

SHAM KAR WAI

AND

SHAM KIN WAI

AND

3WH (BVI) LIMITED

AND

BROOKLYN LIMITED

CONSORTIUM AGREEMENT

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THIS CONSORTIUM AGREEMENT (this "**Agreement**") is dated 4 December 2020 and is made

BETWEEN:

- (1) **SHAM KAR WAI**, holder of Hong Kong ID bearing number D659513(9) (the "**Chairman**");
- (2) **SHAM KIN WAI**, holder of Hong Kong ID bearing number D701682(5) (the "**CCO**");
- (3) **3WH (BVI) LIMITED**, a company incorporated under the laws of the British Virgin Islands, whose registered office is at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands ("**Founder Holdco**"); and
- (4) **BROOKLYN LIMITED**, a company incorporated under the laws of Hong Kong (registered no. 2993515), whose registered office is at 1009, 10/F Gloucester Tower, Landmark, 15 Queen's Road, Central, Hong Kong ("**CVC Holdco**").

WHEREAS:

- (A) The Joint Offerors shall submit, through the Offeror, to the Board of I.T Limited (an exempted company incorporated under the laws of Bermuda with limited liability (the "**Company**"), whose Shares are listed on the Main Board of the Stock Exchange (Stock Code: 999)), a proposal in connection with the privatisation of the Company by way of the Scheme on the terms set out in the Announcement and the delisting of the Company from the Stock Exchange (together, the "**Transaction**").
- (B) In connection with the Transaction: (i) Brooklyn Company Limited, a company incorporated under the laws of the Cayman Islands ("**EquityCo**"); and (ii) Brooklyn Investment Limited, a company incorporated under the laws of the Cayman Islands (the "**Offeror**") have been formed. The Offeror is wholly-owned by EquityCo.
- (C) In connection with the submission of the Proposal to the Board, CVC Holdco shall irrevocably commit to make, or to procure the making of, an equity investment in cash to the Offeror as set forth opposite its name in Schedule 1 hereto, subject to the satisfaction of the Pre-Condition and the Conditions, at such time required to enable the Offeror to satisfy its obligations in respect of the cash consideration payable under the Scheme in accordance with the Takeovers Code.

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:

"**Advisers**" has the meaning given to it in Clause 6.1.

"Affiliate" means: (i) in relation to an individual, that individual's close relatives (being any spouse, child (including adopted child and step-child), parent or sibling of that individual), any person controlling, controlled by or under common control with such individual and/or such individual's close relatives (acting singly or together) and any trust of which any such person is the settlor and/or a beneficiary; or (ii) in relation to any other person, any person controlling, controlled by or under common control with such particular person.

"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 contained in Exhibit 1 (subject to such changes as may be requested by the Executive and/or the Stock Exchange).

"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 or notices of any Authority that is 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" means the Group's operations of A Bathing Ape, AAPE by A Bathing Ape and associated sub-brands thereof, including, without limitation, Baby Milo, Milo Stores, BAPY, BAPE Black, and Mr Bathing Ape.

"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.

"Cancellation Price" has the meaning given to it in the Announcement.

"CCO" has the meaning given to it in the Preamble.

"Chairman" has the meaning given to it in the Preamble.

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

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

"Condition(s)" has the meaning given to it in the Announcement.

"Court" means the Supreme Court of Bermuda.

"CVC Capital Contribution Amount" has the meaning given to it in Clause 3.

"CVC Fund V" means, collectively, CVC Capital Partners Asia V L.P., CVC Capital Partners Asia V Associates L.P. and CVC Capital Partners Investment Asia V L.P.

"CVC Holdco" has the meaning given to it in the Preamble.

"CVC Network" means CVC Fund V, CVC Asia Pacific Limited, CVC Capital Partners SICAV-FIS S.A. and CVC Capital Partners Advisory Group Holdings Foundation and each of their respective subsidiaries from time to time, and funds and/or investment vehicles managed and/or advised by the aforementioned persons (but excluding, for the avoidance of doubt, portfolio companies in which such funds and investment vehicles hold an interest).

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

"Disclosing Party" has the meaning given to it in Clause 11.3.

"Effective Date" means the date on which the Scheme becomes effective in accordance with its terms and the Companies Act and the Conditions 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.

"EquityCo" has the meaning given to it in Recital (B).

"EquityCo Articles" means the memorandum and articles of association of EquityCo in force at that time.

"EquityCo Ordinary Shares" means ordinary shares in the capital of EquityCo with the rights, entitlements and privileges as set out under the EquityCo Articles.

"EquityCo Preference A Shares" means preference A shares in the capital of EquityCo with the rights, entitlements and privileges as set out under the EquityCo Articles.

"EquityCo Preference B Shares" means preference B shares in the capital of EquityCo with the rights, entitlements and privileges as set out under the EquityCo Articles.

"EquityCo Shares" means the EquityCo Ordinary Shares, EquityCo Preference A Shares and EquityCo Preference B Shares.

"Evaluation Material" has the meaning given to it in Clause 11.3.

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

"Financial Adviser" means Morgan Stanley Asia Limited acting as financial adviser to the Offeror in connection with the Proposal.

"Founder Group" has the meaning given to it in the Announcement.

"Founder Holdco" has the meaning given to it in the Preamble.

"Founder Scheme Shares" has the meaning given to it in the Announcement.

"Founder Trustee" means HSBC International Trustee Limited, a company incorporated in the Cayman Islands with limited liability.

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

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

"HKIAC" has the meaning given to it in Clause 14.2.

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

"Joint Offerors" means, collectively, the Founder Group and CVC Holdco, and each is a **"Joint Offeror"**.

"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.

"Loss(es)" means, in respect of any matter, event or circumstance, all actual losses, damages, dues, penalties, fines, interest, cost, disbursements, amounts paid in settlement, liabilities, obligations, taxes, liens, diminutions in value, expenses (including taxes) and fees (including, without limitation, arbitral tribunal costs and attorneys' fees and expenses).

"Notice" has the meaning given to it in Clause 17.1.

"Offeror" has the meaning given to it in Recital (B).

"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.

"PRC" means the People's Republic of China, but for the purpose of this Agreement, excluding Hong Kong, the Macau Special Administrative Region and Taiwan.

"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.

"Receiving Party" has the meaning given to it in Clause 11.3.

"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.

"Representatives" means, in relation to any person, such person's directors, officers, employees, advisers, financiers or agents, and, in relation to CVC Holdco, shall include any member of the CVC Network and their directors, officers, employees, advisers, financiers, agents or current or prospective investors.

"Resolutions" means the resolutions to be considered at the SGM to approve and give effect to the Reduction together with any all resolutions proposed at the SGM to implement the Scheme and/or as otherwise necessary for the Scheme to become effective.

"Restructuring" means the restructuring of the Group to be commenced after the date of this Agreement 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) the Company will continue to own the Brand Operations, and Founder Holdco will own the Other Operations.

"Restructuring Plan" means 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 entered into between the Parties and the EquityCo on or around the date of this Agreement, 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 Shareholders.

"Rules" has the meaning given to it in Clause 14.2.

"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 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, notice of the Scheme Meeting and notice of the SGM, to be despatched by the Offeror and the Company to all Shareholders on the Despatch Date as required by the Takeovers Code, as may be amended or supplemented from time to time.

"Scheme Meeting" means 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.

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

"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.

"Survival Provisions" has the meaning given to it in Clause 10.2.

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

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

"Transaction Expenses" has the meaning given to it in Clause 6.4.

"Transaction Information" has the meaning given to it in Clause 11.4.

1.2 In this Agreement, unless otherwise specified:

- (a) references to the Preamble, a Recital, a Clause and a Schedule are to the preamble, a recital, a clause in and a schedule 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 Act 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;
- (k) an obligation of the Founder Group (in itself or as a Joint Offeror) under this Agreement shall be interpreted as a direct obligation of each of the Chairman and the CCO (as the case may be) and a procurement obligation by each of the Chairman and the CCO with respect to (i) other members of the Founder Group, and (ii) the Founder Trustee, and all the other persons, through which the Founder Group indirectly holds shares in the Company; and
- (l) 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. **PROPOSAL**

- 2.1 The Joint Offerors agree to participate in the Transaction on the terms set forth in this Agreement.
- 2.2 The Joint Offerors shall procure that the Offeror shall submit the Proposal to the Board and request the Board to, subject to satisfaction of the Pre-Condition, put forward the Proposal to the Shareholders.
- 2.3 The Joint Offerors shall conduct and implement the Proposal in consultation with each other, including, without limitation, in respect of any decision as to the timing for announcing the Proposal, the terms, conditions and structure of the Proposal, any proposed waiver of any condition precedent under the Scheme, obtaining any Approvals, the preparation of the Scheme Document and any other Transaction documentation, and any other actions as may be required under the Takeovers Code, the Listing Rules and/or Applicable Laws. For the avoidance of doubt, no Joint Offeror shall be liable to any other Joint Offeror for any action taken or decision made by it in accordance with this Clause 2.3.

3. **EQUITY FINANCING**

For the purpose of the cash confirmation to be given by the Financial Adviser in accordance with Rule 3.5 of the Takeovers Code, and in respect of its direct or indirect cash contributions to the Offeror, CVC Holdco will, subject to the satisfactions of the Pre-Condition and the Conditions, fund, or will procure the funding of, such amounts (the "**CVC Capital Contribution Amount**") as set forth opposite its name in Schedule 1, by way of equity investment in cash to the Offeror at such time required to enable the Offeror to satisfy its obligations in respect of the cash consideration payable under the Scheme in accordance with the Takeovers Code. For the avoidance of doubt, CVC Holdco shall be solely responsible for ensuring that the Offeror has sufficient funds to satisfy the full cash requirement for the Proposal.

4. **EQUITYCO OWNERSHIP**

- 4.1 The equity ownership of EquityCo and the Offeror on and from the date of this Agreement and prior to the Effective Date shall be as follows:
 - (a) Founder Holdco shall hold 5,015,008 EquityCo Ordinary Shares in issue, such EquityCo Ordinary Shares being issued as unpaid;
 - (b) CVC Holdco shall hold 5,012,945 EquityCo Ordinary Shares in issue, such EquityCo Ordinary Shares being issued as unpaid;
 - (c) Founder Holdco shall hold 1,811,864,043 EquityCo Preference A Shares in issue, such EquityCo Preference A Shares being issued as unpaid;
 - (d) CVC Holdco shall hold 1,765,499,925 EquityCo Preference B Shares in issue, such EquityCo Preference B Shares being issued as unpaid; and
 - (e) EquityCo shall hold all of the shares in the Offeror in issue, such shares being issued as unpaid.

4.2 Subject to the Scheme becoming effective, the equity ownership of EquityCo and the Offeror shall be as follows:

- (a) Founder Holdco shall hold 5,015,008 of the EquityCo Ordinary Shares in issue, such EquityCo Ordinary Shares being credited as fully paid immediately on and from the Effective Date in consideration of the implementation of the Transaction;
- (b) CVC Holdco shall hold 5,012,945 of the EquityCo Ordinary Shares in issue, such EquityCo Ordinary Shares being credited as fully paid immediately upon payment of the CVC Capital Contribution Amount in accordance with Clause 3 and the implementation of the Transaction;
- (c) Founder Holdco shall hold 1,811,864,043 EquityCo Preference A Shares in issue, such EquityCo Preference A Shares being credited as fully paid immediately on and from the Effective Date in consideration of the implementation of the Transaction;
- (d) CVC Holdco shall hold 1,765,499,925 EquityCo Preference B Shares in issue, such EquityCo Preference B Shares being credited as fully paid immediately upon payment of the CVC Capital Contribution Amount in accordance with Clause 3 and the implementation of the Transaction; and
- (e) EquityCo shall hold all of the shares in the Offeror in issue, such shares being credited as fully paid immediately on and from the Effective Date in consideration of the implementation of the Transaction.

5. INFORMATION SHARING; APPROVALS; RESTRUCTURING

5.1 Each Party shall cooperate and proceed in good faith to consummate the Transaction (including, without limitation, the preparation of the Scheme Document, and respond to any enquiries that the SFC and the Stock Exchange may have). Each of the Joint Offerors shall share with the other Joint Offeror final drafts of the Transaction documentation and inform the other Joint Offeror of the status of implementation of the Scheme.

5.2 Subject to Clause 5.3, in connection with the Transaction, each Joint Offeror shall:

- (a) procure compliance with any information delivery or other obligations to which EquityCo or the Offeror is subject under the Takeovers Code or other Applicable Laws and shall not, and shall direct its Representatives not to, take any action or omit to take any action which shall result in a breach of any such obligations;
- (b) provide each other Joint Offeror and the Offeror with all information reasonably required concerning such Joint Offeror or any other matter relating to such Joint Offeror in connection with the Transaction, including any information for inclusion in the Scheme Document or any other disclosures as may be required under the Takeovers Code, the SFO, the Listing Rules or any other Applicable Laws;

- (c) provide reasonable assistance and timely response to enquiries from the SFC, the Stock Exchange and other regulators;
 - (d) participate in meetings and negotiations with the other Joint Offeror; and
 - (e) execute any confidentiality agreements and comply with the confidentiality obligations thereunder as may be reasonably required and agreed by the Joint Offerors.
- 5.3 For the avoidance of doubt, neither of the Joint Offerors is required to make available to the other Joint Offeror any of its internal investment committee materials or analyses or any information which it considers to be commercially sensitive or which is otherwise held subject to an obligation of confidentiality.
- 5.4 Each Party shall procure that the Offeror shall use reasonable commercial efforts to procure that the non-waivable Pre-Condition is satisfied prior to the Pre-Condition Long Stop Date. Each of the Joint Offerors shall:
- (a) cooperate and coordinate (and cause its respective Affiliates to cooperate and coordinate) with the other to the extent necessary in the making of the SAMR Filings;
 - (b) supply the other (or cause the other to be supplied) with any information or documents that may be required in order to make the SAMR Filings, **provided that** insofar as any such information or documents are competitively sensitive, such information or documents may be provided directly to the relevant Authorities or, if required, on an outside counsel-to-counsel basis, and in each case on a strictly confidential basis;
 - (c) supply the other (or cause the other to be supplied) with any additional information that may reasonably be required or requested by the SAMR or any other relevant Authorities to which any filings pursuant to the Antitrust Laws are made; and
 - (d) use reasonable commercial efforts to cause the expiration or termination of the applicable waiting periods pursuant to the Antitrust Laws.
- 5.5 Each Joint Offeror will promptly inform the other in writing of any substantive communication from any Authority regarding the transactions contemplated by this Agreement in connection with the SAMR Filings, and each Joint Offeror shall give notice to the other with respect to any meeting, discussion, appearance or contact with any Authority or the staff or regulators of any Authority, with such notice being sufficient to provide the other Joint Offeror with the opportunity (but only to the extent appropriate) to attend and participate in such meeting, discussion, appearance or contact.
- 5.6 Each Joint Offeror shall use reasonable commercial efforts to provide all such cooperation as may be reasonably requested by the other Joint Offeror to obtain any other applicable governmental, statutory, regulatory or other Approvals (including antitrust approvals, filings, and/or clearance, as applicable), waivers or exemptions

required or, in the reasonable opinion of any Joint Offeror, desirable for the consummation of the Transaction.

- 5.7 Each Party agrees and undertakes to implement and complete, and shall procure that his or its Affiliates shall implement and complete, the Restructuring in accordance with the Restructuring Plan, including, without limitation, establishing all applicable legal entities, executing all applicable legal documents required for transferring all applicable assets, employees and operations or otherwise giving effect to the Restructuring, making all applicable filings required by Applicable Laws, and obtaining all consents and approvals required by Applicable Laws or from a third party in order to consummate the Restructuring, in each case, in accordance with the timeline required for such step in the Restructuring Plan.

6. TRANSACTION COSTS

- 6.1 The working scope and engagement terms of any advisers in connection with the Transaction (the "**Advisers**") shall be determined by:

- (a) Founder Holdco, in relation to any advisers appointed by Founder Holdco;
- (b) CVC Holdco, in relation to any advisers appointed by CVC Holdco; and
- (c) Founder Holdco and CVC Holdco (in consultation with each other), in relation to any advisers appointed by EquityCo or the Offeror, or jointly by the Joint Offerors.

- 6.2 Schedule 2 hereto sets out an initial list of Advisers engaged as at the date of this Agreement, and Founder Holdco and CVC Holdco shall (subject to the prior written agreement of the other) be entitled to engage additional Advisers in connection with the Transaction as and when necessary.

- 6.3 Except as otherwise provided in Clause 6.1, if a Joint Offeror requires separate representation in connection with specific issues arising out of the Transaction, such Joint Offeror may retain other advisers to advise it, **provided that** such Joint Offeror shall be solely responsible for the fees and expenses of such separate adviser.

- 6.4 For the purposes of Clause 6.5, "**Transaction Expenses**" refers to any out-of-pocket costs, expenses, fees and disbursements incurred by the Joint Offerors, the Offeror, the EquityCo or the Company for the benefit and interests of the Joint Offerors collectively as a consortium in connection with the Transaction, which shall:

- (a) exclude any out-of-pocket costs, expenses, fees and disbursements incurred by:
 - (i) the Company or Founder Holdco exclusively for any of Founder Holdco's own benefit and interests in connection with the Transaction; or
 - (ii) CVC Holdco exclusively for CVC Holdco's own benefit and interests in connection with the Transaction, including, without limitation in connection with: (A) the incorporation of any entities holding interests

(whether direct or indirect) in CVC Holdco and any transfer of interests (whether direct or indirect) in CVC Holdco; and (B) any due diligence investigations with respect to the Group; and

- (b) include, but not be limited to, any out-of-pocket costs, expenses, fees and disbursements: (i) incurred in connection with the SAMR Filings, or obtaining any other Approvals in connection with the Transaction pursuant to Clause 5; or (ii) payable by the Joint Offerors or the Offeror to the Advisers (other than in connection with any matters referred to in paragraph (a) above).
- 6.5 Except as otherwise expressly provided in this Agreement, each Party shall pay its own costs and expenses of and incidental to the negotiation, preparation, execution and implementation by it of this Agreement.
- 6.6 If the Transaction is consummated, unless otherwise agreed between the Joint Offerors, the Joint Offerors agree that all Transaction Expenses, including without limitation, fees or costs incurred for preparation of the Announcement, the Scheme Document, documents relating to the Scheme Meeting or the Sanction Hearing, the Restructuring, the SAMR Filings, any rulings sought and any vetting fees payable to the SFC for the clearance of the Scheme Document, or the independent financial adviser to the Company, shall be for the account of the Offeror or the Company (as applicable as agreed between the parties), which shall ultimately be borne by the Joint Offerors on a *pro rata* basis among the Joint Offerors in accordance with the number of EquityCo Shares held by each Joint Offeror as a proportion of the total number of EquityCo Shares in issue (other than the fees and expenses of any adviser for work performed solely on behalf of a Joint Offeror pursuant to Clause 6.3 or paragraph (a) of the definition of "Transaction Expenses", which shall be borne by such Joint Offeror).
- 6.7 If the Transaction is not consummated for any reason (including if the Proposal is not recommended by the independent board committee or the independent financial adviser of the Company as being fair and reasonable), the Transaction Expenses, including fees or costs for matters set out in Clause 6.6, shall be paid by the Joint Offerors *pro rata* among the Joint Offerors in accordance with the number of EquityCo Shares held by each Joint Offeror as a proportion of the total number of EquityCo Shares in issue (other than the fees and expenses of any adviser for work performed solely on behalf of a Joint Offeror pursuant to Clause 6.3 or paragraph (a) of the definition of "Transaction Expenses", which shall be borne by such Joint Offeror).

7. OWNERSHIP OF SHARES

- 7.1 Each of the Chairman and the CCO represents and undertakes that as at the date of this Agreement and at all times until the Effective Date:
 - (a) the Chairman and the CCO and the other members of the Founder Group are the only legal and beneficial owners (directly or indirectly) of the Founder Scheme Shares, free and clear of any Encumbrances and all such Founder Scheme Shares have been properly allotted and issued and are fully paid-up; and

- (b) save as set out in Clause 7.1(a) above, he is not interested in any other securities of the Company and has no right to subscribe, purchase or otherwise acquire any Shares or other securities in the Company.

8. DEALINGS; VOTING RIGHTS AND PREJUDICIAL ACTIONS

8.1 Each member of the Founder Group undertakes that it/he shall not and shall procure that none of its Affiliates or the parties acting in concert with it shall, at any time before the Effective Date (or if the Scheme is not approved at the Scheme Meeting or if the Resolutions are not approved, as the case may be, before the date of the Scheme Meeting), and other than in connection with the Scheme:

- (a) sell, transfer, redeem, repay, charge, encumber, create or grant any option or lien over or otherwise dispose of (or permit any such action to occur in respect of) all or any of his portion of the Founder Scheme Shares or any interest therein;
- (b) create or permit to subsist any Encumbrances over all or any of the Founder Scheme Shares or any interest therein;
- (c) accept, or give any undertaking (whether conditional or unconditional) to accept, exercise voting rights attached to his portion of the Founder Scheme Shares to approve or otherwise agree to any offer, scheme of arrangement, merger or other business combination made or proposed to be made in respect of such Shares or disposal of material assets of the Group by any person other than pursuant to the Scheme;
- (d) enter into any agreement in respect of the votes or other rights attached to any of the Founder Scheme Shares (including entering into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences or incidents of ownership to such Founder Scheme Shares or interest therein);
- (e) except with the prior written consent of CVC Holdco and the Offeror, purchase, acquire, subscribe for, or otherwise deal in any Shares or other securities of the Company or any interest therein;
- (f) make any offer to acquire the whole or any part of the issued share capital of the Company nor permit any company in which he/it, directly or indirectly, has any interest to make such an offer;
- (g) except to the extent required under the Takeovers Code, the Listing Rules or any Applicable Laws, take any action or make any statement which may have the effect of delaying, disrupting or otherwise causing the Scheme not to become effective at the earliest practicable time or at all, or which is or may be prejudicial to the success of the Scheme; or
- (h) enter into any discussion, negotiation, agreement or arrangement, incur any obligation or give any indication of intent (or permit such circumstances to occur):

(i) in relation to, or operating by reference to, the Founder Scheme Shares; or

(ii) to do all or any of the acts referred to in Clauses 8.1(a) to 8.1(f) above,

or make available any information to any person (other than CVC Holdco or its Representatives, the Offeror and any other person authorised by the Offeror) in connection with the foregoing, and for the avoidance of doubt, references in this Clause 8.1(h) to any agreement, arrangement or obligation shall include any such agreement, arrangement or obligation whether or not legally binding or subject to any condition, or which is to take effect upon or following closing or lapsing of the Scheme.

8.2 Each member of the Founder Group undertakes that he/it shall, at any time before the Effective Date (or if the Scheme is not approved at the Scheme Meeting or if the Resolutions are not approved, as the case may be, before the date of the Scheme Meeting):

(a) exercise (or procure the exercise of) the voting rights attached to the Founder Scheme Shares on any resolution which would assist implementation of the Proposal and the Scheme if it were passed or rejected at a general or other meeting of the shareholders of the Company in such a way which will facilitate implementation of the Proposal and the Scheme; and

(b) exercise (or procure the exercise of) the voting rights attached to the Founder Scheme Shares against any resolution which: (i) might prevent or delay implementation of the Proposal and the Scheme; or (ii) purports to approve or give effect to a proposal by a person other than the Offeror, to acquire (or have issued to it) any Shares, as the case may be (in each case, whether by way of offer, scheme of arrangement or otherwise).

9. **WARRANTIES**

Each Party warrants to each of the other Parties that:

(a) it/he has full power, authority and capacity, and has taken all actions and has obtained all consents, Approvals and authorisations from any governmental or regulatory bodies or other third parties required, to enter into, and perform its/his obligations under, this Agreement;

(b) it/he has taken all necessary steps to perform its/his obligations under this Agreement and to give effect to this Agreement and the transactions contemplated in this Agreement, and this Agreement, when executed, will constitute legal, valid and binding obligations of it/him;

(c) the execution, delivery and performance of this Agreement by it/him and the consummation of the Transaction will not: (i) violate any provision of its constitutional documents or any other organisation or governance document (in case of a corporation); (ii) contravene or result in a contravention of the laws or regulations of any jurisdiction to which it/he is subject in respect of the Transaction; or (iii) conflict with or result in any breach or violation of any of

the terms and conditions of, or constitute (or, with notice or lapse of time, or both, constitute) a default under, any instrument, contract or other agreement to which it/he is a party or by which it/he is bound; and

- (d) it/he has not, and so far as it/he is aware, none of the parties acting in concert with it/him (as defined under the Takeovers Code and other than the Financial Adviser and persons controlling, controlled by or under the same control as the Financial Adviser) has, purchased any Share in the six (6) months prior to the date of the Announcement (or such other earlier announcement by the Offeror or the Company in relation to the Scheme) at a price higher than the Cancellation Price.

10. **TERMINATION**

- 10.1 Unless otherwise expressly provided hereunder and subject to Clause 10.2, the rights and obligations of the Parties pursuant to this Agreement shall terminate upon the earlier of: (i) the date on which the Scheme is withdrawn or lapses in accordance with the Takeovers Code; (ii) when the Transaction is consummated; and (iii) such other date as the Founder Holdco and CVC Holdco may otherwise agree in writing (but without prejudice to any accrued rights or liabilities arising prior to such termination).
- 10.2 Upon termination of this Agreement pursuant to Clause 10.1, Clause 5.7, Clause 10, Clause 11 and Clauses 14 to 23 inclusive (together, the "**Survival Provisions**") shall continue to bind the Parties.
- 10.3 Notwithstanding any other provision of this Clause 10, upon any Party ceasing to be a party to this Agreement, such Party and any of its successors shall have no further rights under any provision of this Agreement but all obligations under the Survival Provisions in Clause 10.2 shall be retained in respect of such Party.

11. **ANNOUNCEMENT; CONFIDENTIALITY; CONSENT**

- 11.1 No announcements (including the Announcement), press releases, public statements, or other communications regarding the subject matter of this Agreement, involvement in the consortium, or the Transaction shall be issued by any Party without the prior written consent of each of Founder Holdco and CVC Holdco (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 Founder Holdco and CVC Holdco first and take into account their 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 Founder Holdco and CVC Holdco before the announcement is made, it must inform Founder Holdco and CVC Holdco of the circumstances, timing, content and manner of making of the announcement immediately after such announcement is made.

11.2 Each Party agrees to:

- (a) subject to the provisions in Clause 11.1 above, the issue of the Announcement, the Scheme Document and any other announcements in relation to the Scheme with references to it/him and/or its/his associates, its/his interests in the Company and the material terms of this Agreement;
- (b) comply with any disclosure obligations in relation to its/his dealings or interest in the securities of the Company 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.

11.3 Each Party agrees to keep confidential and to use only for the purpose of evaluating, pursuing and implementing the Transaction all information that any Joint Offeror, the Offeror, the Company, or their respective Affiliates or Representatives (each, a "**Disclosing Party**") furnishes or otherwise makes available to any other party hereto (the "**Receiving Party**"), including any technical, scientific, trade secret or other proprietary information of the Disclosing Party with which the Receiving Party or any of its Affiliates or Representatives may come into contact in the course of its investigation, and whether oral, written or electronic (collectively, the "**Evaluation Material**"). "**Evaluation Material**" does not include information that: (i) was already available to the Receiving Party without a duty of confidentiality to the applicable Disclosing Party prior to the disclosure by such Disclosing Party; (ii) is or becomes available to a Receiving Party or any of its affiliates or Representatives on a non-confidential basis from a source other than the applicable Disclosing Party; (iii) is or becomes generally available to the public (other than as a result of a breach by the Receiving Party or any of its affiliates or Representatives of its obligations under this Clause 11.3); or (iv) is independently developed by the Receiving Party or any of its affiliates or Representatives without use of any Evaluation Material.

11.4 Each Party agrees that neither it/he nor any of its/his Affiliates or their respective Representatives will, without the prior written consent of Founder Holdco and CVC Holdco, directly or indirectly, disclose to any other person: (i) the fact that discussions or negotiations are taking place concerning the Transaction or any of the terms or other facts relating thereto, including the status thereof; (ii) that the Transaction is being contemplated; (iii) the existence or the terms of this Agreement or the Proposal; or (iv) that it/he or its/his affiliates or their respective Representatives have received or produced any Evaluation Material (items (i), (ii) (iii) and (iv), collectively, "**Transaction Information**"); **provided, however, that** each Party may disclose Transaction Information to the extent (x) required by Applicable Law or in connection with a judicial or administrative proceeding or pursuant to the requirements of the SFC or the Stock Exchange or any other Authority, or (y) it/he has received the written opinion of its/his outside counsel that it/he is required to make such disclosure in order to avoid violating applicable securities laws; **provided that**, to the extent legally permissible and reasonably practicable, the relevant Party will notify the other Parties prior to making any such disclosure, and will seek to narrow the intended disclosure to the extent that the other Parties reasonably so request.

12. **INSIDE INFORMATION**

Each Party acknowledges that until the Announcement is released, the fact that the Scheme is under consideration is inside information in respect of the Company and must be treated in strictest confidence. Any breach of such confidence, or any dealing in the securities of the Company in the possession of inside information not otherwise permitted under the SFO or Applicable Laws, could constitute a civil and/or criminal offence under the insider dealing and/or market abuse provision of the SFO and be liable to sanction by the courts of Hong Kong.

13. **FURTHER ASSISTANCE**

Each Party agrees to perform (or procure the performance of) all further acts and things, and execute and deliver (or procure the execution and delivery of) such further documents, as may be required by law or as any other Party may reasonably require to implement and/or give effect to this Agreement and the transactions contemplated hereunder.

14. **GOVERNING LAW; DISPUTE RESOLUTION**

14.1 This Agreement shall be governed by, and construed in accordance with, the laws of Hong Kong.

14.2 Any dispute, controversy or claim arising out of or in connection with this Agreement, including any question regarding its existence, validity, interpretation, breach or termination shall be referred to and finally resolved by arbitration at the Hong Kong International Arbitration Centre ("**HK**CIAC") in accordance with the HKIAC Administered Arbitration Rules ("**Rules**"), which Rules are deemed to be incorporated by reference into this Clause and as may be amended by the rest of this Clause.

14.3 The seat of arbitration shall be Hong Kong. The arbitration agreement shall be governed by Hong Kong law. The language of the arbitration proceedings shall be English. The arbitration tribunal shall consist of three (3) arbitrators: each of Founder Holdco (for itself or on behalf of the Chairman or the CCO) or CVC Holdco shall be entitled to designate one (1) arbitrator and the two (2) arbitrators thus appointed shall designate the third arbitrator who shall be the presiding arbitrator; if within thirty (30) days of a request from the other Party to do so either Founder Holdco or CVC Holdco fails to designate an arbitrator, or if the two (2) arbitrators fail to designate the third arbitrator within thirty (30) days after the confirmation of appointment of the second arbitrator, the appointment shall be made, upon request of either Founder Holdco or CVC Holdco, by the council established by HKIAC in accordance with the Rules.

15. **SUCCESSORS AND ASSIGNS**

This Agreement shall enure for the benefit of each Party's successors but the benefit of any provision in this Agreement may not be assigned by any Party or its successors in title without the prior written consent of Founder Holdco and CVC Holdco.

16. **SEVERABILITY**

In the event that any provision hereof would, under Applicable Laws, be invalid or unenforceable in any respect, such provision shall be construed by modifying or limiting it so as to be valid and enforceable to the maximum extent compatible with, and possible under, Applicable Laws. The provisions hereof are severable, and in the event that any provision hereof should be held invalid or unenforceable in any respect, it shall not invalidate, render unenforceable or otherwise affect that any other provision hereof.

17. **NOTICES**

17.1 A notice or other communication under or in connection with this Agreement (a "Notice") shall be in writing, in the English language, delivered by hand, e-mail or courier using an internationally recognised courier company, to the person(s) due to receive the Notice to the e-mail addresses, or addressed and for the attention of the person(s) as set out in Schedule 3 or to another address or person specified by that person by not less than five (5) Business Days' written notice to the other Parties, such notice to be received before the Notice was despatched (and such new address or person shall, unless otherwise stated, thereafter apply to all Notices sent to that person).

17.2 In the absence of evidence of earlier receipt, a Notice shall be deemed to have been duly given if:

- (a) delivered personally, when left at the address referred to in Clause Schedule 3;
- (b) sent by courier, two (2) Business Days after posting it; or
- (c) sent by e-mail, upon receipt.

18. **COUNTERPARTS**

This Agreement may be executed in counterparts, and by the Parties on separate 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 the counterparts shall together constitute one (1) and the same instrument.

19. **REMEDIES**

19.1 Except as otherwise provided herein, any and all remedies herein expressly conferred upon a Party will be deemed cumulative with and not exclusive of any other remedy conferred hereby, or by law or equity upon such Party, and the exercise by a Party of any one (1) remedy will not preclude the exercise of any other remedy. No failure or delay on the part of any Party in the exercise of any right hereunder will impair such right or be construed to be a waiver of, or acquiescence to, any breach of any representation, warranty or agreement herein, nor will any single or partial exercise of any such right preclude other or further exercise thereof or of any other right.

19.2 In the event that CVC Holdco makes any claim in respect of Losses suffered as a result of the breach of this Agreement by the other Parties or their respective

Affiliates, the Parties agree that such Loss shall be calculated by reference to either (at the CVC Holdco's discretion): (i) the net Loss, liability and costs suffered by the Group (as adjusted to take account of the CVC Holdco's shareholding percentage in the Company); or (ii) the net Loss, liability and costs suffered by the CVC Holdco.

20. **ENTIRE AGREEMENT**

This Agreement constitutes the entire agreement, and supersedes all prior agreements, understandings, negotiations and statements, both written and oral, among the Parties with respect to the subject matter contained herein.

21. **AMENDMENTS AND MODIFICATIONS**

This Agreement may not be amended, modified or supplemented in any manner, whether by course of conduct or otherwise, except by an instrument in writing signed on behalf of each Joint Offeror, **provided that** no amendment hereto shall have a materially adverse and disproportionate effect on a Party without such Party's consent.

22. **WAIVER**

Any agreement by a Party to any waiver shall be valid only if set forth in a written instrument executed and delivered by such Party.

23. **THIRD PARTY RIGHTS**

The Parties do not intend that any term of this Agreement should 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. For the avoidance of doubt, the right of the Parties to rescind or terminate this Agreement, or to agree to a variation, release and/or waiver of this Agreement, is not subject to the consent of any person who is not a party to this Agreement.

SCHEDULE 1
COMMITMENT OF CVC HOLDCO

Party	Commitment
CVC Holdco	HK\$ 1,305,593,229

SCHEDULE 2
LIST OF ADVISERS

Adviser	Role
Morgan Stanley Asia Limited	Financial adviser to the Offeror.
Clifford Chance	Hong Kong counsel to CVC Holdco and the Offeror.
Simpson Thacher & Bartlett LLP	Hong Kong counsel to the Founder Group.
Paul Hastings	Hong Kong counsel to the Company.
Conyers Dill & Pearman	Bermuda counsel to the Company.
Walkers	Bermuda counsel to CVC Holdco and the Offeror.
Han Kun Law Offices	PRC counsel to CVC Holdco and the Offeror.
PricewaterhouseCoopers	Financial and tax due diligence adviser and tax adviser to CVC Holdco and the tax and restructuring adviser to the Offeror.
Oliver Wyman	Commercial due diligence adviser to CVC Holdco and the Offeror.

SCHEDULE 3
CONTACTS FOR NOTICE

Party	Contacts for notice	
Chairman, CCO and Founder Holdco	Address:	Flat B, 38/F, Tower 3, Tregunter, 14 Tregunter Path, Hong Kong
	Attention:	Sham Sau Han; Sham Kar Wai
	Email:	alisons@ithk.com; karwais@ithk.com
CVC Holdco	Address:	1009, 10/F Gloucester Tower, Landmark, 15 Queen's Road, Central, Hong Kong
	Attention:	Yann Jiang
	Email:	yjiang@cvc.com

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

SIGNED by
SHAM KAR WAI

)
)

A handwritten signature in blue ink, consisting of a series of loops and a long horizontal stroke extending to the right.

SIGNED by
SHAM KIN WAI

) 

SIGNED by
SHAM SAU HAN
for and on behalf of
3WH (BVI) LIMITED

)
)
)
)



SIGNED by Jiang Yann

for and on behalf of
BROOKLYN LIMITED

)
)
)
)

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

EXHIBIT 1
THE 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
(A) Joint Offerors				
(A1) Founder Group				
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%	-	-
(A2) CVC Holdco	-	-	-	-
(A3) Offeror	-	-	1,195,797,307	100%
(A) Sub-total = (A1)+(A2)+(A3)	760,599,564	63.61%	1,195,797,307	100%
(B) Concert parties of the Offeror (5)				
	-	-	-	-
(C) Disinterested Shareholders	435,197,743	36.39 %	-	-
TOTAL (A)+(B)+(C)	<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.

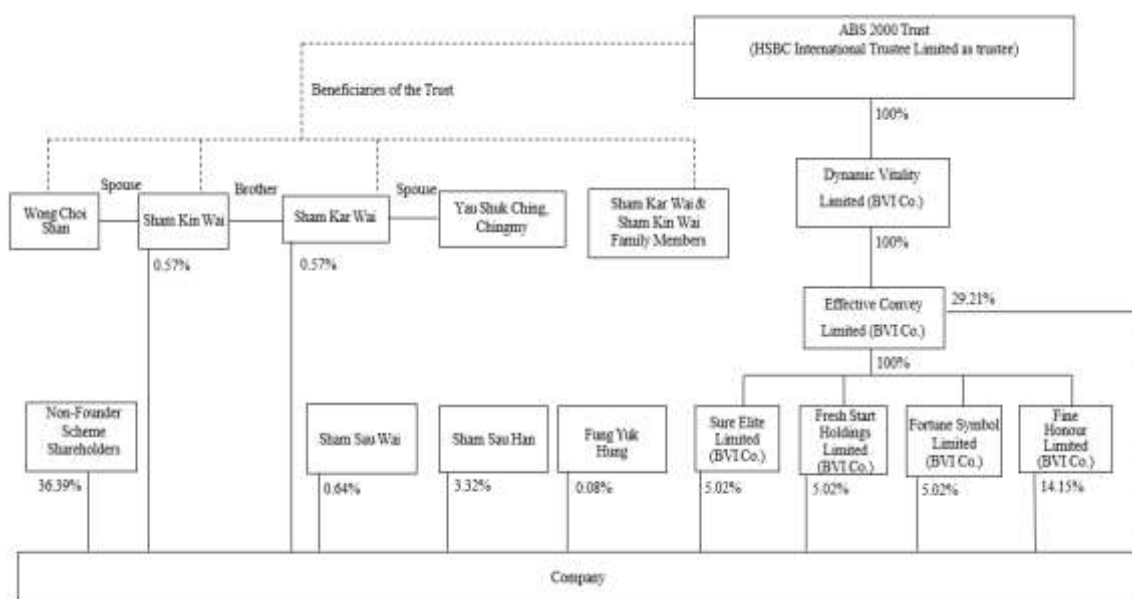
Note (3): Mr. Sham Kin Wai is an executive Director and chief creative officer of the Company.

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.

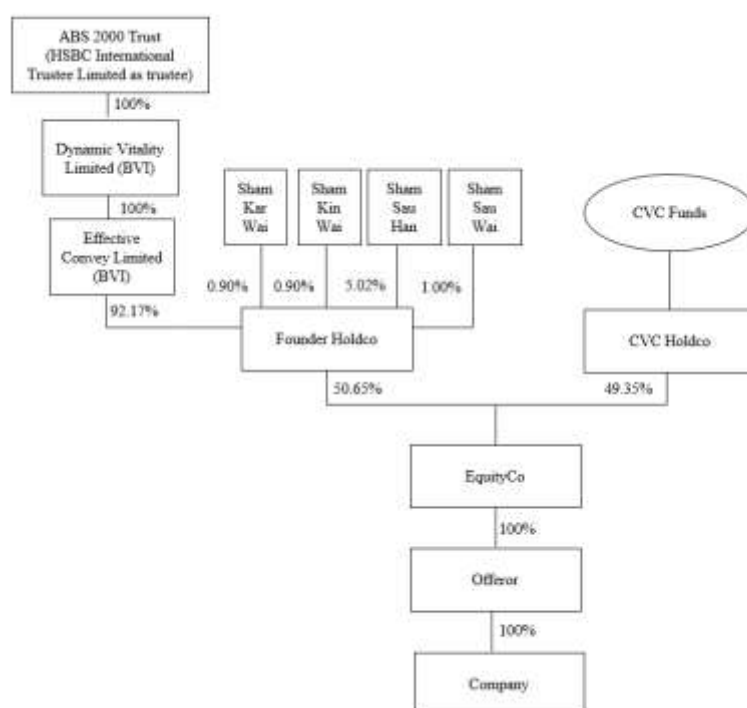
Note (5): Morgan Stanley is the financial adviser to the Offeror in relation to the Proposal. Accordingly, Morgan Stanley and relevant members of the Morgan Stanley group which hold Shares on their own account or on a discretionary managed basis are presumed to be acting in concert with the Offeror in 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.

	Number of Ordinary Shares	Number of Class A Preference Shares	Number of Class B Preference Shares	Amount of the total share capital (HK\$)	% of the total share capital
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%

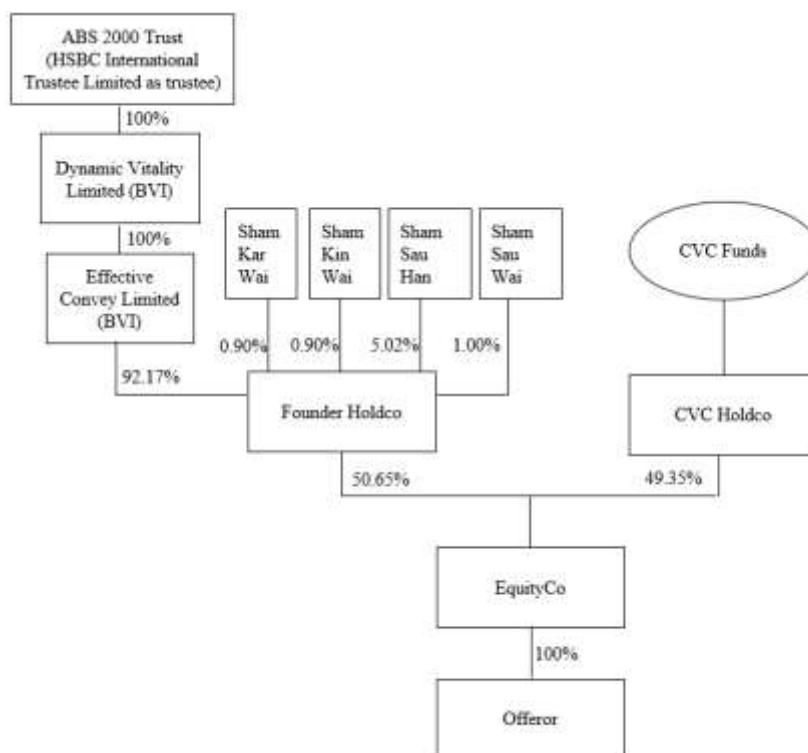
Further details of the terms and conditions of the EquityCo's ordinary shares, class A preference shares, and class B preference shares upon the Effective Date are further described in the section headed "*Shareholders' Agreement*" above.

- (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:



INFORMATION ON THE FOUNDER GROUP

The Founder Group comprises Mr. Sham Kar Wai, Mr. Sham Kin Wai, Ms. Sham Sau Han, Ms. Sham Sau Wai, Mr. Fung Yuk Hung, Founder Holdco and the ABS 2000 Trust Holding Companies.

- (a) Both Mr. Sham Kar Wai and Mr. Sham Kin Wai founded the Group in 1988 and have more than 30 years of experience in the fashion retail industry.

Mr. Sham Kar Wai is an executive Director, Chairman of the Board and the chief executive officer of the Company. He is responsible for the overall management and strategic development of the Group. He has established an extensive network of contacts with international design houses.

Mr. Sham Kin Wai is an executive Director and chief creative officer of the Company. CCO's principal focus has been on merchandising and product design for the Company and is responsible for the creative and aesthetic aspects of the Group's businesses.

- (b) Founder Holdco is a company incorporated in the British Virgin Islands with limited liability and selected for the implementation of the Proposal. Founder Holdco is owned as to 92.17% by Effective Convey Limited, a wholly-owned subsidiary of Dynamic Vitality Limited, which is in turn wholly-owned by HSBCITL (as trustee for ABS 2000 Trust on trust for the benefits of Mr. Sham Kar Wai, Mr. Sham Kin Wai, their spouses and family members), 0.90% by Mr. Sham Kar Wai, 0.90% by Mr. Sham Kin Wai, 5.02% by Ms. Sham Sau Han and 1.00% by Ms. Sham Sau Wai.

- (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.
- (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

"2008 Share Option Scheme"	the share option scheme adopted by the Company on 30 June 2008
"ABS 2000 Trust"	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
"ABS 2000 Trust Holding Companies"	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
"acting in concert"	has the meaning given to it in the Takeovers Code, and "persons acting in concert" shall be construed accordingly
"Applicable Laws"	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
"Approvals"	licences, approvals, permits, consents, permissions, clearances and registrations required by any Authority
"Authority"	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"	the board of Directors
"Brand Operations"	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
"Cancellation Price"	the cancellation price of HK\$3 per Non-Founder Scheme Share
"CCO"	Mr. Sham Kin Wai, an executive Director and the chief creative officer of the Company
"Chairman"	Mr. Sham Kar Wai, an executive Director, the chairman of the Board and the chief executive officer of the Company
"Companies Act"	the Companies Act 1981 of Bermuda
"Company"	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)
"Condition(s)"	the condition(s) to the Proposal as set out in the section headed " <i>Conditions of the Proposal</i> " above
"Consortium Agreement"	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
"Court"	the Supreme Court of Bermuda
"CVC"	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)
"CVC Capital Partners Asia V Limited"	the general partner of CVC Funds
"CVC Funds"	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
"CVC Holdco"	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
"CVC Network"	CVC Holdco, CVC, and CVC Funds
"Despatch Date"	the date of despatch of the Scheme Document
"Director(s)"	the directors of the Company
"Disinterested Shareholders"	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)
"Effective Date"	the date on which the Scheme becomes effective in accordance with the Companies Act and the Conditions
"EquityCo"	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
"Executive"	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong or any delegate of the Executive Director
"Founder Cancellation Consideration"	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
"Founder Group"	<ul style="list-style-type: none"> (a) Chairman (in his personal capacity); (b) the CCO (in his personal capacity); (c) Ms. Sham Sau Han;

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

"Founder Holdco"	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
"Founder Irrevocable Undertakings"	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
"Founder Scheme Shares"	the Scheme Shares held by the Founder Group
"Group"	the Company and its subsidiaries
"HK\$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"HSBCITL"	HSBC International Trustee Limited, a company incorporated in the Cayman Islands with limited liability
"Implementation Agreement"	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
"Independent Board Committee"	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
"Independent Financial Adviser"	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
"Interim Result Announcement"	the announcement of Company dated 29 October 2020 relating its interim results for the six months ended 31 August 2020
"Joint Offeror Cooperation"	(a) the cancellation of the Founder Scheme Shares in

"Arrangement"	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
"Joint Offerors"	Founder Group and CVC Holdco, and a "Joint Offeror" means each of them
"Last Trading Date"	30 November 2020, being the last day on which Shares were traded on the Stock Exchange prior to the publication of this announcement
"Listing Rules"	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Long Stop Date"	30 August 2021 (or any other date as may be agreed by the Offeror and the Company and as permitted by the Executive)
"Morgan Stanley"	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
"Non-Founder Scheme Shareholders"	the registered holders of the Non-Founder Scheme Shares
"Non-Founder Scheme Shares"	the Scheme Shares which are not held by the Founder Group
"Offeror"	Brooklyn Investment Limited, an exempted company incorporated in the Cayman Islands with limited liability, which is wholly-owned by EquityCo
"Offeror Group"	EquityCo, the Offeror and the Offeror's subsidiaries (which will include the Group upon the Scheme becoming effective)
"Other Operations"	all the other operations of the Group other than the Brand Operations prior to completion of the Restructuring
"PRC"	the People's Republic of China, but for the purpose of this announcement, excluding Hong Kong, the Macau Special

Administrative Region and Taiwan

"Pre-Condition"	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
"Pre-Condition Long Stop Date"	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)
"Proposal"	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
"Record Date"	the record date to be announced for determining entitlements of the Scheme Shareholders under the Scheme
"Restructuring"	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
"Restructuring Plan"	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
"Restructuring Term Sheet"	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
"SAMR"	The State Administration for Market Regulation of the PRC
"SAMR Filing"	the antitrust filings in relation to the Proposal to the SAMR pursuant to the Anti-Monopoly Law of the PRC (as

	amended)
"Scheme"	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
"Scheme Document"	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
"Scheme Meeting"	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
"Scheme Shareholders"	the registered holders of the Non-Founder Scheme Shares and the Founder Scheme Shares as at the Record Date
"Scheme Shares"	the Shares in issue on the Record Date
"SGM"	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
"Share(s)"	the ordinary share(s) of HK\$0.10 each in the issued share capital of the Company
"Share Options"	the outstanding share option(s) granted under the 2008 Share Option Scheme
"Shareholder(s)"	the registered holder(s) of the Shares
"Shareholders' Agreement"	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
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Takeovers Code"	the Hong Kong Code on Takeovers and Mergers
"US" or "United States"	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.