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**ALIBABA INVESTMENT LIMITED**

*(incorporated in British Virgin Islands with limited liability)*

**INTIME INTERNATIONAL HOLDINGS LIMITED**

*(incorporated in the Cayman Islands with limited liability)*



**銀泰商業**

**INTIME RETAIL (GROUP) COMPANY LIMITED**

**銀泰商業(集團)有限公司**

*(Incorporated in the Cayman Islands with Limited Liability)*  
**(Stock Code: 1833)**

**JOINT ANNOUNCEMENT**

**(1) PROPOSAL FOR THE PRIVATISATION OF  
INTIME RETAIL (GROUP) COMPANY LIMITED  
BY THE JOINT OFFERORS**

**BY WAY OF A SCHEME OF ARRANGEMENT  
(UNDER SECTION 86 OF THE COMPANIES LAW)**

- (2) PROPOSED WITHDRAWAL OF LISTING  
(3) SPECIAL DEAL RELATING TO ROLLOVER ARRANGEMENT  
AND  
(4) RESUMPTION OF TRADING IN SHARES**

**Financial Adviser to the Joint Offerors**



**China International Capital Corporation Hong Kong Securities Limited**

**Independent Financial Adviser to the Independent Board Committee of the Company**



## INTRODUCTION

The respective directors of the Joint Offerors and the Company jointly announce that on 28 December 2016, the Joint Offerors requested the Board to put forward the Proposal to the Scheme Shareholders regarding the proposed privatisation of the Company by way of a scheme of arrangement under Section 86 of the Companies Law.

## TERMS OF THE PROPOSAL

The Proposal will be implemented by way of the Scheme. The Scheme will provide that, if the Scheme becomes effective, the Scheme Shares will be cancelled in exchange for the payment by the Joint Offerors to each Scheme Shareholder of the Cancellation Price of HK\$10.00 in cash for each Scheme Share. **The Cancellation Price will not be increased, and the Joint Offerors do not reserve the right to do so.**

The Cancellation Price represents:

- a premium of approximately 42.25% over the closing price of HK\$7.0300 per Share as quoted on the Stock Exchange on the Last Trading Day;
- a premium of approximately 47.86% over the average closing price of approximately HK\$6.7630 per Share based on the daily closing prices as quoted on the Stock Exchange for the 10 trading days up to and including the Last Trading Day;
- a premium of approximately 51.77% over the average closing price of approximately HK\$6.5890 per Share based on the daily closing prices as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Day;
- a premium of approximately 53.59% over the average closing price of approximately HK\$6.5108 per Share based on the daily closing prices as quoted on the Stock Exchange for the 60 trading days up to and including the Last Trading Day;
- a premium of approximately 52.59% over the average closing price of approximately HK\$6.5533 per Share based on the daily closing prices as quoted on the Stock Exchange for the 90 trading days up to and including the Last Trading Day;
- a premium of approximately 54.09% over the average closing price of approximately HK\$6.4896 per Share based on the daily closing prices as quoted on the Stock Exchange for the 120 trading days up to and including the Last Trading Day;
- a premium of approximately 53.67% over the average closing price of approximately HK\$6.5075 per Share based on the daily closing prices as quoted on the Stock Exchange for the 180 trading days up to and including the Last Trading Day; and

- a premium of approximately 67.36% over the unaudited net asset value per Share in the Company of approximately RMB5.3473 as at 30 June 2016, based on RMB to HK\$ exchange rate of RMB0.89495 to HK\$1 (being the exchange rate as quoted by the People's Bank of China on the Last Trading Date).

The Proposal and the Scheme will be conditional upon the fulfillment or waiver, as applicable, of all the Conditions as described in the section headed "Conditions of the Proposal and the Scheme" below. All of the Conditions must be fulfilled or waived, as applicable, on or before the Long Stop Date (or such later date as the Joint Offerors and the Company may agree or, to the extent applicable, as the Grand Court may direct and in all cases, as permitted by the Executive), failing which the Proposal and the Scheme will not proceed or lapse, as the case may be.

### **SHAREHOLDING STRUCTURE OF THE COMPANY AND SCHEME SHARES**

As at the date of this Announcement, the authorised share capital of the Company was US\$50,000 divided into 5,000,000,000 Shares, and the Company had 2,716,014,726 Shares in issue. As at the date of this Announcement, the Scheme Shares, comprising 1,437,943,973 Shares, represent approximately 52.94% of the issued share capital of the Company.

As at the date of this Announcement, Alibaba Investment held 755,727,738 Shares (representing approximately 27.82% of the issued share capital of the Company) and Shen Offeror held 249,073,015 Shares (representing approximately 9.17% of the issued share capital of the Company). Such Shares will not form part of the Scheme Shares and the Joint Offerors will not vote on the Scheme at the Court Meeting. As at the date of this Announcement, the Joint Offerors Concert Parties held in aggregate 240,061,000 Shares (representing approximately 8.84% of the issued share capital of the Company). Among these Joint Offerors Concert Parties, the 231,020,000 Shares (representing approximately 8.51% of the issued share capital of the Company as at the Announcement Date) held by Shen Group (excluding Shen Offeror) will not form part of the Scheme Shares and will not be voted on the Scheme at the Court Meeting. The 9,041,000 Shares (representing approximately 0.33% of the issued share capital of the Company as at the Announcement Date) held by the remaining Joint Offerors Concert Parties (being Mr. Joseph C. Tsai, The Libra Capital Greater China Fund Limited and CICC group) will form part of the Scheme Shares and will be cancelled upon the Scheme becoming effective, but such Joint Offerors Concert Parties (other than in respect of holdings of Shares by CICC group above) will abstain from voting on the Scheme at the Court Meeting.

In addition, the 42,250,000 Shares (representing approximately 1.56% of the issued share capital of the Company as at the Announcement Date) held by Chen Group will not form part of the Scheme Shares pursuant to the Rollover Arrangement, and will not be voted on the Scheme at the Court Meeting.

## **OPTION OFFER**

As at the date of this Announcement, there are 44,793,500 outstanding Share Options granted under the Share Option Scheme, each relating to one Share, of which 11,550,000 Share Options are held by Mr. Chen and the remaining 33,243,500 Share Options are held by other employees of the Group.

The exercise of all the said Share Options in full would result in the issue of 44,793,500 new Shares (representing approximately 1.65% of the issued share capital of the Company as at the date of this Announcement) and approximately 1.62% of the issued share capital of the Company as enlarged by the issue of such new Shares.

The Joint Offerors will make (or procure to be made on their behalf) an appropriate offer to the Optionholders to cancel every vested and unvested Share Option in accordance with Rule 13 of the Takeovers Code. Such Option Offer will be conditional upon the Scheme becoming effective.

## **FINANCIAL RESOURCES**

On the assumption that no outstanding Share Options are exercised and no further Shares are issued before the Record Date, the amount of cash required for the Proposal (before taking into account the Option Offer to be made but including the contingency of the Shares held by (i) Shen Group (except for those held by Sea Islands International Co., Ltd., whose shareholding in the Company is not subject to any charges) and (ii) Chen Group becoming Scheme Shares) is approximately HK\$19,472.87 million.

On the assumption that (i) all outstanding vested Share Options as at the Record Date are exercised (given that unvested outstanding Share Options as at the Record Date will not be capable of exercise prior to the Record Date and will only be entitled to the “see-through” price under the Option Offer), (ii) vested Share Options as at the Record Date where the “see-through” price is zero will not be exercised (iii) no further Shares are issued before the Record Date and (iv) the Record Date is the Long Stop Date, the amount of cash required for the Option Offer would be, in addition, approximately HK\$317.23 million.

Consequently, the maximum amount of cash required for the Proposal on the basis described above would be approximately HK\$19,790.10 million.

As at the date of this Announcement, Alibaba Investment is financing the entire cash amount required for the Proposal and the Option Offer from internal cash resources or external debt financing. Shen Offeror will contribute its commitment for the 191,125,531 Scheme Shares and the amounts payable under the Option Offer for unvested Share Options according to the Ratio and the financing thereof from internal cash resources and external debt financing as further described in the section headed “Allocation proportion between the Joint Offerors” below, whereupon Alibaba Investment’s cash commitment will reduce proportionately.

CICC, the financial adviser to the Joint Offerors, is satisfied that sufficient financial resources are available to the Joint Offerors for discharging their obligations in respect of the full implementation of the Scheme and the Option Offer in accordance with their respective terms.

### **INDEPENDENT BOARD COMMITTEE**

An Independent Board Committee, which comprises the following non-executive Directors, Mr. Xin Xiangdong, Mr. Chow Joseph, Mr. Chen Jiangxu and Mr. Hu Yongmin, has been established by the Board to make a recommendation: (a) to the Independent Shareholders as to: (i) whether the terms of the Proposal and the Scheme are, or are not, fair and reasonable and whether to vote in favour of the Scheme at the Court Meeting and the extraordinary general meeting of the Company; and (ii) whether terms of the Rollover Arrangement are, or are not, fair and reasonable and whether to vote in favour of the Rollover Arrangement at the extraordinary general meeting of the Company; and (b) to the Optionholders as to its views on acceptance of the Option Offer.

### **INDEPENDENT FINANCIAL ADVISER**

Somerley Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee in connection with the Proposal, the Scheme, the Option Offer and the Rollover Arrangement. The appointment of Somerley Capital Limited as the Independent Financial Adviser has been approved by the Independent Board Committee.

### **DESPATCH OF SCHEME DOCUMENT**

The Scheme Document containing, among others, further details of the Proposal, the Scheme, the Option Offer, the expected timetable, an explanatory memorandum as required under the Companies Law and the rules of the Grand Court, information regarding the Company, recommendations from the Independent Board Committee with respect to the Proposal, the Scheme and the Option Offer, the letter of advice from the Independent Financial Adviser, a notice of the Court Meeting and a notice of an extraordinary general meeting of the Company, together with forms of proxy in relation thereto, will be despatched to the Shareholders and Optionholders as soon as practicable and in compliance with the requirements of the Takeovers Code, the Companies Law, the Grand Court and other applicable laws and regulations.

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

Upon the Scheme becoming effective, listing of the Shares on the Stock Exchange will be withdrawn and terminated.

### **IF THE SCHEME IS NOT APPROVED OR THE PROPOSAL LAPSES**

The listing of the Shares on the Stock Exchange will not be withdrawn if the Scheme does not become effective or the Proposal otherwise lapses.

If the Scheme is not approved or the Proposal otherwise lapses, there are restrictions under the Takeovers Code on making subsequent offers, to the effect that neither the Joint Offerors nor any person who acted in concert with either of them 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.

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

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:00 a.m. on 28 December 2016 pending 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 10 January 2017.

## **WARNINGS**

**Shareholders and potential investors should be aware that the implementation of the Proposal, the Scheme and the Option Offer are subject to conditions being fulfilled or waived, as applicable, and thus the Proposal may or may not be implemented, the Scheme may or may not become effective and the Option Offer 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 acceptance, rejection or other response to the Proposal should be made only on the basis of information in the Scheme Document or any other document by which the Proposal is made.*

*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 Cayman Islands company by means of a scheme of arrangement provided for under the Companies Law. The financial information included in this Announcement (if any) has been prepared in accordance with Hong Kong Financial Reporting Standards and thus may not be comparable to financial information of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in 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 and Exchange Act of 1934, as amended. Accordingly, the Proposal is subject to the disclosure requirements and practices applicable in the Cayman Islands and Hong Kong to schemes of arrangement which differ from the disclosure requirements of the US tender offer rules.*

*The receipt of cash pursuant to the Proposal by a US holder of Scheme Shares as consideration for the cancellation of its Scheme Shares pursuant to the Scheme or by an Optionholder as consideration for the cancellation of its Options 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 or Share Options is urged to consult his independent professional adviser immediately regarding the tax consequences of the Proposal applicable to him.*

*It may be difficult for US holders of Scheme Shares and Share Options to enforce their rights and claims arising out of the US federal securities laws, since the Joint Offerors 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 or Share Options 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 judgement.*

### **1. INTRODUCTION**

On 28 December 2016, the Joint Offerors requested the Board to put forward a proposal to the Scheme Shareholders for the privatisation of the Company by way of a scheme of arrangement under Section 86 of the Companies Law involving the cancellation of the Scheme Shares and, in consideration thereof, the payment to the Scheme Shareholders of the Cancellation Price in cash for each Scheme Share, and the withdrawal of the listing of the Shares on the Stock Exchange.

If the Proposal is approved and implemented, under the Scheme, the share capital of the Company will, on the Effective Date of the Scheme, be reduced by cancelling and extinguishing the Scheme Shares. Upon such reduction, the share capital of the Company will be increased to its former amount by the issuance at par to the Joint Offerors, credited as fully paid, of the aggregate number of Shares as is equal to the number of Scheme Shares cancelled. The reserve created in the Company's books of account as a result of the capital reduction will be applied in paying up in full at par the new Shares so issued, credited as fully paid, to the Joint Offerors.

## 2. TERMS OF THE PROPOSAL

### Cancellation Price

Under the Scheme, the Scheme Shareholders will receive from the Joint Offerors the Cancellation Price of HK\$10.00 in cash for every Scheme Share as consideration for the cancellation of the Scheme Shares held as at the Effective Date.

**The Cancellation Price will not be increased, and the Joint Offerors do not reserve the right to do so.**

### Comparison of value

The Cancellation Price of HK\$10.00 per Scheme Share represents:

- a premium of approximately 42.25% over the closing price of HK\$7.0300 per Share as quoted on the Stock Exchange on the Last Trading Day;
- a premium of approximately 47.86% over the average closing price of approximately HK\$6.7630 per Share based on the daily closing prices as quoted on the Stock Exchange for the 10 trading days up to and including the Last Trading Day;
- a premium of approximately 51.77% over the average closing price of approximately HK\$6.5890 per Share based on the daily closing prices as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Day;
- a premium of approximately 53.59% over the average closing price of approximately HK\$6.5108 per Share based on the daily closing prices as quoted on the Stock Exchange for the 60 trading days up to and including the Last Trading Day;
- a premium of approximately 52.59% over the average closing price of approximately HK\$6.5533 per Share based on the daily closing prices as quoted on the Stock Exchange for the 90 trading days up to and including the Last Trading Day;
- a premium of approximately 54.09% over the average closing price of approximately HK\$6.4896 per Share based on the daily closing prices as quoted on the Stock Exchange for the 120 trading days up to and including the Last Trading Day;
- a premium of approximately 53.67% over the average closing price of approximately HK\$6.5075 per Share based on the daily closing prices as quoted on the Stock Exchange for the 180 trading days up to and including the Last Trading Day; and



- a premium of approximately 67.36% over the unaudited net asset value per Share in the Company of approximately RMB5.3473 as at 30 June 2016, based on RMB to HK\$ exchange rate of RMB0.89495 to HK\$1 (being the exchange rate as quoted by the People's Bank of China on the Last Trading Date).

The Cancellation Price has been determined on a commercial basis after taking into account, among others, the prices of the Shares traded on the Stock Exchange, the trading multiples of comparable companies listed on the Stock Exchange and with reference to other privatisation transactions in Hong Kong in recent years.

### **The Option Offer**

As at the Announcement Date, there are 44,793,500 outstanding Share Options granted under the Share Option Scheme, of which 11,550,000 Share Options are held by Mr. Chen and the remaining 33,243,500 Share Options are held by other employees of the Group. As at the date of this Announcement, the Joint Offerors and the Joint Offerors Concert Parties do not hold any Share Options.

The Joint Offerors will make (or procure to be made on its behalf) an appropriate offer to all the holders of the Outstanding Share Options in accordance with Rule 13 of the Takeovers Code. The Option Offer will be conditional upon the Scheme becoming effective. Under the Option Offer, the Joint Offerors will offer holders of Outstanding Share Options the “see-through” price (being the Cancellation Price minus the relevant exercise price in the case of the Outstanding Share Options) for each Outstanding Share Option they hold for the cancellation of every vested and unvested Share Option in accordance with Rule 13 of the Takeovers Code.

<b>Share Option exercise price (HK\$)</b>	<b>“See-through” price (HK\$)</b>	<b>Total outstanding options (vested and unvested)</b>	<b>Exercise period (MM/DD/YYYY)</b>
10.77	0.00 (Note)	2,156,000	04/02/2012-04/01/2017
7.56	2.44	6,562,000	06/23/2013-06/22/2018
9.27	0.73	3,817,500	04/11/2014-04/10/2019
6.85	3.15	4,600,000	06/26/2015-06/25/2020
4.85	5.15	13,488,000	03/28/2016-03/27/2021
6.37	3.63	14,170,000	03/31/2017-03/30/2022

*Note:* If the exercise price of the relevant Share Option under the Option Offer exceeds HK\$10.00, the “see-through” price is zero and a cash offer of a nominal amount of HK\$0.05 per 500 Share Options (or part thereof) will be made.

Under the Option Offer, the cash due to the holders of Outstanding Share Options will be paid on a staggered basis, in accordance with the respective vesting schedules under, and subject to, the existing terms of each of the Outstanding Share Options.

Further information on the Option Offer will be set out in a letter to the holders of the Outstanding Share Options, which will be dispatched at or around the same time as the dispatch of the Scheme Document.

If any of the Outstanding Share Options vests and is exercised in accordance with the terms of the Share Option Scheme, as applicable, on or before the Record Date, any Shares so issued will be subject to and eligible to participate in the Scheme.

The Option Offer will be extended to all Share Options in issue on the date on which the Option Offer is made.

### **Allocation proportion between the Joint Offerors**

The Joint Offerors' payment obligations to the Scheme Shareholders in respect of the Cancellation Price in cash pursuant to and in accordance with the Scheme shall be fulfilled by Alibaba Investment as to such number of Shares as represents the balance of the total number of Scheme Shares less the number of Shares as to be taken up by Shen Offeror, and by Shen Offeror as to 191,125,531 Scheme Shares subject to the Clawback Mechanism, whereunder Alibaba Investment will pay for such Scheme Shares clawed back from Shen Offeror. The Joint Offerors' payment obligations to the Optionholders shall be fulfilled according to the Ratio, which is in the same proportion as their payment obligations to the Scheme Shareholders.

	<b>Scheme Shares allocation (assuming no Share Options are exercised before the date for determining entitlement under the Scheme)</b>	<b>Scheme Shares allocation (assuming all the outstanding Share Options that are expected to vest before the date for determining entitlement under the Scheme are exercised before the date for determining entitlement under the Scheme)(Note)</b>
<b>Joint Offerors</b>		
Alibaba Investment	1,246,818,442	1,264,156,442
Shen Offeror	191,125,531	191,125,531
Total Scheme Shares	1,437,943,973	1,455,281,973

*Note:* Assuming that (i) the date for determining entitlement under the Scheme is no later than the Long Stop Date, (ii) vested Share Options as at date for determining entitlement under the Scheme where the “see-through” price is zero will not be exercised, and (iii) no outstanding Share Options held by Mr. Chen are exercised.

## Conditions of the Proposal and the Scheme

The implementation of the Proposal is, and the Scheme will become effective and binding on the Company and all Shareholders subject to the fulfilment or waiver (as applicable) of the following:

- (1) the approval of the Scheme (by way of poll) by a majority in number of the Scheme Shareholders representing not less than three-fourths in value of the Scheme Shares held by the Scheme Shareholders present and voting either in person or by proxy at the Court Meeting provided that:
  - (a) the Scheme is approved (by way of poll) by the Independent Shareholders holding at least 75% of the votes attaching to the Scheme Shares held by Independent Shareholders that are voted either in person or by proxy at the Court Meeting; and
  - (b) the number of votes cast (by way of poll) by Independent Shareholders present and voting either in person or by proxy at the Court Meeting against the resolution to approve the Scheme at the Court Meeting is not more than 10% of the votes attaching to all Scheme Shares held by all Independent Shareholders;
- (2)
  - (a) the passing of a special resolution by a majority of not less than three-fourths of the votes cast by the Shareholders present and voting in person or by proxy at an extraordinary general meeting of the Company to approve and give effect to the reduction of the share capital of the Company by cancelling and extinguishing the Scheme Shares; and
  - (b) the passing of an ordinary resolution by the Shareholders at an extraordinary general meeting of the Company to immediately thereafter increase the issued share capital of the Company to the amount prior to the cancellation of the Scheme Shares and apply the reserve created as a result of the aforesaid cancellation of the Scheme Shares to pay up in full at par such number of new Shares as is equal to the number of Scheme Shares cancelled as a result of the Scheme, credited as fully paid, for issuance to the Joint Offerors;
- (3) the sanction of the Scheme (with or without modifications) by the Grand Court and, to the extent necessary, its confirmation of the reduction of the share capital of the Company, and the delivery to the Registrar of Companies in the Cayman Islands of a copy of the order of the Grand Court for registration;
- (4) compliance, to the extent necessary, with the procedural requirements and conditions, if any, under Sections 15 and 16 of the Companies Law in relation to the reduction of the issued share capital of the Company;

- (5) all necessary consents (including consents from the relevant lenders) in connection with the Proposal and the withdrawal of listing of Shares from the Stock Exchange which may be required under any existing contractual obligations of the Company being obtained and remained in effect;
- (6) no government, governmental, quasi-governmental, statutory or regulatory body, court or agency in any jurisdiction having taken or instituted any action, proceeding or suit (or enacted, made or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order) that would make the Proposal or the Scheme or its implementation in accordance with its terms void, unenforceable, illegal or impracticable (or which would impose any material and adverse conditions or obligations with respect to the Proposal or the Scheme or its implementation in accordance with its terms), other than such actions, proceedings or suits as would not have a material adverse effect on the legal ability of the Joint Offerors to proceed with the Proposal or the Scheme;
- (7) since the Announcement Date, there having been no adverse change in the business, assets, financial or trading positions, profits or prospects of any member of the Group (to an extent which is material in the context of the Company and its subsidiaries taken as a whole or in the context of the Proposal);
- (8) since the Announcement Date, there having not been any instituted or remaining outstanding litigation, arbitration proceedings, prosecution or other legal proceedings to which any member of the Group is a party (whether as plaintiff, defendant or otherwise) and no such proceedings will be threatened in writing against any such member (and no investigation by any government or quasi-governmental, supranational, regulatory or investigative body or court against or in respect of any such member or the business carried on by any such member will be threatened in writing, announced, instituted or remain outstanding by, against or in respect of any such member), in each case which is material and adverse in the context of the Group taken as a whole or in the context of the Proposal; and
- (9) (i) the receipt of an opinion from the Independent Financial Adviser to the Independent Board Committee confirming that the Rollover Agreement is fair and reasonable, (ii) the passing of an ordinary resolution by the Independent Shareholders at an extraordinary general meeting of the Company to approve the Rollover Agreement under the Takeovers Code, and (iii) the consent from the Executive to the Rollover Agreement.

The Joint Offerors reserve the right to waive conditions (5) to (9) either in whole or in part, either generally or in respect of any particular matter, which will be decided by Alibaba Investment in its sole discretion on behalf of the Joint Offerors pursuant to the Consortium Agreement. Conditions (1), (2), (3) and (4) cannot be waived in any event. Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Joint Offerors may only invoke any or all of the Conditions as a basis for not proceeding with the Scheme if the circumstances which give rise to a right to invoke any such Condition are of material significance to the Joint Offerors in the

context of the Proposal. All of the Conditions will have to be fulfilled or waived, as applicable, on or before the Long Stop Date (or such later date as the Joint Offerors and the Company may agree or, to the extent applicable, as the Grand Court may direct and in all cases, as permitted by the Executive), failing which the Proposal and the Scheme will lapse. The Company has no right to waive any of the Conditions.

### **Warnings:**

**Shareholders and potential investors should be aware that the implementation of the Proposal, the Scheme and the Option Offer are subject to conditions being fulfilled or waived, as applicable, and thus the Proposal may or may not be implemented, the Scheme may or may not become effective and the Option Offer 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.**

### **3. ROLLOVER ARRANGEMENT**

The Joint Offerors would like to allow Chen Group to retain its shareholding in the Company after the Scheme becomes effective. Chen Group holds 42,250,000 Shares (representing approximately 1.56% of the issued share capital of the Company) and Mr. Chen holds 11,550,000 Share Options as at the Announcement Date.

Mr. Chen is the chief executive officer and an executive Director of the Company. He constitutes a key part of the management team of the Group who has extensive operational expertise and an in-depth understanding of the operations of the Group. It is important for the Company to retain him as both a member of the senior management of the Group and a Shareholder after the completion of the Scheme so that he will have incentive to continue to contribute to the development of the Group.

#### **Rollover Agreement**

The Joint Offerors and each member of the Chen Group have entered into the Rollover Agreement on 9 January 2017 in respect of, among other things, the Shares held by Chen Group. Under the Rollover Agreement:

- (a) subject to, among others, the Independent Shareholders' approval as set out in the section headed "Independent Shareholders' Approval" below, Chen Group will remain as Shareholders after the Scheme becomes effective and none of the Chen Shares will constitute Scheme Shares or will be voted on the Scheme at the Court Meeting (save that if the aforementioned approval is not obtained, the Chen Shares will be treated in the same manner as the Scheme Shares and Chen Group has agreed to provide an undertaking to the Grand Court agreeing to be bound by the terms of the Scheme in the case of such an event);

- (b) before the Scheme becomes effective, lapses or is withdrawn, each member of Chen Group will not (A) sell, transfer, charge, encumber, grant any option over or otherwise dispose of any interest in any of the Shares held by it/him in the Company (and in the case of Mr. Chen, any of the shares held by him directly or indirectly in Honor Mind Holdings Limited), save for (i) pre-existing charges disclosed before the date of the Rollover Agreement to Alibaba Investment and in relation thereto, the relevant member of Chen Group has undertaken, in the event of any foreclosure over such Shares or the shares directly and indirectly in Honor Mind Holdings Limited, to use its/his reasonable endeavours to procure that the chargor will offer to sell such Shares or shares to Alibaba Investment prior to selling to other parties or (ii) any transfer of Shares between Mr. Chen and Honor Mind Holdings Limited provided that the ultimate beneficial owner of the Shares remains solely as Mr. Chen and such transfer does not contravene any relevant laws, regulations and regulatory requirements, or (B) acquire, subscribe for or otherwise deal in the Shares, convertible securities, options or other securities of the Company without prior consent of Alibaba Investment;
- (c) immediately after the Scheme becomes effective:
- (i) each member of Chen Group will not charge any of the Shares held by it/him from time to time to any third party unless (x) the Shares are charged to investment banks, commercial banks or other financial institution of international repute for financing purpose; (y) as permitted by such investment banks, commercial banks or other financial institution, Alibaba Investment is provided with relevant documentation solely relating to the charge upon execution; and (z) it/he will use reasonable endeavours to procure the chargor to agree to give Alibaba Investment a first right of refusal over such Shares in the event of any foreclosure;
  - (ii) Alibaba Investment is entitled to a right of first refusal over Chen Group's Shares, so that before Chen Group transfers its Shares to a third party, Chen Group must offer its Shares to Alibaba Investment on the same terms which Chen Group offers to that third party. If Alibaba Investment does not wish to purchase such Shares, Chen Group may transfer the Shares to such third party on no less favourable terms;
  - (iii) Alibaba Investment will have drag-along rights over the Shares held by Chen Group if Alibaba Investment wishes to transfer its Shares;
  - (iv) if an event of default as described in the Rollover Agreement occurs and is continuing in relation to any member of the Chen Group, Alibaba Investment may demand Chen Group to transfer its Shares to Alibaba Investment or its affiliates; and
  - (v) Chen Group shall have tag-along rights in the event that Alibaba Investment transfers its Shares to a third party if Alibaba Investment transfers 50% of the issued share capital of the Company at the time of the transfer to any one person who is not a member of Alibaba Group; and

- (d) Mr. Chen has undertaken not to exercise any Share Options held by him and to accept the Option Offer in respect of all his Share Options.

The Rollover Agreement will be terminated when (i) the Scheme lapses or is withdrawn in accordance with its terms, or (ii) Alibaba Group ceases to directly or indirectly own any Shares in the Company, or (iii) when Chen Group ceases to directly or indirectly own any Shares in the Company, or (iv) on a date as the parties otherwise agree in writing.

### **Independent Shareholders' Approval**

As the Rollover Agreement was only entered into by and between the Joint Offerors and Chen Group and the Rollover Arrangement thereunder is not offered to all Shareholders, the Rollover Arrangement constitutes a special deal and requires the consent of the Executive under Note 3 to Rule 25 of the Takeovers Code. The Joint Offerors will make an application for consent from the Executive in relation to the Rollover Arrangement conditional on the Independent Financial Adviser confirming that the Rollover Arrangement is fair and reasonable, and the passing of an ordinary resolution by the Independent Shareholders at an extraordinary general meeting of the Company to approve the Rollover Arrangement. Accordingly, as set out in Condition (9), the Rollover Arrangement is subject to (i) the receipt of an opinion from the Independent Financial Adviser confirming that the Rollover Arrangement is fair and reasonable, and (ii) the passing of an ordinary resolution by the Independent Shareholders at an extraordinary general meeting of the Company to approve the Rollover Arrangement.

## **4. CONSORTIUM AGREEMENT**

Alibaba Investment and each member of the Shen Group have entered into the Consortium Agreement pursuant to which they have agreed, among others, that:

- (a) subject to the Clawback Mechanism, the new Shares as are equal to the number of Scheme Shares will be issued to (i) Alibaba Investment as to such number of Shares as represents the balance of the total number of Scheme Shares less the number of new Shares to be issued to Shen Offeror, and to (ii) Shen Offeror as to 191,125,531 Shares (the ratio between such new Shares to be issued to Alibaba Investment and Shen Offeror respectively is referred to as the “**Ratio**”). For the avoidance of doubt, the Ratio will be subject to clawback by Alibaba Investment if Shen Offeror does not fulfil its financing obligations referred to in the section headed “6. Financial Resources” below, or if the actual commitment amount paid by Shen Offeror is less than the amount under its commitment under the Ratio, or if for any other reason Shen Offeror does not proceed with the Proposal or otherwise discharge its obligations under the Scheme or Option Offer, in which event Alibaba Investment shall acquire the corresponding number of Scheme Shares resulting from dividing the outstanding payment not paid for by Shen Offeror by the Cancellation Price (the “**Clawback Mechanism**”). Alibaba Investment will bear the

financing of the offer price for the vested Share Options. The offer price to be paid for the unvested Share Options under the Option Offer will be shared between Alibaba Investment and Shen Offeror according to the Ratio;

- (b) each Offeror shall ensure it/he will arrange sufficient financial resources as approved by the Executive to implement the Proposal;
- (c) before the Scheme becomes effective, lapses or is withdrawn, each member of Shen Group shall not sell, transfer, charge, encumber, grant any option over or otherwise dispose of any interest in any of the Shares held by it/him/her in the Company (and in the case of Mr. Shen, Ms. Shen Zhiwei and Ms. Shen Junyan, the shares held by him/her directly or indirectly in the other corporate members of the Shen Group) save for (i) pre-existing charges disclosed before the date of the Consortium Agreement to Alibaba Investment and in relation thereto (among others), the relevant member of Shen Group has undertaken, in the event of any foreclosure over such Shares or the shares directly and indirectly in any member of Shen Group, to use its/his/her best endeavours to procure that the chargor will offer to sell such Shares or shares to Alibaba Investment prior to selling to other parties; and (ii) subject to the approval by the Executive, charges where (A) the Shares are charged to commercial banks in Hong Kong for financing purpose; (B) Alibaba Investment is provided with relevant documentation upon execution; and (C) the charge shall include a provision agreed by the chargor (in the event of any charge over any Shares) that it will agree on terms satisfactory to Alibaba Investment to give Alibaba Investment a first right of refusal over such Shares in the event of any foreclosure;
- (d) each member of Shen Group shall not acquire, subscribe for or otherwise deal in the shares, convertible securities, options or other securities of the Company without prior consent of Alibaba Investment before the Scheme becomes effective, lapses or is withdrawn and the closing of the Option Offer (whichever later);
- (e) immediately after the Scheme becomes effective:
  - (i) Shen Group will not charge any of the Shares held by it from time to time to any third party unless (i) the Shares are charged to commercial banks in Hong Kong for financing purpose; (ii) Alibaba Investment is provided with relevant documentation upon execution; and (iii) the charge shall include a provision agreed by the chargor (in the event of any charge over any Shares) that it will agree to give Alibaba Investment a first right of refusal over such Shares in the event of any foreclosure;
  - (ii) Alibaba Investment is entitled to a right of first refusal over Shen Group's Shares, so that before Shen Group transfers its Shares to a third party, Shen Group must offer its Shares to Alibaba Investment on the same terms which Shen Group offers to that third party. If Alibaba Investment does not wish to purchase such Shares, Shen Group may transfer the Shares to such third party on no less favourable terms,



provided that in any event Shen Group shall not transfer its Shares to any person or entity which is engaged or interested in any business or activity which directly or indirectly competes with Alibaba Group;

- (iii) Alibaba Investment will have a full drag-along right over the Shares held by Shen Group when Alibaba Investment transfers its Shares to any person who is not a member of Alibaba Group resulting in it holding less than 51% of the total issued share capital in the Company and ceasing to be the single largest shareholder of the Company at the time of transfer, otherwise a pro rata drag-along right over the Shares held by Shen Group;
  - (iv) if an event of default as described in the Consortium Agreement (including but not limited to any breach of the Consortium Agreement by, winding up or bankruptcy of, or change in control of, any member of Shen Group) occurs, Alibaba Investment may demand Shen Group to transfer its Shares to Alibaba Investment or its affiliates; and
  - (v) Shen Group shall have a pro rata tag-along right in the event that Alibaba Investment transfers its Shares to any person who is not an affiliate of Alibaba Group; and
- (f) Shen Group (except for Shen Family and Sea Islands International Co., Ltd.) previously gave a non-compete undertaking in favour of the Company which restricted them and their affiliates from competing in the Restricted Business in the PRC and included a first right of refusal and option in favour of the Company over certain Restricted Business. A similar non-compete undertaking has been given by Shen Group to Alibaba Investment under the Consortium Agreement.

## **5. SHAREHOLDING STRUCTURE OF THE COMPANY**

As at the date of this Announcement, the authorised share capital of the Company was US\$50,000 divided into 5,000,000,000 Shares, and the Company had 2,716,014,726 Shares in issue. As at the date of this Announcement, the Scheme Shares, comprising 1,437,943,973 Shares, represent approximately 52.94% of the issued share capital of the Company.

As at the date of this Announcement, Alibaba Investment held 755,727,738 Shares (representing approximately 27.82% of the issued share capital of the Company), Shen Offeror held 249,073,015 Shares (representing approximately 9.17% of the issued share capital of the Company) and the Joint Offerors Concert Parties held in aggregate 240,061,000 Shares (representing approximately 8.84% of the issued share capital of the Company).

On the assumption that no outstanding Share Options are exercised before the Record Date and there is no other change in shareholding of the Company before completion of the Proposal, the table below sets out the shareholding structure of the Company as at the Announcement Date and immediately upon completion of the Proposal:

Shareholders	As at the Announcement Date		Immediately upon completion of the Proposal	
	Number of Shares	% (Note 6)	Number of Shares (Note 8)	% (Note 6)
<b>Joint Offerors (Note 1)</b>				
Alibaba Investment (Note 9)	755,727,738	27.82	2,002,546,180	73.73
Shen Offeror (Note 9)	249,073,015	9.17	440,198,546	16.21
Sub-total	1,004,800,753	37.00	2,442,744,726	89.94
<b>Joint Offerors Concert Parties not subject to the Scheme</b>				
Shen Group (excluding Shen Offeror and Shen Family) (Note 2)	17,200,000	0.63	17,200,000	0.63
Elite Rich Holdings Limited (Note 3)	106,910,000	3.94	106,910,000	3.94
Elite Sky International Limited (Note 3)	106,910,000	3.94	106,910,000	3.94
Sub-total	231,020,000	8.51	231,020,000	8.51
<b>Joint Offerors Concert Parties subject to the Scheme</b>				
Mr. Joseph C. Tsai (Note 4)	8,000	0.00	–	–
The Libra Capital Greater China Fund Limited (Note 4)	1,825,000	0.07	–	–
CICC group (Note 8)	7,208,000	0.27	–	–
Sub-total	9,041,000	0.33	–	–
Aggregate number of Shares held by the Joint Offerors and Joint Offerors Concert Parties	1,244,861,753	45.83	2,673,764,726	98.44
Chen Group (Note 5)	42,250,000	1.56	42,250,000	1.56
Independent Shareholders	1,436,110,973	52.88	–	–
Total number of Shares	2,716,014,726	100.00	2,716,014,726	100.00
Total number of Scheme Shares	1,437,943,973	52.94	–	–

Notes:

- Shares in which the Joint Offerors are interested will not form part of the Scheme Shares and will not be cancelled.

2. The Shares held by Shen Group excluding Shen Offeror and Shen Family are directly held by East Jump Management Limited and Sea Islands International Co., Ltd.. East Jump Management Limited and Sea Islands International Co., Ltd. are directly 100% owned by Mr. Shen. East Jump Management Limited directly holds 4,200,000 Shares and Sea Islands International Co., Ltd. directly holds 13,000,000 Shares. Mr. Shen is presumed to be acting in concert with Joint Offerors for the purposes of the Takeovers Code as a result of (i) Shen Offeror being wholly-owned by Mr. Shen and (ii) both Mr. Shen and Alibaba Investment having made investments in companies outside the Group.
3. Elite Rich Holdings Limited is a company wholly-owned by Ms. Shen Zhiwei, Mr. Shen's daughter. Elite Sky International Limited is a company wholly-owned by Ms. Shen Junyan, Mr. Shen's sister.
4. Mr. Joseph C. Tsai and The Libra Capital Greater China Fund Limited are parties presumed to be acting in concert with Alibaba Investment as an Offeror for the purposes of the Takeovers Code. The Shares held by Mr. Joseph C. Tsai and The Libra Capital Greater China Fund Limited were each acquired prior to the period beginning on the date that is six months prior to the Announcement Date.
5. 40,000,000 Shares are directly held by Honor Mind Holdings Limited and 2,250,000 Shares are directly held by Mr. Chen. Honor Mind Holdings Limited is wholly owned by Mr. Chen. As at the Announcement Date, Mr. Chen is also interested in 11,550,000 Share Options, of which 4,450,000 are vested.
6. All percentages in the above table are approximations.
7. Under the Scheme, the issued share capital of the Company will, on the Effective Date, be reduced by cancelling the Scheme Shares. On the assumption that no Share Options are exercised before the Effective Date and the assumption that there is no other change in shareholding of the Company before completion of the Proposal, forthwith upon such reduction, the issued share capital of the Company will be increased to its former amount prior to the cancellation of the Scheme Shares by the issue at par to the Joint Offerors, credited as fully paid, of the same number of Shares as the number of the Scheme Shares cancelled. The reserve created in the Company's books of account as a result of the capital reduction will be applied in paying up in full at par the new Shares so issued to the Joint Offerors.
8. CICC is the financial adviser to the Joint Offerors and relevant members of the CICC group (except those which are exempt principal traders recognised by the Executive as such for the purpose of the Takeovers Code) are presumed to be acting in concert with the Joint Offerors under class (5) of the definition of "acting in concert" in the Takeovers Code. All such Shares held by members of the CICC group were acquired pursuant to non-discretionary trades conducted for and on behalf of clients of the relevant members of the CICC group. None of the Shares as disclosed in this table are proprietary interests of members of the CICC group. Accordingly all such Shares will form part of the Scheme Shares. In addition, a certain fund advised by a member of the CICC group has a derivative economic interest in 6,500 Shares pursuant to swap agreements, but the CICC group member does not have the ability to control the voting rights in respect of such 6,500 Shares.
9. Shares to be acquired by Alibaba Investment and the Shen Offeror under the Scheme are subject to the Clawback Mechanism referred to under the section headed "4. Consortium Agreement" above.

Following the Effective Date and the withdrawal of listing of the Shares on the Stock Exchange, the Joint Offerors and Shen Group (excluding Shen Offeror) will hold 98.44% of the issued share capital of the Company, on the assumption that there is no other change in shareholding in the Company before completion of the Proposal.

As at the date of this Announcement, the Joint Offerors Concert Parties held in aggregate 240,061,000 Shares (representing approximately 8.84% of the issued share capital of the Company). Among these Joint Offerors Concert Parties, the 231,020,000 Shares (representing approximately 8.51% of the issued share capital of the Company as at the Announcement Date) held by Shen Group (excluding Shen Offeror) will not form part of the Scheme Shares and will not be voted on the Scheme at the Court Meeting. The 9,041,000 Shares (representing approximately 0.33% of the issued share capital of the Company as at the Announcement Date) held by the remaining Joint Offerors Concert Parties (being Mr. Joseph C. Tsai, The Libra Capital Greater China Fund Limited and CICC group) will form part of the Scheme Shares and will be cancelled upon the Scheme becoming effective, but such Joint Offerors Concert Parties (other than in respect of holdings of Shares of CICC group above) will abstain from voting on the Scheme at the Court Meeting.

In addition, the 42,250,000 Shares (representing approximately 1.56% of the issued share capital of the Company as at the Announcement Date) held by Chen Group will not form part of the Scheme Shares pursuant to the Rollover Arrangement, and will not be voted on the Scheme at the Court Meeting.

### **Share Options**

As at the Announcement Date, there are 44,793,500 outstanding Share Options granted under the Share Option Scheme, of which 11,550,000 Share Options are held by Mr. Chen and the remaining 33,243,500 Share Options are held by other employees of the Group.

The exercise of all the said Share Options in full would result in the issue of 44,793,500 new Shares (representing approximately 1.65% of the issued share capital of the Company as at the date of this Announcement) and approximately 1.62% of the issued share capital of the Company as enlarged by the issue of such new Shares.

Accordingly, the Joint Offerors will make (or procure to be made on their behalf) the Option Offer for 11,550,000 Share Options held by Mr. Chen and 33,243,500 Share Options held by other employees of the Group other than Mr. Chen assuming no exercise or lapse of such Share Options by them before the Record Date. Such Option Offer is conditional upon the Scheme becoming effective.

Further information on the Option Offer will be set out in a letter to the holders of Share Options which will be dispatched at or around the same time as the dispatch of the Scheme Document.

## Shareholdings

On the assumption that all Share Options that are expected to vest before the Long Stop Date with positive see-through price held by Optionholders (other than Mr. Chen) are exercised before the Record Date and that there is no other change in shareholding of the Company before completion of the Proposal, the table below sets out the shareholding structure of the Company as at the Announcement Date and immediately upon completion of the Proposal:

Shareholders	As at the Announcement Date		Immediately upon completion of the Proposal	
	Number of Shares	% (Note 6)	Number of Shares (Note 7)	% (Note 6)
<b>Joint Offerors (Note 1)</b>				
Alibaba Investment (Note 9)	755,727,738	27.82	2,019,884,180	73.90
Shen Offeror (Note 9)	249,073,015	9.17	440,198,546	16.10
Sub-total	1,004,800,753	37.00	2,460,082,726	90.00
<b>Joint Offerors Concert Parties not subject to the Scheme</b>				
Shen Group (excluding Shen Offeror and Shen Family) (Note 2)	17,200,000	0.63	17,200,000	0.63
Elite Rich Holdings Limited (Note 3)	106,910,000	3.94	106,910,000	3.91
Elite Sky International Limited (Note 3)	106,910,000	3.94	106,910,000	3.91
Sub-total	231,020,000	8.51	231,020,000	8.45
<b>Joint Offerors Concert Parties subject to the Scheme</b>				
Mr. Joseph C. Tsai (Note 4)	8,000	0.00	–	–
The Libra Capital Greater China Fund Limited (Note 4)	1,825,000	0.07	–	–
CICC group (Note 8)	7,208,000	0.27	–	–
Sub-total	9,041,000	0.33	–	–
Aggregate number of Shares held by the Joint Offerors and Joint Offerors Concert Parties	1,244,861,753	45.83	2,691,102,726	98.45
Chen Group (Note 5)	42,250,000	1.56	42,250,000	1.55
Independent Shareholders	1,436,110,973	52.88	–	–
Total number of Shares	2,716,014,726	100.00	2,733,352,726	100.00
Total number of Scheme Shares	1,437,943,973	52.94	–	–

### Notes:

- Shares in which the Joint Offerors are interested will not form part of the Scheme Shares and will not be cancelled.

2. The Shares held by Shen Group excluding Shen Offeror and Shen Family are directly held by East Jump Management Limited and Sea Islands International Co., Ltd.. East Jump Management Limited and Sea Islands International Co., Ltd. are directly 100% owned by Mr. Shen. East Jump Management Limited directly holds 4,200,000 Shares and Sea Islands International Co., Ltd. directly holds 13,000,000 Shares. Mr. Shen is presumed to be acting in concert with Joint Offerors for the purposes of the Takeovers Code as a result of (i) Shen Offeror being wholly-owned by Mr. Shen and (ii) both Mr. Shen and Alibaba Investment having made investments in companies outside the Group.
3. Elite Rich Holdings Limited is a company wholly-owned by Ms. Shen Zhiwei, Mr. Shen's daughter. Elite Sky International Limited is a company wholly-owned by Ms. Shen Junyan, Mr. Shen's sister.
4. Mr. Joseph C. Tsai and The Libra Capital Greater China Fund Limited are parties presumed to be acting in concert with Alibaba Investment as an Offeror for the purposes of the Takeovers Code. The Shares held by Mr. Joseph C. Tsai and The Libra Capital Greater China Fund Limited were each acquired prior to the period beginning on the date that is six months prior to the Announcement Date.
5. 40,000,000 Shares are directly held by Honor Mind Holdings Limited and 2,250,000 Shares are directly held by Mr. Chen assuming no outstanding Share Options held by Mr. Chen are exercised before the Record Date since it is noted that Mr. Chen has undertaken in the Rollover Agreement that he will not exercise any Share Options held by him and will accept the Option Offer in respect of such Share Options. Honor Mind Holdings Limited is wholly owned by Mr. Chen.
6. All percentages in the above table are approximations.
7. Under the Scheme, the issued share capital of the Company will, on the Effective Date, be reduced by cancelling the Scheme Shares. On the assumption that all outstanding Share Options that are expected to vest before the Long Stop Date with positive see-through price are exercised before the Record Date and the assumption that there is no other change in shareholding of the Company before completion of the Proposal, forthwith upon such reduction, the issued share capital of the Company will be increased to its former amount prior to the cancellation of the Scheme Shares by the issue at par to the Joint Offerors, credited as fully paid, of the same number of Shares as the number of the Scheme Shares cancelled. The reserve created in the Company's books of account as a result of the capital reduction will be applied in paying up in full at par the new Shares so issued to the Joint Offerors.
8. CICC is the financial adviser to the Joint Offerors and relevant members of the CICC group (except those which are exempt principal traders recognised by the Executive as such for the purpose of the Takeovers Code) are presumed to be acting in concert with the Joint Offerors under class (5) of the definition of "acting in concert" in the Takeovers Code. All such Shares held by members of the CICC group were acquired pursuant to non-discretionary trades conducted for and on behalf of clients of the relevant members of the CICC group. None of the Shares as disclosed in this table are proprietary interests of members of the CICC group. Accordingly all such Shares will form part of the Scheme Shares. In addition, a certain fund advised by a member of the CICC group has a derivative economic interest in 6,500 Shares pursuant to swap agreements, but the CICC group member does not have the ability to control the voting rights in respect of such 6,500 Shares.

9. Shares to be acquired by Alibaba Investment and Shen Offeror under the Scheme are subject to the Clawback Mechanism referred to under the section headed “4. Consortium Agreement” above.

As at the Announcement Date, other than disclosed in note (8) above, (i) none of Alibaba Investment, Shen Offeror and any of the Joint Offerors Concert Parties holds, owns, controls or has direction over any options, warrants or convertible securities in respect of the Shares, and (ii) there are no outstanding derivatives in respect of the Shares entered into by Alibaba Investment, Shen Offeror or the Joint Offerors Concert Parties. Save for the outstanding Share Options, the Company does not have in issue any warrants, options, derivatives, convertible securities or other securities convertible into the Shares as at the Announcement Date.

## **6. FINANCIAL RESOURCES**

On the assumption that no outstanding Share Options are exercised and no further Shares are issued before the Record Date, the amount of cash required for the Proposal (before taking into account the Option Offer to be made but including the contingency of the Shares held by (i) Shen Group (except for those held by Sea Islands International Co., Ltd., whose shareholding in the Company is not subject to any charges) and (ii) Chen Group becoming Scheme Shares) is approximately HK\$19,472.87 million.

On the assumption that (i) all outstanding vested Share Options as at the Record Date are exercised (given that unvested outstanding Share Options as at the Record Date will not be capable of exercise prior to the Record Date and will only be entitled to the “see-through” price under the Option Offer), (ii) vested Share Options as at the Record Date where the “see-through” price is zero will not be exercised, (iii) no further Shares are issued before the Record Date and (iv) the Record Date is the Long Stop Date, the amount of cash required for the Option Offer would be, in addition, approximately HK\$317.23 million.

Consequently, the maximum amount of cash required for the Proposal on the basis described above would be approximately HK\$19,790.10 million.

As at the date of this Announcement, Alibaba Investment is financing the entire cash amount required for the Proposal and the Option Offer from internal cash resources or external debt financing. Shen Offeror will contribute its commitment for the 191,125,531 Scheme Shares and the amounts payable under the Option Offer for unvested Share Options according to the Ratio and the financing thereof from internal cash resources and external debt financing as further described in the section headed “Allocation proportion between the Joint Offerors” above, whereupon Alibaba Investment’s cash commitment will reduce proportionately. Shen Offeror will as soon as possible and by five business days before the despatch of the Scheme Document, but in any event no later than 30 business days after the date hereof (subject to any earlier timing required by the Executive for such despatch) arrange such financing as will satisfy its commitment pursuant to the Ratio and the requirements of the Securities and Futures Commission for certain cash financing for its commitment.

CICC, the financial adviser to the Joint Offerors, is satisfied that sufficient financial resources are available to the Joint Offerors for discharging their obligations in respect of the full implementation of the Scheme and the Option Offer in accordance with their respective terms.

## **7. REASONS FOR, AND BENEFITS OF, THE PROPOSAL**

### **For the Company: to facilitate a shift in strategy towards long term growth**

Under the environment of the retail industry's transformation, the Joint Offerors plan to have deeper co-operations with the Company, to explore new development opportunities and to implement a series of long-term growth strategies, which may affect the Company's short-term growth profile and may result in divergence between the Company's and Joint Offerors' view on the Company's potential long-term value on the one hand, and the investors' views on the Company's share price, on the other. Following the implementation of the Proposal, the Joint Offerors and the Company can make strategic decisions focused on long-term benefits, free from the pressure of market expectations and share price fluctuation associated with being a publicly listed company.

Due to the low liquidity in the trading of its Shares, the Company's current listing platform no longer sufficiently serves as a source of funding for the Company's business and growth. Employee share option incentive schemes are also less effective in retaining and recruiting staff. After privatisation the Company may have the freedom and opportunity to carry-out a more flexible approach to motivate staff.

### **For the Scheme Shareholders and Optionholders: a good opportunity to realize their investment with a significant premium**

The Cancellation Price of HK\$10.00 per Scheme Share represents a premium of approximately 42.25% over the closing price per Share on the Last Trading Day. The Cancellation Price also represents a premium of approximately 51.77% and 53.59% over the average closing prices of approximately HK\$6.5890 and approximately HK\$6.5108 per Share for 30 and 60 consecutive trading days up to and including the Last Trading Day, respectively.

The average daily trading volume of the Shares for the 24 months up to and including the Last Trading Day was approximately 11 million Shares per day, representing only approximately 0.4% of the issued Shares as at the Announcement Date. The relatively low trading liquidity of the Shares makes it difficult for Shareholders to execute substantial on-market disposals without adversely affecting the price of the Shares. The Proposal is intended to provide the Scheme Shareholders and the Optionholders with an opportunity to realise their investment in the Company for cash at an attractive premium without having to suffer any illiquidity discount.



## **8. INFORMATION ON THE GROUP AND THE JOINT OFFERORS**

### **The Group**

The Company is a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Main Board of the Stock Exchange with the stock code 1833. The Group is principally engaged in the business of operation and management of department stores and shopping malls in the PRC.

### **Alibaba Investment Limited**

Alibaba Investment Limited is an investment holding company incorporated in the British Virgin Islands, which is a directly wholly-owned subsidiary and the principal holding company for the strategic investments of Alibaba Group Holding Limited. Alibaba Group Holding Limited is a company incorporated in the Cayman Islands and its American depositary shares are listed on the New York Stock Exchange. As at the date of this Announcement, substantial shareholders (as defined in the Takeovers Code) of Alibaba Group Holding Limited are SoftBank Group Corp., a company listed on the Tokyo Stock Exchange, and Yahoo! Inc..

### **Intime International Holdings Limited**

Intime International Holdings Limited is a limited liability company incorporated in the Cayman Islands and indirectly wholly-owned by Mr. Shen.

## **9. WITHDRAWAL OF LISTING OF SHARES**

Upon the Scheme becoming effective, all Scheme Shares will be cancelled and the share certificates in respect of the Scheme Shares will thereafter cease to have effect as documents or evidence of title.

The Company will apply to the Stock Exchange for the withdrawal of the listing of the Shares on the Stock Exchange immediately following the Effective Date.

The Scheme Shareholders will be notified by way of an announcement of the exact dates of the last day for dealing in the Shares on the Stock Exchange and the day on which the Scheme and the withdrawal of the listing of Shares on the Stock Exchange will become effective. A detailed timetable of the Scheme will be included in the Scheme Document, which will also contain, among other things, further details of the Scheme.

## **10. IF THE SCHEME IS NOT APPROVED OR THE PROPOSAL LAPSES**

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

If the Scheme is not approved or the Proposal otherwise lapses, there are restrictions under the Takeovers Code on making subsequent offers, to the effect that neither the Joint Offerors nor any person who acted in concert with either of them 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 Joint Offerors in accordance with Rule 2.3 of the Takeovers Code.

## **11. OVERSEAS SHAREHOLDERS**

The making of the Proposal to the Scheme Shareholders and the Option Offer to Optionholders who are not resident in Hong Kong may be subject to the laws of the relevant jurisdictions in which such Scheme Shareholders and Optionholders are located.

Such Scheme Shareholders and Optionholders should inform themselves about and observe any applicable legal, tax or regulatory requirements. It is the responsibility of any overseas Scheme Shareholders and overseas Optionholders, wishing to take an action in relation to the Proposal and Option Offer, respectively, to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with any other necessary formalities and the payment of any issue, transfer or other taxes in such jurisdiction.

Any acceptance by such Scheme Shareholders and Optionholders will be deemed to constitute a representation and warranty from such persons to the Company, the Joint Offerors and their respective advisers, 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 of the Scheme Document to overseas Scheme Shareholders or overseas Optionholders is prohibited by any relevant law or regulation or may only be effected after compliance with conditions or requirements that the directors of the Company regard as unduly onerous or burdensome (or otherwise not in the best interests of the Company or its Shareholders), the Scheme Document will not be despatched to such overseas Scheme Shareholders or overseas Optionholders. For that purpose, the Company may apply for any waivers as may be required by the Executive 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 or overseas Optionholders. In granting the waiver, the Executive will be concerned to see that all material information in the Scheme Document is made available to such overseas Scheme Shareholders and overseas Optionholders, as the case may be.

Scheme Shareholders and Optionholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting the Proposal or the Option Offer. It is emphasised that none of Alibaba Investment, Shen Offeror, the Company and CICC or any of their respective directors, officers or associates or any other person involved in the Proposal or the Option Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Proposal or the Option Offer.

## **12. SCHEME SHARES, MEETING OF SCHEME SHAREHOLDERS AND EXTRAORDINARY GENERAL MEETING OF THE COMPANY**

As at the Announcement Date, Alibaba Investment holds 755,727,738 Shares (representing approximately 27.82% of the issued share capital of the Company) and Shen Offeror holds 249,073,015 Shares (representing approximately 9.17% of the issued share capital of the Company). Such Shares will not form part of the Scheme Shares and will not be cancelled upon the Scheme becoming effective. As each of Alibaba Investment and Shen Offeror is not a Scheme Shareholder, each of Alibaba Investment and Shen Offeror will not vote on the Scheme at the Court Meeting. The Joint Offerors will undertake to the Grand Court that they will be bound by the Scheme, so as to ensure that they will be subject to the terms and conditions of the Scheme.

By reason of being the financial adviser to the Joint Offerors, CICC is presumed to be acting in concert with the Joint Offerors in relation to the Company. As at the Announcement Date, and so far as the Joint Offerors are aware taking into account Note 1 to Rule 3.5 of the Takeovers Code, members of the CICC group (except those which are exempt principal traders or exempt fund managers, in each case recognized by the Executive as such for the purposes of the Takeovers Code) which are presumed to be acting in concert with the Joint Offerors in relation to the Company held 7,208,000 Shares (representing approximately 0.27% of the issued share capital of the Company) and in addition, a certain fund advised by a member of the CICC group has a derivative economic interest in 6,500 Shares pursuant to swap agreements, but the CICC group member does not have the ability to control the voting rights in respect of such 6,500 Shares.

As at the date of this Announcement, the Joint Offerors Concert Parties held in aggregate 240,061,000 Shares (representing approximately 8.84% of the issued share capital of the Company). Among these Joint Offerors Concert Parties, the 231,020,000 Shares (representing approximately 8.51% of the issued share capital of the Company as at the Announcement Date) held by Shen Group (excluding Shen Offeror) will not form part of the Scheme Shares and will not be voted on the Scheme at the Court Meeting. The 9,041,000 Shares (representing approximately 0.33% of the issued share capital of the Company as at the Announcement Date) held by the remaining Joint Offerors Concert Parties (being Mr. Joseph C. Tsai, The Libra Capital Greater China Fund Limited and CICC group) will form part of the Scheme Shares and will be cancelled upon the Scheme becoming effective, but such Joint Offerors Concert Parties (other than in respect of holdings of Shares by CICC group above) will abstain from voting on the Scheme at the Court Meeting.

In addition, the 42,250,000 Shares (representing approximately 1.56% of the issued share capital of the Company as at the Announcement Date) held by Chen Group will not form part of the Scheme Shares pursuant to the Rollover Arrangement, and will not be voted on the Scheme at the Court Meeting.

All Shareholders will be entitled to attend the extraordinary general meeting of the Company and vote on (i) the special resolution to approve and give effect to the reduction of the issued share capital of the Company by cancelling and extinguishing the Scheme Shares, and (ii) the ordinary resolution to immediately thereafter increase the issued share capital of the Company to the amount prior to the cancellation of the Scheme Shares and apply the reserve created as a result of the aforesaid cancellation of the Scheme Shares to pay up in full at par such number of new Shares as is equal to the number of Scheme Shares cancelled as a result of the Scheme for issue to the Joint Offerors.

The Joint Offerors have indicated that if the Scheme is approved at the Court Meeting, those Shares held by it will be voted in favour of the resolutions to be proposed at the extraordinary general meeting of the Company.

### **13. INDEPENDENT BOARD COMMITTEE**

An Independent Board Committee, which comprises the following non-executive Directors, Mr. Xin Xiangdong, Mr. Chow Joseph, Mr. Chen Jiangxu and Mr. Hu Yongmin, has been established by the Board to make a recommendation: (a) to the Independent Shareholders as to: (i) whether the terms of the Proposal and the Scheme are, or are not, fair and reasonable and whether to vote in favour of the Scheme at the Court Meeting and the extraordinary general meeting of the Company; (ii) whether terms of the Rollover Arrangement are, or are not, fair and reasonable and whether to vote in favour of the Rollover Arrangement at the extraordinary general meeting of the Company; and (b) to the Optionholders as to whether the terms of the Option Offer are, or are not, fair and reasonable and whether to accept the Option Offer.

Although Mr. Zhang Yong is a non-executive Director, as Mr. Zhang Yong is currently a director and chief executive officer of Alibaba Group Holding Limited, the parent of Alibaba Investment, Mr. Zhang Yong is regarded as being interested in the Proposal and will not form part of the Independent Board Committee.

### **14. INDEPENDENT FINANCIAL ADVISER**

Somerley Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee in connection with the Proposal, the Scheme, the Option Offer and the Rollover Arrangement. The appointment of Somerley Capital Limited as the Independent Financial Adviser has been approved by the Independent Board Committee.

## 15. DESPATCH OF SCHEME DOCUMENT

The Scheme Document containing, amongst others, further details of the Proposal, the Scheme, the Option Offer, the expected timetable, an explanatory memorandum as required under the Companies Law and the rules of the Grand Court, information regarding the Company, recommendations from the Independent Board Committee with respect to the Proposal, the Scheme and the Option Offer, the letter of advice from the Independent Financial Adviser, a notice of the Court Meeting and a notice of an extraordinary general meeting of the Company, together with forms of proxy in relation thereto, will be despatched to the Shareholders and Optionholders as soon as practicable and in compliance with the requirements of the Takeovers Code, the Companies Law, the Grand Court and other applicable laws and regulations.

The Scheme Document will contain important information and the Scheme Shareholders and Optionholders are urged to read the Scheme Document containing such disclosures carefully before casting any vote at (or providing any proxy in respect of) the Court Meeting or the extraordinary general meeting of the Company or accepting the Option Offer (as the case may be). Any voting, acceptance or other response to the Proposal should be made only on the basis of information in the Scheme Document or any other document by which the Proposal is made.

## 16. DISCLOSURE OF DEALINGS

Associates of the Joint Offerors and the Company (as defined in the Takeovers Code, including shareholders holding 5% or more of the relevant securities (as defined in paragraphs (a) to (d) in Note 4 to Rule 22 of the Takeovers Code) of any of the Joint Offerors and the Company) are hereby reminded to disclose their dealings in any securities of the Company under Rule 22 of the Takeovers Code during the offer period.

To the best knowledge of the Joint Offerors, neither the Joint Offerors nor any of the Joint Offerors Concert Parties had any dealings for value in the Shares during the period commencing six months prior to the Announcement Date.

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 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 obligations 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.”*

## **17. PRECAUTIONARY LANGUAGE REGARDING FORWARD-LOOKING STATEMENTS**

This Announcement includes certain “forward-looking statements”. These statements are based on the current expectations of the management of the Joint Offerors and/or the Company (as the case may be) and are naturally subject to uncertainty and changes in circumstances. The forward-looking statements contained in this Announcement include statements about the expected effects on the Company of the Proposal and the Option Offer, the expected timing and scope of the Proposal and the Option Offer, and all other statements in this Announcement other than historical facts.

Forward-looking statements include, without limitation, statements typically containing words such as “intends”, “expects”, “anticipates”, “targets”, “estimates”, “envisages” and words of similar import. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements. These factors include, but are not limited to, the satisfaction of the conditions to the Proposal and Option Offer, as well as additional factors, such as general, social, economic and political conditions in the countries in which the Joint Offerors and/or the Group operate or other countries which have an impact on the Joint Offerors and/or the Group’s business activities or investments, interest rates, the monetary and interest rate policies of the countries in which the Joint Offerors and/or the Group operate, inflation or deflation, foreign exchange rates, the performance of the financial markets in the countries in which the Joint Offerors and/or Group operate and globally, changes in domestic and foreign laws, regulations and taxes, changes in competition and the pricing environments in the countries in which the Joint Offerors and/or Group operate and regional or general changes in asset valuations. Other unknown or unpredictable factors could cause actual results to differ materially from those in the forward-looking statements.

All written and oral forward-looking statements attributable to the Joint Offerors, the Company or persons acting on behalf of any of them are expressly qualified in their entirety by the cautionary statements above. The forward-looking statements included herein are made only as of the Announcement Date.

## **18. GENERAL**

The Joint Offerors have appointed CICC as its financial adviser in connection with the Proposal.

Mr. Zhang Yong (a non-executive Director and currently a director and chief executive officer of Alibaba Group Holding Limited, the parent of Alibaba Investment) and Mr. Chen (an executive Director and a party to the Rollover Arrangement) are regarded as being interested in the Proposal, and therefore have abstained and will continue to abstain from voting in respect of the board resolutions of the Company in relation to the Proposal. The Directors (excluding members of the Independent Board Committee) believe that the terms of the Proposal are fair and reasonable and in the interests of the Shareholders as a whole.

No irrevocable commitment to vote for or against the Scheme has been received by the Joint Offerors or the Joint Offerors Concert Parties, as at the date of this Announcement.

Save for the Proposal, the Rollover Arrangement and the Consortium Agreement, there are no arrangements (whether by way of option, indemnity or otherwise) in relation to the Shares or the shares of each of the Joint Offerors between the Joint Offerors or any of the Joint Offerors Concert Parties and any other person which might be material to the Proposal.

Save as disclosed in this Announcement, there are no agreements or arrangements to which either of the Joint Offerors is a party which relate to the circumstances in which it may or may not invoke or seek to invoke a condition to the Proposal.

The Joint Offerors and the Joint Offerors Concert Parties have not borrowed or lent any Shares or any other securities of the Company as at the Announcement Date.

## **19. SUSPENSION AND RESUMPTION OF TRADING IN SHARES**

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:00 a.m. on 28 December 2016 pending issuance of this Announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in Shares on the Stock Exchange with effect from 9:00 a.m. on 10 January 2017.

## **20. DEFINITIONS**

In this Announcement, the following expressions have the meanings set out below unless the context requires otherwise.

“acting in concert”	has the meaning ascribed to it in the Takeovers Code and “concert party” shall be construed accordingly
“Alibaba Investment”	Alibaba Investment Limited, one of the Joint Offerors
“Alibaba Group”	Alibaba Group Holding Limited and its subsidiaries
“Announcement”	this announcement jointly issued by Alibaba Investment Limited, Shen Offeror and the Company

“Announcement Date”	10 January 2017, being the date of this Announcement
“associate”	has the meaning ascribed to it in the Takeovers Code
“Board”	the board of directors of the Company
“Cancellation Price”	the cancellation price of HK\$10.00 per Scheme Share payable in cash by the Joint Offerors to the Scheme Shareholders pursuant to the Scheme
“Chen Group”	Mr. Chen and Honor Mind Holdings Limited, a company wholly owned by Mr. Chen
“Chen Shares”	those Shares in the Company held by the Chen Group
“CICC”	China International Capital Corporation Hong Kong Securities Limited, the financial adviser to the Joint Offerors. CICC is a licensed corporation under the SFO, licensed to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) regulated activities
“Clawback Mechanism”	has the meaning ascribed to it in the section headed “4. Consortium Agreement” of this Announcement
“Company”	Intime Retail (Group) Company Limited (stock code: 1833), a company incorporated in the Cayman Islands with limited liability whose shares are listed on the Main Board of the Stock Exchange
“Companies Law”	the Companies Law (2016 Revision) of the Cayman Islands
“Conditions”	the conditions to the implementation of the Proposal and the Scheme as described in the section headed “2. Terms of the Proposal – Conditions of the Proposal and the Scheme” of this Announcement
“Consortium Agreement”	the consortium agreement dated 9 January 2017 among Alibaba Investment and each member of the Shen Group in connection with the Proposal



“Court Meeting”	a meeting of the Scheme Shareholders to be convened at the direction of the Grand Court at which the Scheme (with or without modification) will be voted upon, or any adjournment thereof
“Director(s)”	the director(s) of the Company
“Effective Date”	the date on which the Scheme becomes effective in accordance with the Companies Law
“Executive”	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission or any delegate thereof
“Grand Court”	the Grand Court of the Cayman Islands
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Company established by the Board to make a recommendation to the Independent Shareholders and the Optionholders in respect of the Proposal, the Scheme, the Option Offer and the Rollover Arrangement
“Independent Financial Adviser”	Somerley Capital Limited, the independent financial adviser to the Independent Board Committee in connection with the Proposal, the Option Offer and the Rollover Arrangement
“Independent Shareholder(s)”	Shareholder(s) other than the Joint Offerors, the Joint Offerors Concert Parties and Chen Group. For the avoidance of doubt, Independent Shareholders include any member of the CICC group acting in its capacity as a registered owner of Scheme Shares held on behalf of a beneficial owner where the beneficial owner (i) controls the voting rights attaching to those Shares; (ii) if Shares are voted, gives instructions as to how those Shares are to be voted; and (iii) is not the Joint Offerors or a Joint Offerors Concert Party
“Joint Offerors”	Alibaba Investment and Shen Offeror

“Joint Offerors Concert Parties”	parties acting in concert or presumed to be acting in concert with any of the Joint Offerors under the definition of “acting in concert” under the Takeovers Code, including Alibaba Group, Shen Group, Mr. Joseph C. Tsai, and The Libra Capital Greater China Fund Limited (but excluding the Joint Offerors)
“Last Trading Day”	23 December 2016, being the last trading day of Shares prior to the issuance of this Announcement
“Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Long Stop Date”	31 August 2017
“Mr. Chen”	Mr. Chen Xiaodong, the chief executive officer and an executive Director of the Company
“Mr. Shen”	Mr. Shen Guojun
“Offeror”	one of the Joint Offerors
“Optionholders”	holder(s) of the Share Options
“Option Offer”	the offer to be made by or on behalf of the Joint Offerors to the holders of the outstanding Share Options
“Outstanding Share Option(s)”	the outstanding, vested and unvested, share option(s) granted under the Share Option Scheme from time to time
“PRC”	the People’s Republic of China (for the purpose of this Announcement, excluding Hong Kong, the Macao Special Administrative Region and the Republic of Taiwan)
“Proposal”	the proposal for the privatisation of the Company by the Joint Offerors by way of the Scheme and the Option Offer and the restoration of the share capital of the Company to the amount immediately before the cancellation of the Scheme Shares, and the withdrawal of the listing of the Shares from the Stock Exchange, on the terms and subject to the conditions set out in this Announcement
“Ratio”	has the meaning ascribed to it in the section headed “4. Consortium Agreement” of this Announcement

“Record Date”	the appropriate record date to be announced for determining entitlements under the Scheme
“Relevant Authorities”	appropriate governments and/or governmental bodies, regulatory bodies, courts or institutions
“Restricted Business”	the business of retail trade in merchandise (including but not limited to department stores, shopping malls and supermarkets) or as an owner of any property (including land use right and building) that is used for such business or as an operator of such business
“RMB”	Renminbi, the lawful currency of the PRC
“Rollover Agreement”	the rollover agreement entered into between Alibaba Investment, Shen Offeror and each member of the Chen Group on 9 January 2017, details of which are set out in the section headed “3. Rollover Arrangement” of this Announcement
“Rollover Arrangement”	the arrangement between the Joint Offerors and Chen Group under the Rollover Agreement as described in the section headed “3. Rollover Arrangement” of this Announcement
“Scheme”	a scheme of arrangement under Section 86 of the Companies Law involving the cancellation of all the Scheme Shares and the restoration of the share capital of the Company to the amount immediately before the cancellation of the Scheme Shares
“Scheme Document”	the composite scheme document to be issued by the Company and the Joint Offerors containing, among other things, further details of the Proposal together with the additional information specified in the section headed “15. Despatch of Scheme Document” of this Announcement
“Scheme Share(s)”	Share(s) other than those directly or indirectly held by the Joint Offerors, the Joint Offerors Concert Parties (other than Mr. Joseph C. Tsai, The Libra Capital Greater China Fund Limited, CICC group) and Chen Group
“Scheme Shareholder(s)”	holder(s) of Scheme Shares as at the Effective Date

“Securities and Futures Commission”	Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of US\$0.00001 each in the share capital of the Company
“Shareholder(s)”	registered holder(s) of the Shares
“Share Options”	the share options granted under the Share Option Scheme from time to time
“Share Option Scheme”	the share option scheme of the Company approved by the Shareholders on 24 February 2007
“Shen Family”	Ms. Shen Zhiwei (Mr. Shen’s daughter), Ms. Shen Junyan (Mr. Shen’s sister), Elite Rich Holdings Limited (a company wholly-owned by Ms. Shen Zhiwei), and Elite Sky International Limited (a company wholly-owned by Ms. Shen Junyan)
“Shen Group”	Mr. Shen, Shen Family, Fortune Achieve Group Limited, Glory Bless Limited, East Jump Management Limited, Sea Islands International Co., Ltd. and Shen Offeror
“Shen Offeror”	Intime International Holdings Limited, one of the Joint Offerors
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Code on Takeovers and Mergers in Hong Kong
“trading day”	a day on which the Stock Exchange is open for the business of dealings in securities

“US” United States of America

“US\$” US dollar(s), the lawful currency of the US

By Order of the board of  
**Alibaba Investment Limited**  
**Timothy Alexander Steinert**  
*Director*

By Order of the board of  
**Intime International Holdings Limited**  
**Shen Guojun**  
*Director*

By Order of the Board of  
**Intime Retail (Group) Company Limited**  
**Xin Xiangdong**  
*Non-executive Director*

Hong Kong, 10 January 2017

*As at the Announcement Date, the directors of Alibaba Investment are Mr. Timothy Alexander STEINERT, Ms. WU Wei and Mr. YIP Pak Tung, Jason.*

*The directors of Alibaba Investment jointly and severally accept full responsibility for the accuracy of the information contained in this Announcement (other than that relating to the Group and Shen 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 Group, Shen Offeror and Shen 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.*

*As at the Announcement Date, the director of Shen Offeror is Mr. Shen Guojun.*

*The director of Shen Offeror accepts full responsibility for the accuracy of the information contained in this Announcement (other than that relating to the Group or Alibaba Group) and confirms, having made all reasonable inquiries, that to the best of his knowledge, opinions expressed in this Announcement (other than those expressed by the Group or Alibaba 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.*

*As at the Announcement Date, the executive Director of the Company is Mr. Chen Xiaodong, the non-executive Directors of the Company are Mr. Zhang Yong and Mr. Xin Xiangdong, and the independent non-executive Directors of the Company are Mr. Chow Joseph, Mr. Chen Jiangxu and Mr. Hu Yongmin.*

*The directors of the Company jointly and severally accept full responsibility for the accuracy of the information contained in this Announcement relating to the Group and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this Announcement by the 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.*