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## **YGM TRADING LIMITED**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 00375)**

**POSSIBLE MAJOR AND CONNECTED TRANSACTION  
REGARDING THE DISPOSAL OF SHARES IN  
HANG TEN GROUP HOLDINGS LIMITED  
PURSUANT TO THE IRREVOCABLE UNDERTAKING  
TO ACCEPT THE VOLUNTARY CONDITIONAL CASH OFFER BY  
CITIGROUP GLOBAL MARKETS ASIA LIMITED  
ON BEHALF OF  
PERFECT LEAD INVESTMENTS LIMITED  
TO ACQUIRE ALL THE ISSUED SHARES OF  
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 OF SHARES**

The Offeror and Hang Ten jointly announced on 19 December 2011 that Citi will make a voluntary conditional cash offer on behalf of the Offeror for all the issued Hang Ten Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) at a cash consideration of HK\$2.70 per Hang Ten Share.

The Company, together with the Subsidiary, are currently interested in 214,202,000 Hang Ten Shares, representing approximately 21.81% of all the issued Hang Ten Shares and the Company also has a right to demand for the return of an additional 8,200,000 Hang Ten Shares deposited with a law firm in Hong Kong for safe custody, i.e. the Additional Shares. The DK Family Members are together interested in 464,228,000 Hang Ten Shares, representing approximately 47.26% of the entire issued ordinary shares of Hang Ten. On 15 December 2011, each of the Company and the DK Family Members has given the Irrevocable Undertaking in favour of the Offeror, pursuant to which each of them has irrevocably undertaken to accept or procure the acceptance of the Offer in respect of all their respective Hang Ten Shares totalling 678,430,000 Hang Ten Shares (representing approximately 69.07% of all the issued Hang Ten Shares) or (if the Group receives the Additional Shares from the Law Firm in full no later than three business days before the Final Closing Date) 686,630,000 Hang Ten Shares (representing approximately 69.90% of all the issued Hang Ten Shares).

The Company has further irrevocably undertaken under the Irrevocable Undertaking that if and

to the extent that the Group receives any Additional Shares after the 3rd business day before the Final Closing Date and if the Offeror has decided at its discretion to exercise its rights of compulsory acquisition of all Hang Ten Shares in respect of which the Offer has not then been accepted under the Takeovers Code and applicable laws and rules, the Company 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.

If the Offer proceeds, the Disposal will constitute a major transaction for the Company under Chapter 14 of the Listing Rules. Given Asian Wide, which is a party to the Irrevocable Undertaking, is a substantial shareholder of Hang Ten and it is a controller within the meaning under Chapter 14A of the Listing Rules by virtue of its 32% shareholdings in Michel Rene Enterprises Limited, a 68% owned subsidiary of the Company, and DK and KH are directors of such company, the Disposal will also constitute a connected transaction for the Company under Rule 14A.13(b)(i) of the Listing Rules. The Disposal will therefore be subject to the Independent Shareholders' approval.

An EGM will be convened to consider and if thought fit, approve the Disposal. 15 Shareholders including certain Directors and their affiliates, being holders of an aggregate of 82,958,574 Shares representing approximately 50.46% of the total issued Shares, have each executed an undertaking on 15 December 2011 in favour of the Company and the Offeror pursuant to which, among other things, each of them has severally, irrevocably and unconditionally undertaken to exercise its/his/her voting rights attaching to the Shares beneficially owned by it/him/her at the EGM 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. A circular containing, among other things, further particulars of the Disposal, letters of advice from the independent Board committee and the independent financial adviser, together with a notice convening the EGM, will be despatched to the Shareholders on or before 20 January 2012, which is more than 15 business days from the date of this announcement, in view of the estimated time required for the preparation of certain financial information required for a major transaction circular under the Listing Rules.

Trading of the Shares on the Stock Exchange has been suspended from 9:00 a.m. on 16 December 2011 pending the issue of this announcement. The Company has applied for resumption of trading of the Shares with effect from 9:00 a.m. on 20 December 2011.

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

## **OFFER FOR HANG TEN SHARES**

The Offeror and Hang Ten jointly announced on 19 December 2011 that Citi will make a voluntary conditional cash offer on behalf of the Offeror for all the issued Hang Ten 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 Hang Ten Share.....HK\$2.70 in cash**

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

- a premium of approximately 58.8% over the closing price of HK\$1.70 per Hang Ten 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 Hang Ten 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 Hang Ten 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 Hang Ten Share.

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

The Offeror intends to finance the cash required for the Offer from financial resources available to it.

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.

#### **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 Hang Ten Shares (which shall include all the Hang Ten 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 Hang Ten;
- (b) the Hang Ten 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 Hang Ten 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 Hang Ten 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 the Company 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 Hang Ten Group, the concession rights or licences to carry out its operations 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 Hang Ten 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 Hang Ten Group is a party having been obtained for the Offer or waived by the relevant party(ies), unless any lack of such consents, approvals, authorisations, licences, certificates, permits, concessions, agreements or other permissions referred to in this sub-paragraph (d)(i), (ii) or (iii) would not have a material adverse effect on the business of the Hang Ten 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 Hang Ten 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 Hang Ten 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. The Company shall use its reasonable endeavours to procure that a general meeting of the Company 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 the Company, within 45 business days from the date of publication of this announcement. Each of the Company and the DK Family Members shall use its/his/her respective reasonable endeavours to procure the fulfilment of the Conditions (other than Condition (c), which shall be the sole obligation of the Company, but not the DK Family Members), 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 satisfied (or waived) and therefore the Offer may or may not become unconditional and may or may not be completed. Accordingly, Shareholders and/or potential investors of the Company should therefore exercise caution when dealing in the Shares.***

## **THE COMPANY'S INTERESTS IN HANG TEN**

The Company, together with the Subsidiary, are currently interested in 214,202,000 Hang Ten Shares, representing approximately 21.81% of all the issued Hang Ten Shares and the Company also has a right to demand for the return of the Additional Shares from the Law Firm. Hang Ten is currently accounted for as an associate of the Company.

The Additional Shares were deposited with the Law Firm in 2003 for safe custody. In around August 2011, the Company was informed that a partner of the Law Firm has misappropriated certain assets held by the Law Firm and therefore took action to demand the return of the Additional Shares. The Law Firm has agreed to return the Additional Shares but there is no certainty when and to what extent the Company will receive the Additional Shares. The Company will closely monitor the progress of the demand and is seeking legal advice on the Company's right in the event that the Company has not received the Additional Shares in full no later than 3 business days before the Final Closing Date or when the Offeror exercises its right of compulsory acquisition.

## **IRREVOCABLE UNDERTAKING**

On 15 December 2011, each of the Company and the DK Family Members has given the Irrevocable Undertaking in favour of the Offeror, pursuant to which the Company has irrevocably undertaken to accept or procure the acceptance of the Offer within 5 business days following the despatch of the Offer Document or 2 business days after it has obtained Shareholders' approval as required and in accordance with the Listing Rules, whichever is later, or in the case of the Additional Shares, if and to the extent any Additional Shares are received

by the Group no later than 3 business days before the Final Closing Date, within 3 business days after its receipt of such Additional Shares and in any event on or prior to the Final Closing Date; and each of the DK Family Members has irrevocably undertaken to accept or procure the acceptance of the Offer within 5 business days following the despatch of the Offer Document, in respect of all their respective Hang Ten Shares set out below:

	<b>Number of Hang Ten Shares</b>	<b>Approximate percentage of all the issued Hang Ten Shares</b>
The Company and the Subsidiary	214,202,000 - 222,402,000*	21.81% - 22.64%*
Asian Wide Services Limited	371,890,000	37.86%
DK	18,650,000	1.90%
KH	36,800,000	3.75%
Hung Pui Kee, Peggy	18,532,000	1.89%
Hung Chung Yee, Pamela	18,356,000	1.87%
<b>Total:</b>	<b>678,430,000 - 686,630,000*</b>	<b>69.07% - 69.90%*</b>

*(Note)*

*\*Depending on whether and to what extent the Additional Shares are received by the Group no later than 3 business days before the Final Closing Date.*

*Note: These figures of the total percentages are arrived by dividing the total numbers of Hang Ten Shares shown in the second column by the total number of Hang Ten Shares in issue, instead of being the sum of the percentages shown in the third column.*

The Company has further irrevocably undertaken under the Irrevocable Undertaking that if and to the extent that the Group receives any Additional Shares after the 3rd business day before the Final Closing Date and if the Offeror has decided at its discretion to exercise its rights of compulsory acquisition of all Hang Ten Shares in respect of which the Offer has not then been accepted under the Takeovers Code and applicable laws and rules, the Company 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 the Company shall not, and shall procure that none of its subsidiaries 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 Company and the DK Family Members shall not withdraw nor procure the withdrawal from any such acceptance, notwithstanding that they or the Company's subsidiaries may become entitled to withdraw any such acceptance by virtue of laws and the Takeovers Code.

The obligations of the Company to accept or procure the acceptance of the Offer under the Irrevocable Undertaking are conditional upon the Company having obtained Independent Shareholders' approval as required and in accordance with the Listing Rules.

The Irrevocable Undertaking will be terminated and all obligations of the Company and the DK Family Members under the Irrevocable Undertaking (save for certain obligations including but

not limited to confidentiality obligations and save for antecedent breaches and accrued rights) will 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 if required under the Takeovers Code.

## **INFORMATION OF 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 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.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Offeror and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

## **INFORMATION OF HANG TEN**

The Hang Ten 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 trademark "Hang Ten" and associated marks.

The net assets of Hang Ten as at 30 September 2011 based on Hang Ten's interim report 2011 amounted to HK\$955,740,000. The audited net profits before and after taxation of Hang Ten for the year ended 31 March 2011 amounted to HK\$283,701,000 and HK\$239,063,000, respectively. The audited net profits before and after taxation of Hang Ten for the year ended 31 March 2010 amounted to HK\$181,747,000 and HK\$141,157,000, respectively.

## **RELATIONSHIP BETWEEN HANG TEN AND THE GROUP**

As disclosed in the Hang Ten's annual report 2011, the Hang Ten Group leases retail stores and equipment to, incurs rental expenses and provide maintenance services for retail stores of Michel Rene Enterprises Limited, a subsidiary of the Company. The Company expects that these transactions will continue following the Disposal as and if it deems appropriate in the ordinary course of the Group's business.

Mr. Chan Wing Sun Samuel, an executive Director and Vice Chairman of the Company, is the chairman and the chief executive officer of Hang Ten and is interested in 550,000 Hang Ten Shares, representing approximately 0.06% of all the issued Hang Ten Shares. Madam Chan Suk Ling Shirley, an executive Director and the chief executive officer of the Company, is interested in 456,000 Hang Ten Shares, representing approximately 0.05% of all the issued

Hang Ten Shares. Mr. Fu Sing Yam William, an executive Director and the Managing Director of the Company, is interested in 200,000 Hang Ten Shares, representing approximately 0.02% of all the issued Hang Ten Shares.

## **USE OF PROCEEDS**

The total cash consideration to be received by the Company under the Disposal amounts to approximately HK\$578 million or approximately HK\$600 million (if the Group receives the Additional Shares from the Law Firm in full (i) no later than three business days before the Final Closing Date or, (ii) after the Final Closing Date, in the event that the Offeror exercises its right of compulsory acquisition). The net proceeds is estimated to be approximately HK\$567 million or approximately HK\$589 million (if the Group receives the Additional Shares from the Law Firm in full (i) no later than three business days before the Final Closing Date or, (ii) after the Final Closing Date, in the event that the Offeror exercises its right of compulsory acquisition), which is expected to be used by the Group as general working capital.

The gain expected to accrue to the Company as a result of the Disposal of 222,402,000 Hang Ten Shares, which is calculated by deducting the net proceeds of approximately HK\$589 million from the Company's interest in Hang Ten of HK\$219.7 million as at 30 September 2011 as shown in its interim report 2011, amount to approximately HK\$340 million. However, this amount may differ from the actual amount of gain to be recognised in the Company's income statement depending on the actual number of the Additional Shares to be received and sold by the Group under the Disposal and the amount of provision to be made in the Company's accounts in respect of the contingent liabilities as a result of warranties given by the Company under the Irrevocable Undertaking.

## **REASONS OF AND BENEFITS OF THE TRANSACTION**

The Directors consider that the Offer provides a good opportunity for the Company to realise its investment in Hang Ten at a price higher than the prevailing market price of Hang Ten Shares.

The Directors consider that the terms of the Irrevocable Undertaking are normal commercial terms and are fair and reasonable, and the Disposal is in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

If the Offer proceeds, the Disposal will constitute a major transaction for the Company under Chapter 14 of the Listing Rules.

Given Asian Wide, which is a party to the Irrevocable Undertaking, is a substantial shareholder of Hang Ten and it is a controller within the meaning under Chapter 14A of the Listing Rules by virtue of its 32% shareholdings in Michel Rene Enterprises Limited, a 68%-owned subsidiary of the Company, and DK and KH are directors of such company, the Disposal will also constitute a connected transaction for the Company under Rule 14A.13(b)(i) of the Listing Rules. The Disposal will therefore be subject to the Independent Shareholders' approval.

An EGM will be convened to consider and if thought fit, approve the Disposal. 15 Shareholders including certain Directors and their affiliates, which include Mr. Chan Wing Sun Samuel, Mr.

Chan Wing Fui Peter, Mrs. Chan Arunee, Madam Chan Suk Ling Shirley, Mr. Chan Wing Kee, Mr. Fu Sing Yam William, Runneymede Consultants Limited, Keng Tin Enterprises Limited, Priority Holdings Limited, Trans-Business Inc., Power Sea Investment Limited, Chan Family Investment Corporation Limited, Tai Wah Investment Company Ltd, Yangtzekiang Investment Company Limited and Hearty Development Limited, being holders of an aggregate of 82,958,574 Shares representing approximately 50.46% of the total issued Shares, have each executed an undertaking on 15 December 2011 in favour of the Company and the Offeror pursuant to which, among other things, each of them has severally, irrevocably and unconditionally undertaken to exercise its/his/her voting rights attaching to the Shares beneficially owned by it/him/her at the EGM 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.

A circular containing, among other things, further particulars of the Disposal, letters of advice from the independent Board committee and the independent financial adviser, together with a notice convening the EGM, will be despatched to the Shareholders on or before 20 January 2012, which is more than 15 business days from the date of this announcement, in view of the estimated time required for the preparation of certain financial information required for a major transaction circular under the Listing Rules.

## **RESUMPTION OF TRADING**

Trading of the Shares on the Stock Exchange has been suspended from 9:00 a.m. on 16 December 2011 pending the issue of this announcement. The Company has applied for resumption of trading of the Shares with effect from 9:00 a.m. on 20 December 2011.

## **GENERAL**

The principal businesses of the Group are manufacturing, retail and wholesale of world-renowned apparel and accessories, property investment and printing.

## **DEFINITIONS**

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

“Additional Shares”	8,200,000 Hang Ten Shares which were originally owned by the Company and deposited with the Law Firm for safe custody, and of which the Company has demanded for the return
“Board”	the board of Directors
“Company”	YGM Trading Limited (Stock Code: 00375), a company incorporated in Hong Kong, the shares of which are listed on the Stock Exchange
“Conditions”	the conditions of the Offer, as set out in the paragraph headed

	“Conditions of the Offer” in this Announcement
“Citi”	Citigroup Global Markets Asia Limited
“DK”	Kung Ging Kong, Dennis
“DK Family Members”	DK, Hung, Kenneth (son of DK), Hung Pui Kee, Peggy (daughter of DK), Hung Chung Yee (daughter of DK) and Asian Wide Services Limited, a company incorporated in the British Virgin Islands which is owned by some of the family members of DK
“Directors”	directors (including the independent non-executive directors) of the Company
“Disposal”	disposal of all the Hang Ten Shares held by the Group by accepting the Offer pursuant to the Irrevocable Undertaking
“EGM”	an extraordinary general meeting to be convened by the Company to consider, and if thought fit, approve the Disposal
“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 Offer 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 Offer 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
“Hang Ten”	Hang Ten Group Holdings Limited (Stock Code: 00448), a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“Hang Ten Group”	Hang Ten and its subsidiaries

“Hang Ten Shares”	ordinary share(s) of HK\$0.10 each in the issued share capital of Hang Ten
“Independent Shareholders”	Shareholders who are not required to abstain from voting at the EGM
“Irrevocable Undertaking”	the irrevocable undertaking dated 15 December 2011 given by each of the Company and the DK Family Members in favour of the Offeror in connection with the Offer
“Last Trading Day”	15 December 2011, being the last trading day of the Hang Ten Shares prior to its suspension in trading on the Stock Exchange
“Law Firm”	a firm of solicitors in Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange
“Long Stop Date”	the 47th business day from the publication of the announcement jointly made by the Offeror and Hang Ten on 19 December 2011 (or any later date as the Offeror may designate)
“KH”	Hung, Kenneth
“Offer”	the voluntary conditional cash offer to be made by Citi on behalf of the Offeror for all the issued Hang Ten Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it)
“Offer Document”	the offer document to be issued by the Offeror or the composite document to be jointly issued by the Offeror and Hang Ten to all holders of Hang Ten Shares in accordance with the Takeovers Code in relation to the Offer
“Offer Price”	the price at which the Offer will be made, being HK\$2.70 per Hang Ten Share
“Offeror”	Perfect Lead Investments Limited, a company incorporated in the British Virgin Islands
“Offeror Group”	King Lun Holdings Limited and its subsidiaries
“SFC”	the Securities and Futures Commission of Hong Kong
“Shares”	ordinary share(s) of HK\$0.50 each in the issued share capital of the Company
“Shareholders”	holders of the Shares

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary”	Group Smart Management Limited, a company incorporated in Hong Kong with limited liability and a wholly owned subsidiary of the Company
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	Per cent

By Order of the Board  
**YGM TRADING LIMITED**  
**Chan Wing Fui, Peter**  
*Chairman*

Hong Kong, 19 December 2011

*As at the date of this announcement, the Board comprises seven executive directors, namely, Dr. Chan Sui Kau, Mr. Chan Wing Fui Peter, Mr. Chan Wing Sun Samuel, Madam Chan Suk Ling Shirley, Mr. Fu Sing Yam William, Mr. Chan Wing Kee and Mr. Chan Wing To, and, three independent non-executive directors, namely, Mr. Leung Hok Lim, Mr. Lin Keping and Mr. Sze Cho Cheung Michael.*