporary suspension of trading of the Shares pending any announcement in connection with the Irrevocable Undertaking and the Offer) and no indication being received on or before the First Closing Date from the SFC and/or the Stock Exchange to the effect that the listing of the Shares on the Stock Exchange is or is likely to be withdrawn or suspended;

- (c) the transactions contemplated under the Irrevocable Undertaking and the Offer having been approved by the shareholders of YGM as required by and in accordance with the Listing Rules and other applicable laws and regulations;
- (d) (i) all Approvals having been obtained and remaining in full force and effect without variation from all Governmental Authorities and all conditions (if any) to such consents having been fulfilled; (ii) each member of the Group possessing or having obtained all licences and permits from the Governmental Authorities that are necessary to carry on its business; and (iii) all mandatory consents from third parties in relation to the Offer required pursuant to any agreement to which any member of the Group is a party having been obtained for the Offer or waived by the relevant party(ies), unless any lack of such Approvals, consents, licences, permits or other permissions referred to in sub-paragraph (d)(i), (ii) or (iii) would not have a material adverse effect on the business of the Group taken as a whole;
- (e) no event having occurred which would make the Offer void, unenforceable, illegal or prohibit the implementation of the Offer;
- (f) no Governmental Authority or court, tribunal or arbitrator in any jurisdiction having taken or instituted any action, proceeding, suit, investigation or enquiry, or enacted or made or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order that would make the Offer void, unenforceable or illegal or that would prohibit or restrict the implementation of, or which would impose any material conditions, limitations or obligations with respect to the Offer or the transactions contemplated under the Irrevocable Undertaking (other than such orders or decisions as would not have a material adverse effect on the legal ability of the Offeror to proceed with or consummate the Offer and the transactions contemplated under the Irrevocable Undertaking); and
- (g) since 30 September 2011 but save as publicly disclosed by the Company prior to the date of the Irrevocable Undertaking, there having been no change, effect, fact, event or circumstance which has had or would reasonably be expected to have a material adverse effect on, or to cause a material adverse change in, the general operations, management, financial position, business, conditions (whether financial, operational or legal), earnings, solvency, shareholders' equity or results of operations of the Group taken as a whole, whether or not arising in the ordinary course of business.

The Offeror may, at its absolute discretion, waive any or all of the Conditions referred to above, save that Condition (a) may only be waived if the Offeror receives acceptances in respect of the Offer which would result in the Offeror and persons acting in concert with it holding more than 50% of the voting rights in the Company and Condition (c) cannot be waived. YGM shall use its reasonable endeavours to procure that a general meeting of YGM be convened to consider and approve the Irrevocable Undertaking and the transactions contemplated thereunder as required under the Listing Rules as soon as reasonably practicable and, to the extent that it is within the control of YGM, within 45 business days from the date of publication of this Announcement. Each of the Selling Shareholders shall use its reasonable endeavours to procure the fulfilment of the Conditions (other than Condition (c) which shall be the sole obligation of YGM, but not the other Selling Shareholders), in each case on or before the Long Stop Date.

Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror may only invoke any or all of the Conditions as a basis for not proceeding with the Offer if the circumstances which give rise to the right to invoke any of such Conditions are of material significance to the Offeror in the context of the Offer.

Shareholders and/or potential investors of the Company should note that the completion of the Offer is subject to the Conditions being fulfilled (or waived) and therefore the Offer may or may not become unconditional and may or may not be completed. Accordingly, the issue of this Announcement does not imply that the Offer will become unconditional and Shareholders and/or potential investors of the Company should therefore exercise caution when dealing in the Shares.

IRREVOCABLE UNDERTAKINGS

On 15 December 2011, pursuant to the terms of the Irrevocable Undertaking, each of the AWSL Parties has severally and irrevocably undertaken in favour of the Offeror to accept or procure the acceptance of the Offer within 5 business days following the despatch of the Composite Document (or, if applicable, the offer document in relation to the Offer to be issued by the Offeror) in respect of an aggregate of 464,228,000 Shares registered to and/or beneficially owned by them, representing approximately 47.26% of the issued share capital of the Company as at the date of this Announcement; and YGM has irrevocably undertaken in favour of the Offeror to accept or procure the acceptance of the Offer within 2 business days after it has obtained the approval by its shareholders as required by and in accordance with the Listing Rules or within 5 business days following the despatch of the Composite Document (or, if applicable, the offer document in relation to the Offer to be issued by the Offeror), whichever is later, in respect of the 214,202,000 Shares registered to and/or beneficially owned by YGM and YGM Subsidiary, representing approximately 21.81% of the issued share capital of the Company as at the date of this Announcement.

YGM also has the right to demand the return of 8,200,000 Additional Shares, representing approximately 0.83% of the issued share capital of the Company as at the date of this Announcement, from a law firm in Hong Kong. Accordingly, YGM has further irrevocably undertaken under the Irrevocable Undertaking that (i) if and to the extent YGM and/or any of the YGM Affiliates receives any Additional Shares no later than 3 business days before the Final Closing Date, YGM shall, within 3 business days after receipt of such Additional Shares by YGM or the relevant YGM Affiliate(s) and in any event on or prior to the Final Closing Date, accept or procure the acceptance of the Offer in respect of such Additional Shares; and (ii) if and to the extent that YGM and/or any of the YGM Affiliates receives any Additional Shares after the period mentioned in (i) above and if the Offeror has decided at its discretion to exercise its rights of compulsory acquisition of all Shares in respect of which the Offer has not then been accepted under the Takeovers Code and applicable laws and rules, YGM shall sell and transfer and procure the sale and transfer of such Additional Shares to the Offeror subject to and on the terms of the compulsory acquisition, and YGM shall not, and shall procure that none of the YGM Affiliates shall, apply to or initiate any proceedings in any court of Bermuda or other relevant jurisdictions to seek relief in connection with the compulsory acquisition or otherwise object to the compulsory acquisition or take any action which may result in the compulsory acquisition being frustrated.

Further, under the terms of the Irrevocable Undertaking, the Selling Shareholders shall not withdraw nor procure the withdrawal from any such acceptance, notwithstanding that they or the YGM Affiliates may become entitled to withdraw any such acceptance by virtue of laws and the Takeovers Code.

The Irrevocable Undertaking will be terminated if the Conditions are not satisfied or waived by the Long Stop Date or on the withdrawal or lapsing of the Offer if required under the Takeovers Code.

The terms of the Irrevocable Undertaking are described further in the paragraph headed “Irrevocable Undertaking” of this Announcement.

VOTING UNDERTAKINGS

The Voting YGM Shareholders, being holders of an aggregate of 82,958,574 YGM Shares representing approximately 50.46% of the total issued YGM Shares, have each executed an undertaking on 15 December 2011 in favour of YGM and the Offeror pursuant to which, among other things, each of the Voting YGM Shareholders has severally, irrevocably and unconditionally undertaken to exercise its/his/her voting rights attaching to the YGM Shares beneficially owned by it/him/her at the extraordinary general meeting to be held by YGM to vote in favour of the resolution(s) for approving the Irrevocable Undertaking, the acceptance of the Offer and any transactions contemplated thereunder unless it/he/she is required to abstain from voting at such meeting under the Listing Rules or by the Stock Exchange.

COMPOSITE DOCUMENT

The Independent Board Committee has been established to advise the Independent Shareholders in relation to the Offer. An independent financial adviser will be appointed to advise the Independent Board Committee in relation to the Offer.

It is the intention of the Offeror and the Company that a Composite Document combining the offer document and the offeree board circular will be jointly despatched by the Offeror and the Company to the Shareholders in accordance with the requirements of the Takeovers Code. The Composite Document will set out details of the Offer (accompanying therewith the acceptance and transfer forms) and incorporate the letter of recommendation from the Independent Board Committee and the letter of advice from the independent financial adviser to the Independent Board Committee and other relevant information on the Offeror and the Group as required under the Takeovers Code.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:00 a.m. on Friday, 16 December 2011 pending the release of this Announcement. Application has been made by the Company for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on Tuesday, 20 December 2011.

VOLUNTARY CONDITIONAL CASH OFFER

The Offer

The Offeror and the Company jointly announce that Citi will make a voluntary conditional cash offer on behalf of the Offeror for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) in accordance with the Takeovers Code.

As at the date of this Announcement, Citi and entities controlling, controlled by or under the same control as Citi (except those entities in the capacity of an exempt principal trader and exempt fund manager), presumed to be acting in concert with the Offeror, hold 81 Shares, representing approximately 0.00% of the issued share capital of the Company.

Save as aforesaid, the Offeror and parties acting in concert with it do not have any interest in the issued share capital or voting rights of the Company as at the date of this Announcement.

None of the Offeror and parties in acting in concert with it has dealt with any interest in the issued share capital or voting rights or relevant securities of the Company within the past six months immediately preceding the date of this Announcement.

As at the date of this Announcement, there are 982,250,000 Shares in issue. The Company has no other shares, options, warrants, derivatives or other securities that are convertible or exchangeable into Shares or other types of equity interest.

The consideration in respect of the Offer is as follows:

For every Share HK\$2.70 in cash

The Offeror will not revise the Offer Price.

The Shares to be acquired under the Offer shall be fully paid and shall be acquired free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attaching to them as at the First Closing Date or subsequently becoming attached to them, including the right to receive in full all dividends and other distributions, if any, declared, made or paid on or after the First Closing Date.

As at the date of this Announcement, 371,890,000 Shares are held by AWSL, 214,202,000 Shares are held by YGM and YGM Subsidiary, 18,650,000 Shares are held by DK, 36,800,000 are held by KH, 18,532,000 are held by HPK and 18,356,000 are held by HCY, together representing approximately 69.06% of the issued share capital of the Company.

On 15 December 2011, pursuant to the terms of the Irrevocable Undertaking, each of the Selling Shareholders has severally and irrevocably undertaken in favour of the Offeror to accept or procure the acceptance of the Offer in respect of an aggregate of 678,430,000 Shares, representing approximately 69.06% of the issued share capital of the Company.

The terms of the Irrevocable Undertaking are described further in the paragraph headed "Irrevocable Undertaking" of this Announcement.

Value of the Offer

As at the date of this Announcement, there are 982,250,000 Shares in issue. On the basis of the Offer Price of HK\$2.70 per Share, the entire issued share capital of the Company (which is the subject of the Offer) is valued at HK\$2,652,075,000. In the event that the Offer is accepted in full, the aggregate amount payable by the Offeror under the Offer will be approximately HK\$2,652.07 million.

Confirmation of financial resources

The Offeror intends to finance the cash required for the Offer from financial resources available to it. Citi, the financial adviser to the Offeror in respect of the Offer, is satisfied that sufficient financial resources are available to the Offeror to satisfy full acceptance of the Offer.

Comparison with market price

The Offer Price of HK\$2.70 per Share represents:

- a premium of approximately 58.8% over the closing price of HK\$1.70 per Share as quoted on the Stock Exchange on the Last Trading Day;
- a premium of approximately 62.7% over the average of the closing prices as quoted on the Stock Exchange for the 5 consecutive trading days up to and including the Last Trading Day of HK\$1.66 per Share;
- a premium of approximately 59.8% over the average of the closing prices as quoted on the Stock Exchange for the 10 consecutive trading days up to and including the Last Trading Day of HK\$1.69 per Share; and
- a premium of approximately 54.3% over the average of the closing prices as quoted on the Stock Exchange for the 30 consecutive trading days up to and including the Last Trading Day of HK\$1.75 per Share.

Highest and lowest Share prices

The highest and lowest closing prices of the Shares quoted on the Stock Exchange during the six-month period preceding the Last Trading Day were HK\$2.41 per Share on 6 July 2011 and HK\$1.26 per Share on 4 October 2011 respectively.

Conditions of the Offer

The Offer will be conditional on the satisfaction or waiver of the following Conditions:

- (a) valid acceptances of the Offer being received (and not, where permitted, withdrawn) by 4:00 p.m. on the First Closing Date (or such later time(s) and/or date(s) as the Offeror may, subject to the rules of the Takeovers Code, decide) in respect of such number of Shares (which shall include all the Shares owned by the Selling Shareholders) which will result in the Offeror and persons acting in concert with it holding at least 69.06% of the voting rights in the Company;

- (b) the Shares remaining listed and traded on the Main Board of the Stock Exchange up to the First Closing Date (save for any temporary suspension of trading of the Shares pending any announcement in connection with the Irrevocable Undertaking and the Offer) and no indication being received on or before the First Closing Date from the SFC and/or the Stock Exchange to the effect that the listing of the Shares on the Stock Exchange is or is likely to be withdrawn or suspended;
- (c) the transactions contemplated under the Irrevocable Undertaking and the Offer having been approved by the shareholders of YGM as required by and in accordance with the Listing Rules and other applicable laws and regulations;
- (d) (i) all approvals, authorisations, consents, licences, certificates, permits, concessions, agreements or other permissions of any kind of, from or by any Governmental Authority, regulatory body or other third party as are necessary for the consummation of the transactions contemplated in the Irrevocable Undertaking and the Offer and in connection with, including, without limitation, any change in the direct or indirect shareholder(s) or ultimate controlling shareholder(s) of any member of the Group, the concession rights or licences to carry out its operations (collectively, “**Approvals**”) having been obtained and remaining in full force and effect without variation from all Governmental Authorities and all conditions (if any) to such consents having been fulfilled; (ii) each member of the Group possessing or having obtained all licences and permits from the Governmental Authorities that are necessary to carry on its business; and (iii) all mandatory consents from third parties in relation to the Offer required pursuant to any agreement to which any member of the Group is a party having been obtained for the Offer or waived by the relevant party(ies), unless any lack of such Approvals, consents, licences, permits or other permissions referred to in sub-paragraph (d)(i), (ii) or (iii) would not have a material adverse effect on the business of the Group taken as a whole;
- (e) no event having occurred which would make the Offer void, unenforceable, illegal or prohibit the implementation of the Offer;
- (f) no Governmental Authority or court, tribunal or arbitrator in any jurisdiction having taken or instituted any action, proceeding, suit, investigation or enquiry, or enacted or made or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order that would make the Offer void, unenforceable or illegal or that would prohibit or restrict the implementation of, or which would impose any material conditions, limitations or obligations with respect to the Offer or the transactions contemplated under the Irrevocable Undertaking (other than such orders or decisions as would not have a material adverse effect on the legal ability of the Offeror to proceed with or consummate the Offer and the transactions contemplated under the Irrevocable Undertaking); and
- (g) since 30 September 2011 but save as publicly disclosed by the Company prior to the date of the Irrevocable Undertaking, there having been no change, effect, fact, event or circumstance which has had or would reasonably be expected to have a material adverse effect on, or to cause a material adverse change in, the general operations, management, financial position, business, conditions (whether financial, operational or legal), earnings, solvency, shareholders’ equity or results of operations of the Group taken as a whole, whether or not arising in the ordinary course of business.

The Offeror may, at its absolute discretion, waive any or all of the Conditions referred to above, save that Condition (a) may only be waived if the Offeror receives acceptances in respect of the Offer which would result in the Offeror and persons acting in concert with it holding more than 50% of the voting rights in the Company and Condition (c) cannot be waived. YGM shall use its reasonable endeavours to procure that a general meeting of YGM be convened to consider and approve the Irrevocable Undertaking and the transactions contemplated thereunder as required under the Listing Rules as soon as reasonably practicable and, to the extent that it is within the control of YGM, within 45 business days from the date of publication of this Announcement. Each of the Selling Shareholders shall use its reasonable endeavours to procure the fulfilment of the Conditions (other than Condition (c) which shall be the sole obligation of YGM, but not the other Selling Shareholders), in each case on or before the Long Stop Date.

Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror may only invoke any or all of the Conditions as a basis for not proceeding with the Offer if the circumstances which give rise to the right to invoke any of such Conditions are of material significance to the Offeror in the context of the Offer.

In addition, the Offer is made on the basis that acceptance of the Offer by any person will constitute a warranty by such person or persons to the Offeror that the Shares shall be fully paid and shall be acquired free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attaching to them as at the First Closing Date, including the right to receive in full all dividends and other distributions, if any, declared, made or paid on or after the First Closing Date.

The Offer will be made in compliance with the Takeovers Code, which is administered by the Executive.

Shareholders and/or potential investors of the Company should note that the completion of the Offer is subject to the Conditions being fulfilled (or waived) and therefore the Offer may or may not become unconditional and may or may not be completed. Accordingly, the issue of this Announcement does not imply that the Offer will become unconditional and Shareholders and/or potential investors of the Company should therefore exercise caution when dealing in the Shares.

Availability of the Offer

The Offeror intends to make available the Offer to all Shareholders, including those who are resident outside Hong Kong, to the extent practicable. The availability of the Offer to persons not resident in Hong Kong may be affected by the laws of the relevant jurisdictions. Persons who are not resident in Hong Kong should seek professional advice (legal, financial or otherwise) in order to inform themselves about and observe any applicable requirements in their own jurisdictions.

The Offeror reserves the right, subject to the consent of the Executive under Rule 8 of the Takeovers Code and the legal requirements, to make special arrangements regarding the terms of the Offer in relation to the Shareholders whose receipt of the Offer or the Composite Document is subject to the laws of an overseas jurisdiction.

In addition, the Offeror also reserves the right, subject to the consent of the Executive under Rule 8 of the Takeovers Code, to notify any matter, including the making of the Offer, to the Shareholders having a registered overseas address by announcement or by advertisement in a newspaper which may or may not be circulated in the jurisdiction of which such persons are resident. The notice will be deemed to have been sufficiently given, despite any failure by such Shareholders to receive or see that notice.

In the event that the receipt of the Composite Document by overseas Shareholders is prohibited by any relevant law or may only be effected after compliance with conditions or requirements that the directors of the Offeror regard as unduly onerous or burdensome or otherwise not in the best interests of the Offeror or the shareholder(s) of the Offeror as a whole, the Composite Document, subject to the Executive's consent, will not be despatched to such overseas Shareholders. The Offeror will apply for any waivers as may be required by the Executive pursuant to Note 3 to Rule 8 of the Takeovers Code at such time.

Extension of the Offer Period

If the Offer has not been declared or has not become unconditional as to acceptances at or before 7:00 p.m. on the 60th day after the posting of the Composite Document, and/or the Offer has not been declared or has not become unconditional in all respects on or before the 81st day after the posting of the Composite Document, the Offer will lapse unless the Offer period is extended with the consent of the Executive in accordance with the Takeovers Code.

Hong Kong stamp duty

Seller's ad valorem stamp duty at a rate of 0.1% of the market value of the Shares or consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is higher, will be deducted from the amount payable to the relevant Shareholder on acceptance of the Offer. The Offeror will arrange for payment of the stamp duty on behalf of accepting Shareholders in connection with the acceptance of the Offer and the transfer of the Shares.

Payment

Provided that the Offer has become, or has been declared, unconditional in all respects, payment in respect of acceptances of the Offer will be made as soon as possible but in any event within 10 days of the later of the date on which the Offer becomes, or is declared, unconditional in all respects and the date of receipt of a duly completed acceptance. Such information will be contained in detail in the Composite Document.

No dividend or other distribution

The Company does not intend to declare or pay any dividend or other distribution on the Shares before the First Closing Date save and except the payment of interim dividends for the six months ended 30 September 2011 declared by the Company prior to the date of this Announcement.

Irrevocable Undertaking

On 15 December 2011, pursuant to the terms of the Irrevocable Undertaking, each of the AWSL Parties has severally and irrevocably undertaken in favour of the Offeror to accept or procure the acceptance of the Offer (and shall not withdraw from any such acceptance) within 5 business days following the despatch of the Composite Document (or, if applicable, the offer document in relation to the Offer to be issued by the Offeror) in respect of an aggregate of 464,228,000 Shares registered to and/or beneficially owned by them, representing approximately 47.26% of the issued share capital of the Company as at the date of this Announcement; and YGM has irrevocably undertaken in favour of the Offeror to accept or procure the acceptance of the Offer (and shall not withdraw from any such acceptance) within 2 business days after it has obtained the approval by its shareholders as required by and in accordance with the Listing Rules or within 5 business days following the despatch of the Composite Document (or, if applicable, the offer document in relation to the Offer to be issued by the Offeror), whichever is later, in respect of the 214,202,000 Shares registered to and/or beneficially owned by YGM and YGM Subsidiary, representing approximately 21.81% of the issued share capital of the Company as at the date of this Announcement.

YGM also has the right to demand the return of 8,200,000 additional Shares (“**Additional Shares**”) (representing approximately 0.83% of the issued share capital of the Company as at the date of this Announcement) from a law firm in Hong Kong. Accordingly, YGM has further irrevocably undertaken under the Irrevocable Undertaking that (i) if and to the extent YGM and/or any of the YGM Affiliates receives any Additional Shares no later than 3 business days before the Final Closing Date, YGM shall, within 3 business days after receipt of such Additional Shares by YGM or the relevant YGM Affiliate(s) and in any event on or prior to the Final Closing Date, accept or procure the acceptance of the Offer in respect of such Additional Shares; and (ii) if and to the extent that YGM and/or any of the YGM Affiliates receives any Additional Shares after the period mentioned in (i) above and if the Offeror has decided at its discretion to exercise its rights of compulsory acquisition of all Shares in respect of which the Offer has not then been accepted under the Takeovers Code and applicable laws and rules, YGM shall sell and transfer and procure the sale and transfer of such Additional Shares to the Offeror subject to and on the terms of the compulsory acquisition, and YGM shall not, and shall procure that none of the YGM Affiliates shall, apply to or initiate any proceedings in any court of Bermuda or other relevant jurisdictions to seek relief in connection with the compulsory acquisition or otherwise object to the compulsory acquisition or take any action which may result in the compulsory acquisition being frustrated.

Further, under the terms of the Irrevocable Undertaking, the Selling Shareholders shall not withdraw nor procure the withdrawal from any such acceptance, notwithstanding that they or the YGM Affiliates may become entitled to withdraw any such acceptance by virtue of laws and the Takeovers Code.

The Irrevocable Undertaking will be terminated and all obligations of the Selling Shareholders thereunder (save for certain obligations including but not limited to confidentiality obligations and save for antecedent breaches and accrued rights) shall forthwith lapse (i) if the Conditions are not satisfied or waived by the Long Stop Date; or (ii) on the withdrawal or lapsing of the Offer in accordance with the Takeovers Code.

DK has irrevocably and unconditionally guaranteed to the Offeror the due and punctual performance and observance by the other AWSL Parties of all their respective obligations, undertakings, warranties and indemnities under the Irrevocable Undertaking.

Protections to the Group

To protect the interests of the Offeror and the Group upon and after the date on which the Offer is declared unconditional (“**Relevant Date**”), each of AWSL, DK and KH has unconditionally and irrevocably undertaken with the Offeror that, except with the prior written consent of the Offeror, it/he shall not, and shall procure that none of its/his associates (as defined in Rule 1.01 of the Listing Rules) will:

- (a) for a period of 18 months from the Relevant Date, directly or indirectly, either on its/his own account or in conjunction with or on behalf of any person, firm or entity or otherwise howsoever, carry on, participate or be employed, interested or engaged in, or acquire, invest in or hold (in each case whether as a shareholder, partner, agent or otherwise), any businesses of design, marketing, retail and distribution of apparel, clothing and accessories and licensing of trademarks in respect of apparel, clothing and accessories in Taiwan, South Korea, Singapore and the PRC and other jurisdictions in which the Group conducted any business or activity on the Relevant Date (“**Restricted Businesses**”); provided that nothing shall preclude (i) it/him or its/his associates (as defined in Rule 1.01 of the Listing Rules) from having any interest in not more than 5% of the issued shares in any company engaging in any Restricted Business which is or whose holding company is listed on any stock exchange or (ii) KH from continuing to work for Michel Rene Enterprises Limited or (iii) AWSL from holding not more than 32% interest in Michel Rene Enterprises Limited; and
- (b) solicit or endeavour to solicit business from any person or entity who, at the Relevant Date is, or during the 12 months prior to the Relevant Date was, a client of the Group in relation to the Restricted Business, or who is at the Relevant Date in the process of negotiating or contemplating to enter into business transaction or arrangement with the Group.

Each of the Selling Shareholders has undertaken with the Offeror (for itself and as trustee for the Company and each of its subsidiaries) that, except with the consent in writing of the Offeror, if, in connection with the business or affairs of any member of the Group, it shall have obtained trade secrets or other confidential information belonging to any third party under an agreement purporting to bind any member of the Group which contained restrictions on disclosure, it will not omit to do anything reasonably requested by the Offeror and it will not do anything that will cause any member of the Group which is so bound by the relevant restrictions to infringe or take any action which would or might result in an infringement of such restrictions.

Voting Undertakings

15 shareholders of YGM including certain directors of YGM and their affiliates (collectively “**Voting YGM Shareholders**”), being holders of an aggregate of 82,958,574 YGM Shares representing approximately 50.46% of the total issued YGM Shares, have each executed an undertaking on 15 December 2011 in favour of YGM and the Offeror pursuant to which, among other things, each of the Voting YGM Shareholders has severally, irrevocably and unconditionally undertaken to exercise its/his/her voting rights attaching to the YGM Shares beneficially owned by it/him/her at the extraordinary general meeting to be held by YGM to vote in favour of the resolution(s) for approving the Irrevocable Undertaking, the acceptance of the Offer and any transactions contemplated thereunder unless it/he/she is required to abstain from voting at such meeting under the Listing Rules or by the Stock Exchange.

Compulsory acquisition or maintaining the listing status of the Company

Section 102(1) of the Companies Act provides that if, within four months after making the Offer, holders of not less than 90% in value of the Shares (excluding those Shares held by the Offeror, its nominee or subsidiary) approve the Offer, the Offeror may acquire the Shares of any dissenting Shareholder. The Offeror may, within two months beginning with the date on which such approval is obtained, give notice to any dissenting Shareholder that it desires to acquire that Shareholder's Shares ("**notice of compulsory acquisition**"). The Shares must be acquired on the same terms as those of the Offer. Dissenting Shareholders may apply to the Supreme Court of Bermuda to object to the proposed compulsory acquisition within one month of the notice of compulsory acquisition being given.

Pursuant to Rule 2.11 of the Takeovers Code, except with the consent of the Executive, where the Offeror seeks to acquire or privatise the Company by means of the Offer and the use of compulsory acquisition rights, such rights may only be exercised if, in addition to satisfying any requirements imposed by the Companies Act, acceptances of the Offer and purchases (in each case of the disinterested Shares) made by the Offeror and persons acting in concert with it during the period of 4 months after posting of the Composite Document total 90% of the disinterested Shares.

If the Offeror obtains the prescribed percentage of approval from holders of Shares approving the Offer as required by Section 102(1) of the Companies Act and is permitted to do so under Rule 2.11 of the Takeovers Code, the Offeror intends to consider availing itself of the powers of compulsory acquisition under Section 102(1) of the Companies Act.

According to Rule 15.6 of the Takeovers Code, since the Offeror intends to consider availing itself of the powers of compulsory acquisition under the Companies Act to compulsorily acquire those Shares not acquired by the Offeror under the Offer, the Offer may not remain open for acceptance for more than 4 months from the posting of the Composite Document, unless the Offeror has by that time become entitled to exercise such powers of compulsory acquisition available to it under the Companies Act, in which event the Offeror must do so without delay.

If the level of acceptances of the Offer reaches the prescribed level under Section 102(1) of the Companies Act and Rule 2.11 of the Takeovers Code permits a compulsory acquisition, and if the Offeror proceeds with the exercise of such compulsory acquisition rights and the privatisation of the Company, the Company will apply for the withdrawal of listing of the Shares from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules and a suspension of dealings in the Shares from the close of the Offer up to the withdrawal of listing of Shares from the Stock Exchange.

In the event that the Offeror does not effect the compulsory acquisition of the remaining Shares, whether by reason of not having acquired the prescribed percentage as required under the Companies Act or otherwise, the Offeror may take such steps as are necessary to ensure, or procure the Company to take such steps as are necessary to ensure, that the Company maintains an adequate public float so as to comply with the applicable requirements of the Listing Rules.

According to the Listing Rules, if, upon the close of the Offer, less than 25% of the issued Shares are held by the public, or if the Stock Exchange believes that a false market exists or may exist in the trading of the Shares or there are insufficient Shares in public hands to maintain an orderly market, then the Stock Exchange will consider exercising its discretion to suspend dealings in the Shares. In this connection, it should be noted that upon the close of the Offer, there may be insufficient public float for the Shares and therefore trading in the Shares may be suspended until a sufficient level of public float is attained, and each of the Offeror and the Company will undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares after closing of the Offer.

Reasons for the Offer

The Offeror is making the Offer with the intention to enter the growing segment of casual fashion apparel with mass appeal, and to increase its presence in key Asian markets including Taiwan, South Korea, Mainland China and South East Asia.

Intention of the Offeror with regard to the Company

The Offeror intends that the Group will continue its existing principal activities after closing of the Offer, subject to a continuing review of its operations and the development of a plan to realise synergies with the Offeror's other operations.

GENERAL

Composite Document

The Independent Board Committee has been established to advise the Independent Shareholders in relation to the Offer. An independent financial adviser will be appointed to advise the Independent Board Committee in relation to the Offer.

It is the intention of the Offeror and the Company that a Composite Document combining the offer document and the offeree board circular will be jointly despatched by the Offeror and the Company to the Shareholders in accordance with the requirements of the Takeovers Code. The Composite Document will set out details of the Offer (accompanying therewith the acceptance and transfer forms) and incorporate the letter of recommendation from the Independent Board Committee and the letter of advice from the independent financial adviser to the Independent Board Committee and other relevant information on the Offeror and the Group as required under the Takeovers Code.

Information on the Group

The Group is principally engaged in the design, marketing and retail and wholesale of apparel and accessories under various brand names including 'Hang Ten' and licensing of its proprietary trade mark 'Hang Ten' and associated marks.

Shareholding Structure of the Company

The shareholding structure of the Company (i) as at the date of this Announcement and (ii) following the completion of the Offer (assuming only the Selling Shareholders tender their acceptances in respect of an aggregate of approximately 69.06% of the Shares for the Offer) is as follows:

	As at the date of this Announcement		Following completion of the Offer (assuming only the Selling Shareholders tender their acceptances in respect of an aggregate of approximately 69.06% of the Shares for the Offer)	
	No. of Shares	%	No. of Shares	%
AWSL	371,890,000	37.86	0	0.00
DK	18,650,000	1.90	0	0.00
KH	36,800,000	3.74	0	0.00
HPK	18,532,000	1.89	0	0.00
HCY	18,356,000	1.87	0	0.00
AWSL Parties	464,228,000	47.26	0	0.00
YGM and its wholly-owned subsidiary (Note 1)	214,202,000	21.81	0	0.00
Selling Shareholders	678,430,000	69.06	0	0.00
Chan Wing Sun (Note 2)	550,000	0.06	550,000	0.06
Kao Yu Chu (Note 2)	9,000,000	0.92	9,000,000	0.92
Wang Li Wen (Note 2)	9,000,000	0.92	9,000,000	0.92
Public Shareholders	285,269,919	29.04	285,269,919	29.04
Offeror and parties acting in concert with it (Note 3)	81	0.00	678,430,081	69.06
	<u>982,250,000</u>	<u>100.00</u>	<u>982,250,000</u>	<u>100.00</u>

Note 1: Assuming YGM has not received any of the 8,200,000 Additional Shares. As at the date of this Announcement, YGM holds 193,000,000 Shares and YGM Subsidiary holds 21,202,000 Shares.

Note 2: Chan Wing Sun, Kao Yu Chu and Wang Li Wen are Directors of the Company.

Note 3: As at the date of this Announcement, Citi and entities controlling, controlled by or under the same control as Citi (except those entities in the capacity of an exempt principal trader and exempt fund manager), presumed to be acting in concert with the Offeror, hold 81 Shares, representing approximately 0.00% of the issued share capital of the Company.

Information on the Offeror

The Offeror is a company incorporated in the British Virgin Islands on 22 September 2011 with limited liability. As at the date of this Announcement, the Offeror is wholly and beneficially owned by Li & Fung (Retailing) Limited. Li & Fung (Retailing) Limited is an investment holding company for the retail businesses of its holding company, Li & Fung (1937) Limited, which in turn is a wholly-owned subsidiary of King Lun Holdings Limited. King Lun Holdings Limited is a company incorporated in the British Virgin Islands and is beneficially owned as to 50% by Dr. William Fung Kwok Lun and as to 50% by HSBC Trustee (C.I.) Limited as trustee of a trust established for the benefit of the family members of Dr. Victor Fung Kwok King. Dr. Victor Fung Kwok King and Dr. William Fung Kwok Lun are brothers.

The Offer is not related to any of the publicly listed entities in which the privately held Li & Fung (1937) Limited has interests, including Li & Fung Limited (Stock Code: 00494), Trinity Limited (Stock Code: 00891) and Convenience Retail Asia Limited (Stock Code: 00831).

The principal activities of the Offeror Group are investment holding and the retailing of apparels in Hong Kong and the PRC and children's products in Hong Kong and South East Asia.

Information on the Selling Shareholders

YGM is a company incorporated in Hong Kong, the shares of which are listed on the Stock Exchange. The principal businesses of YGM and its subsidiaries are manufacturing, retail and wholesale of world-renowned apparel and accessories, property investment and printing.

AWSL is an investment holding company owned by DK's family members.

DK is the general manager of the Taiwan operation of the Group.

KH, son of DK, is a director of a direct wholly-owned subsidiary of the Company and is responsible for the Group's general operations.

HPK and HCY are daughters of DK.

Other arrangements

As at the date of this Announcement:

- (i) save as disclosed in the section headed "Irrevocable Undertaking" in this Announcement, the Offeror and parties acting in concert with it have not received any irrevocable commitment to accept the Offer;
- (ii) the Offeror or parties acting in concert with it do not hold any convertible securities, warrants or options in the Company;
- (iii) there is no outstanding derivative in respect of the securities in the Company which has been entered into by the Offeror or parties acting in concert with it;
- (iv) save for the Conditions, there is no arrangement (whether by way of option, indemnity or otherwise) in relation to the shares of the Offeror or the Company and which might be material to the Offer;

- (v) there is no agreement or arrangement to which the Offeror is a party which relates to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offer; and
- (vi) the Offeror and parties acting in concert with it have not borrowed or lent any relevant securities in the Company.

DEALINGS DISCLOSURE

Under Rule 3.8 of the Takeovers Code, the respective associates (as defined in the Takeovers Code, including but not limited to persons who own or control 5% or more of any class of relevant securities of the Company) of the Company and of the Offeror are hereby reminded to disclose their dealings in any securities of the Company pursuant to the Takeovers Code.

In accordance with Rule 3.8 of the Takeovers Code, the text of Note 11 to Rule 22 of the Takeovers Code is reproduced below:

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates (as defined in the Takeovers Code) and other persons under Rule 22 of the Takeovers Code and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant rules of the Takeovers Code. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than \$1 million.

This dispensation does not alter the obligation of principals, associates (as defined in the Takeovers Code) and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:00 a.m. on Friday, 16 December 2011 pending the release of this Announcement. Application has been made by the Company for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on Tuesday, 20 December 2011.

DEFINITIONS

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

“acting in concert”	has the meaning ascribed to it in the Takeovers Code
“Announcement”	this joint announcement of the Offeror and the Company dated 19 December 2011
“AWSL”	Asian Wide Services Limited, a company incorporated in the British Virgin Islands, the issued share capital of which is owned by DK’s family members
“AWSL Parties”	AWSL, DK, KH, HPK and HCY
“Board”	the board of Directors
“business day”	a day on which banks in Hong Kong are generally open for business, other than (i) a Saturday or a Sunday; or (ii) a day on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.
“Citi”	Citigroup Global Markets Asia Limited, a licensed corporation to carry on business in type 1 (Dealing in Securities), type 4 (Advising on Securities), type 6 (Advising on Corporate Finance) and type 7 (Providing Automated Trading Services) regulated activities under the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong)
“Companies Act”	the Companies Act 1981 of Bermuda, as amended from time to time
“Company”	Hang Ten Group Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the Shares of which are listed on the main board of the Stock Exchange (Stock Code: 00448)
“Composite Document”	the document proposed to be jointly issued by the Offeror and the Company to all Shareholders in accordance with the Takeovers Code containing, among others things, the terms and conditions of the Offer, the acceptance and transfer forms in respect of the Offer, the letter of advice of the independent financial adviser to the Independent Board Committee in respect of the Offer, and the letter of advice of the Independent Board Committee to the Independent Shareholders in relation to the Offer
“Conditions”	the conditions of the Offer, as set out in the paragraph headed “Conditions of the Offer” in this Announcement

“Director(s)”	director(s) of the Company
“DK”	Kung Ging Kong, Dennis
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegates of the Executive Director
“Final Closing Date”	the date to be stated in the Composite Document as the final closing date of the Offer (or such later time(s) and/or date(s) as the Offeror may, subject to the Takeovers Code, decide) as may be announced by the Offeror and approved by the Executive
“First Closing Date”	the date to be stated in the Composite Document as the first closing date of the Offer (or such later time(s) and/or date(s) as the Offeror may, subject to the Takeovers Code, decide) as may be announced by the Offeror and approved by the Executive
“Governmental Authorities”	any government (or political subdivision of it), whether on a state, provincial, municipal or local level and whether executive, legislative, administrative or judicial in nature, including (without limitation) any agency, authority, board, bureau, commission, court, department or any other instrumentality
“Group”	the Company and its subsidiaries
“HCY”	Hung Chung Yee, Pamela, daughter of DK
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HPK”	Hung Pui Kee, Peggy, daughter of DK
“Independent Board Committee”	an independent committee of the Board, comprising all the independent non-executive Directors of the Company, namely Mr. Cheung Yat Hung Alton, Mr. Kwong Chi Keung and Mr. So Hon Cheung Stephen, established for the purpose of advising the Independent Shareholders in relation to the Offer
“Independent Shareholders”	Shareholders other than the Offeror and parties acting in concert with it
“Irrevocable Undertaking”	the irrevocable undertaking dated 15 December 2011 given by each of the Selling Shareholders in favour of the Offeror
“KH”	Hung, Kenneth, son of DK
“Last Trading Day”	15 December 2011, being the last trading day of the Shares prior to its suspension in trading on the Stock Exchange pending the publication of this Announcement

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	the 47th business day from the publication of this Announcement (or any later date as the Offeror may designate)
“Offer”	the voluntary conditional cash offer to be made by Citi on behalf of the Offeror for all the issued Shares (other than those already owned by or agreed to be acquired by the Offeror and parties acting in concert with it) in accordance with the Takeovers Code
“Offer Price”	the price at which the Offer will be made, being HK\$2.70 per Share
“Offeror”	Perfect Lead Investments Limited, a company incorporated in the British Virgin Islands with limited liability
“Offeror Group”	King Lun Holdings Limited and its subsidiaries
“PRC”	the People’s Republic of China, excluding, for the purpose of this Announcement, Hong Kong, Macau and Taiwan
“relevant securities”	has the meaning as defined in Note 4 to Rule 22 of the Takeovers Code
“Selling Shareholders”	AWSL, YGM, DK, KH, HPK and HCY
“SFC”	the Securities and Futures Commission of Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.10 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“YGM”	YGM Trading Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange (Stock Code: 00375)
“YGM Affiliates”	subsidiaries of YGM, including without limitation YGM Subsidiary
“YGM Share(s)”	ordinary share(s) of HK\$0.50 each in the issued share capital of YGM

“YGM Subsidiary”

Group Smart Management Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of YGM

By order of the board of
**PERFECT LEAD INVESTMENTS
LIMITED**
Lau Butt Farn
Director

By order of the Board of
**HANG TEN GROUP HOLDINGS
LIMITED**
Chan Wing Sun
Chairman

Hong Kong, 19 December 2011

As at the date of this Announcement, the Board comprises Chan Wing Sun, Kao Yu Chu and Wang Li Wen as executive Directors; and Cheung Yat Hung Alton, Kwong Chi Keung and So Hon Cheung Stephen as independent non-executive Directors.

As at the date of this Announcement, the directors of the Offeror are Fung Kwok King, Victor, Fung Kwok Lun, William, Lau Butt Farn and Choi Yuk Shing, Danny.

The directors of the Offeror jointly and severally accept full responsibility for the accuracy of the information contained in this Announcement (other than that relating to the Group and the Selling Shareholders), and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Announcement (other than those expressed by the Group and the Selling Shareholders) have been arrived at after due and careful consideration and there are no other facts not contained in this Announcement (other than those relating to the Group and the Selling Shareholders) the omission of which would make any statement in this Announcement misleading.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Announcement (other than that relating to the Offeror and parties acting in concert with it), and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Announcement (other than those expressed by the Offeror and parties acting in concert with it) have been arrived at after due and careful consideration and there are no other facts not contained in this Announcement (other than those relating to the Offeror and parties acting in concert with it) the omission of which would make any statement in this Announcement misleading.