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Muse Holdings-B Inc.
*(Incorporated in the Cayman
Islands as an exempted
company with limited liability)*


BELLE INTERNATIONAL HOLDINGS LIMITED
百麗國際控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock code: 1880)

JOINT ANNOUNCEMENT

(1) PROPOSAL FOR THE PRIVATIZATION OF BELLE INTERNATIONAL HOLDINGS LIMITED BY THE OFFEROR BY WAY OF A SCHEME OF ARRANGEMENT UNDER SECTION 86 OF THE COMPANIES LAW

(2) APPOINTMENT OF THE INDEPENDENT FINANCIAL ADVISER TO THE INDEPENDENT BOARD COMMITTEE

(3) PROPOSED WITHDRAWAL OF LISTING OF BELLE INTERNATIONAL HOLDINGS LIMITED

(4) RESUMPTION OF TRADING IN THE SHARES OF BELLE INTERNATIONAL HOLDINGS LIMITED

Financial Adviser to the Offeror

Bank of America 
Merrill Lynch

Independent Financial Adviser to the Independent Board Committee

ANGLO CHINESE 
CORPORATE FINANCE, LIMITED

On 17 April 2017, the Offeror requested the Board to put forward to the Scheme Shareholders the Proposal which, if approved and implemented, will result in the Company being privatized by the Offeror and the withdrawal of listing of the Shares on the Stock Exchange. The Proposal will be implemented by way of a scheme of arrangement under Section 86 of the Companies Law. Upon the Scheme becoming effective, (i) the Scheme Shares held by the Disinterested Shareholders will be cancelled in exchange for the Cancellation Consideration in cash; (ii) the Scheme Shares held by the WMVL Shareholders will be cancelled in consideration for the WMVL Cancellation Consideration; and (iii) the New Shares will be issued as fully paid or credited as fully paid to the Offeror.

Following the Scheme becoming effective, pursuant to the Rollover Agreement, the Rollover Shares will be transferred to the Offeror in consideration for an aggregate of 1,017,341,192 shares to be issued by WMVL to the Participating Management Shareholders credited as fully paid at the Cancellation Consideration Price.

Upon the completion of the Scheme and the transfer of the Rollover Shares pursuant to the Rollover Agreement, the Company will become wholly-owned by the Offeror.

The Cancellation Consideration Price of HK\$6.30 in cash for every Scheme Share cancelled under the Scheme represents:

- (a) a premium of approximately 19.54% over the closing price of HK\$5.2700 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a premium of approximately 23.34% over the average closing price of approximately HK\$5.1080 per Share based on the daily closing prices as quoted on the Stock Exchange for the 5 trading days up to and including the Last Trading Day;
- (c) a premium of approximately 23.60% over the average closing price of approximately HK\$5.0970 per Share based on the daily closing prices as quoted on the Stock Exchange for the 10 trading days up to and including the Last Trading Day;
- (d) a premium of approximately 21.47% over the average closing price of approximately HK\$5.1863 per Share based on the daily closing prices as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Day;
- (e) a premium of approximately 28.38% over the average closing price of approximately HK\$4.9073 per Share based on the daily closing prices as quoted on the Stock Exchange for the 90 trading days up to and including the Last Trading Day;

- (f) a premium of approximately 12.50% over the 52-week closing high of HK\$5.6000 per Share as quoted on the Stock Exchange;
- (g) a premium of approximately 77.19% over the unaudited net asset value per Share attributable to the Shareholders of approximately RMB3.1409 as at 31 August 2016, based on a RMB to HK\$ exchange rate of RMB0.88339 to HK\$1 (being the exchange rate as quoted by the People's Bank of China on the Last Trading Day); and
- (h) a price to earnings ratio of 18.71 times based on the profit attributable to the Company's equity holders of approximately RMB2,509 million for the twelve months ended 31 August 2016, based on a RMB to HK\$ exchange rate of RMB0.88339 to HK\$1 (being the exchange rate as quoted by the People's Bank of China on the Last Trading Day).

The Cancellation Consideration Price per Scheme Share, subject to any Dividend Arrangement, does not include any dividend to be declared by the Company (subject to the approval of the Shareholders, if applicable) after the date of this announcement and prior to the Scheme becoming effective. If the record date for determining entitlement to such dividend is before the record date for the Scheme, such amount will be retained by the Shareholders. To the extent that any dividend to be declared by the Company (which is approved by the Shareholders) exceeds RMB0.06 (which was the amount of the final dividend paid in the preceding financial year) per Share, such additional amount will be deducted from the Cancellation Consideration Price per Scheme Share.

The Offeror will not increase the Cancellation Consideration Price. Shareholders and potential investors should be aware that, following the making of this statement, the Offeror will not be allowed to increase the Cancellation Consideration Price. The Offeror does not reserve the right to increase the Cancellation Consideration Price.

On 28 April 2017, each of the WMVL Shareholders has given an irrevocable undertaking in favor of the other Joint Offerors and the Offeror, pursuant to which each of them has irrevocably undertaken to agree to the cancellation of the Shares held by them under the Scheme in consideration for the WMVL Cancellation Consideration. On 28 April 2017, each of MCIL, SCGL and BRVL has given an irrevocable undertaking to the Offeror and the Joint Offerors that, among other things, (i) it will vote in favor of the Scheme at the Court Meeting; and (ii) if the Scheme is approved at the Court Meeting, it will vote in favor of the resolutions to be proposed at the General Meeting to approve and give effect to the reduction of the share capital of the Company, and any resolutions proposed at a general meeting of the Company which would assist the implementation of the Scheme or are necessary for the Scheme to become effective (including the ordinary resolution to approve the Management Participation).

The implementation of the Proposal is, and the Scheme will become effective and binding on the Company and the Scheme Shareholders, subject to the fulfilment or waiver (as applicable) of the Conditions as described in the section headed “*Conditions to the Scheme*” below. All of the Conditions will have to be fulfilled or waived, as applicable, on or before the Long Stop Date (or such later date as the Offeror and the Company may agree or, to the extent applicable, as the Executive may consent and the Grand Court may direct), failing which the Proposal and the Scheme will lapse. The Company has no right to waive any of the Conditions.

As at the date of this announcement, the Disinterested Shareholders are holders of an aggregate of 7,192,291,808 Shares, representing approximately 85.28% of the total issued Shares, and they are entitled to vote at the Court Meeting. Each of the WMVL Shareholders, *in lieu* of a meeting of themselves to approve the Scheme, will undertake to the Grand Court to be bound by the Scheme and to receive the WMVL Cancellation Consideration in consideration for cancellation of their Shares under the Scheme. Each of the Offeror and WMVL will also undertake to the Grand Court to be bound by the Scheme.

All Shareholders are entitled to vote on the special resolution to be proposed at the General Meeting to approve and give effect to the reduction of the share capital of the Company and the implementation of the Scheme. Pursuant to the Irrevocable Undertakings, if the Scheme is approved at the Court Meeting, each of the WMVL Shareholders, MCIL, SCGL and BRVL will vote in favor of the special resolution to be proposed at the General Meeting to approve and give effect to the Scheme, including the approval of the reduction of the issued share capital of the Company by cancelling and extinguishing the Scheme Shares and of the issue to the Offeror of the New Shares.

The Offeror intends to finance the cash requirement for the Proposal through (i) a drawdown of debt facilities with an aggregate amount of HK\$28,000 million provided by Bank of America, N.A.; and (ii) an aggregate cash investment of HK\$17,311,438,390 by the Equity Investors Group. The Acquisition Financing is secured by, among others, equitable mortgages and charges over (a) all shares in the Offeror granted by Holdco; and (b) all of the Shares in the Company owned by the Offeror from time to time. BofAML, the financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror for discharging its obligations in respect of the full implementation of the Proposal in accordance with its terms.

As the Management Participation arrangements under (i) the Consortium Agreement entered into by the Executive Management Group; and (ii) the Rollover Agreement entered into by the relevant Participating Management Shareholders are not offered to all Shareholders, the Management Participation requires the consent of the Executive under Note 3 to Rule 25 of the Takeovers Code. The Offeror and the Joint Offerors will make an application for consent from the Executive in relation to the Management Participation conditional on the Independent Financial Adviser to the Independent Board Committee confirming that the Management Participation is fair and reasonable, and the passing of an ordinary resolution by the Independent Shareholders at the General Meeting to approve the Management Participation. Accordingly, as set out in Condition (h), the Proposal and the Scheme are subject to: (i) the receipt of an opinion from the Independent Financial Adviser to the Independent Board Committee confirming that the Management Participation is fair and reasonable; (ii) the passing of an ordinary resolution by the Independent Shareholders at the General Meeting to approve the Management Participation under the Takeovers Code; and (iii) the consent from the Executive to the Management Participation.

WITHDRAWAL OF LISTING OF THE SHARES

Upon the Scheme becoming effective, all the Scheme Shares will be cancelled and the share certificates for the Scheme Shares will thereafter cease to have effect as documents or evidence of title. The Company will make an application for the listing of the Shares to be withdrawn from the Stock Exchange in accordance with Rule 6.15 of the Listing Rules, with effect immediately following the Effective Date.

INDEPENDENT BOARD COMMITTEE

An Independent Board Committee, which comprises of Mr. HO Kwok Wah, George, Mr. CHAN Yu Ling, Abraham, Dr. XUE Qiuzhi and Mr. GAO Yu, being all the independent non-executive Directors, has been established by the Board to advise the Independent Shareholders in connection with the Proposal and in particular as to whether (i) the Proposal, the Scheme and the Management Participation are, or are not, fair and reasonable; and (ii) to vote in favor of the Scheme at the Court Meeting and the Proposal at the General Meeting.

APPOINTMENT OF THE INDEPENDENT FINANCIAL ADVISER TO THE INDEPENDENT BOARD COMMITTEE

The Board, with the approval of the Independent Board Committee, has appointed Anglo Chinese Corporate Finance, Limited as the independent financial adviser to advise the Independent Board Committee in connection with the Proposal and the Scheme pursuant to Rule 2.1 of the Takeovers Code and the Management Participation.

DESPATCH OF SCHEME DOCUMENT

The Scheme Document containing, among other things, further details of the Proposal, the Scheme, the Management Participation, the expected timetable, an explanatory statement as required under the Companies Law and the rules of the Grand Court, information regarding the Company, the recommendations of the Independent Board Committee with respect to the Proposal, the Scheme, the Management Participation, the letter of advice from the Independent Financial Adviser, notices of the Court Meeting and the General Meeting as well as other particulars required by the Takeovers Code will be despatched to the Scheme Shareholders as soon as practicable and in compliance with the requirements of the Takeovers Code, the Companies Law, the rules of the Grand Court, the orders of the Grand Court and other applicable laws and regulations.

SUSPENSION AND RESUMPTION OF TRADING IN THE SHARES

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:00 a.m. on 18 April 2017 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for a resumption of trading in the Shares with effect from 9:00 a.m. on 2 May 2017.

Shareholders and potential investors should be aware that the implementation of the Proposal and the Scheme is subject to the Conditions being fulfilled or waived, as applicable, and thus the Proposal may or may not be implemented, and the Scheme may or may not become effective. Accordingly, Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

This announcement is not intended to and does not constitute, or form part of, any offer to sell or subscribe for or an invitation to purchase or subscribe for any securities or the solicitation of any vote or approval in any jurisdiction pursuant to the Proposal or otherwise, nor shall there be any sale, issuance or transfer of securities of the Company or of the Offeror in any jurisdiction in contravention of applicable law. The Proposal will be made solely through the Scheme Document, which will contain the full terms and conditions of the Proposal, including details of how to vote on the Proposal. Any acceptance, rejection or other response to the Proposal should be made only on the basis of information in the Scheme Document or any other document by which the Proposal is made.

The availability of the Proposal to persons who are not resident in Hong Kong may be affected by the laws of the relevant jurisdictions in which they are located or of which they are citizens. Persons who are not resident in Hong Kong should inform themselves about, and observe, any applicable legal or regulatory requirements of their jurisdictions. Further details in relation to overseas Shareholders will be contained in the Scheme Document.

THE SCHEME

INTRODUCTION

On 17 April 2017, the Offeror requested the Board to put forward to the Scheme Shareholders the Proposal which, if approved and implemented, will result in the Company being privatized by the Offeror and the withdrawal of listing of the Shares on the Stock Exchange. The Proposal will be implemented by way of a scheme of arrangement under Section 86 of the Companies Law. Upon the Scheme becoming effective, (i) the Scheme Shares held by the Disinterested Shareholders will be cancelled in exchange for the Cancellation Consideration in cash; (ii) the Scheme Shares held by the WMVL Shareholders will be cancelled in consideration for the WMVL Cancellation Consideration; and (iii) the New Shares will be issued as fully paid or credited as fully paid to the Offeror.

Following the Scheme becoming effective, pursuant to the Rollover Agreement, the Rollover Shares will be transferred to the Offeror in consideration for an aggregate of 1,017,341,192 shares to be issued by WMVL to the Participating Management Shareholders credited as fully paid at the Cancellation Consideration Price.

Upon the completion of the Scheme and the transfer of the Rollover Shares pursuant to the Rollover Agreement, the Company will become wholly-owned by the Offeror.

1. THE PROPOSAL

Under the Proposal, if the Scheme becomes effective, the Disinterested Shareholders will receive from the Offeror the Cancellation Consideration in cash for every Scheme Share cancelled and the WMVL Shareholders will receive, for each of their Scheme Shares cancelled, the WMVL Cancellation Consideration.

Comparison of value

The Cancellation Consideration Price of HK\$6.30 in cash for every Scheme Share cancelled under the Scheme represents:

- (a) a premium of approximately 19.54% over the closing price of HK\$5.2700 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a premium of approximately 23.34% over the average closing price of approximately HK\$5.1080 per Share based on the daily closing prices as quoted on the Stock Exchange for the 5 trading days up to and including the Last Trading Day;
- (c) a premium of approximately 23.60% over the average closing price of approximately HK\$5.0970 per Share based on the daily closing prices as quoted on the Stock Exchange for the 10 trading days up to and including the Last Trading Day;

- (d) a premium of approximately 21.47% over the average closing price of approximately HK\$5.1863 per Share based on the daily closing prices as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Day;
- (e) a premium of approximately 28.38% over the average closing price of approximately HK\$4.9073 per Share based on the daily closing prices as quoted on the Stock Exchange for the 90 trading days up to and including the Last Trading Day;
- (f) a premium of approximately 12.50% over the 52-week closing high of HK\$5.6000 per Share as quoted on the Stock Exchange;
- (g) a premium of approximately 77.19% over the unaudited net asset value per Share attributable to the Shareholders of approximately RMB3.1409 as at 31 August 2016, based on a RMB to HK\$ exchange rate of RMB0.88339 to HK\$1 (being the exchange rate as quoted by the People's Bank of China on the Last Trading Day); and
- (h) a price to earnings ratio of 18.71 times based on the profit attributable to the Company's equity holders of approximately RMB2,509 million for the twelve months ended 31 August 2016, based on a RMB to HK\$ exchange rate of RMB0.88339 to HK\$1 (being the exchange rate as quoted by the People's Bank of China on the Last Trading Day).

The Cancellation Consideration Price has been determined on a commercial basis after taking into account, among other things, the challenging operating environment facing the Company, the significant investment required to reinvigorate the financial performance of the Company, the prices of the Shares traded on the Stock Exchange, the historical and current trading multiples of comparable companies listed on the Stock Exchange and with reference to other privatization transactions in Hong Kong in recent years.

The Cancellation Consideration Price per Scheme Share, subject to any Dividend Arrangement, does not include any dividend to be declared by the Company (subject to the approval of the Shareholders, if applicable) after the date of this announcement and prior to the Scheme becoming effective. If the record date for determining entitlement to such dividend is before the record date for the Scheme, such amount will be retained by the Shareholders. To the extent that any dividend to be declared by the Company (which is approved by the Shareholders) exceeds RMB0.06 (which was the amount of the final dividend paid in the preceding financial year) per Share, such additional amount will be deducted from the Cancellation Consideration Price per Scheme Share (the “**Dividend Arrangement**”).

The Offeror will not increase the Cancellation Consideration Price. Shareholders and potential investors should be aware that, following the making of this statement, the Offeror will not be allowed to increase the Cancellation Consideration Price. The Offeror does not reserve the right to increase the Cancellation Consideration Price.

2. IRREVOCABLE UNDERTAKINGS

(a) The WMVL Shareholders Irrevocable Undertakings

On 28 April 2017, each of the WMVL Shareholders has given an irrevocable undertaking in favor of the other Joint Offerors and the Offeror, pursuant to which each of them has irrevocably undertaken to implement the cancellation of the Shares held by them under the Scheme in consideration for the WMVL Cancellation Consideration.

Each of the WMVL Shareholders has also irrevocably undertaken to the other Joint Offerors and Offeror that, among other things, (i) to the extent permitted under applicable laws, it will vote in favor of the resolutions to be proposed at the General Meeting to approve and give effect to the reduction of the share capital of the Company and any resolutions proposed at the General Meeting to assist the implementation of the Scheme or are necessary for the Scheme to become effective; (ii) to otherwise support the Scheme and provide such undertakings to the Grand Court as are appropriate and necessary for the Scheme to be approved; and (iii) it shall not: (x) sell, transfer, charge, mortgage, encumber, create or grant any option over or otherwise dispose of any interest in any of the Shares owned by it; (y) accept or give any undertaking to accept any other offer in respect of all or any of such Shares; or (z) purchase or acquire any Shares other than with the consent of the Offeror.

As at the date of this announcement, (i) the WMVL Shareholders hold in aggregate 224,600,000 Shares (of which 185,625,000 Shares are held by SSL and 38,975,000 Shares are held by SBL), representing approximately 2.66% of the total issued share capital of the Company; and (ii) the WMVL Shareholders hold in aggregate 224,600,000 WMVL Shares (of which 185,625,000 WMVL Shares are held by SSL and 38,975,000 WMVL Shares are held by SBL), representing 100% of the total issued share capital of WMVL. Upon the Scheme becoming effective, the WMVL Shareholders will receive the WMVL Cancellation Consideration, being the crediting of their WMVL Shares as fully paid in the amount of the Cancellation Consideration Price per WMVL Share.

(b) The Certain Disinterested Shareholders Irrevocable Undertakings

On 28 April 2017, each of MCIL, SCGL and BRVL has given an irrevocable undertaking to the Offeror and the Joint Offerors that, among other things, (i) it will vote in favor of the Scheme at the Court Meeting; (ii) if the Scheme is approved at the Court Meeting, it will vote in favor of the resolutions to be proposed at the General Meeting to approve and give effect to the reduction of the share capital of the Company, and any resolutions proposed at a general meeting of the Company which would assist the implementation of the Scheme or are necessary for the Scheme to become effective (including the ordinary resolution to approve the Management Participation); and (iii) it shall not: (x) sell, transfer, charge, mortgage, encumber, create or grant any option over or otherwise dispose of any interest in any of the Shares owned by it; (y) accept or give any undertaking to accept any other offer in respect of all or any of such Shares; or (z) purchase or acquire any Shares other than with the consent of the Offeror.

As at the date of this announcement, MCIL, SCGL and BRVL hold 1,751,125,000 Shares, 75,000,000 Shares and 345,237,000 Shares, representing approximately 20.76%, 0.89% and 4.09% of the total issued share capital of the Company, respectively.

The Irrevocable Undertakings shall terminate immediately if, amongst others:

- (a) the Proposal and the Scheme are otherwise not implemented by the Long Stop Date;
- (b) the Scheme is not approved at the Court Meeting;
- (c) the reduction of the share capital of the Company is not approved at the General Meeting; or
- (d) the Grand Court does not sanction the Scheme or confirm the reduction of the share capital of the Company.

3. CONDITIONS TO THE SCHEME

The implementation of the Proposal is, and the Scheme will become effective and binding on the Company and the Scheme Shareholders, subject to the fulfilment or waiver (as applicable) of the following conditions:

- (a) the approval of the Scheme (by way of poll) by a majority in number of the Disinterested Shareholders representing not less than 75% in value of the Shares held by the Disinterested Shareholders, present and voting either in person or by proxy at the Court Meeting, provided that:
 - (i) the Scheme is approved (by way of poll) by the Disinterested Shareholders holding at least 75% of the votes attaching to the Shares held by the Disinterested Shareholders that are voted either in person or by proxy at the Court Meeting; and
 - (ii) the number of votes cast (by way of poll) by the Disinterested Shareholders present and voting either in person or by proxy at the Court Meeting against the resolution to approve the Scheme at the Court Meeting is not more than 10% of the votes attaching to all Scheme Shares held by all the Disinterested Shareholders;
- (b) (i) the passing of a special resolution by a majority of not less than three-fourths of the votes cast by the Shareholders present and voting in person or by proxy at the General Meeting to approve and give effect to the reduction of the share capital of the Company by cancelling and extinguishing the Scheme Shares; and (ii) the passing of an ordinary resolution by the Shareholders at the General Meeting to immediately thereafter increase the issued share capital of the Company and apply the reserve created as a result of the aforesaid cancellation of the Scheme Shares to pay up in full at par the New Shares, credited as fully paid, for issuance to the Offeror;
- (c) the Grand Court's sanction of the Scheme (with or without modifications) and, to the extent necessary, its confirmation of the reduction of the share capital of the Company, and the delivery to the Registrar of Companies in the Cayman Islands of a copy of the order of the Grand Court for registration;
- (d) compliance, to the extent necessary, with the procedural requirements and conditions, if any, under Sections 15 and 16 of the Companies Law in relation to the reduction of the issued share capital of the Company;
- (e) all necessary Authorizations which are material in the context of the Group taken as a whole and other registrations, filings, rulings, consents, opinions, permissions and approvals in connection with the Proposal having been obtained from, given by or made with (as the case may be) the Relevant Authorities, in the Cayman Islands, Hong Kong and any other relevant jurisdictions;

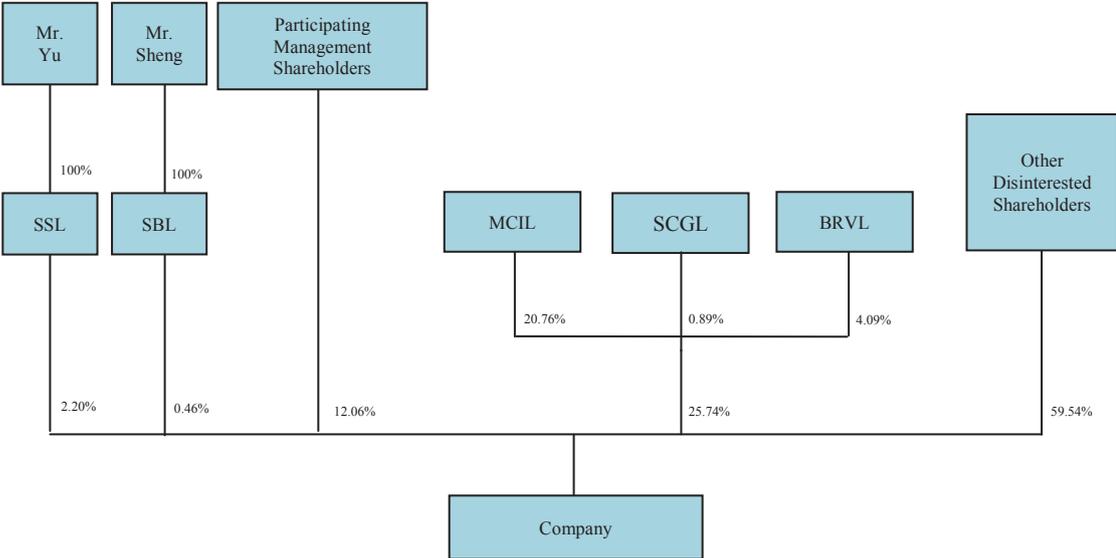
- (f) all necessary Authorizations, registrations, filings, rulings, consents, opinions, permissions and approvals in connection with the Proposal under sub-paragraph (h) above remaining in full force and effect without variation, and all necessary statutory or regulatory obligations in all relevant jurisdictions having been complied with, and no requirement having been imposed by any Relevant Authorities which is not expressly provided for, or is in addition to requirements expressly provided for, in relevant laws, rules, regulations or codes in connection with the Proposal or any matters, documents (including circulars) or things relating thereto and which is material and adverse in the context of the Proposal or the Group taken as a whole, in each aforesaid case up to and at the time when the Scheme becomes effective;
- (g) all necessary consents which may be required for the implementation of the Proposal and the Scheme under any existing contractual obligations of the Company being obtained or waived by the relevant party(ies), where any failure to obtain such consent or waiver would have a material adverse effect on the business of the Group; and
- (h) (i) the receipt of an opinion from the Independent Financial Adviser to the Independent Board Committee confirming that the Management Participation is fair and reasonable; (ii) the passing of an ordinary resolution by the Independent Shareholders at the General Meeting to approve the Management Participation under the Takeovers Code; and (iii) the consent from the Executive to the Management Participation.

The Offeror reserves the right to waive Conditions (e), (f) and (g) either in whole or in part, either generally or in respect of any particular matter. Conditions (a), (b), (c), (d) and (h) cannot be waived in any event. 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 Scheme if the circumstances which give rise to the right to invoke any such Condition are of material significance to the Offeror in the context of the Proposal. As of the date of this announcement, the Offeror is not aware of any such requirements under Conditions (e), (f) and (g).

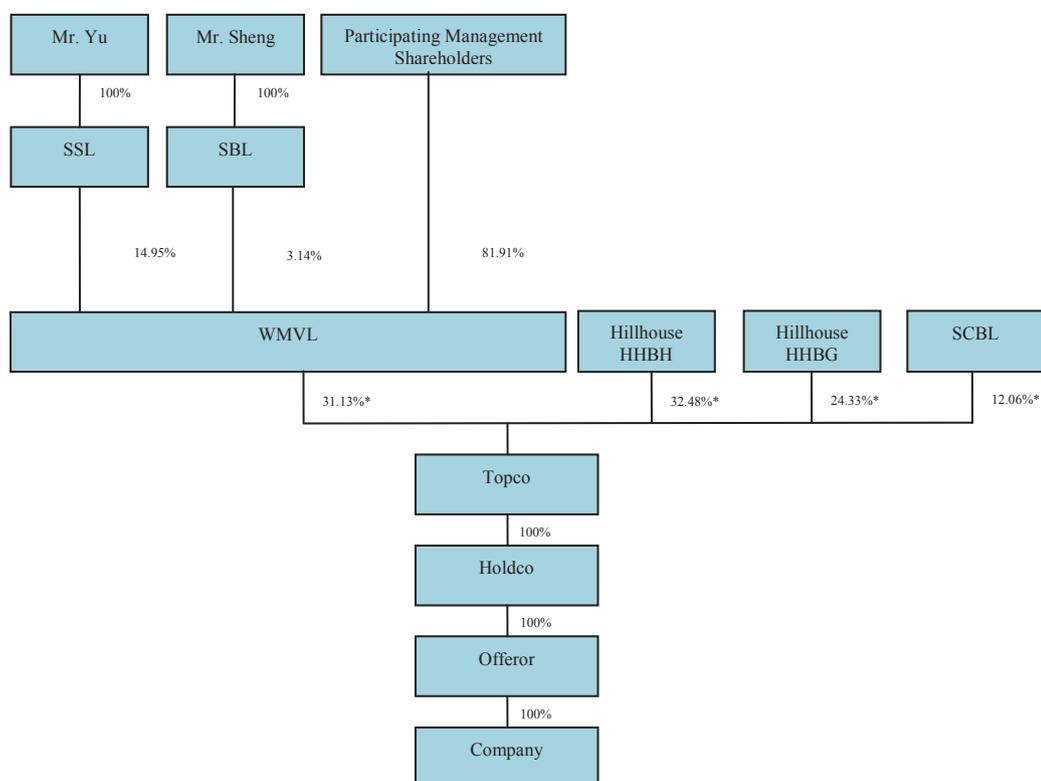
All of the above Conditions will have to be fulfilled or waived, as applicable, on or before the Long Stop Date (or such later date as the Offeror and the Company may agree or, to the extent applicable, as the Executive may consent and the Grand Court may direct), failing which the Proposal and the Scheme will lapse. The Company has no right to waive any of the Conditions.

4. SHAREHOLDING STRUCTURE

The chart below sets out the shareholding structure of the Company as at the date of this announcement:



The chart below sets out the shareholding structure of the Company after the completion of the Scheme and the transfer of the Rollover Shares pursuant to the Rollover Agreement, assuming that no other new Shares will be issued prior thereto:



* *the equity ownership structure of Topco upon the Scheme becoming effective is subject to adjustment based on any additional equity contribution for the actual costs and expenses in connection with the Proposal paid by, or the resulting aggregate actual equity contribution to the Scheme from, each member of the Equity Investors Group.*

As at the date of this announcement, the Disinterested Shareholders are holders of an aggregate of 7,192,291,808 Shares, representing approximately 85.28% of the total issued Shares, and they are entitled to vote at the Court Meeting. Each of the WMVL Shareholders, in lieu of a meeting of themselves to approve the Scheme, will undertake to the Grand Court to be bound by the Scheme and to receive the WMVL Cancellation Consideration in consideration for cancellation of their Shares under the Scheme. Each of the Offeror and WMVL will also undertake to the Grand Court to be bound by the Scheme.

All Shareholders are entitled to vote on the special resolution to be proposed at the General Meeting to approve and give effect to the reduction of the share capital of the Company and the implementation of the Scheme. Pursuant to the Irrevocable Undertakings, if the Scheme is approved at the Court Meeting, each of the WMVL Shareholders, MCIL, SCGL and BRVL will vote in favor of the special resolution to be proposed at the General Meeting to approve and give effect to the Scheme, including the approval of the reduction of the issued share capital of the Company by cancelling and extinguishing the Scheme Shares and of the issue to the Offeror of the New Shares.

Under the Scheme, the share capital of the Company will, on the Effective Date, be reduced by cancelling and extinguishing the Scheme Shares, and forthwith upon such reduction, the share capital of the Company will be increased to its former amount by the issuance at par to the Offeror credited as fully paid of the same number of Shares as is equal to the number of Scheme Shares cancelled. The reserve created in the Company's books of account as a result of the capital reduction will be applied in paying up in full at par the New Shares so issued, credited as fully paid, to the Offeror.

By reason of being the financial adviser to the Offeror, BofAML is presumed to be acting in concert with the Offeror in accordance with class 5 of the definition of "acting in concert" in the Takeovers Code. Details of holdings or borrowings or lendings of, and dealings in, the Shares or any other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) by other parts of the BofAML group will be obtained as soon as possible after this announcement has been made in accordance with Note 1 to Rule 3.5 of the Takeovers Code.

As at the date of this announcement, save as disclosed in the sections headed "*Irrevocable Undertakings – (a) The WMVL Shareholders Irrevocable Undertakings*" in this announcement, the Offeror, the Joint Offerors and the Offeror Concert Parties do not hold or have control or direction over any other Shares or any options, warrants, derivatives or securities convertible into Shares or other derivatives in respect of securities in the Company.

None of the Offeror, the Joint Offerors nor any Offeror Concert Parties had dealt for value in any Shares, convertible securities, warrants or options of the Company or any derivatives in respect of such securities in the six months prior to the date of this announcement, save for the following transactions conducted by Southern Oak Manifold Master Fund, an entity under the common control of CDH Group:

Date of transactions on the Stock Exchange	No. of Shares purchased/(sold)	Transaction price per Share (HK\$)
1 November 2016	2,000	4.69
1 December 2016	(2,000)	4.50

As at the date of this announcement, (i) save for the 8,434,233,000 issued Shares, the Company does not have any other securities in issue; (ii) and the Company does not have any outstanding options, warrants, derivatives or securities convertible into Shares.

As at the date of this announcement, save for the Irrevocable Undertakings, neither the Offeror, the Joint Offerors nor the Offeror Concert Parties has received any irrevocable commitment from Shareholders to vote in favor of the Proposal.

Save for the Proposal, the Scheme, the Irrevocable Undertakings and the Rollover Agreement, there are no agreements or arrangements (whether by way of option, indemnity or otherwise) in relation to shares of the Offeror, the Joint Offerors and the Offeror Concert Parties or the Shares which might be material to the Proposal and the Scheme.

As at the date of this announcement, there is no agreement or arrangement to which any of the Offeror, the Joint Offerors or the Offeror Concert Parties was a party which related to the circumstances in which the Offeror may or may not invoke or seek to invoke a Condition to the Proposal and the Scheme.

As at the date of this announcement, neither the Offeror, the Joint Offerors nor the Offeror Concert Parties has borrowed or lent any relevant securities of the Company (as defined in Note 4 to Rule 22 of the Takeovers Code).

5. FINANCIAL RESOURCES

As at the date of this announcement, (i) the total number of issued Shares of the Company is 8,434,233,000; (ii) the Participating Management Shareholders in aggregate directly or indirectly hold 1,017,341,192 Shares (representing approximately 12.06% of the total issued share capital of the Company); and (iii) the WMVL Shareholders in aggregate hold 224,600,000 Shares (representing approximately 2.66% of the total issued share capital of the Company). In accordance with the terms of the WMVL Shareholders Irrevocable Undertakings and the Consortium Agreement, each of the WMVL Shareholders has undertaken to the cancellation of their respective Shares under the Scheme in consideration for receiving the WMVL Cancellation Consideration.

Taking into account that the Shares held by the Participating Management Shareholders will not constitute Scheme Shares and that the WMVL Shareholders will receive the WMVL Cancellation Consideration in consideration for cancellation of their Shares under the Scheme, the Scheme would involve making an offer to cancel the remaining 7,192,291,808 Shares held by the Disinterested Shareholders, in exchange for cash at the Cancellation Consideration Price. The total amount of cash required to effect the Proposal is approximately HK\$45,311 million.

The Offeror intends to finance the cash requirement for the Proposal through (i) a drawdown of debt facilities with an aggregate amount of HK\$28,000 million provided by Bank of America, N.A. (the “Acquisition Financing”); and (ii) an aggregate cash investment of HK\$17,311,438,390 by the Equity Investors Group. The Acquisition Financing is secured by, among others, equitable mortgages and charges over all shares in the Offeror granted by Holdco; and (b) all of the Shares in the Company owned by the Offeror from time to time.

The Offeror has binding equity commitment letters, each dated 28 April 2017, from each of Hillhouse Fund III, L.P., Gaoling Fund, L.P., YHG Investment, L.P. (each of which is managed by Hillhouse Capital) and CDH Fund V (which is managed by CDH Group) pursuant to which such entities have committed to make one or more direct or indirect capital contributions in the form of cash to the Offeror for its use solely for the purpose of the Proposal and to pay a portion of the Cancellation Consideration.

BofAML, the financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror for discharging its obligations in respect of the full implementation of the Proposal in accordance with its terms.

6. CONSORTIUM AGREEMENT

On 28 April 2017, Mr. Yu, Mr. Sheng, WMVL, HHCDR GP, Hillhouse HHBH, Hillhouse HHBG, CDH V Holdings Company Limited (the general partner of CDH Fund V) and SCBL entered into the Consortium Agreement pursuant to which they agreed, among other things, that:

- (a) all material actions and decisions relating to the Proposal will be jointly led and made by the key sponsors, namely, Mr. Yu, Mr. Sheng, HHCDR GP, Hillhouse HHBH, Hillhouse HHBG and CDH in their sole discretion after notifying the other parties;
- (b) each of Mr. Yu and Mr. Sheng undertakes and agrees to the cancellation of their respective Shares (held by SSL and SBL, respectively) under the Scheme in consideration for the WMVL Cancellation Consideration in respect of such Shares as in-kind equity contributions to WMVL and to enter into an irrevocable undertaking in respect of such undertakings in favor of the other parties and the Offeror; and
- (c) the equity ownership of Topco shall be determined by reference to the value of the proportional contribution from the WMVL Shareholders, the Participating Management Shareholders and the Equity Investors Group and/or certain costs and expenses in connection with the Proposal, either in the form of cash in the case of the Equity Investors Group, or by in-kind contribution of Shares in the case of the WMVL Shareholders.

7. ROLLOVER AGREEMENT

The Offeror and the Joint Offerors would like to allow the Participating Management Shareholders to roll over their respective shareholding interests in the Company through WMVL after the Scheme becomes effective. The Participating Management Shareholders in aggregate directly or indirectly hold 1,017,341,192 Shares (representing approximately 12.06% of the issued share capital of the Company as at the date of this announcement).

Members of the Participating Management Shareholders comprise of (i) the Other Management Members who are senior management of the Group overseeing its day-to-day operation and they constitute a key part of the management team of the Group that has extensive operational expertise and an in-depth understanding in the footwear and apparel industry. It is important for the Company to retain them as indirect Shareholders after completion of the Scheme so that they have incentives to continue to contribute to the development of the Group; and (ii) MTL and HM(PTC)L, each of which is a private trust company which holds Shares pursuant to the share award scheme of the Company for the benefit of a number of mid to senior level management members of the Group. It is equally important that each of MTL and HM(PTC)L retains an interest in the Company in order to continue to provide long-term incentives to the management members after completion of the Scheme.

The Offeror entered into the Rollover Agreement with, among other parties, WMVL, MTL, HM(PTC)L and each of the Other Management Members Investment Vehicles, pursuant to which:

- (a) subject to, among others, the Independent Shareholders' approval as set out in the section headed "Independent Shareholders' Approval" below, the Participating Management Shareholders will remain as Shareholders until the Scheme becomes effective and the Rollover Shares (i) will not form part of the Scheme Shares under the Scheme; and (ii) will not be cancelled and extinguished on the Effective Date;
- (b) upon the Scheme becoming effective, the Rollover Shares will then be transferred to the Offeror in consideration for an aggregate of 1,017,341,192 shares to be issued by WMVL to each holder of the Rollover Shares credited as fully paid at the Cancellation Consideration Price. After completion of the transfers of the Rollover Shares and completion of the Scheme, each member of the Participating Management Shareholders will, through WMVL, hold an indirect interest in the Company; and
- (c) each of the Participating Management Shareholders has undertaken that it/he/she shall not, directly or indirectly, sell, transfer, charge, encumber, grant any option over or otherwise dispose of any interest in any of the Shares held by it/him/her, nor will it/he/she accept any other offer in respect of all or any of such Shares before the Scheme becomes effective.

The Rollover Agreement will be terminated if the Scheme lapses or is withdrawn, terminated or rescinded by the Offeror or is finally dismissed, finally refused or finally rejected by the Grand Court.

8. INDEPENDENT SHAREHOLDERS' APPROVAL

As the Management Participation arrangements under (i) the Consortium Agreement entered into by the Executive Management Group; and (ii) the Rollover Agreement entered into by the relevant Participating Management Shareholders are not offered to all Shareholders, the Management Participation requires the consent of the Executive under Note 3 to Rule 25 of the Takeovers Code. The Offeror and the Joint Offerors will make an application for consent from the Executive in relation to the Management Participation conditional on the Independent Financial Adviser to the Independent Board Committee confirming that the Management Participation is fair and reasonable, and the passing of an ordinary resolution by the Independent Shareholders at the General Meeting to approve the Management Participation. Accordingly, as set out in Condition (h), the Proposal and the Scheme are subject to: (i) the receipt of an opinion from the Independent Financial Adviser to the Independent Board Committee confirming that the Management Participation is fair and reasonable; (ii) the passing of an ordinary resolution by the Independent Shareholders at the General Meeting to approve the Management Participation under the Takeovers Code; and (iii) the consent from the Executive to the Management Participation.

OTHER INFORMATION IN RELATION TO THE PROPOSAL

1. REASONS FOR AND BENEFITS OF THE PROPOSAL

For the Company: an endeavor to facilitate a necessary transformation of the business amid a challenging retail market environment

In recent years, the Company has experienced unprecedented challenges in its footwear segment. Rapidly growing e-Commerce platforms continue to gain overall footwear market share by offering convenience, attractive pricing and vast product choices. Department stores, which are the Company's primary sales channel, have suffered a significant reduction in foot traffic as a result of competition from both e-Commerce and other retail channels such as shopping malls. Although the Company has explored a variety of initiatives to adapt to the shifting market dynamics, substantive positive impact has been rather limited. Consequently, performance of the Company's footwear segment has experienced material deterioration, including 13 consecutive quarters of negative same store sales growth since the fourth quarter of the financial year ended 28 February 2014.

A fundamental transformation is necessary in order for the Company to compete effectively and solidify its long-term leadership in the Chinese ladies footwear market. Such a strategic transformation is important for the Company to navigate a rapidly changing retail landscape in China and to adapt to constantly evolving consumer preferences. The Joint Offerors plan to contribute financial and operating resources to and work with the Company to explore and experiment with new retail models, pursue a series of transformative and innovative initiatives, and make significant investments in technology, infrastructure and talent. The Joint Offerors believe that such changes, if successful, may bolster long-term competitiveness of the Company, but they can be more effectively implemented if the Company is

privatized and free from short-term distractions arising from the public equities market, as such type of transformation involves certain degree of risks.

For the Scheme Shareholders: an attractive opportunity to realize their investment with a compelling premium in view of industry headwinds and execution risks

The Scheme provides an attractive opportunity for the Scheme Shareholders to exit and monetize their Shares at a compelling premium to the current market price of the Company, in light of the challenging operating environment and the risks in implementation of a strategic transformation. The Cancellation Consideration Price of HK\$6.30 for each Scheme Share represents a premium of approximately 23.60% and 28.38% over the average closing price of approximately HK\$5.0970 and HK\$4.9073 per Share for 10 and 90 trading days up to and including the Last Trading Day, respectively, and a premium of 12.50% over the 52-week closing high of HK\$5.6000 per Share during the year prior to the date of this announcement. The Cancellation Consideration Price translates to a price to earnings ratio of 18.71 times based on the profit attributable to the Company's equity holders of approximately RMB2,509 million for the twelve months ended 31 August 2016, based on a RMB to HK\$ exchange rate of RMB0.88339 to HK\$1 (being the exchange rate as quoted by the People's Bank of China on the Last Trading Day).

2. INFORMATION ON THE JOINT OFFERORS

a. Executive Management Group

The Executive Management Group comprises of Mr. Yu, Mr. Sheng, SSL and SBL.

Mr. Yu joined the Group in 2005 and has over 25 years of experience in footwear and sportswear retail business. He currently serves as an Executive Director and the President of sportswear business division of the Group. Mr. Yu is primarily responsible for the Group's sportswear marketing strategy and overall management. SSL is a special purpose vehicle that is wholly-owned by a family trust founded by Mr. Yu, of which he is the sole beneficiary.

Mr. Sheng joined the Group in 2005 and has almost 20 years of experience in the management of footwear retail business. He currently serves as an Executive Director and the President of new business division of the Group. Mr. Sheng is primarily responsible for operation management of the Group's footwear and apparel retail business. SBL is a special purpose vehicle that is wholly-owned by a family trust founded by Mr. Sheng, of which he is the sole beneficiary.

b. Equity Investors Group

The Equity Investors Group is comprised of Hillhouse HHBH, Hillhouse HHBG and SCBL.

About Hillhouse Capital

Founded in 2005, Hillhouse Capital is a global firm of investment professionals and operating executives who are focused on building high quality business franchises that achieve sustainable growth over time. Hillhouse Capital takes a long-term approach toward investing and partners with exceptional entrepreneurs to create value. Independent proprietary research and industry expertise, in conjunction with world-class operating and management capabilities, are key to Hillhouse Capital's investment approach. Hillhouse Capital invests in the consumer, TMT, healthcare, advanced manufacturing, financials and business services sectors in companies across all equity stages. Based in Asia, Hillhouse Capital and its group members manage over US\$25 billion in assets on behalf of institutional clients such as university endowments, foundations, sovereign wealth funds, and family offices.

Hillhouse HHBH is an exempted company incorporated under the laws of the Cayman Islands with limited liability which is indirectly wholly-owned by Hillhouse Fund III, L.P. The general partner of Hillhouse Fund III, L.P. is Hillhouse Fund III GP, Ltd. and its sole investment manager is Hillhouse Capital. Hillhouse HHBH is principally engaged in investment holding.

Hillhouse HHBG is an exempted company incorporated under the laws of the Cayman Islands with limited liability which is indirectly owned as to 94% by Gaoling Fund, L.P. and 6% by YHG Investment, L.P. The general partner of Gaoling Fund, L.P. is Gaoling Fund GP, Ltd. and its sole investment manager is Hillhouse Capital. The general partner of YHG Investment, L.P. is Hillhouse Capital. Hillhouse HHBG is principally engaged in investment holding.

About CDH

Established in 2002, CDH Group is one of the largest alternative asset management institutions focused on China today with over US\$17 billion in assets under management as of 31 December 2016. From its roots in private equity, CDH Group has expanded to become a diversified alternative asset management platform covering: Private Equity, Venture and Growth Capital, Real Estates, Mezzanine & Credit, Public Equities and Wealth Management. CDH Group has more than 100 investment professionals working in offices in Hong Kong, Singapore, Beijing, Shanghai and Shenzhen. CDH's core principle is to create value for all of its partners, including investors and portfolio companies.

SCBL is a business company incorporated in the British Virgin Islands with limited liability which is indirectly wholly-owned by CDH Fund V, the general partner of which is CDH V Holdings Company Limited. SCBL is principally engaged in investment holding.

3. INFORMATION ON THE OFFEROR GROUP

The Offeror is wholly-owned by Holdco, which in turn is wholly-owned by Topco. Topco is owned by the Joint Offerors. Each of the Offeror, Holdco and Topco is an exempted company incorporated under the laws of the Cayman Islands with limited liability which is principally engaged in investment holding. Topco, Holdco and the Offeror are special purpose vehicles set up for the implementation of the Proposal.

4. INFORMATION ON THE GROUP

The Group is principally engaged in the manufacturing, distribution and retailing of shoes and footwear products, and the sales of sportswear and apparel products. The Group has manufacturing plants in China for the production of shoes and footwear products, and sells mainly in China, Hong Kong and Macau.

The audited consolidated financial information of the Company for each of the two years ended 29 February 2016 and 28 February 2015 and the unaudited consolidated financial information of the Company for the six months ended 31 August 2016 prepared in accordance with the International Financial Reporting Standards is as follows:

	For the six months ended 31 August 2016 <i>RMB million</i>	For the year ended 29 February 2016 <i>RMB million</i>	For the year ended 28 February 2015 <i>RMB million</i>
Profit before tax	2,441.4	4,541.2	6,601.4
Profit after tax	1,733.8	2,945.1	4,750.8

5. INFORMATION ON THE PARTICIPATING MANAGEMENT SHAREHOLDERS

The Participating Management Shareholders comprise of the Other Management Members, the Other Management Members Investment Vehicles, MTL and HM(PTC)L.

The Other Management Members comprise of the following existing senior management members of the Company, and together with the beneficiaries of the trust over MTL and HM(PTC)L, are key members of the Group's management with extensive experience in the operation of the Group and proven track record in the footwear and apparel industry. The Other Management Members hold the Shares through their respective Other Management Members Investment Vehicles and two of whom also hold the Shares in their personal capacity. The Other Management Members Investment Vehicles comprise of 12 companies, each of which is principally engaged in investment holding.

Names of the Other

Management Members

Position in the Group

Mr. SONG Xiaowu	Group Senior Vice President, Production
Ms. LI Zhao	Group Senior Vice President, Human Resources
Mr. HU Bing	Group Senior Vice President, Footwear
Mr. LU Xiaoming	Group Senior Vice President, Information Technology and Logistics
Ms. DENG Baoshan	Group Vice President, Footwear
Mr. SONG Fuwang	Group Vice President, Finance
Mr. XU Xianda	Group Vice President, Public Relations and Legal
Mr. MA Guangmin	Group Vice President, Northeastern Region Retail
Ms. DENG Yali	Group Vice President, Northwestern Region Retail
Ms. MA Xiaohui	Group Vice President, Central China Retail

MTL is a private trust company incorporated under the laws of Hong Kong and a wholly-owned subsidiary of the Company. HM(PTC)L is a private trust company incorporated under the laws of the British Virgin Islands. The Shares that MTL and HM(PTC)L hold were purchased pursuant to the share award scheme of the Company adopted on 26 May 2014 for the benefit of certain management members of the Group.

6. WITHDRAWAL OF LISTING OF THE SHARES

Upon the Scheme becoming effective, all the Scheme Shares will be cancelled and the share certificates for the Scheme Shares will thereafter cease to have effect as documents or evidence of title.

The Company will make an application for the listing of the Shares to be withdrawn from the Stock Exchange in accordance with Rule 6.15 of the Listing Rules, with effect immediately following the Effective Date. Subject to the requirements of the Takeovers Code, the Scheme will lapse if any of the Conditions described in the section headed “*Conditions to the Scheme*” of this announcement has not been fulfilled or waived, as applicable, on or before Long Stop Date (or such later date as the Offeror and the Company may agree or, to the extent applicable, as the Executive may consent and the Grand Court may direct).

The Shareholders will be notified by way of an announcement of the dates of the last day for dealing in the Shares and on which the Scheme and the withdrawal of the listing of the Shares on the Stock Exchange will become effective. A detailed timetable of the Scheme will be included in the Scheme Document. The Scheme Document will also contain, among other things, further details of the Proposal and the Scheme.

If the Scheme is withdrawn or not approved or lapses, the listing of the Shares on the Stock Exchange will not be withdrawn.

7. OVERSEAS SCHEME SHAREHOLDERS

The making of the Proposal to those Scheme Shareholders who are not resident in Hong Kong may be subject to the laws of the relevant jurisdictions where such Scheme Shareholders are located. Such Scheme Shareholders should inform themselves about and observe any applicable legal and regulatory requirements of their own jurisdictions. It is the responsibility of any overseas Scheme Shareholders wishing to accept the Proposal to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental or exchange control or other consents which may be required, or the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such jurisdiction.

In the event that the receipt of the Scheme Document by overseas Scheme Shareholders is prohibited by any relevant law or regulation or may only be effected after compliance with conditions or requirements that the director of the Offeror regards as unduly onerous or burdensome (or otherwise not in the best interests of the Offeror or the shareholder of the Offeror), the Scheme Document will not be despatched to such overseas Scheme Shareholders. For that purpose, 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. Any such waiver will only be

granted if the Executive is satisfied that it would be unduly burdensome to despatch the Scheme Document to such overseas Scheme Shareholders. In granting the waiver, the Executive will be concerned to see that all material information in the Scheme Document is made available to such Scheme Shareholders, as the case may be.

If any such waiver is granted by the Executive, the Offeror reserves the right to make arrangements in respect of Scheme Shareholders who are not resident in Hong Kong in relation to the terms of the Proposal. Such arrangements may include notifying any matter in connection with the Proposal to the Scheme Shareholders having a registered overseas address by announcement or by advertisement in a newspaper which may or may not be circulated in the jurisdiction within which such persons are resident. The notice will be deemed to have been sufficiently given, despite any failure by such Scheme Shareholders to receive or see that notice.

Scheme Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting the Proposal. It is emphasized that none of the Company, the Offeror, the Joint Offerors, BofAML or any of their respective directors, officers or associates or any other person involved in the Proposal accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Proposal.

8. INDEPENDENT BOARD COMMITTEE

An Independent Board Committee, which comprises of Mr. HO Kwok Wah, George, Mr. CHAN Yu Ling, Abraham, Dr. XUE Qiuzhi and Mr. GAO Yu, being all the independent non-executive Directors, has been established by the Board to advise the Independent Shareholders in connection with the Proposal and in particular as to whether (i) the Proposal, the Scheme and the Management Participation are, or are not, fair and reasonable; and (ii) to vote in favor of the Scheme at the Court Meeting and the Proposal at the General Meeting.

Mr. TANG Yiu, Mr. TANG Wai Lam and Ms. HU Xiaoling, all the non-executive Directors, do not form part of the Independent Board Committee due to their respective interest in the Proposal as follows:

- (a) Mr. TANG Yiu and Mr. TANG Wai Lam are deemed to be interested in the Shares held by MCIL, which has given the Certain Disinterested Shareholders Irrevocable Undertakings; and
- (b) Ms. HU Xiaoling is currently a managing director of CDH Investments Management (Hong Kong) Limited, which is an affiliate of the CDH entities that are involved in this transaction.

9. APPOINTMENT OF THE INDEPENDENT FINANCIAL ADVISER TO THE INDEPENDENT BOARD COMMITTEE

The Board, with the approval of the Independent Board Committee, has appointed Anglo Chinese Corporate Finance, Limited as the independent financial adviser to advise the Independent Board Committee in connection with the Proposal and the Scheme pursuant to Rule 2.1 of the Takeovers Code and the Management Participation.

10. DESPATCH OF SCHEME DOCUMENT

The Scheme Document containing, among other things, further details of the Proposal, the Scheme, the Management Participation, the expected timetable, an explanatory statement as required under the Companies Law and the rules of the Grand Court, information regarding the Company, the recommendations of the Independent Board Committee with respect to the Proposal, the Scheme, the Management Participation, the letter of advice from the Independent Financial Adviser, notices of the Court Meeting and the General Meeting as well as other particulars required by the Takeovers Code will be despatched to the Scheme Shareholders as soon as practicable and in compliance with the requirements of the Takeovers Code, the Companies Law, the rules of the Grand Court, the orders of the Grand Court and other applicable laws and regulations.

The Scheme Document will contain important information and the Scheme Shareholders are urged to read the Scheme Document containing such disclosures carefully before casting any vote at (or providing any proxy in respect of) the Court Meeting or the General Meeting. Any voting, acceptance or other response to the Proposal should be made only on the basis of information in the Scheme Document or any other document by which the Proposal is made.

11. SUSPENSION AND RESUMPTION OF TRADING IN THE SHARES

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:00 a.m. on 18 April 2017 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for a resumption of trading in the Shares with effect from 9:00 a.m. on 2 May 2017.

12. DISCLOSURE OF DEALINGS

Associates of the Company, the Offeror and the Joint Offerors (as defined in the Takeovers Code, including persons holding 5% or more of any class of relevant securities (as defined in paragraphs (a) to (d) in Note 4 to Rule 22 of the Takeovers Code) of any of the Company, the Offeror and the Joint Offerors) are reminded to disclose their dealings in any securities in the Company under Rule 22 of the Takeovers Code during the offer period.

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

“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 and other persons under Rule 22 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. 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 HK\$1 million.

This dispensation does not alter the obligation of principals, associates 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.”

WARNINGS

Shareholders and potential investors should be aware that the implementation of the Proposal and the Scheme is subject to the Conditions being fulfilled or waived, as applicable, and thus the Proposal may or may not be implemented, and the Scheme may or may not become effective. Accordingly, Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

DEFINITIONS

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

“Acquisition Financing”	as such term is defined in the section headed “ <i>Financial Resources</i> ” of this announcement
“acting in concert”	has the same meaning ascribed to it under the Takeovers Code, and “parties acting in concert” and “Concert Parties” shall be construed accordingly
“associate(s)”	has the same meaning ascribed to it under the Takeovers Code

“Authorizations”	all necessary authorizations, registrations, filings, rulings, consents, permissions, waivers, exemptions and approvals required from the Relevant Authorities or other third parties which are necessary for any members of the Group to carry on its business
“Board”	the Company’s board of the Directors
“BofAML”	Merrill Lynch (Asia Pacific) Limited, a corporation licensed to carry on type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities with the SFC, which is the financial adviser to the Offeror in respect of the Proposal
“BRVL”	Best Rich Ventures Limited, a business company incorporated in the British Virgin Islands with limited liability that is wholly-owned by a family trust founded by Mr. SHENG Baijiao, of which he is the sole beneficiary
“Business Day(s)”	a day on which the Stock Exchange is open for the transaction of business
“Cancellation Consideration”	the consideration in cash to be paid to the Disinterested Shareholders, being the Cancellation Consideration Price for every Scheme Share cancelled
“Cancellation Consideration Price”	HK\$6.30 for every Scheme Share cancelled, subject to adjustment (if any) as described in the section headed “ <i>The Proposal</i> ” of this announcement
“CDH”	CDH Fund V and SCBL
“CDH Fund V”	CDH Fund V, L.P., an exempted limited partnership formed under the laws of the Cayman Islands
“CDH Group”	CDH and its affiliates
“Certain Disinterested Shareholders Irrevocable Undertakings”	the irrevocable undertakings given by MCIL, SCGL and BRVL as described in the section headed “ <i>Irrevocable Undertakings – (b) The Certain Disinterested Shareholders Irrevocable Undertakings</i> ” of this announcement
“Companies Law”	the Companies Law (2016 Revision) of the Cayman Islands

“Company”	Belle International Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability whose Shares are listed on the Stock Exchange (stock code: 1880)
“Condition(s)”	the conditions to the Scheme becoming effective as described in the section headed “ <i>Conditions to the Scheme</i> ” of this announcement
“Consortium Agreement”	the consortium agreement dated 28 April 2017 entered into amongst Mr. Yu, Mr. Sheng, WMVL, HHCDR GP, Hillhouse HHBH, Hillhouse HHBG, CDH V Holdings Company Limited (the general partner of CDH Fund V) and SCBL in connection with the Proposal
“Consortium Investor(s)”	prospective investor(s) which would directly or indirectly join the Equity Investors Group to finance the Proposal
“Court Meeting”	a meeting of the Disinterested Shareholders to be convened at the direction of the Grand Court for the purpose of approving the Scheme
“Director(s)”	director(s) of the Company
“Disinterested Shareholders”	holders of Shares as at the Record Date, other than the Offeror, the Joint Offerors, the Offeror Concert Parties, the WMVL Shareholders and the Participating Management Shareholders
“Dividend Arrangement”	as such term is defined in the section headed “ <i>The Proposal</i> ” of this announcement
“Effective Date”	the date on which the Scheme becomes effective in accordance with the Companies Law
“Equity Investors Group”	Hillhouse HHBH, Hillhouse HHBG and SCBL
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“Executive Management Group”	Mr. Yu, Mr. Sheng, SSL and SBL

“General Meeting”	an extraordinary general meeting of the Company to be held promptly after the conclusion or adjournment of the Court Meeting for the purpose of approving the reduction of the share capital of the Company, the Management Participation and implementation of the Scheme
“Grand Court”	the Grand Court of the Cayman Islands
“Group”	the Company and its subsidiaries
“HHCDR GP”	HHCDR GP, Ltd., an exempted company incorporated under the laws of the Cayman Islands with limited liability which is (i) the general partner of HHBH Investment, L.P., which wholly-owns Hillhouse HHBH; and (ii) the general partner of HHBG Investment, L.P., which wholly-owns Hillhouse HHBG
“Hillhouse Capital”	Hillhouse Capital Management, Ltd.
“Hillhouse Capital Group”	Hillhouse Fund III, L.P., Hillhouse Fund III GP, Ltd., Gaoling Fund, L.P., Gaoling Fund GP, Ltd., YHG Investment, L.P., Hillhouse Capital, Hillhouse HHBH and Hillhouse HHBG
“Hillhouse HHBG”	Hillhouse HHBG Holdings Limited, an exempted company incorporated under the laws of the Cayman Islands with limited liability which is owned as to 94% by Gaoling Fund, L.P. and 6% by YHG Investment, L.P.
“Hillhouse HHBH”	Hillhouse HHBH Holdings Limited, an exempted company incorporated under the laws of the Cayman Islands with limited liability which is indirectly wholly-owned by Hillhouse Fund III, L.P.
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HM(PTC)L”	Honour Man (PTC) Limited, a private trust company incorporated under the laws of the British Virgin Islands
“Holdco”	Muse Holdings-M Inc., an exempted company incorporated under the laws of the Cayman Islands with limited liability which is wholly-owned by Topco
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China

“Independent Board Committee”	the independent committee of the Board formed to advise the Independent Shareholders in connection with the Proposal, the Scheme and the Management Participation and comprising Mr. HO Kwok Wah, George, Mr. CHAN Yu Ling, Abraham, Dr. XUE Qiuzhi and Mr. GAO Yu, all the independent non-executive Directors
“Independent Financial Adviser”	Anglo Chinese Corporate Finance, Limited, a corporation licensed to carry on type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance), and type 9 (asset management) regulated activities under the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, being the independent financial adviser to the Independent Board Committee
“Independent Shareholders”	the Shareholders other than the Offeror, the Joint Offerors, the Offeror Concert Parties, the Executive Management Group, the Participating Management Shareholders and any other Shareholders who are interested in or involved in the Proposal, the Scheme or the Management Participation
“Irrevocable Undertakings”	the WMVL Shareholders Irrevocable Undertakings and the Certain Disinterested Shareholders Irrevocable Undertakings
“Joint Offerors”	the Executive Management Group and the Equity Investors Group
“Last Trading Day”	13 April 2017, being the last full trading day in the Shares on the Stock Exchange immediately before the suspension of trading in the Shares pending publication of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	16 October 2017

“Management Participation”	(i) the participation of the WMVL Shareholders in the Proposal as the Joint Offerors and the entry into of the Consortium Agreement by the Executive Management Group; and (ii) the Participating Management Shareholders’ rollover of their respective shareholding interests in the Company to be held through WMVL after the Scheme becomes effective pursuant to the Rollover Agreement
“MCIL”	Merry Century Investments Limited, a business company incorporated in the British Virgin Islands with limited liability which is owned as to 54.33% by Mr. TANG Yiu and 45.67% by Mr. TANG Wai Lam
“Mr. Sheng”	Mr. SHENG Fang, an Executive Director and the President of new business division of the Group
“Mr. Yu”	Mr. YU Wu, an Executive Director and the President of sportswear business division of the Group
“MTL”	More Top Limited, a private trust company incorporated under the laws of Hong Kong and an indirect wholly-owned subsidiary of the Company
“New Shares”	new Shares to be issued to the Offeror pursuant to the Scheme, corresponding to the number of the Scheme Shares
“Offeror”	Muse Holdings-B Inc., an exempted company incorporated under the laws of the Cayman Islands with limited liability which is wholly-owned by the Holdco and indirectly owned by the Joint Offerors
“Offeror Concert Parties”	parties acting in concert or presumed to be acting in concert with any of the Offeror and the Joint Offerors
“Offeror Group”	Topco, Holdco and the Offeror
“Other Management Members”	Ms. DENG Baoshan, Mr. HU Bing, Mr. SONG Xiaowu, Mr. LU Xiaoming, Ms. LI Zhao, Mr. MA Guangmin, Mr. SONG Fuwang, Ms. MA Xiaohui, Ms. DENG Yali and Mr. XU Xianda, as described in the section headed “ <i>Other Information in relation to the Proposal – 5. Information on the Participating Management Shareholders</i> ” of this announcement

“Other Management Members Investment Vehicles”	a total of 12 investment holding companies, the ultimate beneficial owner of each of which is an Other Management Member
“Participating Management Shareholders”	the Other Management Members, the Other Management Members Investment Vehicles, MTL and HM(PTC)L
“Proposal”	the proposed privatization of the Company by the Offeror by way of the Scheme on the terms and subject to the Conditions set out in this announcement
“Record Date”	the appropriate record date to be announced for determining entitlements under the Scheme
“Relevant Authorities”	applicable governments or governmental bodies, regulatory bodies, or courts including but not limited to the SFC and the Stock Exchange
“RMB”	Renminbi, the lawful currency of the People’s Republic of China
“Rollover Agreement”	the rollover agreement dated 28 April 2017 entered into among the Offeror, Mr. Yu, Mr, Sheng, the Equity Investors Group, WMVL, MTL, HM(PTC)L, each of the Other Management Members Investment Vehicles, Mr. Song Xiaowu and Mr. Xu Xianda
“Rollover Shares”	the Shares that are held directly or indirectly by the Participating Management Shareholders, being an aggregate of 1,017,341,192 Shares (representing approximately 12.06% of the issued share capital of the Company) as at the date of this announcement
“SBL”	Sure Beauty Limited, a business company incorporated in the British Virgin Islands with limited liability that is wholly-owned by a family trust founded by Mr. Sheng, of which he is the sole beneficiary
“SCBL”	Superise Colorful Brands Limited, a business company incorporated in the British Virgin Islands with limited liability which is indirectly wholly-owned by CDH Fund

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“SCGL”	Star Castle Global Limited, a business company incorporated in the British Virgin Islands with limited liability which is wholly-owned by Mr. SHENG Baijiao
“Scheme”	the scheme of arrangement under Section 86 of the Companies Law involving cancellation of all Scheme Shares for the implementation of the Proposal
“Scheme Document”	the composite scheme document of the Offeror and the Company, containing, inter alia, further details of the Proposal, the Scheme and the Management Participation together with the additional information specified in the section headed “ <i>Other Information in relation to the Proposal – 10. Despatch of Scheme Document</i> ” of this announcement
“Scheme Share(s)”	Shares other than those held by the Participating Management Shareholders
“Scheme Shareholder(s)”	holders of Scheme Shares as at the Record Date, comprising the Disinterested Shareholders and the WMVL Shareholders
“SFC”	the Securities and Futures Commission of Hong Kong
“Shareholder(s)”	registered holder(s) of the Shares
“Share(s)”	ordinary shares in the share capital of the Company
“SSL”	Starry Sign Limited, a business company incorporated in the British Virgin Islands with limited liability which is wholly-owned by a family trust founded by Mr. Yu, of which he is the sole beneficiary
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	Hong Kong Code on Takeovers and Mergers (as revised from time to time)
“Topco”	Muse Holdings Inc., an exempted company incorporated under the laws of the Cayman Islands with limited liability which is owned by the Joint Offerors

“WMVL”	Wisdom Man Ventures Limited, a business company incorporated under the laws of the British Virgin Islands with limited liability, which is owned by SSL and SBL before the Scheme becomes effective and by SSL, SBL and the Participating Management Shareholders after the Scheme becomes effective
“WMVL Cancellation Consideration”	the consideration to be received by the WMVL Shareholders for the cancellation of their Shares under the Scheme, being the crediting of their then unpaid WMVL Shares as fully paid in the amount of the Cancellation Consideration Price per WMVL Share pursuant to the terms of the WMVL Shareholders Irrevocable Undertakings
“WMVL Shareholders”	SSL and SBL
“WMVL Shareholders Irrevocable Undertakings”	the irrevocable undertakings given by each of the WMVL Shareholders as described in the section headed “ <i>Irrevocable Undertakings – (a) WMVL Shareholders Irrevocable Undertakings</i> ” of this announcement
“WMVL Shares”	an aggregate of 224,600,000 unpaid shares issued to the WMVL Shareholders as at the date of this announcement and to be credited as fully paid in the amount of the Cancellation Consideration Price per WMVL Share upon the Scheme becoming effective
“%”	per cent.

By order of the board of directors of
Muse Holdings-B Inc.
O’CONNELL Colm John
Director

By order of the Board
Belle International Holdings Limited
SHENG Baijiao
CEO & Executive Director

Hong Kong, 28 April 2017

As at the date of this announcement, the Board comprises Mr. SHENG Baijiao, Mr. TANG King Loy, Mr. SHENG Fang and Mr. YU Wu as Executive Directors; Mr. TANG Yiu, Mr. TANG Wai Lam and Ms. HU Xiaoling as non-executive Directors; and Mr. HO Kwok Wah, George, Mr. CHAN Yu Ling, Abraham, Dr. XUE Qiuzhi and Mr. GAO Yu as independent non-executive Directors. 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 the Joint Offerors), and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement (other than those expressed by the Offeror and the Joint Offerors), have been arrived at after due and careful consideration and there are no facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

As at the date of this announcement, the sole director of the Offeror is Mr. O'CONNELL Colm John. The sole director of the Offeror accepts full responsibility for the accuracy of the information contained in this announcement (other than that relating to the Group and the Joint Offerors) and confirm, having made all reasonable inquiries, that to the best of his knowledge, opinions expressed in this announcement (other than those expressed by the Group and the Joint Offerors), have been arrived at after due and careful consideration and there are no facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

Each of Mr. YU Wu and Mr. SHENG Fang (in his capacity as the sole director of Starry Sign Limited and Sure Beauty Limited, respectively, and each as one of the Joint Offerors) accepts full responsibility for the accuracy of the information contained in this announcement (other than that relating to the Group, Hillhouse Capital Group and CDH Group) and confirms, having made all reasonable inquiries, that to the best of his knowledge, opinions expressed in this announcement (other than those expressed by the Group, Hillhouse Capital Group and CDH Group), have been arrived at after due and careful consideration and there are no facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

As at the date of this announcement, the sole director of each of Hillhouse HBBH Holdings Limited; Hillhouse HHBG Holdings Limited; HHC DR GP, Ltd. (the general partner of HBBH Investment, L.P. and HHBG Investment, L.P., which wholly-owns Hillhouse HBBH Holdings Limited and Hillhouse HHBG Holdings Limited, respectively) is Mr. O'CONNELL Colm John. The sole director of each of Hillhouse HBBH Holdings Limited and Hillhouse HHBG Holdings Limited accepts full responsibility for the accuracy of the information contained in this announcement (other than that relating to the Group, the Executive Management Group and CDH Group) and confirms, having made all reasonable inquiries, that to the best of his knowledge, opinions expressed in this announcement (other than those expressed by the Group, the Executive Management Group and CDH Group), have been arrived at after due and careful consideration and there are no facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

As at the date of this announcement, (a) the board of directors of Superise Colorful Brands Limited comprises Ms. HU Xiaoling and Mr. HSU William Shang Wi; and (b) the board of directors of CDH V Holdings Company Limited (the general partner of CDH Fund V, L.P., which wholly-owns Superise Colorful Brands Limited) comprises Mr. WU Shangzhi, Mr. CHENG Wing-Yiu Laurence and Mr. TANG Weng Yew John. The directors of Superise Colorful Brands Limited and CDH V Holdings Company Limited jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than that relating to the Group, the Executive Management Group and Hillhouse Capital Group) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement (other than those expressed by the Group, the Executive Management Group and Hillhouse Capital Group), have been arrived at after due and careful consideration and there are no facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.