

**I.T LIMITED  
AND  
BROOKLYN INVESTMENT LIMITED**

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**IMPLEMENTATION AGREEMENT**

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**THIS AGREEMENT** is made on 5 December 2020

**BETWEEN:**

- (1) **I.T LIMITED**, an exempted company incorporated under the laws of Bermuda whose registered office is at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda (the "**Company**"); and
- (2) **BROOKLYN INVESTMENT LIMITED**, an exempted company incorporated under the laws of the Cayman Islands whose registered office is at 94 Solaris Avenue, Camana Bay, PO Box 1348, Grand Cayman KY1-1108, Cayman Islands (the "**Offeror**").

**WHEREAS:**

- (A) The Offeror intends to privatise the Company, whose Shares are listed on the Main Board of the Stock Exchange (Stock Code: 999), by way of a scheme of arrangement under section 99 of the Companies Act on the terms and subject to the conditions set out in the Announcement (the "**Transaction**").
- (B) This Agreement sets out the agreement between the Parties as to how the Proposal will be implemented.

**NOW THEREFORE**, in consideration of the foregoing recitals and of the mutual agreements and covenants set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

**1. INTERPRETATION**

- 1.1 In this Agreement, unless the context requires otherwise:

"**2017 Share Option Scheme**" means the share option scheme of the Company adopted by the Shareholders at the annual general meeting of the Company held on 15 August 2017.

"**Alternative Proposal**" means:

- (a) an offer or possible offer (in either case whether or not subject to pre-conditions) put forward by any third party which is not acting in concert with the Offeror in respect of, or for, the issued ordinary share capital of the Company;
- (b) the sale or possible sale of the whole or a substantial part of the assets or undertakings of the Group;
- (c) any other transaction which would, if implemented, result in a change of Control of the Company; or
- (d) any transaction proposed by the Company involving a return of capital or non-routine dividend or any other distribution to the Shareholders, other than approved by the Offeror in writing,

in each case howsoever it is proposed that such offer, proposal or transaction be implemented (whether, without limitation, by way of scheme of arrangement, merger, business combination, dual listed company structure or otherwise).

**"Announcement"** means the joint announcement to be published by the Offeror and the Company pursuant to Rule 3.5 of the Takeovers Code in respect of the Proposal, substantially in the form set out in Schedule 1 of this Agreement (subject to such changes as may be requested by the Executive and/or the Stock Exchange).

**"Anti-Bribery Laws"** means the Applicable Laws relating to anti-bribery or anti-corruption (governmental or commercial) which apply to the Group or any Agent of the Group from time to time, including Applicable Laws that prohibit the payment, offer, promise, or authorisation of the payment or transfer of anything of value (including gifts or entertainment), directly or indirectly, to any public official, government employee or commercial entity to obtain an illegitimate business advantage; including the US Foreign Corrupt Practices Act 1977, as amended, and the United Kingdom Bribery Act 2010, as amended, the PRC's anti-bribery laws and any rules and regulations of the Criminal Law, the Anti-Unfair Competition Law and the Interim Provisions on Banning Commercial Bribery and all national and international laws enacted to implement the OECD Convention on Combating Bribery of Foreign Officials in International Business Transactions.

**"Anti-Money Laundering Laws"** means all applicable anti-money laundering statutes of all jurisdictions, including, without limitation, the PRC, Japan, Hong Kong, the European Union, the United Kingdom and the United States anti-money laundering laws, the rule and regulations thereunder and any related or similar rules, regulations or guidelines issued, administered or enforced by any governmental or regulatory agency.

**"Antitrust Laws"** means the Anti-Monopoly Law of the PRC (of 30 August 2007, as amended), and the rules and regulations promulgated thereunder, and all other applicable statutes, rules, regulations, orders, decrees, administrative and judicial doctrines and other laws in any applicable jurisdiction that are designed or intended to prohibit, restrict or regulate actions having the purpose or effect of monopolisation or restraint of trade or lessening of competition through merger or acquisition.

**"Applicable Laws"** means with respect to any person, any laws, rules, regulations, guidelines, directives, treaties, judgments, decrees, orders, notices or requirements of any Authority that are applicable to such person.

**"Approvals"** means any licences, approvals, permits, consents, permissions, clearances or registrations required by any Authority.

**"Authority"** means any relevant government, administrative or regulatory body, or court, tribunal, arbitrator or governmental agency or authority or department (including any relevant securities exchange) and whether supranational, national, regional or local.

**"Board"** means the board of directors of the Company.

**"Brand Operations"** has the meaning given to it in the Announcement.

**"Business Day"** means a day (other than a Saturday or Sunday) on which the Stock Exchange is open for the transaction of business and on which the banks are open for business in Hong Kong and the Registrar of Companies is open for business in Bermuda.

**"Companies Act"** means the Companies Act 1981 of Bermuda.

**"Companies Ordinance"** means the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

**"Company"** has the meaning given to it in the Preamble.

**"Company Confirmation Notice"** means a notice from the Company to the Offeror confirming immediately prior to the Sanction Hearing that all of the Conditions (other than the Conditions set out in paragraphs (a) to (g) (inclusive) of the Announcement under the section headed "*Conditions of the Proposal*") with respect to the Company have been satisfied or waived and that the Company is not aware of any fact, matter or circumstance which makes any Negative Condition incapable of being satisfied.

**"Company's Warranties"** means the warranties given by the Company and contained in this Agreement as set out in Schedule 3 of this Agreement.

**"Conditions"** means the conditions to the implementation of the Proposal as set out in the Announcement under the section headed "*Conditions of the Proposal*" or as set out in any future announcement issued by the Company and **"Condition"** means any one or more of them as the context requires.

**"Confidential Business Information"** has the meaning given to it in Clause 3.2(b).

**"Consortium Agreement"** has the meaning given to it in the Announcement.

**"Court"** means the Supreme Court of Bermuda.

**"Court Order"** means the order of the Court, to be granted at the Sanction Hearing, sanctioning the Scheme under section 99 of the Companies Act.

**"Despatch Date"** means the date of despatch of the Scheme Document.

**"Effective Date"** means the date on which the Scheme becomes effective in accordance with its terms and the Companies Act and which date will, in any event, be by no later than the Long Stop Date (or such other date as the Parties may agree in writing from time to time).

**"Encumbrance"** means any lien, pledge, encumbrance, charge (fixed or floating), mortgage, third-party claim, debenture, option, right of pre-emption, right to acquire, assignment by way of security, trust arrangement for the purpose of providing security or other security interests of any kind securing any obligation of any person or any agreement or arrangement having a similar effect.

**"Executive"** means the Executive Director of the Corporate Finance Division of the SFC, or any delegate of the Executive Director.

**"Group"** means the Company, its subsidiaries and subsidiary undertakings and **"a member of the Group"** shall be construed accordingly.

**"HK\$" means Hong Kong dollar, the lawful currency of Hong Kong.**

**"Hong Kong"** means the Hong Kong Special Administrative Region of the PRC.

**"Intellectual Property"** means: (i) patents, trade marks, service marks, registered designs, applications and rights to apply for any of those rights, trade, business and company names, internet domain names and e-mail addresses, unregistered trade marks and service marks, copyrights, database rights, rights in software, knowhow, rights in designs and inventions; and (ii) rights under licences, consents, orders, statutes or otherwise in relation to a right in respect of (i).

**"Listing Rules"** means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

**"Long Stop Date"** has the meaning given to it in the Announcement.

**"Material Contract"** means any material contract, undertaking, agreement or arrangement to which any member of the Group is a party that involves payment in excess of HK\$1 million.

**"Meetings"** means the Scheme Meeting and the SGM.

**"Negative Condition"** means each Condition which is contained in paragraphs (h) to (k) (inclusive) of the Announcement under the section headed *"Conditions of the Proposal"*.

**"Notice"** has the meaning given to it in Clause 14.1.

**"OFAC"** means Office of Foreign Assets Control of the U.S. Department of Treasury.

**"Offeror"** has the meaning given to it in the Preamble.

**"Offeror Confirmation Notice"** means a notice in writing from the Offeror to the Company, immediately following the receipt of the Company Confirmation Notice from the Company, confirming that in the case of the Sanction Hearing, all of the Conditions (other than the Conditions set out in paragraphs (a) to (g) (inclusive) of the Announcement under the section headed *"Conditions of the Proposal"*) have been satisfied or waived and that having consulted with the Company, the Offeror is not aware of any fact, matter or circumstance indicating that any of the Negative Conditions is not satisfied.

**"Other Operations"** means all the other operations of the Group as at the Effective Date other than the Brand Operations.

**"Parties"** means the named parties to this Agreement and **"Party"** means any one of them.

**"Pre-Condition"** has the meaning given to it in the Announcement.

**"Pre-Condition Long Stop Date"** has the meaning given to it in the Announcement.

**"Proposal"** means the pre-conditional proposal for the privatisation of the Company by the Offeror to be effected by way of the Scheme.

**"Reduction"** means the proposed reduction (if any) of the issued share capital of the Company as a result of the Scheme under the Companies Act.

**"Registrar of Companies"** means the Registrar of Companies in Bermuda.

**"Resolutions"** means such resolutions as are necessary to give effect to the Reduction, to implement the Scheme and/or otherwise necessary for the Scheme to become effective.

**"Revised Proposal"** has the meaning given to it in Clause 5.6.

**"SAMR"** means the State Administration for Market Regulation of the PRC.

**"SAMR Filings"** means the antitrust filings in relation to the Proposal to the SAMR pursuant to the Anti-Monopoly Law of the PRC (as amended).

**"Sanction Hearing"** means the final Court hearing seeking the sanction of the Scheme.

**"Scheme"** means a scheme of arrangement under section 99 of the Companies Act for the implementation of the Proposal, with or subject to any modification, addition or condition approved or imposed by the Court and agreed by the Company and the Offeror.

**"Scheme Document"** means the composite scheme document (which shall contain, among other things, further details of the Proposal and the Company's Board circular, including an explanatory statement required by section 100 of the Companies Act), the accompanying proxy forms, and notices of the Meetings, to be despatched by the Offeror and the Company to all Scheme Shareholders on the Despatch Date as required by the Takeovers Code, as may be amended or supplemented from time to time.

**"Scheme Documentation"** means the Scheme Document and any other document required to be published in connection with the Scheme.

**"Scheme Meeting"** means a meeting of the Shareholders to be convened at the direction of the Court at which the Scheme (with or without modification) will be voted upon, or any adjournment thereof.

**"Scheme Shareholders"** has the meaning given to it in the Announcement.

**"Scheme Timetable"** means the indicative timetable set out in Schedule 2 of this Agreement, or such other timetable as may be agreed by the Parties from time to time.

**"SFC"** means the Securities and Futures Commission of Hong Kong.

"**SFO**" means the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

"**SGM**" means the special general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the Resolutions and includes any adjourned meeting relating thereto.

"**Shareholder**" means a person entered in the register of members of the Company as holder from time to time of the Shares.

"**Shares**" means the ordinary shares of HK\$0.10 each in the share capital of the Company.

"**Stock Exchange**" means The Stock Exchange of Hong Kong Limited.

"**Supplemental Document**" has the meaning given to it in Clause 4.6.

"**Takeovers Code**" means, at any relevant time, the Hong Kong Code on Takeovers and Mergers in force at that time.

"**Termination Date**" means the date on which this Agreement terminates in accordance with Clause 12.

"**Transaction**" has the meaning given to it in Recital (A).

1.2 In this Agreement, unless otherwise specified:

- (a) references to Preamble, Recital, Clauses and Schedules are to preamble, recital, clauses in and schedules to this Agreement (unless the context otherwise requires);
- (b) use of any gender includes the other genders and use of the singular includes the plural and vice versa unless the context requires otherwise;
- (c) references to a "person" shall be construed so as to include any individual, firm, company, government, state or agency of a state, local or municipal authority or government body or any joint venture, association or partnership (whether or not having separate legal personality);
- (d) words and expressions defined in the Companies Ordinance shall bear the same respective meanings when used in this Agreement;
- (e) a reference to any party to this Agreement or any other agreement or document includes the party's successors and permitted assigns;
- (f) the ejusdem generis principle of construction shall not apply to this Agreement. Accordingly, general words shall not be given a restrictive meaning by reason of their being preceded or followed by words indicating a particular class of acts, matters or things or by examples falling within the general words;
- (g) references in this Agreement to statutory provisions shall be construed as references to those provisions as respectively amended, consolidated, extended



or re-enacted from time to time and any orders, regulations, instruments or other subordinate legislation made from time to time under the statute concerned;

- (h) any reference to a "day" (including within the phrase "Business Day") shall mean a period of twenty-four (24) hours running from midnight to midnight;
- (i) references to times are to Hong Kong time;
- (j) a reference to any other document referred to in this Agreement is a reference to that other document as amended, varied, novated or supplemented at any time; and
- (k) references to "acting in concert" and "Control" are to be construed in accordance with the Takeovers Code.

1.3 The headings and titles are inserted for convenience only and shall not affect the construction of this Agreement.

1.4 The Schedules form part of this Agreement and shall have the same force and effect as if set out in the body of this Agreement and any reference to this Agreement shall include the Schedules.

## **2. ANNOUNCEMENT, PRE-CONDITION AND CONDITIONS**

2.1 Each Party shall use all reasonable endeavours to release the Announcement on the website of the Stock Exchange and the Company as soon as practicable after obtaining the approval of the SFC but, provided that such approval has been obtained, no later than 8 December 2020. All rights and obligations in this Agreement (other than the rights and obligations in this Clause 2.1 and in Clauses 5, 6, 10, 11, 12, 13, 15 and 16) shall be conditional upon such release of the Announcement.

2.2 The Offeror and the Company agree that the making of the Proposal and the implementation of the Scheme are subject to the non-waivable Pre-Condition and the satisfaction or waiver of the Conditions.

2.3 Subject to the requirements of the Executive, the Offeror reserves the right (but is in no way obliged) to waive in whole or in part all or any of the Negative Conditions.

## **3. IMPLEMENTATION OF THE PROPOSAL**

3.1 Each Party shall use all reasonable endeavours to:

- (a) do and execute, or procure the doing and executing of, each necessary act, document and thing within its power to satisfy the non-waivable Pre-Condition and implement the Proposal on the terms and subject to the conditions referred to in this Agreement, the non-waivable Pre-Condition and the Conditions and to give effect to the matters specified in, and to act in accordance with, the Announcement and the Scheme Documentation;

- (b) achieve or co-operate to achieve satisfaction of the non-waivable Pre-Condition as promptly as reasonably practicable and in any event by no later than the Pre-Condition Long Stop Date; and
  - (c) without requiring the Offeror to waive any Condition or to treat any Condition as satisfied, achieve satisfaction of the Conditions as promptly as reasonably practicable and in any event by no later than the Long Stop Date (or such other date as the Parties may agree from time to time), save that nothing in this Clause 3.1 shall oblige the Offeror to waive any of the Conditions or treat them as satisfied.
- 3.2 The Parties shall co-operate with a view to all necessary statutory or regulatory clearances or obligations (including, without limitation, under the Listing Rules, the Takeovers Code, the Companies Act and any applicable Antitrust Laws) in connection with the Proposal being obtained or complied with in a timely manner. In particular:
  - (a) the Parties shall co-operate to the extent reasonably practicable to ensure that all information necessary or desirable for the making of (or responding to any requests for further information consequent upon) any notifications or filings, including but not limited to, the SAMR Filings (including draft versions) made in respect of the Proposal is supplied promptly to the Party dealing with such notifications and filings and that they are properly, accurately and promptly made;
  - (b) each Party shall provide the other Party (or their respective nominated advisers) with copies (including draft copies) of all notifications and communications (subject to any redaction as may be required in order to avoid the disclosure of information which would adversely affect such Party's business interests ("**Confidential Business Information**")) to and from relevant Authorities in relation to obtaining any relevant Approvals in such time as will allow the other Party a reasonable opportunity to provide comments on such draft notifications and communications before they are submitted to such relevant Authorities and take into account any such comments as are reasonable and provide the other Party (or its nominated advisers) with copies of all such notifications and communications in the form submitted (save that Confidential Business Information may be redacted); and
  - (c) each Party will, where permitted by the relevant Authorities concerned, inform the other Party in advance of, and allow persons nominated by the other Party to attend, all meetings and discussions relating to the implementation of the Scheme with such relevant Authorities and, where appropriate, to make oral submissions at such meetings and discussions, save for any portion of such meeting or discussion during which legally privileged information or Confidential Business Information is being conveyed.
- 3.3 If at any time a Party becomes aware of anything that might reasonably be expected to prevent any of the Conditions from being satisfied, it shall immediately inform the other Party.

4. **OBLIGATIONS WITH REGARD TO THE SCHEME**

- 4.1 The Company shall use all reasonable endeavours to implement the Scheme in accordance with the Scheme Timetable and the Offeror will provide such co-operation and assistance to the Company as the Company may reasonably request in writing in connection therewith.
- 4.2 Without limit to the Company's obligations under Clause 4.1, the Company undertakes to:
- (a) use all reasonable endeavours to adhere to the Scheme Timetable and take all steps/actions necessary to give effect (in a timely manner) to each of the steps/actions set out in the Scheme Timetable and take all and any other steps/actions required to give effect to the Scheme;
  - (b) use all reasonable endeavours to consult with the Offeror as to the form and content of the Scheme Documentation, and not to finalise, publish or post any Scheme Documentation or any amendment thereto without the Offeror's prior written consent and to provide copies to the Offeror of all of the Scheme Documentation prior to any publication of the same;
  - (c) provide the Offeror with a Company Confirmation Notice (to the extent that the statements in such notice are true); and
  - (d) cause a copy of the Court Order to be filed or registered (as applicable) with the Registrar of Companies as soon as practicable after consulting with the Offeror (and in any event no later than the Business Day following the Sanction Hearing).
- 4.3 Except as otherwise required by Applicable Laws, the Company undertakes not to withdraw the Scheme or allow the Scheme to lapse or procure the withdrawal or lapse of the Scheme without the prior written consent of the Offeror.
- 4.4 The Offeror may request the Company to vary or amend the Scheme. The Company agrees that, upon a request by the Offeror to vary or amend the Scheme, it will, subject to compliance with Applicable Laws, use best endeavours to comply with any such request and do all things necessary to give effect to such variation or amendment, including amending any Scheme Documentation to the extent applicable, giving written notice of such variation or amendment to the Shareholders or making an application to the Court (if required). If the Company wishes to seek the approval of the Court to, or agree to, make any material variation of, or amendment to, the Scheme or any Scheme Documentation, it will only do so after receiving the prior written consent of the Offeror. For the avoidance of doubt, this shall not include any variation or amendment required by the Court.
- 4.5 The Offeror undertakes that it will, immediately prior to the Sanction Hearing, provide to the Company an Offeror Confirmation Notice upon receipt of the Company Confirmation Notice if, at that time, having consulted with the Company, the Offeror is not aware of any fact, matter or circumstance indicating that any of the Negative Conditions is not satisfied. An Offeror Confirmation Notice will cease to be of any

effect (and will be deemed to have been revoked) if the Court has not sanctioned the Scheme by the end of the Sanction Hearing.

- 4.6 If a supplemental circular or announcement is required to be published or submitted to the Court in connection with any variation or amendment to the Scheme (a "**Supplemental Document**"), the Parties will, as soon as reasonably practicable, provide such co-operation and information (including such information as is necessary for the Supplemental Document to comply with all applicable legal and regulatory provisions and to make any further application to the Court) as the other may reasonably request and is necessary to finalise and publish promptly such Supplemental Document.

## 5. **ALTERNATIVE PROPOSALS**

- 5.1 The Company undertakes that it will not, and will procure that no member of the Group shall, directly or indirectly:

- (a) solicit, encourage, or otherwise seek to procure the submission of proposals, indications of interests or offers of any kind which are reasonably likely to lead to an Alternative Proposal from any person other than the Offeror; and
- (b) enter into, or participate in, any discussions or negotiations (other than responding to unsolicited enquiries) with any such person in relation to an Alternative Proposal or provide any due diligence information on the Company and the Group to any third party in connection with an Alternative Proposal, save to the extent that, based on the written advice of external legal counsel: (i) the Board reasonably considers that they are likely to be in breach of their directors' duties or statutory duties not to do so; or (ii) they are required to do so under Rule 6 of the Takeovers Code or other Applicable Laws.

- 5.2 The Company shall notify the Offeror as soon as permitted under Applicable Laws if:

- (a) an approach is made to it or to any other member of the Group or to any of their respective directors, employees, advisers or agents after the date of this Agreement in relation to any Alternative Proposal and shall keep the Offeror informed at appropriate times as to the general progress of any such approach; and
- (b) it receives (or any of its directors, employees, advisers or agents receives) a request for information under Rule 6 of the Takeovers Code.

- 5.3 The Company agrees, if requested by the Offeror, to disclose to the Offeror (if permitted to do so by the party making the Alternative Proposal) as soon as practicable and to the extent permissible under Applicable Laws, the price, form of consideration and identity of the relevant parties (including the details of any subsequent changes of such information), in relation to any approach made relating to an Alternative Proposal and whether or not the Board (or any committee thereof) is considering such an Alternative Proposal, provided that any such disclosure would not be reasonably likely to be inconsistent with any duties of the Board owed to the Company.

- 5.4 The Company shall, as soon as reasonably practicable and to the extent permissible under Applicable Laws, deliver to the Offeror any information (not already provided to the Offeror) which the Company delivers to another offeror or potential offeror whether or not a request is made under Rule 6 of the Takeovers Code.
- 5.5 The Company shall not withdraw the Scheme or permit any recommendation to be withdrawn or (subject to Clause 5.6) modified for a period of five (5) Business Days following the announcement of an Alternative Proposal, and during such period the Company agrees not to and shall procure that the Board will not make any recommendation as to the Alternative Proposal.
- 5.6 The Company agrees and shall procure that if the Offeror communicates to the Company, within the five (5) Business Day period referred to in Clause 5.5, a revision of the terms of the Proposal such that the terms of the Proposal (as so revised) (the "**Revised Proposal**") are no less favourable to the Shareholders than the terms of the Alternative Proposal, the Board will, if it had recommended the Proposal, continue to provide an unqualified recommendation of the Revised Proposal and shall make an announcement to this effect.
- 5.7 Notwithstanding anything to the contrary under this Clause 5, none of the provisions of this Agreement shall be construed to prevent or deprive: (i) the Shareholders from having the opportunity to consider; or (ii) the Company from considering, in each case, any unsolicited Alternative Proposal from any person other than the Offeror.

## 6. **CONDUCT OF BUSINESS**

- 6.1 The Company undertakes to the Offeror that, save for any action required to give effect to the Proposal, or otherwise as required by the terms of the Scheme Documentation or this Agreement or by Applicable Laws, and subject to applicable requirements in relation to directors' duties and unless otherwise approved by the Shareholders in a general meeting in accordance with Rule 4 of the Takeovers Code, it will not, and will procure that each member of the Group will not, without the prior written consent of the Offeror (not to be unreasonably withheld or delayed), prior to the earlier of: (i) the Effective Date; and (ii) the Termination Date:
- (a) carry on its respective businesses, other than in the ordinary and usual course;
  - (b) allot, issue, authorise or propose the issue of any securities or make any change to its share capital, other than: (i) in respect of any wholly-owned member of the Group; or (ii) pursuant to the terms of any shareholders' agreement governing any member of the Group;
  - (c) in respect of the Company only, recommend, propose, declare, pay or make any bonus issue, dividend or other distribution whether payable in cash or otherwise;
  - (d) merge with any body corporate or acquire or dispose of any assets or authorise, propose or announce any intention to propose any merger, demerger, acquisition or disposal, other than: (i) in the ordinary course of business; or (ii) any disposal of assets that solely belong to, or have been solely used in connection with the Other Operations, and do not directly or indirectly relate

to the Brand Operations, for an aggregate consideration amount of no more than US\$10 million;

- (e) other than in the ordinary course of business, issue, authorise or propose the issue of any debentures or incur or increase any indebtedness or contingent liability;
- (f) create, or agree to create, any Encumbrance over its business or any assets except in the ordinary and usual course of business of the Group; or
- (g) transfer or assign to any third party any Intellectual Property which it owns or has the right of use as at the date of this Agreement as well as any other Intellectual Property which it subsequently acquires or obtains the right of use of.

6.2 The Company undertakes to the Offeror that:

- (a) it shall not grant any further options under the 2017 Share Option Scheme prior to the earlier of: (i) the Effective Date; and (ii) the Termination Date;
- (b) it shall, subject to the Scheme taking effect, terminate the 2017 Share Option Scheme;
- (c) subject to compliance with Applicable Laws (including the Takeovers Code and the Listing Rules), it shall keep the Offeror informed of any material developments relating to the business and financial affairs of the Group; and
- (d) subject to compliance with Applicable Laws, it shall promptly notify the Offeror in the event that the Company becomes aware of any fact, matter or thing inconsistent with the obligations contained in Clause 6.1 above.

## **7. COMPANY'S WARRANTIES**

- 7.1 The Company warrants to the Offeror on the terms set out in the Company's Warranties as at the date of this Agreement, the Despatch Date and the Effective Date, by reference to the facts and circumstances existing at such dates. For this purpose only, where in a Company's Warranty there is an express or implied reference to the "date of this Agreement", that reference is also to be construed as a reference to the Despatch Date or the Effective Date (as the case may be).
- 7.2 Each of the Company's Warranties shall be construed as a separate and independent warranty and (save where expressly provided to the contrary) shall not be limited or restricted by reference to, or inference from the terms of any other term of this Agreement or any other Company's Warranty.
- 7.3 The Company, to the extent permissible under Applicable Laws, shall disclose as soon as reasonably practicable to the Offeror in writing upon becoming aware of any matter, event or circumstance (including any omission to act) arising or becoming known to the Company after the date of this Agreement up to and including the Effective Date which constitutes a breach of any of the Company's Warranties if given at any time up to and including the Effective Date or which might make them untrue, inaccurate or misleading.

## **8. OFFEROR'S WARRANTIES**

The Offeror warrants to the Company on the terms set out in Schedule 4 of this Agreement as at the date of this Agreement, the Despatch Date and the Effective Date, by reference to the facts and circumstances existing at such dates. For this purpose only, where in a warranty there is an express or implied reference to the "date of this Agreement", that reference is also to be construed as a reference to the Despatch Date or the Effective Date (as the case may be).

## **9. STOCK EXCHANGE DELISTING**

Prior to the Effective Date, the Company shall co-operate with the Offeror and use all reasonable endeavours to take, or cause to be taken, all actions, and do or cause to be done all things, reasonably necessary, proper or advisable on its part under Applicable Laws to enable the delisting of the Shares from the Stock Exchange as promptly as practicable after the Effective Date.

## **10. ANNOUNCEMENTS**

10.1 No announcements (including the Announcement), press releases, public statements, or other communications regarding the subject matter of this Agreement or the transaction contemplated under the Proposal shall be issued by any Party without the prior written consent of the other Party (such consent not to be unreasonably withheld or delayed), unless the announcement is required by Applicable Laws, by legal process or by a governmental or regulatory authority (including, without limitation, the SFC and the Stock Exchange), in which case the Party required to make the announcement must, to the extent permitted by Applicable Laws and to the extent reasonably practicable, consult with the other Party first and take into account the other Party's reasonable requirements as to its timing, content and manner of making or despatch. If the Party required to make the announcement is unable to consult with the other Party before the announcement is made, it must inform the other Party of the circumstances, timing, content and manner of making of the announcement immediately after such announcement is made.

10.2 Each Party agrees to:

- (a) subject to the provisions in Clause 10.1, the issue of the Announcement, the Scheme Document and any other announcements in relation to the Scheme with references to it and/or its associates and the material terms of this Agreement;
- (b) comply with any disclosure obligations in accordance with the Takeovers Code and the SFO; and
- (c) to the extent requested by the Executive, this Agreement being made available for inspection during the offer period for the Scheme.

## **11. CONFIDENTIALITY**

Subject to Clause 10, each Party agrees to keep confidential, and shall not disclose to any person (except to its professional advisers, directors, officers, employees or agents on a need-to-know basis), the existence of this Agreement, the Proposal, or any

information relating to the terms of the Proposal or the transactions contemplated by this Agreement or any information provided pursuant to the terms of this Agreement (in each case except for such information which is in the public domain at the time of disclosure) without the prior written consent of the other Party (such consent not to be unreasonably withheld or delayed) unless and to the extent:

- (a) required by any Applicable Laws or in connection with a judicial or administrative proceeding;
- (b) pursuant to the requirements of the SFC or the Stock Exchange or any other Authority; or
- (c) pursuant to the written opinion of its external legal counsel that it is required to make such disclosure in order to avoid violating applicable securities laws,

provided that, to the extent legally permissible and reasonably practicable, it shall notify the other Party prior to making any such disclosure, and shall seek to narrow the intended disclosure to the extent that the other Party reasonably so requests.

## **12. TERMINATION**

12.1 Subject to Clauses 12.2 to 12.4 the obligations, consents and agreements of the Parties will (unless the Company and the Offeror otherwise agree in writing) terminate on the earliest to occur of:

- (a) the Announcement failing to be published in accordance with Clause 2.1;
- (b) the Pre-Condition failing to be satisfied by the Pre-Condition Long Stop Date;
- (c) the Proposal and the Scheme not being implemented by the Long Stop Date;
- (d) the Scheme not being approved at the Scheme Meeting;
- (e) the Reduction not being approved at the SGM; and
- (f) the Scheme not being sanctioned by the Court at the Sanction Hearing.

12.2 The Offeror will be entitled to terminate this Agreement if any of the Conditions (which cannot be waived in accordance with the terms of the Announcement) have not been (or cannot be) satisfied by the Long Stop Date. Such termination shall be effected by the Offeror serving notice in writing of such termination on the Company.

12.3 The Offeror may terminate this Agreement by serving notice in writing on the Company if the recommendation of the directors of the Company contained in the Announcement or the Scheme Document is withdrawn at any time prior to the Court's sanction of the Scheme.

12.4 If this Agreement (or any Clause of this Agreement) terminates or is terminated, then each Party's rights and obligations hereunder (or thereunder, as the case may be) will terminate immediately, subject to the following:



- (a) termination of this Agreement (or any Clause of this Agreement) does not affect a Party's accrued rights and obligations hereunder (or thereunder, as the case may be) at the time of termination; and
- (b) Clauses 1 and 10 to 16 (inclusive) will survive termination.

### 13. COSTS

13.1 The Parties agree that all costs in connection with the implementation or proposed implementation of the Proposal and the Scheme, including but not limited to the following:

- (a) all costs relating to the preparation, translation, publication, issuance and filing of the Announcement, the Scheme Document and this Agreement or documents relating to the Scheme Meeting, the Sanction Hearing or the Restructuring (as defined in the Announcement);
- (b) all costs of the independent financial adviser to the Company; and
- (c) all costs relating to the SAMR Filings, any rulings sought and any vetting fees payable to the SFC for the clearance of the Scheme Document,

shall be borne by the Offeror and be shared between the ultimate shareholders of the Offeror as shall be further set out in the Consortium Agreement.

### 14. NOTICES

14.1 A notice under or in connection with this Agreement (a "**Notice**"):

- (a) must be in writing and in the English language; and
- (b) must be delivered personally or sent by courier or by email to the Party due to receive the Notice to the address specified in Clause 14.2 or to an alternative address, person or email address specified by that receiving Party by written notice to the notifying Party received before the Notice was despatched.

14.2 The addresses referred to in Clause 14.1(b) are:

- (a) in the case of the Company:

Address: 31/F, Tower A Southmark, 11 Yip Hing Street,  
Wong Chuk Hang, Hong Kong

Email: cosec@ithk.com / bennyf@ithk.com /  
tomkfh@ithk.com

Marked for the attention of: Company Secretary / Benny Fong / Tom Hsu;  
and

- (b) in the case of the Offeror:

Address: Mourant Governance Services (Cayman)  
Limited, 94 Solaris Avenue, Camana Bay, PO

Box 1348, Grand Cayman KY1-1108,  
Cayman Islands

Email: karwais@ithk.com / yjiang@cvc.com

Marked for the attention of: Sham Kar Wai / Yann Jiang

14.3 A Notice is deemed given if:

- (a) delivered personally, on delivery at the address referred to in Clause 14.1(b);
- (b) sent by a recognised international courier, two (2) Business Days after posting it; and
- (c) sent by email, at the time the email enters into and is accepted by the electronic mail server of the recipient.

## 15. **GENERAL**

- 15.1 The obligations, consents and agreements of the Parties hereunder shall be subject to and shall not prevent any Party from discharging its obligations under the Takeovers Code and the Listing Rules.
- 15.2 This Agreement constitutes the whole and only agreement between the Parties relating to the subject matter of this Agreement and no Party has entered into this Agreement in reliance upon any representation, warranty or undertaking of any other person which is not set out expressly in this Agreement. Nothing in this Clause 15 shall have the effect of limiting or restricting the liability of any Party arising as a result of any fraud.
- 15.3 This Agreement may be executed in any number of counterparts but shall not be effective until each Party has executed at least one (1) counterpart. Each counterpart shall constitute an original of this Agreement, but all of the counterparts shall together constitute one (1) and the same instrument.
- 15.4 No Party shall assign, transfer or create any trust in respect of, or purport to assign, transfer or create any trust in respect of, a right or obligation under this Agreement.
- 15.5 Except as otherwise expressly provided, time is of the essence under this Agreement.
- 15.6 No delay or omission by any Party in exercising any right, power or remedy provided by Applicable Laws or under this Agreement shall affect that right, power or remedy or operate as a waiver of it. The single or partial exercise of any right, power or remedy provided by Applicable Laws or under this Agreement shall not preclude any other or further exercise of it or the exercise of any other right, power or remedy.
- 15.7 Nothing in this Agreement and no action taken by the Parties shall constitute a partnership, association, joint venture or other co-operative entity between any of the Parties.
- 15.8 A variation of this Agreement is valid only if it is in writing and signed by or on behalf of each Party.

- 15.9 The invalidity, illegality or unenforceability of a provision of this Agreement does not affect or impair the continuation in force of the remainder of this Agreement.
- 15.10 The Parties do not intend that any term of this Agreement shall be enforceable, by virtue of the Contracts (Rights of Third Parties) Ordinance (Chapter 623 of the Laws of Hong Kong), by any person who is not a party to this Agreement.
16. **GOVERNING LAW; DISPUTE RESOLUTION**
- 16.1 This Agreement shall be governed by, and construed in accordance with, the laws of Hong Kong.
- 16.2 Any dispute, controversy or claim arising out of or relating to this Agreement, including the validity, invalidity, breach or termination thereof, shall be settled by arbitration in Hong Kong at the Hong Kong International Arbitration Centre under the Hong Kong International Arbitration Centre Administered Arbitration Rules in force when the Notice of Arbitration is submitted in accordance with these Rules.
- 16.3 The number of arbitrators shall be three (3). The arbitration proceedings shall be conducted in the English language.
- 16.4 The arbitral award shall be final and binding on the parties to the arbitration. The parties to the arbitration agree to be bound by and to act in accordance with the arbitral award. Unless otherwise specified in the arbitral award, the expenses of the arbitration (including witness fees and reasonable legal expenses) shall be borne by the losing party.
- 16.5 Process by which any proceedings are begun may be served on each Party by being served to the addresses set forth in Clause 14.2.

**SCHEDULE 1**  
**ANNOUNCEMENT**

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

*This announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of the Offeror or the Company nor is it a solicitation of any vote or approval in any jurisdiction.*

*This announcement is not for release, publication or distribution, in whole or in part, in, into or from any jurisdiction where to do so would constitute a violation of the Applicable Laws of such jurisdiction.*

**BROOKLYN INVESTMENT LIMITED**

*(incorporated in Cayman Islands with limited liability)*



*(incorporated in Bermuda with limited liability)*

**(Stock Code: 999)**

**JOINT ANNOUNCEMENT**

**(1) PRE-CONDITIONAL PROPOSAL FOR THE PRIVATISATION OF  
I.T LIMITED BY THE OFFEROR  
BY WAY OF A SCHEME OF ARRANGEMENT  
UNDER SECTION 99 OF THE COMPANIES ACT**

**(2) PROPOSED WITHDRAWAL OF LISTING OF I.T LIMITED**

**(3) ESTABLISHMENT OF THE INDEPENDENT BOARD COMMITTEE**

**(4) RESUMPTION OF TRADING IN THE SHARES**

**Financial Adviser to the Offeror**

**Morgan Stanley**

**Morgan Stanley Asia Limited**

## **INTRODUCTION**

The respective directors of the Offeror and the Company jointly announce that on 5 December 2020, the Offeror and the Company have entered into the Implementation Agreement, pursuant to which the parties have agreed to use all reasonable endeavours to implement the Proposal to privatise the Company by way of a scheme of arrangement under section 99 of the Companies Act.

The Offeror has appointed Morgan Stanley to act as its financial adviser in connection with the Proposal.

As at the date of this announcement, the Company has not appointed a financial adviser in connection with the Proposal. The Independent Financial Adviser will be appointed by the Board in due course to advise the Independent Board Committee in connection with the Proposal, the Scheme and the Joint Offeror Cooperation Arrangement. A further announcement will be made upon the appointment of the Independent Financial Adviser.

## **TERMS OF THE PROPOSAL**

If the Proposal is approved and implemented:

- (a) the Founder Scheme Shares held by the Founder Group will be cancelled in consideration for the Founder Cancellation Consideration;
- (b) all Non-Founder Scheme Shares will be cancelled in consideration for the Cancellation Price of HK\$3 per Non-Founder Scheme Share, which shall be paid in cash;
- (c) new Shares will be issued to the Offeror, credited as fully paid, such that the Company will become wholly-owned directly by the Offeror; and
- (d) the listing of the Shares on the Stock Exchange will be withdrawn with effect immediately following the Effective Date.

### **Cancellation Price per Non-Founder Scheme Share**

The Cancellation Price of HK\$3 per Non-Founder Scheme Share represents:

- (a) a premium of approximately 54.6% over the closing price of HK\$1.940 per Share as quoted on the Stock Exchange on the Last Trading Date;
- (b) a premium of approximately 84.7% over the average closing price of approximately HK\$1.624 per Share as quoted on the Stock Exchange for the 5 trading days up to and including the Last Trading Date;
- (c) a premium of approximately 135.5% over the average closing price of approximately HK\$1.274 per Share as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Date;
- (d) a premium of approximately 162.4% over the average closing price of approximately HK\$1.143 per Share as quoted on the Stock Exchange for the 60 trading days up to

and including the Last Trading Date;

- (e) a premium of approximately 173.0% over the average closing price of approximately HK\$1.099 per Share as quoted on the Stock Exchange for the 90 trading days up to and including the Last Trading Date;
- (f) a premium of approximately 170.4% over the average closing price of approximately HK\$1.109 per Share as quoted on the Stock Exchange for the 120 trading days up to and including the Last Trading Date;
- (g) a premium of approximately 156.7% over the average closing price of approximately HK\$1.169 per Share as quoted on the Stock Exchange for the 180 trading days up to and including the Last Trading Date;
- (h) a premium of approximately 51.8% to the audited consolidated net asset value attributable to Shareholders per Share of approximately HK\$1.977 as at 29 February 2020; and
- (i) a premium of approximately 73.1% to the unaudited consolidated net asset value attributable to Shareholders per Share of approximately HK\$1.733 as at 31 August 2020, which is calculated based on the financial information disclosed in the Interim Result Announcement by the sum of the Company's total issued share capital of HK\$119.58 million and total reserves of HK\$1,953.07 million, divided by the total number of outstanding Shares of 1,195,797,307 as of 31 August 2020.

The Cancellation Price has been determined on a commercial basis after taking into account, among other things, the challenging operating environment facing the Group, the significant investment required to reinvigorate the financial performance of the Group, financial performance of the Group, recent and historic traded prices of the Shares, and with reference to other privatisation transactions in Hong Kong in recent years.

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

## **CONFIRMATION OF FINANCIAL RESOURCES**

The Proposal will involve making an offer to cancel all of the Non-Founder Scheme Shares, in exchange for the Cancellation Price of HK\$3 per Non-Founder Scheme Share in cash.

Taking into account that the Founder Scheme Shares will be cancelled in consideration for the Founder Cancellation Consideration, the total amount of cash required to implement the Proposal in full will be approximately HK\$1,305,593,229. The Offeror proposes to finance the consideration payable under the Scheme with a combination of existing fund facilities available to and/or equity commitment from the CVC Funds.

Morgan Stanley, the financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror for satisfying in full its payment obligations in respect of the cash consideration payable under the Proposal.

## **PRE-CONDITION TO THE PROPOSAL AND THE SCHEME**

The making of the Proposal is, and the implementation of the Scheme will be, subject to the satisfaction of the non-waivable Pre-Condition (being the SAMR issuing a notice approving the Proposal and the Scheme, or the statutory clearance period specified by the SAMR pursuant to the PRC Anti-Monopoly Law, including any extension of such period, having elapsed and no objection having been raised or qualifications or requirements imposed by the SAMR in relation to the Proposal or the Scheme) on or prior to the Pre-Condition Long Stop Date.

The Pre-Condition is not waivable. All references to the Scheme in this announcement are references to the possible Scheme which will be implemented if, and only if, the Pre-Condition is satisfied.

The Offeror proposes to make the SAMR Filing as soon as practicable after the date of this announcement. Subject to any comments, extension of period, conditions, qualifications and other requirements imposed by the SAMR in accordance with the PRC Anti-Monopoly Law, it is estimated that the Offeror will be expected to become aware of whether the Pre-Condition has been satisfied or not in approximately three months after the initial submission of the SAMR Filing.

The Offeror will issue a further announcement as soon as practicable after (a) the Pre-Condition has been satisfied, or (b) if the Pre-Condition has not been satisfied by the Pre-Condition Long Stop Date and the Proposal will lapse.

## **CONDITIONS OF THE PROPOSAL AND VOTING**

The Proposal and the Scheme will only become effective and binding on the Company and all of the Shareholders if the following Conditions are fulfilled or waived (as applicable):

- (a) the approval of the Scheme (by way of poll) by a majority in number of the Scheme Shareholders present and voting at the Scheme Meeting, representing not less than 75% in value of those Scheme Shares that are voted either in person or by proxy by the Scheme Shareholders at the Scheme Meeting (the Founder Group having provided an undertaking to the Court as set out herein to agree to and be bound by the Scheme and to receive the Founder Cancellation Consideration in consideration for cancellation of its Founder Scheme Shares under the Scheme);
- (b) the approval of the Scheme (by way of poll) by at least 75% of the votes attaching to the Scheme Shares held by the Disinterested Shareholders (being all Scheme Shareholders, other than those acting in concert with the Offeror) that are voted either in person or by proxy at the Scheme Meeting, **provided that** the number of votes cast against the resolution to approve the Scheme is not more than 10% of the votes attaching to all of the Scheme Shares held by the Disinterested Shareholders;
- (c) the passing by the Shareholders at the SGM of: (i) a special resolution to approve any reduction of the issued share capital of the Company by the cancellation of the Scheme Shares; and (ii) an ordinary resolution to apply the reserve created by the cancellation of the Scheme Shares to contemporaneously maintain the issued share capital of the Company by the allotment and issue to the Offeror of such number of new Shares (credited as fully paid) as is equal to the number of the Scheme Shares cancelled;



- (d) the sanction of the Scheme (with or without modification) by the Court and the delivery to the Registrar of Companies in Bermuda of a copy of the order of the Court for registration;
- (e) compliance with the procedural requirements and conditions, if any, under section 46(2) of the Companies Act in relation to any reduction of the issued share capital of the Company;
- (f) in relation to the Joint Offeror Cooperation Arrangement: (i) the receipt of an opinion from the Independent Financial Adviser to the Independent Board Committee confirming that the Joint Offeror Cooperation Arrangement is fair and reasonable as far as the Disinterested Shareholders are concerned; (ii) the passing of an ordinary resolution by the Disinterested Shareholders at the SGM to approve the Joint Offeror Cooperation Arrangement; and (iii) the grant of consent under Note 3 to Rule 25 of the Takeovers Code from the Executive to the Joint Offeror Cooperation Arrangement;
- (g) all Approvals which are: (i) required in connection with the Proposal by Applicable Laws or any licences, permits or contractual obligations of the Company; and (ii) material in the context of the Group (taken as a whole), having been obtained (or, as the case may be, completed) and remaining in full force and effect without modification up to and as at the Effective Date;
- (h) no Authority in any jurisdiction having taken or instituted any action, proceeding, suit, investigation or enquiry (or enacted or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order), in each case, which would make the Proposal void, unenforceable, illegal or impracticable (or which would impose any material and adverse conditions or obligations with respect to the Proposal);
- (i) all Applicable Laws having been complied with and no legal or regulatory requirement having been imposed by any Authority which is not expressly provided for, or is in addition to the requirements expressly provided for, in the Applicable Laws in connection with the Proposal which are material in the context of the Group (taken as a whole), in each case up to and as at the Effective Date;
- (j) since the date of this announcement, there having been no material adverse change to the business, financial or trading position of the Group, each taken as a whole; and
- (k) save in connection with the implementation of the Proposal, the listing of the Company on the Stock Exchange not having been withdrawn, and no indication having been received from the Executive and/or the Stock Exchange to the effect that the listing of the Shares on the Stock Exchange is or is likely to be withdrawn.

The Conditions in paragraphs (a) to (i) (inclusive) above are not waivable. The Offeror reserves the right to waive all or any of the Conditions in paragraphs (j) to (k) (inclusive) above in whole or in part. The Company does not have the right to waive any of the Conditions. All of the above Conditions must be fulfilled or waived, as applicable, on or before the Long Stop Date, failing which the Proposal and the Scheme will lapse.

## **FOUNDER IRREVOCABLE UNDERTAKINGS**

On 5 December 2020, each member of the Founder Group has given an irrevocable undertaking in favour of the Offeror and CVC Holdco being the other Joint Offeror to take certain actions, including (among others):

- (a) to agree to and assist in implementing the cancellation of the Founder Scheme Shares held by them in consideration for the Founder Cancellation Consideration;
- (b) to provide undertakings to the Court to agree to and be bound by the Scheme and to receive the Founder Cancellation Consideration in consideration for cancellation of their Founder Scheme Shares under the Scheme; and
- (c) to the extent permitted by Applicable Laws (including the Takeovers Code), to vote any Shares held by them in favour of any resolutions proposed at the SGM to implement the Scheme or which are necessary for the Scheme to become effective.

## **JOINT OFFEROR COOPERATION ARRANGEMENT**

As the Joint Offeror Cooperation Arrangement (being: (a) the cancellation of Founder Scheme Shares in consideration for the Founder Cancellation Consideration; (b) the entry by the relevant members of the Founder Group, CVC Holdco and/or EquityCo into the Consortium Agreement and the Shareholders' Agreement; and (c) the Restructuring) is not offered to all Shareholders, the Joint Offeror Cooperation Arrangement requires the consent of the Executive under Note 3 to Rule 25 of the Takeovers Code. The Offeror will make an application to seek consent of the Executive, and the Proposal and the Scheme are subject to fulfilment of the Condition relating to the Joint Offeror Cooperation Arrangement in paragraph (f) in the section headed "*Conditions of the Proposal and Voting*" above.

## **INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

An Independent Board Committee, which comprises the following independent non-executive Directors: Dr. Wong Tin Yau, Kelvin, JP; Mr. Francis Goutenmacher; and Mr. Tsang Hin Fun, Anthony, has been established by the Board on 4 December 2020 to make a recommendation to the Disinterested Shareholders as to whether: (a) the Proposal, and in particular the Scheme and the Joint Offeror Cooperation Arrangement, are fair and reasonable to the Disinterested Shareholders; and (b) to vote in favour of the Joint Offeror Cooperation Arrangement at the SGM and the Scheme at the Scheme Meeting.

The Independent Financial Adviser will be appointed by the Board in due course to advise the Independent Board Committee on the Proposal, the Scheme and the Joint Offeror Cooperation Arrangement. A further announcement will be made after the appointment of the Independent Financial Adviser.

## **WITHDRAWAL OF LISTING OF THE SHARES**

Upon the Scheme becoming effective, all Scheme Shares will be cancelled (with the equivalent number of new Shares being simultaneously issued and credited as fully paid to the Offeror to maintain the issued share capital of the Company) and the share certificates for the Scheme Shares will thereafter cease to have effect as documents or evidence of title. The

Company will make an application for the listing of the Shares to be withdrawn from the Stock Exchange in accordance with Rule 6.15 of the Listing Rules, with effect immediately following the Effective Date.

### **TRADING HALT AND RESUMPTION OF TRADING IN THE SHARES**

At the request of the Company, trading in the Shares on the Stock Exchange was halted from 2:44 p.m. on 30 November 2020 (Hong Kong time), pending the issuance of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 7 December 2020 (Hong Kong time).

### **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 Pre-Condition or the Conditions has not been fulfilled or waived, as applicable, on or before the Pre-Condition Long Stop Date or the Long Stop Date. If the Scheme is not approved or the Proposal otherwise lapses, the listing of the Shares on the Stock Exchange will not be withdrawn.

### **DESPATCH OF THE SCHEME DOCUMENT**

A Scheme Document including, among other things, further details of the Proposal, the Scheme and the Joint Offeror Cooperation Arrangement, an explanatory statement as required under the Companies Act, the expected timetable relating to the Proposal, the recommendations of the Independent Board Committee, the letter of advice from the Independent Financial Adviser and notices of the Scheme Meeting and the SGM will be despatched to the Scheme Shareholders as soon as practicable and in compliance with the requirements of the Takeovers Code and Applicable Laws.

### **WARNINGS**

**Shareholders and potential investors should be aware that the Proposal is subject to the Pre-Condition and the Conditions being fulfilled or waived, as applicable, and therefore the Proposal may or may not be implemented. 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 stockbroker, bank manager, solicitor or other professional advisers.**

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

**The availability of the Proposal to persons who are not resident in Hong Kong may be affected by the laws of the relevant jurisdictions in which they are located or of which**

**they are citizens. Persons who are not so resident in Hong Kong should inform themselves about, and observe, any applicable legal or regulatory requirements of their jurisdictions. Further details in relation to overseas shareholders will be contained in the Scheme Document.**

## **Notice to US investors**

*The Proposal is being made to cancel the securities of a Bermuda company by means of a scheme of arrangement provided for under the laws of Bermuda and is subject to Hong Kong disclosure requirements which are different from those of the United States.*

*A transaction effected by means of a scheme of arrangement is not subject to the tender offer rules of the US Securities Exchange Act of 1934, as amended. Accordingly, the Proposal is subject to the disclosure requirements and practices applicable in Bermuda and Hong Kong to schemes of arrangement which differ from the disclosure and procedural requirements applicable under the US federal securities laws.*

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

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

## **INTRODUCTION**

On 5 December 2020, the Offeror and the Company have entered into the Implementation Agreement, pursuant to which the parties have agreed to use all reasonable endeavours to implement the Proposal to privatise the Company by way of a scheme of arrangement under section 99 of the Companies Act.

As at the date of this announcement, save for 1,195,797,307 Shares in issue, the Company does not have any other outstanding options, warrants, convertible securities or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in issue.

As at the date of this announcement, the Founder Group directly and indirectly holds and/or controls the voting rights over 760,599,564 Shares in aggregate, representing approximately 63.61% of the outstanding issued share capital of the Company, being the Founder Scheme Shares. For the avoidance of doubt, these Shares form part of the Scheme Shares.

The remaining 435,197,743 Shares, representing approximately 36.39% of the outstanding issued share capital of the Company, are held by other Shareholders, being the Non-Founder Scheme Shares.

Please refer to the section headed "*Shareholding structure of the Company*" for the simplified shareholding structures of the Company as at the date of this announcement and immediately upon the Effective Date.

If the Scheme is approved and implemented:

- (a) the Founder Scheme Shares held by the Founder Group will be cancelled in consideration for the Founder Cancellation Consideration;
- (b) all Non-Founder Scheme Shares will be cancelled in consideration for the Cancellation Price of HK\$3 per Non-Founder Scheme Share which shall be paid in cash;
- (c) new Shares corresponding to the cancelled Scheme Shares will be issued to the Offeror, credited as fully paid, such that the Company will become wholly-owned directly by the Offeror; and
- (d) the listing of the Shares on the Stock Exchange will be withdrawn with effect immediately following the Effective Date.

The Offeror has appointed Morgan Stanley to act as its financial adviser in connection with the Proposal.

As at the date of this announcement, the Company has not appointed a financial adviser in connection with the Proposal. The Independent Financial Adviser will be appointed by the Board in due course to advise the Independent Board Committee in connection with the Proposal, the Scheme and the Joint Offeror Cooperation Arrangement. A further announcement will be made upon the appointment of the Independent Financial Adviser.

## **TERMS OF THE PROPOSAL**

The Board will, subject to the satisfaction of the Pre-Condition, put forward the Proposal. Upon the fulfilment of the Conditions and the Scheme becoming effective, all Scheme Shares will be cancelled and:

- (a) for cancellation of the Founder Scheme Shares, Founder Holdco will be entitled to receive the crediting as being fully paid of all of its approximately 50.65% unpaid EquityCo shares (and approximately 13% of unpaid EquityCo shares that Founder Holdco has directed EquityCo to issue and credit to CVC Holdco directly as part of the Joint Offeror Cooperation Arrangement as detailed in the section headed "*Joint Offeror Cooperation Arrangement*" below, including, amongst others, the "share adjustment" arrangement as set out in further details in paragraph (k) of the section headed "*Shareholders' Agreement*" below and the arrangements described in the section headed "*Restructuring Term Sheet*" below); and
- (b) for cancellation of the Non-Founder Scheme Shares, the Non-Founder Scheme Shareholders will be entitled to receive the Cancellation Price of HK\$3 per Non-Founder Scheme Share in cash.

In compliance with Rule 20.1(a) of the Takeovers Code, upon the Scheme becoming effective, the consideration for cancellation of the Founder Scheme Shares and Non-Founder Scheme Shares will be paid to the Scheme Shareholders whose names appear in the register of members of the Company on the Record Date as soon as possible, but in any event within seven business days (as defined in the Takeovers Code) following the Effective Date.

### **Cancellation Price per Non-Founder Scheme Share**

The Cancellation Price of HK\$3 per Non-Founder Scheme Share represents:

- (a) a premium of approximately 54.6% over the closing price of HK\$1.940 per Share as quoted on the Stock Exchange on the Last Trading Date;
- (b) a premium of approximately 84.7% over the average closing price of approximately HK\$1.624 per Share as quoted on the Stock Exchange for the 5 trading days up to and including the Last Trading Date;
- (c) a premium of approximately 135.5% over the average closing price of approximately HK\$1.274 per Share as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Date;
- (d) a premium of approximately 162.4% over the average closing price of approximately HK\$1.143 per Share as quoted on the Stock Exchange for the 60 trading days up to and including the Last Trading Date;
- (e) a premium of approximately 173.0% over the average closing price of approximately HK\$1.099 per Share as quoted on the Stock Exchange for the 90 trading days up to and including the Last Trading Date;
- (f) a premium of approximately 170.4% over the average closing price of approximately HK\$1.109 per Share as quoted on the Stock Exchange for the 120 trading days up to and including the Last Trading Date;
- (g) a premium of approximately 156.7% over the average closing price of approximately HK\$1.169 per Share as quoted on the Stock Exchange for the 180 trading days up to and including the Last Trading Date;
- (h) a premium of approximately 51.8% to the audited consolidated net asset value attributable to Shareholders per Share of approximately HK\$1.977 as at 29 February 2020; and
- (i) a premium of approximately 73.1% to the unaudited consolidated net asset value attributable to Shareholders per Share of approximately HK\$1.733 as at 31 August 2020, which is calculated based on the financial information disclosed in the Interim Result Announcement by the sum of the Company's total issued share capital of HK\$ 119.58 million and total reserves of HK\$1,953.07 million, divided by the total number of outstanding Shares of 1,195,797,307 as of 31 August 2020.

### **Highest and lowest prices**

During the six-month period ended on and including the Last Trading Date, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$1.940 on 30 November

2020 (being the Last Trading Date), and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.960 on 8 September 2020, 7 September 2020, and 10 August 2020.

### **Basis for determining the Cancellation Price**

The Cancellation Price has been determined on a commercial basis after taking into account, among other things, the challenging operating environment facing the Group, the significant investment required to reinvigorate the financial performance of the Group, financial performance of the Group, recent and historic traded prices of the Shares, and with reference to other privatisation transactions in Hong Kong in recent years.

### **Dividend payment by the Company**

As at the date of this announcement, the Company has not declared any dividend which remains unpaid. The Company does not intend to declare and/or pay any dividend before the Effective Date or the date on which the Scheme is not approved, or the Proposal otherwise lapses (as the case may be).

### **Events following the Scheme becoming effective**

On the basis of the number of Scheme Shares in issue as at the date of this announcement, if the Conditions are fulfilled and upon the Scheme becoming effective:

- (a) all of the Scheme Shares will be cancelled;
- (b) the issued share capital of the Company will be reduced by the cancellation of all the Scheme Shares. Immediately after such reduction, the Company will issue to the Offeror such number of Shares as is equal to the number of Scheme Shares cancelled such that the issued share capital of the Company will be restored to its amount in issue immediately before the capital reduction. The reserve created in the books of accounts of the Company as a result of the cancellation of the Scheme Shares will be applied in paying up in full at par the new Shares so issued, credited as fully paid; and
- (c) the listing of the Shares on the Stock Exchange will be withdrawn pursuant to Rule 6.15 of the Listing Rules.

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

### **SHARE OPTIONS**

The Company had issued 64,810,000 Share Options, of which 23,780,000 Share Options were held by the Chairman, 23,780,000 Share Options were held by CCO, and the remaining 17,250,000 were held by the other members of the Founder Group.

Pursuant to the rules of the 2008 Share Option Scheme, Share Options granted but not exercised may be cancelled by the Company with the consent of the relevant holders of the Share Options.

On 4 December 2020, with the consent of grantees, the Company cancelled all of the 64,810,000 outstanding Share Options. The Offeror will therefore not be making any offer to the holders of the Share Options pursuant to Rule 13 of the Takeovers Code.

## **CONFIRMATION OF FINANCIAL RESOURCES**

The Proposal will involve making an offer to cancel all of the Non-Founder Scheme Shares, in exchange for the Cancellation Price of HK\$3 per Non-Founder Scheme Share in cash.

Taking into account that the Founder Scheme Shares will be cancelled in consideration for the Founder Cancellation Consideration, the total amount of cash required to implement the Proposal in full will be approximately HK\$1,305,593,229. The Offeror proposes to finance the consideration payable under the Scheme with a combination of existing fund facilities available to and/or equity commitment from the CVC Funds.

Morgan Stanley, the financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror for satisfying in full its payment obligations in respect of the cash consideration payable under the Proposal.

## **PRE-CONDITION TO THE PROPOSAL AND THE SCHEME**

The making of the Proposal is, and the implementation of the Scheme will be, subject to the satisfaction of the non-waivable Pre-Condition (being the SAMR issuing a notice approving the Proposal and the Scheme, or the statutory clearance period specified by the SAMR pursuant to the PRC Anti-Monopoly Law, including any extension of such period, having elapsed and no objection having been raised or qualifications or requirements imposed by the SAMR in relation to the Proposal or the Scheme) on or prior to the Pre-Condition Long Stop Date.

The Pre-Condition is not waivable. All references to the Scheme in this announcement are references to the possible Scheme which will be implemented if, and only if, the Pre-Condition is satisfied.

The Offeror proposes to make the SAMR Filing as soon as practicable after the date of this announcement. Subject to any comments, extension of period, conditions, qualifications and other requirements imposed by the SAMR in accordance with the PRC Anti-Monopoly Law, it is estimated that the Offeror will be expected to become aware of whether the Pre-Condition has been satisfied or not in approximately three months after the initial submission of the SAMR Filing.

If the Pre-Condition is satisfied on or before the Pre-Condition Long Stop Date, the Offeror will issue further announcement(s) as soon as practicable thereafter. If the Pre-Condition is not satisfied by the Pre-Condition Long Stop Date, the Proposal will lapse, the Scheme will not be implemented (unless the Offeror extends the Pre-Condition Long Stop Date with the consent of the Company as permitted by the Executive) and the Shareholders will also be notified by a further announcement as soon as practicable thereafter.

The Offeror may request for an extension if the Pre-Condition is not fulfilled by the Pre-Condition Long Stop Date. In determining whether to consent to any request for the extension of the Pre-Condition Long Stop Date, the Company will consider whether it is in the best interests of the Company and the Shareholders.



## CONDITIONS OF THE PROPOSAL

The Proposal and the Scheme will only become effective and binding on the Company and all of the Shareholders if the following Conditions are fulfilled or waived (as applicable):

- (a) the approval of the Scheme (by way of poll) by a majority in number of the Scheme Shareholders present and voting at the Scheme Meeting, representing not less than 75 % in value of those Scheme Shares that are voted either in person or by proxy by the Scheme Shareholders at the Scheme Meeting (the Founder Group having provided an undertaking to the Court to agree to and be bound by the Scheme and to receive the Founder Cancellation Consideration in consideration for cancellation of their Founder Scheme Shares under the Scheme – see "*Founder Irrevocable Undertakings*" below);
- (b) the approval of the Scheme (by way of poll) by 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 Scheme Meeting, **provided that** the number of votes cast against the resolution to approve the Scheme is not more than 10 % of the votes attaching to all of the Scheme Shares held by the Disinterested Shareholders;
- (c) the passing by the Shareholders at the SGM of: (i) a special resolution to approve any reduction of the issued share capital of the Company by the cancellation of the Scheme Shares; and (ii) an ordinary resolution to apply the reserve created by the cancellation of the Scheme Shares to simultaneously restore the issued share capital of the Company by the allotment and issue to the Offeror of such number of new Shares (credited as fully paid) as is equal to the number of the Scheme Shares cancelled;
- (d) the sanction of the Scheme (with or without modification) by the Court and the delivery to the Registrar of Companies in Bermuda of a copy of the order of the Court for registration;
- (e) compliance with the procedural requirements and conditions, if any, under section 46(2) of the Companies Act in relation to any reduction of the issued share capital of the Company;
- (f) in relation to the Joint Offeror Cooperation Arrangement: (i) the receipt of an opinion from the Independent Financial Adviser to the Independent Board Committee confirming that the Joint Offeror Cooperation Arrangement is fair and reasonable as far as the Disinterested Shareholders are concerned; (ii) the passing of an ordinary resolution by the Disinterested Shareholders at the SGM to approve the Joint Offeror Cooperation Arrangement; and (iii) the grant of consent under Note 3 to Rule 25 of the Takeovers Code from the Executive to the Joint Offeror Cooperation Arrangement;
- (g) all Approvals which are: (i) required in connection with the Proposal by Applicable Laws or any licences, permits or contractual obligations of the Company; and (ii) material in the context of the Group (taken as a whole), having been obtained (or, as the case may be, completed) and remaining in full force and effect without modification up to and as at the Effective Date;
- (h) no Authority in any jurisdiction having taken or instituted any action, proceeding, suit, investigation or enquiry (or enacted or proposed, and there not continuing to be

outstanding, any statute, regulation, demand or order), in each case, which would make the Proposal void, unenforceable, illegal or impracticable (or which would impose any material and adverse conditions or obligations with respect to the Proposal);

- (i) all Applicable Laws having been complied with and no legal or regulatory requirement having been imposed by any Authority which is not expressly provided for, or is in addition to the requirements expressly provided for, in the Applicable Laws in connection with the Proposal which are material in the context of the Group (taken as a whole), in each case up to and as at the Effective Date;
- (j) since the date of this announcement, there having been no material adverse change to the business, financial or trading position of the Group, each taken as a whole; and
- (k) save in connection with the implementation of the Proposal, the listing of the Company on the Stock Exchange not having been withdrawn, and no indication having been received from the Executive and/or the Stock Exchange to the effect that the listing of the Shares on the Stock Exchange is or is likely to be withdrawn.

The Conditions in paragraphs (a) to (i) (inclusive) above are not waivable. The Offeror reserves the right to waive all or any of the Conditions in paragraphs (j) to (k) (inclusive) above in whole or in part. The Company does not have the right to waive any of the Conditions. All of the above Conditions must be fulfilled or waived, as applicable, on or before the Long Stop Date, failing which the Proposal and the Scheme will lapse.

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 Proposal if the circumstances which give rise to the right to invoke such Condition are of material significance to the Offeror in the context of the Proposal.

As at the date of this announcement, other than pursuant to the Pre-Condition and the Conditions in paragraphs (a) to (f) (inclusive) above, the Offeror and the Company are not aware of any circumstances which may result in any of the Conditions in paragraphs (g) to (i) (inclusive) above not being satisfied. As at the date of this announcement and based on the information available to the Offeror, other than pursuant to the Pre-Condition and the Conditions in paragraphs (a) to (f) (inclusive) above, the Offeror is also not aware of any other Approvals which are required as set out in the Condition in paragraph (g) above.

If the Conditions are satisfied or validly waived (as applicable), the Scheme will be binding on all of the Shareholders, irrespective of whether or not they attended or voted at the Scheme Meeting or the SGM.

**Warning: Shareholders and potential investors should be aware that the Proposal is subject to the Pre-Condition and the Conditions being fulfilled or waived, as applicable, and therefore the Proposal may or may not be implemented. 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 stockbroker, bank manager, solicitor or other professional advisers.**

## **FOUNDER IRREVOCABLE UNDERTAKINGS**

On 5 December 2020, each member of the Founder Group has given an irrevocable undertaking in favour of the Offeror and CVC Holdco being the other Joint Offeror:

- (a) to agree to and assist in implementing the cancellation of the Founder Scheme Shares held by them in consideration for the Founder Cancellation Consideration;
- (b) to provide undertakings to the Court to agree to and be bound by the Scheme, and to receive the Founder Cancellation Consideration in consideration for cancellation of their Founder Scheme Shares under the Scheme;
- (c) to the extent permitted by Applicable Laws (including the Takeovers Code), to vote any Shares held by them in favour of any resolutions proposed at the SGM to implement the Scheme or which are necessary for the Scheme to become effective; and
- (d) not to: (i) dispose of any interest in any Shares held by them; (ii) accept any other offer to acquire such Shares; or (iii) vote in favour of any resolution which is proposed in competition with the Scheme, until the Scheme becomes effective, lapses or is withdrawn.

The Founder Irrevocable Undertakings will be terminated if the Scheme is not approved or the Proposal otherwise lapses or is withdrawn.

## **ARRANGEMENTS MATERIAL TO THE PROPOSAL**

### **Implementation Agreement**

On 5 December 2020, the Offeror and the Company entered into the Implementation Agreement, pursuant to which the parties have agreed to use all reasonable endeavours to do all such things within their power to implement the Proposal and cooperate to obtain all Approvals required in connection with the Proposal.

Under the Implementation Agreement, the Company has undertaken to the Offeror to: (a) use all reasonable endeavours to implement the Scheme; and (b) procure that, prior to the earlier of the Effective Date and termination of the Implementation Agreement, unless otherwise approved by the Shareholders in a general meeting in accordance with Rule 4 of the Takeovers Code, the Group shall not take certain actions, including (amongst others): (i) carrying on its business other than in the ordinary and usual course; (ii) issuing, authorising or proposing the issue of any securities or making any change to its share capital, other than in respect of wholly-owned member of the Group or pursuant to the terms of any shareholders' agreement governing any member of the Group; (iii) in respect of the Company only, recommending, proposing, declaring, paying or making any bonus issue, dividend or other distribution; (iv) entering into any merger or acquiring or disposing of any material assets; (v) incurring any indebtedness or creating any encumbrance, other than in the ordinary and usual course of business; (vi) creating or agreeing to create any encumbrance over its business or any asset except in the ordinary and usual course of business of the Group; or (vii) transferring or assigning to any third party any intellectual property which it owns or has the right of use as at the date of the Implementation Agreement as well as any other intellectual property which it subsequently acquires or obtains the right of use of.

The Company has further undertaken, amongst other things, that it will not, and will procure that no member of the Group shall, directly or indirectly: (a) solicit, encourage, or otherwise seek to procure the submission of proposals, indications of interests or offers of any kind which are reasonably likely to lead to an alternative offer from any person other than the Offeror; and (b) enter into, or participate in, any discussions or negotiations (other than responding to unsolicited enquiries) with any such person in relation to an alternative offer or provide any due diligence information on the Company and the Group to any third party in connection therewith, save to the extent that, based on the written advice of external legal counsel: (i) the Board reasonably considers that they are likely to be in breach of their directors' duties or statutory duties not to do so; or (ii) they are required to do so under Rule 6 of the Takeovers Code or other Applicable Laws.

Nothing in the Implementation Agreement is intended to prevent or deprive: (a) the Shareholders from having the opportunity to consider; or (b) the Company from considering, in each case, any unsolicited alternative offers, proposals or transactions in respect of, or for, the issued ordinary share capital or assets or undertakings (whether the whole or a substantial part) of the Company or the Group from any person other than the Offeror.

The Implementation Agreement will be terminated if the Scheme is not approved or the Proposal otherwise lapses or is withdrawn.

### **Joint Offeror Cooperation Arrangement**

As part of the Proposal, the relevant members of the Founder Group, CVC Holdco and/or EquityCo entered into the following Joint Offeror Cooperation Arrangement:

- (a) Consortium Agreement;
- (b) Shareholders' Agreement; and
- (c) Restructuring Term Sheet.

As the Joint Offeror Cooperation Arrangement (being: (a) the cancellation of the Founder Scheme Shares in consideration for the Founder Cancellation Consideration; (b) the entry by the relevant members of the Founder Group, CVC Holdco and/or EquityCo into the Consortium Agreement and Shareholders' Agreement; and (c) the Restructuring) is not offered to all Shareholders (and is only offered to the members of the Founder Group, such that, after the Effective Date and the completion of the Restructuring, the Founder Group may continue to retain management control over, contribute to, participate in potential distributions of, and potentially benefit from non-guaranteed increase in value of the Offeror Group, while at the same time bearing risk of a potential fall in value, potential losses, or potential streams of negative cash flows of, or potential need for additional capital injection into the Offeror Group, resulting from undesirable performance or adverse market conditions, amongst other factors), the Joint Offeror Cooperation Arrangement requires the consent of the Executive under Note 3 to Rule 25 of the Takeovers Code, and the Offeror will make an application for consent to the Executive.

The Proposal and the Scheme are therefore subject to:

- (a) the receipt of an opinion from the Independent Financial Adviser to the Independent Board Committee confirming that the Joint Offeror Cooperation Arrangement is fair and reasonable as far as the Disinterested Shareholders are concerned;
- (b) the passing of an ordinary resolution by the Disinterested Shareholders at the SGM to approve the Joint Offeror Cooperation Arrangement; and
- (c) the grant of consent from the Executive to the Joint Offeror Cooperation Arrangement, which will be conditional on satisfaction of the matters in paragraphs (a) and (b) above.

#### *Consortium Agreement*

On 4 December 2020, Chairman, CCO (each in his personal capacity as a member of the Founder Group), and the Joint Offerors entered into the Consortium Agreement, pursuant to which the parties have agreed to conduct and implement the Proposal in consultation with one another and for EquityCo to have the shareholding structure as further described in the section headed "*Information on the Offeror Group*" below.

The Consortium Agreement will be terminated if the Scheme is not approved or the Proposal otherwise lapses or is withdrawn.

#### *Shareholders' Agreement*

On 5 December 2020, Chairman, CCO (each in his personal capacity as a member of the Founder Group), the Joint Offerors and EquityCo entered into the Shareholders' Agreement in respect of the governance of the Offeror Group, which is intended to take full effect upon the Scheme becoming effective. A summary of the key terms of the Shareholders' Agreement is set out below:

- (a) **Board composition.** Founder Holdco shall have the right to appoint three directors on the board of EquityCo, and CVC Holdco shall have the right to appoint two directors.
- (b) **Voting rights.** Ordinary shares, class A preference shares and class B preference shares in EquityCo will be voting, and each share will carry one vote.
- (c) **Dividend rights.** Each preference share will have a cumulative non-cash coupon at the rate of 10% per annum. No dividend on any ordinary share shall be declared unless the accrued interest on the preference shares is fully settled. CVC Holdco, as a holder of class B preference shares, shall be entitled to an additional preferred dividend of up to HK\$800,000,000 (subject to EquityCo's cash availability and external debt financing terms). There is no guarantee that such additional preferred dividend will be paid.
- (d) **Reserved matters.** The EquityCo board will be responsible for the overall direction, supervision and management of the Offeror Group, subject to minority protection reserved matters over which CVC Holdco shall have a veto right. Such reserved matters include, among others, amendment of constitutional documents and share capital, liquidation and winding up of any company of the Offeror Group, approval of business plan and annual budget, appointment of auditors and senior management of the Offeror Group, change of business scope, any material borrowings, mergers, investments, acquisitions, disposals and granting any material guarantees other than

provided in the business plan, entering into or settling any material dispute, and entering into any material related party transactions.

- (e) **Pre-emption rights.** Each shareholder shall have pre-emption rights to participate in any issuance of new shares by EquityCo.
- (f) **Transfer restriction.** Other than with the prior written consent of CVC Holdco, Chairman, CCO (each in his personal capacity) and Founder Holdco shall not, subject to customary exceptions, transfer their or its EquityCo shares to third parties during the term of the Shareholders' Agreement.
- (g) **Non-compete and non-solicit.** Founder Holdco, Chairman, CCO (each in his personal capacity) and their affiliates shall not, other than carrying on the Other Operations, compete with the Brand Operation, and shall not solicit the employment of the senior managers of the Offeror Group, subject to customary exceptions.
- (h) **Liquidation preference.** In case of a liquidation event (including, with respect to the Offeror Group, any liquidation, share sale resulting in Founder Holdco losing control, or sale of all or substantially all of the assets), ahead of holders of other classes of shares, holders of class B preference shares shall be entitled to (i) participate in such liquidation event, or (ii) be paid by EquityCo an amount no less than the sum of its investment amount and all accrued and unpaid dividend.
- (i) **Conversion rights.** Each preference share of EquityCo shall be automatically converted into ordinary shares immediately prior to the consummation of any initial public offering of EquityCo.
- (j) **Exit.** Shareholders of EquityCo endeavour to procure that EquityCo shall consummate a qualified initial public offering or a trade sale in approximately three to five years after the Effective Date, through which shareholders may exit from EquityCo. CVC Holdco has the right (but not the obligation) to exit ahead of other shareholders.
- (k) **Share adjustment.** If the net money-on-money return achieved by CVC Holdco through its future exits from EquityCo (calculated based on CVC Holdco's net return amount and investment amount) is within certain range, up to approximately 13% of EquityCo shares (which were initially issued and credited to CVC Holdco at the direction of Founder Holdco around the time of this announcement and the Effective Date respectively) will be proportionally returned to Founder Holdco upon CVC Holdco's future exits from EquityCo in accordance with a gradual scale. There is no certainty as to CVC Holdco's future exit return nor any guarantee that such share adjustment will eventually take place.
- (l) **Preferred dividend sharing.** After taking into account the share adjustment as described above, if CVC Holdco achieves a certain net money-on-money return threshold upon its future exits from EquityCo, CVC Holdco will share with Founder Holdco up to 63.5% of its preferred dividend actually received by CVC Holdco from EquityCo (to the extent CVC Holdco's net money-on-money return remains above a certain threshold). There is no certainty as to CVC Holdco's future exit return nor any guarantee that such preferred dividend sharing will eventually take place.

- (m) **Additional upside sharing.** After taking into account the share adjustment and the preferred dividend sharing as described above, if the net money-on-money return achieved by CVC Holdco through its future exits from EquityCo still exceeds a certain threshold, CVC Holdco will share with Founder Holdco an additional cash amount equal to approximately 15% of CVC Holdco's net return that is in excess of the certain threshold. There is no certainty as to CVC Holdco's future exit return nor any guarantee that such additional upside sharing will eventually take place.
- (n) **Termination.** The Shareholders' Agreement shall terminate (i) by the parties' written agreement, (ii) with respect to a shareholder, if that shareholder holds less than 10% EquityCo shares, (iii) upon a qualified initial public offering, and (iv) upon all EquityCo shares being held by one person.

### *Restructuring Term Sheet*

On 5 December 2020, Chairman, CCO (each in his personal capacity as a member of the Founder Group), the Joint Offerors and EquityCo entered into a legally binding Restructuring Term Sheet, pursuant to which the parties have agreed to:

- (a) procure the implementation of the Restructuring in accordance with the Restructuring Plan which shall commence as soon as possible after the date of this announcement and be completed within a short period of time after the Effective Date;
- (b) in accordance with the Restructuring Plan, procure the establishment of new Group entities required to effect the Restructuring and procure that necessary intra-group legally binding definitive transfer documents, conditional on and taking effect after the Effective Date, are entered into as soon as possible after the date of the Restructuring Term Sheet, in order to separate the Group's co-mingled Brand Operations and the Other Operations by intra-group transfers of the Brand Operations' identifiable employees, inventory, other tangible assets, lease agreements, other third-party contracts, intellectual properties, information technology infrastructure, data, cash or receivables, debt or payables, where possible, from the co-mingled Group entities to selected or newly established Group entities dedicated for the Brand Operations. If it is not possible for any particular asset or contract transfers to be completed within a short period of time after the Effective Date, alternative contractual arrangements, conditional on and taking effect after the Effective Date, shall be put in place, such that Brand Operations may enjoy benefits of such assets or contracts upon completion of the Restructuring; and
- (c) in accordance with the Restructuring Plan, procure that the Brand Operations and the Other Operations enter into (i) transitional services agreements relating to logistics, e-commerce, office premises and IT systems or other areas where transitional services are required, and (ii) long-term agreements relating to trading between Brand Operations and Other Operations, each conditional on and taking effect after the Effective Date.

After the Scheme becomes effective, CVC Holdco will have a 49.35% indirect interest in the Other Operations (as part of Offeror Group). After the Brand Operations and the Other Operations are effectively separated after the Effective Date, under the Restructuring Term Sheet, CVC Holdco has agreed to transfer or procure the transfer of its 49.35% indirect

interest in the Other Operations to Founder Holdco in accordance with the steps set out in the Restructuring Plan.

Having taken into account the Other Operations' financial condition, lease liabilities and other cash requirements for operating and reviving its business, the consideration for the transfer of CVC Holdco's 49.35% indirect interest in the Other Operations to Founder Holdco includes, amongst others, the following:

- (a) by directing EquityCo to directly issue and credit approximately 13% EquityCo shares to CVC Holdco around the time of this announcement and at the Effective Date, respectively, Founder Holdco passes to CVC Holdco approximately HK\$460 million economic value (being approximately 13% of EquityCo's share capital);
- (b) by agreeing that CVC Holdco's class B preference shares in EquityCo will have right to up to HK\$800 million preferred dividend, Founder Holdco passes to CVC Holdco up to approximately HK\$400 million economic value (being the right to *pro rata* dividend in EquityCo that Founder Holdco has given up to CVC Holdco);
- (c) Founder Holdco settles the HK\$10 million nominal equity purchase price for the transfer of the Other Operations from the Offeror Group to Founder Holdco by setting off against the consideration of EquityCo's repurchase of Founder Holdco's EquityCo shares representing HK\$10 million EquityCo's share capital; and
- (d) Founder Holdco agreeing, as part of the terms of the broader Joint Offeror Cooperation Arrangement, to pass to CVC Holdco certain rights including liquidation preference, exit preference and minority protection reserved matters in EquityCo, and subjecting Founder Holdco's EquityCo shares to transfer restrictions (each as set out in further detail above),

each of (a) to (b) above, representing an element of the quantifiable or non-quantifiable consideration for CVC Holdco to transfer its 49.35% indirect interest in the Other Operations to Founder Holdco. Further details regarding the above will be disclosed in the Scheme Document.

The Joint Offerors have agreed to undertake the Restructuring as a part of the broader Joint Offeror Cooperation Arrangement package, rather than as a standalone transaction.

The Brand Operations will mainly include the Group's operations of design, sourcing and sale of streetwear products bearing self-owned A Bathing Ape, Aape by A Bathing Ape brands and associated sub-brands thereof, including, without limitation, Baby Milo, Milo Stores, BAPY, BAPE Black, and Mr. Bathing Ape. Unless otherwise agreed between the Joint Offerors, based on the scope of the Brand Operations as at the date of this announcement, it is anticipated that upon completion of the Restructuring: (a) Brand Operations will have leased stores, employees, assets, real and intellectual properties, and contractual relationships that are dedicated to Brand Operations, and sufficient cash to support its operations; and (b) the existing external bank debt of the Group will be refinanced through new external bank facilities to be borrowed by the Group entities dedicated for Brand Operations after the Effective Date.

The Other Operations will mainly consist of the retail operations for the sale and distribution of garments bearing third-party owned brands (such as Off-White, Acne Studios, Comme des



Garcons, and Fred Perry) and certain other self-owned brands (such as CHOCOOLATE). Unless otherwise agreed between the Joint Offerors, based on the scope of the Other Operations as at the date of this announcement, it is anticipated that, upon completion of the Restructuring, the Other Operations will have the leased stores, employees, assets, real and intellectual properties, and contractual relationships that are needed for the Other Operations, and the remaining cash of the Group other than that allocated to the Brand Operations.

### **Other arrangements**

As at the date of this announcement:

- (a) save for the Proposal, the Scheme, the Joint Offeror Cooperation Arrangement, the Founder Irrevocable Undertakings and the Implementation Agreement, there is no agreement or arrangement (whether by way of option, indemnity or otherwise) in relation to the Shares or shares of EquityCo or any of its concert parties which might be material to the Proposal;
- (b) there is no agreement or arrangement to which the Offeror or any of its concert parties is a party which relates to circumstances in which the Offeror may or may not invoke or seek to invoke a Condition to the Proposal;
- (c) save for the Founder Irrevocable Undertakings, neither the Offeror nor its concert parties have received any irrevocable commitment to vote for or against the Proposal; and
- (d) save for the Founder Irrevocable Undertakings and the arrangements disclosed in the section headed "*Arrangements Material to the Proposal*" above, there is no special deal between: (i) any Shareholder; and (ii) either (a) the Offeror or any party acting in concert with it (including the Founder Group and the CVC Network); or (b) the Company or the Company's subsidiaries or associated companies.

### **SHAREHOLDING STRUCTURE OF THE COMPANY**

As at the date of this announcement:

- (a) the issued share capital of the Company comprises 1,195,797,307 Shares;
- (b) as detailed below, the Founder Group legally or beneficially owns, controls or has direction over a total of 760,599,564 Shares, representing approximately 63.61 % of the total Shares;
- (c) CVC Holdco does not legally or beneficially own, control or have direction over any Shares;
- (d) Morgan Stanley, being a concert party of the Offeror, does not legally or beneficially own, control or have direction over any Shares (except those Shares which may be held in its capacity as an exempt principal trader or exempt fund manager for the purpose of the Takeovers Code);
- (e) save as disclosed above and below, neither the Offeror nor its concert parties legally or beneficially own, control or have direction over any Shares;

- (f) neither the Offeror nor its concert parties have entered into any outstanding derivative in respect of the securities in the Company;
- (g) neither the Offeror nor its concert parties have borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company; and
- (h) the Disinterested Shareholders legally or beneficially own, control or have direction over a total of 435,197,743 Shares, representing approximately 36.39 % of the total Shares.

The Founder Scheme Shares will be cancelled in consideration for the Founder Cancellation Consideration. All Non-Founder Scheme Shares (being a total of 435,197,743 Shares representing approximately 36.39 % of the total Shares) will be cancelled in consideration for the Cancellation Price in cash upon the Scheme becoming effective.

The table below sets out the shareholding structure of the Company as at the date of this announcement and immediately following implementation of the Proposal, assuming that there is no other change in the shareholding of the Company before the Effective Date.

Shareholder	As at the date of this announcement		Immediately upon the Scheme becoming effective	
	Number of Shares	Approximate % of total Shares	Number of Shares	Approximate % of total Shares
<b>(A) Joint Offerors</b>				
<b>(A1) Founder Group</b>				
ABS 2000 Trust (1)	698,564,441	58.42%	-	-
Mr. Sham Kar Wai (2)	6,834,000	0.57%	-	-
Mr. Sham Kin Wai (3)	6,834,000	0.57%	-	-
Ms. Sham Sau Han (4)(6)	39,743,941	3.32%	-	-
Ms. Sham Sau Wai (4)	7,692,985	0.64%	-	-
Mr. Fung Yuk Hung (4)	930,197	0.08%	-	-
<b>(A2) CVC Holdco</b>	-	-	-	-
<b>(A3) Offeror</b>	-	-	1,195,797,307	100%
<b>(A) Sub-total = (A1)+(A2)+(A3)</b>	760,599,564	63.61%	1,195,797,307	100%
<b>(B) Concert parties of the Offeror (5)</b>				
	-	-	-	-
<b>(C) Disinterested Shareholders</b>	435,197,743	36.39 %	-	-
<b>TOTAL (A)+(B)+(C)</b>	<u>1,195,797,307</u>	<u>100%</u>	<u>1,195,797,307</u>	<u>100%</u>

*Note (1): Mr. Sham Kar Wai, Mr. Sham Kin Wai, their spouses and family members are beneficiaries of the ABS 2000 Trust, which is an irrevocable discretionary trust of which HSBCITL is the trustee. Amongst the ABS 2000 Trust Holding Companies, Fine Honour Limited, Fortune Symbol Limited, Fresh Start Holdings Limited and Sure Elite Limited are wholly-owned subsidiaries of Effective Convey Limited. Effective Convey Limited is wholly-*

*owned by Dynamic Vitality Limited, which is in turn wholly-owned by HSBCITL as a trustee of the ABS 2000 Trust (on trust for the benefit of its beneficiaries). Each of Mr. Sham Kar Wai, Mr. Sham Kin Wai, their spouses and family members is therefore deemed to be interested in the interests of the ABS 2000 Trust Holding Companies in the Company.*

*Note (2): Mr. Sham Kar Wai is an executive Director, Chairman of the Board and the chief executive officer of the Company.*

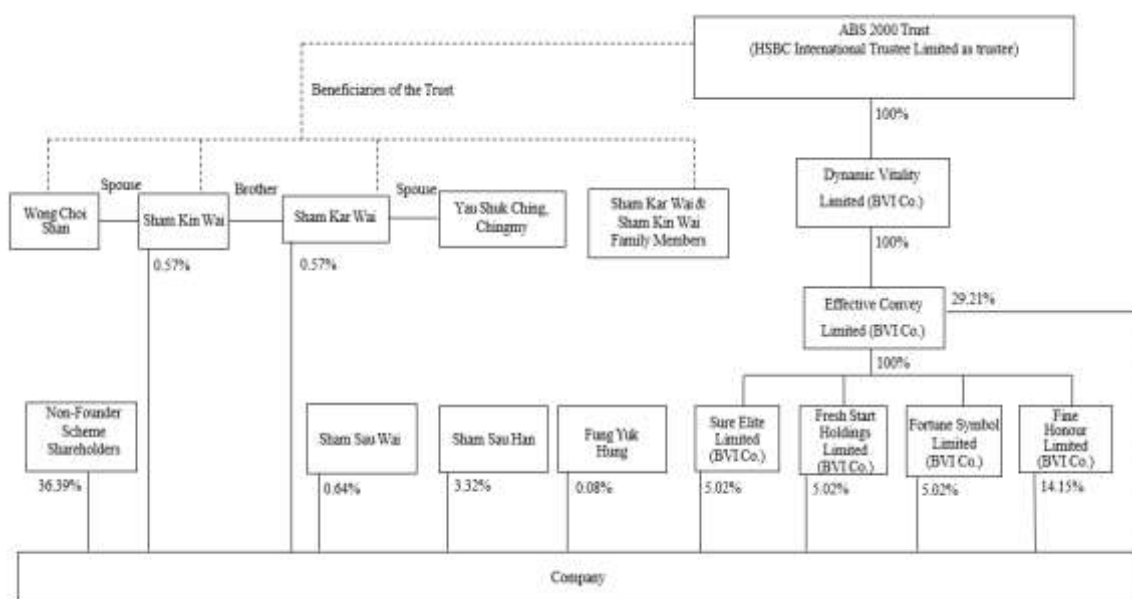
*Note (3): Mr. Sham Kin Wai is an executive Director and chief creative officer of the Company.*

*Note (4): Ms. Sham Sau Han and Ms. Sham Sau Wai are sisters to Mr. Sham Kar Wai and Mr. Sham Kin Wai. Mr. Fung Yuk Hung is brother in law to Mr. Sham Kar Wai and Mr. Sham Kin Wai.*

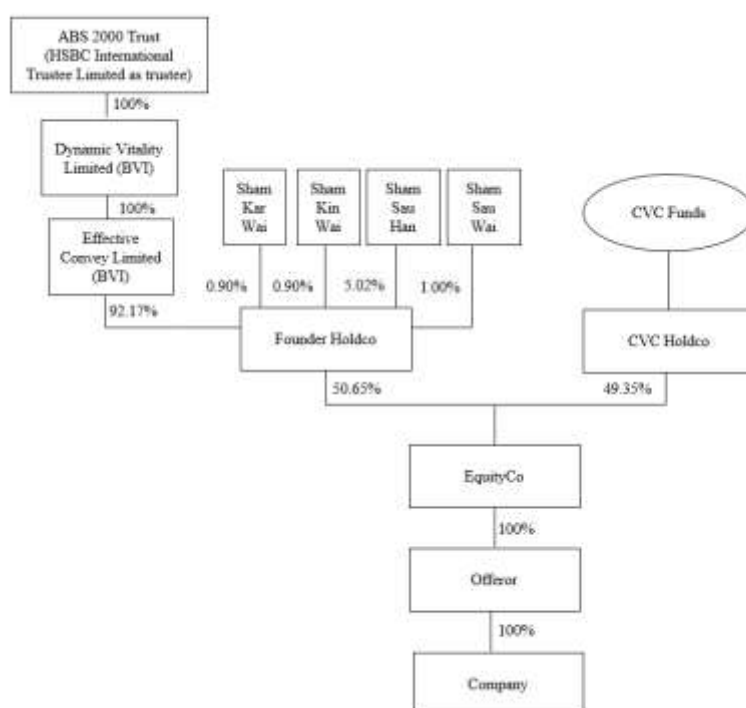
*Note (5): Morgan Stanley is the financial adviser to the Offeror in relation to the Proposal. Accordingly, Morgan Stanley and relevant members of the Morgan Stanley group which hold Shares on their own account or on a discretionary managed basis are presumed to be acting in concert with the Offeror in relation to the Company in accordance with class 5 of the definition of "acting in concert" under the Takeovers Code (except in respect of the Shares held by exempt principal traders or exempt fund managers). Details of holdings or borrowings or lendings of, and dealings in, Shares or derivatives in respect of them by other parts of the Morgan Stanley group will be obtained as soon as possible after this announcement has been made and (if applicable) disclosed in accordance with Note 1 to Rule 3.5 of the Takeovers Code. Exempt principal traders which are connected for the sole reason that they are under the same control as Morgan Stanley are not presumed to be acting in concert with the Offeror. However, Shares held by members of the Morgan Stanley group acting in the capacity of exempt principal traders will not be voted at the Scheme Meeting and the SGM unless the Executive allows such Shares may be so voted. Shares held by such exempt principal traders may, subject to consent of the Executive, be allowed to be voted at the Scheme Meeting and the SGM if (i) the relevant connected exempt principal trader holds the Shares as a simple custodian for and on behalf of non-discretionary clients, and (ii) there are contractual arrangements in place between the relevant connected exempt principal trader and its clients that strictly prohibit the relevant connected exempt principal trader from exercising any voting discretion over the relevant Shares, and all voting instructions shall originate from the client only (if no instructions are given, then no votes shall be cast for the relevant Shares held by the relevant connected exempt principal trader).*

*Note (6): The shareholding percentage in the table is subject to rounding adjustment.*

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



The chart below sets out the illustrative shareholding structure of the Company immediately upon the Scheme becoming effective:



## INFORMATION ON THE GROUP

The Company is a company incorporated in Bermuda with limited liability, the shares of which have been listed on the Stock Exchange since March 2005 with the stock code 999. The Group is principally engaged in the design, sourcing and sales of fashion wears and accessories.

## INFORMATION ON THE OFFEROR GROUP

Each of EquityCo and the Offeror is an exempted company incorporated in the Cayman Islands with limited liability and set up for the implementation of the Proposal. The Offeror is wholly-owned by EquityCo (a company incorporated in the Cayman Islands with limited liability).

As at the date of this announcement:

- (a) EquityCo has three classes of shares: ordinary shares, class A preference shares and class B preference shares, with the following breakdown.

	<b>Number of Ordinary Shares</b>	<b>Number of Class A Preference Shares</b>	<b>Number of Class B Preference Shares</b>	<b>Amount of the total share capital (HK\$)</b>	<b>% of the total share capital</b>
Founder					
Holdco	5,015,008	1,811,864,043	0	1,816,879,051	50.65%
CVC Holdco	5,012,945	0	1,765,499,925	1,770,512,870	49.35%
Total	10,027,953	1,811,864,043	1,765,499,925	3,587,391,921	100.00%

Further details of the terms and conditions of the EquityCo's ordinary shares, class A preference shares, and class B preference shares upon the Effective Date are further described in the section headed "*Shareholders' Agreement*" above.

- (b) The board of each of EquityCo and the Offeror comprises Mr. Sham Kar Wai and Mr. Yann Jiang.

Further details of Mr. Sham Kar Wai are further described in section headed "*Information on Founder Group*" below.

Mr. Yann Jiang is a director and member of the CVC greater China and regional team, based in Hong Kong. Prior to joining CVC, Mr. Jiang worked at Caisse de Dépôt et Placement du Québec in its direct private equity team in Singapore, COTY Inc. in its investment team based in Geneva, and previously at Morgan Stanley in Paris as an investment banking professional. Mr. Jiang holds a master's degree in management from HEC Paris (Grande Ecole).

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



- (c) The ABS 2000 Trust Holding Companies are directly or indirectly wholly owned by HSBCITL (on trust for the benefits of Mr. Sham Kar Wai Mr. Sham Kin Wai, their spouses and family members).
- (d) Ms. Sham Sau Han and Ms. Sham Sau Wai are sisters to Mr. Sham Kar Wai and Mr. Sham Kin Wai. Mr. Fung Yuk Hung is brother in law to Mr. Sham Kar Wai and Mr. Sham Kin Wai.

## **INFORMATION ON THE CVC NETWORK**

The CVC Network comprises CVC Holdco, CVC and CVC Funds.

- (a) CVC Holdco is an exempted company incorporated in Hong Kong with limited liability and set up for the implementation of the Proposal. CVC Holdco is ultimately wholly-owned by the CVC Funds. CVC Holdco is an independent third party and is not connected with and is not a person acting in concert with the Company or its subsidiaries or any connected persons of the Company (other than members of the Founder Group).
- (b) CVC is a leading private equity and investment advisory firm. Founded in 1981, CVC today has a network of 23 offices and approximately 550 employees throughout Europe, Asia and the US. To date, CVC has secured commitments of more than US\$120 billion from some of the world's leading institutional investors across its private equity strategies. In total, CVC currently manages over US\$82 billion of assets. Today, funds managed or advised by CVC are invested in over 80 companies worldwide, employing approximately 400,000 people in numerous countries. Together, these companies have combined annual sales of over US\$92 billion. For more information, please visit [www.cvc.com](http://www.cvc.com).
- (c) CVC Funds are widely held among a large number of investors, including pension funds, sovereign wealth funds, financial institutions and various other partners.
- (d) CVC Capital Partners Asia V Limited is the general partner of CVC Funds. CVC Capital Partners Asia V Limited is ultimately controlled by CVC Capital Partners SICAV-FIS S.A.

## **REASONS FOR AND BENEFITS OF THE PROPOSAL AND INTENTION REGARDING THE COMPANY**

**For the Company: a proposal to facilitate a necessary transformation of the business amid challenging market conditions alongside a highly accomplished partner. In light of digital disruption to the retail industry, the Company has undertaken restructuring efforts to reposition its businesses and improve its competitive advantage.**

The past few years have been unprecedentedly challenging for the Company and the fashion retail industry as a whole. Digital disruption from e-commerce platforms, the adoption of offline to online sales channels, and new online direct-to-consumer brands have caused structural changes to customer preferences and shopping behaviour. These developments have impacted the competitive position of the Company. While the Company has adopted online strategies, it has been unable to transform business operations sufficiently for online growth and related cost savings measures to offset a decline in sales from retail outlets. In the

six-month period prior to 31 August 2020, turnover for the Company declined by 31.9%, following an annual net loss for the financial year ending 29 February 2020 of HK\$745.8 million.

Aside from structural changes to the industry, consumer spending has sharply declined in several key markets. The outbreak of COVID-19 has significantly impacted the Company's business performance across multiple regions. The Company has seen a sharp decline in inbound tourism, one of the main drivers of its business, in several operating markets. In particular, inbound tourism to Hong Kong has plunged during 2020, with arrivals during the third quarter declining by 99.7% from a year earlier to an extremely low level. Hong Kong's GDP by the end of the third quarter 2020 has contracted by 7.2% year-to-date versus the same period in 2019.

Against the backdrop of global travel recovery being highly uncertain which was evidenced by the recent capacity reduction in some of the major airlines, the Company foresees a long and challenging journey ahead until a full restoration of consumer confidence across most regions where the Company operates.

Although the Company has implemented several short-term measures to temporarily counter the impact of economic headwinds, the Company also recognises that the shift of consumer preferences and an elaborate reduction of global tourism will have a lasting impact. These factors require the Company to re-strategise, undertake a deeper business transformation and restructure in order to achieve long-term sustainable growth.

Following implementation of the Proposal, the Offeror Group intends to conduct Restructuring to allow the Joint Offerors to focus their resources on development of the Brand Operations while providing Founder Holdco leeway to take necessary steps to revive the Other Operations. The Joint Offerors believe that the Restructuring, selective expansion and transformation of businesses currently operated by the Company will be more effectively implemented away from the public equity markets. The Joint Offerors plan to contribute financial and operational resources to the Company in order to reinvigorate growth over a long period through online infrastructure expansion, restore profitability via selective branding and implement location strategies and new business opportunities.

In light of ongoing global macro, retail industry and consumer spending uncertainties, the Company's transformation will involve execution, market and financial risks and the associated benefits will require a longer time to materialise. The Offeror believes 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 operated away from the public market without ongoing pressures of short-term business performance.

The Founder Group remains committed to the long-term prospects of the Company and considers a partnership with CVC Funds, a leading global long-term strategic investor with efficiency optimisation capabilities, extensive global network and a synergetic brand portfolio, to be advantageous. In particular, CVC's highly experienced advisory board with comprehensive experience in the retail industry is going to be invaluable to the Restructuring efforts the Company plans to undertake. Together with a shared ambition to uncover potential for the Brand Operations, a partnership between the Company and CVC Funds will provide the optimal structure and platform for both sides to unleash their respective strengths in realising the common objective to create long-term values for the Brand Operations.



**For Non-Founder Scheme Shareholders: an attractive opportunity to realise their investment at a compelling premium in view of macro headwinds, execution, market and financial risks and current challenging market conditions.**

In light of the challenging market environment and the execution, market and financial risks in implementing a strategic transformation, the Scheme provides an attractive opportunity for the Non-Founder Scheme Shareholders to monetise their Shares at a compelling premium to the current market price of the Company. The Cancellation Price of HK\$3 for each Non-Founder Scheme Share represents a premium of approximately 54.6% over the closing price of HK\$1.940 per Share as quoted on the Stock Exchange on the Last Trading Date and a premium of approximately 135.5% and 173.0% over the average closing price of approximately HK\$1.274 and HK\$1.099 per Share for 30 and 90 trading days up to and including the Last Trading Date, respectively.

The Proposal provides the Non-Founder Scheme Shareholders with an opportunity to immediately realise their investment in the Company for cash amid the tremendous market uncertainty without taking on the significant risks the Restructuring plan entails.

## **FINANCIAL ADVISER**

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

## **INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

An Independent Board Committee, which comprises the following independent non-executive Directors: Dr. Wong Tin Yau, Kelvin, JP; Mr. Francis Goutenmacher; and Mr. Tsang Hin Fun, Anthony, has been established by the Board on 4 December 2020 to make a recommendation to the Disinterested Shareholders as to whether (a) the Proposal, and in particular the Scheme and the Joint Offeror Cooperation Arrangement, are fair and reasonable to the Disinterested Shareholders; and (b) to vote in favour of the Joint Offeror Cooperation Arrangement at the SGM and the Scheme at the Scheme Meeting.

As at the date of this announcement, the Company has not appointed an Independent Financial Adviser in connection with the Proposal. The Independent Financial Adviser will be appointed by the Board in due course to advise the Independent Board Committee on the Proposal, the Scheme and the Joint Offeror Cooperation Arrangement. A further announcement will be made after the appointment of the Independent Financial Adviser.

The Directors (**excluding members of the Independent Board Committee whose views will be given after considering the advice of the Independent Financial Adviser**) believe that the Proposal and the Scheme are fair and reasonable and in the interests of the Shareholders as a whole.

## **WITHDRAWAL OF LISTING OF THE SHARES**

Upon the Scheme becoming effective, all Scheme Shares will be cancelled (with the equivalent number of new Shares being simultaneously issued and credited as fully paid to the Offeror) and the share certificates for the Scheme Shares will thereafter cease to have effect as documents or evidence of title. The Company will make an application for the

listing of the Shares to be withdrawn from the Stock Exchange in accordance with Rule 6.15 of the Listing Rules, with effect immediately following the Effective Date.

The Scheme Shareholders will be notified by way of an announcement of the dates of the last day for dealing in the Shares and the day on which the Scheme and the withdrawal of the listing of the Shares on the Stock Exchange will become effective. A detailed timetable of the implementation of the Proposal will be included in the Scheme Document.

## **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 Pre-Condition or the Conditions has not been fulfilled or waived, as applicable, on or before the Long Stop Date. If the Scheme is not approved or the Proposal otherwise lapses, the listing of the Shares on the Stock Exchange will not be withdrawn.

If the Scheme is not approved or the Proposal otherwise lapses, there are restrictions under the Takeovers Code on making subsequent offers, to the effect that neither the Offeror nor any person who acted in concert with it 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 the Proposal otherwise lapses, announce an offer or possible offer for the Company, except with the consent of the Executive.

If the Independent Board Committee or the Independent Financial Adviser does not recommend the Proposal, and the Scheme is not approved, all expenses incurred by the Company in connection therewith shall be borne by the Offeror in accordance with Rule 2.3 of the Takeovers Code.

## **OVERSEAS SHAREHOLDERS**

The making and implementation of the Proposal to Scheme Shareholders who are not resident in Hong Kong may be affected by the Applicable Laws of the relevant jurisdictions. Any Scheme Shareholders who are not resident in Hong Kong should inform themselves about and observe any applicable legal and regulatory requirements in their own jurisdictions.

It is the responsibility of any overseas Scheme Shareholders wishing to take any action in relation to the Proposal to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, compliance with the necessary formalities and the payment of any issue, transfer or other taxes due from such shareholder in such jurisdiction.

Any acceptance by the Scheme Shareholders will be deemed to constitute a representation and warranty from such persons to the Offeror and the Company and their respective advisers, including Morgan Stanley, the financial adviser to the Offeror, that those laws and regulatory requirements have been complied with. If you are in doubt as to your position, you should consult your professional advisers.

In the event that the despatch or receipt of the Scheme Document by overseas Scheme Shareholders is prohibited by any relevant law or regulation or may only be effected after compliance with conditions or requirements that the directors of the Offeror or the Company regard as unduly onerous or burdensome (or otherwise not in the best interests of the Offeror

or the Company or their respective shareholders), the Scheme Document may not be despatched to such overseas Scheme Shareholders. For that purpose, the Company will apply for a waiver pursuant to Note 3 to Rule 8 of the Takeovers Code at such time. Any such waiver will only be granted if the Executive is satisfied that it would be unduly burdensome to despatch the Scheme Document to such overseas Scheme Shareholders. In granting the waiver, the Executive will be concerned to see that all material information in the Scheme Document is made available to such Scheme Shareholders.

## **TAXATION ADVICE**

Scheme Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Proposal. It is emphasised that none of the Offeror, persons acting in concert with the Offeror, the Company, Morgan Stanley or any of their respective directors, officers or associates or any other person involved in the Proposal accepts responsibility (other than in respect of themselves, if applicable) for any taxation effects on, or liabilities of, any other persons as a result of their acceptance or rejection of the Proposal.

## **DESPATCH OF THE SCHEME DOCUMENT**

A Scheme Document including, among other things, further details of the Proposal, the Scheme and the Joint Offeror Cooperation Arrangement, an explanatory statement as required under the Companies Act, the expected timetable relating to the Proposal, the recommendations of the Independent Board Committee, the letter of advice from the Independent Financial Adviser and notices of the Scheme Meeting and the SGM will be despatched to the Scheme Shareholders as soon as practicable and in compliance with the requirements of the Takeovers Code and Applicable Laws.

The Scheme Document will contain important information, and the Disinterested Shareholders or Scheme Shareholders (as the case may be) are urged to read the Scheme Document carefully before casting any vote at (or providing any proxy in respect of) the Scheme Meeting or the SGM.

## **DISCLOSURE OF DEALINGS**

The respective associates (as defined in the Takeovers Code) of the Offeror, the Founder Group, the CVC Network and the Company, including shareholders holding 5% or more of any class of relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of each of the foregoing, are hereby reminded to disclose their dealings in the relevant securities of the Company.

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

*"Responsibilities of stockbrokers, banks and other intermediaries Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates of an offeror or the offeree company and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and*

*commission) in any relevant security undertaken for a client during any 7 day period is less than \$1 million.*

*This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.*

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

## **TRADING HALT AND RESUMPTION OF TRADING IN THE SHARES**

At the request of the Company, trading in the Shares on the Stock Exchange was halted from 2:44 p.m. on 30 November 2020 (Hong Kong time), pending the issuance of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 7 December 2020 (Hong Kong time).

## **DEFINITIONS**

<b>"2008 Share Option Scheme"</b>	the share option scheme adopted by the Company on 30 June 2008
<b>"ABS 2000 Trust"</b>	an irrevocable discretionary trust of which HSBCITL is the trustee, and Chairman (in his personal capacity), CCO (in his personal capacity), their respective spouses and family members are the beneficiaries
<b>"ABS 2000 Trust Holding Companies"</b>	Effective Convey Limited, Fine Honour Limited, Sure Elite Limited, Fresh Start Holdings Limited and Fortune Symbol Limited, which are directly wholly owned by HSBCITL (on trust for the benefits of Chairman (in his personal capacity), CCO (in his personal capacity), their spouses and family members) and which are the direct holders of the Shares owned by the ABS 2000 Trust
<b>"acting in concert"</b>	has the meaning given to it in the Takeovers Code, and "persons acting in concert" shall be construed accordingly
<b>"Applicable Laws"</b>	with respect to any person, any laws, rules, regulations, guidelines, directives, treaties, judgments, decrees, orders or notices of any Authority that is applicable to such person
<b>"Approvals"</b>	licences, approvals, permits, consents, permissions, clearances and registrations required by any Authority
<b>"Authority"</b>	any relevant government, administrative or regulatory body, or court, tribunal, arbitrator or governmental agency or authority or department (including any relevant securities exchange) and whether supranational, national, regional or

	local
<b>"Board"</b>	the board of Directors
<b>"Brand Operations"</b>	the Group's business operations relating to A Bathing Ape, AAPE by A Bathing Ape and associated sub-brands thereof, including Baby Milo, Milo Stores, BAPY, BAPE Black, and Mr. Bathing Ape
<b>"Cancellation Price"</b>	the cancellation price of HK\$3 per Non-Founder Scheme Share
<b>"CCO"</b>	Mr. Sham Kin Wai, an executive Director and the chief creative officer of the Company
<b>"Chairman"</b>	Mr. Sham Kar Wai, an executive Director, the chairman of the Board and the chief executive officer of the Company
<b>"Companies Act"</b>	the Companies Act 1981 of Bermuda
<b>"Company"</b>	I.T Limited, an exempted company incorporated in Bermuda with limited liability, the Shares of which are currently listed on the Main Board of the Stock Exchange (stock code: 999)
<b>"Condition(s)"</b>	the condition(s) to the Proposal as set out in the section headed " <i>Conditions of the Proposal</i> " above
<b>"Consortium Agreement"</b>	the consortium agreement dated 4 December 2020 entered into between the Joint Offerors, Chairman and CCO (each in his personal capacity as a member of the Founder Group) in connection with the Proposal, the key terms of which are further described in the section headed " <i>Consortium Agreement</i> " above
<b>"Court"</b>	the Supreme Court of Bermuda
<b>"CVC"</b>	CVC Asia Pacific Limited, a company incorporated in Hong Kong, and its affiliates together with CVC Capital Partners SICAV-FIS S.A. and its subsidiaries and funds and investment vehicles managed or advised by the aforementioned entities (but excluding, for the avoidance of doubt, portfolio companies in which such funds and investment vehicles hold an interest)
<b>"CVC Capital Partners Asia V Limited"</b>	the general partner of CVC Funds
<b>"CVC Funds"</b>	CVC Capital Partners Asia V L.P. (96.15%), CVC Capital Partners Investment Asia V L.P. (1.58%) and CVC Capital Partners Asia V Associates L.P. (2.27%) which ultimately

	own CVC Holdco
<b>"CVC Holdco"</b>	Brooklyn Limited, a company incorporated in the Hong Kong with limited liability (registered no. 2993515), whose registered office is at 1009, 10/F Gloucester Tower, Landmark, 15 Queen's Road, Central, Hong Kong, which is wholly-owned by the CVC Funds
<b>"CVC Network"</b>	CVC Holdco, CVC, and CVC Funds
<b>"Despatch Date"</b>	the date of despatch of the Scheme Document
<b>"Director(s)"</b>	the directors of the Company
<b>"Disinterested Shareholders"</b>	all of the Scheme Shareholders, excluding any Scheme Shareholders acting in concert with the Offeror (which, for the avoidance of doubt, shall include each member of the Founder Group and any Scheme Shareholder who is interested in or involved in the Joint Offeror Cooperation Arrangement)
<b>"Effective Date"</b>	the date on which the Scheme becomes effective in accordance with the Companies Act and the Conditions
<b>"EquityCo"</b>	Brooklyn Company Limited, an exempted company incorporated in the Cayman Islands with limited liability, whose shareholding as at the date of this announcement is detailed in the section headed " <i>Information on the Offeror Group</i> " above
<b>"Executive"</b>	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong or any delegate of the Executive Director
<b>"Founder Cancellation Consideration"</b>	the consideration to be received by members of the Founder Group for the cancellation of their Founder Scheme Shares under the Scheme, being the crediting of all of the unpaid EquityCo shares held by Founder Holdco (and approximately 13% of unpaid EquityCo shares that Founder Holdco has directed EquityCo to issue and credit to CVC Holdco directly as part of the Joint Offeror Cooperation Arrangement) as being fully paid in an amount equivalent to the aggregate amount of the Cancellation Price per Scheme Share with respect to all the Founder Scheme Shares
<b>"Founder Group"</b>	<ul style="list-style-type: none"> <li>(a) Chairman (in his personal capacity);</li> <li>(b) the CCO (in his personal capacity);</li> <li>(c) Ms. Sham Sau Han;</li> </ul>

- (d) Ms. Sham Sau Wai;
- (e) Mr. Fung Yuk Hung;
- (f) the ABS 2000 Trust Holding Companies; and
- (g) Founder Holdco

<b>"Founder Holdco"</b>	3WH (BVI) Limited, a company incorporated in the British Virgin Islands with limited liability (registered no. 2048577), whose registered office is at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands, and is a member of the Founder Group
<b>"Founder Irrevocable Undertakings"</b>	the irrevocable undertakings given by each member of the Founder Group in respect of the Founder Scheme Shares held by them as described in the section headed " <i>Founder Irrevocable Undertakings</i> " above
<b>"Founder Scheme Shares"</b>	the Scheme Shares held by the Founder Group
<b>"Group"</b>	the Company and its subsidiaries
<b>"HK\$"</b>	Hong Kong dollars, the lawful currency of Hong Kong
<b>"Hong Kong"</b>	the Hong Kong Special Administrative Region of the People's Republic of China
<b>"HSBCITL"</b>	HSBC International Trustee Limited, a company incorporated in the Cayman Islands with limited liability
<b>"Implementation Agreement"</b>	the agreement entered into between the Offeror and the Company on 5 December 2020 pursuant to which the parties have agreed to pursue the Proposal, the key terms of which are further described in the section headed " <i>Implementation Agreement</i> " above
<b>"Independent Board Committee"</b>	the independent board committee of the Company comprising the following independent non-executive Directors: Dr. Wong Tin Yau, Kelvin, JP; Mr. Francis Goutenmacher; and Mr. Tsang Hin Fun, Anthony
<b>"Independent Financial Adviser"</b>	the independent financial adviser which will be appointed to advise the Independent Board Committee on the Proposal, the Scheme and the Joint Offeror Cooperation Arrangement
<b>"Interim Result Announcement"</b>	the announcement of Company dated 29 October 2020 relating its interim results for the six months ended 31 August 2020
<b>"Joint Offeror Cooperation"</b>	(a) the cancellation of the Founder Scheme Shares in

<b>"Arrangement"</b>	consideration for the Founder Cancellation Consideration;  (b) the entry by the relevant members of the Founder Group, CVC Holdco and/or EquityCo into the Consortium Agreement and the Shareholders' Agreement; and  (c) the Restructuring
<b>"Joint Offerors"</b>	Founder Group and CVC Holdco, and a <b>"Joint Offeror"</b> means each of them
<b>"Last Trading Date"</b>	30 November 2020, being the last day on which Shares were traded on the Stock Exchange prior to the publication of this announcement
<b>"Listing Rules"</b>	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
<b>"Long Stop Date"</b>	30 August 2021 (or any other date as may be agreed by the Offeror and the Company and as permitted by the Executive)
<b>"Morgan Stanley"</b>	Morgan Stanley Asia Limited, a company incorporated in Hong Kong with limited liability and licensed under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) to carry on Type 1 (dealing in securities), Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities, and the financial adviser to the Offeror in connection with the Proposal
<b>"Non-Founder Scheme Shareholders"</b>	the registered holders of the Non-Founder Scheme Shares
<b>"Non-Founder Scheme Shares"</b>	the Scheme Shares which are not held by the Founder Group
<b>"Offeror"</b>	Brooklyn Investment Limited, an exempted company incorporated in the Cayman Islands with limited liability, which is wholly-owned by EquityCo
<b>"Offeror Group"</b>	EquityCo, the Offeror and the Offeror's subsidiaries (which will include the Group upon the Scheme becoming effective)
<b>"Other Operations"</b>	all the other operations of the Group other than the Brand Operations prior to completion of the Restructuring
<b>"PRC"</b>	the People's Republic of China, but for the purpose of this announcement, excluding Hong Kong, the Macau Special



Administrative Region and Taiwan

<b>"Pre-Condition"</b>	the pre-condition to making of the Proposal and implementation of the Scheme, being the SAMR issuing a notice approving the Proposal and the Scheme, or the statutory clearance period specified by the SAMR pursuant to the PRC Anti-Monopoly Law, including any extension of such period, having elapsed and no objection having been raised or qualifications or requirements imposed by the SAMR in relation to the Proposal or the Scheme
<b>"Pre-Condition Long Stop Date"</b>	the date which is 180 days after the date of this announcement (or any other date as may be agreed by the Offeror and the Company and as permitted by the Executive)
<b>"Proposal"</b>	the proposal for the privatisation of the Company by the Offeror by way of the Scheme, on the terms and subject to the conditions as described in this announcement
<b>"Record Date"</b>	the record date to be announced for determining entitlements of the Scheme Shareholders under the Scheme
<b>"Restructuring"</b>	the restructuring of the Group and the Offeror Group (as applicable) to be commenced after the date of this announcement and effected and completed after the Effective Date, such that: (a) the Group will separate its currently co-mingled Brand Operations and Other Operations; and (b) EquityCo will continue to own the Brand Operations, and Founder Holdco will own the Other Operations
<b>"Restructuring Plan"</b>	the restructuring steps plan to effect the Restructuring as agreed between the Joint Offerors (as amended from time to time), including, without limitation: (a) the Restructuring Term Sheet; and (b) the carve out and restructuring step plan and the lists of assets, employees or contracts that are subject to the Restructuring as agreed between the Joint Offerors
<b>"Restructuring Term Sheet"</b>	the Restructuring term sheet dated 5 December 2020 signed between the Joint Offerors, Chairman, CCO (each in his personal capacity as a member of the Founder Group) and EquityCo, the key terms of which are further described in the section headed " <i>Restructuring Term Sheet</i> " above
<b>"SAMR"</b>	The State Administration for Market Regulation of the PRC
<b>"SAMR Filing"</b>	the antitrust filings in relation to the Proposal to the SAMR pursuant to the Anti-Monopoly Law of the PRC (as

	amended)
<b>"Scheme"</b>	the scheme of arrangement to be proposed under section 99 of the Companies Act involving, among other things, the cancellation of all of the Scheme Shares
<b>"Scheme Document"</b>	the composite scheme document (which shall contain, among other things, further details of the Proposal), the accompanying proxy forms and notices of the Scheme Meeting and the SGM, to be despatched by the Offeror and the Company to all Shareholders on the Despatch Date as required by the Takeovers Code
<b>"Scheme Meeting"</b>	a meeting of the Scheme Shareholders to be convened at the direction of the Court at which the Scheme (with or without modification) will be voted upon, or any adjournment thereof
<b>"Scheme Shareholders"</b>	the registered holders of the Non-Founder Scheme Shares and the Founder Scheme Shares as at the Record Date
<b>"Scheme Shares"</b>	the Shares in issue on the Record Date
<b>"SGM"</b>	a special general meeting of the Company to be convened for the purposes of passing all necessary resolutions for, among other things, the implementation of the Scheme or any adjournment thereof
<b>"Share(s)"</b>	the ordinary share(s) of HK\$0.10 each in the issued share capital of the Company
<b>"Share Options"</b>	the outstanding share option(s) granted under the 2008 Share Option Scheme
<b>"Shareholder(s)"</b>	the registered holder(s) of the Shares
<b>"Shareholders' Agreement"</b>	the shareholders' agreement dated 5 December 2020 entered into between Chairman, CCO (each in his personal capacity as a member of the Founder Group), the Joint Offerors and EquityCo, the key terms of which are further described in the section headed " <i>Shareholders' Agreement</i> " above
<b>"Stock Exchange"</b>	The Stock Exchange of Hong Kong Limited
<b>"Takeovers Code"</b>	the Hong Kong Code on Takeovers and Mergers
<b>"US" or "United States"</b>	the United States of America

By order of the board of directors of  
Brooklyn Investment Limited  
Yann Jiang  
Director

By order of the Board of  
I.T Limited  
Sham Kar Wai  
Chairman

Hong Kong, 6 December 2020

*As at the date of this announcement, the directors of the Offeror are Mr. Sham Kar Wai and Mr. Yann Jiang.*

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

*As at the date of this announcement, the Executive Directors of the Company are Mr. Sham Kar Wai, Mr. Sham Kin Wai, and Mr. Chan Wai Kwan; and the Independent Non-Executive Directors are: Mr. Francis Goutenmacher; Dr. Wong Tin Yau, Kelvin, JP; and Mr. Tsang Hin Fun, Anthony.*

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

*As at the date of this announcement, the directors of Founder Holdco are Mr. Sham Kar Wai and Ms. Sham Sau Han.*

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

*As at the date of this announcement, the director of CVC Holdco is Mr. Yann Jiang.*

*As at the date of this announcement, the directors of CVC Capital Partners Asia V Limited are Mr. Marc George Ledingham Rachman, Mr. Carl John Hansen, Ms. Victoria Emma Cabot and Mr. John Fredric Maxey.*

*The directors of CVC Holdco and CVC Capital Partners Asia V Limited jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than that relating to the Offeror Group, the Group and the Founder Group) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement (other than those expressed by the Offeror Group, the Group and the Founder Group) have been arrived at after due and careful consideration, and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.*

**SCHEDULE 2**  
**INDICATIVE SCHEME TIMETABLE**

<b>Event</b>	<b>Target date</b>
Release of Announcement	Sunday, 6 December 2020
File Scheme Document with Bermuda Court	Wednesday, 10 February 2021
Satisfaction of the Pre-Condition	Late January to late February 2021
Court hearing for leave to convene the Scheme Meeting	Thursday, 4 March 2021
Printing deadline for Scheme Documentation	Friday, 5 March 2021
Post Scheme Document and forms of proxy for the Meetings	Tuesday, 9 March 2021
Scheme Meeting and SGM	Tuesday, 6 April 2021
Sanction Hearing to sanction the Scheme	Monday, 26 April 2021
Effective Date	Wednesday, 28 April 2021
Withdrawal of the listing of the Shares on the Stock Exchange	By Friday, 30 April 2021

### **SCHEDULE 3**

#### **COMPANY'S WARRANTIES**

#### **1. Corporate Matters**

- 1.1 Each member of the Group is a company duly incorporated with limited liability or otherwise established under the laws of its respective jurisdiction of incorporation, and has been validly existing and (where relevant to such jurisdiction) in good standing since incorporation. The books and records of each member of the Group have been maintained in accordance with Applicable Laws in all material respects.
- 1.2 The Company is duly authorised, has the requisite power and authority and has obtained or satisfied all corporate and regulatory Approvals necessary to execute and deliver this Agreement and exercise its rights and perform its obligations under this Agreement in accordance with its terms.
- 1.3 The Company's obligations under this Agreement constitute valid, legal and binding obligations of it enforceable in accordance with its terms.
- 1.4 Other than in compliance with the applicable requirements under the Takeovers Code, the Listing Rules and the Companies Act in respect of the Proposal and the Scheme, neither the execution nor performance of this Agreement nor the implementation and completion of the Proposal and the Scheme will result in or constitute:
  - 1.4.1 a violation or breach by the Company or, to the best of the knowledge of the Company, a member of the Group of any Applicable Laws;
  - 1.4.2 a breach by the Company or a member of the Group of the terms of its constitutional documents or bye-laws; or
  - 1.4.3 a breach by the Company or, to the best of the knowledge of the Company, a member of the Group of any Material Contract, undertaking or commitment to which the Company or any member of the Group is a party,

provided that there shall be no breach of this Company's Warranty if any necessary consents or waivers will have been obtained from relevant third parties before the Effective Date.

#### **2. Securities of the Company**

- 2.1 The relevant securities of the Company in issue as at the date of this Agreement comprise 1,195,797,307 Shares (which are fully paid up) and, save for the aforesaid, the Company has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) as at the date of this Agreement.

#### **3. Insolvency**

- 3.1 So far as the Company is aware, no petition has been presented, no order has been made or resolution passed for the winding up of any member of the Group or for the appointment of a liquidator or a provisional liquidator to any member of the Group. So far as the Company is aware, no receiver or administrative receiver has been

appointed, nor any written notice given of the appointment of any such person, over the whole or part of any member of the Group's business or assets.

#### **4. Intellectual Property**

- 4.1 The Group owns or otherwise holds the rights to use all Intellectual Property of the Group which are necessary for its business as currently conducted. All Intellectual Property owned or used by the Group is valid, subsisting and enforceable. So far as the Company is aware, nothing has been done or omitted to be done by which any of the Intellectual Property owned or used by the Group which is necessary for its business as currently conducted may cease to be valid and enforceable.
- 4.2 None of the operations of any member of the Group infringe upon any Intellectual Property held by any third party in any material respects and, so far as the Company is aware, there is not, and has not been in the preceding three (3) years, an actual or alleged infringement or unauthorised use of any of the Intellectual Property used by any member of the Group which would have a material adverse effect on the Group taken as a whole.

#### **5. General Regulatory Matters**

- 5.1 Each member of the Group has conducted its business and dealt with its assets in all material respects in accordance with the requirements of Applicable Laws. To the best of the knowledge of the Company, there is and has been since the Company became listed on the Stock Exchange, no governmental or other investigation or disciplinary proceeding concerning a member of the Group which would have a material adverse effect on the Group taken as a whole and there is no such investigation or proceeding pending or threatened. So far as the Company is aware, no fact or circumstance exists which might reasonably be expected to give rise to an investigation, enquiry or proceeding of that type.
- 5.2 So far as the Company is aware, and within the preceding three (3) years, no member of the Group and none of the Group's director, officer, agent, employee, affiliate or any other person acting for or on behalf of the foregoing, has violated and has been investigated by relevant Authorities in respect of a violation of, any applicable Anti-Bribery Laws, has not been investigated regarding any unlawful payment of money or anything of value (including, without limitation, any unlawful contribution, gift, entertainment or other unlawful inducement), directly or indirectly, to any person or a government official or to a political party, in each case, for the purpose of: (a) influencing any act or decision of a government official in his/her official capacity; (b) inducing such person to act (including through action or omission) in violation of the lawful duty of such person, or to enter into an agreement or arrangement with any member of the Group; (c) securing any improper advantage; or (d) inducing such person to use his/her influence to affect or influence any act or decision of a Authority in order to assist any member of the Group in obtaining or retaining business for or with, or directing business to, any person.
- 5.3 So far as the Company is aware, and within the preceding three (3) years, no member of the Group and none of the Group's director, officer, agent, employee, affiliate or any other person acting for or on behalf of the foregoing is owned or controlled by a person that is targeted by, or the subject of, or in breach of any sanctions from time to

time administered by the OFAC, or by the U.S. Department of State or by Her Majesty's Treasury or any sanctions imposed by the European Union (including under Council Regulation (EC) No. 194/2008), the United Nations Security Council or any other relevant governmental entity and any activities sanctionable under the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010, as amended or the Iran Sanctions Act, as amended, the Annex to the United States Executive Order 13224, the USA Patriot Act, the Trading with the Enemy Act, or any other U.S. extraterritorial sanctions administered by OFAC, the U.S. Department of State or the U.S. Department of Commerce.

- 5.4 So far as the Company is aware and within the preceding three (3) years, the operations of all members of the Group are and have been conducted at all times in compliance with applicable Anti-Money Laundering Laws and no action, suit or proceeding by or before any court or governmental or regulatory agency, authority or body or any arbitrator involving any members of the Group with respect to the Anti-Money Laundering Laws is pending or threatened.

6. **Connected Transactions**

Except as disclosed in any announcement or circular of the Group, there are no outstanding connected transactions of the Group other than those which are exempted from the reporting and announcement requirements under Chapter 14A of the Listing Rules.

7. **Information**

- 7.1 All information disclosed by the Company to the Offeror in good faith for the purposes of informing the Offeror about the Group and its assets and the Company has not knowingly omitted any material fact and is not aware of any such information being misleading in any material respect.



**SCHEDULE 4**  
**OFFEROR'S WARRANTIES**

1. The Offeror is an exempted company duly incorporated under the laws of the Cayman Islands and has been validly existing and in good standing under the laws of the Cayman Islands since incorporation.
2. The Offeror is duly authorised, has full power and authority and has taken all actions necessary, and has obtained or satisfied all corporate and regulatory Approvals, to execute and deliver this Agreement and exercise its rights, and perform its obligations under this Agreement in accordance with its terms.
3. The Offeror's obligations under this Agreement and each other document to be executed by it at or before the Effective Date in connection with the Proposal constitute, or will when executed constitute, valid, legal and binding obligations on the Offeror enforceable in accordance with their respective terms.
4. Neither the execution or performance of this Agreement (or any other document to be executed by the Offeror on or before the Effective Date) nor the making, implementation and completion of the Scheme, will result in, or amount to, a violation or breach by the Offeror of any Applicable Laws, or constitute a breach by the Offeror of any contract, agreement, articles of association, undertaking or commitment to which the Offeror is a party.
5. The Offeror will have sufficient resources available to it to satisfy acceptances in full of the Proposal in accordance with the Takeovers Code.

**THIS AGREEMENT** has been executed on the date and year first above written.

**SIGNED** by Sham Kar Wai, Director  
for and on behalf of **I.T LIMITED**

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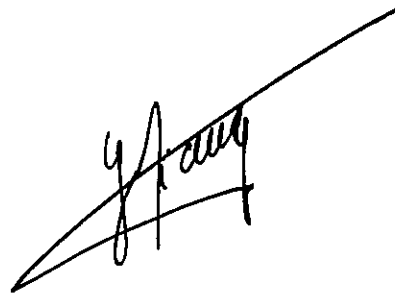
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**SIGNED** by

for and on behalf of

**BROOKLYN INVESTMENT LIMITED**

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A handwritten signature in black ink, appearing to read 'Y. H. Lau', is written over a long, diagonal line that extends from the bottom left towards the top right of the signature area.