



Shandong Ruyi Technology Group Enters into Exclusivity Agreement with a View to Acquiring a Majority Stake in SMCP Group

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Founders and management to reinvest alongside Shandong Ruyi Technology Group

KKR to retain a minority stake

PARIS, LONDON & JINING, China--(BUSINESS WIRE)-- Shandong Ruyi Technology Group ("Shandong Ruyi Group") and KKR, a leading global investment firm, together with the founders and management team of SMCP Group ("SMCP") have today announced the signing of an exclusivity agreement for the acquisition of a controlling stake in SMCP by Shandong Ruyi Group. The parties contemplate that SMCP's founders and management would reinvest alongside Shandong Ruyi Group as minority shareholders, while KKR would retain a minority interest in the group. The transaction remains subject to works council consultation and customary regulatory approvals.

Shandong Ruyi Group would invest in SMCP with the ambition to drive further growth and support the company's global development, including in Asia where it benefits from unique experience and track-record. Shandong Ruyi Group intends to maintain the DNA and unique identity of the SMCP brands, with SMCP's design and creative teams continuing to operate from its headquarters in Paris. SMCP would retain its current strategy and organisational structure, while benefitting from the global retailing expertise of its new shareholder.

Yafu Qiu, Chairman of Shandong Ruyi Group, noted: "We have been highly impressed by the success of Sandro, Maje, and Claudie Pierlot and hold great respect for the founders and management of SMCP both for their passion and their achievement. This would be a significant step for Shandong Ruyi Group in our continued endeavour to become a leader in the fully-integrated textiles and fashion business both in China and globally. By taking on board the expertise of SMCP, a group well-rooted with strong Parisian heritage, we would combine their merits with our existing strength in Asia, in particular China, in order to take both companies forward. Not only are we very excited to be forming a promising partnership with leaders at SMCP and KKR, but we also look forward to supporting SMCP in achieving its long-term objective of becoming a global leader in accessible luxury."

Evelyne Chetrite, founder and Managing Director of SMCP, commented: "My sister, Judith Milgrom, and I are delighted to embark on the next phase in the journey of our company alongside Shandong Ruyi Group. Judith and I reaffirm our full commitment to the business and remain focused on our goal: continuing to build the highly desirable brands Sandro, Maje and Claudie Pierlot and further extending their reach. Shandong Ruyi Group, as business with strong values, shares this long-term vision and ambition, and is the right partner for us."

Daniel Lalonde, President and CEO of SMCP, added: "After having announced record results for 2015, with 33% net sales growth, we are very excited by the opportunity to partner with Shandong Ruyi Group, who can support us in our global ambition. With our talented teams, we will continue expanding in areas where our brands are present and have significant potential: Europe, North America, Middle East and particularly Asia, where we could leverage Shandong Ruyi Group's expertise. KKR's global presence and strong experience in the retail sector have helped us strengthen our international platform on which we will continue to build."

Nicolas Gheysens and Edouard Pillot, Directors at KKR Europe, said: "We have been very pleased with SMCP's development over the past years and look forward to our continued partnership with the SMCP teams and founders, alongside Shandong Ruyi Group."

J.P. Morgan acted as exclusive financial advisor to Shandong Ruyi Group and as sole underwriter of the associated debt transaction financing while Latham & Watkins acted as legal advisor to Shandong Ruyi Group.

Bank of America Merrill Lynch and UBS acted as financial advisors to SMCP and KKR and Bredin Prat as legal advisor to KKR.

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About Shandong Ruyi Technology Group

Founded in 1972, Shandong Ruyi Technology Group Co. Ltd is one of the largest textile manufacturers in China and ranks among the Top 100 Chinese multi-national enterprises. The group predominately engages in textile offerings and owns a fully-integrated value chain with operations spanning across raw materials cultivation, textiles processing, and design and sale of brands & apparel. Headquartered in Jining, Shandong, the hometown of Confucius and Mencius, Shandong Ruyi Group operates 13 domestic industrial parks and boasts some of the largest production lines and advanced technology in China. Shandong Ruyi Group also has a significant distribution and point of sales (POS) network that services a global customer base spread across 6 different continents. In Asia Pacific alone, the group operates over 3,000 POS. Shandong Ruyi Group has over 20 subsidiaries, with two listed subsidiaries in China and Japan respectively.

About SMCP

With three distinct contemporary Parisian fashion brands, Sandro, Maje and Claudie Pierlot, SMCP is a global leading company in the accessible luxury sector. SMCP operates 1 118 point of sales, of which 906 are directly operated and 212 are operated through partnerships. Its brands are present in 33 countries worldwide by the end of December 2015. Evelyne Chetrite and Judith Milgrom founded Sandro and Maje in Paris, in 1984 and 1998 respectively and continue to provide creative direction for the brands. Claudie Pierlot was also founded in 1984 by Madame Claudie Pierlot, and acquired by the Group in 2009. KKR acquired a majority stake of Group SMCP in June 2013.

About KKR

KKR is a leading global investment firm that manages investments across multiple asset classes including private equity, energy, infrastructure, real estate, credit and hedge funds. KKR aims to generate attractive investment returns by following a patient and disciplined investment approach, employing world-class people, and driving growth and value creation at the asset level. KKR invests its own capital alongside its partners' capital and brings opportunities to others through its capital markets business. References to KKR's investments may include the activities of its sponsored funds. For additional information about KKR & Co. L.P. (NYSE:KKR), please visit KKR's website at www.kkr.com and on Twitter @KKR_Co.

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