
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this Scheme Document, the Scheme or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant, or other professional advisor.

If you have sold or transferred all your shares in Belle International Holdings Limited, you should at once hand this Scheme Document and the accompanying forms of proxy to the purchaser or the transferee or to the licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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

BELLE 百麗
**BELLE INTERNATIONAL HOLDINGS
LIMITED**
百麗國際控股有限公司
(Incorporated in the Cayman Islands as an
exempted company with limited liability)
(Stock Code: 1880)

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

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

(3) SPECIAL DEAL RELATING TO MANAGEMENT PARTICIPATION

Financial Adviser to the Offeror

Bank of America 
Merrill Lynch

Independent Financial Adviser to the Independent Board Committee

ANGLO CHINESE 英高
CORPORATE FINANCE, LIMITED

Unless the context requires otherwise, capitalized terms used in this Scheme Document are defined under the section headed "Definitions" in Part I of this Scheme Document.

A letter from the Board is set out in Part IV of this Scheme Document. A letter from the Independent Board Committee, containing its advice to the Disinterested Shareholders and the Independent Shareholders in connection with the Proposal, the Scheme and the Management Participation is set out in Part V of this Scheme Document. A letter from the Independent Financial Adviser to the Independent Board Committee, containing its advice to the Independent Board Committee in connection with the Proposal, the Scheme and the Management Participation, is set out in Part VI of this Scheme Document. An Explanatory Memorandum regarding the Scheme is set out in Part VII of this Scheme Document.

The actions to be taken by the Shareholders are set out in Part II of this Scheme Document.

Notices convening the Court Meeting to be held at 9:30 a.m. on Monday, 17 July 2017 and the Extraordinary General Meeting to be held at 10:00 a.m. on Monday, 17 July 2017 (or in the case of the Extraordinary General Meeting immediately after the conclusion or the adjournment of the Court Meeting) are set out in Appendix VII and Appendix VIII to this Scheme Document respectively. Whether or not you are able to attend the Court Meeting and/or the Extraordinary General Meeting or any adjournment thereof, you are strongly urged to complete and sign the enclosed **pink** form of proxy in respect of the Court Meeting and the enclosed **white** form of proxy in respect of the Extraordinary General Meeting, in accordance with the instructions printed thereon, and to lodge them at the office of the Share Registrar, Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not later than the respective times and dates as stated under Part II — Actions to be Taken of this Scheme Document. If the **pink** form of proxy is not so lodged, it may also be handed to the Chairman of the Court Meeting at the Court Meeting who shall have absolute discretion as to whether or not to accept it.

This Scheme Document is jointly issued by Muse Holdings-B Inc. and Belle International Holdings Limited.

The English language texts of this Scheme Document shall prevail over the Chinese texts for the purpose of interpretation.

24 June 2017

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NOTICE TO U.S. INVESTORS

The Proposal is being made to cancel the securities of a Cayman Islands company by means of a scheme of arrangement provided for under the Companies Law. The financial information included in this Scheme Document has been prepared in accordance with International Financial Reporting Standards and thus may not be comparable to financial information of U.S. companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the U.S.

A transaction effected by means of a scheme of arrangement is not subject to the tender offer rules of the U.S. Securities Exchange Act of 1934, as amended. Accordingly, the Proposal is subject to the disclosure requirements and practices applicable in the Cayman Islands and Hong Kong to schemes of arrangement which differ from the disclosure requirements of the U.S. tender offer rules.

The receipt of cash pursuant to the Proposal by a U.S. holder of Scheme Shares as consideration for the cancellation of his Scheme Shares pursuant to the Scheme may be a taxable transaction for U.S. federal income tax purposes and under applicable U.S. state and local, as well as foreign and other tax laws. Each holder of Scheme Shares is urged to consult his independent professional adviser immediately regarding the tax consequences of the Proposal applicable to him.

It may be difficult for U.S. holders of Scheme Shares to enforce their rights and claims arising out of the U.S. federal securities laws, since the Offeror, the Joint Offerors and the Company are located in a country other than the U.S., and some or all of their officers and directors may be residents of a country other than the U.S.. U.S. holders of Scheme Shares may not be able to sue a non-U.S. company or its officers or directors in a non-U.S. court for violations of the U.S. securities laws. Further, it may be difficult to compel a non-U.S. company and its affiliates to subject themselves to a U.S. court's judgement.

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

DEFINITIONS

“Acquisition Financing”	as such term is defined in the section headed “12. <i>Financial Resources</i> ” in Part VII — Explanatory Memorandum of this Scheme Document
“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
“Announcement”	the announcement jointly issued by the Offeror and the Company dated 28 April 2017 in relation to, among other things, the Proposal and the Scheme
“Announcement Date”	28 April 2017, being the date of the Announcement
“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
“Beneficial Owner”	any beneficial owner of the Shares
“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), type 5 (advising on future contracts) 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 Scheme Shareholders (other than the WMVL Shareholders), being the Cancellation Consideration Price for every Scheme Share cancelled pursuant to the Scheme

“Cancellation Consideration Price”	HK\$6.30 for every Scheme Share cancelled pursuant to the Scheme
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Participant”	a person admitted to participate in CCASS as a participant, including an Investor Participant
“CDH Fund V”	CDH Fund V, L.P., an exempted limited partnership formed under the laws of the Cayman Islands
“CDH Fund V Group”	CDH Fund V and its affiliates
“Certain Disinterested Shareholders Irrevocable Undertakings”	the irrevocable undertakings given by MCIL, SCGL and BRVL as described in the section headed “4. <i>Irrevocable Undertakings — (b) The Certain Disinterested Shareholders Irrevocable Undertakings</i> ” in Part VII — Explanatory Memorandum of this Scheme Document
“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 “3. <i>Conditions to the Scheme</i> ” in Part VII — Explanatory Memorandum of this Scheme Document
“Consortium Agreement”	the consortium agreement dated 28 April 2017 entered into amongst Mr. YU Wu, Mr. SHENG Fang, WMVL, HHC DR GP, Hillhouse HHBH, Hillhouse HHBG, CDH V Holdings Company Limited (the general partner of CDH Fund V) and SCBL in connection with the Proposal
“Court Meeting”	a meeting of the holders of Scheme Shares (other than the WMVL Shareholders) as at the Meeting Record Date convened at the direction of the Grand Court at which the Scheme (with or without modification) will be voted upon, which is to be held at 9:30 a.m. on Monday, 17 July 2017 at Crystal Ballroom, Basement 3, Holiday Inn Golden Mile Hong Kong, 50 Nathan Road, Tsim Sha Tsui, Kowloon, Hong Kong, notice of which is set out in Appendix VII to this Scheme Document, or any adjournment thereof. Only the Disinterested Shareholders (except those who must not vote pursuant to Rule 35.4 of the Takeovers Code) can vote at the Court Meeting due to the restrictions under the Takeovers Code

“Director(s)”	director(s) of the Company
“Disinterested Shareholder(s)”	Shareholders, other than the Offeror, the Joint Offerors, the Offeror Concert Parties, the WMVL Shareholders and the Participating Management Shareholders. For the avoidance of doubt, Disinterested Shareholders include any member of BofAML group in respect of the Scheme Shares held on behalf of its non-discretionary investment clients where such client (i) controls the voting rights attaching to those Scheme Shares; (ii) if the Scheme Shares are voted, gives instructions as to how those Scheme Shares are to be voted; and (iii) is not the Offeror or part of the Joint Offerors, the Offeror Concert Parties, the WMVL Shareholders or the Participating Management Shareholders
“Effective Date”	the date on which the Scheme becomes effective in accordance with its terms and the Companies Law, being the date on which a copy of the order of the Grand Court sanctioning the Scheme and confirming the capital reduction of issued share capital of the Company resulting from the cancellation of the Scheme Shares is delivered to the Registrar of Companies in the Cayman Islands for registration pursuant to Section 86(3) of the Companies Law, and which is expected to be Tuesday, 25 July 2017 (Cayman Islands time)
“EIT Law”	PRC Enterprise Income Tax 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 Wu, Mr. SHENG Fang, SSL and SBL
“Extraordinary General Meeting”	the extraordinary general meeting of the Company to be held at 10:00 a.m. on Monday, 17 July 2017 at Crystal Ballroom, Basement 3, Holiday Inn Golden Mile Hong Kong, 50 Nathan Road, Tsim Sha Tsui, Kowloon, Hong Kong (or immediately after the Court Meeting convened on the same day and place shall have been concluded or adjourned) for the purpose of voting on the reduction of the share capital of the Company and its increase immediately thereafter, the Management Participation and implementation of the Scheme, notice of which is set out in Appendix VIII to this Scheme Document, or any adjournment thereof
“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.
“HKSCC”	Hong Kong Securities Clearing Company Limited
“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 PRC
“Independent Board Committee”	the independent committee of the Board formed to advise the Disinterested Shareholders and 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, being 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 SFO, 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
“Investor Participant”	a person admitted to participate in CCASS as an investor participant
“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
“Latest Practicable Date”	21 June 2017, being the latest practicable date for ascertaining certain information contained in this Scheme Document
“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 the 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 members of 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
“Meeting Record Date”	Monday, 17 July 2017, or such other date as shall have been announced to the Shareholders, being the record date for the purpose of determining the entitlement of the Disinterested Shareholders to attend and vote at the Court Meeting and the entitlement of the Shareholders to attend and vote at the Extraordinary General Meeting
“Mr. SHENG Fang”	Mr. SHENG Fang, an Executive Director and the President of new business division of the Group
“Mr. YU Wu”	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 Member(s)”	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 “18. <i>Information on the Participating Management Shareholders</i> ” in Part VII — Explanatory Memorandum of this Scheme Document
“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

“PRC” or “China”	the People’s Republic of China, and for the purpose of this Scheme Document, excluding Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
“Proposal”	the proposed privatisation of the Company by the Offeror by way of the Scheme and the restoration of the share capital of the Company to the amount immediately before the cancellation of the Scheme Shares, and the withdrawal of the listing of the Shares from the Stock Exchange, on the terms and subject to the Conditions set out in this Scheme Document
“Record Date”	Tuesday, 25 July 2017, or such other date as shall have been announced to the Shareholders, being the record date for determining the entitlements of Scheme Shareholders to the Cancellation Consideration and the WMVL Cancellation Consideration as applicable under the Scheme
“Registered Owner”	any owner of Shares (including without limitation a nominee, trustee, depositary or any other authorized custodian or third party) entered in the register of members of the Company
“Relevant Authorities”	applicable governments or governmental bodies, regulatory bodies, or courts including but not limited to the SFC and the Stock Exchange
“Relevant Period”	the period commencing 28 October 2016, being the date falling six months before 28 April 2017, being the Announcement Date, up to and including the Latest Practicable Date
“RMB”	Renminbi, the lawful currency of the PRC
“Rollover Agreement”	the rollover agreement dated 28 April 2017 entered into among the Offeror, Mr. YU Wu, Mr. SHENG Fang, 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 Latest Practicable Date

“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 Fang, 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 directly wholly-owned by Alpha Mavericks Limited and indirectly wholly-owned by CDH Fund V Group and ultimately controlled by CDH V Holdings Company Limited as general partner
“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 set out in Appendix VI — Scheme of Arrangement to this Scheme Document (subject to any modifications or additions or conditions as may be approved or imposed by the Grand Court and agreed to by the Offeror) involving the cancellation of all Scheme Shares for the implementation of the Proposal
“Scheme Document”	this composite document, including each of the letters, statements, appendices and notices in it
“Scheme Share(s)”	all Shares in issue as at the Record Date, other than those held by the Participating Management Shareholders
“Scheme Shareholder(s)”	holders of Scheme Shares as at the Record Date
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	registered holder(s) of the Shares
“Share(s)”	ordinary shares of HK\$0.01 each in the share capital of the Company
“Share Registrar”	Computershare Hong Kong Investor Services Limited, the Company’s branch share registrar and transfer office in Hong Kong

“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 Wu, 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
“U.S.”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“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 Scheme 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 “4. <i>Irrevocable Undertakings</i> — (a) <i>The WMVL Shareholders Irrevocable Undertakings</i> ” in Part VII — Explanatory Memorandum of this Scheme Document
“WMVL Shares”	an aggregate of 224,600,000 unpaid shares in WMVL issued to the WMVL Shareholders as at the Latest Practicable Date 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.

ACTIONS TO BE TAKEN BY SHAREHOLDERS

For the purpose of determining the entitlements of the Disinterested Shareholders to attend and vote at the Court Meeting and the Shareholders to attend and vote at the Extraordinary General Meeting, the register of members of the Company will be closed from Wednesday, 12 July 2017 to Monday, 17 July 2017 (both days inclusive) and during such period, no transfer of Shares will be effected. In order to qualify to vote at the Court Meeting and the Extraordinary General Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Share Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong before 4:30 p.m. (Hong Kong time) on Tuesday, 11 July 2017.

A **pink** form of proxy for use at the Court Meeting and a **white** form of proxy for use at the Extraordinary General Meeting are enclosed with copies of this Scheme Document sent to Registered Owners. Subsequent purchasers of Scheme Shares will need to obtain a proxy form from the transferor.

Whether or not you are able to attend the Court Meeting and/or the Extraordinary General Meeting, if you are a Disinterested Shareholder, we strongly urge you to complete and sign the enclosed **pink** form of proxy in respect of the Court Meeting, and if you are a Shareholder, we strongly urge you to complete and sign the enclosed **white** form of proxy in respect of the Extraordinary General Meeting, in accordance with the instructions printed thereon, and to lodge them at the office of the Share Registrar at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong. **In order to be valid, the pink form of proxy for use at the Court Meeting should be lodged not later than 9:30 a.m. (Hong Kong time) on Saturday, 15 July 2017 or be handed to the Chairman of the Court Meeting at the Court Meeting (who shall have absolute discretion as to whether or not to accept it), and the white form of proxy for use at the Extraordinary General Meeting should be lodged not later than 10:00 a.m. (Hong Kong time) Saturday, 15 July 2017.** The completion and return of a form of proxy for the Court Meeting and/or the Extraordinary General Meeting will not preclude you from attending and voting in person at the relevant meeting. In such event, the returned form of proxy will be deemed to have been revoked.

If you do not appoint a proxy and you do not attend and vote at the Court Meeting and/or the Extraordinary General Meeting, you will still be bound by the outcome of the Court Meeting and the Extraordinary General Meeting if, among other things, the resolutions are passed by the requisite majorities of the Disinterested Shareholders or the Shareholders or the Independent Shareholders (as the case may be). We therefore strongly urge you to attend and vote at the Court Meeting and/or the Extraordinary General Meeting in person or by proxy.

The Company will make an announcement in relation to the results of the Court Meeting and the Extraordinary General Meeting on Monday, 17 July 2017 no later than 7:00 p.m. If all of the resolutions are passed at those meetings, the Company will make further announcements in relation to the outcome of the hearing of the petition to, among other things, sanction the Scheme by the Grand Court and, if the Scheme is sanctioned, the Record Date, the Effective Date and the date of withdrawal of the listing of the Shares on the Stock Exchange.

ACTIONS TO BE TAKEN BY HOLDERS THROUGH TRUST OR CCASS

The Company will not recognise any person as holding any Shares through any trust. If you are a Beneficial Owner whose Shares are held upon trust by, and registered in the name of, a Registered Owner (other than HKSCC Nominees Limited), you should contact the Registered Owner and provide the Registered Owner with instructions or make arrangements with the Registered Owner in relation to the manner in which your Shares should be voted at the Court Meeting and/or the Extraordinary General Meeting. Such instructions and/or arrangements should be given or made in advance of the deadline in respect of the Court Meeting and the Extraordinary General Meeting set by the Registered Owner in order to provide the Registered Owner with sufficient time to accurately complete his, her or its proxy and to submit it by the deadline stated above. To the extent that any Registered Owner requires instructions from or arrangements to be made with any Beneficial Owner at a particular date or time in advance of the aforementioned latest time for the lodgment of forms of proxy in respect of the Court Meeting and the Extraordinary General Meeting, any such Beneficial Owner should comply with the requirements of the Registered Owner.

If you are a Beneficial Owner whose Shares are deposited in CCASS and registered under the name of HKSCC Nominees Limited, you must, unless you are an Investor Participant, contact your broker, custodian, nominee, or other relevant person who is, or has, in turn, deposited such Shares with another CCASS Participant, regarding voting instructions to be given to such persons if you wish to vote at the Court Meeting and/or at the Extraordinary General Meeting. You should contact your broker, custodian, nominee or other relevant person in advance of the deadline in respect of the Court Meeting and the Extraordinary General Meeting set by them, in order to provide such person with sufficient time to provide HKSCC Nominees Limited with instructions or make arrangements with HKSCC Nominees Limited in relation to the manner in which the Shares of the Beneficial Owner should be voted at the Court Meeting and/or the Extraordinary General Meeting.

HKSCC Nominees Limited may also vote for and against the Scheme in accordance with instructions received from CCASS Participants (as defined under the General Rules of CCASS). However, for the purpose of calculating the “majority in number”, each such CCASS Participant who instructs HKSCC Nominees Limited to vote in favour of the Scheme shall be counted for the “majority in number” as a single Shareholder voting in favour of the Scheme, and, if applicable, each such CCASS Participant who instructs HKSCC Nominees Limited to vote against the Scheme shall be counted for the “majority in number” as a single Shareholder voting against the Scheme. HKSCC Nominees Limited itself, as opposed to instructing CCASS Participants, shall not be counted as a Shareholder for the purpose of the calculation of the “majority in number”.

If you are a Beneficial Owner whose Shares are deposited in CCASS, you may also elect to become a Shareholder of record, and thereby have the right to attend and vote at the Court Meeting (if you are a Disinterested Shareholder) and the Extraordinary General Meeting (as a Shareholder). You can become a Shareholder of record by withdrawing all or any of your Shares from CCASS and becoming a Registered Owner of such Shares. For withdrawal of Shares from CCASS and registration thereof, you will be required to pay to CCASS a withdrawal fee per board lot withdrawn, a registration fee, stamp duty on each transfer instrument and, if your Shares are held through a financial intermediary, any other relevant fees charged by your financial intermediary. You should contact your

broker, custodian, nominee or other relevant person in advance of the latest time for lodging transfers of the Shares into your name so as to qualify to attend and vote at the Court Meeting and/or the Extraordinary General Meeting, in order to provide such broker, custodian, nominee or other relevant person with sufficient time to withdraw the Shares from CCASS and register them in your name.

EXERCISE YOUR RIGHT TO VOTE

IF YOU ARE A SHAREHOLDER OR A BENEFICIAL OWNER, THE COMPANY AND THE OFFEROR STRONGLY ENCOURAGE YOU TO EXERCISE YOUR RIGHT TO VOTE OR GIVE INSTRUCTIONS TO THE RELEVANT REGISTERED OWNER TO VOTE IN PERSON OR BY PROXY AT THE COURT MEETING AND/OR AT THE EXTRAORDINARY GENERAL MEETING. IF YOU KEEP ANY SHARES IN A SHARE LENDING PROGRAM, WE URGE YOU TO RECALL ANY OUTSTANDING SHARES ON LOAN TO AVOID MARKET PARTICIPANTS USING BORROWED STOCK TO VOTE.

IF YOU ARE A BENEFICIAL OWNER WHOSE SHARES ARE DEPOSITED IN CCASS, WE ENCOURAGE YOU TO PROVIDE HKSCC NOMINEES LIMITED WITH INSTRUCTIONS OR MAKE ARRANGEMENTS WITH HKSCC NOMINEES LIMITED IN RELATION TO THE MANNER IN WHICH THOSE SHARES SHOULD BE VOTED AT THE COURT MEETING AND/OR AT THE EXTRAORDINARY GENERAL MEETING WITHOUT DELAY AND/OR WITHDRAWN FROM CCASS AND TRANSFERRED INTO YOUR NAME (AS DETAILED IN THE SECTION “ACTIONS TO BE TAKEN — ACTIONS TO BE TAKEN BY HOLDERS THROUGH TRUST OR CCASS” ABOVE).

IF YOU ARE A REGISTERED OWNER HOLDING SHARES ON BEHALF OF BENEFICIAL OWNERS, WE SHOULD BE GRATEFUL IF YOU WOULD INFORM THE RELEVANT BENEFICIAL OWNERS ABOUT THE IMPORTANCE OF EXERCISING THEIR VOTE.

IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU ARE ENCOURAGED TO CONSULT YOUR LICENSED SECURITIES DEALER, BANK MANAGER, SOLICITOR, PROFESSIONAL ACCOUNTANT OR OTHER PROFESSIONAL ADVISOR.

Hong Kong Time

Date of despatch of this Scheme Document Saturday, 24 June 2017

Latest time for lodging transfers of Shares in order to become entitled to vote at the Court Meeting and the Extraordinary General Meeting 4:30 p.m. on Tuesday, 11 July 2017

Register of members of the Company closed for determination of entitlements of the Disinterested Shareholders to attend and vote at the Court Meeting and of Shareholders to attend and vote at the Extraordinary General Meeting (*Note 1*) from Wednesday, 12 July 2017 to Monday, 17 July 2017 (both days inclusive)

Latest time for lodging forms of proxy in respect of (*Note 2*)

- Court Meeting 9:30 a.m. on Saturday, 15 July 2017
- Extraordinary General Meeting 10:00 a.m. on Saturday, 15 July 2017

Meeting Record Date Monday, 17 July 2017

Court Meeting (*Note 3*) 9:30 a.m. on Monday, 17 July 2017

Extraordinary General Meeting (*Note 3*) 10:00 a.m. on Monday, 17 July 2017 (or immediately after the conclusion or adjournment of the Court Meeting)

Announcement of results of the Court Meeting and the Extraordinary General Meeting not later than 7:00 p.m. on Monday, 17 July 2017

Expected last day for trading in the Shares on the Stock Exchange 4:00 p.m. on Tuesday, 18 July 2017

Latest time for lodging transfers of Shares in order to qualify for entitlements under the Scheme 4:30 p.m. on Thursday, 20 July 2017

Register of members of the Company closed for determining entitlements to qualify under the Scheme (*Note 4*) from Friday, 21 July 2017 to Tuesday, 25 July 2017 (both days inclusive)

Court hearing of the petition to sanction the Scheme and to confirm the capital reduction	Monday, 24 July 2017 (Cayman Islands time)
Announcement of the results of the court hearing of the petition to sanction the Scheme and to confirm the capital reduction, the expected Effective Date and the expected date of withdrawal of listing of Shares on the Stock Exchange	Tuesday, 25 July 2017
Record Date	Tuesday, 25 July 2017
Effective Date (<i>Note 5</i>)	Tuesday, 25 July 2017 (Cayman Islands time)
Announcement of the Effective Date and the withdrawal of the listing of the Shares on the Stock Exchange	Wednesday, 26 July 2017
Expected withdrawal of the listing of Shares on the Stock Exchange becomes effective (<i>Note 6</i>)	4:00 p.m. on Thursday, 27 July 2017
Latest time to despatch cheques for cash payment under the Scheme (<i>Note 7</i>)	Thursday, 3 August 2017

Shareholders should note that the above timetable is subject to change. Further announcement(s) will be made in the event that there is any change.

Notes:

- (1) The register of members of the Company will be closed during such period for the purpose of determining the entitlements of the Disinterested Shareholders to attend and vote at the Court Meeting and of the Shareholders to attend and vote at the Extraordinary General Meeting. This book closure period is not for determining entitlements under the Scheme.
- (2) Forms of proxy should be lodged with the office of the Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event no later than the times and date(s) stated above. In order to be valid, the **pink** form of proxy for the Court Meeting and the **white** form of proxy for the Extraordinary General Meeting must be lodged no later than the latest times and date(s) stated above. Each Disinterested Shareholder is only entitled to submit one proxy form for the Court Meeting. If more than one proxy form for the Court Meeting is submitted by a Disinterested Shareholder and the voting instructions require the proxies to vote both FOR and AGAINST the Scheme, the proxy forms will not be accepted. If more than one proxy form for the Court Meeting is submitted by a Disinterested Shareholder other than HKSCC Nominees Limited and the voting instructions require the proxies to vote either FOR or AGAINST the Scheme but not both FOR and AGAINST the Scheme, the Chairman shall have absolute discretion as to whether or not to accept those proxy forms. Completion and return of a form of proxy for the Court Meeting or the Extraordinary General Meeting will not preclude a Disinterested Shareholder and a Shareholder, respectively, from attending the relevant meeting and voting in person. In such event, the returned form of proxy will be deemed to have been revoked. If the **pink** form of proxy is not so lodged, it may also be handed to the Chairman of the Court Meeting at the Court Meeting who shall have absolute discretion as to whether or not to accept it.

- (3) The Court Meeting and the Extraordinary General Meeting will be held at Crystal Ballroom, Basement 3, Holiday Inn Golden Mile Hong Kong, 50 Nathan Road, Tsim Sha Tsui, Kowloon, Hong Kong at the times and date specified above. Please see the notice of Court Meeting set out in Appendix VII to this Scheme Document and the notice of Extraordinary General Meeting set out in Appendix VIII to this Scheme Document for details.
- (4) The register of members of the Company will be closed as from such time and on such date for the purpose of determining Scheme Shareholders who are qualified for entitlements under the Scheme.
- (5) The Scheme shall become effective upon all the Conditions set out in the paragraph headed “3. *Conditions to the Scheme*” in Part VII — Explanatory Memorandum of this Scheme Document having been fulfilled or (to the extent permitted) waived (as the case may be).
- (6) If the Proposal becomes unconditional and the Scheme becomes effective, it is expected that the listing of the Shares on the Stock Exchange will be withdrawn at or before 4:00 p.m. on Thursday, 27 July 2017.
- (7) Cheques for cash payment under the Scheme will be despatched by post within seven (7) Business Days from the Effective Date.

All references to times and dates in this document are references to Hong Kong times and dates, unless otherwise stated.



BELLE INTERNATIONAL HOLDINGS LIMITED

百麗國際控股有限公司

(Incorporated in the Cayman Islands as an exempted company with limited liability)

(Stock Code: 1880)

Executive Directors:

Mr. SHENG Baijiao
Mr. TANG King Loy
Mr. SHENG Fang
Mr. YU Wu

Registered office:

P.O. Box 31119
Grand Pavilion, Hibiscus Way
802 West Bay Road, Grand Cayman
KY1-1205, Cayman Islands

Non-executive Directors:

Mr. TANG Yiu
Mr. TANG Wai Lam
Ms. HU Xiaoling

Head Office and Principal Place of

Business in Hong Kong:
9/F, Belle Tower
918 Cheung Sha Wan Road
Cheung Sha Wan
Hong Kong

Independent non-executive Directors:

Mr. HO Kwok Wah, George
Mr. CHAN Yu Ling, Abraham
Dr. XUE Qiuzhi
Mr. GAO Yu

24 June 2017

To: The Shareholders

Dear Sir or Madam,

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

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

(3) SPECIAL DEAL RELATING TO MANAGEMENT PARTICIPATION

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 privatised by the Offeror and the withdrawal of listing of the Shares on the Stock Exchange.

The purpose of this Scheme Document is to provide you with further information regarding the Proposal, the Scheme, the Management Participation and the expected timetable and to give you notices of the Court Meeting and the Extraordinary General Meeting (together with proxy forms in relation thereto). Your attention is also drawn to the letter from the Independent Board Committee set out in Part V of this Scheme Document, the letter from the Independent Financial Adviser set out in Part VI of this Scheme Document, the Explanatory Memorandum set out in Part VII of this Scheme Document and the terms of the Scheme set out in Appendix VI to this Scheme Document.

THE SCHEME

Introduction

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 Scheme Shareholders (other than the WMVL Shareholders) will be cancelled in exchange for the Cancellation Consideration; (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.

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.

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 remaining Scheme 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.

Assuming that the Scheme becomes effective on Tuesday, 25 July 2017 (Cayman Islands time), cheques for cash entitlements under the Scheme will be paid for by the Offeror as soon as possible but in any event within 7 Business Days following the Scheme having become effective and

accordingly, the cheques are expected to be despatched on or before Thursday, 3 August 2017. All such cheques will be sent at the risk of the person(s) entitled thereto and none of the Offeror, the Joint Offerors, the Company, BofAML, the Independent Financial Adviser or the Share Registrar will be responsible for any loss or delay in despatch.

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 3.79% over the closing price of HK\$6.0700 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (b) 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;
- (c) 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;
- (d) 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;
- (e) 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;
- (f) 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;
- (g) a premium of approximately 12.50% over the 52-week closing high of HK\$5.6000 per Share as quoted on the Stock Exchange for such period ending on the Last Trading Day;
- (h) a premium of approximately 75.46% over the audited consolidated net asset value of the Group attributable to the equity holders of approximately RMB3.1389 per Share as at 28 February 2017 (equivalent to approximately HK\$3.5905) (based on the audited consolidated net asset value of the Group attributable to equity holders as at 28 February 2017, the number of issued Shares as at the Latest Practicable Date and the RMB to HK\$ exchange rate of RMB0.87422 to HK\$1, being the exchange rate as quoted by the People's Bank of China as at the Latest Practicable Date;
- (i) a premium of approximately 69.59% over the adjusted unaudited consolidated net asset value of the Group attributable to equity holders of approximately RMB3.2475 per Share as at 30 April 2017 (equivalent to approximately HK\$3.7148) (based on the audited

consolidated net asset value of the Group attributable to equity holders as at 28 February 2017 as disclosed in the annual report of the Company for the year ended 28 February 2017, adjusted for the valuation report on the properties of the Group dated 30 April 2017 and the expected tax payable upon sale, and the number of issued Shares as at the Latest Practicable Date and the RMB to HK\$ exchange rate of RMB0.87422 to HK\$1, being the exchange rate as quoted by the People's Bank of China as at the Latest Practicable Date)¹; and

- (j) a price to earnings ratio of 19.33 times based on the profit attributable to the equity holders of approximately RMB2,403.4 million for the twelve months ended 28 February 2017 (equivalent to approximately HK\$2,749.2 million), based on a RMB to HK\$ exchange rate of RMB0.87422 to HK\$1 (being the exchange rate as quoted by the People's Bank of China as at the Latest Practicable Date).

Note:

- (1) According to the property valuation report by Jones Lang LaSalle Corporate Appraisal and Advisory Limited ("JLL") as set out in Appendix II of the Scheme Document, certain portions of the properties of the Group were given no commercial value due to reasons, including various deficiencies in the land title registration. JLL has provided a depreciated replacement cost/capital value for these portions of the properties on the assumption that the title certificates have been obtained and these portions are freely transferable. The adjusted unaudited consolidated net asset value of the Group includes the aggregate depreciated replacement cost/capital value of these portions. The aggregate depreciated replacement cost/capital value of these portions amounts to RMB965,960,000, representing approximately 14.35% of the value of all the properties of the Group.

The Cancellation Consideration Price has been determined on a commercial basis after taking into account, among other things, the challenging operating environment faced by 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 privatisation transactions in Hong Kong in recent years.

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.

IRREVOCABLE UNDERTAKINGS

(a) The WMVL Shareholders Irrevocable Undertakings

On 28 April 2017, each of the WMVL Shareholders has given an irrevocable undertaking in favour 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 favour of the resolutions to be proposed at the Extraordinary General Meeting to approve and give

effect to the reduction of the share capital of the Company, the immediate increase in the share capital thereafter and any resolutions proposed at the Extraordinary 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 Latest Practicable Date, (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 favour of the Scheme at the Court Meeting; (ii) if the Scheme is approved at the Court Meeting, it will vote in favour of the resolutions to be proposed at the Extraordinary General Meeting to approve and give effect to the reduction of the share capital of the Company, the immediate increase in the share capital thereafter 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 Latest Practicable Date, 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 Extraordinary General Meeting; or

- (d) the Grand Court does not sanction the Scheme or confirm the reduction of the share capital of the Company.

CONSORTIUM AGREEMENT

On 28 April 2017, Mr. YU Wu, Mr. SHENG Fang, 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 Wu, Mr. SHENG Fang, HHCDR GP, Hillhouse HHBH, Hillhouse HHBG, CDH V Holdings Company Limited and SCBL in their sole discretion after notifying the other parties;
- (b) each of Mr. YU Wu and Mr. SHENG Fang undertakes and agrees to the cancellation of their respective Scheme Shares (held by SSL and SBL, respectively) under the Scheme in consideration of the WMVL Cancellation Consideration in respect of their respective Scheme Shares as in-kind equity contributions to WMVL and to enter into an irrevocable undertaking in respect of such undertakings in favour 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 to the Proposal and/or to 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.

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 Latest Practicable Date).

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 these management members after completion of the Scheme.

The Offeror entered into the Rollover Agreement with Mr. YU Wu, Mr. SHENG Fang, the Equity Investors Group, WMVL, MTL, HM(PTC)L, each of the Other Management Members Investment Vehicles, Mr. SONG Xiaowu and Mr. XU Xianda, pursuant to which:

- (a) subject to, among others, the Independent Shareholders' approval as set out in the section headed "*Special Deal and 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 if the Petition for the sanction of the Scheme and the confirmation of the capital reduction is dismissed.

SPECIAL DEAL AND INDEPENDENT SHAREHOLDERS' APPROVAL

As the Management Participation arrangements under (a) the Consortium Agreement entered into by the Executive Management Group; and (b) the Rollover Agreement entered into by the relevant Participating Management Shareholders are not offered to all Shareholders, the Management Participation constitutes a special deal and requires the consent of the Executive under Note 3 to Rule 25 of the Takeovers Code. The Offeror and the Joint Offerors have made 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 Extraordinary 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 Extraordinary General Meeting to approve the Management Participation under the Takeovers Code; and (iii) the consent from the Executive to the Management Participation.

REASONS FOR AND BENEFITS OF THE PROPOSAL

You are urged to read carefully the section headed “*14. Reasons for and Benefits of the Proposal*” in Part VII — Explanatory Memorandum of this Scheme Document.

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 Disinterested Shareholders and 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 favour of the Scheme at the Court Meeting and the Proposal and the Management Participation at the Extraordinary 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 the Proposal.

The full text of the letter from the Independent Board Committee is set out in Part V of this Scheme Document.

INDEPENDENT FINANCIAL ADVISER

Anglo Chinese Corporate Finance, Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee in connection with the Proposal, the Scheme and the Management Participation. The appointment of Anglo Chinese Corporate Finance, Limited as the Independent Financial Adviser has been approved by the Independent Board Committee.

The full text of the letter from the Independent Financial Adviser is set out in Part VI of this Scheme Document.

INFORMATION ON THE JOINT OFFERORS**a. Executive Management Group**

The Executive Management Group comprises of Mr. YU Wu, Mr. SHENG Fang, SSL and SBL.

Mr. YU Wu 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 Wu 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 Wu, of which he is the sole beneficiary.

Mr. SHENG Fang 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 Fang 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 Fang, 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 towards 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 is one of the largest alternative asset management institutions focused on China with over US\$17 billion in assets under management as of 31 December 2016. From its roots in private equity, CDH 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 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 Group and ultimately controlled by CDH V Holdings Company Limited as general partner. SCBL is principally engaged in investment holding.

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.

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 three years ended 28 February 2017, 29 February 2016 and 28 February 2015 is as follows:

	For the year ended 28 February 2017	For the year ended 29 February 2016	For the year ended 28 February 2015
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Profit before tax	4,012.9	4,541.2	6,601.4
Profit after tax	2,416.0	2,945.1	4,750.8

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. Each of MTL and HM(PTC)L has not dealt in and will not deal in the securities of the Company since the Announcement Date up to the Effective Date or the date on which the Scheme is not approved or sanctioned or lapses.

INTENTIONS REGARDING THE COMPANY AND ITS EMPLOYEES

Your attention is drawn to the section headed “19. *Intentions regarding the Company and its Employees*” in Part VII — Explanatory Memorandum of this Scheme Document.

The Board (excluding Directors who are regarded as being interested in the Proposal, as set out in the section headed “22. *General*” in Part VII — Explanatory Memorandum of this Scheme Document) has considered the Joint Offerors’ intentions as set out in Part VII — Explanatory Memorandum of this Scheme Document and is of the view that no significant changes are expected to be introduced in the immediate term to the existing principal businesses of the Group and the employees of the Group.

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 does not intend to retain its listing on the Stock Exchange and has made an application for the listing of the Shares to be withdrawn from the Stock Exchange in accordance with Rule 6.15(2) of the Listing Rules, with effect immediately following the Effective Date.

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.

IF THE SCHEME IS NOT APPROVED OR THE PROPOSAL LAPSES

The Scheme will lapse if any of the Conditions has not been fulfilled or waived, as applicable, on or before the Long Stop Date. The listing of the Shares on the Stock Exchange will not be withdrawn if the Scheme does not become effective or the Proposal otherwise lapses.

If the Scheme is not approved or lapses, there are restrictions under the Takeovers Code on making subsequent offers, to the effect that neither the Offeror nor any Offeror Concert Parties in the course of the Proposal (nor any person who is subsequently acting in concert with any of them) may within 12 months from the date on which the Scheme is not approved or lapses announce an offer or possible offer for the Company, except with the consent of the Executive.

If the Scheme is either not recommended by the Independent Board Committee or is not recommended as fair and reasonable by the Independent Financial Adviser, all expenses incurred by the Company in connection with the Scheme shall be borne by the Offeror if the Scheme is not approved.

Shareholders and potential investors should 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.

COURT MEETING AND EXTRAORDINARY GENERAL MEETING**Court Meeting**

In accordance with the directions of the Grand Court, the Court Meeting will be held for the purpose of considering and, if thought fit, passing a resolution to approve the Scheme (with or without modifications).

The Disinterested Shareholders shall be entitled to attend and vote, in person or by proxy, at the Court Meeting. Each of the WMVL Shareholders, *in lieu* of a meeting of themselves to approve the Scheme, has undertaken 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 has also undertaken to the Grand Court to be bound by the Scheme.

At the Court Meeting, the Disinterested Shareholders (other than HKSCC Nominee Limited), present and voting either in person or by proxy, will be entitled to vote all of their respective Scheme Shares in favour of the Scheme or against it. HKSCC Nominees Limited may vote for and against the Scheme in accordance with the instructions received from CCASS Participants (as defined under the General Rules of CCASS).

For the purpose of calculating the “majority in number” requirement at the Court Meeting, each Disinterested Shareholder (other than HKSCC Nominees Limited) shall be counted as one Shareholder voting for or against the Scheme (as applicable) whilst each CCASS Participant who instructs HKSCC Nominees Limited to vote in favour of the Scheme shall be counted for the “majority in number” as a single Shareholder voting in favour of the Scheme, and, if applicable, each such CCASS Participant who instructs HKSCC Nominees Limited to vote against the Scheme shall be counted for the “majority in number” as a single Shareholder voting against the Scheme. HKSCC Nominees Limited itself, as opposed to instructing CCASS Participants, shall not be counted as a Shareholder for the purpose of the calculation of the “majority in number”.

The Scheme is conditional upon, among other things, 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 Scheme 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 Scheme 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.

As regards the voting requirements on the Disinterested Shareholders and Shareholders at the Court Meeting and the Extraordinary General Meeting respectively, please see the section headed “27. *Court Meeting and Extraordinary General Meeting*” in Part VII — Explanatory Memorandum of this Scheme Document.

In accordance with the Companies Law, the “75% in value” requirement, as described above, will be met if the total value of the Scheme Shares being voted in favour of the Scheme is at least 75% of the total value of the Scheme Shares voted at the Court Meeting. In accordance with the Companies Law, the “majority in number” requirement, as described above, will be met if the number of Disinterested Shareholders voting in favour of the Scheme exceeds the number of Disinterested Shareholders voting against the Scheme at the Court Meeting. For the purpose of calculating the “majority in number” requirement, the number of Disinterested Shareholders, present and voting in person or by proxy, will be counted in the manner described above.

Each of MCIL, SCGL and BRVL has given the Certain Disinterested Shareholders Irrevocable Undertaking to the Offeror and the Joint Offerors that, among other things, it will vote in favour of the Scheme at the Court Meeting.

Notice of the Court Meeting is set out in Appendix VII to this Scheme Document. The Court Meeting will be held at 9:30 a.m. (Hong Kong time) on Monday, 17 July 2017 at Crystal Ballroom, Basement 3, Holiday Inn Golden Mile Hong Kong, 50 Nathan Road, Tsim Sha Tsui, Kowloon, Hong Kong.

Extraordinary General Meeting

The Extraordinary General Meeting will be held immediately following the Court Meeting.

All Shareholders whose names appear on the register of members of the Company as at the Meeting Record Date shall be entitled to attend the Extraordinary General Meeting and vote, in person or by proxy, on among other things, (i) the special resolution by Shareholders to approve and give effect to the reduction of the issued share capital of the Company by cancelling and extinguishing the Scheme Shares, (ii) the ordinary resolution by Shareholders to immediately thereafter increase the issued share capital of the Company to the amount prior to the cancellation of the Scheme Shares and apply the reserve created as a result of the aforesaid cancellation of the Scheme Shares to pay up in full at par such number of New Shares as is equal to the number of Scheme Shares cancelled as a result of the Scheme for issue to the Offeror and (iii) the ordinary resolution by the Independent Shareholders to approve the Management Participation.

The special resolution described under (i) in the paragraph above will be passed if not less than 75% of the votes cast by the Shareholders, present and voting in person or by proxy at the Extraordinary General Meeting, are in favour of the special resolution. The ordinary resolution described under (ii) in the paragraph above will be passed if more than 50% of the votes are cast in favour of the ordinary resolution by the Shareholders, present and voting either in person or by proxy, at the Extraordinary General Meeting. The ordinary resolution described under (iii) in the paragraph above will be passed if more than 50% of the votes are cast in favour of the ordinary resolution by the Independent Shareholders, present and voting either in person or by proxy, at the Extraordinary General Meeting.

At the Extraordinary General Meeting, a poll will be taken and each Shareholder or Independent Shareholder (as the case may be) present and voting, either in person or by proxy, will be entitled to vote all of his/her/its Shares in favour of (or against) the special resolution and/or the ordinary resolutions.

Alternatively, such Shareholder or Independent Shareholder (as the case may be) may vote some of his/her/its Shares in favour of the special resolution and/or the ordinary resolutions and any or all of the balance of their Shares against the special resolution and/or the ordinary resolutions (and vice versa).

Each of MCIL, SCGL and BRVL has given the Certain Disinterested Shareholders Irrevocable Undertaking to the Offeror and the Joint Offerors that, among other things, it will vote in favour of the resolutions to be proposed at the Extraordinary General Meeting to approve and give effect to the reduction of the share capital of the Company, the immediate increase in the share capital thereafter and any resolutions proposed at the Extraordinary General Meeting 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).

Each of the WMVL Shareholders has given the WMVL Shareholders Irrevocable Undertaking to the Offeror and the other Joint Offerors that, among other things, it will vote in favour of the resolutions to be proposed at the Extraordinary General Meeting to approve and give effect to the reduction of the share capital of the Company and any resolutions proposed at the Extraordinary General Meeting to assist the implementation of the Scheme or are necessary for the Scheme to become effective.

Notice of Extraordinary General Meeting is set out in Appendix VIII to this Scheme Document. The Extraordinary General Meeting will be held at 10:00 a.m. (Hong Kong time) (or immediately after the conclusion or adjournment of the Court Meeting convened on the same day and place) on Monday, 17 July 2017 at Crystal Ballroom, Basement 3, Holiday Inn Golden Mile Hong Kong, 50 Nathan Road, Tsim Sha Tsui, Kowloon, Hong Kong.

Assuming that the Conditions are fulfilled (or, as applicable, waived in whole or in part), it is expected that the Scheme will become effective on or about Tuesday, 25 July 2017 (Cayman Islands time). Further announcements will be made to give details of the results of the Court Meeting and the Extraordinary General Meeting and, if all the resolutions are passed at those meetings, the outcome of the hearing of the petition for the sanction of the Scheme and the confirmation of the capital reduction by the Grand Court, the Record Date, the Effective Date, and the date of withdrawal of the listing of the Shares on the Stock Exchange.

Your attention is drawn to the section headed “27. *Court Meeting and Extraordinary General Meeting*” in Part VII — Explanatory Memorandum of this Scheme Document.

An announcement will be made by the Company and the Offeror in relation to the results of the Court Meeting and the Extraordinary General Meeting in accordance with Rule 19.1 of the Takeovers Code to the extent applicable. Information on the number of votes cast in favour of the Scheme and the number of CCASS Participants on whose instructions they were cast and the number of votes cast against the Scheme and the number of CCASS Participants on whose instructions they were cast will be included in such announcement.

OVERSEAS SHAREHOLDERS

Your attention is drawn to the section headed “24. *Overseas Scheme Shareholders*” in Part VII — Explanatory Memorandum of this Scheme Document.

ACTIONS TO BE TAKEN

Your attention is drawn to “Part II — Actions to be taken” of this Scheme Document and the section headed “29. *Summary of Actions to be Taken*” in Part VII — Explanatory Memorandum of this Scheme Document.

RECOMMENDATION

Your attention is drawn to “Part V — Letter from the Independent Board Committee” of this Scheme Document which sets out the advice from the Independent Board Committee to the Disinterested Shareholders and the Independent Shareholders in connection with the Proposal, the Scheme and the Management Participation and “Part VI — Letter from the Independent Financial Adviser” of this Scheme Document which sets out the advice from the Independent Financial Adviser to the Independent Board Committee in connection with the Proposal, the Scheme, the Management Participation, and the principal factors taken into consideration in arriving at its recommendations.

The Independent Financial Adviser has advised the Independent Board Committee that it considers that, as far as the Disinterested Shareholders and the Independent Shareholders are concerned, the terms of the Proposal, the Scheme and the Management Participation are fair and reasonable, and accordingly, it advises the Independent Board Committee to recommend the Disinterested Shareholders and the Independent Shareholders (as the case may be) to vote in favour of the relevant resolutions to be proposed at the Court Meeting and the Extraordinary General Meeting to approve and implement the Proposal, the Scheme and the Management Participation.

The Independent Board Committee, having been so advised, considers that, as far as the Disinterested Shareholders and the Independent Shareholders are concerned, the terms of the Proposal, the Scheme and the Management Participation are fair and reasonable. Accordingly, the Independent Board Committee recommends the Disinterested Shareholders and the Independent Shareholders (as the case may be) to vote in favour of the relevant resolutions to be proposed at the Court Meeting and the Extraordinary General Meeting to approve and implement the Proposal, the Scheme and the Management Participation.

REGISTRATION AND PAYMENT

Your attention is drawn to the section headed “23. *Registration and Payment*” in Part VII — Explanatory Memorandum of this Scheme Document.

TAXATION AND INDEPENDENT ADVICE

Your attention is drawn to the section headed “25. *Taxation*” in Part VII — Explanatory Memorandum of this Scheme Document.

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

FURTHER INFORMATION

You are urged to read carefully the letters from the Independent Board Committee and from the Independent Financial Adviser, as set out in Parts V and VI of this Scheme Document, respectively, the Explanatory Memorandum as set out in Part VII of this Scheme Document, the Appendices to this Scheme Document, the Scheme as set out in Appendix VI to this Scheme Document, the notice of Court Meeting as set out in Appendix VII to this Scheme Document and the notice of Extraordinary General Meeting as set out in Appendix VIII to this Scheme Document. In addition, a **pink** form of proxy for the Court Meeting and a **white** form of proxy for the Extraordinary General Meeting are enclosed with copies of this Scheme Document sent to the Registered Owners.

Yours faithfully
For and on behalf of the board of
Belle International Holdings Limited
SHENG Baijiao
CEO & Executive Director

**BELLE INTERNATIONAL HOLDINGS LIMITED**
百麗國際控股有限公司

(Incorporated in the Cayman Islands as an exempted company with limited liability)

(Stock Code: 1880)

Members of the Independent Board Committee:

Mr. HO Kwok Wah, George
Mr. CHAN Yu Ling, Abraham
Dr. XUE Qiuzhi
Mr. GAO Yu

Registered office:

P.O. Box 31119
Grand Pavilion, Hibiscus Way
802 West Bay Road, Grand Cayman
KY1-1205, Cayman Islands

24 June 2017

To: the Disinterested Shareholders and the Independent Shareholders

Dear Sir or Madam,

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

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

(3) SPECIAL DEAL RELATING TO MANAGEMENT PARTICIPATION

We refer to the document dated 24 June 2017 jointly issued by the Offeror and the Company in relation to the Proposal (the “**Scheme Document**”), of which this letter forms part. Terms defined in the Scheme Document shall have the same meanings in this letter unless the context otherwise requires.

We have been appointed by the Board as the Independent Board Committee to make a recommendation to the Disinterested Shareholders and the Independent Shareholders (as the case may be) in respect of the Proposal, the Scheme and the Management Participation, respectively, details of which are set out in “Part IV — Letter from the Board” and “Part VII — Explanatory Memorandum” of the Scheme Document.

PART V LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Anglo Chinese Corporate Finance, Limited, the Independent Financial Adviser, has been appointed with our approval, to advise us in connection with the Proposal, the Scheme and the Management Participation. The details of its advice and the principal factors taken into consideration in arriving at its recommendations are set out in “*Part VI — Letter from the Independent Financial Adviser*” of the Scheme Document.

In the letter from the Independent Financial Adviser set out in Part VI of the Scheme Document, the Independent Financial Adviser states that it considers that the terms of each of the Proposal, the Scheme and the Management Participation are fair and reasonable as far as the Disinterested Shareholders and the Independent Shareholders (as the case may be) are concerned, and advises the Independent Board Committee to recommend the Disinterested Shareholders and the Independent Shareholders (as the case may be) to vote in favour of the relevant resolutions to be proposed (i) at the Court Meeting and the Extraordinary General Meeting to approve and implement the Scheme; and/or (ii) at the Extraordinary General Meeting to approve the Management Participation.

The Independent Board Committee, having considered the terms of the Proposal, the Scheme and the Management Participation, and having taken into account the opinion of the Independent Financial Adviser, and in particular the factors, reasons and recommendations set out in its letter in Part VI of the Scheme Document, considers that, as far as the Disinterested Shareholders and the Independent Shareholders (as the case may be) are concerned, the terms of each of the Proposal, the Scheme and the Management Participation are fair and reasonable.

Accordingly, the Independent Board Committee recommends:

- (a) at the Court Meeting, the Disinterested Shareholders to vote in favour of the Scheme; and
- (b) at the Extraordinary General Meeting:
 - (i) the Shareholders to vote in favour of:
 - (1) the special resolution to approve and give effect to the reduction of the issued share capital of the Company by cancelling the Scheme Shares; and
 - (2) the ordinary resolution to immediately thereafter increase the issued share capital of the Company to the amount prior to the cancellation of the Scheme Shares and apply the reserve created as a result of the aforesaid cancellation of the Scheme Shares to pay up in full at par such number of Shares as is equal to the number of Scheme Shares cancelled as a result of the Scheme for issue to the Offeror; and
 - (ii) the Independent Shareholders to vote in favour of the ordinary resolution to approve the Management Participation.

The Independent Board Committee draws the attention of the Disinterested Shareholders and the Independent Shareholders to (i) the letter from the Board set out in Part IV of the Scheme Document;

PART V LETTER FROM THE INDEPENDENT BOARD COMMITTEE

(ii) the letter from the Independent Financial Adviser, which sets out the factors and reasons taken into account in arriving at its recommendation to the Independent Board Committee, set out in Part VI of the Scheme Document; and (iii) the Explanatory Memorandum set out in Part VII of the Scheme Document.

Yours faithfully,
The Independent Board Committee

HO Kwok Wah, George

CHAN Yu Ling,
Abraham

XUE Qiuzhi

GAO Yu

*Independent non-
executive Director*

Independent non-
executive Director

Independent non-
executive Director

Independent non-
executive Director

ANGLO CHINESE

CORPORATE FINANCE, LIMITED
www.anglochinesegroup.com

40th Floor, Two Exchange Square, 8 Connaught Place, Central, Hong Kong

24 June 2017

To the Independent Board Committee, the Independent Shareholders

Dear Sirs,

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

**(2) PROPOSED WITHDRAWAL OF LISTING OF
BELLE INTERNATIONAL HOLDINGS LIMITED**

(3) SPECIAL DEAL RELATING TO MANAGEMENT PARTICIPATION

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee in relation to the Proposal and the Management Participation. Details of the Proposal and Management Participation are set out in the Scheme Document. The Management Participation constitutes a special deal under Rule 25 of the Takeovers Code. Expressions used in this letter have the same meanings as defined in the Scheme Document, unless the context requires otherwise.

On 28 April 2017, the Offeror and the Company jointly announced that the proposed privatisation of the Company by way of a scheme of arrangement. If the Proposal is approved, the holders of the Scheme Shares will receive HK\$6.30 in cash per Scheme Share and the listing of the Shares on the Stock Exchange will be withdrawn. As at the Latest Practicable Date, the Disinterested Shareholders held an aggregate of 7,192,239,398 Shares, representing approximately 85.27% of the entire issued share capital of the Company.

Also on 28 April 2017, the Consortium Agreement and Rollover Agreement were signed which enable Mr. Yu Wu and Mr. Sheng Fang, and Participating Management Shareholders to indirectly retain their respective interests in the Company.

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Ho Kwok Wah, George, Mr. Chan Yu Ling, Abraham, Dr. Xue Quizhi and Mr. Gao Yu,

PART VI LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

has been established to advise the Independent Shareholders in connection with the Proposal and the Management Participation. Pursuant to Rule 2.1 of the Takeovers Code, the Independent Board Committee has approved the appointment of Anglo Chinese Corporate Finance, Limited as the Independent Financial Adviser to the Independent Board Committee in this regard.

In formulating our recommendation, we have relied on the information and facts supplied, and the opinions expressed, by the Company. We have also assumed that the information and representations contained or referred to in the Scheme Document were true and accurate at the time they were made and continued to be so at the Latest Practicable Date. We have reviewed the published information on the Company and the trading performance of the Shares on the Stock Exchange. We have sought and received confirmation from the Directors that no material facts have been omitted from the information supplied and opinions expressed by them. The Company will notify the Shareholders of any material changes during the offer period (as defined under the Takeovers Code) as soon as possible in accordance with Rule 9.1 of the Takeovers Code. Independent Shareholders will also be notified of any material changes to such information provided and our opinion as soon as practicable throughout the offer period (as defined under the Takeovers Code). We consider that we have reviewed sufficient information to reach an informed view, to justify reliance on the accuracy of the information contained in the Scheme Document and to provide a reasonable basis for our opinion and advice. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Company. We have not, however, conducted an independent investigation into the business and affairs of the Group or the Offeror or the associates of either of them, nor have we carried out any independent verification of the information supplied.

We have also not considered the tax, regulatory and other legal implications on the Independent Shareholders, in respect of the Proposal, since these depend on their individual circumstances. In particular, the Independent Shareholders, who are overseas residents or subject to overseas taxation or Hong Kong taxation on securities dealings should consider their own tax position and, if in any doubt, should consult their own professional advisers.

PRINCIPAL TERMS OF THE PROPOSAL AND MANAGEMENT PARTICIPATION

The Scheme

Under the Proposal put forward to the Scheme Shareholders, if approved and implemented, the Scheme will result in the Company being privatised and the Shares withdrawn from listing on the Stock Exchange. If effected, under the Scheme (i) each Scheme Share held by the Disinterested Shareholders will be cancelled in exchange for the Cancellation Consideration Price; (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.

For each Scheme Share HK\$6.30 in cash

The Offeror has stated that it will not increase the Cancellation Consideration Price and does not reserve the right to increase the Cancellation Consideration Price.

PART VI LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Irrevocable Undertakings

Mr. Yu Wu and Mr. Sheng Fang are members of the Joint Offerors and executive Directors. Each, together with SSL and SBL which are companies controlled by each of them, have given irrevocable undertakings to vote in favour of the resolutions to be proposed at the Extraordinary General Meeting to approve the Scheme. SSL and SBL hold approximately 2.20% and 0.46% of the issued share capital of the Company respectively.

Mr. Tang Yiu, the Chairman and non-executive Director; Mr. Tang Wai Lam, a non-executive Director; and Mr. Sheng Baijiao, an executive Director and CEO of the Company have each given irrevocable undertakings to vote in favour of the Scheme at the Court Meeting and vote in favour of the resolutions to be proposed at the Extraordinary General Meeting to approve the Scheme. Mr. Tang Yiu and Mr. Tang Wai Lam hold their interests through MCIL, which holds approximately 20.76% of the total issued share capital of the Company. Mr. Sheng Baijiao holds his interests through SCGL and BRVL, which holds approximately 0.89% and 4.09% of the total issued share capital of the Company, respectively.

The Consortium Agreement

Mr. Yu Wu, Mr. Sheng Fang, WMVL, HHCDR GP, Hillhouse HHBH, Hillhouse HHBG, CDH V Holdings Company Limited (the general partner of CDH Fund V) and SCBL entered into an agreement whereby they have jointly agreed that (a) all material decision will be made by the key sponsors of this group; (b) Mr. Yu Wu and Mr. Sheng Fang undertake and agree to the cancellation of their Shares under the Scheme for the WMVL Cancellation Consideration; and (c) the equity ownership of Topco shall be determined by reference to the value of the proportional contribution of the WMVL Shareholders, the Participating Management Shareholders and the Equity Investors Group.

The Rollover Agreement

The Participating Management Shareholders hold directly and indirectly 1,017,341,192 Shares in aggregate, representing approximately 12.06% of the total issued share capital of the Company. Under the Rollover Agreement, these Rollover Shares will be transferred to the Offeror in consideration for the same number of shares in WMVL. The Participating Management Shareholders include members of the senior management which currently oversee the operations of the Group. The Rollover Agreement is subject to the Scheme becoming effective, among other things.

For further details of the Scheme, Irrevocable Undertakings, Consortium Agreement and Rollover Agreement, please refer to the “Letter from the Board” and the “Explanatory Memorandum” which form part of the Scheme Document.

PRINCIPAL FACTORS AND REASONS CONSIDERED FOR THE PROPOSAL

Reasons and benefits of the Proposal

The Group engages in the business of manufacturing, distribution and retailing of footwear, and the sales of sportswear and apparel. Over the last three financial years, revenues of the Group’s owned

PART VI LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

brands and licenced brands of footwear have declined each year. In the Company's listing prospectus, its keys to success and strengths were (i) extensive directly control and managed nationwide retail network in China; (ii) successful multi-brand strategy in the PRC footwear industry; (iii) market-oriented and responsive supply chain; (iv) overall centralised control complemented by localised management across the Company's retail sales regions; (v) experienced management team and performance-based incentive program; and (vi) economies of scale. Many of these strengths relate to the retail distribution of footwear through the department store channel. However, e-commerce platforms have been gaining market share with attractive pricing, large selection of products and convenience to the consumer. The Company believes that there has been a significant reduction in foot traffic in department stores as a result of competition from both e-commerce and other retail channels such as shopping malls. Hence, with its dependence on department stores for retail distribution, the Group's footwear business has deteriorated materially. The Company believes that a fundamental transformation is necessary to maintain its market position in the Chinese ladies footwear market. Although the Company has explored a variety of initiatives to adapt to the shifting market dynamics, substantive positive impact has been rather limited.

The Executive Management Group and the Equity Investors Group plan to invest capital and resources to develop new retail models and pursue a series of transformative and innovative initiatives. The Equity Investors Group are comprised of large investment institutions with resources and experience to help the Company with its transformation into new distribution models. Hillhouse Capital has the experience in investing and operating in the consumer and the technology, media and telecom sectors, among others. Its investments include many leading PRC internet companies and e-commerce platforms including Baidu, Tencent, JD.com, Airbnb and GrabTaxi. If the Proposal is approved and the Scheme becomes effective, the Equity Investors Group will hold approximately 68.87% of the Company, in aggregate, and as the controlling shareholder group will be fully motivated to the long-term growth of the business.

Financial performance of the Company

For the year ended 28 February 2017, the footwear business of the Group experienced a further decline in sales to approximately RMB18,960.0 million with sales from the sportswear and apparel business becoming the larger business segment, reporting approximately RMB22,746.5 million in sales. In other words, for the period, footwear contribution to total sales was approximately 45.46% falling from 51.66% in the previous year. However, segment results from the footwear business still remain the major contributor at approximately RMB2,979.3 million, representing approximately 61.71% of the total results from reportable segments. Total gross margins fell to approximately 54.32% from 56.28%, reflecting the lower margins from the sportswear and apparel business which is in the form of retail distribution compared to the higher margin footwear business consisting of Company-owned brands with a vertically integrated business model, as well as licensed and distribution brands.

Overall, total revenues for the year ended 28 February 2017 were approximately RMB 41,706.5 million, representing an increase of approximately 2.25% from the previous financial year. Operating profit and profit for the year were approximately RMB3,555.2 million and RMB2,416.0 million, respectively, representing a decrease of approximately 15.38% and 17.97%. For the second financial year in a row, an impairment charge was made against the Group's intangible assets. Such intangible

PART VI LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

assets mainly relate to goodwill and other intangible assets from the previous acquisitions of Mirabell and Senda, which are footwear brands of the Group. Further, a non-recurring gain was recorded for the gain on partial disposal and dilution of interest in Baroque Japan Limited, an associated company of the Group, due to its listing on the Tokyo Stock Exchange in November 2016.

The following are the financial results of the Group for the last three financial years.

	For the year ended		
	28 February 2015	29 February 2016	28 February 2017
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>
Revenue (total)	40,008.1	40,790.2	41,706.5
Shoes and footwear products	23,037.0	21,074.2	18,960.0
Sportswear and apparel products	16,971.1	19,716.0	22,746.5
Segment results (total)	6,300.6	5,686.3	4,827.9
Shoes and footwear products	5,087.8	3,943.9	2,979.3
Sportswear and apparel products	1,212.8	1,742.4	1,848.6
Operating Profit	6,193.7	4,201.5	3,555.2
Profit before tax	6,601.4	4,541.2	4,012.9
Profit for the year	4,750.8	2,945.1	2,416.0
Profit attributable to equity holders of the Company	4,763.9	2,934.1	2,403.4

Sources: the annual reports of the Company

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	As at		
	28 February 2015	29 February 2016	28 February 2017
	<i>RMB million</i> <i>(audited)</i>	<i>RMB million</i> <i>(audited)</i>	<i>RMB million</i> <i>(audited)</i>
Non-current assets	11,802.6	10,708.3	9,802.3
Current assets	<u>20,733.9</u>	<u>20,346.5</u>	<u>21,943.3</u>
Total assets	<u>32,536.5</u>	<u>31,054.8</u>	<u>31,745.6</u>
Non-current liabilities	251.9	173.4	84.7
Current liabilities	<u>7,162.5</u>	<u>5,595.4</u>	<u>5,037.3</u>
Total liabilities	<u>7,414.4</u>	<u>5,768.8</u>	<u>5,122.0</u>
Net current assets	<u>13,571.4</u>	<u>14,751.1</u>	<u>16,906.0</u>
Total equity	<u>25,122.1</u>	<u>25,286.0</u>	<u>26,623.6</u>
Net asset value (NAV) per share attributable to equity holders of the Company (RMB/Share)	<u>2.96</u>	<u>2.97</u>	<u>3.14</u>

Sources: the annual reports and announcements of annual results of the Company

Share price and trading volume

The closing price of the Shares as quoted on the Stock Exchange on the Last Trading Day was HK\$5.2700. The Cancellation Consideration Price of HK\$6.30 per Share represents:

- (i) a premium of approximately 19.54% over the closing price of HK\$5.2700 per Share as quoted on the Stock Exchange on 13 April 2017, being the Last Trading Day;
- (ii) a premium of approximately 3.79% over the closing price of HK\$6.0700 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (iii) a premium of approximately 23.34% over the average closing price of approximately HK\$5.1080 per Share as quoted on the Stock Exchange for the last 5 consecutive trading days up to and including Last Trading Day;
- (iv) a premium of approximately 23.60% over the average closing price of approximately HK\$5.0970 per Share as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including Last Trading Day;

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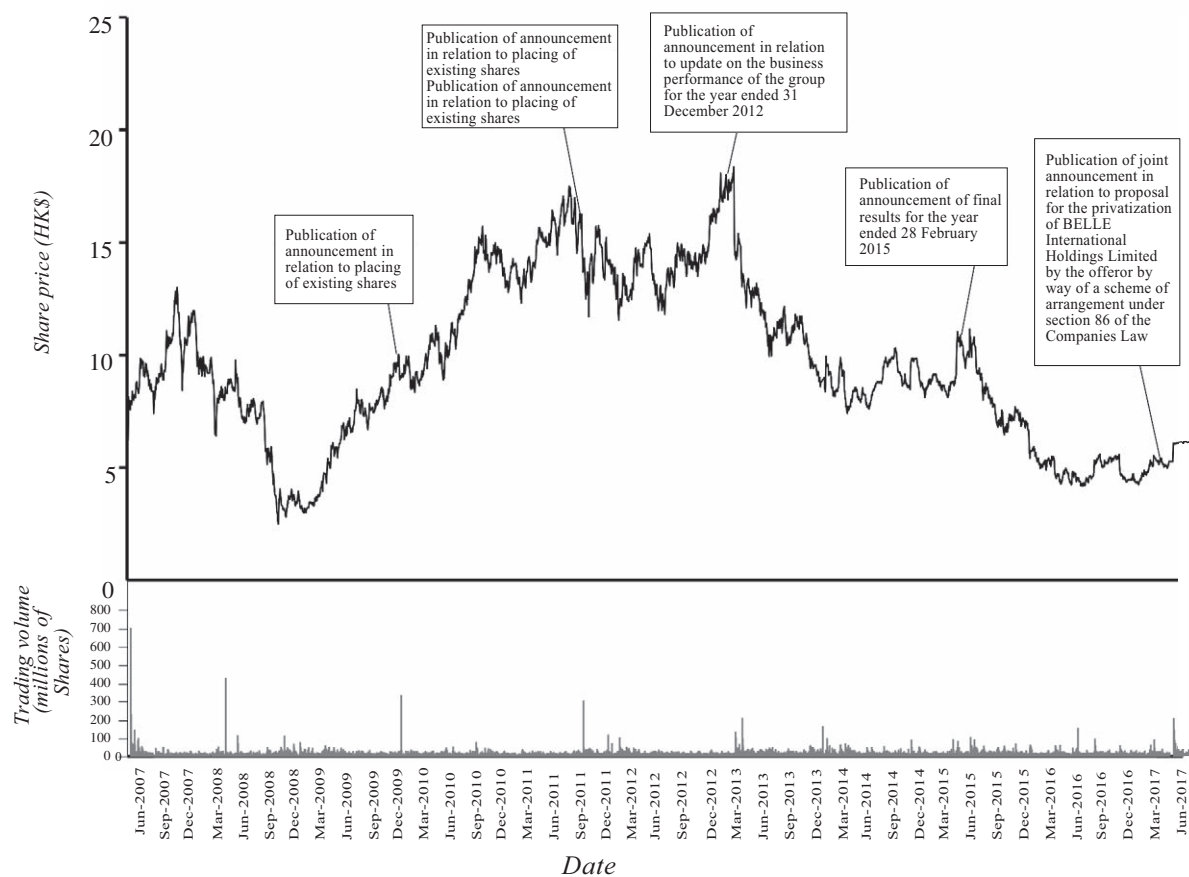
- (v) a premium of approximately 21.47% over the average closing price of approximately HK\$5.1863 per Share as quoted on the Stock Exchange for the last 30 consecutive trading days up to and including Last Trading Day;
- (vi) a premium of approximately 28.38% over the average closing price of approximately HK\$4.9073 per Share as quoted on the Stock Exchange for the last 90 consecutive trading days up to and including Last Trading Day;
- (vii) a premium of approximately 75.46% over the audited consolidated net asset value of the Group attributable to equity holders of approximately RMB3.1389 per Share as at 28 February 2017 (equivalent to approximately HK\$3.5905) (based on the audited consolidated net asset value of the Group attributable to equity holders as at 28 February 2017 as disclosed in the annual report of the Company for the year ended 28 February 2017, the number of issued Shares as at the Latest Practicable Date and the RMB to HK\$ exchange rate of RMB0.87422 to HK\$1, being the exchange rate as quoted by the People's Bank of China as at the Latest Practicable Date); and
- (viii) a premium of approximately 69.59% over the adjusted unaudited consolidated net asset value of the Group attributable to equity holders of approximately RMB3.2475 per Share as at 30 April 2017 (equivalent to approximately HK\$3.7148) (based on the audited consolidated net asset value of the Group attributable to equity holders as at 28 February 2017 as disclosed in the annual report of the Company for the year ended 28 February 2017, adjusted for the valuation report on the properties of the Group dated 30 April 2017 and the expected tax payable upon sale, the number of issued Shares as at the Latest Practicable Date and the RMB to HK\$ exchange rate of RMB0.87422 to HK\$1, being the exchange rate as quoted by the People's Bank of China as at the Latest Practicable Date)¹.

The Cancellation Consideration Price is subject to adjustment if the final dividend amount to be declared by the Company for the year ended 28 February 2017 exceeds RMB0.06. On 15 May 2017, the Company announced that the Board recommended a final dividend of RMB0.06 and hence no adjustment to the Cancellation Consideration Price need be made.

¹ According the property valuation report by Jones Lang LaSalle Corporate Appraisal and Advisory Limited ("JLL") as set out in Appendix II of the Scheme Document, certain portions of the properties of the Group were given no commercial value due to reasons, including various deficiencies in the land title registration. JLL has provided a depreciated replacement cost/capital value for these portions of the properties on the assumption that the title certificates have been obtained and these portions of properties are freely transferable. The adjusted unaudited consolidated net asset value of the Group includes the aggregate depreciated replacement cost/capital value of these portions of properties. The aggregate depreciated replacement cost/capital value of these portions of properties amounts to RMB965,960,000, representing approximately 14.35% of the value of all the properties of the Group.

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The following is a chart of the trading prices and trading volume of the Shares since listing in 2007.



Source: Bloomberg

The daily closing price of the Shares reached its peak of HK\$18.36 in early 2013, prior to the announcement of the financial results for the year ended 31 December 2012. Since then, slowing growth and falling margins, among other things, have been reflected in the declining share price.

Cancellation consideration analysis

(i) *Comparable company analysis*

We have looked at Hong Kong listed companies which are comparable to the Company, focusing our analysis on the price-to-earnings ratio (“**PE ratio**”), enterprise value to earnings before interest, tax, depreciation and amortisation ratio (“**EV/EBITDA ratio**”) and other metrics as shown in the table below.

As illustrated in the section headed “Financial performance of the Company” above, the Group derived its revenue from two main business segments in the PRC, which were the footwear segment and sportswear and apparel segment, for the past three financial years. Having considered the financial performance and position of the Group, the companies we have identified below, in which their shares are listed on the Stock Exchange, engage primarily in these same two segments in the PRC. We have reviewed the list to assess if each company is reasonably comparable to the Group. Companies with market capitalisation of less than HK\$1 billion as at the date of the Joint Announcement, have been filtered out, with no other companies being excluded except as mentioned below. The market capitalisation of the Company as at the date of the Joint Announcement was approximately HK\$53.1 billion based on 8,434,233,000 Shares in issue as at the date of the Joint Announcement and the Cancellation Consideration Price of HK\$6.30. Based on the above criteria, the below seven comparable companies represent a comprehensive and exhaustive list providing a fair and representative benchmark for assessing the Cancellation Consideration Price. C.banner International Holdings Limited (“**C.banner**”) was excluded from this list as in addition to its footwear business, C.banner also manufactures and distributes toys. It announced its expansion into the toy business in October 2015 by an acquisition. Prior to the expansion into the toy business, C.banner had trading in the range of 16 to 18 times earnings compared to approximately 26.50 times at which it currently trades. Shareholders should note that the business, operation and prospect of the Company are not exactly the same as the companies we have selected, and we have not conducted any in-depth investigation into business and operations of the selected companies save for the aforesaid selection criteria. Nevertheless, the companies selected below can still be a meaningful reference in assessing the fairness and reasonableness of the Cancellation Consideration Price.

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Ticker	Company Name	Price per	Market	EV/EBITDA		
		share as at the Latest Practicable Date	Capitalisation as at the Latest Practicable Date	PE ratio (note 3) (times)	ratio (note 4) (times)	PB ratio (note 5) (times)
		(HK\$)	(HK\$ million)			
210.HK	Daphne International Holdings Limited	0.81	1,335.8	N/A	N/A	0.40
738.HK	Le Saunda Holdings Limited	1.68	1,185.9	13.83	2.40	0.79
1361.HK	361 Degrees International Limited	2.77	5,727.3	12.43	2.49	0.94
1368.HK	Xtep International Holdings Limited	2.94	6,527.3	10.81	3.92	1.15
2020.HK	ANTA Sports Products Limited	23.80	63,864.9	23.40	14.52	5.85
2331.HK	Li Ning Company Limited	6.00	13,046.3	17.73	14.62	2.86
3813.HK	Pou Sheng International (Holdings) Limited	1.37	7,313.0	11.40	6.46	1.05
			Maximum	23.40	14.62	5.85
			Minimum	10.81	2.40	0.40
			Average	14.93	7.40	2.11
			Median	13.13	5.19	1.05
1880.HK	Belle International Holdings Limited — based on the Last Trading Day (note 1)	5.27	44,448.4	15.49	6.53	1.47
	Belle International Holdings Limited — based on the Proposal (note 2)	6.30	53,135.7	19.33	7.71	1.75

Sources: Bloomberg, the annual reports and announcements of annual results of relevant companies, and the website of the Stock Exchange

Notes:

- As of the Last Trading Day, the preliminary annual results of the Company for the year ended 28 February 2017 had not been announced. Hence, the PE ratio, EV/EBITDA ratio and PB ratio has been based on the last twelve months financial information available at that time.
- The Cancellation Consideration Price was used to determine the price per share, market capitalisation, PE ratio, EV/EBITDA ratio and PB ratio.

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3. The PE ratios of the comparable companies were calculated based on the market capitalisation on the Latest Practicable Date, divided by the last twelve months earnings of the relevant companies on the Latest Practicable Date.
4. The EV/EBITDA ratios of the comparable companies were calculated based on the market capitalisation on the Latest Practicable Date plus total borrowings, minority interest and preference shares, minus total cash and cash equivalents, divided by earnings before interest, tax, depreciation and amortisation.
5. The PB ratios of the comparable companies were calculated based on the market capitalisation on the Latest Practicable Date, divided by its total book value attributable to equity holders of the relevant companies.
6. The amounts denominated in RMB in the annual reports of the comparable companies have been converted into HK\$ at the exchange rate of RMB0.87422 to HK\$1, being the exchange rate as quoted by the People's Bank of China as at the Latest Practicable Date.

The Cancellation Consideration Price represents around 19.33 times the profit attributable to equity holders of the Company for the year ended 28 February 2017. This earnings multiple compares favourably to the median multiples of the comparables, being some 13.13 times. The average earnings multiple of the comparables is around 14.93 times.

Similarly, the EV/EBITDA ratio represented by the Cancellation Consideration Price is around 7.71 times compares slightly favourable to the median and average of the comparables of around 5.19 and 7.40 times, respectively.

The price-to-book ratio (“**PB ratio**”) is not normally good indicator of value for companies operating in the branded retail sector, hence we have not given much consideration to this multiple. That said, we do note that the Cancellation Consideration Price represents approximately 1.75 times the net assets of the Company as at 28 February 2017.

(ii) *Comparable transaction analysis*

The table below sets out recent privatisation proposals in Hong Kong. The list consists of all privatisations by scheme of arrangement in Hong Kong over the prior five years² and includes companies across all industries and market capitalisation sizes. The list is exhaustive and is a fair representation of transactions comparable to the Proposal. The median premium to the last trading date, last 30 days and the reported net asset value of the recent transactions is approximately 32.38%, 45.05%, and 101.46%, respectively, for those companies which were successfully privatised. For the companies which were not successfully privatised, the median premiums were approximately 28.44%, 44.44%, and a discount of approximately 12.87%. The premium represented by the Cancellation Consideration Price is approximately 19.54%, 21.47%, and 75.46%, and on the face of it does not compare favourably to the medians of successful privatisations. However, it should be noted that the premiums to trading price for successful and unsuccessful privatisations is actually very similar. We believe this illustrates that the merits of a privatisation proposal are not solely based on the premium to market, but also take into consideration the specifics of each individual company. The companies which were not successfully privatised were mostly asset based businesses, which the discount to net asset value seems to have been a significant detracting factor.

² A five-years period was chosen, which represented a fair sample size while reflecting current market conditions.

Ticker	Company Name	Industry	Market Capitalisation at offer/cancellation price (HK\$ million)	Date of initial announcement	Offer/cancellation price per share (HK\$)	Premium/discount to Last Trading Date	Premium/discount to last 30 days	Premium/discount to reported NAV	Offeror and concert parties' shareholding		
									Privatised	% owned before	% owned after
963.HK	Bloomage BioTechnology Corporation Limited	Medical	5,946.75	19 June 2017	\$16.30	13.99%	24.43%	233.33%	TBD	50.36%	TBD
319.HK	China Metal International Holdings Inc.	Materials	3,002.07	29 May 2017	\$3.01	27.54%	25.94%	27.54%	TBD	59.87%	TBD
1136.HK	TCC International Holdings Limited	Materials	13,291.83	20 April 2017	\$3.60	38.50%	51.00%	-4.10%	TBD	65.32%	TBD
98.HK	Xingfa Aluminium Holdings Limited	Materials	1,546.60	22 September 2016	\$3.70	24.58%	35.17%	-18.04%	No	72.56%	72.56%
1833.HK	Intime Retail (Group) Company Limited	Retail	27,221.86	10 January 2017	\$10.00	42.25%	51.77%	60.86%	Yes	45.70%	98.45%
3668.HK	Chinalco Mining Corporation International	Mining	16,426.72	23 September 2016	\$1.39	32.40%	33.70%	239.00%	Yes	85.75%	100.00%
1438.HK	Nirvana Asia Ltd	Funeral	8,097.91	8 July 2016	\$3.00	22.40%	36.40%	215.79%	Yes	42.69%	100.00%
1768.HK	Bracell Limited	Chemical	7,800.84	17 June 2016	\$2.28	44.30%	132.00%	-14.80%	Yes	83.69%	100.00%
2618.HK	TCL Communication Technology Holdings Limited	Information Technology	9,589.81	12 June 2016	\$7.50	34.65%	47.06%	135.11%	Yes	69.04%	100.00%
477.HK	Aupu Group Holding Company Limited	Manufacturing	2,837.99	29 May 2016	\$2.71	24.90%	29.70%	292.80%	Yes	55.53%	100.00%
3386.HK	Dongpeng Holdings Company Limited	Manufacturing	5,680.99	4 February 2016	\$4.48	31.76%	46.89%	67.80%	Yes	73.81%	100.00%
1390.HK	econtext Asia Limited	Information Technology	2,121.69	26 February 2015	\$4.09	41.00%	59.90%	37.25%	Yes	58.70%	100.00%
1997.HK	Regent Manner International Holdings Limited	Technology	3,869.58	8 May 2014	\$1.80	32.35%	37.51%	19.13%	Yes	74.86%	100.00%

Ticker	Company Name	Industry	Market Capitalisation at offer/cancellation price (HK\$ million)	Date of initial announcement	Offer/cancellation price per share (HK\$)	Premium/discount to Last Trading Date	Premium/discount to last 30 days	Premium/discount to reported NAV	Offeror and concert parties' shareholding		
									Privatised	% owned before	% owned after
917.HK	New World China Land Limited	Property	59,028.30	13 March 2014	\$6.80	32.30%	53.70%	1.80%	No	72.05%	72.05%
1633.HK	Magic Holdings International Limited	Consumer retail	6,538.72	2 August 2013	\$6.30	24.80%	25.70%	272.78%	Yes	0.01%	100.00%
845.HK	Glorious Property Holdings Limited	Property	14,026.76	21 November 2013	\$1.80	45.20%	56.50%	-39.00%	No	68.19%	68.19%
893.HK	China Vanadium Titano-Magnetite Mining Company Limited	Mining	4,004.75	5 November 2012	\$1.93	16.00%	17.00%	-7.70%	No	49.33%	49.33%
535.HK	Frasers Property (China) Limited	Property	1,917.83	8 May 2012	\$0.28	47.40%	62.80%	-19.30%	No	73.96%	73.96%
1135.HK	Asia Satellite Telecommunications Holdings Limited	Telecom	9,193.09	2 April 2012	\$23.50	23.70%	29.10%	37.70%	No	74.70%	74.70%
1688.HK	Alibaba.com Limited	Services	67,568.47	21 February 2012	\$13.50	45.90%	58.80%	638.85%	Yes	73.41%	100.00%
3938.HK	Samling Global Limited	Resources	3,263.81	30 January 2012	\$0.76	5.60%	43.20%	-30.25%	Yes	60.84%	100.00%
					Average	31.02%	45.63%	102.22%			
					Median	32.30%	43.20%	37.25%			
					Average for successful privatisation	31.86%	50.22%	161.19%			
					Median for successful privatisation	32.38%	45.05%	101.46%			
					Average for unsuccessful privatisation	31.53%	42.38%	-7.42%			
					Median for unsuccessful privatisation	28.44%	44.44%	-12.87%			
1880.HK	Belle International Holdings Limited	Footwear	53,135.67	28 April 2017	\$6.30	19.54%	21.47%	75.46%	TBD	2.66%	TBD

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Additionally, strong consideration must be given to the fact that the Equity Investors Group will become the controlling Shareholder if the Proposal is successful, holding approximately 68.87%. The Equity Investor Group is an outside party to Mr. Tang Yiu, who is the founder of the Group, and Mr. Tang Wai Lam, who is a Director and cousin to Mr. Tang Yiu. Together, Mr. Tang Yiu and Mr. Tang Wai Lam are the current existing largest Shareholder group. All the privatisation proposals listed in the table, except for one, were proposals offered by the existing controlling shareholder of the company. This is the usual case. Such proposals may have issues or perceptions that the controlling shareholder may be making the offer at an opportunistic time and hence an attractive premium is expected to entice the independent shareholders. Mr. Tang Yiu and Mr. Tang Wai Lam, among many of the Directors which are Shareholders, have given irrevocable undertakings to vote in favour of the Proposal by the Offeror. Mr. Tang Yiu and Mr. Tang Wai Lam are not connected to the Offeror, nor have been otherwise incentivised to approve the Proposal, other than the terms of the Proposal as presented to all the Disinterested Shareholders. Hence, we believe their irrevocable undertakings can be taken as their view that the Cancellation Consideration Price is commercial and fair. The privatisation proposal in the list that was not made by its existing controlling shareholder, was for Magic Holdings International Limited, which was approved and privatised. The premiums to trading prices for that offer are not dissimilar to the premiums for the Cancellation Consideration Price.

Finally, we do not put significant weight to the premium to net asset value represented by the Cancellation Consideration Price given the nature of the business of the Group as a retailer of branded goods.

PRINCIPAL FACTORS AND REASONS CONSIDERED FOR THE MANAGEMENT PARTICIPATION**Reasons and benefits of the Management Participation**

Under the Consortium Agreement, Mr. Yu Wu and Mr. Sheng Fang have agreed, among other things, to the cancellation of their approximately 2.20% and 0.46% respective interests in the Shares under the Scheme in consideration for the WMVL Cancellation Consideration. This will enable them to retain their interests in the Company indirectly through WMVL if the Proposal is approved and effected. Both Mr. Yu Wu and Mr. Sheng Fang are executive Directors and have been with the Group for over 11 years. Both are also members of the Joint Offerors which are proposing the privatisation and transformation of the Group. Hence, as Joint Offerors they support the proposed vision for the Group under a successful privatisation and wish to participate financially if the transformation is successful in the long term. With their experience and knowledge of the Group's business, they are in a position to help the Equity Investors Group work towards a successful transformation.

The Participating Management Shareholders include the Other Management Members which comprise of senior management of the Group that are responsible for the day-to-day operations of the Group and entities which hold Shares pursuant to the share award scheme of the Company. The Participating Senior Management hold approximately 12.06% of the issued share capital of the Company, in aggregate. The Other Management Members' experience and knowledge of the Group and of the footwear and apparel industry is important to the continued operation and development of the Group's business. Hence, subject to the approval of the Proposal, through the Rollover Agreement the

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Participating Management Shareholders will be allowed to roll over their interests in the Shares for shares in WMVL. This roll over of interests maintains the senior management's interest in the Company and will also keep in place the long-term incentives to the senior management, following the privatisation of the Company.

These arrangements under the Consortium Agreement and the Rollover Agreement are a special deal under Rule 25 of the Takeovers Code and requires the approval of the Independent Shareholders. The Management Participation imparts no additional benefits other than the continuation of Mr. Yu Wu, Mr. Sheng Fang and the Other Management Members of their current interests, indirectly through WMVL. Hence, we believe it is in the interests of the Company and the success of the long-term vision for the Company that the Management Participation be approved.

Condition of the Proposal

The Scheme is conditional upon, among other things, the passing of an ordinary resolution by the Independent Shareholders at the Extraordinary General Meeting to approve the Management Participation, and consent for the Management Participation, which represents a special deal under Rule 25 of the Takeovers Code, be given by the Executive of the SFC. Hence, for the Scheme to be effected and the Proposal to proceed, the Management Participation must be approved.

OPINION AND RECOMMENDATION

In relation to the Proposal, having considered the principal factors and reasons, and in particular the following:—

- (a) The footwear business of the Group has been declining due to a consumer shift away from department store shopping and changing preferences toward athletic footwear rather than ladies fashion shoes in the PRC. Revenues for the footwear business have fallen although the lower margin business of sportswear and apparel has seen some growth. However, the net effect has resulted in lower overall gross margins and profit margins, with more dependence on third party sportswear and apparel brands instead of the Company's own footwear brands.
- (b) A key strength of the Group is its retail network of department store locations, according to the listing prospectus. Facing a structural decline of the department store channel, the Company believes a fundamental transformation is needed to adapt to the changing retail environment in the PRC. The Company and its management do not have the experience or expertise to develop e-commerce and new retail models for the Group. If the Proposal is not approved, the transformation in the retail model of the Company may not take place.
- (c) The Equity Investors Group has the experience and expertise to lead the Group's transformation in e-commerce and new retail models. Such a transformation is expected to require significant investments in technology, infrastructure and talent, and is expected to have a significant impact on the financial performance of the Group in the short-term. Also, there are certain risks involved in the transformation which may or may not succeed in revitalising the business in the long-term.

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- (d) The premiums to trading prices represented by the Cancellation Consideration Price are less than that of proposed privatisations in the recent past, however such privatisations may not be closely comparable as they were proposed by their respective controlling shareholders. The recent privatisation which was proposed by a party which was not the controlling shareholder, has pricing premiums to trading price which were similar to the Proposal, and it was successfully approved.
- (e) The Cancellation Consideration represents a PE ratio and EV/EBITDA ratio of around 19.33 times and 7.71 times, respectively. These multiples are higher than that of comparable companies listed in Hong Kong. Prior to the announcement of the Proposal, the Shares traded at PE ratio and EV/EBITDA ratio of around 15.49 and 6.53 times. If the Proposal is not approved, trading in the future may resume at these lower multiples or potentially lower if margins continue to fall.
- (f) The Cancellation Consideration Price of HK\$6.30 is above the listing price of the Shares, and represents an approximate return on investment of approximately 40.90% (including all dividends paid or recommended) for Shareholders who have held Shares since the listing in 2007. If the Proposal is not approved, the trading price is expected to fall back to the levels prior the announcement.
- (g) The Offeror has stated that it will not increase the Cancellation Consideration Price, and hence no increase will be permitted under the Takeovers Code.
- (h) If the Proposal is not approved, Shareholders should not expect another proposal to privatise in the future. Unlike privatisation proposals from an existing controlling shareholder which may revisit a privatisation in the future, the Equity Investor Group, which is driving the Proposal, does not currently hold any Shares and will not have any interests in the Company if the Proposal is not approved and effected.
- (i) Mr. Tang Yiu and Mr. Tang Wai Lam are the existing largest Shareholder group, holding interests of approximately 20.76% of the issued share capital of the Company through their joint interests in MCIL (with Mr. Tang Wai Lam holding an additional 0.02%). They, together with Mr. Sheng Baijiao, and companies they respectively control, have given irrevocable undertakings in favour of the Proposal and their interests will be cancelled in consideration of the Cancellation Consideration Price per Share, if the Proposal is approved and effected. All of them are Directors and Mr. Tang Yiu is the Chairman and founder of the Group. We consider that their support of the Proposal indicates that they believe the Cancellation Consideration Price is fair and reasonable. Further, all of them are Disinterested Shareholders and as such their interests align with the other Disinterested Shareholders.

In relation to the Management Participation, having considered the principal factors and reasons, and in particular the following:—

- (a) The Consortium Agreement and the Rollover Agreement do not give Mr. Yu Wu, Mr. Sheng Fang or the Other Management Members entitlements to interests in the Company which they do not already currently hold.

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- (b) The fundamental transformation of the Company for its long-term benefit is a movement away from the dependence of a core strength of the Group, which is its retail network of department stores. Such transformation may impact the financial performance of the Group in the short-term and may or may not be successful. As management of the Group, Mr. Yu Wu, Mr. Sheng Fang and the Other Management Members are key to managing the risks associated with the proposed transformation and can take a long-term view.
- (c) The Proposal is conditional on the approval of the Management Participation. Hence, if the Management Participation is not approved, the Proposal will not proceed.

Given the above, we consider the terms of the Proposal and the Management Participation to be fair and reasonable so far as the Disinterested Shareholders and the Independent Shareholders (as the case may be), are concerned. Accordingly, we recommend the Independent Board Committee to advise the Disinterested Shareholders and the Independent Shareholders, respectively, to approve the Proposal and the Management Participation.

Yours faithfully,
for and on behalf of
Anglo Chinese Corporate Finance, Limited
Stuart Wong
Director

Mr. Stuart Wong is a licensed person registered with the SFC and as a responsible officer of Anglo Chinese Corporate Finance, Limited, to carry out Type 6 (advising on corporate finance) regulated activities under the SFO. He has 16 years of experience in corporate finance.

This Explanatory Memorandum constitutes the statement required under Order 102, rule 20 (4)(e) of the Rules of the Grand Court of the Cayman Islands 1995 (revised).

**SCHEME OF ARRANGEMENT
TO CANCEL ALL THE SCHEME SHARES
IN EXCHANGE FOR THE CANCELLATION CONSIDERATION OR THE WMVL
CANCELLATION CONSIDERATION AS APPLICABLE**

1. INTRODUCTION

On 28 April 2017, the Offeror and the Company jointly announced that, on 17 April 2017, the Offeror requested the Board to put forward the Proposal to the Scheme Shareholders regarding the proposed privatisation of the Company by way of the Scheme.

Upon the Scheme becoming effective, (i) the Scheme Shares held by the Scheme Shareholders (other than the WMVL 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 of 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 purpose of this Explanatory Memorandum is to explain the terms and effects of the Proposal and the Scheme, and to provide the Scheme Shareholders with other relevant information in relation to the Proposal and the Scheme, in particular, to provide the intentions of the Offeror with regard to the Company and the shareholding structure of the Company before and after the Scheme.

Particular attention of the Scheme Shareholders is drawn to the following sections of this Scheme Document: (a) a letter from the Board set out in Part IV of this Scheme Document; (b) a letter from the Independent Board Committee set out in Part V of this Scheme Document; (c) a letter from the Independent Financial Adviser set out in Part VI of this Scheme Document; and (d) the terms of the Scheme set out in Appendix VI to this Scheme Document.

2. TERMS OF THE PROPOSAL

The Proposal is to be implemented by way of a scheme of arrangement under Section 86 of the Companies Law.

Under the Proposal, if the Scheme becomes effective, the Scheme Shareholders (other than the WMVL Shareholders) will receive from the Offeror the Cancellation Consideration for every Scheme Share cancelled and the WMVL Shareholders will receive, for each of their Scheme Shares cancelled, the WMVL Cancellation Consideration.

The Cancellation Consideration Price per Scheme Share does not include any dividend declared by the Company (subject to the approval of the Shareholders, if applicable) after the Announcement Date and prior to the Scheme becoming effective. As disclosed in the announcement of annual results for the year ended 28 February 2017 of the Company dated 15 May 2017, the Directors recommended the payment of a final dividend of RMB0.06 per Share for the year ended 28 February 2017, subject to approval by the Shareholders at the forthcoming annual general meeting of the Company. If the record date for determining entitlement to such dividend is before the Record Date, such amount will be retained by the Shareholders.

As at the Latest Practicable Date, (i) the authorised share capital of the Company was HK\$300,000,000 divided into 30,000,000,000 Shares, and the Company had 8,434,233,000 Shares in issue, which rank *pari passu* in all respects as regards to rights to capital, dividends and voting; and (ii) the Scheme Shares, comprising 7,416,891,808 Shares, represented approximately 87.94% of the issued share capital of the Company.

As at the Latest Practicable Date, (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.

After the Scheme becomes effective, the listing of the Shares on the Stock Exchange will be withdrawn. The Proposal is conditional upon the fulfillment or waiver, as applicable, of the Conditions as described in the section headed “3. *Conditions to the Scheme*” in this Explanatory Memorandum. All 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. Further announcement(s) on any changes regarding the timetable of the Scheme will be made as and when necessary.

If the Proposal does not become unconditional, the Company has no intention to seek the immediate withdrawal of the listing of the Shares on the Stock Exchange.

Settlement of the Cancellation Consideration and the WMVL Cancellation Consideration will be implemented in full in accordance with the terms of the Scheme, without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against any such Scheme Shareholder.

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 Scheme 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 Scheme 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 75% of the votes cast by the Shareholders present and voting in person or by proxy at the Extraordinary 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 Extraordinary 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 (e) 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 Extraordinary 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 Latest Practicable Date, the Offeror is not aware of any such circumstances under Conditions (e), (f) and (g), and none of the Conditions has been fulfilled or waived.

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.

Assuming that the above Conditions are fulfilled (or, as applicable, waived in whole or in part), it is expected that the Scheme will become effective on or about Tuesday, 25 July 2017 (Cayman Islands time). Further announcement(s) will be made including in particular in relation to (i) the results of the Court Meeting and the Extraordinary General Meeting and, if all the resolutions are passed at those meetings, (ii) the outcome of the hearing of the petition for the sanction of the Scheme by the Grand Court, (iii) the Record Date, (iv) the Effective Date and (v) the date of withdrawal of the listing of the Shares on the Stock Exchange as further set out in Part III — Expected Timetable of this Scheme Document.

If the Scheme is not approved or the Proposal otherwise lapses, an announcement will be made by the Offeror and the Company.

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. Shareholders and potential investors should therefore 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 licensed securities dealer or registered institution in securities, bank manager, solicitor or other professional advisers.

4. IRREVOCABLE UNDERTAKINGS

(a) The WMVL Shareholders Irrevocable Undertakings

On 28 April 2017, each of the WMVL Shareholders has given an irrevocable undertaking in favour 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 favour of the resolutions to be proposed at the Extraordinary General Meeting to approve and give effect to the reduction of the share capital of the Company, the immediate increase in the share capital thereafter and any resolutions proposed at the Extraordinary 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 Latest Practicable Date, (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 favour of the Scheme at the Court Meeting; (ii) if the Scheme is approved at the Court Meeting, it will vote in favour of the resolutions to be proposed at the Extraordinary General Meeting to approve and give effect to the reduction of the share capital of the Company, the immediate increase in the share capital thereafter 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 Latest Practicable Date, 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 Extraordinary General Meeting; or
- (d) the Grand Court does not sanction the Scheme or confirm the reduction of the share capital of the Company.

5. CONSORTIUM AGREEMENT

On 28 April 2017, Mr. YU Wu, Mr. SHENG Fang, 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 Wu, Mr. SHENG Fang, HHCDR GP, Hillhouse HHBH, Hillhouse HHBG, CDH V Holdings Company Limited and SCBL in their sole discretion after notifying the other parties;

- (b) each of Mr. YU Wu and Mr. SHENG Fang undertakes and agrees to the cancellation of their respective Scheme Shares (held by SSL and SBL, respectively) under the Scheme in consideration of the WMVL Cancellation Consideration in respect of their respective Scheme Shares as in-kind equity contributions to WMVL and to enter into an irrevocable undertaking in respect of such undertakings in favour 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 to the Proposal and/or to 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.

6. 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 Latest Practicable Date).

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 these management members after completion of the Scheme.

The Offeror entered into the Rollover Agreement with Mr. YU Wu, Mr. SHENG Fang, the Equity Investors Group, WMVL, MTL, HM(PTC)L, each of the Other Management Members Investment Vehicles, Mr. SONG Xiaowu and Mr. XU Xianda, pursuant to which:

- (a) subject to, among others, the Independent Shareholders' approval as set out in the section headed "7. *Special Deal and Independent Shareholders' Approval*" in this Explanatory Memorandum, 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 if the Petition for the sanction of the Scheme and the confirmation of the capital reduction is dismissed by the Grand Court.

7. SPECIAL DEAL AND INDEPENDENT SHAREHOLDERS' APPROVAL

As the Management Participation arrangements under (a) the Consortium Agreement entered into by the Executive Management Group; and (b) the Rollover Agreement entered into by the relevant Participating Management Shareholders are not offered to all Shareholders, the Management Participation constitutes a special deal and requires the consent of the Executive under Note 3 to Rule 25 of the Takeovers Code. The Offeror and the Joint Offerors have made 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 Extraordinary 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 Extraordinary General Meeting to approve the Management Participation under the Takeovers Code; and (iii) the consent from the Executive to the Management Participation.

8. THE SCHEME AND THE COURT MEETING

Pursuant to Section 86 of the Companies Law, where an arrangement is proposed between a company and its members or any class of them, the Grand Court may, on the application of the company or any member of the company, order a meeting of the members of the company or class of members, as the case may be, to be summoned in such manner as the Grand Court directs.

It is expressly provided in Section 86 of the Companies Law that if a majority in number representing 75% in value of the members or class of members, as the case may be, present and voting either in person or by proxy at the meeting held as directed by the Grand Court as aforesaid, agree to any arrangement, the arrangement shall, if sanctioned by the Grand Court, be binding on all members or class of members, as the case may be, and also on the company.

For the avoidance of doubt, the Grand Court has convened a meeting of the holders of Scheme Shares (other than the WMVL Shareholders) as at the Meeting Record Date but only the Disinterested Shareholders (except those who must not vote pursuant to Rule 35.4 of the Takeovers Code) can vote at the Court Meeting due to the restrictions under the Takeovers Code. Each of the WMVL Shareholders, *in lieu* of a meeting of themselves to approve the Scheme, has undertaken 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 has also undertaken to the Grand Court to be bound by the Scheme.

9. ADDITIONAL REQUIREMENTS AS IMPOSED BY RULE 2.10 OF THE TAKEOVERS CODE

In addition to satisfying any requirements imposed by law as summarised above, other than with the consent of the Executive to dispense with compliance or strict compliance therewith, Rule 2.10 of the Takeovers Code requires that the Scheme may only be implemented if:

- (a) the Scheme is approved (by way of poll) by the Disinterested Shareholders holding at least 75% of the votes attaching to the Scheme Shares held by the Disinterested Shareholders that are voted either in person or by proxy at the Court Meeting; and
- (b) the number of votes cast (by way of poll) by the Disinterested Shareholders present and voting either in person or by way of 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.

Disinterested Shareholders

For the purpose of counting the votes for (a) and (b) above, Disinterested Shareholders comprise all holders of Scheme Shares as at the Meeting Record Date other than the Offeror, the Joint Offerors, the Offeror Concert Parties, the WMVL Shareholders and the Participating Management Shareholders. For the avoidance of doubt, Disinterested Shareholders include any member of BofAML group in respect of the Scheme Shares held on behalf of its non-discretionary investment clients where such client (i) controls the voting rights attaching to those Scheme Shares; (ii) if the Scheme Shares are voted, gives instructions as to how those Scheme Shares are to be voted; and (iii) is not the Offeror or part of the Joint Offerors, the Offeror Concert Parties, the WMVL Shareholders or the Participating Management Shareholders. It is noted that pursuant to Rule 35.4 of the Takeovers Code, any Shares held by an exempt principal trader connected with the Offeror, the Joint Offerors or the Company must not be voted at the Court Meeting. For details on the shareholdings of the BofAML group in the Company which cannot be voted at the Court Meeting, please refer to the section headed “26. *Scheme Shares — (c) Offeror Concert Parties*” in this Explanatory Memorandum.

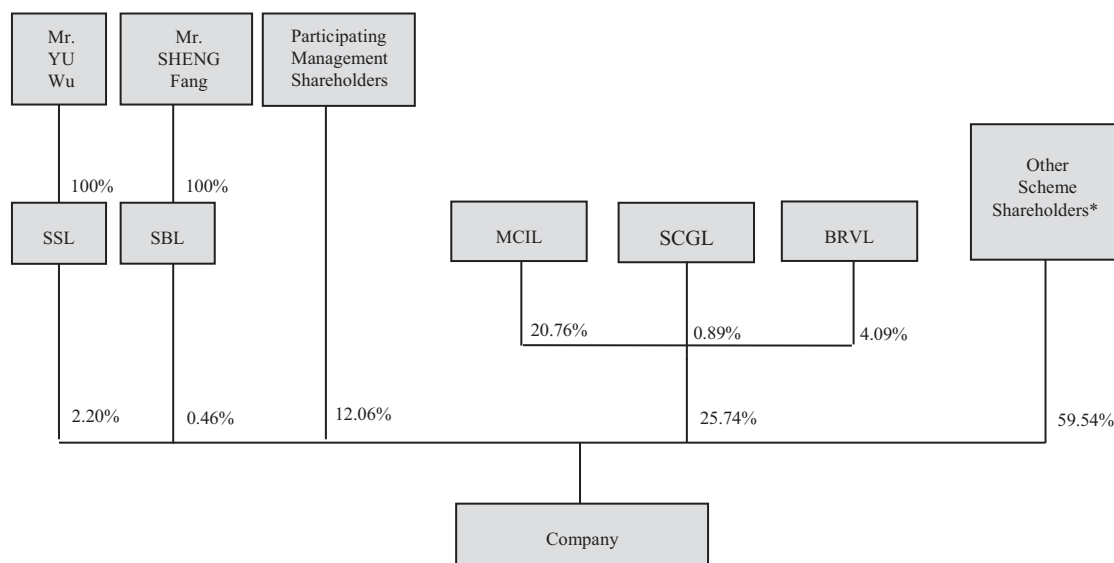
As at the Latest Practicable Date, the Disinterested Shareholders held in aggregate 7,192,239,398 Scheme Shares. On that basis, 10% of the votes attached to all Scheme Shares held by all the Disinterested Shareholders referred to in (b) above therefore represent approximately 719,223,940 Shares as at the Latest Practicable Date.

10. BINDING EFFECT OF THE SCHEME

Upon the Scheme becoming effective, it will be binding on the Company and all Scheme Shareholders, regardless of how they voted (or whether they voted) at the Court Meeting and the Extraordinary General Meeting.

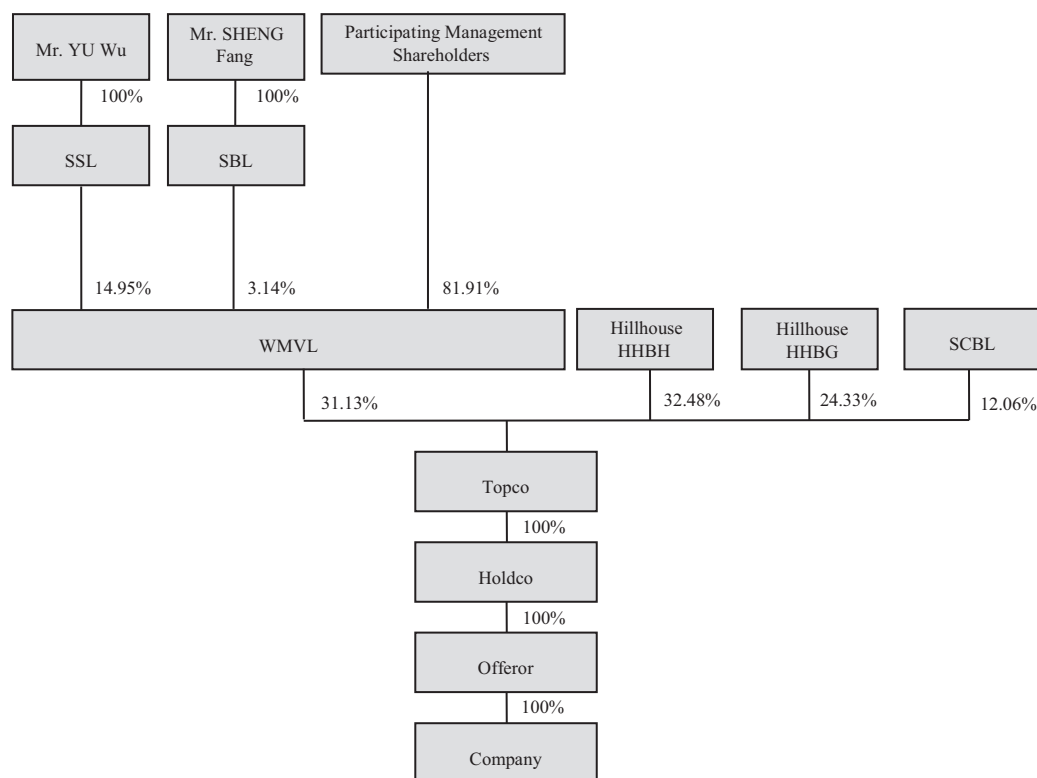
11. SHAREHOLDING STRUCTURE

Set out below is the shareholding structure of the Company as at the Latest Practicable Date:



* 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. As at the Latest Practicable Date, members of the BofAML group (except those which are exempt principal traders or exempt fund managers, in each case recognized by the Executive as such for the purposes of the Takeovers Code) which are presumed to be acting in concert with the Offeror in relation to the Company held 16,130 Shares and 3,628 depositary receipts (representing 36,280 Shares with each depositary receipt representing 10 Shares), together representing approximately 0.0006% of the issued share capital of the Company, which were held on behalf of BofAML group’s discretionary investment clients and were non-proprietary interests of the BofAML group. Such Shares will form part of the Scheme Shares but will not be voted at the Court Meeting.

Set out below is 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 Latest Practicable Date, (i) the Scheme Shareholders (other than the WMVL Shareholders) were holders of an aggregate of 7,192,291,808 Shares, representing approximately 85.27% of the total issued Shares, among which the Disinterested Shareholders were holders of an aggregate of 7,192,239,398 Shares, representing approximately 85.27% of the total issued Shares, and the Offeror Concert Parties were holders of an aggregate of 16,130 Shares and 3,628 depositary receipts (representing 36,280 Shares with each depositary receipt representing 10 Shares), together representing approximately 0.0006% of the total issued Shares and (ii) the WMVL Shareholders were holders of an aggregate of 224,600,000 Shares, representing approximately 2.66% of the total issued 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.

As at the Latest Practicable Date, save as disclosed in the sections headed “11. Shareholding Structure and 26. Scheme Shares” in this Explanatory Memorandum, the Offeror, the Joint Offerors and the Offeror Concert Parties did 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 during the Relevant Period, save (i) as disclosed below in relation to the dealings in ordinary shares during the Relevant Period conducted by the BofAML group; and (ii) for the following transactions conducted by Southern Oak Manifold Master Fund, an entity under the common control of CDH Fund V 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

The following are the dealings in the Shares during the Relevant Period conducted by the BofAML group (other than exempt principal traders and exempt fund managers activities), but excluding dealings on an agency or non-discretionary basis:

Name	Trade Date	Purchase/ Sale	Type of Securities	Number of Securities	Price
Bank of America, N.A.	7 March 2017	Purchase	Shares	8,772	US\$0.685205
Managed Account Advisor, LLC	2 November 2016	Purchase	Depositary receipts	1	US\$5.944
Managed Account Advisor, LLC	3 November 2016	Sale	Depositary receipts	28	US\$5.726
Managed Account Advisor, LLC	22 November 2016	Sale	Depositary receipts	10	US\$5.656
Managed Account Advisor, LLC	14 December 2016	Purchase	Depositary receipts	2	US\$5.666
Managed Account Advisor, LLC	19 December 2016	Sale	Depositary receipts	8	US\$5.502
Managed Account Advisor, LLC	19 December 2016	Sale	Depositary receipts	1	US\$5.502
Managed Account Advisor, LLC	21 December 2016	Sale	Depositary receipts	38	US\$5.54

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Name	Trade Date	Purchase/ Sale	Type of Securities	Number of Securities	Price
Managed Account Advisor, LLC	27 December 2016	Sale	Depositary receipts	95	US\$5.39
Managed Account Advisor, LLC	19 January 2017	Sale	Depositary receipts	12	US\$6.158
Managed Account Advisor, LLC	25 January 2017	Purchase	Depositary receipts	101	US\$6.01
Managed Account Advisor, LLC	25 January 2017	Purchase	Depositary receipts	149	US\$6.01
Managed Account Advisor, LLC	27 January 2017	Sale	Depositary receipts	13	US\$6.11
Managed Account Advisor, LLC	27 January 2017	Sale	Depositary receipts	12	US\$6.14
Managed Account Advisor, LLC	27 January 2017	Sale	Depositary receipts	12	US\$6.14
Managed Account Advisor, LLC	27 January 2017	Purchase	Depositary receipts	131	US\$6.14
Managed Account Advisor, LLC	31 January 2017	Sale	Depositary receipts	12	US\$5.984
Managed Account Advisor, LLC	1 February 2017	Purchase	Depositary receipts	432	US\$6.178
Managed Account Advisor, LLC	10 February 2017	Purchase	Depositary receipts	100	US\$6.7
Managed Account Advisor, LLC	21 February 2017	Sale	Depositary receipts	30	US\$7.094
Managed Account Advisor, LLC	8 March 2017	Sale	Depositary receipts	33	US\$6.718
Managed Account Advisor, LLC	8 March 2017	Purchase	Depositary receipts	337	US\$6.788
Managed Account Advisor, LLC	11 April 2017	Sale	Depositary receipts	112	US\$6.432
Managed Account Advisor, LLC	19 April 2017	Purchase	Depositary receipts	858	US\$8

Note: Each depositary receipt referred to above represents 10 Shares.

As at the Latest Practicable Date, (i) save for the 8,434,233,000 issued Shares, the Company did not have any other securities in issue; and (ii) the Company did not have any outstanding options, warrants, derivatives or securities convertible into Shares.

12. FINANCIAL RESOURCES

As at the Latest Practicable Date, (i) the total number of issued Shares of the Company was 8,434,233,000; (ii) the Participating Management Shareholders in aggregate directly or indirectly held 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 held 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 Scheme Shares under the Scheme in consideration of 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, on the assumption that no further Shares will be issued from the Latest Practicable Date until the Record Date, the Scheme would involve making an offer to cancel the remaining 7,192,291,808 Shares held by the Scheme Shareholders (other than the WMVL 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, (a) 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 after the Scheme becomes effective and 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 Fund V 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.

13. CANCELLATION CONSIDERATION PRICE

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

- (a) a premium of approximately 3.79% over the closing price of HK\$6.0700 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (b) 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;

- (c) 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;
- (d) 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;
- (e) 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;
- (f) 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;
- (g) a premium of approximately 12.50% over the 52-week closing high of HK\$5.6000 per Share as quoted on the Stock Exchange for such period ending on the Last Trading Day;
- (h) a premium of approximately 75.46% over the audited consolidated net asset value of the Group attributable to equity holders of approximately RMB3.1389 per Share as at 28 February 2017 (equivalent to approximately HK\$3.5905) (based on the audited consolidated net asset value of the Group attributable to equity holders as at 28 February 2017, the number of issued Shares as at the Latest Practicable Date and the RMB to HK\$ exchange rate of RMB0.87422 to HK\$1, being the exchange rate as quoted by the People's Bank of China as at the Latest Practicable Date);
- (i) a premium of approximately 69.59% over the adjusted unaudited consolidated net asset value of the Group attributable to equity holders of approximately RMB3.2475 per Share as at 30 April 2017 (equivalent to approximately HK\$3.7148) (based on the audited consolidated net asset value of the Group attributable to equity holders as at 28 February 2017 as disclosed in the annual report of the Company for the year ended 28 February 2017, adjusted for the valuation report on the properties of the Group dated 30 April 2017 and the expected tax payable upon sale, and the number of issued Shares as at the Latest Practicable Date and the RMB to HK\$ exchange rate of RMB0.87422 to HK\$1, being the exchange rate as quoted by the People's Bank of China as at the Latest Practicable Date)¹; and
- (j) a price to earnings ratio of 19.33 times based on the profit attributable to the equity holders of approximately RMB2,403.4 million for the twelve months ended 28 February 2017 (equivalent to approximately HK\$2,749.2 million), based on a RMB to HK\$ exchange rate of RMB0.87422 to HK\$1 (being the exchange rate as quoted by the People's Bank of China as at the Latest Practicable Date).

Note:

- (1) According to the property valuation report by JLL as set out in Appendix II of the Scheme Document, certain portions of the properties of the Group were given no commercial value due to reasons, including various deficiencies in the land title registration. JLL has provided a depreciated replacement cost/capital value for these portions of the properties on the assumption that the title certificates have been obtained and these portions are freely transferable. The adjusted unaudited consolidated net asset value of the Group includes the aggregate depreciated replacement cost/capital value of these portions. The aggregate depreciated replacement cost/capital value of these portions amounts to RMB965,960,000, representing approximately 14.35% of the value of all the properties of the Group.

The Cancellation Consideration Price has been determined on a commercial basis after taking into account, among other things, the challenging operating environment faced by 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 privatisation transactions in Hong Kong in recent years.

14. REASONS FOR AND BENEFITS OF THE PROPOSAL

For the Company: an endeavour 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 privatised 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 for such period ending on the Last Trading Day. The Cancellation Consideration Price translates to a price to earnings ratio of 19.33 times based on the profit attributable to equity holders of approximately RMB2,403.4 million for the twelve months ended 28 February 2017 (equivalent to approximately HK\$2,749.2 million), based on a RMB to HK\$ exchange rate of RMB0.87422 to HK\$1 (being the exchange rate as quoted by the People's Bank of China as at the Latest Practicable Date).

15. INFORMATION ON THE JOINT OFFERORS**(a). Executive Management Group**

The Executive Management Group comprises of Mr. YU Wu, Mr. SHENG Fang, SSL and SBL.

Mr. YU Wu 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 Wu 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 Wu, of which he is the sole beneficiary.

Mr. SHENG Fang 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 Fang 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 Fang, 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 towards 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 is one of the largest alternative asset management institutions focused on China with over US\$17 billion in assets under management as of 31 December 2016. From its roots in private equity, CDH 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 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 Group and ultimately controlled by CDH V Holdings Company Limited as general partner. SCBL is principally engaged in investment holding.

16. 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.

17. 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 three years ended 28 February 2017, 29 February 2016 and 28 February 2015 is as follows:

	For the year ended 28 February 2017	For the year ended 29 February 2016	For the year ended 28 February 2015
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Profit before tax	4,012.9	4,541.2	6,601.4
Profit after tax	2,416.0	2,945.1	4,750.8

18. 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. Each of MTL and HM(PTC)L has not dealt in and will not deal in the securities of the Company since the Announcement Date up to the Effective Date or the date on which the Scheme is not approved or sanctioned or lapses.

19. INTENTIONS REGARDING THE COMPANY AND ITS EMPLOYEES

The Joint Offerors intend to continue the existing principal businesses of the Group, with a plan to contribute financial and operating resources to and work with the Company over the long-term 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. Upon implementation of the Scheme, the Joint Offerors will conduct a review of the business operations of the Group in order to formulate a detailed plan and to implement the changes needed to sustain the long-term growth of the Group, but no major changes are expected to be introduced in the existing principal businesses of the Group in the immediate term, including major redeployment of the fixed assets of the Group. The Joint Offerors and the Company also have no intention of making any significant changes to employees of the Group as a result of the implementation of the Proposal.

20. 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 does not intend to retain its listing on the Stock Exchange and has made an application for the listing of the Shares to be withdrawn from the Stock Exchange in accordance with Rule 6.15(2) of the Listing Rules, with effect immediately following the Effective Date.

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. An indicative, or expected, timetable of the Scheme is included in Part III of this Scheme Document.

21. IF THE SCHEME IS NOT APPROVED OR THE PROPOSAL LAPSES

Subject to the requirements of the Takeovers Code, the Scheme will lapse if any of the Conditions described in the section headed “3. *Conditions to the Scheme*” in this Explanatory Memorandum 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). If the Scheme is withdrawn or not approved or lapses, the listing of the Shares on the Stock Exchange will not be withdrawn.

If the Scheme is not approved or lapses, there are restrictions under the Takeovers Code on making subsequent offers, to the effect that neither the Offeror nor any Offeror Concert Parties in the course of the Proposal (nor any person who is subsequently acting in concert with any of them) may within 12 months from the date on which the Scheme is not approved or lapses announce an offer or possible offer for the Company, except with the consent of the Executive.

If the Scheme is either not recommended by the Independent Board Committee or is not recommended as fair and reasonable by the Independent Financial Adviser, all expenses incurred by the Company in connection with the Scheme shall be borne by the Offeror if the Scheme is not approved.

22. GENERAL

The Offeror has appointed BofAML as its financial adviser in connection with the Proposal. 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.

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 Disinterested Shareholders and 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 favour of the Scheme at the Court Meeting and the Proposal and the Management Participation at the Extraordinary 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 the Proposal.

In addition, Anglo Chinese Corporate Finance, Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee in connection with the Proposal, the Scheme and the Management Participation. The appointment of Anglo Chinese Corporate Finance, Limited as the Independent Financial Adviser has been approved by the Independent Board Committee.

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 are regarded as being interested in the Proposal, and therefore have abstained and will continue to abstain from voting in respect of the board resolutions of the Company in connection with the Proposal.

As at the Latest Practicable Date, save for the Irrevocable Undertakings, neither the Offeror, the Joint Offerors nor the Offeror Concert Parties had received any irrevocable commitment from Shareholders to vote in favour of the Proposal.

Save for the Proposal, the Scheme, the Irrevocable Undertakings, the Consortium Agreement 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 Latest Practicable Date, there was 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 Latest Practicable Date, neither the Offeror, the Joint Offerors nor the Offeror Concert Parties had borrowed or lent any relevant securities of the Company (as defined in Note 4 to Rule 22 of the Takeovers Code).

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 hereby reminded to disclose their dealings in any securities in the Company under Rule 22 of the Takeovers Code.

23. REGISTRATION AND PAYMENT

Assuming that the Record Date falls on Tuesday, 25 July 2017, it is proposed that the register of members of the Company will be closed from Friday, 21 July 2017 to Tuesday, 25 July 2017 (both days inclusive) (or such other date as Shareholders may be notified by announcement) in order to establish entitlements under the Scheme. In order to qualify for entitlements under the Scheme, Scheme Shareholders should ensure that their Shares are lodged with the Share Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration in their names or in the names of their nominees before the closure of the register of members of the Company.

Payment of Cancellation Consideration to the Scheme Shareholders (other than the WMVL Shareholders)

Upon the Scheme becoming effective, payment of the Cancellation Consideration for the Scheme Shares held by the Scheme Shareholders (other than the WMVL Shareholders) will be made to the Scheme Shareholders (other than the WMVL Shareholders) whose names appear on the register of members of the Company as at the Record Date. Assuming that the Scheme becomes effective on Tuesday, 25 July 2017 (Cayman Islands time), cheques for cash entitlements under the Scheme will be paid for by the Offeror as soon as possible but in any event within 7 Business Days following the Scheme having become effective and accordingly, the cheques are expected to be despatched on or before Thursday, 3 August 2017.

In the absence of any specific instructions to the contrary received in writing by the Share Registrar, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, cheques will be sent by posting the same in pre-paid envelopes addressed to the persons entitled thereto at their respective registered addresses or, in the case of joint holders, to the registered address of that joint holder whose name stands first in such registers in respect of the joint holding. All such cheques will be sent at the risk of the person(s) entitled thereto and none of the Offeror, the Joint Offerors, the Company, BofAML, the Independent Financial Adviser or the Share Registrar will be responsible for any loss or delay in despatch.

On or after the day being six calendar months after the posting of such cheques, the Offeror shall have the right to cancel or countermand payment of any such cheque which has not been cashed or has been returned uncashed, and shall place all monies represented thereby in a deposit account in the Offeror's name with a licensed bank in Hong Kong selected by the Offeror.

The Offeror shall hold such monies until the expiry of six years from the Effective Date and shall prior to such date, make payments therefrom of the sums to persons who satisfy the Offeror that they are respectively entitled thereto. On the expiry of six years from the Effective Date, subject to any prohibition or condition imposed by law, the Offeror shall be released from any further obligation to make any payments under the Scheme.

Assuming that the Scheme becomes effective, the register of members of the Company will be updated accordingly to reflect the cancellation of all the Scheme Shares and all existing certificates representing the Scheme Shares will cease to have effect as documents or evidence of title as from the Effective Date, which is expected to be on or about Tuesday, 25 July 2017 (Cayman Islands time).

Crediting of the WMVL Shares held by the WMVL Shareholders as fully paid

As soon as possible and not later than seven (7) Business Days after the Effective Date, the Offeror shall procure that the then unpaid WMVL Shares of the WMVL Shareholders be credited as fully paid in the amount of the Cancellation Consideration Price per WMVL Share as full settlement of the WMVL Cancellation Consideration.

24. 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.

As at the Latest Practicable Date, based on the record in the Company's register of members, outside of Hong Kong, the Company had two overseas Shareholder in the PRC holding 501,000 Shares, one overseas Shareholder in the United Kingdom holding 1,000 Shares, one overseas Shareholder in France holding 1,000 Shares, 19 overseas Shareholder in the British Virgin Islands holding 3,126,923,188 Shares, one overseas Shareholder in Australia holding 1,000 Shares, one overseas Shareholder in New Zealand holding 1,000 Shares, one overseas Shareholder in Philippines holding 840 Shares and two overseas Shareholders in Canada holding a total of 3,000 Shares. The Offeror had been advised by the local counsels in these jurisdictions that this Scheme Document may be sent to such overseas Scheme Shareholders and will do so accordingly.

25. TAXATION

Hong Kong stamp duty and tax consequences

As the Scheme does not involve the sale and purchase of Hong Kong stock, no Hong Kong stamp duty will be payable pursuant to the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong) on the cancellation of the Scheme Shares upon the Scheme becoming effective.

Scheme Shareholders, whether in Hong Kong or in other jurisdictions, are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting the Proposal and, in particular, whether the receipt of the Cancellation Consideration or the WMVL Cancellation Consideration (as the case may be) would make such Scheme Shareholder liable to taxation in Hong Kong or in other jurisdictions.

It is emphasised that none of the Offeror, the Joint Offerors, the Company, BofAML and their agents or any of their respective directors, officers or associates or any other person involved in the Proposal accepts responsibility or has any liability for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Proposal. All Scheme Shareholders and/or Beneficial Owners shall be solely responsible for their liabilities (including tax liabilities) in relation to the Proposal.

26. SCHEME SHARES

(a) Disinterested Shareholders

As at the Latest Practicable Date, the Disinterested Shareholders were holders of an aggregate of 7,192,239,398 Shares, representing approximately 85.27% of the total issued Shares.

(b) WMVL Shareholders

As at the Latest Practicable Date, the WMVL Shareholders were holders of an aggregate of 224,600,000 Shares, representing approximately 2.66% of the total issued Shares.

(c) Offeror Concert Parties

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. As at the Latest Practicable Date, members of the BofAML group (except those which are exempt principal traders or exempt fund managers, in each case recognised by the Executive as such for the purposes of the Takeovers Code) which are presumed to be acting in concert with the Offeror in relation to the Company held 16,130 Shares and 3,628 depositary receipts (representing 36,280 Shares with each depositary receipt representing 10 Shares), together representing approximately 0.0006% of the issued share capital of the Company, which were held on behalf of BofAML group’s discretionary investment clients and were non-proprietary interests of the BofAML group. Such Shares will form part of the Scheme Shares but will not be voted at the Court Meeting. It is also noted that pursuant to Rule 35.4 of the Takeovers Code, any Shares held by an exempt principal trader connected with the Offeror, the Joint Offerors or the Company must not be voted at the Court Meeting.

(d) Participating Management Shareholders

As at the Latest Practicable Date, the Participating Management Shareholders in aggregate directly or indirectly held 1,017,341,192 Shares (representing approximately 12.06% of the total issued share capital of the Company). Such Shares will not form part of the Scheme Shares and will not be cancelled upon the Scheme becoming effective. Pursuant to the Rollover Agreement, upon the Scheme becoming effective, these Shares will be transferred to the Offeror in consideration for an aggregate of 1,017,341,192 shares to be issued by WMVL credited as fully paid at the Cancellation Consideration Price. As each of the Participating Management Shareholders is not a Scheme Shareholder, they will not vote on the Scheme at the Court Meeting.

As regards the voting requirements of the Disinterested Shareholders and the Shareholders at the Court Meeting and the Extraordinary General Meeting respectively, your attention is drawn to the section headed “27. Court Meeting and Extraordinary General Meeting” in this Explanatory Memorandum.

27. COURT MEETING AND EXTRAORDINARY GENERAL MEETING

In accordance with the directions of the Grand Court, the Court Meeting will be held for the purpose of considering and, if thought fit, passing a resolution to approve the Scheme (with or without modifications). The Disinterested Shareholders will be entitled to attend and vote, in person or by proxy, at the Court Meeting and the votes of the Disinterested Shareholders present and voting either in person or by proxy will be counted for the purposes of determining whether the requirements set out in the section headed “9. Additional requirements as imposed by Rule 2.10 of the Takeovers Code” in this Explanatory Memorandum are satisfied in accordance with the Takeovers Code. Each of the WMVL Shareholders, who are also part of the Scheme Shareholders, *in lieu* of a meeting of themselves to approve the Scheme, has undertaken to the Grand Court to be bound by the Scheme and to receive the WMVL Cancellation Consideration in consideration of the cancellation of their Shares under the Scheme. Each of the Offeror and WMVL has also undertaken to the Grand Court to be bound by the

Scheme. The Scheme will therefore be subject to the receiving by the Grand Court of these undertakings from the WMVL Shareholders, the Offeror and WMVL and the approval by the Disinterested Shareholders at the Court Meeting in the manner referred to in the sub-section headed “*Court Meeting*” below.

For the avoidance of doubt, Disinterested Shareholders who may vote at the Court Meeting include any member of the BofAML group in respect of the Scheme Shares held on behalf of its non-discretionary investment clients, the details of which are set out in the section headed “9. *Additional requirements as imposed by Rule 2.10 of the Takeovers Code*” in this Explanatory Memorandum.

The Extraordinary General Meeting will be held immediately following the Court Meeting for the purpose of considering and, if thought fit, passing, among other things, (i) the special resolution by the Shareholders to approve and give effect to the reduction of the issued share capital of the Company by cancelling and extinguishing the Scheme Shares, (ii) the ordinary resolution by the Shareholders to immediately thereafter increase the issued share capital of the Company to the amount prior to the cancellation of the Scheme Shares and apply the reserve created as a result of the aforesaid cancellation of the Scheme Shares to pay up in full at par such number of new Shares as is equal to the number of Scheme Shares cancelled as a result of the Scheme for issue to the Offeror and (iii) the ordinary resolution by the Independent Shareholders to approve the Management Participation.

Court Meeting

The Scheme is conditional upon, among other things, 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 Scheme Shares held by the Disinterested Shareholders, present and voting either in person or by proxy at the Court Meeting, provided that:

- (a) the Scheme is approved (by way of poll) by the Disinterested Shareholders holding at least 75% of the votes attaching to the Scheme Shares held by the Disinterested Shareholders that are voted either in person or by proxy at the Court Meeting; and
- (b) 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.

The Disinterested Shareholders shall be entitled to attend and vote, in person or by proxy, at the Court Meeting and the votes of the Disinterested Shareholders present and voting either in person or by proxy will be counted for the purposes of satisfying the voting requirements described in (a) and (b) above (which are contained in and imposed by the Takeovers Code).

In accordance with the Companies Law, the “75% in value” requirement, as described above, will be met if the total value of Scheme Shares being voted in favour of the Scheme is at least 75% of the total value of the Scheme Shares voted at the Court Meeting. In accordance with the Companies Law, the “majority in number” requirement, as described above, will be met if the number of the

Disinterested Shareholders voting in favour of the Scheme exceeds the number of the Disinterested Shareholders voting against the Scheme at the Court Meeting. For the purpose of calculating the “majority in number” requirement, the number of the Disinterested Shareholders, present and voting in person or by proxy, will be counted in the manner described below.

In accordance with the direction from the Grand Court, HKSCC Nominees Limited shall be permitted to vote both for and against the Scheme in accordance with instructions received by it from the CCASS Participants. For the purpose of calculating the “majority in number”, HKSCC Nominees Limited shall be treated as a multi-headed Shareholder of the Company. In this regard, HKSCC Nominees Limited shall be entitled to vote both for and against the Scheme in accordance with instructions received by it from the CCASS Participants. However, for the purpose of calculating the “majority in number”, each such CCASS Participant who instructs HKSCC Nominees Limited to vote in favour of the Scheme shall be counted for the “majority in number” as a single Shareholder voting in favour of the Scheme, and, if applicable, each such CCASS Participant who instructs HKSCC Nominees Limited to vote against the Scheme shall be counted for the “majority in number” as a single Shareholder voting against the Scheme. HKSCC Nominees Limited itself, as opposed to instructing CCASS Participants, shall not be counted as a Shareholder for the purpose of the calculation of the “majority in number”.

Each of MCIL, SCGL and BRVL has given the Certain Disinterested Shareholders Irrevocable Undertaking to the Offeror and the Joint Offerors that, among other things, it will vote in favour of the Scheme at the Court Meeting.

Notice of the Court Meeting is set out in Appendix VII to this Scheme Document. The Court Meeting will be held at 9:30 a.m. (Hong Kong time) on Monday, 17 July 2017 at Crystal Ballroom, Basement 3, Holiday Inn Golden Mile Hong Kong, 50 Nathan Road, Tsim Sha Tsui, Kowloon, Hong Kong.

Extraordinary General Meeting

All Shareholders (or the Independent Shareholders, as the case may be) whose names appear in the register of members of the Company as at the Meeting Record Date shall be entitled to attend and vote, in person or by proxy, at the Extraordinary General Meeting with respect to:

- (i) the special resolution by the Shareholders to approve and give effect to the reduction of the issued share capital of the Company by cancelling and extinguishing the Scheme Shares;
- (ii) the ordinary resolution by the Shareholders to immediately thereafter increase the issued share capital of the Company to the amount prior to the cancellation of the Scheme Shares and apply the reserve created as a result of the aforesaid cancellation of the Scheme Shares to pay up in full at par such number of new Shares as is equal to the number of Scheme Shares cancelled as a result of the Scheme for issue to the Offeror; and
- (iii) the ordinary resolution by the Independent Shareholders to approve the Management Participation.

The special resolution described under (i) in the paragraph above will be passed if not less than 75% of the votes cast by the Shareholders, present and voting in person or by proxy at the Extraordinary General Meeting, are in favour of the special resolution. The ordinary resolution described under (ii) in the paragraph above will be passed if more than 50% of the votes are cast in favour of the ordinary resolution by the Shareholders, present and voting either in person or by proxy, at the Extraordinary General Meeting. The ordinary resolution described under (iii) in the paragraph above will be passed if more than 50% of the votes are cast in favour of the ordinary resolution by the Independent Shareholders, present and voting either in person or by proxy, at the Extraordinary General Meeting.

At the Extraordinary General Meeting, the resolutions will be put to the vote by way of poll as required under Rule 13.39 (4) of the Listing Rules. Each Shareholder (or Independent Shareholder, as the case may be) present and voting, either in person or by proxy, will be entitled to vote all of his/her/its Shares in favour of (or against) the special resolution and/or the ordinary resolutions. Alternatively, such Shareholder (or Independent Shareholder, as the case may be) may vote some of their Shares in favour of the special resolution and/or the ordinary resolutions and any of the balance of their Shares against the special resolution and/or the ordinary resolutions (and vice versa).

Each of MCIL, SCGL and BRVL has given the Certain Disinterested Shareholders Irrevocable Undertaking to the Offeror and the Joint Offerors that, among other things, it will vote in favour of the resolutions to be proposed at the Extraordinary General Meeting to approve and give effect to the reduction of the share capital of the Company, the immediate increase in the share capital thereafter and any resolutions proposed at the Extraordinary General Meeting 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).

Each of the WMVL Shareholders has given the WMVL Shareholders Irrevocable Undertaking to the Offeror and the other Joint Offerors that, among other things, it will vote in favour of the resolutions to be proposed at the Extraordinary General Meeting to approve and give effect to the reduction of the share capital of the Company, the immediate increase in the share capital thereafter and any resolutions proposed at the Extraordinary General Meeting to assist the implementation of the Scheme or are necessary for the Scheme to become effective.

Notice of the Extraordinary General Meeting is set out in Appendix VIII to this Scheme Document. The Extraordinary General Meeting will be held at 10:00 a.m. (Hong Kong time) (or immediately after the Court Meeting convened for the same day and place shall have been concluded or adjourned) on Monday, 17 July 2017 at Crystal Ballroom, Basement 3, Holiday Inn Golden Mile Hong Kong, 50 Nathan Road, Tsim Sha Tsui, Kowloon, Hong Kong.

Assuming that the Conditions are fulfilled (or, as applicable, waived in whole or in part), it is expected that the Scheme will become effective on or about Tuesday, 25 July 2017 (Cayman Islands time). Further announcement(s) will be made giving details of the results of the Court Meeting and Extraordinary General Meeting and, if all the resolutions are passed at those meetings, the outcome of the hearing of the petition for, among other things, the sanction of the Scheme by the Grand Court, the Record Date, the Effective Date, and the date of withdrawal of the listing of Shares on the Stock Exchange.

An announcement will be made by the Company and the Offeror in relation to the results of the Court Meeting and the Extraordinary General Meeting in accordance with Rule 19.1 of the Takeovers Code to the extent applicable. Information on the number of votes cast in favour of the Scheme and the number of CCASS Participants on whose instructions they were cast and the number of votes cast against the Scheme and the number of CCASS Participants on whose instructions they were cast will be included in such announcement.

28. BENEFICIAL OWNERS

Beneficial Owners are urged to have their names entered in the register of members of the Company as soon as possible for, among other things, the following reasons:

- (a) to enable the Beneficial Owners to become Shareholders so that, if they are Disinterested Shareholders, they can attend the Court Meeting in the capacity as members of the Company or to be represented by proxies to be appointed by them and to be included for the purpose of calculating the majority in number of Disinterested Shareholders as required under Section 86 of the Companies Law in their capacity as members of the Company;
- (b) provided the Beneficial Owners have become Shareholders, to enable the Company to properly classify members of the Company as Disinterested Shareholders who are entitled to attend and vote at the Court Meeting for the purposes of the headcount test under Section 86 of the Companies Law; and
- (c) to enable the Company and the Offeror to make arrangements to effect payments by way of the delivery of cheques to the most appropriate person when the Scheme becomes effective.

No person shall be recognised by the Company as holding any Shares upon any trust. In the case of any Beneficial Owner whose Shares are held upon trust by, and registered in the name of, a Registered Owner (other than HKSCC Nominees Limited), such Beneficial Owner should contact the Registered Owner and provide him, her or it with instructions or make arrangements with the Registered Owner in relation to the manner in which the Shares of the Beneficial Owner should be voted at the Court Meeting and/or the Extraordinary General Meeting. Such instructions and/or arrangements should be given or made in advance of the deadline in respect of the Court Meeting and the Extraordinary General Meeting set by the Registered Owner in order to provide the Registered Owner with sufficient time to accurately complete his, her or its proxy and to submit it by the latest time for the lodgment of forms of proxy in respect of the Court Meeting and/or the Extraordinary General Meeting. To the extent that any Registered Owner requires instructions from or arrangements to be made with any Beneficial Owner at a particular date or time in advance of the latest time for the lodgment of forms of proxy in respect of the Court Meeting and/or the Extraordinary General Meeting, then any such Beneficial Owner should comply with the requirements of the Registered Owner.

Any Beneficial Owner whose Shares are deposited in CCASS and registered under the name of HKSCC Nominees Limited must, unless such Beneficial Owner is a person admitted to participate in CCASS as an Investor Participant, contact their broker, custodian, nominee or other relevant person who is, or has in turn deposited such Shares with, another CCASS Participant regarding voting instructions to be given to such persons if they wish to vote in respect of the Scheme. Beneficial Owners should contact their broker, custodian, nominee or other relevant person in advance of the deadline in respect of the Court Meeting and the Extraordinary General Meeting set by them, in order to provide such broker, custodian, nominee or other relevant person with sufficient time to provide HKSCC Nominees Limited with instructions or make arrangements with HKSCC Nominees Limited in relation to the manner in which the Shares of the Beneficial Owner should be voted at the Court Meeting and/or the Extraordinary General Meeting. The procedure for voting in respect of the Scheme by HKSCC Nominees Limited with respect to the Shares registered under the name of HKSCC Nominees Limited shall be in accordance with the “General Rules of CCASS” and the “CCASS Operational Procedures” in effect from time to time.

29. SUMMARY OF ACTIONS TO BE TAKEN

Shareholders

A **pink** form of proxy for use at the Court Meeting and a **white** form of proxy for use at the Extraordinary General Meeting are enclosed with copies of this Scheme Document sent to the Registered Owners.

Whether or not you are able to attend the Court Meeting and/or the Extraordinary General Meeting, the Disinterested Shareholders are strongly urged to complete and sign the enclosed **pink** form of proxy in respect of the Court Meeting, and Shareholders are strongly urged to complete and sign the enclosed **white** form of proxy in respect of the Extraordinary General Meeting, in accordance with the instructions printed thereon, and to lodge them at the office of the Share Registrar, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong.

At the Court Meeting, each Disinterested Shareholder (other than HKSCC Nominees Limited) is entitled to vote either FOR or AGAINST the Scheme, but not both FOR and AGAINST the Scheme.

Each Disinterested Shareholder is only entitled to submit one proxy form for the Court Meeting. If more than one proxy form for the Court Meeting is submitted by a Disinterested Shareholder and the voting instructions require the proxies to vote both FOR and AGAINST the Scheme, the proxy forms will not be accepted. If more than one proxy form for the Court Meeting is submitted by a Disinterested Shareholder and the voting instructions require the proxies to vote either FOR or AGAINST the Scheme but not both FOR and AGAINST the Scheme, the Chairman shall have absolute discretion as to whether or not to accept those proxy forms.

In order to be valid, the **pink** form of proxy for use at the Court Meeting should be lodged not later than 9:30 a.m. (Hong Kong time) on Saturday, 15 July 2017 or be handed to the Chairman of the Court Meeting at the Court Meeting (who shall have absolute discretion as to whether or not to accept it), and the **white** form of proxy for use at the Extraordinary General Meeting should be lodged not

later than 10:00 a.m. (Hong Kong time) on Saturday, 15 July 2017. The completion and return of a form of proxy for the Court Meeting or the Extraordinary General Meeting will not preclude you from attending and voting in person at the relevant meeting. In such event, the returned form of proxy will be deemed to have been revoked.

If you do not appoint a proxy and you do not attend and vote at the Court Meeting and/or Extraordinary General Meeting, you will still be bound by the outcome of such Court Meeting and/or Extraordinary General Meeting if, among other things, the resolutions are passed by the requisite majorities at the Court Meeting and Extraordinary General Meeting. You are therefore strongly urged to attend and vote at the Court Meeting and/or the Extraordinary General Meeting in person or by proxy.

For the purpose of determining the entitlements of the Disinterested Shareholders to attend and vote at the Court Meeting and the Shareholders to attend and vote at the Extraordinary General Meeting, the register of members of the Company will be closed from Wednesday, 12 July 2017 to Monday, 17 July 2017 (both days inclusive) and during such period, no transfer of Shares will be effected. In order to qualify to vote at the Court Meeting and the Extraordinary General Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Share Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong before 4:30 p.m. (Hong Kong time) on Tuesday, 11 July 2017.

An announcement will be made by the Company and the Offeror in relation to the results of the Court Meeting and the Extraordinary General Meeting on Monday, 17 July 2017 no later than 7:00 p.m. If all the resolutions are passed at those meetings, further announcement(s) will be made of the outcome of the Grand Court hearing of the petition to sanction the Scheme and, if the Scheme is sanctioned, the Record Date, the Effective Date and the date of withdrawal of the listing of the Shares on the Stock Exchange.

ACTIONS TO BE TAKEN BY HOLDERS THROUGH TRUST OR CCASS

The Company will not recognise any person as holding any Shares upon any trust. If you are a Beneficial Owner whose Shares are held upon trust by, and registered in the name of, a Registered Owner (other than HKSCC Nominees Limited), you should contact the Registered Owner and provide him, her or it with instructions or make arrangements with the Registered Owner in relation to the manner in which your Shares should be voted at the Court Meeting and/or the Extraordinary General Meeting. Such instructions and/or arrangements should be given or made in advance of the deadline in respect of the Court Meeting and the Extraordinary General Meeting set by the Registered Owner in order to provide the Registered Owner with sufficient time to accurately complete his, her or its proxy and to submit it by the deadline stated in Part II — “Actions to be Taken” of this Scheme Document. To the extent that any Registered Owner requires instructions from or arrangements to be made with any Beneficial Owner at a particular date or time in advance of the aforementioned latest time for the lodgment of forms of proxy in respect of the Court Meeting and the Extraordinary General Meeting, any such Beneficial Owner should comply with the requirements of the Registered Owner.

If you are a Beneficial Owner whose Shares are deposited in CCASS and registered under the name of HKSCC Nominees Limited, you must, unless you are an Investor Participant, contact your broker, custodian, nominee, or other relevant person who is, or has, in turn, deposited such Shares with, another CCASS Participant regarding voting instructions to be given to such persons if you wish to vote at the Court Meeting and/or at the Extraordinary General Meeting. You should contact your broker, custodian, nominee or other relevant person in advance of the deadline in respect of the Court Meeting and the Extraordinary General Meeting set by them, in order to provide such broker, custodian, nominee or other relevant person with sufficient time to provide HKSCC Nominees Limited with instructions or make arrangements with HKSCC Nominees Limited in relation to the manner in which the Shares of the Beneficial Owner should be voted at the Court Meeting and/or the Extraordinary General Meeting. The procedure for voting in respect of the Scheme by HKSCC Nominees Limited with respect to the Shares registered under the name of HKSCC Nominees Limited shall be in accordance with the “General Rules of CCASS” and the “CCASS Operational Procedures” in effect from time to time.

HKSCC Nominees Limited may also vote for and against the Scheme in accordance with instructions received from CCASS Participants (as defined under the General Rules of CCASS). However, for the purpose of calculating the “majority in number”, each such CCASS Participant who instructs HKSCC Nominees Limited to vote in favour of the Scheme shall be counted for the “majority in number” as a single Shareholder voting in favour of the Scheme, and, if applicable, each such CCASS Participant who instructs HKSCC Nominees Limited to vote against the Scheme shall be counted for the “majority in number” as a single Shareholder voting against the Scheme. HKSCC Nominees Limited itself, as opposed to instructing CCASS Participants, shall not be counted as a Shareholder for the purpose of the calculation of the “majority in number”.

Petition Hearing in the Grand Court

Prior to the despatch of this Scheme Document, the Company obtained directions from the Grand Court for the convening of the Court Meeting to consider the Scheme and other procedural matters regarding the Scheme.

In accordance with Sections 14, 15 and 86 of the Companies Law, if the resolutions are approved at the Court Meeting and the Extraordinary General Meeting, the Company must then make a further application to the Grand Court to sanction the Scheme and to confirm the resolution reducing the share capital of the Company. The Company and the Offeror cannot complete the Scheme and the Proposal without obtaining these approvals. In this regard, the Company has filed a petition with the Grand Court seeking these approvals which will be heard on Monday, 24 July 2017 (Cayman Islands time).

In determining whether to exercise its discretion and sanction the Scheme, the Grand Court will determine, among other things, whether the votes cast at the Court Meeting fairly represented the decision of the Disinterested Shareholders and whether the Scheme is fair to the Scheme Shareholders. At the hearing of the petition, the Grand Court may impose such conditions as it deems appropriate in relation to the Scheme but may not impose any material changes without the joint consent of the Company and the Offeror. The Company may consent on behalf of the Shareholders to any modification of the Scheme which the Grand Court may think fit to approve or impose.

If the Grand Court sanctions the Scheme and if all of the other Conditions to the Scheme are satisfied or (to the extent allowed by law) waived, the Company intends to file the court order sanctioning the Scheme with the Registrar of Companies in the Cayman Islands on Tuesday, 25 July 2017 (Cayman Islands time) or as otherwise directed by the Grand Court, at which time the Scheme will become effective.

SHAREHOLDERS (INCLUDING ANY BENEFICIAL OWNERS OF SUCH SHARES THAT GAVE VOTING INSTRUCTIONS TO A CUSTODIAN OR CLEARING HOUSE THAT SUBSEQUENTLY VOTED AT THE COURT MEETING) SHOULD NOTE THAT THEY ARE ENTITLED TO APPEAR AT THE GRAND COURT HEARING EXPECTED TO BE ON MONDAY, 24 JULY 2017 AT WHICH THE COMPANY WILL SEEK, AMONG OTHER THINGS, THE SANCTION OF THE SCHEME.

30. RECOMMENDATION

Your attention is drawn to the following:

- (i) the paragraph headed “*Recommendation*” in the “*Letter from the Board*” set out in Part IV of this Scheme Document;
- (ii) the letter from the Independent Board Committee set out in Part V of this Scheme Document; and
- (iii) the letter from the Independent Financial Adviser set out in Part VI of this Scheme Document.

31. FURTHER INFORMATION

Further information is set out in the Appendices to, and elsewhere in, this Scheme Document, all of which form part of this Explanatory Memorandum.

Shareholders should rely only on the information contained in this Scheme Document. None of the Company, the Offeror, the Joint Offerors, BofAML or the Independent Financial Adviser or any of their respective affiliates has authorised anyone to provide you with information that is different from what is contained in this Scheme Document.

1. FINANCIAL SUMMARY OF THE GROUP

The following is a summary of the audited financial information of the Group for each of the three years ended 28 February 2015, 29 February 2016 and 28 February 2017, as extracted from the published consolidated financial statements of the Company as set forth in the annual reports of the Company for the years ended 28 February 2015, 29 February 2016 and 28 February 2017, respectively.

	Year ended 28 February 2017 <i>RMB million</i>	Year ended 29 February 2016 <i>RMB million</i>	Year ended 28 February 2015 <i>RMB million</i>
Revenue	41,706.5	40,790.2	40,008.1
Cost of sales	<u>(19,050.9)</u>	<u>(17,832.3)</u>	<u>(16,998.0)</u>
Gross profit	22,655.6	22,957.9	23,010.1
Selling and distribution expenses	(14,415.4)	(14,345.8)	(13,920.2)
General and administrative expenses	(4,061.5)	(3,516.0)	(3,296.3)
Other income	497.6	484.5	421.6
Other expenses	(17.8)	(22.7)	(21.5)
Impairment of intangible assets	<u>(1,103.3)</u>	<u>(1,356.4)</u>	<u>—</u>
Operating profit	3,555.2	4,201.5	6,193.7
Finance income	291.2	379.1	465.2
Finance costs	<u>(0.1)</u>	<u>(111.2)</u>	<u>(79.3)</u>
Finance income, net	291.1	267.9	385.9
Share of results of associates and a joint venture	6.3	71.8	21.8
Gains on partial disposal and dilution of interest in an associate	<u>160.3</u>	<u>—</u>	<u>—</u>
Profit before income tax	4,012.9	4,541.2	6,601.4
Income tax expense	<u>(1,596.9)</u>	<u>(1,596.1)</u>	<u>(1,850.6)</u>
Profit for the year	<u>2,416.0</u>	<u>2,945.1</u>	<u>4,750.8</u>

APPENDIX I**FINANCIAL INFORMATION OF THE GROUP**

	Year ended 28 February 2017 <i>RMB million</i>	Year ended 29 February 2016 <i>RMB million</i>	Year ended 28 February 2015 <i>RMB million</i>
Attributable to:			
Equity holders of the Company	2,403.4	2,934.1	4,763.9
Non-controlling interests	<u>12.6</u>	<u>11.0</u>	<u>(13.1)</u>
	<u>2,416.0</u>	<u>2,945.1</u>	<u>4,750.8</u>
Earnings per share attributable to equity holders of the Company for the year			
	<i>RMB cents</i>	<i>RMB cents</i>	<i>RMB cents</i>
— basic	<u>29.38</u>	<u>35.86</u>	<u>57.64</u>
— diluted	<u>28.50</u>	<u>34.79</u>	<u>56.38</u>
Dividends			
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
— interim and special	<u>1,012.1</u>	<u>1,349.5</u>	<u>3,373.7</u>
— final	<u>proposed 506.1</u>	<u>506.1</u>	<u>1,602.5</u>
Dividends per share			
	<i>RMB cents</i>	<i>RMB cents</i>	<i>RMB cents</i>
— interim and special	<u>12.00</u>	<u>16.00</u>	<u>40.00</u>
— final	<u>proposed 6.00</u>	<u>6.00</u>	<u>19.00</u>

The auditor of the Company did not issue any qualified opinion on the audited consolidated financial statements of the Group for each of the three years ended 28 February 2015, 29 February 2016 and 28 February 2017. There are no exceptional items because of size, nature or incidence that are required to be disclosed in the consolidated financial statements of the Group for each of the three years ended 28 February 2015, 29 February 2016 and 28 February 2017.

2. LATEST PUBLISHED FINANCIAL INFORMATION

The followings are the consolidated financial information of the Group derived from the audited consolidated financial statements of the Group for the year ended 28 February 2017 as extracted from the annual report of the Company for the year ended 28 February 2017.

**CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 28 FEBRUARY 2017**

	<i>Note</i>	Year ended	
		28 February 2017	29 February 2016
		<i>RMB million</i>	<i>RMB million</i>
Revenue	5	41,706.5	40,790.2
Cost of sales		<u>(19,050.9)</u>	<u>(17,832.3)</u>
Gross profit		22,655.6	22,957.9
Selling and distribution expenses		(14,415.4)	(14,345.8)
General and administrative expenses		(4,061.5)	(3,516.0)
Other income	6	497.6	484.5
Other expenses		(17.8)	(22.7)
Impairment of intangible assets	17	<u>(1,103.3)</u>	<u>(1,356.4)</u>
Operating profit	7	<u>3,555.2</u>	<u>4,201.5</u>
Finance income		291.2	379.1
Finance costs		<u>(0.1)</u>	<u>(111.2)</u>
Finance income, net	8	<u>291.1</u>	<u>267.9</u>
Share of results of associates and a joint venture	18	<u>6.3</u>	<u>71.8</u>
Gains on partial disposal and dilution of interest in an associate	18	<u>160.3</u>	<u>—</u>
Profit before income tax		4,012.9	4,541.2
Income tax expense	9	<u>(1,596.9)</u>	<u>(1,596.1)</u>
Profit for the year		<u>2,416.0</u>	<u>2,945.1</u>
Attributable to:			
Equity holders of the Company		2,403.4	2,934.1
Non-controlling interests		<u>12.6</u>	<u>11.0</u>
		<u>2,416.0</u>	<u>2,945.1</u>
Earnings per share attributable to equity holders of the Company for the year	10	<i>RMB cents</i>	<i>RMB cents</i>
— basic		<u>29.38</u>	<u>35.86</u>
— diluted		<u>28.50</u>	<u>34.79</u>

Details of dividends payable to equity holders of the Company are set out in Note 11.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 28 FEBRUARY 2017**

	Year ended	
	28 February 2017 RMB million	29 February 2016 RMB million
Profit for the year	2,416.0	2,945.1
Other comprehensive income		
<i>Items that may be subsequently reclassified to income statement:</i>		
Exchange differences	140.5	17.5
Other comprehensive income for the year	140.5	17.5
Total comprehensive income for the year	2,556.5	2,962.6
Attributable to:		
Equity holders of the Company	2,543.9	2,951.6
Non-controlling interests	12.6	11.0
	2,556.5	2,962.6

**CONSOLIDATED BALANCE SHEET
AS AT 28 FEBRUARY 2017**

		As at	
	<i>Note</i>	28 February 2017	29 February 2016
		<i>RMB million</i>	<i>RMB million</i>
ASSETS			
Non-current assets			
Property, plant and equipment	14	4,670.7	4,561.3
Land use rights	15	1,533.0	1,525.3
Investment properties	16	236.9	241.6
Intangible assets	17	1,397.8	2,582.8
Interests in associates and a joint venture	18	883.5	946.2
Available-for-sale financial assets	19	181.4	—
Long-term deposits, prepayments and other assets	20	441.8	393.4
Deferred income tax assets	21	457.2	457.7
		9,802.3	10,708.3
Current assets			
Inventories	22	7,876.9	6,877.4
Trade receivables	23	3,679.4	4,326.9
Deposits, prepayments and other receivables	20	1,790.8	1,360.7
Structured bank deposits	24	—	4,629.8
Term deposits with initial terms of over three months	25	5,006.3	23.0
Bank balances and cash	25	3,589.9	3,128.7
		21,943.3	20,346.5
Total assets		31,745.6	31,054.8

CONSOLIDATED BALANCE SHEET
AS AT 28 FEBRUARY 2017

		As at	
	<i>Note</i>	28 February 2017	29 February 2016
		<i>RMB million</i>	<i>RMB million</i>
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	29	83.1	83.1
Share premium		9,214.1	9,214.1
Reserves	30	<u>17,176.9</u>	<u>15,778.9</u>
		26,474.1	25,076.1
Non-controlling interests		<u>149.5</u>	<u>209.9</u>
Total equity		<u>26,623.6</u>	<u>25,286.0</u>
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities	21	39.4	122.5
Deferred income		<u>45.3</u>	<u>50.9</u>
		84.7	173.4
Current liabilities		<u>5,037.3</u>	<u>5,595.4</u>
Trade payables	26	1,079.2	956.9
Other payables, accruals and other liabilities	27	2,629.3	2,112.0
Short-term borrowings	28	—	860.6
Current income tax liabilities		<u>1,328.8</u>	<u>1,665.9</u>
		5,037.3	5,595.4
Total liabilities		<u>5,122.0</u>	<u>5,768.8</u>
Total equity and liabilities		<u>31,745.6</u>	<u>31,054.8</u>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 28 FEBRUARY 2017**

Capital and reserves attributable to equity holders of the Company												
	Share capital	Share premium	Shares held for award scheme	Share-based compensation reserve	Merger reserve	Statutory reserves	Capital redemption reserve	Exchange reserve	Retained earnings	Sub-total	Non-controlling interests	Total
	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million
	(Note 29)		(Note 31)	(Note 31)	(Note 30(b))	(Note 30(c))						
For the year ended 28 February 2017												
As at 1 March 2016	83.1	9,214.1	(1,716.1)	306.6	3.5	1,331.8	0.1	(172.0)	16,025.0	25,076.1	209.9	25,286.0
Comprehensive income:												
Profit for the year	—	—	—	—	—	—	—	—	2,403.4	2,403.4	12.6	2,416.0
Other comprehensive income:												
Exchange differences	—	—	—	—	—	—	—	140.5	—	140.5	—	140.5
Total comprehensive income for the year	—	—	—	—	—	—	—	140.5	2,403.4	2,543.9	12.6	2,556.5
Dividends	—	—	—	—	—	—	—	—	(1,518.2)	(1,518.2)	—	(1,518.2)
Employee share award scheme												
- Value of employee services	—	—	—	430.7	—	—	—	—	—	430.7	—	430.7
Acquisition of equity interests of a subsidiary from non-controlling shareholders (note)	—	—	—	—	—	—	—	—	(58.4)	(58.4)	(75.6)	(134.0)
Capital contribution from a non-controlling shareholder	—	—	—	—	—	—	—	—	—	—	2.6	2.6
Transfer to reserves	—	—	—	—	—	54.3	—	—	(54.3)	—	—	—
	—	—	—	430.7	—	54.3	—	—	(1,630.9)	(1,145.9)	(73.0)	(1,218.9)
As at 28 February 2017	<u>83.1</u>	<u>9,214.1</u>	<u>(1,716.1)</u>	<u>737.3</u>	<u>3.5</u>	<u>1,386.1</u>	<u>0.1</u>	<u>(31.5)</u>	<u>16,797.5</u>	<u>26,474.1</u>	<u>149.5</u>	<u>26,623.6</u>

Note: During the year ended 28 February 2017, the Group acquired 22.5% equity interest of a subsidiary from non-controlling shareholders at a total consideration of RMB134.0 million, the difference of which against the carrying amount of non-controlling interest as of the date of acquisition is recorded in equity.

APPENDIX I

FINANCIAL INFORMATION OF THE GROUP

Capital and reserves attributable to equity holders of the Company												
	Share capital	Shareheld for share premium award scheme	Shares for share compensation reserve	Share-based compensation reserve	Merger reserve	Statutory reserves	Capital redemption reserve	Exchange reserve	Retained earnings	Sub-total	Non-controlling interests	Total
	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million
	(Note 29)	(Note 31)	(Note 31)	(Note 30(b))	(Note 30(c))							
For the year ended 29 February 2016												
As at 1 March 2015	83.1	9,214.1	(1,716.1)	153.3	3.5	1,209.0	0.1	(189.5)	16,165.7	24,923.2	198.9	25,122.1
Comprehensive income:												
Profit for the year	—	—	—	—	—	—	—	—	2,934.1	2,934.1	11.0	2,945.1
Other comprehensive income:												
Exchange differences	—	—	—	—	—	—	—	17.5	—	17.5	—	17.5
Total comprehensive income for the year	—	—	—	—	—	—	—	17.5	2,934.1	2,951.6	11.0	2,962.6
Dividends	—	—	—	—	—	—	—	—	(2,952.0)	(2,952.0)	—	(2,952.0)
Employee share award scheme												
— Value of employee services	—	—	—	153.3	—	—	—	—	—	153.3	—	153.3
Transfer to reserves	—	—	—	—	—	122.8	—	—	(122.8)	—	—	—
	—	—	—	153.3	—	122.8	—	—	(3,074.8)	(2,798.7)	—	(2,798.7)
As at 29 February 2016	83.1	9,214.1	(1,716.1)	306.6	3.5	1,331.8	0.1	(172.0)	16,025.0	25,076.1	209.9	25,286.0

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 28 FEBRUARY 2017**

		Year ended	
	<i>Note</i>	28 February 2017	29 February 2016
		<i>RMB million</i>	<i>RMB million</i>
Cash flows from operating activities			
Net cash generated from operations	33(a)	6,418.1	6,772.1
Income tax paid		<u>(2,026.9)</u>	<u>(1,628.8)</u>
Net cash generated from operating activities		<u>4,391.2</u>	<u>5,143.3</u>
Cash flows from investing activities			
Acquisition of an associate	18	—	(200.5)
Acquisition of additional interest in an associate	18	(38.1)	—
Acquisition of a business	32	—	(284.4)
Acquisition of available-for-sale financial assets		(181.4)	—
Proceeds from partial disposal of interest in an associate		333.8	—
Loan to an associate		(111.7)	—
Payments and deposits for purchase of property, plant and equipment, land use rights and intangible assets	33(b)	(1,341.1)	(1,360.5)
Proceeds from disposal of property, plant and equipment and land use rights	33(c)	65.2	39.9
Placement of structured bank deposits		(2,508.5)	(14,931.4)
Proceeds from maturity of structured bank deposits		6,952.5	16,448.3
Placement of term deposits with initial terms of over three months		(6,388.5)	(23.0)
Proceeds from maturity of term deposits with initial terms of over three months		1,439.2	20.0
Interest received		<u>222.2</u>	<u>481.7</u>
Net cash (used in)/generated from investing activities		<u>(1,556.4)</u>	<u>190.1</u>
Cash flows from financing activities			
Dividends paid		(1,518.2)	(2,952.0)
Interest paid		(0.1)	(45.9)
Acquisition of equity interest of a subsidiary from non-controlling shareholders		(134.0)	—
Capital contribution from a non-controlling shareholder		2.6	—
Proceeds from borrowings		—	5,498.8
Repayments of borrowings		<u>(861.3)</u>	<u>(7,360.1)</u>
Net cash used in financing activities		<u>(2,511.0)</u>	<u>(4,859.2)</u>
Net increase in cash and cash equivalents			
Cash and cash equivalents at beginning of the year		3,212.7	2,730.7
Exchange gains on cash and cash equivalents		<u>53.4</u>	<u>7.8</u>
Cash and cash equivalents at end of the year	33(d)	<u>3,589.9</u>	<u>3,212.7</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**1 GENERAL INFORMATION**

Belle International Holdings Limited (the “Company”) and its subsidiaries (collectively the “Group”) are 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 the People’s Republic of China (the “PRC”) for the production of shoes and footwear products, and sells mainly in the PRC, Hong Kong and Macau.

The Company was incorporated in the Cayman Islands on 19 May 2004 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is P.O. Box 31119, Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman KY1-1205, Cayman Islands.

The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

These consolidated financial statements are presented in Renminbi (“RMB”), unless otherwise stated and have been approved for issue by the Board of Directors on 15 May 2017.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with all applicable International Financial Reporting Standards (“IFRS”) and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention as modified by the revaluation of available-for-sale financial assets which are carried at fair value.

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

(a) Effect of adopting new standard and amendments to standards

The following new standard and amendments to standards are mandatory for accounting periods beginning on or after 1 March 2016, the adoption of which does not have any significant impact to the results and financial position of the Group.

IFRSs (amendment)	Annual improvements to IFRSs 2012-2014 cycle
IFRS 10, IFRS 12 and IAS 28 (2011) (amendment)	Investment entities: applying the consolidation exception
IFRS 11 (amendment)	Accounting for acquisitions of interests in joint operations
IFRS 14	Regulatory deferral accounts
IAS 1 (amendment)	Disclosure initiative
IAS 16 and IAS 38 (amendment)	Acceptable methods of depreciation and amortization
IAS 16 and IAS 41 (amendment)	Agriculture: Bearer plants
IAS 27 (2011) (amendment)	Equity method in separate financial statements

(b) New standards and amendments to standards that have been issued but are not yet effective

A number of new standards and amendments to standards are effective for annual periods beginning after 1 March 2016 and have not been applied in preparing these financial statements.

IFRS 2 (amendment)	Classification and measurement of share-based payment transactions ⁽²⁾
IFRS 4 (amendment)	Applying IFRS 9 Financial instruments with IFRS 4 Insurance contracts ⁽³⁾
IFRS 9 (2014)	Financial instruments ⁽²⁾
IFRS 10 and IAS 28 (amendment)	Sale or contribution of assets between an investor and its associates or joint venture ⁽⁴⁾
IFRS 15	Revenue from contracts with customers ⁽²⁾
IFRS 15 (amendment)	Clarifications to IFRS 15 ⁽³⁾
IFRS 16	Leases ⁽³⁾
IAS 7 (amendment)	Statement of cash flows disclosure initiative ⁽¹⁾
IAS 12 (amendment)	Recognition of deferred tax assets for unrealised losses ⁽¹⁾

⁽¹⁾ Effective for the Group for annual period beginning on 1 March 2017.

⁽²⁾ Effective for the Group for annual period beginning on 1 March 2018.

⁽³⁾ Effective for the Group for annual period beginning on 1 March 2019.

⁽⁴⁾ Effective date to be determined.

None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

IFRS 9 Financial instruments

The new standard addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The Group has yet to undertake a detailed assessment of the classification and measurement of its financial assets, but management considers that its investments in equity instruments currently classified as available-for-sale financial assets might fall within the classification as at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income which will not be recycling to the profit and loss, hence, there might be a change to the accounting of these assets.

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities.

The derecognition rules have been transferred from IAS 39 Financial Instruments: Recognition and Measurement and have not been changed.

There is a change in hedge accounting rules that more hedge relationships might be eligible for hedge accounting, as the standard introduces a more principles-based approach. The Group does not have any such hedging instruments.

The new impairment model requires the recognition of impairment provisions based on expected credit losses rather than only incurred credit losses as is the case under IAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at fair value through other comprehensive income, contract assets under IFRS 15 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts. The Group has not yet undertaken a detailed assessment of how its impairment provisions would be affected by the new model, and it may result in an earlier recognition of credit losses.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard. IFRS 9 must be applied for financial years commencing on or after 1 March 2018. The Group does not intend to adopt IFRS 9 before its mandatory date.

IFRS 15 Revenue from contracts with customers

IFRS 15 will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The new standard permits either a full retrospective or a modified retrospective approach for the adoption.

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. A further clarification to IFRS 15 was issued in relation to the identification of performance obligations, principal versus agent consideration, as well as licensing application guidance. Management is currently assessing the effects of applying the new standard on the Group’s financial statements and currently does not anticipate that the application of IFRS 15 in the future will have a material effect on the Group’s consolidated financial statements.

IFRS 15 is mandatory for financial years commencing on or after 1 March 2018. The Group does not intend to adopt the standard before its effective date.

IFRS 16 Leases

IFRS 16 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change. The standard will affect primarily the accounting for the Group’s operating leases.

As at 28 February 2017, the Group has non-cancellable operating lease commitments of RMB2,997.2 million (Note 34(b)). However, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group’s profit and classification of cash flows. Some of the commitments may be covered by the exception for short-term and low value leases and some commitments may relate to arrangements that will not qualify as leases under IFRS 16.

The new standard is mandatory for financial years commencing on or after 1 March 2019. The Group does not intend to adopt the standard before its effective date.

There are no other IFRSs or interpretations that are not yet effective that would be expected to have a material impact on the Group.

2.2 Subsidiaries

(a) Consolidation

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to 28 February (or 29 February in a leap year).

(i) Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognized amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by IFRS.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognized in profit or loss.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognized and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in the income statement.

Intra-group transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

(ii) *Changes in ownership interests in subsidiaries without change of control*

Transactions with non-controlling interests that do not result in a loss of control are accounted for as equity transactions — that is, as transactions with the owners of the subsidiary in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying amount of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iii) *Disposal of subsidiaries*

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, a joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. It means the amounts previously recognized in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs.

(b) *Separate financial statements*

Investments in subsidiaries are accounted for at cost less any impairment. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.3 Associates and joint arrangements

(a) *Associates*

An associate is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investments in associates include goodwill identified on acquisition. Upon the acquisition of the ownership interest in an associate, any difference between the cost of the associate and the Group's share of the net fair value of the associate's identifiable assets and liabilities is accounted for as goodwill.

(b) *Joint arrangements*

The Group has applied IFRS 11 to all joint arrangements. Under IFRS 11, investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be a joint venture. Joint ventures are accounted for using the equity method.

If the ownership interest in an associate/a joint venture is reduced but significant influence/joint control is retained, only a proportionate share of the amounts previously recognized in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss of associates/a joint venture are recognized in the income statement, and its share of post-acquisition movements in other comprehensive income are recognized in other comprehensive income with a corresponding adjustment to the carrying amount of the investments. When the Group's share of loss in an associate/a joint venture equals or exceeds its interest in an associate/a joint venture, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate/joint venture.

The Group determines at each reporting date whether there is any objective evidence that investments in associates/a joint venture are impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate/ joint venture and its carrying value and recognizes the amount adjacent to 'share of results of associates and a joint venture' in the income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associates/joint venture are recognized in the Group's financial statements only to the extent of unrelated investor's interests in the associates/joint venture. Unrealized losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates/joint venture have been changed where necessary to ensure consistency with the policies adopted by the Group.

Gains or losses on dilution of equity interest in associates/joint venture are recognized in the income statement.

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (“CODM”). The CODM who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Company that make strategic decisions.

2.5 Foreign currency translation

(a) *Functional and presentation currency*

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The consolidated financial statements are presented in RMB, which is the Company’s functional and the Group’s presentation currency.

(b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement. Translation differences on non-monetary financial assets, such as equities classified as available-for-sale, are included in other comprehensive income.

(c) *Group companies*

The results and financial position of all the Group’s entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- (ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- (iii) all resulting exchange differences are recognized in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Currency translation differences arising are recognized in other comprehensive income.

2.6 Property, plant and equipment

Property, plant and equipment other than construction-in-progress are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Leasehold land classified as finance lease commences amortization from the time when the land interest becomes available for its intended use. Amortization on leasehold land classified as finance lease and depreciation on other assets is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives, as follows:

Leasehold land classified as finance lease	Shorter of remaining lease term of 30-70 years or useful life
Buildings	20-40 years
Leasehold improvements	1-5 years
Plant and equipment	10 years
Furniture and fixtures and other equipment	3-5 years
Motor vehicles	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The gains or losses on disposals of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant assets and are recognized in the income statement.

Construction-in-progress represents buildings, plant and machinery under construction and pending installation and is stated at cost less accumulated impairment losses, if any. Cost includes the costs of construction of buildings, the costs of plant and machinery and, for qualifying assets, borrowing costs capitalized in accordance with the Group's accounting policies. No provision for depreciation is made on construction-in-progress until such time as the relevant assets are completed and ready for intended use. When the assets concerned are brought to use, the costs are transferred to property, plant and equipment and depreciated in accordance with the policy as stated above.

2.7 Land use rights

Land use rights are stated at cost less accumulated amortization and accumulated impairment losses, if any. Cost represents consideration paid for the rights to use the land on which various plants and buildings are situated for a period from 37 to 50 years. Amortization of land use rights is calculated on a straight-line basis over the period of leases.

2.8 Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group, is classified as investment property. It also includes properties that are being constructed or developed for future use as investment properties.

Investment property is carried at cost, including the related transaction costs, less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is provided using the straight-line method to write off the cost of the investment properties over their estimated useful lives of 35 to 40 years. Where the carrying amount of an investment property is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance costs are expensed in the income statement during the financial period in which they are incurred.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its carrying amount at the date of reclassification becomes its cost for accounting purposes.

2.9 Intangible assets

(a) Goodwill

Goodwill arises on the acquisition of subsidiaries, associates and joint ventures and represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognized immediately as an expense and is not subsequently reversed.

(b) *Acquired distribution and license contracts*

Distribution and license contracts acquired in a business combination are recognized initially at fair value at the acquisition date and subsequently carried at the amount initially recognized less accumulated amortization and impairment losses, if any. Amortization is calculated using the straight-line method to allocate the costs of acquired distribution and license contracts over their estimated useful lives of 1 to 13 years.

(c) *Acquired trademarks*

Separately acquired trademarks are carried at cost less accumulated amortization and accumulated impairment losses, if any. Trademarks acquired in a business combination are recognized initially at fair value at the acquisition date and subsequently carried at the amount initially recognized less accumulated amortization and accumulated impairment losses, if any. Amortization of trademarks that have definite useful lives is calculated using the straight-line method to allocate the costs of acquired trademarks over their estimated useful lives of 10 to 30 years.

(d) *Computer software*

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring the specific software into usage. These costs are amortized using the straight-line method over their estimated useful lives of 5 years. Cost associated with maintaining computer software programmes are recognized as an expense as incurred.

Computer software development costs recognized as assets are amortized over their estimated useful lives of not exceeding 5 years.

2.10 Impairment of non-financial assets

Assets that have an indefinite useful life or are not yet ready for use are not subject to amortization and are tested annually for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.11 Inventories

Inventories, comprising raw materials, work-in-progress, finished goods and consumables, are stated at the lower of cost and net realizable value. Cost is determined by the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labor costs, other direct costs and related production overheads (based on normal operating capacity). Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.12 Financial assets

(a) Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of the Group's financial assets at initial recognition.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the balance sheet date. These are classified as non-current assets. The Group's loans and receivables comprise trade receivables, structured bank deposits, term deposits, bank balances and cash, deposits and other receivables in the consolidated balance sheet.

(iii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of the investment within 12 months from the end of the reporting period.

As at 28 February 2017 and 29 February 2016, the Group did not hold any significant financial assets at fair value through profit or loss.

(b) *Recognition and measurement*

Regular way purchases and sales of financial assets are recognized on the trade-date — the date on which the Group commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets are subsequently carried at fair value. Loans and receivables are recognized initially at fair value and subsequently carried at amortized cost using the effective interest method.

Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognized in other comprehensive income.

(c) *Offsetting financial instruments*

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or its subsidiaries or the counterparty.

(d) *Impairment of financial assets***(i) *Assets carried at amortized cost***

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a “loss event”) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loan and receivables category, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset’s original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in the

income statement. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in the income statement.

(ii) *Assets classified as available for sale*

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

For equity investments, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss — is reclassified from equity and recognized in profit or loss. Impairment losses recognized in the consolidated income statement on equity instruments are not reversed through the consolidated income statement.

2.13 Receivables

Receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less any provision for impairment. If collection of trade and other receivables is expected in one year or less (or any in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

2.14 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks with original maturities of three months or less and other short-term highly liquid investments with original maturities of three months or less.

2.15 Financial liabilities and equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. Financial liabilities (including trade and other payables) are initially measured at fair value, and are subsequently measured at amortized cost, using the effective interest method. An equity instrument is any contract that does not meet the definition of financial liability and evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Ordinary shares are classified as equity. Incremental costs, net of tax, directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

2.16 Payables

Payables are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method. Payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

2.17 Borrowings and borrowing costs

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are charged to the income statement in the period in which they are incurred.

2.18 Current and deferred income tax

The income tax expense for the year comprises current and deferred income tax. Income tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is also recognized in other comprehensive income or directly in equity respectively.

(a) *Current income tax*

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the places where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the relevant tax authorities.

(b) *Deferred income tax**Inside basis differences*

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or a liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and a joint venture, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates/joint ventures. Only when there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference in the foreseeable future, deferred tax liability in relation to taxable temporary differences arising from the associates'/joint ventures' undistributed profits is not recognized.

Deferred income tax assets are recognized on deductible temporary differences arising from investments in subsidiaries, associates and a joint venture only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilized.

(c) *Offsetting*

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.19 Employee benefits

(a) *Pension obligations*

The Group participates in various defined contribution retirement benefit plans which are available to all relevant employees. These plans are generally funded through payments to schemes established by governments or trustee-administered funds. A defined contribution plan is a pension plan under which the Group pays contributions on a mandatory, contractual or voluntary basis into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Group's contributions to the defined contribution plans are expensed as incurred and not reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions.

(b) *Bonus entitlements*

The expected cost of bonus payments is recognized as a liability when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities of bonus plan are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

(c) *Share-based compensation benefits*

The Group operates a number of share-based compensation plans (including share option scheme and share award scheme), under which the Group receives services from employees as consideration for equity instruments (including share options and awarded shares) of the Group. The fair value of the employee services received in exchange for the grant of equity instruments of the Group is recognized as an expense over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied, and credited to share-based compensation reserve under equity.

No share options have been granted under the share option scheme operated by the Group since its adoption and up to 28 February 2017.

Share award scheme ("Share Award Scheme")

For grant of awarded shares, the total amount to be expensed is determined by reference to the fair value of the awarded shares granted at the grant date taking into account of the expected dividends during the vesting period. Non-market performance and services conditions are included in assumptions about the number of awarded shares that are expected to become vested. The Group recognizes dividends paid in respect of these awarded shares during the vesting period directly in equity.

From the perspective of the Company, the Company grants its equity instruments to employees of its subsidiaries to exchange for their services related to the subsidiaries. Accordingly, the share-based compensation expenses, which are recognized in the consolidated financial statements, are treated as part of the "Interests in subsidiaries" in the Company's balance sheet.

At each balance sheet date, the Group and the Company revise their estimates of the number of awarded shares that are expected to vest and recognizes the impact of the revision of original estimates, if any, in the consolidated income statement of the Group and in the “Interests in subsidiaries” of the Company, with a corresponding adjustment made to equity over the remaining vesting period.

Shares held for share award scheme

The consideration paid by the Company through a share award scheme trustee, a structured entity (“Share Scheme Trustee”) established by the Company for the purpose of administering and holding the Company’s shares acquired for the Share Award Scheme, which is set up for the benefits of eligible persons of the Share Award Scheme, for purchasing the Company’s shares from the market, including any directly attributable incremental cost, is presented as “Shares held for share award scheme” and deducted from total equity.

When the Share Scheme Trustee transfers the Company’s shares to the awardees upon vesting, the related costs of the awarded shares vested are credited to “Shares held for share award scheme”, with a corresponding adjustment to “Share premium”.

2.20 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligations using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

2.21 Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease. For a component of the lease payment which is not fixed but is based on future amount of a factor, other than the passage of time, such as percentage of sales or concessionaire fees, the amount is recognized as expenses as it arises.

When assets are leased out under an operating lease, the asset is included in the balance sheet based on the nature of asset.

2.22 Government incentives

Incentives from the government are recognized at their fair value where there is a reasonable assurance that the incentives will be received and the Group will comply with all attached conditions.

Government incentives relating to costs are deferred and recognized in the income statement over the period necessary to match them with the costs that they are intended to compensate.

Government incentives relating to property, plant and equipment and projects are included in non-current liabilities as deferred income and are credited to the income statement on a straight-line basis over the expected lives of the related assets and projects.

2.23 Financial guarantee contract liabilities

Financial guarantee contract liabilities are measured initially at their fair values and are subsequently measured at the higher of (i) the amount initially recognized less, where appropriate, cumulative amortization recognized in the income statement over the period of the relevant liabilities and (ii) the amount of which the Group is obliged to reimburse the recipient under the financial guarantee contracts.

2.24 Revenue and income recognition

Revenue comprises the fair value of the consideration received or receivable for the sales of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts, and after eliminating sales within the Group.

The Group recognizes revenue when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the Group. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. Revenue and income are recognized as follows:

(a) *Sales of goods*

Revenue from the sales of goods is recognized when the risk and reward of the goods have been transferred to the customer, which is usually at the time when a group entity has delivered products to the customer, the customer has accepted the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Accumulated experience is used to estimate and provide for sales returns at the time of sale.

(b) Commissions from concessionaire sales are recognized upon the sales of goods by the relevant retail outlets.

(c) Interest income is recognized using the effective interest method.

(d) Rental income under operating leases is recognized on a straight-line basis over the lease periods.

2.25 Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the Company's and the Group's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks, including foreign exchange risk, cash flow and fair value interest rate risks, credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The use of financial derivatives to manage certain risk exposures is governed by the Group's policies approved by the Board of Directors of the Company.

(a) *Foreign exchange risk*

The Group mainly operates in the PRC with most of the transactions originally denominated and settled in RMB. The Group also has retail operations in Hong Kong and Macau, for which foreign exchange risk is considered insignificant. Foreign exchange risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the entity's functional currency. The Group is exposed to foreign exchange risk from various currencies, primarily with respect to Hong Kong Dollars ("HK\$") and the United States Dollars ("US\$").

The Group manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures and may enter into certain forward foreign exchange contracts, when necessary, to manage its exposure against HK\$ and US\$ and to mitigate the impact on exchange rate fluctuations. During the years ended 28 February 2017 and 29 February 2016, no forward foreign exchange contracts had been entered into by the Group.

As at and during the year ended 28 February 2017, the Group's financial assets and liabilities, and transactions arising from its operations do not expose the Group to material foreign exchange risk as the Group's financial assets and liabilities are primarily denominated in the respective group companies' functional currency.

As at 28 February 2017, if RMB has strengthened or weakened by 5% against HK\$ with all other variables held constant, profit for the year would have been RMB80.8 million lower/higher (2016: RMB59.1 million lower/higher) lower/higher, mainly as a result of foreign exchange losses/gains on translation of HK\$ denominated receivables, bank balances and cash, and payables.

(b) *Cash flow and fair value interest rate risks*

The Group's income and operating cash flows are substantially independent of changes in market interest rates and the Group has no significant interest-bearing assets except for the cash at banks and certain structured bank deposits and term deposits, details of which have been disclosed in Notes 24 to 25. The Group's exposure to changes in interest rates is also attributable to its borrowings, details of which have been disclosed in Note 28. Borrowings carried at floating rates expose the Group to cash flow interest rate risk whereas those carried at fixed rates expose the Group to fair value interest rate risk. The Group's borrowings were carried at floating rates and expose the Group to cash flow interest rate risk while a significant part of the Group's structured bank deposits and all of its term deposits with initial terms of over three months were carried at fixed rates which does not expose the Group to cash flow interest rate risk. The Group has not used any interest rate swaps to hedge its exposure against cash flow interest rate risks. All borrowings of the Group were fully settled during the year. As any reasonable changes in interest rate would not result in a significant impact on the Group's results, no sensitivity analysis is presented for interest rate risk.

(c) *Credit risk*

The Group has no significant concentrations of credit risk. The carrying amounts of trade and other receivables, cash at banks, structured bank deposits, term deposits with banks, and rental deposits included in the consolidated balance sheet represent the Group's maximum exposure to credit risk in relation to its financial assets.

The Group has policies in place to ensure that sales of on credit terms are made to customers with an appropriate credit history and the Group performs periodic credit evaluations of its customers. The Group's concessionaire sales through department stores are generally collectible within 30 days from the invoice date while credit sales are generally on credit terms within 30 days. Normally the Group

does not require collaterals from trade debtors. The existing debtors have no significant defaults in the past. The Group's historical experience in collection of trade and other receivables falls within the recorded allowances and the directors are of the opinion that no provision for uncollectible receivables is required.

The Group also makes deposits (current and non-current) for rental of certain of its retail outlets with the relevant landlords. Management does not expect any loss arising from non-performance by these counterparties.

As at 28 February 2017 and 29 February 2016, substantially all the bank balances, structured bank deposits and term deposits with banks as detailed in Notes 24 to 25 are held in major financial institutions located in Hong Kong and the PRC, which management believes are of high credit quality. The Group has a policy to limit the amount of credit exposure to any financial institution and management does not expect any loss arising from non-performance by these counterparties.

(d) ***Liquidity risk***

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of committed credit facilities.

The Group's primary cash requirements have been for additions of and upgrades on property, plant and equipment, repayment of borrowings and payment for purchases and operating expenses. The Group also used cash as consideration for settlement of its acquisition of businesses. The Group finances its acquisitions and working capital requirements through a combination of internal resources and bank borrowings, as necessary.

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure it maintains sufficient cash and cash equivalents and has available funding through adequate amount of committed credit facilities to meet its working capital requirements.

As at 28 February 2017 and 29 February 2016, the Group's financial liabilities are all due for settlement contractually within 12 months and the contractual undiscounted cash outflow of the Group's financial liabilities approximates their carrying amounts included in the consolidated balance sheet. Interest element in connection with the Group's short-term borrowings as at 29 February 2016 payable in the next twelve months calculated in accordance with the relevant borrowing agreements are considered relatively insignificant.

3.2 Fair value estimation

The Group's financial instruments that are measured in the balance sheet at the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).

- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

As at 29 February 2016, the Group did not have any significant financial assets or financial liabilities in the consolidated balance sheet which is measured at fair value.

As at 28 February 2017, except for the unlisted investment fund of RMB181.4 million (2016: Nil) that classified as available-for-sale financial assets and was measured at level 3 fair value measurement hierarchy, the Group did not have any significant financial assets or financial liabilities in the consolidated balance sheet which is measured at fair value.

There was no transfer between levels 1, 2 and 3 during the year.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments; and
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

The following table presents the changes in level 3 instruments for the year ended 28 February 2017:

	Unlisted Investment fund <i>RMB million</i>
As at 1 March 2016	—
Additions	<u>181.4</u>
As at 28 February 2017	<u><u>181.4</u></u>

The fair value of the Group's available-for-sale financial assets is determined based on net assets value of the fund after adjusting the carrying amounts of the underlying investments of the fund to their fair values, which are determined based on recent transaction prices.

3.3 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the dividend payments to shareholders or obtain new bank borrowings. The Group's strategy is to maintain a solid capital base to support the operations and development of its business in the long term.

The Group also monitors capital on the basis of gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less structured bank deposits (including current and non-current structured bank deposits as shown in the consolidated balance sheet), term deposits with initial terms of over three months and bank balances and cash. Total capital is calculated as "Equity", as shown in the consolidated balance sheet plus net debt.

During the year, the Group's strategy, which remained unchanged from prior year, was to maintain a net cash position. As at 28 February 2017 and 29 February 2016, the Group has a net cash position and the aggregate balances of structured bank deposits, term deposits with initial terms of over three months and bank balances and cash exceeded the total balance of borrowings by RMB8,596.2 million (2016: RMB6,920.9 million).

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments used in preparing the financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Impairment of non-financial assets

The Group tests annually whether goodwill has suffered any impairment (Note 17). Other non-financial assets including property, plant and equipment, land use rights and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts have been determined based on value-in-use calculations or fair value less costs to sell. These calculations require the use of judgments and estimates.

Management judgment is required in the area of asset impairment particularly in assessing: (i) whether an event has occurred that may indicate that the related asset values may not be recoverable; (ii) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less costs to sell and net present value of future cash flows which are estimated based upon the continued use of the asset in the business; (iii) the selection of the most appropriate valuation technique, e.g. the market approach, the income approach, as well as a combination of approaches, including the adjusted net asset method; and (iv) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management in assessing impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test and as a result affect the Company's financial condition and results of operations. If there is a significant adverse change in the projected performance and resulting future cash flow projections, it may be necessary to take an impairment charge to the income statement.

(b) Net realizable value of inventories

Net realizable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses. These estimates are based on the current market condition and the historical experience of manufacturing and selling products of similar nature. It could change significantly as a result of changes in customer taste and competitor actions in response to severe industry cycle. Management reassesses these estimates at each balance sheet date.

(c) Useful lives, residual values and depreciation charges of property, plant and equipment/useful lives and amortization of intangible assets

The Group's management determines the estimated useful lives, residual values and related depreciation/amortization charges for the Group's property, plant and equipment and intangible assets with reference to the estimated periods that the Group intends to derive future economic benefits from the use of these assets. Management will revise the depreciation and amortization charges where useful lives are different to that of previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives and actual residual values may differ from estimated residual values. Periodic review could result in a change in depreciable lives and residual values and therefore depreciation/amortization expense in future periods.

(d) Current and deferred income tax

The Group is subject to income taxes in the PRC and other jurisdictions. Judgment is required in determining the provision for income taxes in each of these jurisdictions. There are transactions and calculations during the ordinary course of business for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognized when management considers it is probable that future taxable profits will be available against which the temporary differences or tax losses can be utilized. When the expectation is different from the original estimate, such differences will impact the recognition of deferred income tax assets and taxation charges in the period in which such estimate is changed.

5 SEGMENT INFORMATION

The Group is principally engaged in the manufacturing, distribution and retailing of shoes and footwear products, and the sales of sportswear and apparel products.

CODM has been identified as the executive directors. CODM reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

CODM assesses the performance of the business from a product perspective, i.e. by shoes and footwear products and sportswear and apparel products.

CODM assesses the performance of the operating segments based on a measure of the results of reportable segments. Finance income and costs, share of results of associates and a joint venture, gains on partial disposal and dilution of interest in an associate, corporate income and expenses, and amortization and impairment of intangible assets are not included in the results for each operating segment that is reviewed by the CODM. Other information provided to the CODM is measured in a manner consistent with that in the financial statements.

Revenue from external customers is after elimination of inter-segment revenue. Sales between segments are carried out on mutually agreed terms. The revenue from external parties reported to the CODM is measured in a manner consistent with that in the consolidated income statement.

Assets of reportable segments exclude investment properties, available-for-sale financial assets, interests in associates and a joint venture, deferred income tax assets, structured bank deposits, term deposits with initial terms of over three months and other corporate assets (including certain corporate property, plant and equipment, and bank balances and cash), all of which are managed on a central basis. Liabilities of reportable segments exclude current and deferred income tax liabilities, short-term borrowings and other corporate liabilities.

APPENDIX I
FINANCIAL INFORMATION OF THE GROUP

	Year ended 28 February 2017				
	Shoes and footwear products <i>RMB million</i>	Sportswear and apparel products <i>RMB million</i>	Total reportable segments <i>RMB million</i>	Unallocated <i>RMB million</i>	Total <i>RMB million</i>
Revenue					
Sales of goods	18,960.0	22,554.6	41,514.6	—	41,514.6
Commissions from concessionaire sales	—	191.9	191.9	—	191.9
	<u>18,960.0</u>	<u>22,746.5</u>	<u>41,706.5</u>	<u>—</u>	<u>41,706.5</u>
Results of reportable segments	<u>2,979.3</u>	<u>1,848.6</u>	<u>4,827.9</u>	<u>—</u>	<u>4,827.9</u>
Reconciliation of results of reportable segments to profit for the year					
Results of reportable segments					4,827.9
Amortization of intangible assets					(81.7)
Impairment of intangible assets					(1,103.3)
Unallocated income					27.1
Unallocated expenses					(114.8)
Operating profit					3,555.2
Finance income					291.2
Finance costs					(0.1)
Share of results of associates and a joint venture					6.3
Gains on partial disposal and dilution of interest in an associate					160.3
Profit before income tax					4,012.9
Income tax expense					(1,596.9)
Profit for the year					<u>2,416.0</u>
Other segment information					
Depreciation on property, plant and equipment	620.0	413.8	1,033.8	52.4	1,086.2
Amortization of land use rights	6.0	3.7	9.7	22.8	32.5
Depreciation on investment properties	—	—	—	6.5	6.5
Amortization of intangible assets	36.2	45.5	81.7	—	81.7
(Gain)/loss on disposal of property, plant and equipment and land use rights	(5.9)	1.2	(4.7)	—	(4.7)
Write-off of property, plant and equipment	8.4	5.9	14.3	—	14.3
Gain on partial disposal of interest in an associate	—	—	—	121.8	121.8
Dilution gain on interest in an associate	—	—	—	38.5	38.5
Impairment losses/(reversal of impairment) of inventories	35.0	(9.0)	26.0	—	26.0
Impairment of intangible assets	1,103.3	—	1,103.3	—	1,103.3
Employee share-based compensation expenses	236.9	193.8	430.7	—	430.7
Additions to non-current assets (excluding acquisition of additional interest in an associate and available-for-sale financial assets)	<u>442.7</u>	<u>647.7</u>	<u>1,090.4</u>	<u>250.7</u>	<u>1,341.1</u>

APPENDIX I
FINANCIAL INFORMATION OF THE GROUP

	Year ended 29 February 2016				
	Shoes and footwear products <i>RMB million</i>	Sportswear and apparel products <i>RMB million</i>	Total reportable segments <i>RMB million</i>	Unallocated <i>RMB million</i>	Total <i>RMB million</i>
Revenue					
Sales of goods	21,074.2	19,495.0	40,569.2	—	40,569.2
Commissions from concessionaire sales	—	221.0	221.0	—	221.0
	<u>21,074.2</u>	<u>19,716.0</u>	<u>40,790.2</u>	<u>—</u>	<u>40,790.2</u>
Results of reportable segments	<u>3,943.9</u>	<u>1,742.4</u>	<u>5,686.3</u>	<u>—</u>	<u>5,686.3</u>
Reconciliation of results of reportable segments to profit for the year					
Results of reportable segments					5,686.3
Amortization of intangible assets					(90.6)
Impairment of intangible assets					(1,356.4)
Unallocated income					41.0
Unallocated expenses					(78.8)
Operating profit					4,201.5
Finance income					379.1
Finance costs					(111.2)
Share of results of associates and a joint venture					71.8
Profit before income tax					4,541.2
Income tax expense					(1,596.1)
Profit for the year					<u>2,945.1</u>
Other segment information					
Depreciation on property, plant and equipment	600.1	324.2	924.3	33.0	957.3
Amortization of land use rights	6.9	3.7	10.6	17.8	28.4
Depreciation on investment properties	—	—	—	8.1	8.1
Amortization of intangible assets	52.3	38.3	90.6	—	90.6
(Gain)/loss on disposal of property, plant and equipment and land use rights	(8.0)	0.7	(7.3)	—	(7.3)
Write-off of property, plant and equipment	9.1	1.7	10.8	—	10.8
Impairment losses of inventories	94.6	32.4	127.0	—	127.0
Impairment of intangible assets	1,356.4	—	1,356.4	—	1,356.4
Employee share-based compensation expenses	84.3	69.0	153.3	—	153.3
Additions to non-current assets (excluding acquisition of a business and an associate)	<u>525.6</u>	<u>469.6</u>	<u>995.2</u>	<u>365.3</u>	<u>1,360.5</u>

APPENDIX I
FINANCIAL INFORMATION OF THE GROUP

	As at 28 February 2017				
	Shoes and footwear products	Sportswear and apparel products	Total reportable segments	Unallocated	Total
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Segment assets	11,213.7	9,540.4	20,754.1	—	20,754.1
Goodwill	—	1,020.6	1,020.6	—	1,020.6
Other intangible assets	20.5	356.7	377.2	—	377.2
Inter-segment balances elimination	<u>(1,372.5)</u>	<u>—</u>	<u>(1,372.5)</u>	<u>—</u>	<u>(1,372.5)</u>
	9,861.7	10,917.7	20,779.4	—	20,779.4
Investment properties	—	—	—	236.9	236.9
Term deposits with initial terms of over three months	—	—	—	5,006.3	5,006.3
Deferred income tax assets	—	—	—	457.2	457.2
Interests in associates and a joint venture	—	—	—	883.5	883.5
Available-for-sale financial assets	—	—	—	181.4	181.4
Other corporate assets	<u>—</u>	<u>—</u>	<u>—</u>	<u>4,200.9</u>	<u>4,200.9</u>
Total assets per consolidated balance sheet	<u><u>9,861.7</u></u>	<u><u>10,917.7</u></u>	<u><u>20,779.4</u></u>	<u><u>10,966.2</u></u>	<u><u>31,745.6</u></u>
Segment liabilities	1,890.3	3,152.0	5,042.3	—	5,042.3
Inter-segment balances elimination	<u>—</u>	<u>(1,372.5)</u>	<u>(1,372.5)</u>	<u>—</u>	<u>(1,372.5)</u>
	1,890.3	1,779.5	3,669.8	—	3,669.8
Current income tax liabilities	—	—	—	1,328.8	1,328.8
Deferred income tax liabilities	—	—	—	39.4	39.4
Other corporate liabilities	<u>—</u>	<u>—</u>	<u>—</u>	<u>84.0</u>	<u>84.0</u>
Total liabilities per consolidated balance sheet	<u><u>1,890.3</u></u>	<u><u>1,779.5</u></u>	<u><u>3,669.8</u></u>	<u><u>1,452.2</u></u>	<u><u>5,122.0</u></u>

APPENDIX I
FINANCIAL INFORMATION OF THE GROUP

	As at 29 February 2016				
	Shoes and footwear products <i>RMB million</i>	Sportswear and apparel products <i>RMB million</i>	Total reportable segments <i>RMB million</i>	Unallocated <i>RMB million</i>	Total <i>RMB million</i>
Segment assets	12,338.1	7,448.5	19,786.6	—	19,786.6
Goodwill	782.2	1,020.6	1,802.8	—	1,802.8
Other intangible assets	377.8	402.2	780.0	—	780.0
Inter-segment balances elimination	<u>(1,428.3)</u>	<u>—</u>	<u>(1,428.3)</u>	<u>—</u>	<u>(1,428.3)</u>
	12,069.8	8,871.3	20,941.1	—	20,941.1
Investment properties	—	—	—	241.6	241.6
Term deposits with initial terms of over three months	—	—	—	23.0	23.0
Structured bank deposits	—	—	—	4,629.8	4,629.8
Deferred income tax assets	—	—	—	457.7	457.7
Interests in associates and a joint venture	—	—	—	946.2	946.2
Other corporate assets	<u>—</u>	<u>—</u>	<u>—</u>	<u>3,815.4</u>	<u>3,815.4</u>
Total assets per consolidated balance sheet	<u>12,069.8</u>	<u>8,871.3</u>	<u>20,941.1</u>	<u>10,113.7</u>	<u>31,054.8</u>
Segment liabilities	1,867.6	2,627.7	4,495.3	—	4,495.3
Inter-segment balances elimination	<u>—</u>	<u>(1,428.3)</u>	<u>(1,428.3)</u>	<u>—</u>	<u>(1,428.3)</u>
	1,867.6	1,199.4	3,067.0	—	3,067.0
Short-term borrowings	—	—	—	860.6	860.6
Current income tax liabilities	—	—	—	1,665.9	1,665.9
Deferred income tax liabilities	—	—	—	122.5	122.5
Other corporate liabilities	<u>—</u>	<u>—</u>	<u>—</u>	<u>52.8</u>	<u>52.8</u>
Total liabilities per consolidated balance sheet	<u>1,867.6</u>	<u>1,199.4</u>	<u>3,067.0</u>	<u>2,701.8</u>	<u>5,768.8</u>

APPENDIX I**FINANCIAL INFORMATION OF THE GROUP**

The Group's revenue is mainly derived from customers located in the PRC. An analysis of the Group's revenue by location of customers is as follows:

	Year ended	
	28 February 2017	29 February 2016
	<i>RMB million</i>	<i>RMB million</i>
Revenue		
The PRC	40,609.8	39,469.6
Hong Kong and Macau	876.5	1,004.6
Other locations	<u>220.2</u>	<u>316.0</u>
	<u>41,706.5</u>	<u>40,790.2</u>

An analysis of the Group's non-current assets (other than available-for-sale financial assets and deferred income tax assets) by location of assets is as follows:

	The PRC	Hong Kong and Macau	Other locations	Total
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
As at 28 February 2017				
Non-current assets				
Property, plant and equipment	4,368.3	302.4	—	4,670.7
Land use rights	1,533.0	—	—	1,533.0
Investment properties	190.0	46.9	—	236.9
Intangible assets	1,397.8	—	—	1,397.8
Interests in associates and a joint venture	107.8	—	775.7	883.5
Long-term deposits, prepayments and other assets	<u>403.6</u>	<u>32.9</u>	<u>5.3</u>	<u>441.8</u>
As at 29 February 2016				
Non-current assets				
Property, plant and equipment	4,253.3	308.0	—	4,561.3
Land use rights	1,525.3	—	—	1,525.3
Investment properties	195.0	46.6	—	241.6
Intangible assets	2,582.8	—	—	2,582.8
Interests in associates and a joint venture	117.8	—	828.4	946.2
Long-term deposits, prepayments and other assets	<u>315.9</u>	<u>44.3</u>	<u>33.2</u>	<u>393.4</u>

6 OTHER INCOME

	Year ended	
	28 February 2017	29 February 2016
	<i>RMB million</i>	<i>RMB million</i>
Rental income	27.1	41.0
Government incentives (<i>note</i>)	<u>470.5</u>	<u>443.5</u>
	<u>497.6</u>	<u>484.5</u>

Note: Government incentives comprise subsidies received from various local governments in the PRC.

7 OPERATING PROFIT

Operating profit is stated after charging/(crediting) the following:

	Year ended	
	28 February 2017	29 February 2016
	<i>RMB million</i>	<i>RMB million</i>
Cost of inventories recognized as expenses included in cost of sales	19,022.7	17,697.6
Depreciation on property, plant and equipment (<i>Note 14</i>)	1,086.2	957.3
Amortization of land use rights (<i>Note 15</i>)	32.5	28.4
Depreciation on investment properties (<i>Note 16</i>)	6.5	8.1
Amortization of intangible assets (<i>Note 17</i>)	81.7	90.6
Operating lease rentals (mainly including concessionaire fees) in respect of land and buildings	8,024.1	8,264.6
Staff costs (including directors' emoluments) (<i>Note 12</i>)	7,419.1	6,979.0
Gain on disposal of property, plant and equipment and land use rights (<i>Note 33(c)</i>)	(4.7)	(7.3)
Write-off of property, plant and equipment (<i>Note 14</i>)	14.3	10.8
Impairment losses of inventories	26.0	127.0
Impairment of intangible assets (<i>Note 17</i>)	1,103.3	1,356.4
Auditor's remuneration	<u>13.7</u>	<u>11.5</u>

Cost of inventories recognized as expenses mainly include purchases, direct employee compensation costs, subcontracting costs and manufacturing overheads.

8 FINANCE INCOME, NET

	Year ended	
	28 February 2017	29 February 2016
	RMB million	RMB million
Interest income from bank deposits	83.0	36.5
Interest income from structured bank deposits	71.4	342.6
Net foreign exchange gains	<u>136.8</u>	<u>—</u>
Finance income	<u>291.2</u>	<u>379.1</u>
Interest expense on short-term bank borrowings	(0.1)	(45.9)
Net foreign exchange losses	<u>—</u>	<u>(65.3)</u>
Finance costs	<u>(0.1)</u>	<u>(111.2)</u>
Finance income, net	<u>291.1</u>	<u>267.9</u>

9 INCOME TAX EXPENSE

	Year ended	
	28 February 2017	29 February 2016
	RMB million	RMB million
Current income tax		
— PRC corporate income tax	1,677.6	1,679.3
— Hong Kong profits tax	5.3	7.0
— Macau income tax	0.9	3.4
(Over)/under-provision in prior years		
— PRC corporate income tax	(5.4)	(5.3)
— Hong Kong profits tax	1.4	(0.1)
— Macau income tax	(0.3)	(0.3)
Deferred income tax (<i>Note 21</i>)	<u>(82.6)</u>	<u>(87.9)</u>
	<u>1,596.9</u>	<u>1,596.1</u>

During the year, substantially all of the PRC established subsidiaries of the Company are subject to the PRC corporate income tax rate of 25% (2016: 25%) except that certain subsidiaries are subject to a preferential tax rate of 15% (2016: 15%).

Hong Kong profits tax and Macau income tax have been provided for at the rate of 16.5% (2016: 16.5%) and at tax rates prevailing in Macau, respectively on the estimated assessable profit for the year.

The tax charge on the Group's profit before income tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to results of the consolidated companies as follows:

	Year ended	
	28 February 2017	29 February 2016
	<i>RMB million</i>	<i>RMB million</i>
Profit before income tax	<u>4,012.9</u>	<u>4,541.2</u>
Tax calculated at the applicable domestic tax rate of respective companies (<i>note</i>)	918.2	1,058.2
Non-taxable income	(39.5)	(31.1)
Expenses not deductible for tax purposes	336.8	325.2
Tax losses for which no deferred income tax assets were recognized	86.9	58.9
Utilization of previously unrecognized tax losses	(13.1)	(13.8)
Over-provision in prior years	(4.3)	(5.7)
Withholding tax	<u>311.9</u>	<u>204.4</u>
	<u>1,596.9</u>	<u>1,596.1</u>

Note: The weighted average applicable tax rate for the year is 22.9% (2016: 23.3%). The fluctuation in the weighted average applicable tax rate arose mainly because of the change in the relative profitability of the companies within the Group.

10 EARNINGS PER SHARE

Basic

Basic earnings per share is calculated by dividing profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

		Year ended	
		28 February 2017	29 February 2016
		<i>RMB million</i>	<i>RMB million</i>
Profit attributable to equity holders of the Company	<i>RMB million</i>	<u>2,403.4</u>	<u>2,934.1</u>
Weighted average number of ordinary shares for the purpose of basic earnings per share	<i>thousand of shares</i>	<u>8,181,233</u>	<u>8,181,233</u>
Basic earnings per share	<i>RMB cents</i>	<u>29.38</u>	<u>35.86</u>

Diluted

The awarded shares granted by the Company (Note 31) have potential dilutive effect on the earnings per share. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding assuming the conversion of all potential dilutive ordinary shares arising from awarded shares granted by the Company. No adjustment is made to earnings for the year.

		Year ended	
		28 February 2017	29 February 2016
Profit attributable to equity holders of the Company	<i>RMB million</i>	<u>2,403.4</u>	<u>2,934.1</u>
Weighted average number of ordinary shares for the purpose of basic earnings per share	<i>thousand of shares</i>	8,181,233	8,181,233
Adjustment for awarded shares granted	<i>thousand of shares</i>	<u>253,000</u>	<u>253,000</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<i>thousand of shares</i>	<u>8,434,233</u>	<u>8,434,233</u>
Diluted earnings per share	<i>RMB cents</i>	<u>28.50</u>	<u>34.79</u>

11 DIVIDENDS

	Year ended	
	28 February 2017 <i>RMB million</i>	29 February 2016 <i>RMB million</i>
Interim dividend, paid, of RMB12.0 cents (2016: RMB16.0 cents) per ordinary share (<i>note (b) and (d)</i>)	1,012.1	1,349.5
Final dividend, proposed, of RMB6.0 cents (2016: RMB6.0 cents) per ordinary share (<i>note (a) and (c)</i>)	<u>506.1</u>	<u>506.1</u>
	<u>1,518.2</u>	<u>1,855.6</u>

Notes:

- (a) At a meeting held on 15 May 2017, the directors recommended a final dividend of RMB6.0 cents per ordinary share (totaling RMB506.1 million) for the year ended 28 February 2017. This proposed dividend is not reflected as dividend payable in the financial statements, but will be reflected as an appropriation of retained earnings for the year ending 28 February 2018.
- (b) At a meeting held on 24 October 2016, the directors declared an interim dividend of RMB12.0 cents per ordinary share (totaling RMB1,012.1 million) for the year ended 28 February 2017, which was paid during the year and has been reflected as an appropriation of retained earnings for the year ended 28 February 2017.
- (c) At a meeting held on 24 May 2016, the directors recommended a final dividend of RMB6.0 cents per ordinary share (totaling RMB506.1 million) for the year ended 29 February 2016, which was paid during the year and has been reflected as an appropriation of retained earnings for the year ended 28 February 2017.
- (d) At a meeting held on 26 October 2015, the directors declared an interim dividend of RMB16.0 cents per ordinary share (totaling RMB1,349.5 million) for the year ended 29 February 2016, which was paid and has been reflected as an appropriation of retained earnings for the year ended 29 February 2016.

12 STAFF COSTS (INCLUDING DIRECTORS' EMOLUMENTS)

	Year ended	
	28 February 2017 RMB million	29 February 2016 RMB million
Wages, salaries and bonuses	5,786.3	5,654.1
Pensions costs defined contribution plans (<i>note</i>)	939.0	907.5
Employee share-based compensation expense (<i>Note 31</i>)	430.7	153.3
Welfare and other expenses	<u>263.1</u>	<u>264.1</u>
	<u>7,419.1</u>	<u>6,979.0</u>

Note:

The PRC defined contribution plan

As stipulated by rules and regulations in the PRC, the Group contributes to state-sponsored retirement schemes for its relevant employees in the PRC. The Group's relevant employees make monthly contributions to the schemes at 8% to 11% of the relevant income (comprising wages, salaries, allowances and bonuses), while the Group contributes 10% to 35% of such income and has no further obligations for the actual payment of post-retirement benefits beyond the contributions. The state-sponsored retirement schemes are responsible for the entire post-retirement benefit obligations payable to the retired employees.

Hong Kong defined contribution plan

The Group has a defined contribution pension scheme, the Mandatory Provident Fund Scheme (the "MPF Scheme"), for its employees in Hong Kong. The assets of the MPF Scheme are held separately from those of the Group under independently administered funds.

Under the MPF Scheme, each of the Group (the employer) and its Hong Kong employees makes monthly contributions to the scheme at 5% of the employees' relevant income, as defined in the Mandatory Provident Fund Scheme Ordinance. Both the Group's and the employee's monthly contributions are subject to a cap of HK\$1,500 and contributions beyond these amounts are voluntary. The contributions are fully and immediately vested upon payment.

The Group has no further obligations for post-retirement benefits in relation to its Hong Kong employees beyond the contributions to the MPF Scheme.

13 BENEFITS AND INTERESTS OF DIRECTORS, FIVE HIGHEST PAID INDIVIDUALS AND SENIOR MANAGEMENT REMUNERATION BY BAND

- (a) **Benefits and interests of directors (disclosures required by section 383 of the Hong Kong Companies Ordinance (Cap. 622), Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap. 622G) and Hong Kong Listing Rules)**

The remuneration of each Director and the Chief Executive Officer of the Company is set out below:

	Fees	Salaries ⁽¹⁾	Bonuses	Employer's contributions to retirement schemes	Total
	<i>RMB' 000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Year ended 28 February 2017					
Executive Directors					
Sheng Baijiao ⁽²⁾	—	3,345	3,386	15	6,746
Tang King Loy	—	3,398	849	15	4,262
Sheng Fang	—	2,436	2,298	67	4,801
Yu Wu ⁽³⁾	—	2,435	2,685	55	5,175
Non-executive Directors					
Tang Yiu	—	—	—	—	—
Tang Wai Lam ⁽⁴⁾	—	—	—	—	—
Hu Xiaoling	—	—	—	—	—
Independent Non-executive Directors					
Chan Yu Ling, Abraham	150	—	—	—	150
Ho Kwok Wah, George	150	—	—	—	150
Xue Qiuzhi	150	—	—	—	150
Gao Yu	150	—	—	—	150
	<u>600</u>	<u>11,614</u>	<u>9,218</u>	<u>152</u>	<u>21,584</u>

	Fees	Salaries ⁽¹⁾	Bonuses	Employer's contributions to retirement schemes	Total
	<i>RMB' 000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Year ended 29 February 2016					
Executive Directors					
Sheng Baijiao ⁽²⁾	—	3,284	3,371	15	6,670
Tang King Loy	—	3,083	1,072	15	4,170
Sheng Fang	—	2,387	1,857	83	4,327
Yu Wu ⁽³⁾	—	1,591	1,857	35	3,483
Non-executive Directors					
Tang Yiu	—	—	—	—	—
Tang Wai Lam ⁽⁴⁾	—	—	—	—	—
Hu Xiaoling	—	—	—	—	—
Independent Non-executive Directors					
Chan Yu Ling, Abraham	150	—	—	—	150
Ho Kwok Wah, George	150	—	—	—	150
Xue Qiuzhi	150	—	—	—	150
Gao Yu	150	—	—	—	150
	<u>600</u>	<u>10,345</u>	<u>8,157</u>	<u>148</u>	<u>19,250</u>

(1) Includes basic salaries, housing allowance, other allowances and benefits in kind.

(2) Mr. Sheng Baijiao is the Chief Executive Officer of the Company.

(3) Appointed as Executive Director effective from 28 July 2015.

(4) Appointed as Non-executive Director effective from 28 July 2015.

Directors' retirement benefits

None of the directors received or will receive any retirement benefits during the year (2016: Nil).

Directors' termination benefits

None of the directors received or will receive any termination benefits during the year (2016: Nil).

Consideration provided to third parties for making available directors' services

During the year ended 28 February 2017, the Company did not pay consideration to any third parties for making available directors' services (2016: Nil).

Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

No loans, quasi-loans and other dealing arrangements in favour of the directors, or controlled bodies corporate by and connected entities with such directors subsisted at the end of the year or at any time during the year.

Directors' material interests in transactions, arrangements or contracts

Save as disclosed elsewhere in these consolidated financial statements, no other significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

(b) Five highest paid individuals

The five highest paid individuals included 4 (2016: 4) Directors, whose emoluments are included in the above disclosure. The emoluments of the remaining 1 (2016: 1) individual during the year are as follows:

	Year ended	
	28 February 2017	29 February 2016
	<i>RMB million</i>	<i>RMB million</i>
Salaries, allowances and benefits in kind	1,630	2,391
Bonuses	944	198
Pensions costs — defined contribution plans	<u>15</u>	<u>15</u>
	<u><u>2,589</u></u>	<u><u>2,604</u></u>

	Number of individuals	
	Year ended	
	28 February 2017	29 February 2016
HK\$3,000,001 to HK\$3,500,000	<u>1</u>	<u>1</u>

During the year, no emoluments have been paid to the directors of the Company or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office (2016: Nil).

(c) **Senior management remuneration by band**

The senior management's remuneration, other than the directors of the Company, by band are as follows:

	Number of individuals	
	Year ended	
	28 February 2017	29 February 2016
HK\$2,500,001 to HK\$3,000,000	<u>2</u>	<u>2</u>

14 PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings RMB million	Leasehold improvements RMB million	Plant and equipment RMB million	Furniture and fixtures and other equipment RMB million	Motor vehicles RMB million	Construction in progress RMB million	Total RMB million
Cost							
As at 1 March 2015	2,369.3	2,780.6	590.9	633.0	139.0	668.6	7,181.4
Acquisition of a business (Note 32)	—	0.3	—	0.2	—	—	0.5
Additions	12.2	831.1	9.0	120.1	11.3	350.1	1,333.8
Transfer upon completion	590.3	—	—	—	—	(590.3)	—
Disposals	(22.6)	(3.8)	(2.7)	(15.7)	(7.2)	—	(52.0)
Transfer from investment properties (Note 16)	74.9	—	—	—	—	—	74.9
Written-off	—	(461.5)	—	(3.4)	—	—	(464.9)
Exchange differences	14.1	5.2	0.7	0.9	0.1	—	21.0
As at 29 February 2016 and 1 March 2016	3,038.2	3,151.9	597.9	735.1	143.2	428.4	8,094.7
Additions	—	996.1	8.4	84.6	11.0	146.9	1,247.0
Transfer upon completion	77.4	—	—	—	—	(77.4)	—
Disposals	(37.1)	(1.9)	(9.6)	(30.3)	(6.0)	—	(84.9)
Written-off	—	(594.6)	—	(3.8)	(0.1)	—	(598.5)
Exchange differences	13.7	5.0	0.7	0.9	0.1	—	20.4
As at 28 February 2017	3,092.2	3,556.5	597.4	786.5	148.2	497.9	8,678.7
Accumulated depreciation							
As at 1 March 2015	443.7	1,822.0	269.6	415.0	89.6	—	3,039.9
Charge for the year	104.8	711.1	43.7	82.5	15.2	—	957.3
Disposals	—	(1.8)	(2.0)	(13.4)	(6.3)	—	(23.5)
Transfer from investment properties (Note 16)	5.6	—	—	—	—	—	5.6
Written-off	—	(450.9)	—	(3.2)	—	—	(454.1)
Exchange differences	2.2	4.7	0.3	0.9	0.1	—	8.2
As at 29 February 2016 and 1 March 2016	556.3	2,085.1	311.6	481.8	98.6	—	3,533.4
Charge for the year	125.8	820.9	40.8	85.5	13.2	—	1,086.2
Disposals	—	—	(7.3)	(23.6)	(5.4)	—	(36.3)
Written-off	—	(580.3)	—	(3.8)	(0.1)	—	(584.2)
Exchange differences	2.8	4.8	0.4	0.8	0.1	—	8.9
As at 28 February 2017	684.9	2,330.5	345.5	540.7	106.4	—	4,008.0
Net book value							
As at 28 February 2017	2,407.3	1,226.0	251.9	245.8	41.8	497.9	4,670.7
As at 29 February 2016	2,481.9	1,066.8	286.3	253.3	44.6	428.4	4,561.3

APPENDIX I**FINANCIAL INFORMATION OF THE GROUP**

During the year, depreciation of property, plant and equipment has been charged to the consolidated income statement as follows:

	Year ended	
	28 February 2017	29 February 2016
	<i>RMB million</i>	<i>RMB million</i>
Cost of Sales	65.5	67.5
Selling and distribution expenses	784.5	655.2
General and administrative expenses	<u>236.2</u>	<u>234.6</u>
	<u>1,086.2</u>	<u>957.3</u>

15 LAND USE RIGHTS

	Year ended	
	28 February 2017	29 February 2016
	<i>RMB million</i>	<i>RMB million</i>
Cost		
As at 1 March	1,729.0	1,733.1
Additions	73.6	—
Disposals	<u>(33.4)</u>	<u>(4.1)</u>
As at 28/29 February	<u>1,769.2</u>	<u>1,729.0</u>
Accumulated amortization		
As at 1 March	203.7	175.3
Amortization for the year	<u>32.5</u>	<u>28.4</u>
As at 28/29 February	<u>236.2</u>	<u>203.7</u>
Net book value as at 28/29 February	<u>1,533.0</u>	<u>1,525.3</u>

16 INVESTMENT PROPERTIES

	Year ended	
	28 February 2017 <i>RMB million</i>	29 February 2016 <i>RMB million</i>
Cost		
As at 1 March	266.1	338.9
Transfer to property, plant and equipment (<i>Note 14</i>)	—	(74.9)
Exchange differences	2.0	2.1
	268.1	266.1
	268.1	266.1
Accumulated depreciation		
As at 1 March	24.5	21.8
Charge for the year	6.5	8.1
Transfer to property, plant and equipment (<i>Note 14</i>)	—	(5.6)
Exchange differences	0.2	0.2
	31.2	24.5
	31.2	24.5
Net book value as at 28/29 February	236.9	241.6

The valuation of the investment properties as at 28 February 2017 (including the related land use rights with net book value of RMB279.5 million (2016: RMB286.8 million)) was RMB1,099.5 million (2016: RMB924.4 million), which was determined by the directors of the Company on an open market value basis using the sale comparison approach. This valuation is measured at 28 February 2017 using significant other observable inputs, which is categorized as level 2 in the fair value hierarchy. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square meter.

Direct outgoings from investment properties of RMB17.8 million (2016: RMB22.7 million) that generated rental income had been included in other expenses.

17 INTANGIBLE ASSETS

	Goodwill	Distribution and license contracts	Trademarks	Computer software	Total
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Cost					
As at 1 March 2015	2,930.2	688.2	755.3	79.0	4,452.7
Acquisition of a business (Note 32)	—	—	206.7	—	206.7
Additions	—	—	—	10.9	10.9
As at 29 February 2016, 1 March 2016 and 28 February 2017	<u>2,930.2</u>	<u>688.2</u>	<u>962.0</u>	<u>89.9</u>	<u>4,670.3</u>
Accumulated amortization					
As at 1 March 2015	—	424.4	170.3	45.8	640.5
Amortization for the year	—	48.5	30.0	12.1	90.6
As at 29 February 2016 and 1 March 2016	—	472.9	200.3	57.9	731.1
Amortization for the year	—	49.5	22.3	9.9	81.7
As at 28 February 2017	<u>—</u>	<u>522.4</u>	<u>222.6</u>	<u>67.8</u>	<u>812.8</u>
Accumulated impairment					
As at 1 March 2015	—	—	—	—	—
Impairment	1,127.4	—	229.0	—	1,356.4
As at 29 February 2016 and 1 March 2016	1,127.4	—	229.0	—	1,356.4
Impairment	782.2	10.6	310.5	—	1,103.3
As at 28 February 2017	<u>1,909.6</u>	<u>10.6</u>	<u>539.5</u>	<u>—</u>	<u>2,459.7</u>
Net book value					
As at 28 February 2017	<u>1,020.6</u>	<u>155.2</u>	<u>199.9</u>	<u>22.1</u>	<u>1,397.8</u>
As at 29 February 2016	<u>1,802.8</u>	<u>215.3</u>	<u>532.7</u>	<u>32.0</u>	<u>2,582.8</u>

During the year, amortization expense of RMB81.7 million (2016: RMB90.6 million) has been included in general and administrative expenses.

Goodwill is allocated to the Group's CGUs. An operating segment-level summary of the goodwill allocation is presented below:

	Beginning of the year <i>RMB million</i>	Impairment <i>RMB million</i>	End of the year <i>RMB million</i>
As at 28 February 2017			
Shoes and footwear products			
The PRC	782.2	(782.2)	—
Sportswear and apparel products	<u>1,020.6</u>	<u>—</u>	<u>1,020.6</u>
	<u>1,802.8</u>	<u>(782.2)</u>	<u>1,020.6</u>
As at 29 February 2016			
Shoes and footwear products			
The PRC	1,837.8	(1,055.6)	782.2
Hong Kong and Macau	71.8	(71.8)	—
Sportswear and apparel products	<u>1,020.6</u>	<u>—</u>	<u>1,020.6</u>
	<u>2,930.2</u>	<u>(1,127.4)</u>	<u>1,802.8</u>

Impairment review on goodwill of the Group has been conducted by management as at 28 February 2017 and 29 February 2016 according to IAS 36 "Impairment of assets". For the purposes of impairment review, the recoverable amount of goodwill is determined based on value-in-use calculations. The value-in-use calculations use cash flow projections based on financial budgets approved by management for the purposes of impairment reviews covering a five-year period. Cash flows beyond the five-year period are extrapolated using an estimated annual growth of not more than 2% (2016: 2%). The growth rates used do not exceed the industry growth forecast for the market in which the Group operates.

Key assumptions used for value-in-use calculations for impairment review purpose as at 28 February 2017 and their corresponding comparative information are as follows:

	Shoes and footwear products The PRC	Sportswear and apparel products The PRC
As at 28 February 2017		
Gross profit margin	59%-68%	43%
5 years annual growth rate	<u>2%</u>	<u>6%</u>
As at 29 February 2016		
Gross profit margin	61%-68%	43%
5 years annual growth rate	<u>4%</u>	<u>8%</u>

The discount rates used ranged from 15.8% to 18.6% (2016: 15.5% to 15.7%) and of 16.9% (2016: 16.7 %) for shoes and footwear products segment and sportswear and apparel products segment respectively are pre-tax and reflect market assessments of the time value and the specific risks relating to the industry. The budgeted gross profit margin was determined by management based on past performance and its expectation for market development.

During the year ended 28 February 2017, consumer retail conditions in Mainland China continued to deteriorate. The deteriorating performance in the shoes and footwear business has resulted in an impairment of its intangible assets for a total of RMB1,103.3 million, including impairment of goodwill and other intangible assets of RMB782.2 million and RMB321.1 million respectively. These goodwill and related other intangible assets were mainly recognized from the previous acquisitions of businesses of Mirabell and Senda.

As at 28 February 2017, management believes that any reasonably foreseeable change in any of the above key assumptions of the sportswear and apparel products segment would not cause the carrying amount of goodwill to exceed the recoverable amount.

18 INTERESTS IN ASSOCIATES AND A JOINT VENTURE

The amounts recognized in the consolidated balance sheet are as follows:

	As at	
	28 February 2017 <i>RMB million</i>	29 February 2016 <i>RMB million</i>
Associates	859.7	915.6
A joint venture	<u>23.8</u>	<u>30.6</u>
	<u>883.5</u>	<u>946.2</u>
	Year ended	
	28 February 2017 <i>RMB million</i>	29 February 2016 <i>RMB million</i>
As at 1 March	946.2	633.1
Acquisition of an associate (<i>note (a)</i>)	—	200.5
Acquisition of additional interest in an associate	38.1	—
Partial disposal of interest in an associate (<i>note (b)</i>)	(212.0)	—
Dilution gain on interest in an associate (<i>note (b)</i>)	38.5	—
Share of results of associates and a joint venture	6.3	71.8
Exchange differences	<u>66.4</u>	<u>40.8</u>
As at 28/29 February	<u>883.5</u>	<u>946.2</u>

Notes:

- (a) In December 2015, the Group acquired 28.55% of the total issued and outstanding share capital of Fashion Box S.p.A., a company incorporated in Italy and principally engaged in trading and retailing of apparel and accessories products, for a cash consideration of EUR28.2 million (approximately RMB200.5 million) from an independent third party.
- (b) Baroque Japan Limited, an associate of the Group, completed its initial public offering (“IPO”) on the Tokyo Stock Exchange on 1 November 2016. Baroque Japan Limited allotted and issued 42,000,000 new shares upon the IPO and the Group disposed of certain existing shares of Baroque Japan Limited as part of the IPO for a net cash proceed of RMB333.8 million. The Group recognized a gain on partial disposal of interest in an associate of RMB121.8 million and a gain on dilution of interest in an associate of RMB38.5 million as a result of the new shares issued by Baroque Japan Limited upon its IPO.
- (c) Particulars of the associates and a joint venture of the Group are set out in Note 39. None of these entities are currently considered material to the Group.

(d) Summarized financial information in respect of the Group's associates and a joint venture is set out below:

	As at	
	28 February 2017	29 February 2016
	<i>RMB million</i>	<i>RMB million</i>
Total assets	5,429.9	4,704.9
Total liabilities	<u>(2,542.6)</u>	<u>(2,516.8)</u>
	Year ended	
	28 February 2017	29 February 2016
	<i>RMB million</i>	<i>RMB million</i>
Total revenue	6,523.1	4,156.7
Total profits less losses	111.0	219.8
Share of results of associates and a joint venture	<u>6.3</u>	<u>71.8</u>

(e) There are no contingent liabilities relating to the Group's interests in the associates and the joint venture and these entities also had no material contingent liabilities.

19 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Year ended	
	28 February 2017	29 February 2016
	<i>RMB million</i>	<i>RMB million</i>
Unlisted investment fund		
As at 1 March	—	—
Additions	<u>181.4</u>	<u>—</u>
As at 28/29 February	<u><u>181.4</u></u>	<u><u>—</u></u>

Note: On 23 August 2016, a wholly-owned subsidiary of the Company and Hero Gain Holdings Limited, a company of which Mr. Sheng Baijiao, Mr. Sheng Fang, and Mr. Yu Wu, the Executive Directors of the Company, collectively hold more than 30% of the issued shares, have each entered into a limited partnership agreement with Fengshion Capital Investment Fund GP, LP, on the same terms, for investing into Fengshion Capital Investment Fund, L.P (the "Fund"), a fund which has a primary objective of investing in the technology and consumer sector. Pursuant to the agreement, the Group committed to invest US\$60.0 million (approximately RMB406.5 million) into the Fund, of which an amount of US\$27.0 million (equivalent to RMB181.4 million) has already been contributed as of 28 February 2017.

20 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	As at	
	28 February 2017	29 February 2016
	<i>RMB million</i>	<i>RMB million</i>
Non-current		
Rental deposits and prepayments	280.7	224.4
Prepayments for capital expenditures	155.6	135.1
Others	<u>5.5</u>	<u>33.9</u>
	<u>441.8</u>	<u>393.4</u>
Current		
Rental deposits and prepayments	836.4	818.9
Value-added tax recoverables	233.8	142.8
Other receivables	276.0	124.9
Other prepayments	203.8	179.0
Loan to an associate (<i>Note 36</i>)	107.8	—
Advance to a joint venture (<i>Note 36</i>)	<u>133.0</u>	<u>95.1</u>
	<u>1,790.8</u>	<u>1,360.7</u>

The carrying amounts of deposits and other receivables approximate their fair values.

21 DEFERRED INCOME TAXES

Deferred income taxes are calculated in respect of temporary differences under the liability method using the tax rates enacted or substantively enacted by the balance sheet date.

The following amounts, determined after appropriate offsetting, are shown in the consolidated balance sheet:

	As at	
	28 February 2017	29 February 2016
	<i>RMB million</i>	<i>RMB million</i>
Net deferred income tax assets recognized on the balance sheet	457.2	457.7
Net deferred income tax liabilities recognized on the balance sheet	<u>(39.4)</u>	<u>(122.5)</u>
	<u>417.8</u>	<u>335.2</u>

The movements in the deferred income tax assets/(liabilities) accounts are as follows:

	Unrealized profit and impairment losses on closing inventories	Distribution and license contracts	Trademarks	Tax losses	Others	Total
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
As at 1 March 2015	405.1	(60.4)	(134.3)	30.1	6.8	247.3
Credited/(charged) to the income statement (<i>Note 9</i>)	<u>21.1</u>	<u>10.3</u>	<u>62.5</u>	<u>(6.0)</u>	<u>—</u>	<u>87.9</u>
As at 29 February 2016 and 1 March 2016	426.2	(50.1)	(71.8)	24.1	6.8	335.2
(Charged)/credited to the income statement (<i>Note 9</i>)	<u>(4.6)</u>	<u>11.4</u>	<u>71.8</u>	<u>(7.5)</u>	<u>11.5</u>	<u>82.6</u>
As at 28 February 2017	<u><u>421.6</u></u>	<u><u>(38.7)</u></u>	<u><u>—</u></u>	<u><u>16.6</u></u>	<u><u>18.3</u></u>	<u><u>417.8</u></u>

As at 28 February 2017 and 29 February 2016, except that the deferred income tax assets on unrealized profit and impairment losses on closing inventories were expected to be recoverable within 12 months, substantially all remaining balances of other deferred income tax assets and liabilities were expected to be recovered or settled after more than 12 months.

Deferred income tax assets are recognized for tax losses carried forward to the extent that the realization of the related tax benefit through future taxable profits is probable. As at 28 February 2017, the Group had unrecognized tax losses to be carried forward against future taxable income amounted to RMB657.4 million (2016: RMB320.5 million).

The expiry of unrecognized tax losses is as follows:

	As at	
	28 February 2017	29 February 2016
	<i>RMB million</i>	<i>RMB million</i>
Tax losses expiring after 5 years	118.6	113.5
Tax losses expiring within 5 years	<u>538.8</u>	<u>207.0</u>
	<u><u>657.4</u></u>	<u><u>320.5</u></u>

As at 28 February 2017, the potential deferred income tax assets in respect of the above unrecognized tax losses amounted to RMB172.7 million (2016: RMB88.7 million).

Pursuant to the relevant PRC corporate income tax rules and regulations, withholding tax is imposed on dividends declared in respect of profits earned by the Company's PRC subsidiaries from 1 January 2008. Deferred income tax liabilities of approximately RMB473.8 million (2016: approximately RMB610.2 million) have not been provided for at the applicable tax rate of 5% (2016: 5%) in these consolidated financial statements in respect of temporary differences attributable to undistributed profits of the Company's PRC subsidiaries as the Group controls the dividend policy of these PRC subsidiaries and it is probable that these temporary differences will not reverse in the foreseeable future.

22 INVENTORIES

	As at	
	28 February 2017	29 February 2016
	<i>RMB million</i>	<i>RMB million</i>
Raw materials	241.7	267.3
Work in progress	66.5	65.9
Finished goods	7,858.6	6,806.6
Consumables	<u>3.1</u>	<u>4.9</u>
	8,169.9	7,144.7
Less: provision for impairment losses	<u>(293.0)</u>	<u>(267.3)</u>
	<u><u>7,876.9</u></u>	<u><u>6,877.4</u></u>

23 TRADE RECEIVABLES

The Group's concessionaire sales through department stores are generally collectible within 30 days from the invoice date while the sales to corporate customers are generally on credit terms ranging from 0 to 30 days. As at 28 February 2017, the aging analysis of trade receivables, based on invoice date, is as follows:

	As at	
	28 February 2017	29 February 2016
	<i>RMB million</i>	<i>RMB million</i>
0 to 30 days	3,545.1	4,202.8
31 to 60 days	65.9	74.8
61 to 90 days	34.4	20.2
Over 90 days	<u>34.0</u>	<u>29.1</u>
	<u>3,679.4</u>	<u>4,326.9</u>

The carrying amounts of trade receivables approximate their fair values and are denominated in the following currencies:

	As at	
	28 February 2017	29 February 2016
	<i>RMB million</i>	<i>RMB million</i>
RMB	3,653.0	4,299.6
HK\$	26.1	27.3
Other currencies	<u>0.3</u>	<u>—</u>
	<u>3,679.4</u>	<u>4,326.9</u>

As at 28 February 2017, trade receivables of RMB3,611.0 million (2016: RMB4,277.6 million) were neither past due nor impaired. The credit quality of these trade receivables has been assessed with reference to historical information about the counterparty default rates. The existing counterparties did not have defaults in the past.

As at 28 February 2017, trade receivables of RMB68.4 million (2016: RMB49.3 million) were past due but for which no impairment loss has been provided by the Group. These trade receivables relate to a number of independent debtors for whom there is no recent history of default. The Group does not hold any collateral as security over these debtors. The ageing analysis of the trade receivables which are past due but not impaired is as follows:

	As at	
	28 February 2017	29 February 2016
	<i>RMB million</i>	<i>RMB million</i>
61 to 90 days	34.4	20.2
91 to 150 days	<u>34.0</u>	<u>29.1</u>
	<u><u>68.4</u></u>	<u><u>49.3</u></u>

During the year, no trade receivables were impaired and written off (2016: Nil). No trade receivables are considered to be impaired as at 28 February 2017 and 29 February 2016.

24 STRUCTURED BANK DEPOSITS

The Group did not have any structured bank deposits as at 28 February 2017.

As at 29 February 2016, the Group's structured bank deposits were placed with major state-owned banks in the PRC and international banks with presence in the PRC, with fixed maturities and fixed interest rates or fixed plus floating interest rates. As at 29 February 2016, RMB524.0 million of structured Bank deposit were pledged for other short-term borrowings of the same amount (Note 28).

As at 29 February 2016, approximately 84% of the Group's structured bank deposits will mature within 6 months, of which RMB84.0 million was qualified as cash and cash equivalents (Note 33(d)). The weighted average effective interest rate of the Group's structured bank deposits as at 29 February 2016 was 5.05% per annum. These balances were denominated in RMB.

25 BANK BALANCES AND CASH AND TERM DEPOSITS

	As at	
	28 February 2017	29 February 2016
	<i>RMB million</i>	<i>RMB million</i>
Bank balances and cash	2,742.6	2,617.6
Term deposits with initial terms of less than three months	847.3	511.1
Term deposits with initial terms over three months	<u>5,006.3</u>	<u>23.0</u>
	<u>8,596.2</u>	<u>3,151.7</u>
Denominated in:		
RMB	2,427.9	1,664.5
HK\$	1,751.7	1,452.5
US\$	4,376.9	8.8
Other currencies	<u>39.7</u>	<u>25.9</u>
	<u>8,596.2</u>	<u>3,151.7</u>

As at 28 February 2017, the weighted average effective interest rate of the Group's term deposits with initial terms of less than three months and over three months were 2.03% (2016: 0.75%) and 1.68% (2016: 2.12%) per annum respectively.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The conversion of the RMB denominated balances maintained in the PRC into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

26 TRADE PAYABLES

The credit periods granted by suppliers generally range from 0 to 60 days. As at 28 February 2017, the aging analysis of trade payables is as follows:

	As at	
	28 February 2017	29 February 2016
	<i>RMB million</i>	<i>RMB million</i>
0 to 30 days	864.7	694.0
31 to 60 days	199.2	228.4
Over 60 days	<u>15.3</u>	<u>34.5</u>
	<u><u>1,079.2</u></u>	<u><u>956.9</u></u>

The carrying amounts of trade payables approximate their fair values and are denominated in the following currencies:

	As at	
	28 February 2017	29 February 2016
	<i>RMB million</i>	<i>RMB million</i>
RMB	1,054.2	937.0
HK\$	25.0	13.2
Other currencies	<u>—</u>	<u>6.7</u>
	<u><u>1,079.2</u></u>	<u><u>956.9</u></u>

27 OTHER PAYABLES, ACCRUALS AND OTHER LIABILITIES

	As at	
	28 February 2017	29 February 2016
	<i>RMB million</i>	<i>RMB million</i>
Accrued wages, salaries, bonuses and staff welfare	913.0	701.1
Value-added tax, business tax and other taxes payables	605.7	503.4
Customers' deposits	650.4	457.1
Other payables and accruals	<u>460.2</u>	<u>450.4</u>
	<u><u>2,629.3</u></u>	<u><u>2,112.0</u></u>

28 SHORT-TERM BORROWINGS

- (a) The Group did not have any borrowings as at 28 February 2017. As at 29 February 2016, the Group's short-term borrowings comprised short-term bank borrowings and other short-term borrowings of RMB336.6 million and RMB524.0 million, which were denominated in HK\$ and RMB, respectively.
- (b) As at 29 February 2016, the Group's short-term bank borrowings were unsecured and carrying interest at floating rates with weighted average effective interest rate of 1.17% per annum. The carrying amount of the Group's short-term bank borrowings are denominated in Hong Kong dollars and approximate their fair values.
- (c) As at 29 February 2016, the Group's other short-term borrowings were secured by certain structured bank deposits of RMB524.0 million (Note 24).
- (d) The Group's banking facilities, including borrowings, trade finance and other general banking facilities are guaranteed as follows:

	As at	
	28 February 2017	29 February 2016
	<i>RMB million</i>	<i>RMB million</i>
Unguaranteed	200.0	1,585.0
Cross guarantees among subsidiaries of the Company	1,411.1	2,513.4
Guaranteed by the Company	<u>3,405.9</u>	<u>4,461.0</u>
Corresponding banking facilities utilized	<u>39.7</u>	<u>596.2</u>

29 SHARE CAPITAL

	Ordinary shares of HK\$0.01 each <i>Number of shares</i>	Nominal amount <i>RMB million</i>
Authorized:		
As at 1 March 2015, 29 February 2016 and 28 February 2017	<u>30,000,000,000</u>	<u>296.0</u>
Issued and fully paid:		
As at 1 March 2015, 29 February 2016 and 28 February 2017	<u>8,434,233,000</u>	<u>83.1</u>

Shares held for Share Award Scheme

The Company operates the Share Award Scheme as detailed in Note 31 which is managed by a share scheme trustee, a structured entity (the “Share Scheme Trustee”) established by the Company for the purpose of administering and holding the Company’s share acquired for the Share Award Scheme. According to the Share Award Scheme, which was approved by the Board of Directors on 26 May 2014 (the “Adoption Date”), the Board of Directors may from time to time determine the maximum number of ordinary shares of the Company which may be purchased by the Share Scheme Trustee in the open market on the Stock Exchange. At the initial stage, the maximum number of shares which may be purchased by the Share Scheme Trustee is 3% (equivalent to 253,026,990 shares) of the issued share capital of the Company at the Adoption date.

As at 28 February 2017 and 29 February 2016, the Share Scheme Trustee withheld 252,999,832 ordinary shares of the Company acquired from the open market with funds provided by the Company by way of contributions, which does not exceed the maximum number of shares that may be purchased as stated above.

30 RESERVES

- (a) Movements in the reserves of the Group are set out in the consolidated statement of changes in equity.
- (b) Under the Company Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, the merger reserve is distributable to the shareholders of the Company, provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

The merger reserve of the Group mainly represents the difference between the nominal amount of the share capital issued by the Company and the nominal amount of the share capital of the subsidiaries transferred to the Company pursuant to the reorganization of the Group that took place in 2005.

- (c) Statutory reserves are non-distributable and the transfers of these funds are determined by the Board of Directors of the relevant PRC subsidiaries in accordance with the relevant laws and regulations in the PRC.

31 SHARE BASED COMPENSATION**Share option scheme**

Pursuant to a shareholders' resolution passed on 27 April 2007, the Company adopted a share option scheme (the "Share Option Scheme"). The purpose of the Share Option Scheme is to provide an incentive for Qualified Participants (defined below) to work with commitment towards enhancing the value of the Company and its shares for the benefit of the shareholders of the Company and to retain and attract high caliber business partners whose contributions are or may be beneficial to the growth and development of the Group.

Pursuant to the Share Option Scheme, the Board of Directors may at its discretion grant options to (i) any executive director, or employee (whether full time or part time) of the Company, any member of the Group or any entity in which any member of the Group holds an equity interest ("Invested Entity"); (ii) any non-executive directors (including independent non-executive directors) of the Company, any member of the Group or any Invested Entity ((i) and (ii) collectively referred to as "Eligible Employees"); (iii) any supplier of goods or services to the Company, any member of the Group or any Invested Entity; (iv) any customer of the Company, any member of the Group or any Invested Entity; and (v) any such persons (including but not limited to consultant, adviser, contractor, business partner or service provider of the Company or any member of the Group or any Invested Entity) who in the absolute discretion of the Board of Directors has contributed or will contribute to the Group (collectively referred to as "Qualified Participants").

The Share Option Scheme shall be valid and effective for 10 years from the date on which the shares of the Company first commenced trading on the Stock Exchange (the "Listing Date"). The maximum number of shares of the Company in which options may be granted under the Share Option Scheme or any other share option schemes as may be adopted by the Company shall not in aggregate exceed the number of shares that shall represent 10% of the total number of shares in issue of the Listing Date (equivalent to 823,190,000 shares), unless such scheme mandate limit is renewed by shareholders of the Company in a general meeting.

No options have been granted under the Share Option Scheme by the Group since its adoption and up to 28 February 2017.

Share Award Scheme

The Share Award Scheme was adopted by the Board of Directors on 26 May 2014. The purpose of the Share Award Scheme is to recognize and motivate the contribution of certain members of management of the Group and to provide incentives and help the Group in retaining its existing members of management and to provide them with a direct economic interest in attaining the long-term business objectives of the Group. The Board of Directors may from time to time at its absolute discretion select any of those eligible participants for participation in the scheme (the "Selected Participants"). The maximum aggregate nominal value of awarded shares which may be awarded to a Selected Participant under the Share Award Scheme shall not exceed 0.1% of the issued share capital of the Company at the date of such award. The vesting period of the awarded shares shall be determined by the Board of Directors.

As at 29 February 2016, a total number of 253,000,000 awarded shares have been granted to the Selected Participants, which are to be vested after the Selected Participants having completed a period of services in the Group of 10 years from the date of grant. The awarded shares will be transferred to the Selected Participants at nil consideration upon vested.

During the year ended 28 February 2017, 10,060,000 (2016: 7,960,000) awarded shares have been lapsed and 10,060,000 (2016: 7,960,000) awarded shares have been granted by the Group. As at 28 February 2017, the total number of awarded shares granted was 253,000,000. The fair value of the awarded shares was determined with reference to the market price of the Company's shares at the date of grant. The weighted average fair value of awarded shares granted during the year was approximately HK\$4.9 (equivalent to approximately RMB4.3) (2016: HK\$6.4 (equivalent to approximately RMB5.3)) per share.

During the year ended 28 February 2017, the Board of Directors approved to make certain amendments to the terms of the Share Award Scheme in order to enhance the effectiveness of the scheme. Effective 24 February 2017, the vesting period of the awarded shares was being modified such that 10% of all the awarded shares granted shall become vested on 1 March 2017 and thereafter 10% each of the awarded shares granted shall become vested at each of the nine consecutive anniversaries of the first vesting date. The Selected Participants are entitled to the awarded shares at nil consideration on the vesting date.

The amendment of the terms of the awarded shares granted has been accounted for as a modification for equity-settled awards retrospectively with the cumulative expense adjusted at the balance sheet date to reflect the estimated number of awarded shares expected to vest as at the balance sheet date.

Total expenses recognized in the consolidated income statement for awarded shares granted to the Selected Participants have been disclosed in Note 12.

32 BUSINESS COMBINATION

In December 2015, the Group entered into certain sale and purchase agreements with certain independent third parties to acquire the entire interest in the trademarks of REPLAY for the PRC, Taiwan, Hong Kong and Macau markets (the "Greater China markets"), together with certain operating assets of the related business (collectively the "Acquired Business") for an aggregate consideration of EUR40.0 million (equivalents to approximately RMB284.4 million). The Acquired Business principally engaged in trading and retailing of apparel and accessories products in the Greater China markets under the trademarks of REPLAY. The acquisition is considered insignificant to the Group.

33 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of profit for the year to net cash generated from operations

	Year ended	
	28 February 2017	29 February 2016
	<i>RMB million</i>	<i>RMB million</i>
Profit for the year	2,416.0	2,945.1
Adjustments for:		
Income tax expense	1,596.9	1,596.1
Share of results of associates and a joint venture	(6.3)	(71.8)
Depreciation on property, plant and equipment	1,086.2	957.3
Amortization of land use rights	32.5	28.4
Depreciation on investment properties	6.5	8.1
Amortization of intangible assets	81.7	90.6
Gain on disposal of property, plant and equipment and land use rights	(4.7)	(7.3)
Gains on partial disposal and dilution of interest in an associate	(160.3)	—
Write-off of property, plant and equipment	14.3	10.8
Impairment losses of inventories	26.0	127.0
Impairment of intangible assets	1,103.3	1,356.4
Employee share-based compensation expense	430.7	153.3
Interest income	(154.4)	(379.1)
Interest expense	0.1	45.9
Others	6.4	12.1
	<u>6,474.9</u>	<u>6,872.9</u>
Changes in working capital:		
Increase in long-term deposits, prepayments and other assets	(31.8)	(9.2)
Increase in inventories	(1,025.5)	(585.0)
Decrease in trade receivables	647.5	471.3
Increase in deposits, prepayments and other receivables	(286.6)	(153.2)
Increase/(decrease) in trade payables	122.3	(55.6)
Increase in other payables, accruals and other liabilities	517.3	230.9
	<u>517.3</u>	<u>230.9</u>
Net cash generated from operations	<u>6,418.1</u>	<u>6,772.1</u>

- (b) In the statement of cash flows, payments and deposits for purchase of property, plant and equipment, land use rights and intangible assets are analyzed as follows:

	Year ended	
	28 February 2017 <i>RMB million</i>	29 February 2016 <i>RMB million</i>
Additions to:		
Property, plant and equipment	1,247.0	1,333.8
Land use rights	73.6	—
Intangible assets	—	10.9
Increase in prepayments	<u>20.5</u>	<u>15.8</u>
	<u>1,341.1</u>	<u>1,360.5</u>

- (c) In the statement of cash flows, proceeds from disposal of property, plant and equipment and land use rights comprise:

	Year ended	
	28 February 2017 <i>RMB million</i>	29 February 2016 <i>RMB million</i>
Net book value	82.0	32.6
Gain on disposal	4.7	7.3
Other receivable	<u>(21.5)</u>	<u>—</u>
Proceeds from disposal	<u>65.2</u>	<u>39.9</u>

(d) Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents comprise:

	As at	
	28 February 2017	29 February 2016
	<i>RMB million</i>	<i>RMB million</i>
Bank balances and cash	3,589.9	3,128.7
Structured bank deposits	—	84.0
	<u>3,589.9</u>	<u>3,212.7</u>

34 COMMITMENTS**(a) Capital commitments**

As at 28 February 2017, the Group had the following capital commitments not provided for:

	As at	
	28 February 2017	29 February 2016
	<i>RMB million</i>	<i>RMB million</i>
Contracted but not provided for		
— Construction commitments	59.1	200.5
— Purchase of property, plant and equipment	0.1	—
— Available-for-sale financial assets (<i>Note 19</i>)	225.1	—
	<u>284.3</u>	<u>200.5</u>

(b) Operating lease commitments

As at 28 February 2017, the future aggregate minimum lease payments in respect of land and buildings under non-cancellable operating leases were as follows:

	As at	
	28 February 2017	29 February 2016
	<i>RMB million</i>	<i>RMB million</i>
Not later than 1 year	1,132.3	1,030.9
Later than 1 year and not later than 5 years	1,672.7	1,246.1
Later than 5 years	<u>192.2</u>	<u>141.7</u>
	<u>2,997.2</u>	<u>2,418.7</u>

Generally, the Group's operating leases are for terms of 1 to 10 years.

The actual payments in respect of certain operating leases are calculated at a certain percentage of sales of the respective retail outlets or at the higher of the minimum commitments as noted above and the amounts determined based on a percentage of the sales of the related outlets.

35 FUTURE MINIMUM RENTAL PAYMENTS RECEIVABLE

As at 28 February 2017, the future aggregate minimum rental payments receivable in respect of land and buildings under non-cancellable operating leases were as follows:

	As at	
	28 February 2017	29 February 2016
	<i>RMB million</i>	<i>RMB million</i>
Not later than 1 year	61.0	60.1
Later than 1 year and not later than 5 years	<u>24.7</u>	<u>24.0</u>
	<u>85.7</u>	<u>84.1</u>

36 RELATED PARTY TRANSACTIONS

The following is a summary of significant related party transactions entered into in the ordinary course of business between the Group and its related parties and the balances arising from related party transactions in addition to the related party information shown elsewhere in these consolidated financial statements:

Transactions for the year

	Year ended	
	28 February 2017	29 February 2016
	<i>RMB million</i>	<i>RMB million</i>
Transactions with associates (<i>note (a)</i>)		
— Sale of goods	16.0	13.2
— Processing fee income	3.7	10.9
— Processing fee charges	—	7.4
— Purchases of goods	575.4	425.7
— Royalty expense	26.0	17.7
Transaction with a joint venture (<i>note (a)</i>)		
— Purchases of goods	13.8	1.5
Key management compensation		
— Salaries, bonuses and other welfare (<i>note (b)</i>)	<u>27.9</u>	<u>27.0</u>

Year-end balances

	As at	
	28 February 2017	29 February 2016
	<i>RMB million</i>	<i>RMB million</i>
Receivables from/(payable to) associates		
— Trade receivables (<i>note (c)</i>)	12.1	10.5
— Other receivables (<i>note (d)</i>)	107.8	—
— Trade payables (<i>note (c)</i>)	(176.4)	(136.8)
— Other payables (<i>note (e)</i>)	(25.0)	—
Receivables from/(payable to) a joint venture		
— Other receivable (<i>note (f)</i>)	133.0	95.1
— Trade payables (<i>note (c)</i>)	<u>(3.5)</u>	<u>(0.8)</u>

Notes:

- (a) Processing fee income and purchases of goods from associates and the joint venture, and sales of goods, processing fee and royalty expense to the associates are based on terms mutually agreed between the relevant parties.
- (b) Key management includes directors and certain executives who have important roles in making operational and financial decisions.
- (c) The receivables from/payables to associates and the joint venture arise mainly from transactions as described above which are unsecured, interest free and are due for settlement according to the relevant business terms which generally range from 30 to 180 days. Except for trade payable to an associate amounting to RMB19.2 million (2016: RMB21.1 million) which is denominated in Japanese Yen, and the trade payables to associates amounting to RMB4.5 million (2016: Nil) which are denominated in Euro, all other trade balances with associates and the joint venture are denominated in RMB.
- (d) Loan to an associate is secured by personal guarantee from a shareholder of the associate, bearing interest at 3% per annum, repayable within one year and denominated in Euro.
- (e) Other payables to associates are unsecured, interest free, and denominated in RMB. Other payables to associates amounting to RMB22.0 million and RMB3.0 million are repayable within one year and on demand respectively.
- (f) The balance represents advance made to the joint venture, which is unsecured, interest free, repayable on demand and denominated in RMB.

37 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

Balance sheet of the Company

		As at	
	<i>Note</i>	28 February 2017	29 February 2016
		<i>RMB million</i>	<i>RMB million</i>
ASSETS			
Non-current assets			
Interests in subsidiaries		10,316.8	10,718.8
		-----	-----
Current assets			
Amounts due from subsidiaries		6,206.9	1,712.9
Prepayments		0.5	0.9
Term deposits with initial terms of over three months		43.9	—
Bank balances and cash		2.2	2.8
		-----	-----
		6,253.5	1,716.6
		-----	-----
Total assets		<u>16,570.3</u>	<u>12,435.4</u>
EQUITY			
Capital and reserves			
Share capital		83.1	83.1
Share premium	(i)	9,331.9	9,331.9
Reserves	(ii)	2,996.2	2,540.8
		-----	-----
Total equity		12,411.2	11,955.8
		-----	-----
LIABILITIES			
Current liabilities			
Amounts due to subsidiaries		4,155.9	476.7
Other payables and accruals		3.2	2.9
		-----	-----
Total liabilities		4,159.1	479.6
		-----	-----
Total equity and liabilities		<u>16,570.3</u>	<u>12,435.4</u>

(i) *Share premium*

Under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, the share premium is distributable to the shareholders of the Company, provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

(ii) *Reserve movement of the Company*

	Capital redemption reserve	Shares held for share award scheme	Share-based compensation reserve	Retained earnings	Total
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
As at 1 March 2015	0.1	(1,716.1)	153.3	3,681.0	2,118.3
Profit for the year	—	—	—	3,221.2	3,221.2
Dividends paid	—	—	—	(2,952.0)	(2,952.0)
Employee share award scheme					
— Value of employee services	—	—	153.3	—	153.3
As at 29 February 2016 and 1 March 2016	0.1	(1,716.1)	306.6	3,950.2	2,540.8
Profit for the year	—	—	—	1,542.9	1,542.9
Dividends paid	—	—	—	(1,518.2)	(1,518.2)
Employee share award scheme					
— Value of employee services	—	—	430.7	—	430.7
As at 28 February 2017	<u>0.1</u>	<u>(1,716.1)</u>	<u>737.3</u>	<u>3,974.9</u>	<u>2,996.2</u>

38 PARTICULARS OF PRINCIPAL SUBSIDIARIES

As at 28 February 2017, the Company had the following principal subsidiaries:

Name	Issued/paid-in capital	Interest held	Place of incorporation/ establishment	Principal activities/place of operation
Directly held:				
Belle International (China) Limited	HK\$10,000,000	100%	Hong Kong	Investment holdings and trading of shoes and footwear products/Hong Kong
Best Able Footwear Limited	HK\$800,000,000	100%	Hong Kong	Investment holdings/Hong Kong
Bestfull International Limited	HK\$515,001	100%	Hong Kong	Investment holdings/Hong Kong
Forever Sun International Limited	HK\$10,000	100%	Hong Kong	Investment holdings/Hong Kong
Full Sport Holdings Limited	HK\$10,000,000	100%	Hong Kong	Investment holdings/Hong Kong
Lai Wah Footwear Trading Limited	HK\$2,000,000	100%	Hong Kong	Investment holdings and trading of shoes and footwear products/Hong Kong
Belle Group Limited	10,000 shares of US\$1 each	100%	British Virgin Islands ("BVI")	Investment holdings/Hong Kong
City Talent Group Limited	1 share of US\$1	100%	BVI	Investment holdings/Hong Kong
Famestep Management Limited	10,000 shares of US\$1 each	100%	BVI	Investment holdings/Hong Kong
Fullbest Investments Limited	20,000 shares of US\$1 each	100%	BVI	Investment holdings/Hong Kong
Synergy Eagle Limited	10,000 shares of US\$1 each	100%	BVI	Investment holdings/Hong Kong
Indirectly held:				
Baroque China Apparels Limited	HK\$260,000,000	51%	Hong Kong	Investment holdings/Hong Kong
Belle Worldwide Limited	HK\$3	100%	Hong Kong	Property holdings and provision of administration services/Hong Kong
Full State Corporation Limited	HK\$10,000,000	100%	Hong Kong	Investment holdings and trading of shoes and footwear products/Hong Kong

APPENDIX I
FINANCIAL INFORMATION OF THE GROUP

Name	Issued/paid-in capital	Interest held	Place of incorporation/ establishment	Principal activities/place of operation
Grand Billion International Investment Limited	HK\$1,000,000	60%	Hong Kong	Investment holdings and trading of shoes and footwear products/Hong Kong
Artigiano Footwear Limited	30,000 shares of Macao Patacs (“MOP”) 1 each	100%	Macau	Trading of shoes and footwear products/ Macau
Bestwell (Macao Commerical Offshore) Company Limited	100,000 shares of MOP1 each	100%	Macau	Trading of shoes and footwear products/ Macau
Staccato Footwear (Macau) Company Limited	25,000 shares of MOP1 each	100%	Macau	Trading of shoes and footwear products/ Macau
Best Sail International Holdings Limited	4,000 shares of Holdings Limited	60%	Cayman Islands	Investment holdings/Hong Kong HK\$1 each
合眾服飾(深圳)有限公司 (Hezhong Apparel (Shenzhen) Limited) [#]	US\$10,000,000	100%	The PRC	Manufacturing and trading of shoes, footwear products and apparel/ the PRC
百麗鞋業(上海)有限公司 (Belle Footwear (Shanghai) Company Limited) [#]	US\$30,000,000	100%	The PRC	Trading of shoes, footwear products, sporting shoes and apparel/the PRC
百麗鞋業(北京)有限公司 (Belle Footwear (Beijing) Company Limited) [#]	US\$17,000,000	100%	The PRC	Trading of shoes, footwear products, sporting shoes and apparel/the PRC
百麗鞋業(宿州)有限公司 (Belle Footwear (Suzhou) Company Limited) [#]	US\$28,000,000	100%	The PRC	Manufacturing and trading of shoes and footwear products/the PRC
銅仁百麗鞋業有限公司 (Tongren Belle Footwear Company Limited) [#]	RMB30,000,000	100%	The PRC	Manufacturing and trading of shoes, footwear products and apparel/the PRC
麗港鞋業(深圳)有限公司 (Lai Kong Footwear (Shenzhen) Company Limited) [#]	US\$8,771,368	100%	The PRC	Manufacturing and trading of shoes and footwear products/the PRC
新百麗鞋業(深圳)有限公司 (New Belle Footwear (Shenzhen) Company Limited) [#]	US\$130,000,000	100%	The PRC	Manufacturing and trading of shoes and footwear products/the PRC

APPENDIX I
FINANCIAL INFORMATION OF THE GROUP

Name	Issued/paid-in capital	Interest held	Place of incorporation/ establishment	Principal activities/place of operation
江蘇新森達鞋業有限公司 (Jiangsu New Senda Footwear Company Limited) [@]	RMB200,000,000	100%	The PRC	Manufacturing and trading of shoes and footwear products/the PRC
上海新百思圖鞋業有限公司 (Shanghai New Basto Footwear Company Limited) [@]	RMB50,000,000	100%	The PRC	Manufacturing and trading of shoes and footwear products/the PRC
湖北秭歸百麗鞋業有限責任公司 (Hubei Zigui Belle Footwear Company Limited) [@]	RMB31,000,000	100%	The PRC	Manufacturing of shoes and footwear products/the PRC
深圳百麗商貿有限公司 (Shenzhen Belle Trading Company Limited) [@]	RMB20,000,000	100%	The PRC	Trading of shoes and footwear products/the PRC
廣億貿易(上海)有限公司 (Grand Billion Trading (Shanghai) Company Limited) [#]	US\$9,800,000	60%	The PRC	Trading of shoes and footwear products/the PRC
廣州億僮貿易有限公司 (Guangzhou Yitong Trading Company Limited) [@]	RMB10,000,000	60%	The PRC	Trading of shoes and footwear products/the PRC
滔搏投資(上海)有限公司 (Taobo Investments (Shanghai) Company Limited) [#]	US\$10,000,000	100%	The PRC	Trading of sporting shoes and apparel/ the PRC
滔搏體育(上海)有限公司 (Taobo Sports (Shanghai) Company Limited) [#]	US\$12,000,000	100%	The PRC	Trading of sporting shoes and apparel/ the PRC
百朗商貿(深圳)有限公司 (Bailang Trading (Shenzhen) Company Limited) [#]	US\$5,000,000	100%	The PRC	Trading of sporting shoes and apparel/ the PRC
青島傳承國際商貿有限公司 (Qingdao Chuancheng International Trading Company Limited) [#]	US\$32,000,000	100%	The PRC	Trading of sporting shoes and apparel/ the PRC
廣州市滔搏體育發展有限公司 (Guangzhou Taobo Sports Development Company Limited) [#]	US\$25,000,000	100%	The PRC	Operation of sports complex business/ the PRC
優購科技有限公司 (Yougou Technology Company Limited) [#]	US\$55,000,000	100%	The PRC	Operation of e-commerce business/ the PRC
巴羅克(上海)服飾有限公司 (Baroque Apparels (Shanghai) Company Limited) [#]	RMB10,000,000	51%	The PRC	Trading of apparel and accessories/ the PRC

The company is established as a wholly foreign-owned enterprise in the PRC.

@ The company is established as a limited liability company in the PRC.

39 PARTICULARS OF ASSOCIATES AND A JOINT VENTURE

As at 28 February 2017, the Group had the following associates and a joint venture:

Name	Interest held indirectly	Place of incorporation/ establishment	Principal activities/place of operation
Associates:			
Baroque Japan Limited ^{^*}	20.52%	Japan	Trading and retailing of apparel and accessories products/Japan
Baroque China Limited	49%	Hong Kong	Investment holdings and wholesale of apparel and accessories products/ Hong Kong
Fashion Box S.p.A. ^{^^}	33.55%	Italy	Trading and retailing of apparel and accessories products/Italy
鶴山市新易高鞋業有限公司 (Heshan New Eagle Footwear Company Limited) [@]	36%	The PRC	Manufacturing of shoes and footwear products/the PRC
A joint venture:			
宿州百聯尚多皮革有限公司 (Suzhou Bailian Shangduo Leather Company Limited) [@]	45%	The PRC	Manufacturing and processing of leather/the PRC

[^] Baroque Japan Limited's financial year end date is 31 January. The non-coterminous year end dates of Baroque Japan Limited and the Group does not have any significant impact to the Group.

^{*} Baroque Japan Limited is a company listed on the Tokyo Stock Exchange. As at 28 February 2017, the market value of the Group's interest in Baroque Japan Limited was approximately RMB647.3 million.

^{^^} Fashion Box S.p.A.'s financial year end date is 31 December. The non-coterminous year end dates of Fashion Box S.p.A. and the Group does not have any significant impact to the Group.

[@] The company is established as a limited liability company in the PRC.

3. INDEBTEDNESS

As at the close of business on 30 April 2017, being the latest practicable date for the purpose of ascertaining the indebtedness of the Group prior to the printing of this Scheme Document, the Group's short-term borrowings, representing bank overdrafts, amounted to approximately RMB286.5 million.

Save as disclosed above and apart from normal payables in the ordinary course of business, at the close of business on 30 April 2017, the Group did not have any debt securities authorised or created but unissued, issued and outstanding or agreed to be issued, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, finance leases, hire purchase commitments, guarantees or other material contingent liabilities.

The Directors confirm that there were no material changes in terms of indebtedness and contingent liabilities of the Group since 30 April 2017 and up to the Latest Practicable Date.

4. MATERIAL CHANGES

The Directors confirm that there has been no material change in the financial or trading position or outlook of the Group since 28 February 2017, being the date to which the latest published audited consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date.

The following is a text of letter, summary of values and valuation report prepared for the purpose of incorporation in this Scheme Document received from Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent property valuer, in connection with the valuation as at 30 April 2017 of the property interests held by the Group.



仲量聯行

Jones Lang LaSalle Corporate Appraisal and Advisory Limited
6/F Three Pacific Place 1 Queen's Road East Hong Kong
tel +852 2846 5000 fax +852 2169 6001
Licence No: C-030171

24 June 2017

The Board of Directors
Belle International Holdings Limited

9/F, Belle Tower, 918 Cheung Sha Wan Road,
Cheung Sha Wan,
Kowloon,
Hong Kong

Dear Sirs,

In accordance with your instructions to value the property interests held by Belle International Holdings Limited (the “**Company**”) and its subsidiaries (hereinafter together referred to as the “**Group**”) in the People’s Republic of China (the “**PRC**”) and Hong Kong, we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market values of the property interests as at 30 April 2017 (the “**valuation date**”).

Our valuation is carried out on a market value basis. Market value is defined as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

In valuing property nos. 1, 2, 3, 4, 11, 12, 13, 14, 15, 19, 20, 26 and 29 in Group I which were held and occupied by the Group in the PRC as the valuation date, due to the nature of the buildings and structures of the properties and the particular location in which they are situated, there are unlikely to be relevant market comparable sales readily available, the property interests have therefore been valued by cost approach with reference to their depreciated replacement cost.

Depreciated replacement cost is defined as “the current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimization.” It is based on an estimate of the market value for the existing use of the land, plus the current cost of replacement (reproduction) of the improvements, less deductions for physical

deterioration and all relevant forms of obsolescence and optimization. In arriving at the value of the land portion, reference has been made to the sales evidence as available in the locality. The depreciated replacement cost of the property interest is subject to adequate potential profitability of the concerned business. In our valuation, it applies to the whole of the complex or development as a unique interest, and no piecemeal transaction of the complex or development is assumed.

In valuing property nos. 9, 10 and 30 in Group I, properties in Group IV which were held for future development by the Group in the PRC, properties in Group V which were contracted to be acquired by the Group in the PRC and properties in Group VI which were held and occupied by the Group in Hong Kong as at the valuation date, we have adopted the comparison approach assuming sale of the property interests in their existing state with the benefit of immediate vacant possession and by making reference to comparable sales transactions as available in the market. This approach rests on the wide acceptance of the market transactions as the best indicator and pre-supposes that evidence of relevant transactions in the market place can be extrapolated to similar properties, subject to allowances for variable factors.

We have valued property nos. 5, 6, 7, 8, 16, 17, 18, 21, 22, 23, 24, 25, 27 and 28 in Group I, properties in Group II which were held for investment by the Group in the PRC and property in Group VII which was held for investment by the Group in Hong Kong as at the valuation date by the income approach by taking into account the rental income of the properties derived from the existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the leases, which have been then capitalized to determine the market value at an appropriate capitalization rate. Where appropriate, reference has also been made to the comparable sales transactions as available in the relevant market.

In valuing properties in Group III which were held under development as at the valuation date, we have assumed that they would be developed and completed in accordance with the latest development proposals provided to us by the Group. In arriving at our opinion of values, we have adopted the comparison approach by making reference to comparable sales evidence as available in the relevant market and have also taken into account the accrued construction cost and professional fees relevant to the stage of construction as at the valuation date and the remainder of the cost and fees expected to be incurred for completing the development.

Our valuation has been made on the assumption that the seller sells the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the value of the property interests.

No allowance has been made in our report for any charge, mortgage or amount owing on any of the property interests valued nor for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoing of an onerous nature, which could affect their values.

In valuing the property interests, we have complied with all requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited; Rule 11 of the Code on Takeovers and Mergers issued by Securities and

Futures Commission; the RICS Valuation-Professional Standards published by the Royal Institution of Chartered Surveyors; the HKIS Valuation Standards published by the Hong Kong Institute of Surveyors and the International Valuation Standards published by the International Valuation Standards Council.

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and all other relevant matters.

We have been shown copies of various title documents including State-owned Land Use Rights Certificates, Real Estate Title Certificates, Building Ownership Certificates and other official plans relating to the property interests in PRC and have made relevant enquiries. Where possible, we have examined the original documents to verify the existing title to the property interests in the PRC and any material encumbrance that might be attached to the property interests or any tenancy amendment. We have relied considerably on the advice given by the Group's PRC legal advisers ("**PRC legal advisers**") — Jun He LLP, concerning the validity of the property interests in the PRC.

For property interests in Hong Kong, we have caused searches to be made at the Hong Kong Land Registry. However, we have not searched the original documents to verify the ownership or to ascertain any amendment.

In valuing the property interests in Hong Kong held under the Government Leases expiring before 30 June 1997, we have taken into account the stipulations contained in Annex III of the Joint Declaration of the Government of the United Kingdom and the Government of the People's Republic of China on the question of Hong Kong and the New Territories Leases (Extension) Ordinance 1988 that such leases have been extended without premium until 30 June 2047 and that a rent of three per cent of the then ratable value is charged per annum from the date of extension.

We have not carried out detailed measurements to verify the correctness of the areas in respect of the properties but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have inspected the exterior and, where possible, the interior of the properties. However, we have not carried out investigation to determine the suitability of the ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory and that no unexpected cost and delay will be incurred during construction. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defect. We are not, however, able to report whether the properties are free of rot, infestation or any other structural defect. No tests were carried out on any of the services.

Inspection of the properties was carried out in April 2017 by about 20 staff including Mr. Michael Yu, Mr. Arnold Gao, Mr. Legend Zhan, Mrs. Queenie Lu, Mr. Jack Ye and Mrs. Tinnie Zhu and etc. Mr. Michael Yu, Mr. Arnold Gao and Mrs. Queenie Lu are China Certified Real Estate Appraisers/China Qualified Land Valuers/China Certified Public Valuers/Chartered Surveyors and the other staffs have more than 2 years' experience in the valuation of properties in the PRC.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also sought confirmation from the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive an informed view, and we have no reason to suspect that any material information has been withheld.

Unless otherwise stated, all monetary figures stated in this report are in Renminbi (RMB). Where necessary, the exchange rate adopted is approximately HK\$1=RMB0.8869 which was approximately the prevailing exchange rate as at the valuation date.

Our valuation is summarized below and the valuation certificates are attached below for your attention.

As advised by the Group, the potential tax liabilities which would arise if the properties of the Group specified in this report were to be sold at the amount of the valuation is estimated to be approximately RMB1,083,300,000. The taxes of the properties in Groups I to V mainly include value added tax (5% of the transaction amount for self-built properties or 5% of the capital gains for purchased properties), land appreciation tax (30% to 60% of appreciated amount) and income tax (25% of the capital gains after deducting the potential tax fee in effecting the sales). The taxes of the properties in Groups VI and VII mainly include profits tax (16.5%). The possibility of incurrence of such tax liabilities is very remote as we are advised by the Group that they have no intention to dispose of the properties.

Yours faithfully,
For and on behalf of
Jones Lang LaSalle Corporate Appraisal and Advisory Limited
Eddie T.W. Yiu
MRICS MHKIS RPS (GP)
Director

Notes: Eddie T.W. Yiu is a Chartered Surveyor who has 23 years' experience in the valuation of properties in Hong Kong and the PRC as well as relevant experience in the Asia-Pacific region.

SUMMARY OF VALUES

Group I — Property interests held and occupied by the Group in the PRC

No. Property	Market value in existing state as at 30 April 2017 RMB
1. A parcel of land, 32 industrial buildings and various structures located at No. 99 Huaning Road Dalang Avenue Bao'an District Shenzhen City Guangdong Province The PRC	594,400,000
2. A parcel of land, 2 industrial buildings and various structures located at No. 35 Tanluo Road Longhua Town Bao'an District Shenzhen City Guangdong Province The PRC	14,800,000
3. 2 industrial buildings located at No. 35 Tanluo Road Longhua Town Bao'an District Shenzhen City Guangdong Province The PRC	No commercial value
4. 23 industrial buildings and various structures located at Lianrun Road Yuanfen Industrial Zone Longhua Town Bao'an District Shenzhen City Guangdong Province The PRC	No commercial value

No.	Property	Market value in existing state as at 30 April 2017 RMB
5.	30 office units on the 11th to 13th floor of Excellence Mansion located at No. 98 Fuhua First Road Futian District Shenzhen City Guangdong Province The PRC	176,200,000
6.	Belle Tower located at No. 8 Lanxiang First Street of Houhaibin Road Nanshan District Shenzhen City Guangdong Province The PRC	1,238,600,000
7.	An industrial unit on the 5th floor of an industrial building located at No. 541 Industrial Building Bagualing Industrial District Futian District Shenzhen City Guangdong Province The PRC	14,400,000
8.	2 industrial units on the 6th and 7th floor of Block 7A of the Fourth Industrial Zone located at Nanshan Avenue Nanshan District Shenzhen City Guangdong Province The PRC	1,400,000
9.	6 dormitory units of Block A of Lifang Village located at Nanshan Avenue Nanshan District Shenzhen City Guangdong Province The PRC	7,900,000

No. Property	Market value in existing state as at 30 April 2017 RMB
10. Block C12 of Mission Hills Golf Villa located at Golf Avenue of Guanlan Street Bao'an District Shenzhen City Guangdong Province The PRC	61,900,000
11. 2 parcels of land, 19 industrial buildings and various structures located at Yangang Avenue Yangang Village Humen District Dongguan City Guangdong Province The PRC	151,900,000
12. A parcel of land, 16 industrial buildings and various structures located at the southern side of South Ring Road and the western side of Jianbao Road High-tech Zone Jian Hu Town Yancheng City Jiangsu Province The PRC	96,400,000
13. A parcel of land, 56 industrial buildings and various structures located at the southern side of Waihuan First Road and the eastern side of Fuxiao Road Economic and Technology Development District Suzhou City Anhui Province The PRC	80,500,000

No. Property	Market value in existing state as at 30 April 2017 RMB
14. A parcel of land, 18 industrial buildings and various structures located at No. 199 Jiandong Road Maoping Town Zigui Country Yichang City Hubei Province The PRC	58,800,000
15. A parcel of land, 8 industrial buildings and various structures located at the northern side of Dengta Avenue South Bijiang Industrial Zone Bijiang District Tongren City Guizhou Province The PRC	No commercial value
16. The whole office units on the 8th floor of Belle Business Trade Center located at No. 81-1 Xihu Road Yuxiu District Guangzhou City Guangdong Province The PRC	10,000,000
17. The whole retail units on the B1 to the 4th floor and the whole office units on the 5th and the 7th floor and two office units of the 9th floor of Belle Business Trade Center located at No. 81-1 Xihu Road Yuxiu District Guangzhou City Guangdong Province The PRC	206,100,000
18. Portions of Belle International Plaza located at No. 928, 950, 952, 960 & 962 Liuzhou Road Xuhui District Shanghai City The PRC	530,800,000

No. Property	Market value in existing state as at 30 April 2017 RMB
19. A parcel of land, 12 buildings and various structures located at No. 6699 Songze Avenue Zhonggu Town Qingpu District Shanghai City The PRC	434,300,000
20. A parcel of land, 7 buildings and various structures located at E-02 Zone of a logistic park Majuqiao Town Tongzhou District Beijing City The PRC	30,300,000
21. The whole office units on the 36th floor of Block 1 of Yihe International Building located at No. 10 Hong Kong Middle Road Shinan District Qingdao City Shandong Province The PRC	39,100,000
22. 16 office units and 5 car parking spaces of Huizhi Building located at No. 24 Shangwu Waihuan Road Zhengdong New District Zhengzhou City Henan Province The PRC	50,200,000
23. 6 car parking spaces of Longao Jinzuo Building located at No. 8000 Jingshi East Street High Technology District Jinan City Shandong Province The PRC	860,000

No. Property	Market value in existing state as at 30 April 2017 RMB
24. 48 office units on the 21st and 29th floor and 6 car parking spaces of Yang Guang Xin Tian Di located at No. 231 Xinhua Road Jiangnan District Wuhan City Hubei Province The PRC	34,400,000
25. 6 residential units of Block 1 of Xiang Yu Zhong Yang located at No. 235 Wuyi Road Furong District Changsha City Hunan Province The PRC	16,600,000
26. A parcel of land, 2 industrial buildings and various structures located at No. 39 Xiedu South 3rd Road Wuhou District Chengdu City Sichuan Province The PRC	100,800,000
27. 3 office units on the 3rd to 5th floor of Belle Tower located at Nos. 1 and 3 Jiangxi Street Wuhou District Chengdu City Sichuan Province The PRC	38,000,000
28. 2 office units on the 10th and 11th floor of Block A of Weilan International Building located at No. 3 Daqing Road Lianhu District Xi'an City Shanxi Province The PRC	36,800,000

No. Property	Market value in existing state as at 30 April 2017 RMB
29. A parcel of land, 2 buildings and various structures located at No. 19 Lantai Road Hunnan District Shenyang City Liaoning Province The PRC	140,100,000
30. Various residential units and retail units of Belle Garden located at the southern side of Waihuan Second Road Economic and Technology Development District Suzhou City Anhui Province The PRC	82,100,000
	<hr/>
Sub-total:	<u>4,247,660,000</u>

Group II — Property interests held for investment by the Group in the PRC

No. Property	Market value in existing state as at 30 April 2017 RMB
31. The whole office units on the 6th floor, an office unit on the 9th floor and the whole office units on the 10th floor of Belle Business Trade Center No. 81-1 Xihu Road Yuxiu District Guangzhou City Guangdong Province The PRC	11,700,000
32. Portions of Belle International Plaza located at Nos. 928, 950, 952, 960 & 962 Liuzhou Road Xuhui District Shanghai City The PRC	480,000,000
33. An industrial building of an industrial park located at No. 38 Lane of No. 1277 Zhuanxing East Road Minhang District Shanghai City The PRC	24,300,000
Sub-total:	<u><u>516,000,000</u></u>

Group III — Property interests held under development by the Group in the PRC

No. Property	Market value in existing state as at 30 April 2017 RMB
34. 2 parcels of land and 6 buildings under construction located at the eastern side of Xingye Fifth Road and the northern side of Huitong First Road Yin Town Chang'an District Xi'an City Shanxi Province The PRC	182,700,000
35. A parcel of land and 5 residential buildings under construction located at No. 189 Jiandong Road Maoping Town Zigui Country Yichang City Hubei Province The PRC	14,400,000
Sub-total:	<u><u>197,100,000</u></u>

Group IV — Property interests held for future development by the Group in the PRC

No. Property	Market value in existing state as at 30 April 2017 RMB
36. A parcel of land located at No. 189 Jiandong Road Maoping Town Zigui Country Yichang City Hubei Province The PRC	10,800,000
37. A parcel of land of Belle Garden located at the southern side of Waihuan Second Road Economic and Technology Development District Suzhou City Anhui Province The PRC	25,100,000
38. A parcel of land located at the junction of Hengdian Street Linkong East Street and Houhu North Road Huangpi District Wuhan City Hubei Province The PRC	24,600,000
Sub-total:	<u>60,500,000</u>

Group V — Properties contracted to be acquired by the Group in the PRC

No.	Property	Market value in existing state as at 30 April 2017 RMB
39.	A parcel of land located at the junction of Linkong East Street and Linkong South Road Linkong Economic Zone Huangpi District Wuhan City Hubei Province The PRC	No commercial value
40.	A parcel of land located at the northern side of Dengta Avenue Bijiang Industrial Zone Bijiang District Tongren City Guizhou Province The PRC	No commercial value
Sub-total:		<hr/> Nil <hr/>

Group VI — Property interests held and occupied by the Group in Hong Kong

No. Property	Market value in existing state as at 30 April 2017 RMB
41. Workshop on ground floor, the 1st to 3rd floors, the 4th floor & flat roof, Workshops A and B on the 5th and 6th floors, the 15th, 16th, 20th to 22nd floors, Roof, private car parking space Nos. 1, 3, 4, 5, 15, 16, 17 and 18 on truck parking space Nos. 7, 10, 11, 19 and 23 on ground floor of Hou Feng Industrial Building located at Nos. 1-5 Wing Kin Road Kwai Chung New Territories Hong Kong	312,700,000
42. Belle Tower located at Nos. 916-922 Cheung Sha Wan Road, Kowloon, Hong Kong	332,400,000
43. Workshop F on the 10th floor of Hop Hing Industrial Building located at No. 704 Castle Peak Road Kowloon Hong Kong	11,800,000
Sub-total:	<hr/> <u>656,900,000</u>

Group VII — Property interest held for investment by the Group in Hong Kong

No. Property	Market value in existing state as at 30 April 2017 RMB
44. Entire Office on the 6th floor (excluding the flat roof adjoining thereto) and the Corridor on 6th floor and Car Parking Space No. 3 on the 4th floor (excluding the flat roofs adjoining thereto) of Railway Plaza No. 39 Chatham Road South Kowloon Hong Kong	85,600,000 <hr/>
Sub-total:	85,600,000
Grand Total:	<u>5,763,760,000</u>

VALUATION CERTIFICATE

Group I — Property interests held and occupied by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 April 2017 RMB																								
1.	A parcel of land, 32 industrial buildings and various structures located at No. 99 Huaning Road Dalang Avenue Bao'an District Shenzhen City Guangdong Province The PRC	<p>The property comprises a parcel of land with a site area of approximately 130,573.92 sq.m., 32 buildings and various structures erected thereon which were completed in 2011.</p> <p>The buildings have a total gross floor area of approximately 246,095.37 sq.m. and the details of uses and their respective gross floor area are set out as follows:</p> <table border="1"> <thead> <tr> <th>Use</th> <th>No. of Item</th> <th>Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Production</td> <td>5</td> <td>95,663.55</td> </tr> <tr> <td>Warehouse</td> <td>3</td> <td>32,518.88</td> </tr> <tr> <td>Office</td> <td>3</td> <td>27,514.17</td> </tr> <tr> <td>Canteen</td> <td>3</td> <td>24,472.82</td> </tr> <tr> <td>Dormitory</td> <td>7</td> <td>63,396.11</td> </tr> <tr> <td>Corridor</td> <td>11</td> <td><u>2,529.84</u></td> </tr> <tr> <td>Total</td> <td>32</td> <td><u>246,095.37</u></td> </tr> </tbody> </table>	Use	No. of Item	Gross Floor Area (sq.m.)	Production	5	95,663.55	Warehouse	3	32,518.88	Office	3	27,514.17	Canteen	3	24,472.82	Dormitory	7	63,396.11	Corridor	11	<u>2,529.84</u>	Total	32	<u>246,095.37</u>	As at the valuation date, the property was occupied by the Group for production, warehouse, office, canteen and dormitory purposes.	594,400,000
Use	No. of Item	Gross Floor Area (sq.m.)																										
Production	5	95,663.55																										
Warehouse	3	32,518.88																										
Office	3	27,514.17																										
Canteen	3	24,472.82																										
Dormitory	7	63,396.11																										
Corridor	11	<u>2,529.84</u>																										
Total	32	<u>246,095.37</u>																										

The structures mainly include plant area roads, boundary walls, sport yard and landscaped facilities.

The land use rights of the property have been granted for a term of 50 years expiring on 29 August 2056 for industrial use.

Notes:

1. Pursuant to a Real Estate Title Certificate — Shen Fang Di Zi Di No. 5000558215, the property with a gross floor area of approximately 246,095.37 sq.m. is owned by New Belle Footwear (Shenzhen) Company Limited (“**New Belle**”, a wholly owned subsidiary of the Company). The relevant land use rights of the property have been granted to New Belle for a term of 50 years expiring on 29 August 2056 for industrial use.

2. We have been provided with a legal opinion regarding the property interest by the Group’s PRC legal advisers, which contains, inter alia, the following:
 - a. New Belle is legally in possession of the land use rights and the building ownership of the property. New Belle is entitled to legally occupy, use, lease or otherwise dispose of the property during the terms of the land use rights according to relevant laws and regulations; and

 - b. The property is free from mortgage, guarantee, seizure and asset freezing.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 April 2017 RMB												
2.	A parcel of land, 2 industrial buildings and various structures located at No. 35 Tanluo Road Longhua Town Bao'an District Shenzhen City Guangdong Province The PRC	<p>The property comprises a parcel of land with a site area of approximately 3,999.90 sq.m., 2 buildings and various structures erected thereon which were completed in 1996.</p> <p>The buildings have a total gross floor area of approximately 8,843.70 sq.m. and the details of uses and their respective gross floor area are set out as follows:</p> <table border="1" style="margin-left: 20px;"> <thead> <tr> <th style="text-align: left;">Use</th> <th style="text-align: center;">No. of Item</th> <th style="text-align: center;">Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Production and office</td> <td style="text-align: center;">1</td> <td style="text-align: right;">5,959.60</td> </tr> <tr> <td>Dormitory</td> <td style="text-align: center;">1</td> <td style="text-align: right;"><u>2,884.10</u></td> </tr> <tr> <td>Total</td> <td style="text-align: center;">2</td> <td style="text-align: right;"><u>8,843.70</u></td> </tr> </tbody> </table>	Use	No. of Item	Gross Floor Area (sq.m.)	Production and office	1	5,959.60	Dormitory	1	<u>2,884.10</u>	Total	2	<u>8,843.70</u>	As at the valuation date, the property was occupied by the Group for production, office and dormitory purposes.	14,800,000
Use	No. of Item	Gross Floor Area (sq.m.)														
Production and office	1	5,959.60														
Dormitory	1	<u>2,884.10</u>														
Total	2	<u>8,843.70</u>														

The structures mainly include plant area roads and landscaped facilities.

The land use rights of the property have been granted for a term of 50 years expiring on 15 November 2045 for industrial use.

Notes:

1. Pursuant to 16 Real Estate Title Certificates, the property with a total gross floor area of approximately 8,843.70 sq.m. are owned by Hezhong Apparel (Shenzhen) Limited (“**Hezhong Apparel**”, a wholly owned subsidiary of the Company). The relevant land use rights of the property have been granted to Hezhong Apparel for a term of 50 years expiring on 15 November 2045 for industrial use. The details are set out as follows:

No.	Certificate No.	Gross Floor Area (sq.m.)	Usage
(1)	Shen Fang Di Zi Di No. 5000302794	1,112.40	Production
(2)	Shen Fang Di Zi Di No. 5000302777	861.90	Production
(3)	Shen Fang Di Zi Di No. 5000302788	861.90	Production
(4)	Shen Fang Di Zi Di No. 5000302775	862.00	Production
(5)	Shen Fang Di Zi Di No. 5000302797	862.50	Production
(6)	Shen Fang Di Zi Di No. 5000302785	259.30	Office
(7)	Shen Fang Di Zi Di No. 5000302790	259.30	Office
(8)	Shen Fang Di Zi Di No. 5000302792	259.40	Office
(9)	Shen Fang Di Zi Di No. 5000302784	260.20	Office
(10)	Shen Fang Di Zi Di No. 5000302780	360.70	Office
(11)	Shen Fang Di Zi Di No. 5000302799	445.60	Dormitory
(12)	Shen Fang Di Zi Di No. 5000302783	487.70	Dormitory
(13)	Shen Fang Di Zi Di No. 5000302778	487.70	Dormitory
(14)	Shen Fang Di Zi Di No. 5000302787	487.70	Dormitory
(15)	Shen Fang Di Zi Di No. 5000302773	487.70	Dormitory
(16)	Shen Fang Di Zi Di No. 5000302774	487.70	Dormitory
Total:		<u>8,843.70</u>	

2. We have been provided with a legal opinion regarding the property interest by the Group’s PRC legal advisers, which contains, inter alia, the following:
- a. Hezhong Apparel is legally in possession of the land use rights and the building ownership rights of the property. Hezhong Apparel is entitled to legally occupy, use, lease or otherwise dispose of the property during the terms of the land use rights according to relevant laws and regulations; and
 - b. The property is free from mortgage, guarantee, seizure and asset freezing.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 April 2017 RMB												
3.	2 industrial buildings located at No. 35 Tanluo Road Longhua Town Bao'an District Shenzhen City Guangdong Province The PRC	<p>The property comprises 2 buildings and various structures which were completed in 2012.</p> <p>The buildings of the property have a total gross floor area of approximately 15,960.12 sq.m. and the details of uses and their respective gross floor area are set out as follows:</p> <table border="1"> <thead> <tr> <th>Use</th> <th>No. of Item</th> <th>Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Warehouse</td> <td>1</td> <td>8,783.18</td> </tr> <tr> <td>Warehouse and Canteen</td> <td>1</td> <td><u>7,176.94</u></td> </tr> <tr> <td>Total</td> <td>2</td> <td><u>15,960.12</u></td> </tr> </tbody> </table>	Use	No. of Item	Gross Floor Area (sq.m.)	Warehouse	1	8,783.18	Warehouse and Canteen	1	<u>7,176.94</u>	Total	2	<u>15,960.12</u>	As at the valuation date, the property was occupied by the Group for warehouse and canteen purposes.	No commercial value (please refer to note 1)
Use	No. of Item	Gross Floor Area (sq.m.)														
Warehouse	1	8,783.18														
Warehouse and Canteen	1	<u>7,176.94</u>														
Total	2	<u>15,960.12</u>														

The structures mainly include plant area roads, boundary walls and landscaped facilities.

Notes:

1. In the valuation of the property, we have attributed no commercial value to the property, since the land of the property was leased from Tanluo Economic Cooperatives of Longhua Town Bao'an District and Lai Kong Footwear (Shenzhen) Company Limited ("Lai Kong", a wholly owned subsidiary of the Company) has not obtained any State-owned Land Use Rights Certificates, construction work approvals and Real Estate Title Certificates/Building Ownership Certificates. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the buildings and structures of the property as at the valuation date would be RMB25,600,000.
2. We have been provided with a legal opinion regarding the property interest by the Group's PRC legal advisers, which contains, inter alia, the following:
 - a. The construction work approvals and relevant title certificates of the buildings of the property have not been obtained. There exist for these buildings the risks of being fined, being ordered to be demolished within a definite time, or these buildings and related illegitimate income could be confiscated by relevant government departments.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 April 2017 RMB																		
4.	23 industrial buildings and various structures located at Lianrun Road Yuanfen Industrial Zone Longhua Town Bao'an District Shenzhen City Guangdong Province The PRC	<p>The property comprises 23 buildings and various structures erected thereon which were completed in 1997.</p> <p>The buildings have a total gross floor area of approximately 55,286.89 sq.m. and the details of uses and gross floor area are set out as follows:</p> <table border="1"> <thead> <tr> <th>Use</th> <th>No. of Item</th> <th>Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Production</td> <td>11</td> <td>18,918.60</td> </tr> <tr> <td>Office</td> <td>2</td> <td>2,966.90</td> </tr> <tr> <td>Canteen</td> <td>1</td> <td>1,980.00</td> </tr> <tr> <td>Warehouse</td> <td>9</td> <td>31,421.39</td> </tr> <tr> <td>Total</td> <td>23</td> <td><u>55,286.89</u></td> </tr> </tbody> </table>	Use	No. of Item	Gross Floor Area (sq.m.)	Production	11	18,918.60	Office	2	2,966.90	Canteen	1	1,980.00	Warehouse	9	31,421.39	Total	23	<u>55,286.89</u>	As at the valuation date, the property was occupied by the Group for production, office, canteen and warehouse purposes.	No commercial value (please refer to note 1)
Use	No. of Item	Gross Floor Area (sq.m.)																				
Production	11	18,918.60																				
Office	2	2,966.90																				
Canteen	1	1,980.00																				
Warehouse	9	31,421.39																				
Total	23	<u>55,286.89</u>																				

The structures mainly include plant area roads, boundary walls, sport yard and landscaped facilities.

Notes:

1. In the valuation of the property, we have attributed no commercial value to the property, since the land of the property was leased from Yuanfen Economic Cooperatives of Longhua Town Bao'an District and Lai Kong Footwear (Shenzhen) Company Limited ("**Lai Kong**", a wholly owned subsidiary of the Company) has not obtained any State-owned Land Use Rights Certificates, construction work approvals and Real Estate Title Certificates/Building Ownership Certificates. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the buildings and structures of the property as at the valuation date would be RMB38,000,000.
2. We have been provided with a legal opinion regarding the property interest by the Group's PRC legal advisers, which contains, inter alia, the following:
 - a. The construction work approvals and relevant title certificates of the buildings of the property have not been obtained. There exist for these buildings the risks of being fined, being ordered to be demolished within a definite time, or these buildings and related illegitimate income could be confiscated by relevant government departments.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 April 2017 RMB
5.	30 office units on the 11th to 13th floor of Excellence Mansion located at No. 98 Fuhua First Road Futian District Shenzhen City Guangdong Province The PRC	The property comprises 30 office units on the 11th to 13th floor of Excellence Mansion with a total gross floor area of approximately 5,823.66 sq.m, which were completed in 2004. The land use rights of the property have been granted for a term of 50 years expiring on 22 October 2051 for commercial and office uses.	As at the valuation date, the property was occupied by the Group for office purpose.	176,200,000

Notes:

- Pursuant to 30 Real Estate Title Certificates, the property with a total gross floor area of approximately 5,823.66 sq.m. is owned by Shenzhen Hexinbang Corporate Management Consulting Company Limited (“**Shenzhen Hexinbang**”, a wholly owned subsidiary of the Company). The relevant land use rights of the property have been granted to Shenzhen Hexinbang for a term of 50 years expiring on 22 October 2051 for commercial and office uses. The details are set out as follows:

No.	Certificate No.	Gross Floor Area (sq.m.)	Unit No.	Usage
(1)	Shen Fang Di Zi Di No. 3000506186	295.08	1101	Office
(2)	Shen Fang Di Zi Di No. 3000506392	325.75	1102	Office
(3)	Shen Fang Di Zi Di No. 3000506391	114.73	1103	Office
(4)	Shen Fang Di Zi Di No. 3000506306	114.73	1104	Office
(5)	Shen Fang Di Zi Di No. 30005063296	114.73	1105	Office
(6)	Shen Fang Di Zi Di No. 3000506272	317.17	1106	Office
(7)	Shen Fang Di Zi Di No. 3000506311	269.79	1107	Office
(8)	Shen Fang Di Zi Di No. 3000506390	135.99	1108	Office
(9)	Shen Fang Di Zi Di No. 3000506389	129.75	1109	Office
(10)	Shen Fang Di Zi Di No. 3000506294	123.50	1110	Office
(11)	Shen Fang Di Zi Di No. 3000506275	295.08	1201	Office
(12)	Shen Fang Di Zi Di No. 3000506386	325.75	1202	Office
(13)	Shen Fang Di Zi Di No. 3000506298	114.73	1203	Office
(14)	Shen Fang Di Zi Di No. 3000506387	114.73	1204	Office
(15)	Shen Fang Di Zi Di No. 3000506270	114.73	1205	Office
(16)	Shen Fang Di Zi Di No. 3000506388	317.17	1206	Office
(17)	Shen Fang Di Zi Di No. 3000506303	269.79	1207	Office
(18)	Shen Fang Di Zi Di No. 3000506300	135.99	1208	Office
(19)	Shen Fang Di Zi Di No. 3000506295	129.75	1209	Office
(20)	Shen Fang Di Zi Di No. 3000506313	123.50	1210	Office

No.	Certificate No.	Gross Floor Area (sq.m.)	Unit No.	Usage
(21)	Shen Fang Di Zi Di No. 3000506301	295.08	1301	Office
(22)	Shen Fang Di Zi Di No. 3000506185	325.75	1302	Office
(23)	Shen Fang Di Zi Di No. 3000506187	114.73	1303	Office
(24)	Shen Fang Di Zi Di No. 3000506297	114.73	1304	Office
(25)	Shen Fang Di Zi Di No. 3000506188	114.73	1305	Office
(26)	Shen Fang Di Zi Di No. 3000506315	317.17	1306	Office
(27)	Shen Fang Di Zi Di No. 3000506268	269.79	1307	Office
(28)	Shen Fang Di Zi Di No. 3000506273	135.99	1308	Office
(29)	Shen Fang Di Zi Di No. 3000506276	129.75	1309	Office
(30)	Shen Fang Di Zi Di No. 3000506269	123.50	1310	Office
	Total:	<u>5,823.66</u>		

2. We have been provided with a legal opinion regarding the property interest by the Group's PRC legal advisers, which contains, inter alia, the following:

- a. Shenzhen Hexinbang is the owner of the property. Shenzhen Hexinbang is entitled to legally occupy, use, lease or otherwise dispose of the property during the terms of the land use rights according to relevant laws and regulations; and
- b. The property is free from mortgage, guarantee, seizure and asset freezing.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 April 2017 RMB												
6.	Belle Tower located at No. 8 Lanxiang Street of Houhaibin Road Nanshan District Shenzhen City Guangdong Province The PRC	<p>The property comprises a whole block of a 27-storey building known as Belle Tower which was completed in 2017.</p> <p>The property has a total gross floor area of approximately 46,807.97 sq.m. and the details of uses and their respective gross floor area are set out as follows:</p> <table border="1"> <thead> <tr> <th>Use</th> <th>Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Office</td> <td>33,431.07</td> </tr> <tr> <td>Retail</td> <td>1,562.73</td> </tr> <tr> <td>Ancillary</td> <td>672.72</td> </tr> <tr> <td>Car parking spaces</td> <td><u>11,141.45</u></td> </tr> <tr> <td>Total</td> <td><u><u>46,807.97</u></u></td> </tr> </tbody> </table>	Use	Gross Floor Area (sq.m.)	Office	33,431.07	Retail	1,562.73	Ancillary	672.72	Car parking spaces	<u>11,141.45</u>	Total	<u><u>46,807.97</u></u>	As at the valuation date, the property was vacant.	1,238,600,000
Use	Gross Floor Area (sq.m.)															
Office	33,431.07															
Retail	1,562.73															
Ancillary	672.72															
Car parking spaces	<u>11,141.45</u>															
Total	<u><u>46,807.97</u></u>															

The land use rights of the property have been granted for a term of 50 years expiring on 4 June 2059 for commercial and office uses.

Notes:

- Pursuant to a State-owned Land Use Rights Grant Contract — Shen Di He Zi (2009) No. 0010, the land use rights of a parcel of land with a site area of approximately 2,763.50 sq.m. were contracted to be granted to New Belle Footwear (Shenzhen) Company Limited (“New Belle”, a wholly owned subsidiary of the Company), for a term of 50 years expiring on 4 June 2059 for commercial and office uses commencing from the land delivery date. The total land premium was RMB190,000,000. As advised by the Group, the land premium had been paid in full as at the valuation date. According to the State-owned Land Use Rights Grant Contract, the self-use rate of the office portion of the property should not be lower than 70% and the self-use part of the property should not be sold within 10 years after completion, the retail portion of the property should not be sold separately.
- Pursuant to a State-owned Land Use Rights Certificate — Shen Fang Di Zi Di No. 4000463368, the land use rights of the property with a site area of approximately 2,763.50 sq.m. have been granted to New Belle Footwear (Shenzhen) Company Limited (“New Belle”, a wholly owned subsidiary of the Company), for a term of 50 years expiring on 4 June 2059 for commercial and office uses.
- Pursuant to a Construction Work Planning Permit — Shen Gui Tu Jian Xu Zi No. ZG-2012-0038 in favour of New Belle, the property with a gross floor area of approximately 46,807.97 sq.m has been approved for construction.
- Pursuant to 3 Construction Work Commencement Permits, permissions by relevant local authority were given to commence the construction of the property with a total gross floor area of approximately 46,808.00 sq.m. The details are set out as follows:

No.	Permit No.	Gross Floor Area (sq.m.)	Issuance date
(1)	44030020110458001	—	16 March 2012
(2)	44030020110458002	—	29 February 2012
(3)	44039020130001001	46,808.00	23 April 2013
	Total:	46,808.00	

5. According to a receipt of the Construction Work Completion and Inspection Tables of the property, New Belle has submitted the relevant materials for the completion acceptance.
6. We have been provided with a legal opinion regarding the property interest by the Group's PRC legal advisers, which contains, inter alia, the following:
- New Belle is legally in possession of the land use rights of the property. New Belle is entitled to legally occupy, use, lease or otherwise dispose of the land of the property during the terms of the land use rights according to relevant laws and regulations;
 - New Belle has obtained all requisite approvals in respect of the development and construction of the property from the relevant government authorities, and can legally apply for the Real Estate Title Certificates/Building Ownership Certificates after legally passing the procedure of relevant completion inspection acceptance that is required for real estate ownership registration; and
 - The property is free from mortgage, gaurantee, seizure and asset freezing.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 April 2017 RMB
7.	An industrial unit on the 5th floor of an industrial building located at No. 541 Industrial Building Bagualing Industrial District Futian District Shenzhen City Guangdong Province The PRC	<p>The property comprises an industrial unit on the 5th floor of a 6-storey industrial building which was completed in 1988.</p> <p>The property has a gross floor area of approximately 2,296.68 sq.m.</p> <p>The land use rights of the property have been granted for a term of 50 years expiring on 11 October 2033 for industrial use.</p>	As at the valuation date, the property was vacant.	14,400,000

Notes:

1. Pursuant to a Real Estate Title Certificate — Shen Fang Di Zi Di No. 3000738435, the property with a gross floor area of approximately 2,296.68 sq.m. is owned by New Belle Footwear (Shenzhen) Company Limited (“**New Belle**”, a wholly owned subsidiary of the Company). The relevant land use rights of the property have been granted to New Belle for a term of 50 years expiring on 11 October 2033 for industrial use.
2. We have been provided with a legal opinion regarding the property interest by the Group’s PRC legal advisers, which contains, inter alia, the following:
 - a. New Belle is legally in possession of the land use rights and the building ownership rights of the property. New Belle is entitled to legally occupy, use, lease or otherwise dispose of the property during the terms of the land use rights according to relevant laws and regulations; and
 - b. The property is free from mortgage, guarantee, seizure and asset freezing.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 April 2017 RMB
8.	2 industrial units on the 6th and 7th floor of Block 7A of the Fourth Industrial Zone located at Nanshan Avenue Nanshan District Shenzhen City Guangdong Province The PRC	<p>The property comprises 2 industrial units on the 6th and 7th floor of a 9-storey industrial building known as Block 7A of the Fourth Industrial Zone which was completed in 1991.</p> <p>The property has a total gross floor area of approximately 1,064.46 sq.m.</p> <p>The land use rights of the property have been granted for a term of 30 years expiring on 20 December 2018 for industrial use.</p>	As at the valuation date, the property was occupied by the Group for office purpose.	1,400,000

Notes:

1. Pursuant to 2 Real Estate Title Certificates — Shen Fang Di Zi Di Nos. 0310895 and 0310896, the property with a total gross floor area of approximately 1,064.46 sq.m was owned by Lai Wah Footwear Trading Limited (“**Lai Wah**”, a wholly owned subsidiary of the Company). The relevant land use rights of the property have been granted to Lai Wah for a term of 30 years expiring on 20 December 2018 for industrial use.
2. As advised by the Group, the renewal of land use rights of the property has not been processed.
3. We have been provided with a legal opinion regarding the property interest by the Group’s PRC legal advisers, which contains, inter alia, the following:
 - a. Lai Wah is the owner of the property. Lai Wah is entitled to legally occupy, use, lease or otherwise dispose of the property during the terms of the land use rights according to relevant laws and regulations; and
 - b. The property is free from mortgage, guarantee, seizure and asset freezing.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 April 2017 RMB
9.	6 dormitory units of Block A of Lifang Village located at Nanshan Avenue Nanshan District Shenzhen City Guangdong Province The PRC	<p>The property comprises 6 dormitory units on the 3rd floor of a 4-storey dormitory building known as Block A of Lifang Village which was completed in about 1990.</p> <p>The property has a total gross floor area of approximately 197.76 sq.m.</p> <p>The land use rights of the property have been granted for a term of 50 years expiring on 14 November 2038 for dormitory use.</p>	As at the valuation date, the property was occupied by the Group for dormitory purpose.	7,900,000

Notes:

1. Pursuant to 6 Real Estate Title Certificates, the property with a total gross floor area of approximately 197.76 sq.m was owned by Lai Wah Footwear Trading Limited (“Lai Wah”, a wholly owned subsidiary of the Company). The relevant land use rights of the property have been granted to Lai Wah for a term of 50 years expiring on 14 November 2038 for dormitory use. The details are set out as follows:

No.	Certificate No.	Gross Floor Area (sq.m.)	Usage
(1)	Shen Fang Di Zi Di No. 0310902	32.96	Dormitory
(2)	Shen Fang Di Zi Di No. 0310901	32.96	Dormitory
(3)	Shen Fang Di Zi Di No. 0310900	32.96	Dormitory
(4)	Shen Fang Di Zi Di No. 0310899	32.96	Dormitory
(5)	Shen Fang Di Zi Di No. 0310898	32.96	Dormitory
(6)	Shen Fang Di Zi Di No. 0310897	32.96	Dormitory
Total:		197.76	

2. We have been provided with a legal opinion regarding the property interest by the Group’s PRC legal advisers, which contains, inter alia, the following:
- a. Lai Wah is the owner of the property. Lai Wah is entitled to legally occupy, use, lease or otherwise dispose of the property during the terms of the land use rights according to relevant laws and regulations; and
 - b. The property is free from mortgage, guarantee, seizure and asset freezing.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 April 2017 RMB
10.	Block C12 of Mission Hills Golf Villa located at Golf Avenue of Guanlan Street Bao'an District Shenzhen City Guangdong Province The PRC	<p>The property comprises a villa of a residential development known as Mission Hills Golf Villa which was completed in 2005.</p> <p>The property has a gross floor area of approximately 700.69 sq.m.</p> <p>The land use rights of the property have been granted for a term of 70 years expiring on 13 November 2064 for residential use.</p>	As at the valuation date, the property was occupied by the Group for clubhouse purpose.	61,900,000

Notes:

1. Pursuant to a Real Estate Title Certificate — Shen Fang Di Zi Di No. 5000441152, the property with a gross floor area of approximately 700.69 sq.m. is owned by New Belle Footwear (Shenzhen) Company Limited (“**New Belle**”, a wholly owned subsidiary of the Company). The relevant land use rights of the property have been granted to New Belle for a term of 70 years expiring on 13 November 2064 for residential use.
2. We have been provided with a legal opinion regarding the property interest by the Group’s PRC legal advisers, which contains, inter alia, the following:
 - a. New Belle is the owner of the property. New Belle is entitled to legally occupy, use, lease or otherwise dispose of the property during the terms of the land use rights according to relevant laws and regulations; and
 - b. The property is free from mortgage, guarantee, seizure and asset freezing.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 April 2017 RMB																		
11.	2 parcels of land, 19 industrial buildings and various structures located at Yangang Avenue Yangang Village Humen District Dongguan City Guangdong Province The PRC	<p>The property comprises 2 parcels of land with a total site area of approximately 113,310.60 sq.m., 19 buildings and various structures erected thereon which were completed in various stages between 1997 and 2009.</p> <p>The buildings have a total gross floor area of approximately 168,510.23 sq.m. and the details of uses and their respective gross floor area are set out as follows:</p> <table border="1"> <thead> <tr> <th>Use</th> <th>No. of Item</th> <th>Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Production</td> <td>5</td> <td>110,993.80</td> </tr> <tr> <td>Office</td> <td>1</td> <td>1,920.00</td> </tr> <tr> <td>Dormitory</td> <td>12</td> <td>46,059.80</td> </tr> <tr> <td>Canteen</td> <td>1</td> <td><u>9,536.63</u></td> </tr> <tr> <td>Total</td> <td>19</td> <td><u>168,510.23</u></td> </tr> </tbody> </table>	Use	No. of Item	Gross Floor Area (sq.m.)	Production	5	110,993.80	Office	1	1,920.00	Dormitory	12	46,059.80	Canteen	1	<u>9,536.63</u>	Total	19	<u>168,510.23</u>	As at the valuation date, the property was occupied by the Group for production, office, canteen and dormitory purposes.	151,900,000 (please refer to note 4)
Use	No. of Item	Gross Floor Area (sq.m.)																				
Production	5	110,993.80																				
Office	1	1,920.00																				
Dormitory	12	46,059.80																				
Canteen	1	<u>9,536.63</u>																				
Total	19	<u>168,510.23</u>																				
		<p>The structures mainly include plant area roads and landscaped facilities.</p> <p>The land use rights of the property have been granted for a term of 50 years expiring on 28 February 2044 and 31 May 2055 for industrial use.</p>																				

Notes:

- Pursuant to 2 State-owned Land Use Rights Certificates — Dong Fu Guo Yong (1995) Di Te No. 166 and Dong Fu Guo Yong (2005) Di Te No. 1132, the land use rights of the property with a total site area of approximately 113,310.60 sq.m. have been granted to Dongguan Belle Footwear Company Limited (“**Dongguan Belle**”, a wholly owned subsidiary of the Company), for a term of 50 years expiring on 28 February 2044 and 31 May 2055 for industrial use.

2. Pursuant to 17 Real Estate Title Certificates, the buildings of the property (excluding 2 dormitory buildings) with a total gross floor area of approximately 161,080.23 sq.m. are owned by Dongguan Belle. The details are set out as follows:

No.	Certificate No.	Gross Floor Area (sq.m.)	Usage
(1)	Yue Fang Di Quan Zheng Guan Zi Di No. 0600505640	1,920.00	Industrial
(2)	Yue Fang Di Quan Zheng Guan Zi Di No. 0600505637	22,245.45	Industrial
(3)	Yue Fang Di Quan Zheng Guan Zi Di No. 0600505650	22,245.45	Industrial
(4)	Yue Fang Di Quan Zheng Guan Zi Di No. 0600505639	22,245.45	Industrial
(5)	Yue Fang Di Quan Zheng Guan Zi Di No. 0600505653	22,012.00	Industrial
(6)	Yue Fang Di Quan Zheng Guan Zi Di No. 0600505648	22,245.45	Industrial
(7)	Yue Fang Di Quan Zheng Guan Zi Di No. 0600505638	9,536.63	Industrial
(8)	Yue Fang Di Quan Zheng Guan Zi Di No. 0600505651	3,862.98	Industrial
(9)	Yue Fang Di Quan Zheng Guan Zi Di No. 0600505649	3,862.98	Industrial
(10)	Yue Fang Di Quan Zheng Guan Zi Di No. 0600505646	3,862.98	Industrial
(11)	Yue Fang Di Quan Zheng Guan Zi Di No. 0600505647	3,862.98	Industrial
(12)	Yue Fang Di Quan Zheng Guan Zi Di No. 0600505645	3,862.98	Industrial
(13)	Yue Fang Di Quan Zheng Guan Zi Di No. 0600505642	3,862.98	Industrial
(14)	Yue Fang Di Quan Zheng Guan Zi Di No. 0600505641	3,862.98	Industrial
(15)	Yue Fang Di Quan Zheng Guan Zi Di No. 0600505652	3,862.98	Industrial
(16)	Yue Fang Di Quan Zheng Guan Zi Di No. 0600505643	3,862.98	Industrial
(17)	Yue Fang Di Quan Zheng Guan Zi Di No. 0600505644	3,862.98	Industrial
Total:		<u>161,080.23</u>	

3. Pursuant to 2 Construction Work Planning Permits — Jian Zi Di Nos. 2008-03-00001 and 2008-03-00002 in favour of Dongguan Belle, 2 dormitory buildings of the property with a total gross floor area of approximately 7,430.00 sq.m have been approved for construction.
4. In the valuation of the property, we have attributed no commercial value to the 2 dormitory buildings with a total gross floor area of approximately 7,430.00 sq.m. of which the relevant construction work approvals, Real Estate Title Certificates/Building Ownership Certificates have not been obtained. However, for reference purpose, we are of the opinion that the depreciated replacement cost of these buildings would be RMB7,100,000 as at the valuation date.
5. We have been provided with a legal opinion regarding the property interest by the Group's PRC legal advisers, which contains, inter alia, the following:
- a. Dongguan Belle is legally in possession of the land use rights and the building ownership rights of the property (excluding the building ownership rights of the buildings mentioned in note 4). Dongguan Belle is entitled to legally occupy, use, lease or otherwise dispose of the property (excluding the buildings mentioned in note 4) during the terms of the land use rights according to relevant laws and regulations;
 - b. The construction work approvals and relevant title certificates of the buildings mentioned in note 4 have not been obtained. There exist for these buildings the risks of being fined, being ordered to be demolished within a definite time, or these buildings and related illegitimate income could be confiscated by relevant government departments.
 - c. The property is free from mortgage, security, sealing up and freezing.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 April 2017 RMB																								
12.	A parcel of land, 16 industrial buildings and various structures located at the southern side of South Ring Road and the western side of Jianbao Road High-tech Zone Jian Hu Town Yancheng City Jiangsu Province The PRC	<p>The property comprises a parcel of land with a site area of approximately 65,859.90 sq.m., 16 buildings and various structures erected thereon which were completed in 2012.</p> <p>The buildings have a total gross floor area of approximately 53,039.61 sq.m. and the details of uses and their respective gross floor area are set out as follows:</p> <table border="1" style="margin-left: 20px;"> <thead> <tr> <th style="text-align: left;">Use</th> <th style="text-align: center;">No. of Item</th> <th style="text-align: right;">Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Production</td> <td style="text-align: center;">10</td> <td style="text-align: right;">37,991.20</td> </tr> <tr> <td>Office</td> <td style="text-align: center;">1</td> <td style="text-align: right;">6,288.27</td> </tr> <tr> <td>Exhibition Center</td> <td style="text-align: center;">1</td> <td style="text-align: right;">861.82</td> </tr> <tr> <td>Canteen</td> <td style="text-align: center;">1</td> <td style="text-align: right;">1,222.08</td> </tr> <tr> <td>Dormitory</td> <td style="text-align: center;">2</td> <td style="text-align: right;">5,818.56</td> </tr> <tr> <td>Ancillary</td> <td style="text-align: center;">1</td> <td style="text-align: right;">857.68</td> </tr> <tr> <td>Total</td> <td style="text-align: center;">16</td> <td style="text-align: right;"><u>53,039.61</u></td> </tr> </tbody> </table>	Use	No. of Item	Gross Floor Area (sq.m.)	Production	10	37,991.20	Office	1	6,288.27	Exhibition Center	1	861.82	Canteen	1	1,222.08	Dormitory	2	5,818.56	Ancillary	1	857.68	Total	16	<u>53,039.61</u>	As at the valuation date, the property was occupied by the Group for production, office, canteen and dormitory purposes.	96,400,000
Use	No. of Item	Gross Floor Area (sq.m.)																										
Production	10	37,991.20																										
Office	1	6,288.27																										
Exhibition Center	1	861.82																										
Canteen	1	1,222.08																										
Dormitory	2	5,818.56																										
Ancillary	1	857.68																										
Total	16	<u>53,039.61</u>																										

The structures mainly include plant area roads, boundary walls, sport yard and landscaped facilities.

The land use rights of the property have been granted for a term of 50 years expiring on 28 July 2061 for industrial use.

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate — Jian Guo Yong (2012) Di No. 606830, the land use rights of the property with a site area of approximately 65,859.90 sq.m. have been granted to Jiangsu New Senda Footwear Company Limited (“**Jiangsu New Senda**”, a wholly owned subsidiary of the Company), for a term of 50 years expiring on 28 July 2061 for industrial use.
2. Pursuant to 2 Building Ownership Certificates — Jian Fang Quan Zheng Jian Hu Zi Di Nos. 55570 and 55571, the buildings of the property with a total gross floor area of approximately 53,039.61 sq.m. are owned by Jiangsu New Senda.
3. We have been provided with a legal opinion regarding the property interest by the Group’s PRC legal advisers, which contains, inter alia, the following:
 - a. Jiangsu New Senda is legally in possession of the land use rights and the building ownership rights of the property. Jiangsu New Senda is entitled to legally occupy, use, lease or otherwise dispose of the property during the terms of the land use rights according to relevant laws and regulations; and
 - b. The property is free from mortgage, guarantee, seizure and asset freezing.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 April 2017 RMB															
13.	A parcel of land, 56 industrial buildings and various structures located at the southern side of Waihuan First Road and the eastern side of Fuxiao Road Economic and Technology Development District Suzhou City Anhui Province The PRC	<p>The property comprises a parcel of land with a site area of approximately 519,635.55 sq.m., 56 industrial buildings and various structures erected thereon which were completed in various stages between 2010 and 2014.</p> <p>As advised by the Group, the buildings have a total gross floor area of approximately 312,320.00 sq.m. and the details of uses and their respective gross floor area are set out as follows:</p> <table border="1"> <thead> <tr> <th>Use</th> <th>No. of Item</th> <th>Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Production & Warehouse</td> <td>39</td> <td>184,232.00</td> </tr> <tr> <td>Office</td> <td>1</td> <td>12,516.00</td> </tr> <tr> <td>Dormitory</td> <td>16</td> <td><u>115,572.00</u></td> </tr> <tr> <td>Total</td> <td>56</td> <td><u>312,320.00</u></td> </tr> </tbody> </table>	Use	No. of Item	Gross Floor Area (sq.m.)	Production & Warehouse	39	184,232.00	Office	1	12,516.00	Dormitory	16	<u>115,572.00</u>	Total	56	<u>312,320.00</u>	As at the valuation date, the property was occupied by the Group for production, warehouse, office and dormitory purposes.	80,500,000
Use	No. of Item	Gross Floor Area (sq.m.)																	
Production & Warehouse	39	184,232.00																	
Office	1	12,516.00																	
Dormitory	16	<u>115,572.00</u>																	
Total	56	<u>312,320.00</u>																	

The structures mainly include plant area roads, parking lots, sport yard and landscaped facilities.

The land use rights of the property have been granted for a term of 50 years expiring on 1 August 2060 for industrial use.

Notes:

- Pursuant to a State-owned Land Use Rights Certificate — Su Zhou Guo Yong (2010) Di No. K2010062, the land use rights of the property with a site area of approximately 519,635.55 sq.m. have been granted to Belle Footwear (Suzhou) Company Limited (“**Suzhou Belle**”, a wholly owned subsidiary of the Company), for a term of 50 years expiring on 1 August 2060 for industrial use.

2. Pursuant to 7 Construction Work Planning Permits in favour of Suzhou Belle, portions of the property with a total gross floor area of approximately 312,320.00 sq.m have been approved for construction. The details are as follows:

No.	Permit No.	Gross Floor Area (sq.m.)	Issuance date
(1)	Jian Zi Di No. 341301200900370	12,516.00	24 December 2009
(2)	Jian Zi Di No. 341301200900371	78,344.00	24 December 2009
(3)	Jian Zi Di No. 341301201700087	39,732.00	28 April 2017
(4)	Jian Zi Di No. 341301201700088	40,460.00	28 April 2017
(5)	Jian Zi Di No. 341301201700089	104,040.00	28 April 2017
(6)	Jian Zi Di No. 341301201700090	20,672.00	28 April 2017
(7)	Jian Zi Di No. 341301201700091	16,556.00	28 April 2017
	Total:	<u>312,320.00</u>	

3. Pursuant to 2 Construction Work Commencement Permits, permissions by relevant local authority were given to commence portions of the construction of the property with a total gross floor area of approximately 127,754.00 sq.m. The details are set out as follows:

No.	Permit No.	Gross Floor Area (sq.m.)	Issuance date
(1)	22011004001	78,344.00	1 April 2010
(2)	22011004002	49,410.00	6 April 2010
	Total:	<u>127,754.00</u>	

4. In the valuation of the property, we have attributed no commercial value to the buildings of the property with a total gross floor area of approximately 312,320.00 sq.m. of which the Building Ownership Certificates have not been obtained. However, for reference purpose, we are of the opinion that the depreciated replacement cost of these buildings would be RMB604,000,000 as at the valuation date.

5. We have been provided with a legal opinion regarding the property interest by the Group's PRC legal advisers, which contains, inter alia, the following:

- a. Suzhou Belle is legally in possession of the land use rights of the property. Suzhou Belle is entitled to legally occupy, use, lease or otherwise dispose of the land of the property during the terms of the land use rights according to relevant laws and regulations;
- b. For the buildings mentioned in note 3, Suzhou Belle has obtained all the requisite approvals in respect of the development and construction of such portion of the property from the relevant government authorities, and can legally apply for the Real Estate Title Certificates/Building Ownership Certificates after legally passing the procedure of relevant completion inspection acceptance that is required for real estate ownership registration;
- c. There exist for the buildings mentioned in note 4 the risks of being fined, being ordered to be demolished within a definite time, or these buildings and related illegitimate income could be confiscated by relevant government departments. Suzhou Belle can legally apply for the Real Estate Title Certificates/Building Ownership Certificates after obtaining the relevant construction work approvals and legally passing the procedure of relevant completion inspection acceptance that is required for real estate ownership registration; and
- d. The property is free from mortgage, guarantee, seizure and asset freezing.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 April 2017 RMB															
14.	A parcel of land, 18 industrial buildings and various structures located at No. 199 Jiandong Road Maoping Town Zigui Country Yichang City Hubei Province The PRC	<p>The property comprises a parcel of land with a site area of approximately 53,984.71 sq.m. and 18 buildings and various structures erected thereon which were completed in various stages between 1998 and 2013.</p> <p>The buildings have a total gross floor area of approximately 35,355.80 sq.m. and the details of uses and their respective gross floor area are set out as follows:</p> <table border="1" style="margin-left: 20px;"> <thead> <tr> <th style="text-align: left;">Use</th> <th style="text-align: center;">No. of Item</th> <th style="text-align: center;">Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Production</td> <td style="text-align: center;">13</td> <td style="text-align: right;">17,848.01</td> </tr> <tr> <td>Office</td> <td style="text-align: center;">1</td> <td style="text-align: right;">4,912.20</td> </tr> <tr> <td>Dormitory</td> <td style="text-align: center;">4</td> <td style="text-align: right;"><u>12,595.59</u></td> </tr> <tr> <td>Total</td> <td style="text-align: center;">18</td> <td style="text-align: right;"><u>35,355.80</u></td> </tr> </tbody> </table>	Use	No. of Item	Gross Floor Area (sq.m.)	Production	13	17,848.01	Office	1	4,912.20	Dormitory	4	<u>12,595.59</u>	Total	18	<u>35,355.80</u>	As at the valuation date, the property was occupied by the Group for production, office and dormitory purposes.	58,800,000
Use	No. of Item	Gross Floor Area (sq.m.)																	
Production	13	17,848.01																	
Office	1	4,912.20																	
Dormitory	4	<u>12,595.59</u>																	
Total	18	<u>35,355.80</u>																	
		<p>The structures mainly include plant area roads, boundary walls and landscaped facilities.</p> <p>The land use rights of the property have been granted for a term of 50 years expiring on 8 July 2045 for industrial use.</p>																	

Notes:

- Pursuant to a State-owned Land Use Rights Certificate — Zi Gui Xian Guo Yong (2008) Di No. 069, the land use rights of the property with a site area of approximately 53,984.71 sq.m. have been granted to Hubei Zigui Belle Footwear Company Limited (“**Hubei Zigui Belle**”, a wholly owned subsidiary of the Company), for a term of 50 years expiring on 8 July 2045 for industrial use.

2. Pursuant to 18 Building Ownership Certificates, 18 buildings of the property with a total gross floor area of approximately 35,355.80 sq.m. are owned by Hubei Zigui Belle. The details are set out as follows:

No.	Certificate No.	Gross Floor Area (sq.m.)	Usage
(1)	E (2017) Zi Gui Xian Bu Dong Chan Quan Di No. 0000285	11,755.59	Industrial
(2)	E (2017) Zi Gui Xian Bu Dong Chan Quan Di No. 0000286	4,912.20	Industrial
(3)	E (2017) Zi Gui Xian Bu Dong Chan Quan Di No. 0000287	6,235.73	Industrial
(4)	E (2017) Zi Gui Xian Bu Dong Chan Quan Di No. 0000288	6,475.48	Industrial
(5)	E (2017) Zi Gui Xian Bu Dong Chan Quan Di No. 0000289	480.00	Industrial
(6)	E (2017) Zi Gui Xian Bu Dong Chan Quan Di No. 0000290	480.00	Industrial
(7)	E (2017) Zi Gui Xian Bu Dong Chan Quan Di No. 0000291	480.00	Industrial
(8)	E (2017) Zi Gui Xian Bu Dong Chan Quan Di No. 0000292	480.00	Industrial
(9)	E (2017) Zi Gui Xian Bu Dong Chan Quan Di No. 0000293	480.00	Industrial
(10)	E (2017) Zi Gui Xian Bu Dong Chan Quan Di No. 0000294	498.20	Industrial
(11)	E (2017) Zi Gui Xian Bu Dong Chan Quan Di No. 0000295	498.20	Industrial
(12)	E (2017) Zi Gui Xian Bu Dong Chan Quan Di No. 0000296	498.20	Industrial
(13)	E (2017) Zi Gui Xian Bu Dong Chan Quan Di No. 0000298	498.20	Industrial
(14)	E (2017) Zi Gui Xian Bu Dong Chan Quan Di No. 0000299	280.00	Industrial
(15)	E (2017) Zi Gui Xian Bu Dong Chan Quan Di No. 0000312	280.00	Industrial
(16)	E (2017) Zi Gui Xian Bu Dong Chan Quan Di No. 0000319	280.00	Industrial
(17)	E (2017) Zi Gui Xian Bu Dong Chan Quan Di No. 0000320	480.00	Industrial
(18)	E (2017) Zi Gui Xian Bu Dong Chan Quan Di No. 0000321	264.00	Industrial
Total:		<u>35,355.80</u>	

3. We have been provided with a legal opinion regarding the property interest by the Group's PRC legal advisers, which contains, inter alia, the following:

- a. Hubei Zigui Belle is legally in possession of the land use rights and the building ownership rights of the property. Hubei Zigui Belle is entitled to legally occupy, use, lease or otherwise dispose of the property during the terms of the land use rights according to relevant laws and regulations; and
- b. The property is free from mortgage, guarantee, seizure and asset freezing.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 April 2017 RMB																					
15.	A parcel of land, 8 industrial buildings and various structures located at the northern side of Dengta Avenue South Bijiang Industrial Zone Bijiang District Tongren City Guizhou Province The PRC	<p>The property comprises a parcel of land with a site area of approximately 64,951.00 sq.m., 8 buildings and various structures erected thereon which were completed in various stages between 2013 and 2015.</p> <p>The buildings have a total gross floor area of approximately 55,518.00 sq.m. and the details of uses and their respective gross floor area are set out as follows:</p> <table border="1"> <thead> <tr> <th>Use</th> <th>No. of Item</th> <th>Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Production</td> <td>4</td> <td>23,328.00</td> </tr> <tr> <td>Office</td> <td>1</td> <td>7,410.00</td> </tr> <tr> <td>Dormitory</td> <td>2</td> <td>19,783.00</td> </tr> <tr> <td>Retail</td> <td>1</td> <td>1,789.00</td> </tr> <tr> <td>Ancillary</td> <td>1</td> <td>3,208.00</td> </tr> <tr> <td>Total</td> <td>9</td> <td><u>55,518.00</u></td> </tr> </tbody> </table>	Use	No. of Item	Gross Floor Area (sq.m.)	Production	4	23,328.00	Office	1	7,410.00	Dormitory	2	19,783.00	Retail	1	1,789.00	Ancillary	1	3,208.00	Total	9	<u>55,518.00</u>	As at the valuation date, portions of the property were occupied by the Group for production, office, dormitory and retail purposes, whilst the remaining portion of the property was rented to various tenants.	No commercial value (please refer to note 2)
Use	No. of Item	Gross Floor Area (sq.m.)																							
Production	4	23,328.00																							
Office	1	7,410.00																							
Dormitory	2	19,783.00																							
Retail	1	1,789.00																							
Ancillary	1	3,208.00																							
Total	9	<u>55,518.00</u>																							
		<p>The structures mainly include plant area roads, boundary walls, sport yard and landscaped facilities.</p> <p>The land use rights of the property have been granted for a term of 50 years expiring on 31 January 2064 for industrial use.</p>																							

Notes:

- Pursuant to a State-owned Land Use Rights Grant Contract — No. 522201-2014-CR-0023 dated 1 February 2014, the land use rights of the property with a site area of approximately 64,951.00 sq.m. were contracted to be granted to Tongren Belle Footwear Company Limited (“**Tongren Belle**”, a wholly owned subsidiary of the Company) for a term of 50 years expiring on 31 January 2064 for industrial use. The land premium was RMB7,800,000. As advised by the Group, the land premium has been fully paid.
- In the valuation of the property, we have attributed no commercial value to the property of which the relevant State-owned Land Use Rights Certificates, construction work approvals and Real Estate Title Certificates/Building Ownership Certificates have not been obtained. However, for reference purpose, we are of the opinion that the capital value of the property as at the valuation date would be RMB121,000,000, based on special assumptions that all the relevant title certificates have been obtained and the property could be freely transferred.
- Pursuant to 7 Tenancy Agreements, 7 commercial units of the property with a total lettable area of approximately 1,115.00 sq.m. are leased to various tenants for a term of 5 years with the expiry dates between 14 August 2020 and 31 December 2020 at a total current annual rent of RMB160,560 as at the valuation date, exclusive of management fees, water and electricity charges and other outgoings.

4. We have been provided with a legal opinion regarding the property interest by the Group's PRC legal advisers, which contains, inter alia, the following:
- a. Tongren Belle has the rights to legally occupy, use, lease or otherwise dispose of the land of the property after obtaining the real estate registration of relevant land use rights of the property;
 - b. The construction work approvals and relevant title certificates of the buildings of the property have not been obtained. There exist for the buildings the risk to be fined, to be ordered to be demolished within a definite time or to be confiscated;
 - c. The property is free from mortgage, guarantee, seizure and asset freezing; and
 - d. The Tenancy Agreements mentioned above have no violation of mandatory provisions of relevant laws and administrative rules and regulations.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 April 2017 RMB
16.	The whole office units on the 8th floor of Belle Business Trade Center located at No. 81-1 Xihu Road Yuexiu District Guangzhou City Guangdong Province The PRC	<p>The property comprises the whole office units of the 8th floor of a 10-storey office building known as Belle Business Trade Center which was completed in 2007.</p> <p>The property has a gross floor area of approximately 808.98 sq.m.</p> <p>The land use rights of the property have been granted for a term of 40 years expiring on 1 June 2043 for commercial and service uses.</p>	As at the valuation date, the property was occupied by the Group for office purpose.	10,000,000

Notes:

1. Pursuant to a Real Estate Title Certificate — Yue Fang Di Zheng Zi Di No. C2021684, the property with a gross floor area of approximately 808.98 sq.m. is owned by Shoesnet Company Limited (“**Shoesnet**”, a wholly owned subsidiary of the Company). The relevant land use rights of the property have been granted to Shoesnet for a term of 40 years expiring on 1 June 2043 for commercial and service uses.
2. We have been provided with a legal opinion regarding the property interest by the Group’s PRC legal advisers, which contains, inter alia, the following:
 - a. Shoesnet is the owner of the property. Shoesnet is entitled to legally occupy, use, lease or otherwise dispose of the property during the terms of the land use rights according to relevant laws and regulations; and
 - b. The property is free from mortgage, guarantee, seizure and asset freezing.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 April 2017 RMB								
17.	The whole retail units on the B1 to the 4th floor and the whole office units on the 5th and the 7th floor and two office units of the 9th floor of Belle Business Trade Center located at No. 81-1 Xihu Road Yuexiu District Guangzhou City Guangdong Province The PRC	<p>The property comprises the whole retail units on the B1 to the 4th floor and the whole office units on the 5th and the 7th floor and two office units of the 9th floor of a 10-storey office building known as Belle Business Trade Center which was completed in 2007.</p> <p>The property has a total gross floor area of approximately 7,604.64 sq.m., and the details of uses and their respective gross floor area are set out as follows:</p> <table border="1"> <thead> <tr> <th>Use</th> <th>Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Office</td> <td>2,632.09</td> </tr> <tr> <td>Retail</td> <td>4,972.55</td> </tr> <tr> <td>Total</td> <td><u>7,604.64</u></td> </tr> </tbody> </table>	Use	Gross Floor Area (sq.m.)	Office	2,632.09	Retail	4,972.55	Total	<u>7,604.64</u>	As at the valuation date, the property was occupied by the Group for retail and office purposes.	206,100,000
Use	Gross Floor Area (sq.m.)											
Office	2,632.09											
Retail	4,972.55											
Total	<u>7,604.64</u>											

The land use rights of the property have been granted for a term of 40 years expiring on 1 June 2043 for commercial and service uses.

Notes:

- Pursuant to 8 Real Estate Title Certificates, portions of Belle Business Trade Center with a total gross floor area of approximately 7,684.64 sq.m. (including the property) are owned by Guangzhou Taobo Sports Development Co., Ltd. (“Guangzhou Taobo”, a wholly owned subsidiary of the Company). The relevant land use rights of the property have been granted to Guangzhou Taobo for a term of 40 years expiring on 1 June 2043 for commercial and service uses. The details are set out as follows:

No.	Certificate No.	Gross Floor Area (sq.m.)	Usage
(1)	Yue Fang Di Zheng Zi Di No. C7126912	619.98	Non-residential
(2)	Yue Fang Di Zheng Zi Di No. C7126905	1,518.68	Non-residential
(3)	Yue Fang Di Zheng Zi Di No. C7126917	789.29	Non-residential
(4)	Yue Fang Di Zheng Zi Di No. C7126906	799.63	Non-residential
(5)	Yue Fang Di Zheng Zi Di No. C7126910	808.53	Non-residential
(6)	Yue Fang Di Zheng Zi Di No. C7126913	808.24	Non-residential
(7)	Yue Fang Di Zheng Zi Di No. C7126908	1,244.97	Non-residential
(8)	Yue Fang Di Zheng Zi Di No. C7126911	1,095.32	Non-residential
	Total:	<u>7,684.64</u>	

2. We have been provided with a legal opinion regarding the property interest by the Group's PRC legal advisers, which contains, inter alia, the following:
 - a. Guangzhou Taobo is the owner of the property. Guangzhou Taobo is entitled to legally occupy, use, lease or otherwise dispose of the property during the terms of the land use rights according to relevant laws and regulations; and
 - b. The property is free from mortgage, guarantee, seizure and asset freezing.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 April 2017 RMB										
18.	Portions of Belle International Plaza located at No. 928, 950, 952, 960 & 962 Liuzhou Road Xuhui District Shanghai City The PRC	<p>The property comprises portions of an 18-storey office and retail building known as Belle International Plaza which was completed in 2011.</p> <p>The property has a total gross floor area of approximately 28,338.50 sq.m., and the details of uses and their respective gross floor area are set out as follows:</p> <table border="1" style="margin-left: 20px;"> <thead> <tr> <th style="text-align: left;">Use</th> <th style="text-align: right;">Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Retail</td> <td style="text-align: right;">2,181.75</td> </tr> <tr> <td>Office</td> <td style="text-align: right;">14,641.64</td> </tr> <tr> <td>Car parking spaces</td> <td style="text-align: right;"><u>11,515.11</u></td> </tr> <tr> <td>Total:</td> <td style="text-align: right;"><u>28,338.50</u></td> </tr> </tbody> </table>	Use	Gross Floor Area (sq.m.)	Retail	2,181.75	Office	14,641.64	Car parking spaces	<u>11,515.11</u>	Total:	<u>28,338.50</u>	As at the valuation date, the property was occupied by the Group for retail, office and car parking purposes.	530,800,000
Use	Gross Floor Area (sq.m.)													
Retail	2,181.75													
Office	14,641.64													
Car parking spaces	<u>11,515.11</u>													
Total:	<u>28,338.50</u>													

The land use rights of the property have been granted for terms expiring on 4 July 2059 for office use and 4 July 2049 for retail use.

Notes:

1. Pursuant to a Real Estate Title Certificate — Hu Fang Di Xu Zi Di No. 012891, an office and retail building with a gross floor area of approximately 44,849.00 sq.m. (including the property) is owned by Shanghai Su Heng Industrial Company Limited (“**Shanghai Su Heng**”, a wholly owned subsidiary of the Company). The relevant land use rights of the property have been granted to Shanghai Su Heng for terms expiring on 4 July 2059 for office use and 4 July 2049 for retail use.
2. We have been provided with a legal opinion regarding the property interest by the Group’s PRC legal advisers, which contains, inter alia, the following:
 - a. Shanghai Su Heng is legally in possession of the land use rights and the building ownership rights of the property. Shanghai Su Heng is entitled to legally occupy, use, lease or otherwise dispose of the property during the terms of the land use rights according to relevant laws and regulations; and
 - b. The property is free from mortgage, guarantee, seizure and asset freezing.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 April 2017 RMB																		
19.	A parcel of land, 12 buildings and various structures located at No. 6699 Songze Avenue Zhonggu Town Qingpu District Shanghai City The PRC	<p>The property comprises a parcel of land with a site area of approximately 105,092.10 sq.m., 12 buildings and various structures erected thereon which were completed in 2015.</p> <p>The buildings have a total gross floor area of approximately 89,896.38 sq.m. and the details of uses and their respective gross floor area are set out as follows:</p> <table border="1"> <thead> <tr> <th>Use</th> <th>No. of Item</th> <th>Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Warehouse</td> <td>2</td> <td>56,148.62</td> </tr> <tr> <td>Office</td> <td>1</td> <td>15,036.07</td> </tr> <tr> <td>Dormitory</td> <td>5</td> <td>17,202.96</td> </tr> <tr> <td>Ancillary</td> <td>4</td> <td><u>1,508.73</u></td> </tr> <tr> <td>Total</td> <td>12</td> <td><u>89,896.38</u></td> </tr> </tbody> </table>	Use	No. of Item	Gross Floor Area (sq.m.)	Warehouse	2	56,148.62	Office	1	15,036.07	Dormitory	5	17,202.96	Ancillary	4	<u>1,508.73</u>	Total	12	<u>89,896.38</u>	As at the valuation date, large portions of the property were occupied by the Group for warehouse, office and dormitory purposes, whilst the remaining portions of the property were rented to a tenant for office use.	434,300,000
Use	No. of Item	Gross Floor Area (sq.m.)																				
Warehouse	2	56,148.62																				
Office	1	15,036.07																				
Dormitory	5	17,202.96																				
Ancillary	4	<u>1,508.73</u>																				
Total	12	<u>89,896.38</u>																				
		<p>The structures mainly include plant area roads, boundary walls and landscaped facilities.</p> <p>The land use rights of the property have been granted for a term of 50 years expiring on 13 April 2055 for industrial use.</p>																				

Notes:

- Pursuant to a Real Estate Title Certificate — Hu Fang Di Qing Zi (2016) Di No. 000343, the property with a gross floor area of approximately 89,896.38 sq.m. is owned by Shanghai Baihong Industry Development Company Limited (“Shanghai Baihong”, a wholly owned subsidiary of the Company). The relevant land use rights of the property have been granted to Shanghai Baihong for a term of 50 years expiring on 13 April 2055 for industrial use.
- Pursuant to a Tenancy Agreement, portions of the property with a total gross floor area of approximately 2,274.49 sq.m. are leased to a tenant for a term commencing from 10 May 2016 to 9 July 2021. The monthly rent is RMB83,019 from 10 May 2016 to 9 July 2018, RMB96,855 from 10 July 2018 to 9 July 2019, RMB110,692 from 10 July 2019 to 9 July 2020 and RMB124,528 from 10 July 2020 to 9 July 2021, exclusive of management fees, water, electricity charges and other outgoings.

3. We have been provided with a legal opinion regarding the property interest by the Group's PRC legal advisers, which contains, inter alia, the following:
 - a. Shanghai Baihong is legally in possession of the land use rights and the building ownership rights of the property. Shanghai Baihong is entitled to legally occupy, use, lease or otherwise dispose of the property during the terms of the land use rights according to relevant laws and regulations;
 - b. The property is free from mortgage, guarantee, seizure and asset freezing; and
 - c. The Tenancy Agreement mentioned above has no violation of mandatory provisions of relevant laws and administrative rules and regulations.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 April 2017 RMB																		
20.	A parcel of land, 7 buildings and various structures located at E-02 Zone of a logistic park Majuqiao Town Tongzhou District Beijing City The PRC	<p>The property comprises a parcel of land with a site area of approximately 33,333.33 sq.m., 7 buildings and various structures erected thereon which were completed in various stages between 2014 and 2015.</p> <p>The buildings have a total gross floor area of approximately 43,046.10 sq.m. and the details of uses and their respective gross floor area are set out as follows:</p> <table border="1"> <thead> <tr> <th>Use</th> <th>No. of Item</th> <th>Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Warehouse</td> <td>2</td> <td>32,129.09</td> </tr> <tr> <td>Exhibition hall</td> <td>1</td> <td>6,190.56</td> </tr> <tr> <td>Dormitory</td> <td>1</td> <td>3,994.25</td> </tr> <tr> <td>Ancillary</td> <td>3</td> <td><u>732.20</u></td> </tr> <tr> <td>Total</td> <td>7</td> <td><u><u>43,046.10</u></u></td> </tr> </tbody> </table>	Use	No. of Item	Gross Floor Area (sq.m.)	Warehouse	2	32,129.09	Exhibition hall	1	6,190.56	Dormitory	1	3,994.25	Ancillary	3	<u>732.20</u>	Total	7	<u><u>43,046.10</u></u>	As at the valuation date, the property was occupied by the Group for warehouse, exhibition and dormitory purposes.	30,300,000
Use	No. of Item	Gross Floor Area (sq.m.)																				
Warehouse	2	32,129.09																				
Exhibition hall	1	6,190.56																				
Dormitory	1	3,994.25																				
Ancillary	3	<u>732.20</u>																				
Total	7	<u><u>43,046.10</u></u>																				
		<p>The structures mainly include plant area roads, boundary walls and bicycle shed.</p> <p>The land use rights of the property have been granted for a term of 50 years expiring on 16 February 2062 for industrial use.</p>																				

Notes:

- Pursuant to a State-owned Land Use Rights Certificate — Jing Tong Guo Yong (2012 Chu) Di No. 00125, the land use rights of the property with a site area of approximately 33,333.33 sq.m. have been granted to Belle Footwear (Beijing) Company Limited (“Beijing Belle”, a wholly owned subsidiary of the Company), for a term of 50 years expiring on 16 February 2062 for industrial use.
- Pursuant to 3 Construction Work Planning Permits in favour of Beijing Belle, the property with a total gross floor area of approximately 43,046.10 sq.m. has been approved for construction. The details are set out as follows:

No.	Permit No.	Gross Floor Area (sq.m.)	Issuance date
(8)	Jian Zi Di No. 110112201200237	41,712.70	17 December 2012
(9)	Jian Zi Di No. 110112201300239	611.60	22 September 2013
(10)	Jian Zi Di No. 110112201300185	<u>721.80</u>	24 July 2013
	Total:	<u><u>43,046.10</u></u>	

3. Pursuant to 2 Construction Work Commencement Permits in favour of Beijing Belle, permission by the relevant local authority was given to commence the construction of the property with a total gross floor area of approximately 43,046.10 sq.m. The details are set out as follows:

No.	Permit No.	Gross Floor Area (sq.m.)	Issuance date
(1)	(2013) Shi Jian Zi No. 0334	41,712.70	14 May 2013
(2)	(2013) Shi Jian Zi No. 0818	<u>1,333.40</u>	6 December 2013
	Total:	<u><u>43,046.10</u></u>	

4. In the valuation of the property, we have attributed no commercial value to the buildings of the property with a total gross floor area of approximately 43,046.10 sq.m. of which the Building Ownership Certificates have not been obtained. However, for reference purpose, we are of the opinion that the depreciated replacement cost of these buildings would be RMB133,500,000 as at the valuation date.
5. We have been provided with a legal opinion regarding the property interest by the Group's PRC legal advisers, which contains, inter alia, the following:
- a. Beijing Belle is legally in possession of the land use rights of the property. Beijing Belle is entitled to legally occupy, use, lease or otherwise dispose of the land of the property during the terms of the land use rights according to relevant laws and regulations;
 - b. Beijing Belle has obtained all requisite approvals in respect of the development and construction of the property from the relevant government authorities, and can legally apply for the Real Estate Title Certificates/Building Ownership Certificates after legally passing relevant completion inspection acceptance that is required for real estate ownership registration; and
 - c. The property is free from mortgage, guarantee, seizure and asset freezing.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 April 2017 RMB
21.	The whole office units on the 36th floor of Block 1 of Yihe International Building located at No. 10 Hong Kong Middle Road Shinan District Qingdao City Shandong Province The PRC	<p>The property comprises the whole office units on the 36th floor of a 41-storey office building known as Yihe International Building which was completed in 2007.</p> <p>The property has a gross floor area of approximately 1,791.30 sq.m.</p> <p>The land use rights of the property have been granted for a term of 50 years expiring on 27 May 2062 for apartment and retail uses.</p>	As at the valuation date, the property was occupied by the Group for office purpose.	39,100,000

Notes:

1. Pursuant to a Real Estate Title Certificate — Qing Fang Di Quan Shi Zi Di No. 200817616, the property with a gross floor area of approximately 1,791.30 sq.m. is owned by Qingdao Chuancheng International Trading Company Limited (“**Qingdao Chuancheng**”, a wholly owned subsidiary of the Company). The relevant land use rights have been granted for a term of 50 years expiring on 27 May 2062 for apartment and retail uses.
2. We have been provided with a legal opinion regarding the property interest by the Group’s PRC legal advisers, which contains, inter alia, the following:
 - a. Qingdao Chuancheng is the owner of the property. Qingdao Chuancheng is entitled to legally occupy, use, lease or otherwise dispose of the property during the terms of the land use rights according to relevant laws and regulations; and
 - b. The property is free from mortgage, guarantee, seizure and asset freezing.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 April 2017 RMB												
22.	16 office units and 5 car parking spaces of Huizhi Building located at No. 24 Shangwu Waihuan Road Zhengdong New District Zhengzhou City Henan Province The PRC	<p>The property comprises 16 office units on the 7th and 8th floor and 5 car parking spaces of a 30-storey office building known as Huizhi Building which was completed in 2010.</p> <p>The property has a total gross floor area of approximately 4,327.73 sq.m. and the details of uses and their respective gross floor area are set out as follows:</p> <table border="1" style="margin-left: 20px;"> <thead> <tr> <th style="text-align: left;">Use</th> <th style="text-align: center;">No. of Item</th> <th style="text-align: center;">Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Office</td> <td style="text-align: center;">16</td> <td style="text-align: right;">4,177.73</td> </tr> <tr> <td>Car parking spaces</td> <td style="text-align: center;">5</td> <td style="text-align: right;"><u>150.00</u></td> </tr> <tr> <td>Total</td> <td style="text-align: center;">21</td> <td style="text-align: right;"><u>4,327.73</u></td> </tr> </tbody> </table>	Use	No. of Item	Gross Floor Area (sq.m.)	Office	16	4,177.73	Car parking spaces	5	<u>150.00</u>	Total	21	<u>4,327.73</u>	As at the valuation date, the property was occupied by the Group for office and car parking purposes.	50,200,000 (please refer to note 2)
Use	No. of Item	Gross Floor Area (sq.m.)														
Office	16	4,177.73														
Car parking spaces	5	<u>150.00</u>														
Total	21	<u>4,327.73</u>														

The land use rights of the property have been granted for a term of 40 years expiring on 4 February 2049 for office use.

Notes:

1. Pursuant to 16 Building Ownership Certificates, the property with a total gross floor area of approximately 4,177.73 sq.m. is owned by Henan Yihe International Trade Company Limited (“**Henan Yihe**”, a wholly owned subsidiary of the Company). The details are set out as follows:

No.	Certificate No.	Gross Floor Area (sq.m.)	Unit No.	Usage
(1)	Zheng Fang Quan Zheng Zi Di No. 1201205796	301.50	701	Office
(2)	Zheng Fang Quan Zheng Zi Di No. 1201205796	133.91	702	Office
(3)	Zheng Fang Quan Zheng Zi Di No. 1201205796	128.33	703	Office
(4)	Zheng Fang Quan Zheng Zi Di No. 1201205796	523.45	704	Office
(5)	Zheng Fang Quan Zheng Zi Di No. 1201205796	236.66	705	Office
(6)	Zheng Fang Quan Zheng Zi Di No. 1201205796	133.91	706	Office
(7)	Zheng Fang Quan Zheng Zi Di No. 1201205796	128.33	707	Office
(8)	Zheng Fang Quan Zheng Zi Di No. 1201205796	505.27	708	Office
(9)	Zheng Fang Quan Zheng Zi Di No. 1201205796	236.66	801	Office
(10)	Zheng Fang Quan Zheng Zi Di No. 1201205796	133.91	802	Office
(11)	Zheng Fang Quan Zheng Zi Di No. 1201205796	128.33	803	Office
(12)	Zheng Fang Quan Zheng Zi Di No. 1201205796	523.29	804	Office
(13)	Zheng Fang Quan Zheng Zi Di No. 1201205796	297.06	805	Office
(14)	Zheng Fang Quan Zheng Zi Di No. 1201205796	133.91	806	Office
(15)	Zheng Fang Quan Zheng Zi Di No. 1201205796	128.33	807	Office
(16)	Zheng Fang Quan Zheng Zi Di No. 1201205796	504.88	808	Office
Total:		4,177.73		

2. Pursuant to a Car Parking Space Use Rights Transfer Agreement, the use rights of 5 car parking spaces (nos. 2070, 2071, 2072, 20103 and 20105) on Level B2 of Huizhi Building were transferred to Henan Yihe for a term of 50 years expiring on 4 February 2049. The total transfer fee is RMB750,000. As advised by the Group, the transfer fee has been paid in full as at the valuation date.
3. In the valuation of the property, we have attributed no commercial value to 5 car parking spaces of the property of which the relevant Building Ownership Certificates have not been obtained. However, for reference purpose, we are of the opinion that the capital value of these car parking spaces as at the valuation date would be RMB650,000, based on special assumption that all the relevant Building Ownership Certificates have been obtained and these car parking spaces could be freely transferred.
4. We have been provided with a legal opinion regarding the property interest by the Group’s PRC legal advisers, which contains, inter alia, the following:
- Henan Yihe is the owner of the office portion of the property. Henan Yihe is entitled to legally occupy, use, lease or otherwise dispose of the office portion of the property during the terms of the land use rights according to relevant laws and regulations;
 - Henan Yihe is entitled to legally occupy, use, lease or otherwise dispose of the 5 car parking spaces after obtaining the relevant ownership registration; and
 - The property is free from mortgage, guarantee, seizure and asset freezing.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 April 2017 RMB
23.	6 car parking spaces of Longao Jinzuo Building located at No. 8000 Jingshi East Street High Technology District Jinan City Shandong Province The PRC	<p>The property comprises 6 car parking spaces on Level B3 of a 19-storey office building known as Longao Jinzuo Building which was completed in 2012.</p> <p>The property has a total gross floor area of approximately 230.40 sq.m.</p> <p>The land use rights of the property have been granted for a term of 40 years expiring on 14 November 2049 for car parking use.</p>	As at the valuation date, the property was occupied by the Group for car parking purpose.	860,000

Notes:

1. Pursuant to 3 Real Estate Title Certificates, 3 car parking spaces nos. 389, 3144 and 3145 with a total gross floor area of approximately 109.40 sq.m. were owned by Belle International Footwear (Qingdao) Company Limited (“**Qingdao Belle**”, a wholly owned subsidiary of the Company). The relevant land use rights of the property have been granted for a term of 40 years expiring on 14 November 2049 for car parking use. The details are set out as follows:

No.	Certificate No.	Gross Floor Area (sq.m.)	Usage
(1)	Lu (2016) Jinan Shi Bu Dong Chan Quan Di No. 0001824	39.78	Car Parking
(2)	Lu (2016) Jinan Shi Bu Dong Chan Quan Di No. 0001825	29.84	Car Parking
(3)	Lu (2016) Jinan Shi Bu Dong Chan Quan Di No. 0001827	39.78	Car Parking
Total:		109.40	

2. Pursuant to 3 Real Estate Title Certificates, 3 car parking spaces nos. 327, 328 and 388 with a gross floor area of approximately 121.00 sq.m. were owned by Qingdao Chuancheng International Trade Company Limited - Jinan Branch (“**Qingdao Chuancheng Jinan Branch**”, a wholly owned subsidiary of the Company). The relevant land use rights of the property have been granted for a term of 40 years expiring on 14 November 2049 for car parking use. The details are set out as follows:

No.	Certificate No.	Gross Floor Area (sq.m.)	Usage
(1)	Lu (2016) Jinan Shi Bu Dong Chan Quan Di No. 0001671	40.61	Car Parking
(2)	Lu (2016) Jinan Shi Bu Dong Chan Quan Di No. 0001716	40.61	Car Parking
(3)	Lu (2016) Jinan Shi Bu Dong Chan Quan Di No. 0001807	39.78	Car Parking
Total:		121.00	

3. We have been provided with a legal opinion regarding the property interest by the Group's PRC legal advisers, which contains, inter alia, the following:
 - a. Qingdao Belle and Qingdao Chuancheng Jinan Branch are owners of the property. Qingdao Belle and Qingdao Chuancheng Jinan Branch are entitled to legally occupy, use, lease or otherwise dispose of the property during the terms of the land use rights according to relevant laws and regulations; and
 - b. The property is free from mortgage, guarantee, seizure and asset freezing.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 April 2017 RMB												
24.	48 office units on the 21st and 29th floor and 6 car parking spaces of Yang Guang Xin Tian Di located at No. 231 Xinhua Road Jianghan District Wuhan City Hubei Province The PRC	<p>The property comprises 48 office units on the 21st and 29th floor and 6 car parking spaces on Level B1 of a 30-storey office building known as Yang Guang Xin Tian Di which was completed in 2005.</p> <p>The property has a total gross floor area of approximately 2,661.40 sq.m. and the details of uses and their respective gross floor area are set out as follows:</p> <table border="1"> <thead> <tr> <th>Use</th> <th>No. of Item</th> <th>Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Office</td> <td>48</td> <td>2,481.40</td> </tr> <tr> <td>Car parking spaces</td> <td>6</td> <td><u>180.00</u></td> </tr> <tr> <td>Total:</td> <td>54</td> <td><u>2,661.40</u></td> </tr> </tbody> </table>	Use	No. of Item	Gross Floor Area (sq.m.)	Office	48	2,481.40	Car parking spaces	6	<u>180.00</u>	Total:	54	<u>2,661.40</u>	As at the valuation date, the property was occupied by the Group for office and car parking purposes.	34,400,000 (please refer to note 3)
Use	No. of Item	Gross Floor Area (sq.m.)														
Office	48	2,481.40														
Car parking spaces	6	<u>180.00</u>														
Total:	54	<u>2,661.40</u>														

The land use rights of the property have been granted for a term of 70 years expiring on 29 December 2074 for composite use.

Notes:

- Pursuant to 48 State-owned Land Use Rights Certificates, the land use rights of 48 office units of the property with a total apportioned site area of approximately 135.94 sq.m. have been granted to New Belle Footwear (Shenzhen) Company Limited (“**New Belle**”, a wholly owned subsidiary of the Company), for a term of 70 years expiring on 29 December 2074 for composite use. The details are set out as follows:

No.	Certificate No.	Apportioned Site Area (sq.m.)	Expiry Date
(1)	Jiang Guo Yong (Jiao 2012) No. 03874	3.87	29 December 2074
(2)	Jiang Guo Yong (Jiao 2012) No. 03851	2.31	29 December 2074
(3)	Jiang Guo Yong (Jiao 2012) No. 03862	2.57	29 December 2074
(4)	Jiang Guo Yong (Jiao 2012) No. 03864	2.57	29 December 2074
(5)	Jiang Guo Yong (Jiao 2012) No. 03832	2.57	29 December 2074
(6)	Jiang Guo Yong (Jiao 2012) No. 03866	2.57	29 December 2074
(7)	Jiang Guo Yong (Jiao 2012) No. 03869	2.57	29 December 2074
(8)	Jiang Guo Yong (Jiao 2012) No. 03848	4.01	29 December 2074
(9)	Jiang Guo Yong (Jiao 2012) No. 03846	4.01	29 December 2074
(10)	Jiang Guo Yong (Jiao 2012) No. 03879	2.57	29 December 2074
(11)	Jiang Guo Yong (Jiao 2012) No. 03878	2.57	29 December 2074
(12)	Jiang Guo Yong (Jiao 2012) No. 03877	2.57	29 December 2074

No.	Certificate No.	Apportioned Site Area (sq.m.)	Expiry Date
(13)	Jiang Guo Yong (Jiao 2012) No. 03876	2.57	29 December 2074
(14)	Jiang Guo Yong (Jiao 2012) No. 03875	2.57	29 December 2074
(15)	Jiang Guo Yong (Jiao 2012) No. 03838	2.31	29 December 2074
(16)	Jiang Guo Yong (Jiao 2012) No. 03836	3.87	29 December 2074
(17)	Jiang Guo Yong (Jiao 2012) No. 03833	3.70	29 December 2074
(18)	Jiang Guo Yong (Jiao 2012) No. 03873	2.17	29 December 2074
(19)	Jiang Guo Yong (Jiao 2012) No. 03871	2.34	29 December 2074
(20)	Jiang Guo Yong (Jiao 2012) No.03854	2.57	29 December 2074
(21)	Jiang Guo Yong (Jiao 2012) No. 03852	2.57	29 December 2074
(22)	Jiang Guo Yong (Jiao 2012) No. 03850	2.56	29 December 2074
(23)	Jiang Guo Yong (Jiao 2012) No. 03847	2.17	29 December 2074
(24)	Jiang Guo Yong (Jiao 2012) No. 03845	3.70	29 December 2074
(25)	Jiang Guo Yang (Jiao 2012) No. 03844	3.87	29 December 2074
(26)	Jiang Guo Yong (Jiao 2012) No. 03843	2.31	29 December 2074
(27)	Jiang Guo Yong (Jiao 2012) No. 03842	2.57	29 December 2074
(28)	Jiang Guo Yong (Jiao 2012) No. 03841	2.57	29 December 2074
(29)	Jiang Guo Yong (Jiao 2012) No. 03840	2.57	29 December 2074
(30)	Jiang Guo Yong (Jiao 2012) No. 03839	2.57	29 December 2074
(31)	Jiang Guo Yong (Jiao 2012) No. 03837	2.57	29 December 2074
(32)	Jiang Guo Yong (Jiao 2012) No. 03838	4.01	29 December 2074
(33)	Jiang Guo Yong (Jiao 2012) No. 03834	4.01	29 December 2074
(34)	Jiang Guo Yong (Jiao 2012) No. 03849	2.57	29 December 2074
(35)	Jiang Guo Yong (Jiao 2012) No. 03853	2.57	29 December 2074
(36)	Jiang Guo Yong (Jiao 2012) No. 03855	2.57	29 December 2074
(37)	Jiang Guo Yong (Jiao 2012) No. 03856	2.57	29 December 2074
(38)	Jiang Guo Yong (Jiao 2012) No. 03857	2.57	29 December 2074
(39)	Jiang Guo Yong (Jiao 2012) No. 03858	2.31	29 December 2074
(40)	Jiang Guo Yong (Jiao 2012) No. 03859	3.87	29 December 2074
(41)	Jiang Guo Yong (Jiao 2012) No. 03860	3.70	29 December 2074
(42)	Jiang Guo Yong (Jiao 2012) No. 03861	2.17	29 December 2074
(43)	Jiang Guo Yong (Jiao 2012) No. 03863	2.56	29 December 2074
(44)	Jiang Guo Yong (Jiao 2012) No. 03865	2.57	29 December 2074
(45)	Jiang Guo Yong (Jiao 2012) No. 03868	2.57	29 December 2074
(46)	Jiang Guo Yong (Jiao 2012) No. 03869	2.56	29 December 2074
(47)	Jiang Guo Yong (Jiao 2012) No. 03870	2.17	29 December 2074
(48)	Jiang Guo Yong (Jiao 2012) No. 03872	3.70	29 December 2074
Total:		135.94	

2. Pursuant to 48 Building Ownership Certificates, 48 office units of the property with a total gross floor area of approximately 2,481.40 sq.m. are owned by New Belle. The details are set out as follows:

No.	Certificate No.	Gross Floor Area (sq.m.)	Unit No.	Usage
(1)	Wu Fang Quan Zheng Jiang Zi Di No. 2012002574	70.65	2101	Residential
(2)	Wu Fang Quan Zheng Jiang Zi Di No. 2012002576	42.05	2102	Residential
(3)	Wu Fang Quan Zheng Jiang Zi Di No. 2012002599	46.80	2103	Residential
(4)	Wu Fang Quan Zheng Jiang Zi Di No. 2012002600	46.80	2104	Residential
(5)	Wu Fang Quan Zheng Jiang Zi Di No. 2012002597	46.80	2105	Residential
(6)	Wu Fang Quan Zheng Jiang Zi Di No. 2012002596	46.80	2106	Residential
(7)	Wu Fang Quan Zheng Jiang Zi Di No. 2012002595	46.80	2107	Residential
(8)	Wu Fang Quan Zheng Jiang Zi Di No. 2012002594	73.08	2108	Residential
(9)	Wu Fang Quan Zheng Jiang Zi Di No. 2012002593	73.08	2109	Residential
(10)	Wu Fang Quan Zheng Jiang Zi Di No. 2012002592	46.80	2110	Residential
(11)	Wu Fang Quan Zheng Jiang Zi Di No. 2012002591	46.80	2111	Residential
(12)	Wu Fang Quan Zheng Jiang Zi Di No. 2012002590	46.80	2112	Residential
(13)	Wu Fang Quan Zheng Jiang Zi Di No. 2012002588	46.80	2113	Residential
(14)	Wu Fang Quan Zheng Jiang Zi Di No. 2012002589	46.80	2114	Residential
(15)	Wu Fang Quan Zheng Jiang Zi Di No. 2012002602	42.05	2115	Residential
(16)	Wu Fang Quan Zheng Jiang Zi Di No. 2012002603	70.65	2116	Residential
(17)	Wu Fang Quan Zheng Jiang Zi Di No. 2012002605	67.56	2117	Residential
(18)	Wu Fang Quan Zheng Jiang Zi Di No. 2012002604	39.51	2118	Residential
(19)	Wu Fang Quan Zheng Jiang Zi Di No. 2012002601	46.70	2119	Residential
(20)	Wu Fang Quan Zheng Jiang Zi Di No. 2012002583	46.80	2120	Residential
(21)	Wu Fang Quan Zheng Jiang Zi Di No. 2012002582	46.80	2121	Residential
(22)	Wu Fang Quan Zheng Jiang Zi Di No. 2012002581	46.70	2122	Residential
(23)	Wu Fang Quan Zheng Jiang Zi Di No. 2012002580	39.51	2123	Residential
(24)	Wu Fang Quan Zheng Jiang Zi Di No. 2012002579	67.56	2124	Residential
(25)	Wu Fang Quan Zheng Jiang Zi Di No. 2012002575	70.65	2901	Residential
(26)	Wu Fang Quan Zheng Jiang Zi Di No. 2012002577	42.05	2902	Residential
(27)	Wu Fang Quan Zheng Jiang Zi Di No. 2012002576	46.80	2903	Residential
(28)	Wu Fang Quan Zheng Jiang Zi Di No. 2012002622	46.80	2904	Residential
(29)	Wu Fang Quan Zheng Jiang Zi Di No. 2012002621	46.80	2905	Residential
(30)	Wu Fang Quan Zheng Jiang Zi Di No. 2012002620	46.80	2906	Residential
(31)	Wu Fang Quan Zheng Jiang Zi Di No. 2012002623	46.80	2907	Residential
(32)	Wu Fang Quan Zheng Jiang Zi Di No. 2012002578	73.08	2908	Residential
(33)	Wu Fang Quan Zheng Jiang Zi Di No. 2012002606	73.08	2909	Residential
(34)	Wu Fang Quan Zheng Jiang Zi Di No. 2012002607	46.80	2910	Residential
(35)	Wu Fang Quan Zheng Jiang Zi Di No. 2012002608	46.80	2911	Residential
(36)	Wu Fang Quan Zheng Jiang Zi Di No. 2012002610	46.80	2912	Residential
(37)	Wu Fang Quan Zheng Jiang Zi Di No. 2012002613	46.80	2913	Residential
(38)	Wu Fang Quan Zheng Jiang Zi Di No. 2012002611	46.80	2914	Residential
(39)	Wu Fang Quan Zheng Jiang Zi Di No. 2012002614	42.05	2915	Residential
(40)	Wu Fang Quan Zheng Jiang Zi Di No. 2012002612	70.65	2916	Residential
(41)	Wu Fang Quan Zheng Jiang Zi Di No. 2012002615	67.56	2917	Residential
(42)	Wu Fang Quan Zheng Jiang Zi Di No. 2012002617	39.51	2918	Residential

No.	Certificate No.	Gross Floor Area (sq.m.)	Unit No.	Usage
(43)	Wu Fang Quan Zheng Jiang Zi Di No. 2012002618	46.70	2919	Residential
(44)	Wu Fang Quan Zheng Jiang Zi Di No. 2012002619	46.80	2920	Residential
(45)	Wu Fang Quan Zheng Jiang Zi Di No. 2012002587	46.80	2921	Residential
(46)	Wu Fang Quan Zheng Jiang Zi Di No. 2012002586	46.70	2922	Residential
(47)	Wu Fang Quan Zheng Jiang Zi Di No. 2012002585	39.51	2923	Residential
(48)	Wu Fang Quan Zheng Jiang Zi Di No. 2012002584	67.56	2924	Residential
Total:		2,481.40		

3. In the valuation of the property, we have attributed no commercial value to 6 car parking spaces of the property of which the relevant Building Ownership Certificates have not been obtained. However, for reference purpose, we are of the opinion that the capital value of these car parking spaces as at the valuation date would be RMB910,000, assuming all the relevant Building Ownership Certificates have been obtained and these car parking spaces could be freely transferred.
4. We have been provided with a legal opinion regarding the property interest by the Group's PRC legal advisers, which contains, inter alia, the following:
- a. New Belle is the owner of the office portion of the property. New Belle is entitled to legally occupy, use, lease or otherwise dispose of the office portion of the property during the terms of the land use rights according to relevant laws and regulations; and
 - b. According to the written confirmation of the Group, the use rights of the 6 car parking spaces have been transferred to New Belle, but the relevant Transfer Agreement cannot be found. New Belle is entitled to legally occupy, use, lease or otherwise dispose of the 6 car parking spaces after obtaining the relevant ownership registration; and
 - c. The property is free from mortgage, guarantee, seizure and asset freezing.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 April 2017 RMB
25.	6 residential units of Block 1 of Xiang Yu Zhong Yang No. 235 Wuyi located at Road Furong District Changsha City Hunan Province The PRC	The property comprises 6 residential units on the 29th floor of a 32-storey composite building known as Block 1 of Xiang Yu Zhong Yang which was completed in 2006. The property has a gross floor area of approximately 1,422.96 sq.m. The land use rights of the property have been granted for a term of 50 years expiring on 28 May 2048 for composite use.	As at the valuation date, the property was occupied by the Group for residential purpose.	16,600,000

Notes:

1. Pursuant to 6 State-owned Land Use Rights Certificates, the land use rights of the property with a total apportioned site area of approximately 77.38 sq.m. have been granted to New Belle Footwear (Shenzhen) Company Limited (“New Belle”, a wholly owned subsidiary of the Company), for a term of 50 years expiring on 28 May 2048 for composite use. The details are set out as follows:

No.	Certificate No.	Apportioned Site Area (sq.m.)	Expiry Date
(1)	Chang Guo Yong (2012) Di Nos. 047107	11.57	28 May 2048
(2)	Chang Guo Yong (2012) Di Nos. 047108	17.52	28 May 2048
(3)	Chang Guo Yong (2012) Di Nos. 047109	12.38	28 May 2048
(4)	Chang Guo Yong (2012) Di Nos. 047110	7.23	28 May 2048
(5)	Chang Guo Yong (2012) Di Nos. 047111	18.59	28 May 2048
(6)	Chang Guo Yong (2012) Di Nos. 047112	10.09	28 May 2048
	Total:	77.38	

2. Pursuant to 6 Building Ownership Certificates, the property with a total gross floor area of approximately 1,422.96 sq.m. is owned by New Belle. The details are set out as follows:

No.	Certificate No.	Gross Floor Area (sq.m.)	Unit No.	Usage
(1)	Chang Fang Quan Zheng Fu Rong Zi Di No. 712138917	212.82	2901	Residential
(2)	Chang Fang Quan Zheng Fu Rong Zi Di No. 712138919	322.17	2905	Residential
(3)	Chang Fang Quan Zheng Fu Rong Zi Di No. 712138916	227.68	2911	Residential
(4)	Chang Fang Quan Zheng Fu Rong Zi Di No. 712138920	132.93	2915	Residential
(5)	Chang Fang Quan Zheng Fu Rong Zi Di No. 712138918	341.86	2917	Residential
(6)	Chang Fang Quan Zheng Fu Rong Zi Di No. 712138914	185.50	2923	Residential
	Total:	1,422.96		

3. We have been provided with a legal opinion regarding the property interest by the Group's PRC legal advisers, which contains, inter alia, the following:
 - a. New Belle is the owner of the property. New Belle is entitled to legally occupy, use, lease or otherwise dispose of the property during the terms of the land use rights according to relevant laws and regulations; and
 - b. The property is free from mortgage, guarantee, seizure and asset freezing.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 April 2017 RMB
26.	A parcel of land, 2 industrial buildings and various structures located at No. 39 Xiedu South 3rd Road Wuhou District Chengdu City Sichuan Province The PRC	<p>The property comprises a parcel of land with a site area of approximately 12,242.67 sq.m, 2 industrial buildings and various structures erected thereon which were completed in 2013.</p> <p>The buildings have a total gross floor area of approximately 47,169.80 sq.m.</p> <p>The structures mainly include plant area road and boundary walls.</p> <p>The land use rights of the property have been granted for a term of 50 years expiring on 2 February 2062 for industrial use.</p>	As at the valuation date, the property was occupied by the Group for warehouse purpose.	100,800,000

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate — Cheng Guo Yong (2012) No. 167, the land use rights of the property with a site area of approximately 12,242.67 sq.m. have been granted to Belle Footwear (Chengdu) Company Limited (“**Chengdu Belle**”, a wholly owned subsidiary of the Company), for a term of 50 years expiring on 2 February 2062 for industrial use.
2. Pursuant to a Building Ownership Certificate — Cheng Fang Quan Zheng Jian Zheng Zi Di No. 4639737, the buildings of property with a gross floor area of approximately 47,169.80 sq.m. are owned by Chengdu Belle.
3. We have been provided with a legal opinion regarding the property interest by the Group’s PRC legal advisers, which contains, inter alia, the following:
 - a. Chengdu Belle is legally in possession of the land use rights and the building ownership rights of the property. Chengdu Belle is entitled to legally occupy, use, lease or otherwise dispose of the property during the terms of the land use rights according to relevant laws and regulations; and
 - b. The property is free from mortgage, guarantee, seizure and asset freezing.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 April 2017 RMB
27.	3 office units on the 3rd to 5th floor of Belle Tower located at Nos. 1 and 3 Jiangxi Street Wuhou District Chengdu City Sichuan Province The PRC	<p>The property comprises 3 office units on the 3rd to 5th floor of a 13-storey office building known as Belle Tower which was completed in 2007.</p> <p>The property has a gross floor area of approximately 4,554.64 sq.m.</p> <p>The land use rights of the property have been granted for a term of 40 years expiring on 2 January 2042 for commercial and service uses.</p>	As at the valuation date, the property was occupied by the Group for office purpose.	38,000,000

Notes:

- Pursuant to 3 State-owned Land Use Rights Certificates, the land use rights of the property with a total apportioned site area of approximately 481.11 sq.m. have been granted to Chengdu Taobo Trading Company Limited (“Chengdu Taobo”, a wholly owned subsidiary of the Company), for a term of 40 years expiring on 2 January 2042 for commercial and service uses. The details are set out as follows:

No.	Certificate No.	Apportioned Site Area (sq.m.)	Expiry Date
(1)	Wu Guo Yong (2009) Di No. 5635	170.02	2 January 2042
(2)	Wu Guo Yong (2009) Di No. 5636	170.02	2 January 2042
(3)	Wu Guo Yong (2009) Di No. 5637	141.07	2 January 2042
Total:		481.11	

- Pursuant to 3 Building Ownership Certificates, the property with a total gross floor area of approximately 4,554.64 sq.m. are owned Chengdu Taobo for office use. The details are set out as follows:

No.	Certificate No.	Gross Floor Area (sq.m.)	Usage
(1)	Chen Fang Quan Zheng Jian Zheng Zi Di No. 1757868	1,609.58	Office
(2)	Chen Fang Quan Zheng Jian Zheng Zi Di No. 1757874	1,609.58	Office
(3)	Chen Fang Quan Zheng Jian Zheng Zi Di No. 1757876	1,335.48	Office
Total:		4,554.64	

3. We have been provided with a legal opinion regarding the property interest by the Group's PRC legal advisers, which contains, inter alia, the following:
 - a. Chengdu Taobo is the owner of the property. Chengdu Taobo is entitled to legally occupy, use, lease or otherwise dispose of the property during the terms of the land use rights according to relevant laws and regulations; and
 - b. The property is free from mortgage, guarantee, seizure and asset freezing.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 April 2017 RMB
28.	2 office units on the 10th and 11th floor of Block A of Weilan International Building located at No. 3 Daqing Road Lianhu District Xi'an City Shaanxi The PRC	<p>The property comprises 2 office units on the 10th and 11th floor of a 23-storey office building known as Weilan International which was completed in 2006.</p> <p>The property has a gross floor area of approximately 4,834.10 sq.m.</p> <p>The land use rights of the property have been granted for a term of 50 years expiring on 28 December 2051 for composite use.</p>	As at the valuation date, the property was occupied by the Group for office purpose.	36,800,000

Notes:

1. Pursuant to a Building Ownership Certificate — Xi'an Shi Fang Quan Zheng Lian Hu Qu Zi Di 1075110005-17-1-10801-2, an office unit on the 10th floor of the property with a gross floor area of approximately 2,415.78 sq.m. is owned New Belle Footwear (Shenzhen) Company Limited ("New Belle", a wholly owned subsidiary of the Company) for office use.
2. Pursuant to a Building Ownership Certificate — Xi'an Shi Fang Quan Zheng Lian Hu Qu Zi Di 1075110005-17-1-11101-1, an office unit on the 11th floor of the property with a gross floor area of approximately 2,418.32 sq.m. is owned by Shanxi Taobo Trading Company Limited ("Shanxi Taobo", a wholly owned subsidiary of the Company) for office use.
3. We have been provided with a legal opinion regarding the property interest by the Group's PRC legal advisers, which contains, inter alia, the following:
 - a. New Belle and Shanxi Taobo are owners of the property. New Belle and Shanxi Taobo are entitled to legally occupy, use, lease or otherwise dispose of the property during the terms of the land use rights according to relevant laws and regulations; and
 - b. The property is free from mortgage, guarantee, seizure and asset freezing.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 April 2017 RMB												
29.	A parcel of land, 2 buildings and various structures located at No. 19 Lantai Road Hunnan District Shenyang City Liaoning Province The PRC	<p>The property comprises a parcel of land with a site area of approximately 19,888.80 sq.m and 2 buildings and various structures erected thereon which were completed in various stages between 2015 and 2016.</p> <p>The buildings have a total gross floor area of approximately 56,471.12 sq.m. and the details of uses and their respective gross floor area are set out as follows:</p> <table border="1"> <thead> <tr> <th>Use</th> <th>No. of Item</th> <th>Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Warehouse</td> <td>1</td> <td>46,934.43</td> </tr> <tr> <td>Office</td> <td>1</td> <td><u>9,536.69</u></td> </tr> <tr> <td>Total</td> <td>2</td> <td><u>56,471.12</u></td> </tr> </tbody> </table>	Use	No. of Item	Gross Floor Area (sq.m.)	Warehouse	1	46,934.43	Office	1	<u>9,536.69</u>	Total	2	<u>56,471.12</u>	As at the valuation date, the property was occupied by the Group for warehouse and office purposes.	140,100,000
Use	No. of Item	Gross Floor Area (sq.m.)														
Warehouse	1	46,934.43														
Office	1	<u>9,536.69</u>														
Total	2	<u>56,471.12</u>														
		<p>The structures mainly include plant area roads and boundary walls.</p> <p>The land use rights of the property have been granted for a term of 50 years expiring on 30 April 2061 for industrial use.</p>														

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate — Dong Ling Guo Yong (2011) Di No. 0671, the land use rights of the property with a site area of approximately 19,888.80 sq.m. have been granted to Shenyang Jiacheng Weiye Logistics Company Limited (“**Shenyang Jiacheng Weiye**”, a wholly owned subsidiary of the Company), for a term of 50 years expiring on 30 April 2061 for industrial use.
2. Pursuant to 2 Building Ownership Certificates — Shen Fang Quan Zheng Dong Ling Qu Zi Di Nos. N100085336 and N100085337, the buildings of property with a total gross floor area of approximately 56,471.12 sq.m. are owned by Shenyang Jiacheng Weiye.
3. We have been provided with a legal opinion regarding the property interest by the Group’s PRC legal advisers, which contains, inter alia, the following:
 - a. Shenyang Jiacheng Weiye is legally in possession of the land use rights and the building ownership rights of the property. Shenyang Jiacheng Weiye is entitled to legally occupy, use, lease or otherwise dispose of the property during the terms of the land use rights according to relevant laws and regulations; and
 - b. The property is free from mortgage, guarantee, seizure and asset freezing.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 April 2017 RMB															
30.	Various residential units and retail units of Belle Garden located at the southern side of Waihuan Second Road Economic and Technology Development District Suzhou City Anhui Province The PRC	<p>The property comprises 376 residential units, 4 retail units and 386 basement units of a residential development known as Belle Garden which was completed in 2014.</p> <p>The property has a total gross floor area of approximately 28,975.88 sq.m. and the details of uses and their respective gross floor area are set out as follows:</p> <table border="1" style="margin-left: 20px;"> <thead> <tr> <th style="text-align: left;">Use</th> <th style="text-align: center;">No. of Item</th> <th style="text-align: center;">Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td style="text-align: center;">376</td> <td style="text-align: right;">24,460.88</td> </tr> <tr> <td>Retail</td> <td style="text-align: center;">4</td> <td style="text-align: right;">461.44</td> </tr> <tr> <td>Basement</td> <td style="text-align: center;">386</td> <td style="text-align: right;"><u>4,053.56</u></td> </tr> <tr> <td>Total</td> <td style="text-align: center;">766</td> <td style="text-align: right;"><u>28,975.88</u></td> </tr> </tbody> </table>	Use	No. of Item	Gross Floor Area (sq.m.)	Residential	376	24,460.88	Retail	4	461.44	Basement	386	<u>4,053.56</u>	Total	766	<u>28,975.88</u>	As at the valuation date, the property was held for dormitory, retail and storage purposes.	82,100,000
Use	No. of Item	Gross Floor Area (sq.m.)																	
Residential	376	24,460.88																	
Retail	4	461.44																	
Basement	386	<u>4,053.56</u>																	
Total	766	<u>28,975.88</u>																	

The land use rights of the property have been granted for terms expiring on 27 June 2083 for residential use and 27 June 2053 for wholesale and retail uses.

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate — Su Zhou Guo Yong (2013) Di No. K2013064, the land use rights of a parcel of land with a site area of approximately 64,674.80 sq.m. (including the land use rights of the property) have been granted to Anhui Century Licheng Property Company Limited (“**Anhui Century**”, a wholly owned subsidiary of the Company), for terms expiring on 27 June 2083 for residential use and 27 June 2053 for wholesale and retail uses.
2. Pursuant to 766 Real Estate Title Certificates, the property with a total gross floor area of approximately 28,975.88 sq.m are owned by Anhui Century. The relevant land use rights of the property have been granted to Anhui Century for terms expiring on 27 June 2083 for residential use and 27 June 2053 for wholesale and retail uses.
3. We have been provided with a legal opinion regarding the property interest by the Group’s PRC legal advisers, which contains, inter alia, the following:
 - a. Anhui Century is legally in possession of the land use rights and the building ownership rights of the property. Anhui Century is entitled to legally occupy, use, lease or otherwise dispose of the property during the terms of the land use rights according to relevant laws and regulations; and
 - b. The property is free from mortgage, guarantee, seizure and asset freezing.

VALUATION CERTIFICATE

Group II — Property interests held for investment by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 April 2017 RMB
31.	The whole office units on the 6th floor, an office unit on the 9th floor and the whole office units on the 10th floor of Belle Business Trade Center No. 81-1 Xihu Road Yuexiu District Guangzhou City Guangdong Province The PRC	<p>The property comprises the whole office units on the 6th floor, an office unit on the 9th floor and the whole office units on the 10th floor of a 10-storey office building known as Belle Business Trade Center completed in about 2007.</p> <p>The property has a total gross floor area of approximately 1,030.35 sq.m.</p> <p>The land use rights of the property have been granted for a term of 40 years expiring on 1 June 2043 for commercial and service uses.</p>	As at the valuation date, portions of the property were rented to various tenants for commercial purpose, whilst the remaining portion of the property was vacant.	11,700,000

Notes:

1. Pursuant to 3 Real Estate Title Certificates, portions of Belle Business Trade Center with a total gross floor area of approximately 2,045.67 sq.m. (including the property) are owned by Guangzhou Taobo Sports Development Company Limited (“**Guangzhou Taobo**”, a wholly owned subsidiary of the Company). The relevant land use rights of the property have been granted to Guangzhou Taobo for a term of 40 years expiring on 1 June 2043 for commercial and service uses. The details are set out as follows:

No.	Certificate No.	Gross Floor Area (sq.m.)	Usage
(1)	Yue Fang Di Zheng Zi Di No. C7126907	808.24	Non-residential
(2)	Yue Fang Di Zheng Zi Di No. C7126911	1,095.32	Non-residential
(3)	Yue Fang Di Zheng Zi Di No. C7126909	142.11	Non-residential
	Total:	2,045.67	

2. According to 4 Tenancy Agreements, portions of the property with a total gross floor area of approximately 297.61 sq.m. were leased to various tenants for commercial purpose with the expiry dates between 30 November 2017 to 30 April 2018 at a total current annual rent of RMB188,580, exclusive of management fees, water and electricity charges and other outgoings.
3. We have been provided with a legal opinion regarding the property interest by the Group’s PRC legal advisers, which contains, inter alia, the following:
- a. Guangzhou Taobo is the owner of the property. Guangzhou Taobo is entitled to legally occupy, use, lease or otherwise dispose of the property during the terms of the land use rights according to relevant laws and regulations;

- b. The property is free from mortgage, guarantee, seizure and asset freezing; and

- c. The Tenancy Agreements mentioned above have no violation of mandatory provisions of relevant laws and administrative rules and regulations.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 April 2017 RMB								
32.	Portions of Belle International Plaza located at Nos. 928, 950, 952, 960 & 962 Liuzhou Road Xuhui District Shanghai City The PRC	<p>The property comprises portions of an 18-storey office and retail building known as Belle International Plaza which was completed in 2011.</p> <p>The property has a total gross floor area of approximately 16,510.50 sq.m., and the details of uses and their respective gross floor area are set out as follows:</p> <table border="1"> <thead> <tr> <th>Use</th> <th>Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Retail</td> <td>2,236.00</td> </tr> <tr> <td>Office</td> <td>14,274.50</td> </tr> <tr> <td>Total:</td> <td><u>16,510.50</u></td> </tr> </tbody> </table>	Use	Gross Floor Area (sq.m.)	Retail	2,236.00	Office	14,274.50	Total:	<u>16,510.50</u>	As at the valuation date, portions of the property were rented out to various tenants for retail and office purposes, whilst the remaining portion was vacant.	480,000,000
Use	Gross Floor Area (sq.m.)											
Retail	2,236.00											
Office	14,274.50											
Total:	<u>16,510.50</u>											
		<p>The land use rights of the property have been granted for terms expiring on 4 July 2059 for office use and 4 July 2049 for retail use.</p>										

Notes:

1. Pursuant to a Real Estate Title Certificate — Hu Fang Di Xu Zi Di No. 012891, an office and retail building with a gross floor area of approximately 44,849.00 sq.m. (including the property) is owned by Shanghai Su Heng Industrial Company Limited (“**Shanghai Su Heng**”, a wholly owned subsidiary of the Company). The relevant land use rights of the property have been granted to Shanghai Su Heng for terms expiring on 4 July 2059 for office use and 4 July 2049 for retail use.
2. According to 20 Tenancy Agreements, portions of the property with a total gross floor area of approximately 12,037.33 sq.m. were leased to a tenant for office and retail purposes for various terms expiring between 9 August 2017 and 29 February 2020 at a total current annual rent of RMB21,864,000, exclusive of management fees, water and electricity charges and other outgoings.
3. We have been provided with a legal opinion regarding the property interest by the Group’s PRC legal advisers, which contains, inter alia, the following:
 - a. Shanghai Su Heng is legally in possession of the land use rights and the building ownership rights of the property. Shanghai Su Heng is entitled to legally occupy, use, lease or otherwise dispose of the property during the terms of the land use rights according to relevant laws and regulations;
 - b. The property is free from mortgage, guarantee, seizure and asset freezing; and
 - c. The Tenancy Agreements mentioned above have no violation of mandatory provisions of relevant laws and administrative rules and regulations.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 April 2017 RMB
33.	An industrial building of an industrial park located at No. 38 Lane of No. 1277 Zhuanxing East Road Minhang District Shanghai City The PRC	<p>The property comprises a 6-storey industrial building which was completed in 2008.</p> <p>The property has a gross floor area of approximately 2,160.15 sq.m.</p> <p>The land use rights of the property have been granted for a term of 50 years expiring on 26 May 2053 for warehouse use.</p>	As at the valuation date, the property was rented to a tenant for office purpose.	24,300,000

Notes:

1. Pursuant to a Real Estate Title Certificate — Hu Fang Di Min Zi (2011) Di No. 030988, the property with a gross floor area of approximately 2,160.15 sq.m. is owned by Longhao Tiandi Company Limited (“**Longhao Tiandi**”, a wholly owned subsidiary of the Company). The relevant land use rights of the property have been granted to Longhao Tiandi for a term of 50 years expiring on 26 May 2053 for warehouse use.
2. Pursuant to a Tenancy Agreement, the property with a gross floor area of approximately 2,160.15 sq.m. is leased to a tenant for a term commencing from 1 January 2017 to 31 March 2021 at an annual rent of RMB1,419,218 in the whole period of the tenancy, exclusive of management fees, water, electricity charges and other outgoings.
3. We have been provided with a legal opinion regarding the property interest by the Group’s PRC legal advisers, which contains, inter alia, the following:
 - a. Longhao Tiandi is legally in possession of the land use rights and the building ownership rights of the property. Longhao Tiandi is entitled to legally occupy, use, lease or otherwise dispose of the property during the terms of the land use rights according to relevant laws and regulations;
 - b. The property is free from mortgage, guarantee, seizure and asset freezing; and
 - c. The Tenancy Agreement mentioned above has no violation of mandatory provisions of relevant laws and administrative rules and regulations.

VALUATION CERTIFICATE

Group III — Property interests held under development by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 April 2017 RMB															
34.	2 parcels of land and 6 buildings under construction located at the eastern side of Xingye Fifth Road and the northern side of Huitong First Road Yin Town Chang'an District Xi'an City Shaanxi Province The PRC	<p>The property comprises 2 parcels of land with a total site area of approximately 65,770.63 sq.m. and 6 buildings which were being constructed thereon as at the valuation date.</p> <p>As advised by the Group, the development of the property is scheduled to be completed in July 2017. Upon completion, the property will have a gross floor area of approximately 113,562.09 sq.m. The details of uses and their respective planned gross floor area are set out as follows:</p> <table border="1"> <thead> <tr> <th>Use</th> <th>No. of Item</th> <th>Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Office</td> <td>1</td> <td>11,082.30</td> </tr> <tr> <td>Warehouse</td> <td>4</td> <td>102,461.79</td> </tr> <tr> <td>Ancillary</td> <td>1</td> <td>18.00</td> </tr> <tr> <td>Total</td> <td>6</td> <td><u>113,562.09</u></td> </tr> </tbody> </table>	Use	No. of Item	Gross Floor Area (sq.m.)	Office	1	11,082.30	Warehouse	4	102,461.79	Ancillary	1	18.00	Total	6	<u>113,562.09</u>	As at the valuation date, the property was under construction.	182,700,000
Use	No. of Item	Gross Floor Area (sq.m.)																	
Office	1	11,082.30																	
Warehouse	4	102,461.79																	
Ancillary	1	18.00																	
Total	6	<u>113,562.09</u>																	
		<p>The development cost of the development of the property is estimated to be approximately RMB186,000,000, of which approximately RMB182,300,000 has incurred as at the valuation date.</p> <p>The land use rights of the property have been granted for a term of 50 years expiring on 24 March 2066 for warehouse and industrial uses.</p>																	

Notes:

1. Pursuant to 2 State-owned Land Use Rights Certificates — Xi Chang Guo Yong (2016) Di Nos. 5 and 6, the land use rights of the property with a total site area of approximately 65,770.63 sq.m. have been granted to Belle Footwear Logistics (Xi'an) Company Limited (“**Xi'an Logistics**”, a wholly owned subsidiary of the Company), for a term of 50 years expiring on 24 March 2066 for warehouse and industrial uses.
2. Pursuant to a Construction Work Planning Permit — Xi Gui Chang Jian Zi Di (2016) No. 04 in favour of Xi'an Logistics, the property with a gross floor area of approximately 113,562.09 sq.m has been approved for construction.
3. Pursuant to a Construction Work Commencement Permit — No. 610116201604290101 in favour of Xi'an Logistics, permission by the relevant local authority was given to commence the construction of the property with a total gross floor area of approximately 113,562.09 sq.m.
4. The market value of the property as if completed as at the valuation date, according to the development proposal as described above and assuming which can be freely transferred in the market, would be RMB195,300,000.
5. We have been provided with a legal opinion regarding the property interest by the Group's PRC legal advisers, which contains, inter alia, the following:
 - a. Xi'an Logistics is legally in possession of the land use rights of the property. Xi'an Logistics is entitled to legally occupy, use, lease or otherwise dispose of the land of the property during the terms of the land use rights according to relevant laws and regulations;
 - b. Xi'an Logistics has obtained all requisite approvals in respect of the development and construction of the property from the relevant government authorities, and can legally apply for the Real Estate Title Certificates/Building Ownership Certificates after legally passing the procedure of relevant completion inspection acceptance that is required for real estate ownership registration; and
 - c. The property is free from mortgage, guarantee, seizure and asset freezing.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 April 2017 RMB												
35.	A parcel of land and 5 residential buildings under construction located at No. 189 Jiandong Road Maoping Town Zigui Country Yichang City Hubei Province The PRC	<p>The property comprises a parcel of land with a site area of approximately 13,570.02 sq.m. and 5 residential buildings which were being constructed thereon as at the valuation date.</p> <p>The development of the property is scheduled to be completed in April 2019. Upon completion, the development will have a planned gross floor area of approximately 54,532.10 sq.m. The details of uses and their respective gross floor area are set out as follows:</p> <table border="1"> <thead> <tr> <th>Use</th> <th>Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td>41,982.76</td> </tr> <tr> <td>Retail</td> <td>2,041.92</td> </tr> <tr> <td>Car parking spaces</td> <td>10,134.91</td> </tr> <tr> <td>Ancillary</td> <td>372.51</td> </tr> <tr> <td>Total</td> <td><u>54,532.10</u></td> </tr> </tbody> </table> <p>The total development cost of the development of the property is estimated to be approximately RMB172,700,000, of which approximately RMB13,300,000 had incurred as at the valuation date.</p> <p>The land use rights of the property have been granted for terms expiring on 6 April 2055 for commercial service use and 6 April 2085 for residential use.</p>	Use	Gross Floor Area (sq.m.)	Residential	41,982.76	Retail	2,041.92	Car parking spaces	10,134.91	Ancillary	372.51	Total	<u>54,532.10</u>	As at the valuation date, the property was under construction.	14,400,000
Use	Gross Floor Area (sq.m.)															
Residential	41,982.76															
Retail	2,041.92															
Car parking spaces	10,134.91															
Ancillary	372.51															
Total	<u>54,532.10</u>															

Notes:

- Pursuant to a Real Estate Title Certificate — E (2017) Zi Gui Xian Bu Dong Chan Quan Di No. 0000129, the land use rights of the property with a site area of approximately 24,586.66 sq.m. (including the property) have been granted to Hubei Cuifeng Property Company Limited (“**Hubei Cuifeng**”, a wholly owned subsidiary of the Company), for terms of 40 years expiring on 6 April 2055 for commercial service use and 70 years expiring on 6 April 2085 for residential use.
- Pursuant to a Construction Work Planning Permit — (2017) Cheng Gui Guan Jian Yi Zi Di No. 019 in favour of Hubei Cuifeng, the property with a gross floor area of approximately 54,532.10 sq.m has been approved for construction.
- Pursuant to a Construction Work Commencement Permit — 420527201704210000 in favour of Hubei Cuifeng, permission by the relevant local authority was given to commence the construction of the property with a gross floor area of approximately 54,532.10 sq.m.

4. The market value of the property as if completed as at the valuation date, according to the development proposal as described above and assuming which can be freely transferred in the market, would be RMB186,500,000.
5. We have been provided with a legal opinion regarding the property interest by the Group's PRC legal advisers, which contains, inter alia, the following:
 - a. Hubei Cuifeng is legally in possession of the land use of the property. Hubei Cuifeng is entitled to legally occupy, use, lease or otherwise dispose of the land of the property during the terms of the land use rights according to relevant laws and regulations;
 - b. Hubei Cuifeng has obtained all requisite approvals in respect of the development and construction of the property from the relevant government authorities, and can legally apply for the Real Estate Title Certificates/Building Ownership Certificates after legally passing the procedure of relevant completion inspection acceptance that is required for real estate ownership registration; and
 - c. The property is free from mortgage, guarantee, seizure and asset freezing.

VALUATION CERTIFICATE

Group IV — Property interests held for future development by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 April 2017 RMB
36.	A parcel of land located at No. 189 Jiandong Road Maoping Town Zigui County Yichang City Hubei Province The PRC	<p>The property comprises a parcel of land with a site area of approximately 11,016.64 sq.m. which is planned to be developed into a portion of a composite development known as Belle Garden.</p> <p>As advised by the Group, the development of the property is planned to be commenced in August 2017, the planned gross floor area is 36,034.50 sq.m..</p> <p>The land use rights of the property have been granted for terms expiring on 6 April 2055 for commercial service use and 6 April 2085 for residential use.</p>	As at the valuation date, the property was vacant.	10,800,000

Notes:

1. Pursuant to a Real Estate Title Certificate — E (2017) Zi Gui Xian Bu Dong Chan Quan Di No. 0000129, the land use rights of the a parcel of land with a site area of approximately 24,586.66 sq.m. (including the property) have been granted to Hubei Cuifeng Property Company Limited (“**Hubei Cuifeng**”, a wholly owned subsidiary of the Company), for terms of 40 years expiring on 6 April 2055 for commercial service use and 70 years expiring on 6 April 2085 for residential use.
2. We have been provided with a legal opinion regarding the property interest by the Group’s PRC legal advisers, which contains, inter alia, the following:
 - a. Hubei Cuifeng is legally in possession of the land use rights of the property. Hubei Cuifeng is entitled to legally occupy, use, lease or otherwise dispose of the property during the terms of the land use rights according to relevant laws and regulations; and
 - b. The property is free from mortgage, guarantee, seizure and asset freezing.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 April 2017 RMB
37.	A parcel of land of Belle Garden located at the southern side of Waihuan Second Road Economic and Technology Development District Suzhou City Anhui Province The PRC	<p>The property comprises a parcel of land with a site area of approximately 31,341.80 sq.m. which is planned to be developed into a portion of a composite development known as Belle Garden.</p> <p>As advised by the Group, the development of the property is planned to be commenced in August 2017, the planned gross floor area is 82,742.35 sq.m..</p> <p>The land use rights of the property have been granted for terms expiring on 27 June 2083 for residential use and 27 June 2053 for wholesale and retail uses.</p>	As at the valuation date, the property was vacant.	25,100,000

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate — Su Zhou Guo Yong (2013) Di No. K2013064, the land use rights of a parcel of land with a site area of approximately 64,674.80 sq.m. (including the land use rights of the property) have been granted to Anhui Century Licheng Property Company Limited (“**Anhui Century**”, a wholly owned subsidiary of the Company), for terms expiring on 27 June 2083 for residential use and 27 June 2053 for wholesale and retail uses.
2. We have been provided with a legal opinion regarding the property interest by the Group’s PRC legal advisers, which contains, inter alia, the following:
 - a. Anhui Century is legally in possession of the land use rights of the property. Anhui Century is entitled to legally occupy, use, lease or otherwise dispose of the property during the terms of the land use rights according to relevant laws and regulations; and
 - b. The property is free from mortgage, guarantee, seizure and asset freezing.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 April 2017 RMB
38.	A parcel of land located at the junction of Hengdian Street Linkong East Street and Houhu North Road Huangpi District Wuhan City Hubei Province The PRC	<p>The property comprises a parcel of land with a site area of approximately 61,699.08 sq.m. which is planned to be developed into a logistic development.</p> <p>As advised by the Group, the development of the property is planned to be commenced in March 2018, the planned gross floor area is 123,398.16 sq.m..</p> <p>The land use rights of the property have been granted for a term of 50 years expiring on 26 December 2064 for industrial use.</p>	As at the valuation date, the property was vacant.	24,600,000

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate — E (2017) Wu Han Shi Huang Pi Bu Dong Chang Quan Di No. 0000063, the land use rights of a parcel of land with a site area of approximately 61,699.08 sq.m. have been granted to Lide Logistic (Wuhan) Company Limited (“**Wuhan Lide**”, a wholly owned subsidiary of the Company), for a term of 50 years expiring on 26 December 2064 for industrial use.
2. We have been provided with a legal opinion regarding the property interest by the Group’s PRC legal advisers, which contains, inter alia, the following:
 - a. Wuhan Lide is legally in possession of the land use rights of the property;
 - b. As the construction work of the property fails to start for over one year, Wuhan Lide has the risks to be fined to pay land idle fees to relevant department. If Wuhan Lide was determined to leave land undeveloped offensively, the transfer, lease, mortgage the property will not be allowed until Wuhan Lide has completed the procedure according to the Regulations on the Disposal of Idle Land 《(閒置土地處置辦法)》; and
 - c. The property is free from mortgage, guarantee, seizure and asset freezing.

VALUATION CERTIFICATE

Group V — Properties interests contracted to be acquired by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 April 2017 RMB
39.	A parcel of land located at the junction of Linkong East Street and Linkong South Road Linkong Economic Zone Huangpi District Wuhan City Hubei Province The PRC	The property comprises a parcel of land with a site area of approximately 36,282.34 sq.m. which is planned to be developed into a logistic development. As advised by the Group, the development of the property is planned to be commenced in June 2018, the planned gross floor area is 54,423.51 sq.m.. The land use rights of the property have been granted for a term of 50 years for industrial use.	As at the valuation date, the property was vacant.	No commercial value

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract — WH-BLD-001 dated 13 June 2016, the land use rights of the property with a site area of approximately 36,282.34 sq.m. were contracted to be granted to Bailida Logistic (Wuhan) Company Limited (“**Wuhan Bailida**”, a wholly owned subsidiary of the Company), for a term of 50 years expiring on 12 June 2066 for industrial use. The land premium was RMB13,300,000. As advised by the Group, the land premium has been fully paid.
2. In the valuation of the property, we have attributed no commercial value to the property of which the relevant State-owned Land Use Rights Certificates have not been obtained. However, for reference purpose, we are of the opinion that the capital value of the property as at the valuation date would be RMB14,300,000, based on special assumption that all the relevant title certificates have been obtained and the property could be freely transferred.
3. We have been provided with a legal opinion regarding the property interest by the Group’s PRC legal advisers, which contains, inter alia, the following:
 - a. Wuhan Bailida has rights to legally occupy, use, lease or otherwise dispose of the property after obtaining the real estate registration of relevant land use rights of the property; and
 - b. The property is free from mortgage, guarantee, seizure and asset freezing.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 April 2017 RMB
40.	A parcel of land located at the northern side of Dengta Avenue Bijiang Industrial Zone Bijiang District Tongren City Guizhou Province The PRC	<p>The property comprises a parcel of land with a site area of approximately 21,326.00 sq.m. which is planned to be developed into a comprehensive development.</p> <p>As advised by the Group, the development of the property is planned to be commenced in December 2017, the planned gross floor area is 59,712.80 sq.m..</p> <p>The land use rights of the property have been granted for terms expiring on 31 January 2054 for commercial and services uses and 31 January 2084 for residential use.</p>	As at the valuation date, the property was vacant.	No commercial value

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract — No. 522201-2014-CR-0024 dated 1 February 2014, the land use rights of the property with a site area of approximately 21,326.00 sq.m. were contracted to be granted to Tongren Belle Footwear Company Limited (“**Tongren Belle**”, a wholly owned subsidiary of the Company), for terms expiring on 31 January 2054 for commercial and services uses and 31 January 2084 for residential use. The land premium was RMB4,160,000. As advised by the Group, the land premium has been fully paid.
2. In the valuation of the property, we have attributed no commercial value to the property of which the relevant State-owned Land Use Rights Certificate has not been obtained. However, for reference purpose, we are of the opinion that the capital value of the property as at the valuation date would be RMB20,900,000, based on special assumption that all the relevant title certificates have been obtained and the property could be freely transferred.
3. We have been provided with a legal opinion regarding the property interest by the Group’s PRC legal advisers, which contains, inter alia, the following:
 - a. Tongren Belle has rights to legally occupy, use, lease or otherwise dispose of the property after obtaining the real estate registration of relevant land use rights of the property; and
 - b. The property is free from mortgage, guarantee, seizure and asset freezing.

VALUATION CERTIFICATE

Group VI — Property interests held and occupied by the Group in Hong Kong

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 April 2017 <i>RMB</i>
41.	Workshop on ground floor, the 1st to 3rd floors, the 4th floor & flat roof, Workshops A and B on the 5th and 6th floors, the 15th, 16th and 20th to 22nd floors, Roof, private car parking space Nos. 1, 3, 4, 5, 15, 16, 17 and 18 and truck parking space Nos. 7, 10, 11, 19 and 23 on ground floor of Hou Feng Industrial Building located at Nos. 1-5 Wing Kin Road Kwai Chung New Territories Hong Kong	<p>The property comprises a workshop unit on the ground floor, 11 whole industrial floors, flat roof on the 4th floor, roof, 8 private car parking spaces and 5 truck parking spaces on ground floor of a 24-storey industrial building which was completed in 1983 and renovated in 1988.</p> <p>The property has a total gross floor area of approximately 14,132.13 sq.m. (or 152,117 sq.ft.).</p> <p>The property is held under New Grant No. 5375 for a term of 99 years commencing on 1 July 1898 and statutorily renewed until 30 June 2047 at nil premium but subject to payment of annual Government rent of 3% of rateable value of the property for the time being.</p>	As at the valuation date, the property was occupied by the Group for storage and parking purposes.	312,700,000 (please refer to note 5)
	1,231/2,414th parts of shares of and in Kwai Chung Town Lot No. 305			

Notes:

1. The subject building is situated on the north-western side of Kwai Hei Street at the junction with Wing Kin Road. The locality is characterized by medium to high-rise industrial buildings of various ages.
2. According to the Kwai Chung Outline Zoning Plan No. S/KC/28 dated 13 June 2014, the site of the property is zoned as "Industrial".
3. The registered owner of the property is Belle Worldwide Limited (a wholly owned subsidiary of the Company), with details as below.

Unit	Memorial. No.	Date
Workshop on ground floor, the 1st, 2nd and 3rd Floors, the 4th Floor & Flat Roof, Workshops A and B on 5th and 6th Floors, Private Car Parking Space Nos. 1, 3, 4, 5, 15, 16, 17 and 18 on Ground Floor and Truck Parking Space No. 23 on Ground Floor	10092901410038	31 August 2010
The 15th, 16th, 20th, 21st and 22nd Floors, Roof and Truck Parking Space Nos. 7, 10, 11 and 19 on Ground Floor	10122200850023	23 November 2010

4. Pursuant to the land search record, the property is subject to, inter alia, the following encumbrances:
 - a. Modification Letter vide Memorial No. TW330584 dated 26 October 1984;
 - b. Deed of Mutual Covenant vide Memorial No. TW353633 and re-registered vide Memorial No. TW378681 both dated 7 March 1985; and
 - c. Deed of Confirmation vide Memorial No. 16110701320013 dated 11 October 2016 (Re.: pending registration; registration withheld).
5. In the valuation of the property, for Additional Private Car Parking Spaces intended to be marked & delineated on Ground Floor which are registered together with 20th to 22nd and mechanical floors and roof, since the said parking spaces do not exist upon our inspection and no shares are assigned to the 4 parking spaces as per the land search record, no value has been attributed to the 4 parking spaces.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 April 2017 RMB
42.	Belle Tower located at Nos. 916-922 Cheung Sha Wan Road Kowloon Hong Kong New Kowloon Inland Lot Nos. 3875 and 3876	The property comprises a 11-storey industrial building known as Belle Tower which was completed in 1983. The property has a total gross floor area of approximately 8,468.15 sq.m. (or 91,151 sq.ft.). The property is held under two Government Leases both for a term of 75 years renewable for 24 years commencing on 1 July 1898 and statutorily renewed until 30 June 2047 at nil premium but subject to payment of annual Government rent of 3% of rateable value of the property for the time being.	As at the valuation date, the property was occupied by the Group for workshop, ancillary office and parking purposes.	332,400,000

Notes:

1. The property is situated on north-western side of Cheung Sha Wan Road, close to the junction with Tung Chau West Street. The locality is characterized by medium to high-rise industrial buildings of various ages.
2. According to the Cheung Sha Wan Outline Zoning Plan No. S/K5/37 dated 16 December 2016, the site of the property is zoned as "Other Specified Uses (Business 2)".
3. The registered owner of the property is Belle Worldwide Limited (a wholly owned subsidiary of the Company) vide Memorial No. 09011400940092 dated 30 December 2008.
4. Pursuant to the land search record, the property is subject to, inter alia, the following encumbrance:
 - a. Memorandum of Change of Name of the Building vide Memorial No. 09012200630170 dated 1 January 2009.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 April 2017 RMB
43.	Workshop F on the 10th floor of Hop Hing Industrial Building located at No. 704 Castle Peak Road Kowloon Hong Kong 17/1,727th parts of shares of and in New Kowloon Inland Lot No. 2118	The property comprises an industrial unit on the 10th floor of a 13-storey industrial building known as Hop Hing Industrial Building which was completed in 1980. The property has a gross floor area of approximately 314.2 sq.m. (or 3,382 sq.ft.). The property is held under a Government Lease for a term of 75 years renewable for 24 years commencing on 1 July 1898 and statutorily renewed until 30 June 2047 at nil premium but subject to payment of annual Government rent of 3% of rateable value of the property for the time being.	As at the valuation date, the property was occupied by the Group for workshop and training center purposes.	11,800,000

Notes:

1. The subject building is situated on the north-western side of Castle Peak Road and south-eastern side of Wing Hong Street and at the junction with Kom Tsun Street. The locality is characterized by medium to high-rise industrial buildings of various ages.
2. According to the Cheung Sha Wan Outline Zoning Plan No. S/K5/37 dated 16 December 2016, the site of the property is zoned as "Other Specified Uses (Business 1)".
3. The registered owner of the property is Belle Worldwide Limited (a wholly owned subsidiary of the Company) vide Memorial No. 06100301680066 dated 4 September 2006.
4. Pursuant to the land search record, the property is subject to, inter alia, the following encumbrance:
 - a. Deed of Mutual Covenant vide Memorial No. UB2075825 dated 2 April 1981.

VALUATION CERTIFICATE

Group VII — Property interest held for investment by the Group in Hong Kong

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 April 2017 <i>RMB</i>
44.	Entire Office on the 6th floor (excluding the flat roof adjoining thereto) and the Corridor on the 6th floor and Car Parking Space No. 3 on the 4th floor (excluding the flat roofs adjoining thereto) of Railway Plaza No. 39 Chatham Road South Kowloon Hong Kong 5,200/168,000th plus 1/13 of 1,200/168,000th parts of shares of and in Kowloon Inland Lot No. 8511, the Remaining Portions of Kowloon Inland Lot Nos. 10453 and 7700	<p>The property comprises the whole office floor on the 6th floor and a car parking space on the 4th floor of a 29-storey (plus 1 basement level) office building known as Railway Plaza which was completed in 1994.</p> <p>The property has a saleable area of approximately 629.88 sq.m. (or 6,780 sq.ft.).</p> <p>The property is held under two Government Leases for a term of 150 years commencing on 25 December 1898 and 24 June 1889 respectively, and under Conditions of Grant No. UB8203 for a term of 150 years commencing on 24 June 1889 subject to payment of annual Government rent of part of HKD1,750 for the lot.</p>	As at the valuation date, the office floor of the property was rented to a tenant for office purpose, whilst the remaining portion was vacant.	85,600,000

Notes:

1. The subject building is situated on the western side of Chatham Road South at the junction with Prat Avenue. The locality is characterized by medium to high-rise commercial buildings of various ages.
2. According to the Tsim Sha Tsui Outline Zoning Plan No. S/K1/28 dated 13 December 2013, the site of the property is zoned as “Commercial”.
3. The registered owner of the property is Belle Worldwide Limited (a wholly owned subsidiary of the Company) vide Memorial No. 08011601520155 dated 18 December 2007 (for the office floor) and vide Memorial No. 06053002220063 dated 15 May 2006 (for the car parking space).
4. Pursuant to a Tenancy Agreement, the office floor of the property is leased to a tenant for a term of 3 years commencing from 1 August 2015 to 31 July 2018 at a monthly rent of HKD325,711.20, exclusive of government rates, government rents, management fees and air-conditioning charges.
5. Pursuant to the land search record, the property is subject to, inter alia, the following encumbrance:
 - a. Deed of Mutual Covenant and Management Agreement vide Memorial No. UB6228977 dated 24 January 1995.

1. RESPONSIBILITY STATEMENT

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

2. SHARE CAPITAL

As at the Latest Practicable Date, the authorised share capital and the issued share capital of the Company were as follows:

- (a) the authorised share capital of the Company was HK\$300,000,000 divided into 30,000,000,000 Shares;
- (b) the Company had 8,434,233,000 Shares in issue;
- (c) the Company had not issued any new Shares since 28 February 2017, being the date to which the latest audited financial statements of the Company were made up, up to the Latest Practicable Date;
- (d) all of the issued Shares rank *pari passu* in all respects as regards rights to capital, dividends and voting; and
- (e) there were no outstanding options, derivatives, warrants or other securities (as defined in Note 4 to Rules 22 of the Takeovers Code) issued by the Company that carry a right to subscribe for or which are convertible into Shares.

3. DISCLOSURE OF INTERESTS IN THE SHARES

For the purpose of this section, “interested” and “interests” have the same meanings as given to them in the appropriate part of the SFO.

- (a) As at the Latest Practicable Date, the following Directors had the following interests in the Shares:

Name of Director	Capacity/ Nature of interest	Number of the Shares (Note 1)	Approximate percentage interest in the Company
Mr. TANG Yiu	Interests in controlled corporation (Note 2)	1,751,125,000(L)	20.76%
Mr. SHENG Baijiao	Founder of a discretionary trust (Note 3)	345,237,000(L)	4.09%
	Interests in controlled corporation (Note 4)	75,000,000(L)	0.89%
Mr. SHENG Fang	Founder of a discretionary trust (Note 5)	38,975,000(L)	0.46%
Mr. YU Wu	Founder of a discretionary trust (Note 6)	185,625,000(L)	2.20%
Mr. TANG Wai Lam	Interests in controlled corporation (Note 7)	1,752,519,000(L)	20.78%

Notes:

- (1) The letter “L” denotes a long position in the Shares.
- (2) These Shares were held by MCIL, which was indirectly owned as to 54.33% by Mr. TANG Yiu.
- (3) Mr. SHENG Baijiao was interested in these Shares through BRVL.
- (4) These Shares were held by SCGL.
- (5) Mr. SHENG Fang was interested in these Shares through SBL.
- (6) Mr. YU Wu was interested in these Shares through SSL.
- (7) Mr. TANG Wai Lam was deemed to be interested in 1,752,519,000 Shares, comprising (i) 1,751,125,000 Shares held by MCIL, which was indirectly owned as to 45.67% by Mr. TANG Wai Lam; (ii) 757,000 Shares held by a company, of which Mr. TANG Wai Lam was beneficially interested in 33.33% of its issued share capital; and (iii) 637,000 Shares held by a company, which was owned as to 33.33% by another company wholly owned by Mr. TANG Wai Lam.

As at the Latest Practicable Date, save as disclosed in the paragraph above, none of the Directors had any interests in any Shares or any convertible securities, warrants, options or derivatives in respect of the Shares.

Pursuant to the WMVL Shareholders Irrevocable Undertakings, each of the WMVL Shareholders has irrevocably undertaken that, among other things, to the extent permitted under applicable laws, it will vote in favour of the resolutions to be proposed at the Extraordinary General Meeting to approve and give effect to the reduction of the share capital of the Company, the immediate increase in the share capital thereafter and any resolutions proposed at the Extraordinary General Meeting to assist the implementation of the Scheme or are necessary for the Scheme to become effective. As such, in respect of his shareholding as at the Latest Practicable Date indirectly owned through SSL or SBL (as the case may be), to the extent permitted under applicable laws, Mr. YU Wu or Mr. SHENG Fang (as the case may be) will procure votes to approve the resolutions to be proposed at the Extraordinary General Meeting to approve and give effect to the reduction of the share capital of the Company and any resolutions proposed at the Extraordinary General Meeting to assist the implementation of the Scheme or are necessary for the Scheme to become effective.

Pursuant to the Certain Disinterested Shareholders Irrevocable Undertakings, each of MCIL, SCGL and BRVL has irrevocably undertaken that, among other things, (i) it will vote in favour of the Scheme at the Court Meeting; (ii) if the Scheme is approved at the Court Meeting, it will vote in favour of the resolutions to be proposed at the Extraordinary General Meeting to approve and give effect to the reduction of the share capital of the Company, the immediate increase in the share capital thereafter 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). As such, (i) in respect of his shareholding as at the Latest Practicable Date indirectly owned through MCIL, each of Mr. TANG Yiu and Mr. TANG Wai Lam will procure votes to approve the Scheme at the Court Meeting and the resolutions to be proposed at the Extraordinary General Meeting to approve and give effect to the Scheme and to approve the Management Participation; and (ii) in respect of his shareholding as at the Latest Practicable Date indirectly owned through SCGL and BRVL, Mr. SHENG Baijiao will procure votes to approve the Scheme at the Court Meeting and the resolutions to be proposed at the Extraordinary General Meeting to approve and give effect to the Scheme and to approve the Management Participation.

Other than his shareholding in the Company indirectly owned through MCIL as disclosed above, Mr. TANG Wai Lam does not have control over any other voting rights attached to any Shares.

(b) During the Relevant Period, none of the Directors had dealt for value in Shares or any convertible securities, warrants, options or derivatives in respect of any Shares.

(c) As at the Latest Practicable Date:

- (i) save as the 252,999,832 Shares held by MTL, none of the subsidiaries of the Company, any pension fund of the Group or any adviser to the Company as specified in class (2) of the definition of “associate” under the Takeovers Code (but excluding exempt principal traders), owned or controlled any Shares or any convertible securities, warrants, options or derivatives in respect of the Shares. During the period from the Announcement Date up to the Latest Practicable Date, no such person had dealt for value in any Shares or any convertible securities, warrants, options or derivatives in respect of the Shares;
- (ii) there were no arrangements of the kind referred to in Note 8 to Rule 22 of the Takeovers Code between the Company or any person who is an associate of the Company by virtue of classes (1), (2), (3) or (4) of the definition of “associate” under the Takeovers Code, and any other person. During the period from the Announcement Date up to the Latest Practicable Date, no person who had such an arrangement had dealt for value in any Shares or any convertible securities, warrants, options or derivatives in respect of the Shares;
- (iii) no fund managers (other than exempt fund managers) connected with the Company who managed funds on a discretionary basis owned or controlled any Shares or any convertible securities, warrants, options or derivatives in respect of the Shares or had dealt for value during the period from the Announcement Date up to the Latest Practicable Date in the Shares or convertible securities, warrants, options or derivatives in respect of any Shares; and
- (iv) neither the Company nor any of the Directors had borrowed or lent any Shares or any convertible securities, warrants, options or derivatives in respect of the Shares, save for any borrowed Shares which had been either on-lent or sold.

4. DISCLOSURE OF INTERESTS IN THE OFFEROR’S SHARES AND THE JOINT OFFERORS’ SHARES

As at the Latest Practicable Date, the Company and any member of the Group had no interest in any Offeror’s shares, Joint Offerors’ shares or convertible securities, warrants, options or derivatives in respect of such shares. During the Relevant Period, the Company and any member of the Group had not dealt for value in any such securities.

As at the Latest Practicable Date, save as disclosed below, none of the Directors had any interests in any Offerors’ shares, Joint Offerors’ shares or convertible securities, warrants, options or derivatives in respect of such shares: the Offeror was indirectly owned as to approximately 7.55% by WMVL, which was held as to approximately 82.65% by SSL (wholly-owned by a family trust founded by Mr. YU Wu, of which he is the sole beneficiary) and approximately 17.35% by SBL (wholly-owned by a family trust founded by Mr. SHENG Fang, of which he is the sole beneficiary). During the Relevant Period, the Directors had not dealt for value in any Offerors’ shares, Joint Offerors’ shares or convertible securities, warrants, options or derivatives in respect of such securities.

5. LITIGATION

As at the Latest Practicable Date, there was no material litigation or claim of material importance known to the Directors to be pending or threatened against any member of the Group.

6. MATERIAL CONTRACTS

Neither the Company nor any of its subsidiaries has entered into any material contracts (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Company or any of its subsidiaries) after the date of two years before the Announcement Date up to and including the Latest Practicable Date.

7. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into a service contract with any member of the Group or the associated companies of the Company which:

- (a) was entered into or amended (including both continuous and fixed term contracts) within six months prior to the Announcement Date;
- (b) is a continuous contract with a notice period of 12 months or more; or
- (c) is a fixed term contract with more than 12 months to run irrespective of the notice period.

8. EXPERTS AND CONSENT

The following are the names and qualifications of the experts who had been engaged by the Company and have given their opinion or advice, which is contained in this Scheme Document:

Name	Qualification
Anglo Chinese Corporate Finance, Limited	a corporation licensed to conduct 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 SFO
Jones Lang LaSalle Corporate Appraisal and Advisory Limited	independent property valuer

Each of the experts mentioned above has given and has not withdrawn its written consent to the issue of this Scheme Document with the inclusion of the text of its letter and references to its name in the form and context in which it appears.

9. ARRANGEMENTS AFFECTING THE DIRECTORS

As at the Latest Practicable Date:

- (a) other than the Cancellation Consideration and the WMVL Cancellation Consideration to be paid under the Scheme and the Proposal, no arrangement was in place for any benefit (other than statutory compensation) to be given to any Directors as compensation for loss of office or otherwise in connection with the Scheme and the Proposal;
- (b) save for the Consortium Agreement and the Irrevocable Undertakings, there was no agreement, arrangement or understanding (including any compensation arrangement) between any Directors (other than Mr. YU Wu and Mr. SHENG Fang in their capacities as Joint Offerors) and any other person which was conditional on or dependent upon the outcome of the Scheme and the Proposal or is otherwise connected with the Scheme and the Proposal; and
- (c) save for the Consortium Agreement, the Rollover Agreement and the Irrevocable Undertakings, there was no material contract entered into by the Offeror or the Joint Offerors in which any Director has a material personal interest.

10. MISCELLANEOUS

- (a) The Directors are:

Executive directors

Mr. SHENG Baijiao
Mr. TANG King Loy
Mr. SHENG Fang
Mr. YU Wu

Non-executive directors

Mr. TANG Yiu
Mr. TANG Wai Lam
Ms. HU Xiaoling

Independent non-executive directors

Mr. HO Kwok Wah, George
Mr. CHAN Yu Ling, Abraham
Dr. XUE Qiuzhi
Mr. GAO Yu

- (b) The Company Secretary of the Company is Mr. LEUNG Kam Kwan.
- (c) The registered office of the Company is P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205, Cayman Islands.

- (d) The principal place of business of the Company in Hong Kong is at 9/F, Belle Tower, 918 Cheung Sha Wan Road, Cheung Sha Wan, Kowloon, Hong Kong.
- (e) The principal share registrar of the Company is SMP Partners (Cayman) Limited at Royal Bank House — 3rd Floor, 24 Shedden Road, P.O. Box 1586, Grand Cayman, KY1-1110, Cayman Islands.
- (f) The Hong Kong branch share registrar of the Company is Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (g) The principal business address of Anglo Chinese Corporate Finance, Limited is 40th Floor, Two Exchange Square, 8 Connaught Place, Central, Hong Kong.

1. RESPONSIBILITY STATEMENT

This Scheme Document includes particulars given in compliance with the Takeovers Code for the purpose of giving information with regard to the Scheme, the Proposal, the Offeror, the Joint Offerors and the Group.

The sole director of the Offeror accepts full responsibility for the accuracy of the information contained in this Scheme Document (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 Scheme Document (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 Scheme Document, the omission of which would make any statement in this Scheme Document misleading.

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

The sole director of each of Hillhouse HHBH, Hillhouse HHBG and HHCDR GP accepts full responsibility for the accuracy of the information contained in this Scheme Document (other than that relating to the Group, the Executive Management Group and CDH Fund V Group) and confirms, having made all reasonable inquiries, that to the best of his knowledge, opinions expressed in this Scheme Document (other than those expressed by the Group, the Executive Management Group and CDH Fund V Group), have been arrived at after due and careful consideration and there are no facts not contained in this Scheme Document, the omission of which would make any statement in this Scheme Document misleading.

The directors of SCBL and CDH V Holdings Company Limited jointly and severally accept full responsibility for the accuracy of the information contained in this Scheme Document (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 Scheme Document (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 Scheme Document, the omission of which would make any statement in this Scheme Document misleading.

2. MARKET PRICES

The table below shows the closing prices of the Shares quoted on the Stock Exchange on (i) the last Business Day on which trading took place in each of the calendar months during the Relevant Period; (ii) the Last Trading Day; and (iii) the Latest Practicable Date.

Date	Closing price per Share (HK\$)
2016	
31 October 2016	4.70
30 November 2016	4.45
30 December 2016	4.36
2017	
27 January 2017	4.76
28 February 2017	5.35
31 March 2017	5.05
13 April 2017 (Last Trading Day)	5.27
27 April 2017 (Last Business Day prior to the issue of the Announcement)	Suspended
31 May 2017	6.08
21 June 2017 (Latest Practicable Date)	6.07

During the Relevant Period, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$6.12 per Share on 25 May 2017 and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$4.23 per Share on 29 December 2016.

The Cancellation Consideration Price of HK\$6.30 in cash for every Scheme Share represents a premium of approximately 3.79% over the closing price of HK\$6.07 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

3. DISCLOSURE OF INTERESTS

The Offeror is wholly-owned by Holdco, which in turn is wholly-owned by Topco. Topco is owned by the Joint Offerors, which comprise the Executive Management Group and the Equity Investors Group. As at the Latest Practicable Date, the Executive Management Group held in aggregate 224,600,000 Shares (of which 185,625,000 Shares were held by SSL (which is wholly-owned by a family trust founded by Mr. YU Wu, of which he is the sole beneficiary) and 38,975,000 Shares were held by SBL (which is wholly-owned by a family trust founded by Mr. SHENG Fang, of which he is the sole beneficiary), representing approximately 2.66% of the total issued share capital of the Company.

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. As at the Latest Practicable Date, members of the BofAML group (except those which are exempt principal traders or exempt fund managers, in each case recognized by the Executive as such for the purposes of the Takeovers Code) which are presumed to be acting in concert with the Offeror in relation to the Company held 16,130 Shares and 3,628 depositary receipts (representing 36,280 Shares with each depositary receipt representing 10 Shares), together representing approximately 0.0006% of the issued share capital of the Company, which were held on behalf of BofAML group’s discretionary investment clients and were non-proprietary interests of the BofAML group. Such Shares will form part of the Scheme Shares but will not be voted at the Court Meeting.

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 during the Relevant Period, save (i) as disclosed below in relation to the dealings in ordinary shares during the Relevant Period conducted by the BofAML group and (ii) for the following transactions conducted by Southern Oak Manifold Master Fund, an entity under the common control of CDH Fund V 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

The following are the dealings in the Shares during the Relevant Period conducted by the BofAML group (other than exempt principal traders and exempt fund managers activities), but excluding dealings on an agency or non-discretionary basis:

Name	Trade Date	Purchase/ Sale	Type of Securities	Number of Securities	Price
Bank of America, N.A.	7 March 2017	Purchase	Shares	8,772	US\$0.685205
Managed Account Advisor, LLC	2 November 2016	Purchase	Depository receipts	1	US\$5.944
Managed Account Advisor, LLC	3 November 2016	Sale	Depository receipts	28	US\$5.726
Managed Account Advisor, LLC	22 November 2016	Sale	Depository receipts	10	US\$5.656
Managed Account Advisor, LLC	14 December 2016	Purchase	Depository receipts	2	US\$5.666
Managed Account Advisor, LLC	19 December 2016	Sale	Depository receipts	8	US\$5.502
Managed Account Advisor, LLC	19 December 2016	Sale	Depository receipts	1	US\$5.502

APPENDIX IV**GENERAL INFORMATION ON THE OFFEROR**

Name	Trade Date	Purchase/ Sale	Type of Securities	Number of Securities	Price
Managed Account Advisor, LLC	21 December 2016	Sale	Depository receipts	38	US\$5.54
Managed Account Advisor, LLC	27 December 2016	Sale	Depository receipts	95	US\$5.39
Managed Account Advisor, LLC	19 January 2017	Sale	Depository receipts	12	US\$6.158
Managed Account Advisor, LLC	25 January 2017	Purchase	Depository receipts	101	US\$6.01
Managed Account Advisor, LLC	25 January 2017	Purchase	Depository receipts	149	US\$6.01
Managed Account Advisor, LLC	27 January 2017	Sale	Depository receipts	13	US\$6.11
Managed Account Advisor, LLC	27 January 2017	Sale	Depository receipts	12	US\$6.14
Managed Account Advisor, LLC	27 January 2017	Sale	Depository receipts	12	US\$6.14
Managed Account Advisor, LLC	27 January 2017	Purchase	Depository receipts	131	US\$6.14
Managed Account Advisor, LLC	31 January 2017	Sale	Depository receipts	12	US\$5.984
Managed Account Advisor, LLC	1 February 2017	Purchase	Depository receipts	432	US\$6.178
Managed Account Advisor, LLC	10 February 2017	Purchase	Depository receipts	100	US\$6.7
Managed Account Advisor, LLC	21 February 2017	Sale	Depository receipts	30	US\$7.094
Managed Account Advisor, LLC	8 March 2017	Sale	Depository receipts	33	US\$6.718
Managed Account Advisor, LLC	8 March 2017	Purchase	Depository receipts	337	US\$6.788
Managed Account Advisor, LLC	11 April 2017	Sale	Depository receipts	112	US\$6.432
Managed Account Advisor, LLC	19 April 2017	Purchase	Depository receipts	858	US\$8

Note: Each depositary receipt referred to above represents 10 Shares.

4. ADDITIONAL DISCLOSURE OF INTEREST AND DEALINGS IN SECURITIES

As at the Latest Practicable Date:

- (a) save as disclosed under the section headed “3. *Disclosure of Interests*” in this Appendix above and the Irrevocable Undertakings, none of the Offeror, the Joint Offerors, the directors of the Offeror or any of the Joint Offerors and/or any of the Offeror Concert Parties owned or had control or direction over any voting rights or rights over the Shares, options, or convertible securities, warrants of the Company or any derivatives in respect of such securities;
- (b) save as disclosed under the section headed “3. *Disclosure of Interests*” in this Appendix above, there is no outstanding derivative in respect of the securities in the Company entered into by the Offeror, the Joint Offerors or any of the Offeror Concert Parties;
- (c) the Acquisition Financing is secured by, among others, equitable mortgages and charges over all of the Shares in the Company owned by the Offeror after the Scheme becomes effective and from time to time in accordance with the terms of the loan documentation entered into between the Offeror and Bank of America, N.A.. Save for such arrangement, there was no agreement, arrangement for or understanding that any Shares acquired by the Offeror in pursuance of the Scheme and the Proposal would be transferred, charged or pledged to any other persons;
- (d) save as disclosed below in connection with the Irrevocable Undertakings, none of the persons who, prior to the posting of this Scheme Document, has irrevocably committed himself/herself/itself to vote in favour of or against the Scheme at the Court Meeting, to vote in favour of or against the resolutions to be proposed at the Extraordinary General Meeting 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), owned or had control or direction over any voting rights or rights over the Shares, options, or convertible securities, warrants of the Company or any derivatives in respect of such securities;

Name of Shareholders	Number of Shares held as at the Latest Practicable Date
SSL ^(Note 1)	185,625,000
SBL ^(Note 2)	38,975,000
MCIL ^(Note 3)	1,751,125,000
SCGL ^(Note 4)	75,000,000
BRVL ^(Note 5)	345,237,000

Notes:

- (1) SSL is wholly-owned by a family trust founded by Mr. YU Wu, of which he is the sole beneficiary.
 - (2) SBL is wholly-owned by a family trust founded by Mr. SHENG Fang, of which he is the sole beneficiary.
 - (3) MCIL is owned as to 54.33% by Mr. TANG Yiu and 45.67% by Mr. TANG Wai Lam. MCIL had not dealt for value in any Shares, convertible securities, warrants or options of the Company or any derivatives in respect of such securities during the Relevant Period.
 - (4) SCGL is wholly-owned by Mr. SHENG Baijiao. SCGL had not dealt for value in any Shares, convertible securities, warrants or options of the Company or any derivatives in respect of such securities during the Relevant Period.
 - (5) BRVL is wholly-owned by a family trust founded by Mr. SHENG Baijiao, of which he is the sole beneficiary. BRVL had not dealt for value in any Shares, convertible securities, warrants or options of the Company or any derivatives in respect of such securities during the Relevant Period.
- (e) none of the Offeror, the Joint Offerors, the directors of the Offeror or the Joint Offerors, or the Offeror Concert Parties had any arrangement (whether by way of option, indemnity, or otherwise) of the kind which may be an inducement to deal or refrain from dealing in relation to shares of the Offeror or the Shares referred to in Note 8 to Rule 22 of the Takeovers Code with any other person;
- (f) neither the Offeror, the Joint Offerors nor any of the Offeror Concert Parties (other than those members of BofAML group that are conducting exempt principal traders activities) had borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company, save for any borrowed Shares which have been either on-lent or sold;
- (g) other than the Cancellation Consideration and the WMVL Cancellation Consideration to be paid under the Scheme and the Proposal, no benefit (other than statutory compensation) was or would be given to any Directors as compensation for loss of office or otherwise in connection with the Scheme and the Proposal;
- (h) save for the Irrevocable Undertakings, the Consortium Agreement and the Rollover Agreement, there was no agreement, arrangement or understanding (including any compensation arrangement) between the Offeror, the Joint Offerors or any of the Offeror Concert Parties and any Directors, recent Directors, Shareholders or recent Shareholders which had any connection with or dependence upon the Scheme and the Proposal;
- (i) there was no agreement or arrangement to which any of the Offeror, the Joint Offerors and/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 Scheme and the Proposal; and

- (j) save for the Proposal, the Scheme, the Consortium Agreement, 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.

5. MISCELLANEOUS

As at the Latest Practicable Date:

- (a) The principal members of the Offeror Concert Parties were Holdco, Topco, WMVL, HHBH Investment, L.P., HHBG Investment, L.P., HHC DR GP, Alpha Mavericks Limited (which wholly-owns SCBL), CDH Fund V and CDH V Holdings Company Limited.
- (b) The sole director of the Offeror is Mr. O'CONNELL Colm John. The registered office of the Offeror is 89 Nexus Way, Camana Bay, PO Box 31106, George Town, Grand Cayman, KY1-1205 Cayman Islands. The correspondence address in Hong Kong of the Offeror is Suite 1608, One Exchange Square, 8 Connaught Place, Central, Hong Kong.
- (c) The sole director of Holdco is Mr. O'CONNELL Colm John. The registered office of Holdco is 89 Nexus Way, Camana Bay, PO Box 31106, George Town, Grand Cayman, KY1-1205 Cayman Islands. The correspondence address in Hong Kong of Holdco is Suite 1608, One Exchange Square, 8 Connaught Place, Central, Hong Kong.
- (d) The sole director of Topco is Mr. O'CONNELL Colm John. The registered office of Topco is 89 Nexus Way, Camana Bay, PO Box 31106, George Town, Grand Cayman, KY1-1205 Cayman Islands. The correspondence address in Hong Kong of Topco is Suite 1608, One Exchange Square, 8 Connaught Place, Central, Hong Kong.
- (e) The sole director of WMVL is Mr. YU Wu. The registered office of WMVL is Kingston Chambers, PO Box 173, Road Town, Tortola, British Virgin Islands. The correspondence address in Hong Kong of WMVL is 9/F, Belle Tower, 918 Cheung Sha Wan Road, Cheung Sha Wan, Kowloon, Hong Kong.
- (f) The sole director of Hillhouse HHBH is Mr. O'CONNELL Colm John. The registered office of Hillhouse HHBH is 89 Nexus Way, Camana Bay, PO Box 31106, George Town, Grand Cayman, KY1-1205 Cayman Islands. The correspondence address in Hong Kong of Hillhouse HHBH is Suite 1608, One Exchange Square, 8 Connaught Place, Central, Hong Kong.
- (g) The sole director of Hillhouse HHBG is Mr. O'CONNELL Colm John. The registered office of Hillhouse HHBG is 89 Nexus Way, Camana Bay, PO Box 31106, George Town, Grand Cayman, KY1-1205 Cayman Islands. The correspondence address in Hong Kong of Hillhouse HHBG is Suite 1608, One Exchange Square, 8 Connaught Place, Central, Hong Kong.

- (h) The registered office of HHBH Investment, L.P. is 89 Nexus Way, Camana Bay, PO Box 31106, George Town, Grand Cayman, KY1-1205 Cayman Islands. The correspondence address in Hong Kong of HHBH Investment, L.P. is Suite 1608, One Exchange Square, 8 Connaught Place, Central, Hong Kong
- (i) The registered office of HHBG Investment, L.P. is 89 Nexus Way, Camana Bay, PO Box 31106, George Town, Grand Cayman, KY1-1205 Cayman Islands. The correspondence address in Hong Kong of HHBG Investment, L.P. is Suite 1608, One Exchange Square, 8 Connaught Place, Central, Hong Kong.
- (j) The sole director of HHCDR GP is Mr. O'CONNELL Colm John. The registered office of HHCDR GP is 89 Nexus Way, Camana Bay, PO Box 31106, George Town, Grand Cayman, KY1-1205 Cayman Islands. The correspondence address in Hong Kong of HHCDR GP is Suite 1608, One Exchange Square, 8 Connaught Place, Central, Hong Kong.
- (k) The directors of SCBL comprise Ms. HU Xiaoling and Mr. HSU William Shang Wi. The registered office of SCBL is Kingston Chambers, PO Box 173, Road Town, Tortola, British Virgin Islands. The correspondence address in Hong Kong of SCBL is 1503 International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong.
- (l) The directors of Alpha Mavericks Limited comprise Ms. HU Xiaoling and Mr. HSU William Shang Wi. The registered office of Alpha Mavericks Limited is Kingston Chambers, PO Box 173, Road Town, Tortola, British Virgin Islands. The correspondence address in Hong Kong of Alpha Mavericks Limited is 1503 International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong.
- (m) The registered office of CDH Fund V is PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The correspondence address in Hong Kong of CDH Fund V is 1503 International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong.
- (n) The directors of CDH V Holdings Company Limited comprise Mr. WU Shangzhi, Mr. CHENG Wing-Yiu Laurence and Mr. TANG Weng Yew John. The registered office of CDH V Holdings Company Limited is P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The correspondence address in Hong Kong of CDH V Holdings Company Limited is 1503 International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong.
- (o) The principal place of business of BofAML is situated at 55/F, Cheung Kong Center, 2 Queen's Road Central, Central, Hong Kong.
- (p) The English text of this Scheme Document shall prevail over its Chinese texts in the case of inconsistency.

6. EXPERT AND CONSENT

The following are the name and qualification of the expert who had been engaged by the Offeror and has given its opinion or advice, which is contained in this Scheme Document:

Name	Qualifications
Merrill Lynch (Asia Pacific) Limited	a corporation licensed to carry on type 1 (dealing in securities), type 4 (advising on securities), type 5 (advising on future contracts) and type 6 (advising on corporate finance) regulated activities with the SFO

The expert mentioned above has given and has not withdrawn its written consent to the issue of this Scheme Document with the inclusion of its letter and references to its name in the form and context in which it appears.

Copies of the following documents will be available for inspection at the office of the Company at 9/F, Belle Tower, 918 Cheung Sha Wan Road, Cheung Sha Wan, Hong Kong from 9:30 a.m. to 5:30 p.m., Monday to Friday and on the website of the Company at <http://www.belleintl.com>, the website of the Offeror at http://www.aplushk.com/Muse_Holdings-B_Inc and the website of the SFC at <http://www.sfc.hk> from the date of this Scheme Document until the Effective Date or the date on which the Scheme lapses or is withdrawn, whichever is earlier:

- (a) the memorandum and articles of association of the Company;
- (b) the memorandum and articles of association of the Offeror;
- (c) the annual reports of the Company for the years ended 28 February 2015, 29 February 2016 and 28 February 2017;
- (d) the letter from the Board, the text of which is set out in Part IV of this Scheme Document;
- (e) the letter from the Independent Board Committee, the text of which is set out in Part V of this Scheme Document;
- (f) the letter from the Independent Financial Adviser, the text of which is set out in Part VI of this Scheme Document;
- (g) the property valuation report from Jones Lang LaSalle Corporate Appraisal and Advisory Limited, the text of which is set out in Appendix II to this Scheme Documents;
- (h) written consents referred to in the section headed “8. Experts and Consent” in Appendix III — General Information on the Company to this Scheme Document;
- (i) written consents referred to in the section headed “6. Expert and Consent” in Appendix IV — General Information on the Offeror to this Scheme Document;
- (j) the Irrevocable Undertakings;
- (k) the Consortium Agreement; and
- (l) the Rollover Agreement.

**IN THE GRAND COURT OF THE CAYMAN ISLANDS
CAUSE NO: FSD 93 OF 2017 (RMJ)**

**IN THE MATTER OF
BELLE INTERNATIONAL HOLDINGS LIMITED (百麗國際控股有限公司)
AND IN THE MATTER OF
SECTION 86 OF THE COMPANIES LAW (2016 REVISION)**

**SCHEME OF ARRANGEMENT
between
BELLE INTERNATIONAL HOLDINGS LIMITED 百麗國際控股有限公司
and
THE SCHEME SHAREHOLDERS
(as hereinafter defined)**

PRELIMINARY

(A) In this Scheme, unless inconsistent with the subject or context, the following expressions shall have the meanings respectively set out opposite them:

“BofAML”	Merrill Lynch (Asia Pacific) Limited, a corporation licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 5 (advising on future contracts) 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
“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 by the Offeror to the Scheme Shareholders (other than the WMVL Shareholders) pursuant to the Scheme, being the Cancellation Consideration Price for every Scheme Share cancelled pursuant to the Scheme
“Cancellation Consideration Price”	HK\$6.30 for every Scheme Share cancelled pursuant to the Scheme
“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)
“Companies Law”	the Companies Law (2016 Revision) of the Cayman Islands

“Condition(s)”	the conditions to the implementation of the Proposal and the Scheme as described in the section headed “3. <i>Conditions to the Scheme</i> ” in Part VII — Explanatory Memorandum of this Scheme Document
“Disinterested Shareholders”	Shareholders, other than the Offeror, the Joint Offerors, the Offeror Concert Parties, the WMVL Shareholders and the Participating Management Shareholders. For the avoidance of doubt, Disinterested Shareholders include any member of BofAML group in respect of the Scheme Shares held on behalf of its non-discretionary investment clients where such client (i) controls the voting rights attaching to those Scheme Shares; (ii) if the Scheme Shares are voted, gives instructions as to how those Scheme Shares are to be voted; and (iii) is not the Offeror or part of the Joint Offerors, the Offeror Concert Parties, the WMVL Shareholders or the Participating Management Shareholders
“Equity Investors Group”	Hillhouse HHBH Holdings Limited, Hillhouse HHBG Holdings Limited and Superise Colorful Brands Limited
“Effective Date”	the date on which the Scheme, if approved and sanctioned by the Grand Court, becomes effective in accordance with its terms and the Companies Law, being the date on which a copy of the court order of the Grand Court sanctioning the Scheme and confirming the reduction of issued share capital resulting from the cancellation of the Scheme Shares is delivered to the Registrar of Companies in the Cayman Islands for registration pursuant to Section 86(3) of the Companies Law, and which is expected to be Tuesday, 25 July 2017 (Cayman Islands time)
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“Executive Management Group”	Mr. YU Wu, an Executive Director and the President of sportswear business division of the Group, Mr. SHENG Fang, an Executive Director and the President of new business division of the Group, SSL and SBL
“Grand Court”	the Grand Court of the Cayman Islands
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China

“Joint Offerors”	the Executive Management Group and the Equity Investors Group
“Latest Practicable Date”	21 June 2017, being the latest practicable date prior to the printing of this Scheme Document for ascertaining certain information contained herein
“Long Stop Date”	16 October 2017
“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
“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
“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, More Top Limited, a private trust company incorporated under the laws of Hong Kong and an indirect wholly-owned subsidiary of the Company, and Honour Man (PTC) Limited, a private trust company incorporated under the laws of the British Virgin Islands
“Proposal”	the proposal for the privatisation of the Company by the Offeror by way of the Scheme and the restoration of the share capital of the Company to the amount immediately before the cancellation of the Scheme Shares, and the withdrawal of the listing of the Shares from the Stock Exchange, on the terms and subject to the conditions set out in this Scheme Document

“Record Date”	Tuesday, 25 July 2017, or such other date as shall have been announced by the Company, being the record date for the purpose of determining the entitlements of Scheme Shareholders to the Cancellation Consideration and the WMVL Cancellation Consideration as applicable under the Scheme
“Register”	the register of members of the Company
“Rollover Agreement”	the rollover agreement dated 28 April 2017 entered into among the Offeror, Mr. YU Wu, Mr. SHENG Fang, the Equity Investors Group, WMVL, MTL, HM(PTC)L, each of the Other Management Members Investment Vehicles, Mr. SONG Xiaowu and Mr. XU Xianda
“Scheme”	a scheme of arrangement under Section 86 of the Companies Law (subject to any modifications or additions or conditions as may be approved or imposed by the Grand Court and agreed to by the Offeror), involving the cancellation of all the Scheme Shares and the restoration of the share capital of the Company to the amount immediately before the cancellation of the Scheme Shares
“Scheme Document”	this composite document, including each of the letters, statements, appendices and notices in it, as may be amended or supplemented from time to time
“Scheme Shareholders”	holders of Scheme Shares as at the Record Date
“Scheme Share(s)”	all Shares in issue as at the Record Date other than those held by the Participating Management Shareholders
“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 Fang, of which he is the sole beneficiary
“SFC”	the Securities and Futures Commission of Hong Kong
“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 Wu, of which he is the sole beneficiary
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Takeovers Code”	Hong Kong Code on Takeovers and Mergers (as revised from time to time)
“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 will be owned 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 Scheme 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
“WMVL Shares”	an aggregate of 224,600,000 unpaid shares in WMVL issued to the WMVL Shareholders as at the Latest Practicable Date and to be credited as fully paid in the amount of the Cancellation Consideration Price per WMVL Share upon the Scheme becoming effective

- (B) The Company was incorporated in the Cayman Islands on 19 May 2004 under the provisions of the Companies Law as an exempted company with limited liability.
- (C) As at the Latest Practicable Date, the authorised share capital of the Company was HK\$300,000,000 divided into 30,000,000,000 ordinary shares of a single class with a par value of HK\$0.01 each. As at the Latest Practicable Date, the issued share capital of the Company was HK\$84,342,330 divided into 8,434,233,000 Shares, with the remainder being unissued. Since 23 May 2007, the issued shares of the Company have been listed and traded on the Main Board of the Stock Exchange.
- (D) The Offeror has proposed the privatisation of the Company by way of the Scheme.
- (E) The primary purpose of the Scheme is to privatise the Company by cancelling and extinguishing all of the Scheme Shares in consideration of the Cancellation Consideration for the Scheme Shareholders (other than the WMVL Shareholders) and the WMVL Cancellation Consideration for the WMVL Shareholders so that thereafter the Offeror will own the Company, together with the Participating Management Shareholders, who pursuant to the Rollover Agreement will

transfer their Shares to the Offeror once the Scheme is effective. Simultaneously with the cancellation of the Scheme Shares, the issued share capital of the Company will be restored to its former amount by the issue to the Offeror at par credited as fully paid such number of New Shares as is equal to the number of Scheme Shares cancelled and extinguished.

- (F) As at the Latest Practicable Date, 224,600,000 Shares were legally owned or controlled by the Joint Offerors and registered as follows:

Name	Registered holder of Shares	Number of Shares
SSL	SSL as to 150,000,000 and HK Nominees as to 35,625,000	185,625,000
SBL	SBL	38,975,000

- (G) Each of the Offeror Concert Parties which, being presumed to be acting in concert with any of the Offeror and the Joint Offerors under the Takeovers Code, will procure that any Shares in respect of which they are beneficially interested will not be represented or voted at the meeting convened at the direction of the Grand Court for the purpose of considering and, if thought fit, approving the Scheme. As at the Latest Practicable Date, except as disclosed below, the Offeror Concert Parties are not beneficially interested in any Shares: 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. Please refer to the sections headed “11. Shareholding Structure and 26. Scheme Shares — (c) Offeror Concert Parties” in Part VII — Explanatory Memorandum of this Scheme Document for details on the shareholdings and voting rights of the BofAML group in the Company.
- (H) The Offeror has undertaken to the Grand Court to be bound by the Scheme, and will execute and do and procure to be executed and done all such documents, acts and things as may be necessary or desirable to be executed or done by it for the purpose of giving effect to this Scheme.
- (I) WMVL has undertaken to the Grand Court to be bound by the Scheme, and will execute and do and procure to be executed and done all such documents, acts and things as may be necessary or desirable to be executed or done by it for the purpose of giving effect to this Scheme.
- (J) Each of the WMVL Shareholders, *in lieu* of a meeting of themselves to approve the Scheme, has undertaken 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.

THE SCHEME
PART I
CANCELLATION OF THE SCHEME SHARES

1. On the Effective Date:
 - (a) the issued share capital of the Company shall be reduced by cancelling and extinguishing the Scheme Shares and the Scheme Shareholders shall cease to have any rights with respect to the Scheme Shares except the right to receive the Cancellation Consideration for those Scheme Shareholders who are not WMVL Shareholders or the WMVL Cancellation Consideration for those Scheme Shareholders who are WMVL Shareholders;
 - (b) subject to and forthwith upon such reduction of capital taking effect, the issued share capital of the Company will be increased to its former amount by issuing to the Offeror the same number of New Shares as is equal to the number of Scheme Shares cancelled and extinguished; and
 - (c) the Company shall apply the credit arising in its books of account as a result of the capital reduction referred to in paragraph 1(a) above in paying up in full at par such number of New Shares as is equal to the number of Scheme Shares cancelled, which shall be allotted and issued to the Offeror, credited as fully paid as mentioned in paragraph (b) above.

PART II
Consideration for the cancellation and extinguishment of the Scheme Shares

2. In consideration of the cancellation and extinguishment of the Scheme Shares, the Offeror shall pay or cause to be paid to each Scheme Shareholder (other than the WMVL Shareholders) the Cancellation Consideration Price and the Offeror shall procure that each WMVL Shareholder receives the WMVL Cancellation Consideration.

PART III
General

3.
 - (a) As soon as possible and not later than seven (7) Business Days after the Effective Date, the Offeror shall send or cause to be sent to the Scheme Shareholders (other than the WMVL Shareholders) cheques in respect of the Cancellation Consideration Price payable to such Scheme Shareholders pursuant to Clause 2 of this Scheme.
 - (b) As soon as possible and not later than seven (7) Business Days after the Effective Date, the Offeror shall procure that WMVL Cancellation Consideration is credited to the WMVL Shareholders' unpaid WMVL Shares such that the WMVL Shares are fully paid in the amount of the Cancellation Consideration Price per WMVL Share pursuant to Clause 2 of this Scheme.

- (c) Unless otherwise indicated in writing to the branch share registrar of the Company in Hong Kong, being Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, all such cheques payable to the Scheme Shareholders (other than the WMVL Shareholders) shall be sent by ordinary post in pre-paid envelopes addressed to such Scheme Shareholders at their respective addresses as appearing on the Register at the Record Date or, in the case of joint holders, at the address as appearing on the Register at the Record Date of the joint holder whose name then stands first in the Register in respect of the relevant joint holding.
- (d) Cheques shall be posted at the risk of the addressee and none of the Offeror, the Joint Offerors, the Company, BofAML or Computershare Hong Kong Investor Services Limited, the branch share registrar of the Company in Hong Kong, shall be responsible for any loss or delay in the despatch of the same.
- (e) Each cheque shall be payable to the order of the person to whom, in accordance with the provisions of paragraph (c) of this Clause 3, the envelope containing the same is addressed and the encashment of any such cheque shall be a good discharge to the Offeror for the monies represented thereby.
- (f) On or after the day being six calendar months after the posting of the cheques pursuant to paragraphs (c) of this Clause 3, the Offeror shall have the right to cancel or countermand any cheque which has not been encashed or that has been returned uncashed and shall place all monies represented thereby in a deposit or custodian account in the Offeror's name with a licensed bank in Hong Kong selected by the Offeror. The Offeror shall hold such monies on trust for those entitled to it under the terms of this Scheme until the expiration of six years from the Effective Date and shall, prior to such date, make payments thereof of the sums payable pursuant to Clause 2 of this Scheme to persons who satisfy the Offeror that they are respectively entitled thereto and the cheques referred to in paragraphs (c) of this Clause 3 of which they are payees have not been cashed. Any payments made by the Offeror shall not include any interest accrued on the sums to which the respective persons are entitled pursuant to this Scheme. The Offeror shall exercise its absolute discretion in determining whether or not it is satisfied that any person is so entitled and a certificate of the Offeror to the effect that any particular person is so entitled or not so entitled, as the case may be, shall be conclusive and binding upon all persons claiming an interest in the relevant monies.
- (g) On the expiration of six years from the Effective Date, the Offeror shall be released from any further obligation to make any payments under this Scheme and the Offeror shall be absolutely entitled to the balance (if any) of the sums then standing to the credit of the deposit or custodian account in its name, including accrued interest subject to any deduction required by law and expenses incurred.
- (h) Paragraph (g) of this Clause 3 shall take effect subject to any prohibition or condition imposed by law.

4. Each instrument of transfer and certificate existing at the Record Date in respect of a holding of any number of Scheme Shares shall on the Effective Date cease to be valid for any purpose as an instrument of transfer or a certificate for such Scheme Shares and every holder of such certificate shall be bound at the request of the Offeror to deliver up the same to the Offeror for the cancellation thereof.
5. All mandates or relevant instructions to the Company in force at the Record Date relating to any of the Scheme Shares shall cease to be valid as effective mandates or instructions on the Effective Date.
6. Subject to the Conditions having been satisfied in full or waived by the Offeror in the manner described in the section headed “3. *Conditions to the Scheme*” in Part VII — Explanatory Memorandum of this Scheme Document, this Scheme shall become effective as soon as a copy of the order of the Grand Court sanctioning this Scheme under Section 86 of the Companies Law has been registered by the Registrar of Companies in the Cayman Islands pursuant to section 86(3) of the Companies Law.
7. Unless this Scheme shall have become effective on or before the Long Stop Date (or such later date, if any, as the Company and the Offeror may agree, or to the extent applicable as the Grand Court, on application of the Company and/or the Offeror may direct, and in all cases, as permitted by the Executive) this Scheme shall lapse.
8. The Company and the Offeror may consent jointly for and on behalf of all concerned to any modification of or addition to this Scheme or to any condition which the Grand Court may think fit to approve or impose.
9. All costs, charges and expenses of the advisers and counsels appointed by, and other costs, charges and expenses of the Scheme of Arrangement incurred by, the Company will be borne by the Company and all costs, charges and expenses of the advisers and counsels appointed by, and other costs, charges and expenses of the Scheme of Arrangement incurred by, the Offeror will be borne by the Offeror and the Joint Offerors.

24 June 2017

IN THE GRAND COURT OF THE CAYMAN ISLANDS FINANCIAL SERVICES DIVISION

Cause No. FSD 93 of 2017 (RMJ)

IN THE MATTER of sections 15 and 86 of the Companies Law (2016 Revision)

AND IN THE MATTER OF ORDER 102 OF THE GRAND COURT RULES 1995

AND IN THE MATTER OF BELLE INTERNATIONAL HOLDINGS LIMITED 百麗國際控股有限公司

NOTICE OF COURT MEETING

NOTICE IS HEREBY GIVEN that, by an order dated 22 June 2017 (the “**Order**”) made in the above matter, the Grand Court of the Cayman Islands (the “**Court**”) has directed a meeting (the “**Court Meeting**”) to be convened of holders of ordinary shares of HK\$0.01 each in the capital of BELLE INTERNATIONAL HOLDINGS LIMITED (百麗國際控股有限公司) (the “**Company**”) other than the Participating Management Shareholders and the WMVL Shareholders as defined in the scheme document (the “**Holders**”), for the purpose of considering and, if thought fit, approving, with or without modifications, a scheme of arrangement (the “**Scheme**”) proposed to be made between the Company and the Scheme Shareholders (as defined in the Scheme) and that the Court Meeting will be held at Crystal Ballroom, Basement 3, Holiday Inn Golden Mile Hong Kong, 50 Nathan Road, Tsim Sha Tsui, Kowloon, Hong Kong on Monday, 17 July 2017 at 9:30 a.m. (Hong Kong time) at which place and time all such Holders are requested to attend. A copy of the Scheme and a copy of an explanatory statement explaining the effect of the Scheme are incorporated in the scheme document of which this Notice forms part.

A copy of the scheme document can also be obtained from the Hong Kong branch share registrar of the Company, Computershare Hong Kong Investor Services Limited.

Such Holders (other than those required to abstain from voting as detailed in the Scheme) may vote in person at the Court Meeting or they may appoint another person (who must be an individual), whether a member of the Company or not, to attend and vote in their stead. A **pink** form of proxy for use at the Court Meeting is enclosed with the scheme document dated 24 June 2017 despatched to members of the Company on 24 June 2017.

In the case of joint holders of a share, any one of such persons may vote at the Court Meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto. However, if more than one of such joint holders be present at the Court Meeting personally or by proxy, that one of the said persons so present being the most or, as the case may be, the more senior shall alone be entitled to vote in respect of the relevant joint holding. For this purpose, seniority shall be determined by reference to the order in which the names of the joint holders stand on the register of members of the Company in respect of such joint holding, the first named shareholder being the senior.

It is requested that **pink** form of proxy in respect of the Court Meeting be deposited at the Hong Kong branch share registrar of the Company in Hong Kong at Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 9:30 a.m. (Hong Kong time) on Saturday, 15 July 2017 or be handed to the Chairman of the Court Meeting at the Court Meeting (who shall have absolute discretion as to whether or not to accept it), and the **white** form of proxy in respect of the Extraordinary General Meeting shall be deposited no later than 10:00 a.m. (Hong Kong time) on Saturday, 15 July 2017. By the Order, the Court has appointed Mr. SHENG Baijiao, an executive director of the Company, or failing him, Mr. YU Wu, also an executive director of the Company, or failing him, Mr. SHENG Fang, also an executive director of the Company, or failing him, any one of the independent non-executive directors of the Company as at the date of the Order, to act as the chairman of the Court Meeting and has directed the chairman of the Court Meeting to report the results of the Court Meeting to the Court.

The Scheme will be subject to a subsequent application seeking the sanction of the Court.

By Order of the Court
BELLE INTERNATIONAL HOLDINGS LIMITED
(百麗國際控股有限公司)
Dated 24 June 2017

Registered Office

P.O. Box 31119
Grand Pavilion
Hibiscus Way
802 West Bay Road
Grand Cayman KY1-1205
Cayman Islands

Principal Place of Business in Hong Kong

9/F, Belle Tower
918 Cheung Sha Wan Road
Cheung Sha Wan
Hong Kong



BELLE INTERNATIONAL HOLDINGS LIMITED
百麗國際控股有限公司

(Incorporated in the Cayman Islands as an exempted company with limited liability)

(Stock Code: 1880)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of Belle International Holdings Limited (百麗國際控股有限公司) (the “**Company**”) will be held at Crystal Ballroom, Basement 3, Holiday Inn Golden Mile Hong Kong, 50 Nathan Road, Tsim Sha Tsui, Kowloon, Hong Kong on Monday, 17 July 2017 at 10:00 a.m. (Hong Kong time) (or immediately after the conclusion or adjournment of the Court Meeting convened at the direction of the Grand Court of the Cayman Islands for the same day and place), for the purpose of considering and, if thought fit, passing (with or without modifications) the following as a special resolution and ordinary resolutions, respectively:

SPECIAL RESOLUTION

1. **“THAT AS A SPECIAL RESOLUTION:**

- (A) pursuant to (and subject to approval of) the scheme of arrangement (the “**Scheme**”) as set out in the scheme document dated 24 June 2017 (the “**Scheme Document**”) between the Company and the holders of Scheme Shares (as defined in the Scheme Document) in the form of the print thereof, which has been produced to this meeting and for the purposes of identification signed by the chairman of this meeting, or in such other form and on such terms and conditions as may be approved or imposed by the Grand Court of the Cayman Islands, on the Effective Date (as defined in the Scheme Document), the issued share capital of the Company shall be reduced by cancelling and extinguishing the Scheme Shares; and
- (B) the directors of the Company be and are hereby authorised to do all such acts and things considered by them to be necessary or desirable in connection with the reduction of capital, which the Grand Court of the Cayman Islands may see fit to impose.”

ORDINARY RESOLUTION 1

2. **“THAT AS AN ORDINARY RESOLUTION:**

- (A) subject to and forthwith upon such reduction of capital taking effect, the issued share capital of the Company will be increased to its former amount by issuing to Muse Holdings-B Inc. the same number of shares as the number of Scheme Shares cancelled and extinguished;

APPENDIX VIII NOTICE OF EXTRAORDINARY GENERAL MEETING

- (B) the Company shall apply the credit arising in its books of account as a result of the capital reduction referred to in paragraph (A) above in paying up in full at par the new shares issued, credited as fully paid, to Muse Holdings-B Inc. and the directors of the Company be and are hereby authorised to allot and issue the same accordingly;
- (C) any one of the directors of the Company be and is hereby authorised to do all acts and things considered by him/her to be necessary or desirable in connection with the implementation of the Scheme, including (without limitation) the giving of consent to any modification of, or addition to, the Scheme, which the Grand Court of the Cayman Islands may see fit to impose;
- (D) any one of the directors of the Company be and is hereby authorised to apply to The Stock Exchange of Hong Kong Limited for the withdrawal of the listing of the shares of the Company”; and

ORDINARY RESOLUTION 2**3. “THAT AS AN ORDINARY RESOLUTION:**

- (A) the Management Participation (as defined in and the terms of which are set out under the sub-sections headed “5. Consortium Agreement”, “6. Rollover Agreement” and “7. Special Deal and Independent Shareholders’ Approval” in Part VII - Explanatory Memorandum of the Scheme Document), which constitutes a special deal under Rule 25 of the Takeovers Code, be and are hereby approved.”

By Order of the Board of
BELLE INTERNATIONAL HOLDINGS LIMITED
(百麗國際控股有限公司)
Dated 24 June 2017

Registered Office
P.O. Box 31119
Grand Pavilion
Hibiscus Way
802 West Bay Road
Grand Cayman KY1-1205
Cayman Islands

Principal Place of Business in Hong Kong
9/F, Belle Tower
918 Cheung Sha Wan Road
Cheung Sha Wan
Hong Kong

Notes:

- (a) The above mentioned ordinary resolution 2 shall be approved by the Independent Shareholders of the Company (as defined in the Scheme Document) as required by the Code on Takeovers and Mergers in Hong Kong.
- (b) Any member entitled to attend and vote at the Extraordinary General Meeting (or any adjournment thereof) is entitled to appoint one or more proxies (who must be individuals) to attend and, on a poll, vote instead of him. A proxy need not be a member of the Company.
- (c) In the case of joint registered holders of any share of the Company, any one of such joint holders may vote at the Extraordinary General Meeting, either personally or by proxy, in respect of such share(s) as if he were solely entitled thereto. But if more than one of such joint holders are present at the Extraordinary General Meeting personally or by proxy, the most senior shall alone be entitled to vote in respect of the relevant joint holding and, for this purpose, seniority will be determined by reference to the order in which the names of the joint holders stand on the register of members of the Company in respect of the relevant joint holding.
- (d) In order to be valid, the proxy form together with any power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority, must be completed and deposited with the Hong Kong branch share registrar of the Company in Hong Kong at Computershare Hong Kong Investor Services Limited of 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than 48 hours before the time appointed for holding the Extraordinary General Meeting or any adjournment thereof. Completion and return of the proxy form will not preclude any member from attending and voting in person at the Extraordinary General Meeting. In the event that a member of the Company attends the meeting after having lodged his form of proxy, the form of proxy will be deemed to have been revoked.
- (e) Shareholders whose names appear on the register of members of the Company on Monday, 17 July 2017 are entitled to attend and vote at the Extraordinary General Meeting. The register of members of the Company will be closed from Wednesday, 12 July 2017 to Monday, 17 July 2017, both days inclusive, and during such period no share transfer will be registered. In order to qualify to attend and vote at the meeting convened by the above notice, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Tuesday, 11 July 2017.
- (f) A form of proxy for use at the meeting is enclosed.
- (g) The special resolution and ordinary resolutions as set out above will be determined by way of a poll.
- (h) At the date of this notice, the Executive Directors of the Company are Mr. SHENG Baijiao, Mr. TANG King Loy, Mr. SHENG Fang and Mr. YU Wu, the Non-executive Directors are Mr. TANG Yiu, Mr. TANG Wai Lam and Ms. HU Xiaoling, and the Independent Non-executive Directors are Mr. HO Kwok Wah, George, Mr. CHAN Yu Ling, Abraham, Dr. XUE Qiuzhi and Mr. GAO Yu.