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# 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)**

**CNY1,000,000,000 4.65 per cent. Guaranteed Bonds due 2014**

**(the “CNY Bonds”)**

**(Stock Code: 86007)**

**A. STRATEGIC INVESTMENT IN THE GROUP BY THE ALIBABA GROUP INVOLVING**

**(i) PROPOSED ISSUE OF SUBSCRIPTION SHARES AND CONVERTIBLE BONDS;**

**(ii) PROPOSED ESTABLISHMENT OF THE JOINT VENTURE; AND**

**(iii) STRATEGIC COOPERATION FRAMEWORK AGREEMENT;**

**B. AMENDMENT DEED OF NON-COMPETITION;**

**C. ANNOUNCEMENT UNDER RULE 3.7 OF THE TAKEOVERS CODE;  
AND**

**D. RESUMPTION OF TRADING**

## **STRATEGIC INVESTMENT IN THE GROUP BY ALIBABA GROUP**

The Board is pleased to announce that on 30 March, 2014, the Company entered into the Subscription Agreement with the Investor (a subsidiary of Alibaba Group Holding Limited). Through this strategic partnership, the aim of the Group is to harness the latest internet technologies and develop the Group’s online-to-offline (O2O) business together with its omni-channel (泛渠道) strategies so as to create a highly convenient and impactful shopping experience.

The Subscription Agreement relates to (i) the issue of the Subscription Shares; (ii) the issue of the Convertible Bonds; and (iii) the proposed establishment of the Joint Venture.

### **Issue of Subscription Shares**

Pursuant to the Subscription Agreement, the Company has conditionally agreed to issue and allot to the Investor, and the Investor has conditionally agreed to subscribe in cash for an aggregate of 220,541,892 Subscription Shares at the Subscription Price of HK\$7.5335 per Subscription Share.

### **Issue of Convertible Bonds**

Pursuant to the Subscription Agreement, the Company has conditionally agreed to issue and the Investor has conditionally agreed to subscribe for the Convertible Bonds with an aggregate principal amount of HK\$3,706,066,630.16 that can be convertible into Conversion Shares at the Conversion Price.

### **Proposed Establishment of the Joint Venture**

Pursuant to the Subscription Agreement, the Company and the Investor have agreed to procure their respective subsidiaries to enter into a definitive agreement on or before Closing with a view to establishing the Joint Venture. The Joint Venture is expected to develop an online-to-offline (O2O) business in the PRC relating to shopping malls, department stores and supermarkets by leveraging the expertise, resources and infrastructure of the Group's retail business network across the PRC and the Investor's leading e-commerce platform and consumer data analysis capability.

### **STRATEGIC COOPERATION FRAMEWORK AGREEMENT**

The Company and the Investor have also entered into a strategic cooperation framework agreement on 30 March, 2014 with the terms set out in this announcement.

### **AMENDMENT DEED OF NON-COMPETITION**

Upon Listing, each of the Covenantors had unconditionally and irrevocably undertaken to and for the benefit of the Company in the Non-Competition Deed that, during the Non-Compete Period, he or it will not, whether as principal or agent and whether undertaken directly or indirectly, carry on, engage, invest, participate or otherwise be interested in any Restricted Business.

The Company is of the view that in light of the Joint Venture and the strategic cooperation framework agreement described in this announcement, it is now an appropriate time to re-consider the scope of the Restricted Business and the length of the Non-Compete Period. Subject to compliance of the requirements of the Listing Rules and the Stock Exchange, the Amendment Deed of Non-Competition shall be executed on or before Closing to, among other things, broaden the scope of the Restricted Business and extend the Non-Compete Period.

## **RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares and the CNY Bonds was suspended from 9:55 a.m. on 27 March, 2014 pending the release of this announcement. An application has been made by the Company for the resumption of trading in the Shares and the CNY Bonds on the Stock Exchange with effect from 9:00 a.m. on 31 March, 2014.

## **LISTING RULES IMPLICATIONS**

The issue of the Subscription Shares and the Conversion Shares will be subject to the Specific Mandate to be approved by the Shareholders at the EGM by an ordinary resolution.

The establishment of the Joint Venture, after the execution of the JV Contract, will constitute a transaction under Rule 14.04 of the Listing Rules by the Company. The Company will comply with the disclosure and shareholders' approval requirements under the Listing Rules upon the establishment of the Joint Venture.

The Amendment Deed of Non-Competition will be executed by the Company, the Covenantors and East Jump Management Limited upon compliance with the requirements of the Listing Rules and the Stock Exchange.

A circular containing, among other things, (i) details of the Subscription and (ii) notice of the EGM will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules.

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, none of the members of the Alibaba Group and its ultimate beneficial owner is connected with the Company or a connected person of the Company as at the date of this announcement.

Application will be made by the Company to the Stock Exchange for the grant of the listing of, and permission to deal in, the Subscription Shares and the Conversion Shares. The Convertible Bonds will not be listed on any stock exchange.

The issue of Subscription Shares and Convertible Bonds are subject to fulfilment or waiver (as the case may be) of a number of conditions precedent set out in this announcement, including approval of Shareholders at the EGM for the issue of Subscription Shares, Convertible Bonds and the Conversion Shares. As such, the issue of Subscription Shares and Convertible Bonds may or may not proceed.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares, and are recommended to consult their professional advisers if they are in any doubt about their position and as to actions that they should take.

## **THE SUBSCRIPTION AGREEMENT**

**Date:** 30 March, 2014

**Parties:**

1. the Company; and
2. the Investor

### **Issue of Subscription Shares**

Pursuant to the Subscription Agreement, the Company has conditionally agreed to issue and allot to the Investor, and the Investor has conditionally agreed to subscribe in cash for an aggregate of 220,541,892 Subscription Shares at the Subscription Price of HK\$7.5335 per Subscription Share.

The Subscription Shares represent (i) approximately 10.99% of the entire existing issued share capital of the Company as at the date of this announcement; (ii) approximately 9.90% of the entire issued share capital of the Company as enlarged immediately after the issue of the Subscription Shares; and (iii) approximately 8.12% of the issued share capital of the Company after the full conversion of the Convertible Bonds (together with the maximum interest accrued) at the initial Conversion Price. The aggregate nominal value of the Subscription Shares under the Subscription will be US\$2,205.41892.

### ***Share Subscription Price***

The aggregate consideration for the Subscription Shares, being HK\$1,661,452,343.38, shall be payable by the Investor in cash on Closing. As there is no commission to be paid by the Company in connection with the Share Subscription, the net issue price shall be the Subscription Price.

The Subscription Price of HK\$7.5335 per Subscription Share represents:

- (i) a discount of approximately 13.71% the closing price of HK\$8.7300 per Share as quoted on the Stock Exchange on 26 March, 2014, being the Last Trading Day;
- (ii) a discount of approximately 15.35% to the average closing price of approximately HK\$8.9000 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day; and
- (iii) a discount of approximately 7.51% to the average closing price of approximately HK\$8.1453 per Share as quoted on the Stock Exchange for the last thirty consecutive trading days up to and including the Last Trading Day.

The Subscription Price was determined after arm's length negotiation between the Company and the Investor with reference to the prevailing market prices of the Shares and taking into account the overall benefit of partnering with the Investor in developing an online-to-offline (O2O) business.

The Directors consider that the terms of the Subscription Agreement (including the Subscription Price) are fair and reasonable based on current market conditions and the entering into the Subscription Agreement is in the interests of the Company and the Shareholders as a whole.

### ***Ranking of Subscription Shares***

The Subscription Shares will rank, upon issue, pari passu in all respects with the Shares in issue on the date of issue and allotment of the Subscription Shares.

### **Issue of the Convertible Bonds**

Pursuant to the Subscription Agreement, the Company has conditionally agreed to issue and the Investor has conditionally agreed to subscribe for the Convertible Bonds with an aggregate principal amount of HK\$3,706,066,630.16 that can be convertible into Conversion Shares at the Conversion Price. As there is no commission to be paid by the Company in connection with the issue of Convertible Bonds, the net issue price of the Conversion Shares shall be the initial Conversion Price.

Assuming full conversion of the Convertible Bonds (together with maximum amount of interest accrued) at the initial Conversion Price, the Convertible Bonds will be convertible into approximately 489,600,722 Shares, representing (i) approximately 24.39% of the existing issued share capital of the Company as at the date of this announcement and (ii) approximately 18.02% of the share capital of the Company after the full conversion of the Convertible Bonds at the initial Conversion Price (and, for the avoidance of doubt, assuming the Subscription Shares have been issued). The aggregate nominal value of the maximum number of Conversion Shares issuable under the Subscription will be US\$4,896.00722.

### ***Issue Price***

100% of the principal amount of the Convertible Bonds.

### ***Maturity Date***

Unless previously redeemed, converted or purchased and cancelled, the Company shall redeem the Convertible Bonds on the Maturity Date at its principal amount together with accrued and unpaid interest. The Company may not redeem the Convertible Bonds at its option prior to the Maturity Date.

### ***Redemption***

Following the occurrence of an event of default or a change of control of the Company or delisting of the Shares on the Stock Exchange as specified in the terms and conditions of the Convertible Bonds, the Investor shall have the right at its option, to require the Company to redeem all (or any portion of the principal amount thereof) of its Convertible Bonds at their principal amount together with accrued and unpaid interest thereon.

### ***Interest***

Until such time as the Convertible Bonds are repaid or redeemed by the Company or converted by the Investor in accordance with the Bond Instrument, the Company shall become liable to pay to the Investor an interest of 1.5% per annum on the outstanding principal amount of the Convertible Bonds in the following manner:

- (i) in case of repayment or redemption of the Convertible Bonds, all interest accrued up to the date of the repayment or redemption of the Convertible Bonds shall be payable together with the principal outstanding on such Convertible Bonds; and
- (ii) in case of conversion of the Convertible Bonds by the Investor, all interest accrued up to the date of conversion shall be applied as part of the principal in accordance with the terms and conditions of the Bond Instrument.

### ***Conversion Rights***

Subject to the terms and conditions of the Bond Instrument and the applicable approvals and filings under applicable laws, each Convertible Bond shall entitle the Investor to convert such Convertible Bond into Conversion Shares, at any time from time to time during the conversion period referred to below.

### ***Conversion Period***

Subject to and upon compliance with the terms and conditions of the Convertible Bonds and applicable approvals and filings under applicable law, the Conversion Rights in respect of the Convertible Bonds may be exercised, at the option of the Investor, at any time from time to time from the date of the issue of Convertible Bonds up to the close of business on the date falling seven days prior to the Maturity Date.

### ***Conversion Shares***

The number of Shares to be issued upon the exercise of Conversion Rights will be determined by dividing (A) the sum of outstanding principal amount of the Convertible Bonds to be converted and the interest accrued thereon pursuant to the terms of the Convertible Bonds by (B) the Conversion Price in effect on the relevant conversion date. The Conversion Rights may be exercised in respect of all or any part of the Convertible Bonds.

### ***Ranking of Conversion Shares***

The Conversion Shares, when issued, shall be fully paid, free and clear of all encumbrances and will rank pari passu with the Shares in issue (including in respect of entitlement to all dividends and other distributions) in all respects.

### ***Conversion Price***

The initial Conversion Price is HK\$7.9102 per Share, which will be subject to the customary adjustments for, among other things, consolidation, reclassification or subdivision of the share capital of the Company, capitalization of profits or reserves of the Company and certain issues of Shares. The Company will publish an announcement upon any adjustment to the Conversion Price.

The initial Conversion Price, being HK\$7.9102 per Conversion Share, represents:

- (i) a discount of approximately 9.39% the closing price of HK\$8.7300 per Share as quoted on the Stock Exchange on 26 March, 2014, being the Last Trading Day;
- (ii) a discount of approximately 11.12% to the average closing price of approximately HK\$8.9000 per Share for the last five consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 2.89% to the average closing price of approximately HK\$8.1453 per Share for the last thirty consecutive trading days up to and including the Last Trading Day; and
- (iv) a premium of approximately 5.00% over the Subscription Price.

The initial Conversion Price was determined after arm's length negotiation between the Company and the Investor with reference to the prevailing market prices of the Shares and taking into account the overall benefit of partnering with the Investor in developing an online-to-offline (O2O) business.

The Directors consider that the terms of the Subscription Agreement (including the initial Conversion Price) are fair and reasonable based on current market conditions and the entering into the Subscription Agreement is in the interests of the Company and the Shareholders as a whole.

## ***Transfer***

The Convertible Bonds or interests in such Convertible Bonds are freely transferable, in whole or in part, from the date of the issue of the Convertible Bonds.

## ***Voting Rights***

The Investor will not have any right to attend or vote at any meeting of the Company by virtue of the Investor holding the Convertible Bonds, until and unless it has converted its Convertible Bonds into Conversion Shares.

## ***Listing***

No application will be made for the listing of, or permission to deal in, the Convertible Bonds on the Stock Exchange or any other stock or securities exchange. Application will be made by the Company for the listing of, and permission to deal in, the Conversion Shares.

## **Investor Lock-up**

The Investor has undertaken to the Company that it shall not:

- (A) from (and including) the Closing Date to (but excluding) the earlier of (i) the first date of conversion of the Convertible Bonds and (ii) the date on which the Convertible Bonds are fully repaid or redeemed, dispose of any Subscription Shares acquired pursuant to the terms of the Subscription Agreement; and
- (B) from (and including) the first conversion date to (but excluding) the date falling 6 months after such date, dispose of any Subscription Shares or Conversion Shares acquired pursuant to the terms of the Subscription Agreement and the Bond Instrument. In the event that the Convertible Bonds are fully repaid or redeemed, the provision of this paragraph (B) shall not apply to any Shares held by the Investor at and from that time.

## **Pre-emption Right**

After Closing, if the Company proposes to issue to third party subscriber(s) or purchaser(s) any Shares, any security convertible into or exchangeable into Shares or any warrants, options or other rights to subscribe for or purchase Shares, the Investor shall have the right (but not the obligation) to purchase or subscribe for up to such additional number of securities on the same terms on a pro-rata basis, provided that the pre-emption right shall not apply in the following circumstances:

- (i) any issue of Subscription Shares by the Company to the Investor or the exercise of the Conversion Rights by the Investor;



- (ii) any issue of Shares by the Company pursuant to the Share Option Scheme in compliance with the Listing Rules; or
- (iii) any allotment, issue or grant of securities pursuant to an offer made to Shareholders which excludes for that purpose any shareholder that is resident in a place outside Hong Kong provided the Directors consider such exclusion to be necessary or expedient on account either of the legal restriction under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place and, where appropriate, to holders of other equity securities of the Company entitled to be offered them, pro rata (apart from fractional entitlements) to their existing shareholdings.

The exercise of the pre-emption right shall be subject to compliance of the Listing Rules.

### **Nomination Rights**

Subject to applicable laws and the articles of association of the Company, the Company agrees and grants the following rights to the Investor:

- (i) as long as the Investor holds not less than 100% of the Subscription Shares, the Investor shall have the right to nominate one (1) person to be appointed and to continue in office as a non-executive Director by giving notice in writing to the Company provided that such person fulfils the requirements under applicable laws to be appointed as a Director;
- (ii) upon or after the exercise by the Investor of the Conversion Right, the Investor shall have the right to nominate two (2) persons to be appointed and to continue in office as non-executive Directors by giving notice in writing to the Company provided that each such person fulfils the requirements under applicable laws to be appointed as a Director; and
- (iii) a Director designated by the Investor shall be appointed and continue as a member of the Strategic Development Committee.

### **Representation and Warranties**

The Company has provided customary representations and warranties to the Investor under the Subscription Agreement.

### **Conditions Precedent of the Subscription Agreement**

The completion of the transactions contemplated under the Subscription Agreement is subject to the fulfillment of the following conditions:

- (i) the Stock Exchange having granted permission for the listing of, and the permission to deal in, the Subscription Shares and the Conversion Shares;

- (ii) the Controlling Shareholders continuing to hold (together) directly or indirectly, the legal and beneficial interest of at least 30% of the issued Shares and have a right to control, directly or indirectly, at their discretion, the voting rights attaching to such Shares and there are no circumstances affecting their ability to exercise such voting rights of such Shares;
- (iii) no event or circumstance having a material adverse effect having occurred;
- (iv) representations qualified by materiality or not having material adverse effect are true, accurate and not misleading and representations not so qualified are true, accurate and not misleading in all material respects;
- (v) there being no event existing or having occurred and no condition being in existence which would (had the Convertible Bonds already been issued) constitute an event of default and no event or act having occurred which, with the giving of notices, or the lapse of time, or both, would (had the Convertible Bonds already been issued) constitute an event of default;
- (vi) the Company and each member of the Group having made all filings and having obtained and delivered to the Investor all governmental and/or third party permits, authorisations, consents and approvals (including the approval of the Shareholders at a general meeting) required to be obtained by the Company to consummate the transactions contemplated in the Subscription Agreement and the Bond Instrument, provided that this paragraph (vi) shall not apply to any authorisation, consent or approval that the Company or any Group Company may be required to obtain if it relates to a Renminbi denominated financing agreement entered into between a PRC subsidiary and one or more financial institution established in the PRC (“**Onshore Loans**”);
- (vii) in relation to the Onshore Loans, if during the period between the signing of the Subscription Agreement and Closing the relevant financial institution notifies the Company or the relevant PRC subsidiary that the transaction contemplated by the transaction documents will require the authorisation, consent or approval of such financial institution, either (A) the Company or the relevant PRC subsidiary having obtained such authorisation, consent or approval or (B) the Company or the relevant PRC subsidiary having procured the repayment or prepayment in full of the relevant Renminbi denominated loan;
- (viii) since the date of the Subscription Agreement, the Shares shall not have been suspended from trading on the Stock Exchange for a continuous period of more than twenty (20) trading days and the Shares shall not be suspended from trading on the Stock Exchange on the Closing Date;
- (ix) either (A) the Securities and Futures Commission confirming in a written ruling that the transactions contemplated under the Subscription Agreement would not trigger a requirement on any party to make a general offer for all the shares in the Company or (B) a whitewash waiver (as contemplated under Note 1 on dispensation from Rule 26 of the Takeovers Code) being obtained from the Securities and Futures Commission and approved by the independent Shareholders in accordance with the Takeovers Code;

- (x) no injunction, interim or otherwise, having been granted in respect of the Company which would prohibit the Company from entering into and perform its obligations under the Bond Instrument and the Subscription Agreement; and
- (xi) in relation to the establishment of the Joint Venture, (A) the JV Contract having been executed and delivered by the parties thereto and (B) the Joint Venture having been established in accordance with the JV Contract.

If any of the above conditions are not fulfilled by the parties to the Subscription Agreement and/or waived in whole or in part by the Investor (as applicable) on or before the Long Stop Date, the Investor may terminate the Subscription Agreement subject to its terms, all obligations of the parties under the Subscription Agreement shall end except for those expressly stated to continue without limit in time, but (for the avoidance of doubt) all rights and liabilities of the parties which have accrued before termination shall continue to exist.

### **Completion of the Subscription**

Completion of the issue of Subscription Shares and the Convertible Bonds will take place on the Closing Date.

### **Proposed Establishment of Joint Venture**

Pursuant to the Subscription Agreement, the Company and the Investor have undertaken to each other that each will use all reasonable endeavours to:

- (A) agree the definitive terms of the JV Contract reflecting substantially the terms set out further below in this announcement;
- (B) execute or procure its wholly-owned subsidiary to execute and deliver the JV Contract on or prior to Closing;
- (C) make and obtain all filings, governmental and/or third party permits, authorisations, consents and approvals required for the establishment of the WFOE; and
- (D) establish (i) the Joint Venture, (ii) any other company within the JV Group as intermediate holding company of the WFOE; and (iii) the WFOE.

The Joint Venture, through the WFOE, is expected to develop an online-to-offline (O2O) business relating to shopping malls, department stores and supermarkets in the PRC by leveraging on the expertise, resources and infrastructure of the Group's department store network across the PRC and the Investor's leading e-commerce platform and consumer data analysis capability.

As of the date of this announcement, no definitive term relating to the JV Contract has been agreed and the JV Contract is expected to be entered into by the respective parties on or before Closing. Neither the Joint Venture, any JV Group company nor the WFOE has been incorporated.

### ***Principal Terms of the Joint Venture***

The JV Contract is expected to include the following principal terms (and other terms to be agreed between the Company and the Investor):

- (i) the Company and the Investor (through their respective wholly-owned subsidiary) shall each initially hold a respective 19.9% and 80.1% interest in the share capital of the Joint Venture;
- (ii) the Joint Venture shall initially hold the entire issued share capital of one wholly-owned intermediate company incorporated in Hong Kong which will in turn hold the entire equity interest of the WFOE;
- (iii) the board of directors of the Joint Venture shall initially comprise three directors, with one nominated by the Company and two nominated by the Investor. If the Company's shareholding in the Joint Venture becomes greater than 19.9%, the Company can, subject to making all necessary filings and obtaining all necessary permits under applicable law, nominate an additional director to the board of the Joint Venture;
- (iv) there will be restrictions on the transfer or shares of the Joint Venture by the Company and the Investor in the form of non-disposal undertakings and right of first refusal; and
- (vi) the Investor and its affiliates will not engage in the PRC online-to-offline (O2O) business platforms for shopping malls and department stores (brand stores (品牌專賣店) and online-to-offline (O2O) business platforms for other businesses shall be excluded from the scope of this non-compete), other than through the JV Group.

### **Termination**

The Investor may give a termination notice to the Company at any time prior to the issue of the Subscription Shares and the Convertible Bonds to the Company on the Closing Date if: (i) representations qualified by materiality or not having a material adverse effect are untrue, inaccurate and misleading or representation not so qualified are untrue, inaccurate or misleading in any material respects; (ii) there is a breach of obligation by the Company under the Subscription Agreement; or (iii) the conditions precedent set out in the Subscription Agreement have not been satisfied or otherwise waived by the Investor on or before the Long Stop Date.

The Company and the Investor may agree to postpone (on one or more occasions) the Closing Date to another date not later than 14 days after the scheduled Closing Date, provided that the Closing Date shall not be postponed beyond the Long Stop Date.

The Directors are not aware of the occurrence of any of such events as at the date of this announcement.

### **Reasons for the Transaction and Use of Proceeds**

It is the common goal of the Group together with the Alibaba Group as its strategic partner to develop online-to-offline (O2O) business and provide a more convenient and impactful shopping experience. The Joint Venture will explore opportunities for expansion of online-to-offline (O2O) business relating to shopping malls, department stores and supermarkets in the PRC so as to further the Group's omni-channel (泛渠道) strategy to be a leading consumption solutions provider. The Subscription will also raise additional capital for the Company's business and development.

The proceeds from the Subscription would amount to approximately HK\$5,367,518,974. The Company plans to use the proceeds from the issue of Subscription Shares and Convertible Bonds for (i) synergizing the Group's online-to-offline (O2O) business with its omni-channel (泛渠道) strategies so as to create a highly convenient and impactful shopping experience; (ii) expansion of the Group's retail business network by opening of new stores; (iii) possible acquisition of high quality assets and/or retail businesses in order to complement the Group's retail business; (iv) repayment or prepayment of existing debt; and (v) general working capital.

### **Application for listing**

The Company will apply to the Listing Committee for listing of, and permission to deal in the Subscription Shares and the Conversion Shares.

### **Fund Raising Activities of the Company during the Past 12 Months**

The Company has not conducted any fund raising activities in the past 12 months immediately preceding the date of this announcement.

## Effects on Shareholding Structure of the Company by the Subscription

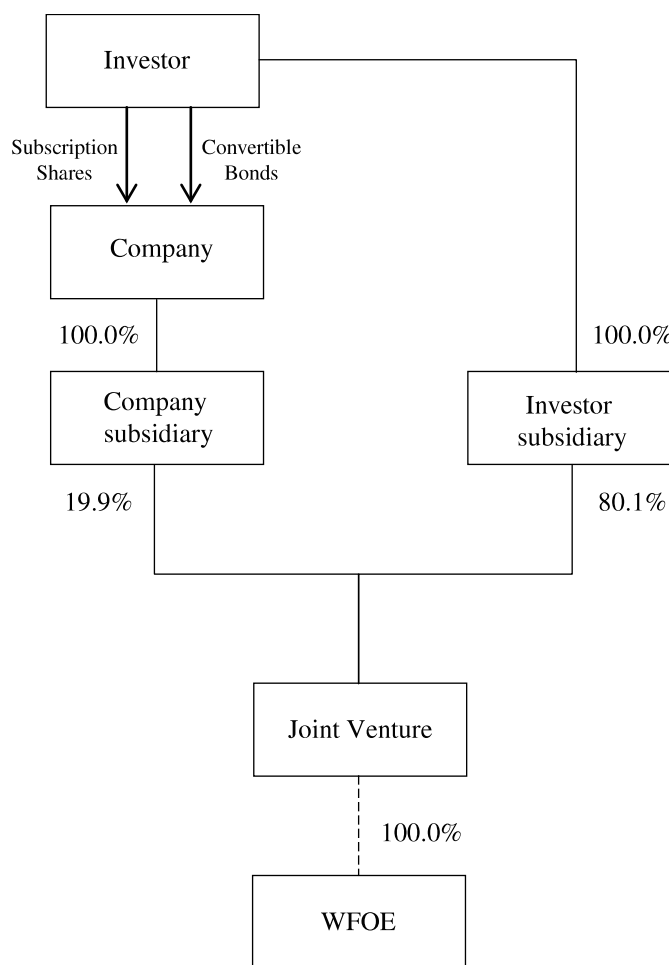
Name	As at the date of the announcement		Upon completion of the Share Subscription		Upon completion of the Share Subscription and the full exercise of Conversion Rights <sup>(3)</sup>	
	Shares <sup>(1)</sup>	Approx. %	Shares <sup>(1)</sup>	Approx. %	Shares <sup>(1)</sup>	Approx. %
Mr. Shen <sup>(2)</sup>	721,014,015	35.92%	721,014,015	32.37%	721,014,015	26.53%
JPMorgan Chase & Co.	159,409,365	7.94%	159,409,365	7.16%	159,409,365	5.87%
Government of Singapore Investment Corporation Pte Ltd.	189,871,789	9.46%	189,871,789	8.52%	189,871,789	6.99%
Wellington Management Company, LLP	181,332,120	9.03%	181,332,120	8.14%	181,332,120	6.67%
Investor	–	–	220,541,892	9.90%	710,142,614	26.13%
Other Shareholders	<u>755,526,699</u>	<u>37.64%</u>	<u>755,526,699</u>	<u>33.92%</u>	<u>755,526,699</u>	<u>27.80%</u>
Total	<u>2,007,153,988</u>	<u>100%</u>	<u>2,227,695,880</u>	<u>100%</u>	<u>2,717,296,602</u>	<u>100%</u>

### Notes:

- (1) Represents the person's long position in such shares of the Company.
- (2) Mr. Shen, an executive Director and the Chairman of the Board, is the beneficial owner of the entire share capital of Fortune Achieve Group Ltd., which in turn is the beneficial owner of the entire issued share capital of Glory Bless Limited, which in turn is the beneficial owner of the entire issued share capital of Intime International Holdings Limited, which holds 716,814,015 Shares. Mr. Shen is a director of each of Fortune Achieve Group Ltd., Glory Bless Limited and Intime International Holdings Limited. Mr. Shen is also the beneficial owner of the entire share capital of East Jump Management Limited which holds 4,200,000 Shares.
- (3) Including the maximum amount of interest accrued.
- (4) The above shareholding calculations are subject to rounding.

## Corporate Structure

The corporate structure upon (i) completion of the issue of Subscription Shares and Convertible Bonds and (ii) the establishment of the Joint Venture is as follows:



----- indirect shareholding

## STRATEGIC COOPERATION FRAMEWORK AGREEMENT

The Company and the Investor have also entered into a strategic cooperation framework agreement on 30 March, 2014 with the following terms:

- (i) pursuant to the Subscription Agreement, the Investor shall inject capital into the Company through subscription of Shares constituting 9.9 per cent of the entire enlarged issued share capital of the Company and Convertible Bonds with principal amount of HK\$3,706,066,630.16, so as to partner with the Company to develop online-to-offline (O2O) business in the retail market;

- (ii) the Company and the Investor will establish the Joint Venture, with the Company and the Investor respectively holding 19.9 per cent. and 80.1 per cent. of the shares of the Joint Venture. The parties will provide the necessary resources and funding to support the operation of the Joint Venture. This is achieved through, among other things, integration of the offline product database and the online sales platform, sharing of membership management system and payment system with the aim of establishing the Joint Venture as a major platform for online-to-offline (O2O) business and developing the omni-channel (泛渠道) business model through unifying the online and offline information about customers and products;
- (iii) taking into account the historic investment amount in yintai.com and the corresponding costs of funding, yintai.com will be integrated into the Joint Venture as soon as practicable after relevant parties reach agreement in order for it to serve as primary medium to the online-to-offline (O2O) business;
- (iv) through cash, asset, equity interests and other means acceptable to the parties and subject to the obtaining of all regulatory approvals, shareholdings of the Company and the Investor in the Joint Venture will reach a comparable level in due course; and
- (v) the implementation of the above business plans shall be subject to final legal documentation entered into between the parties or their respective affiliates.

## **AMENDMENT DEED OF NON-COMPETITION**

Reference is made to the Non-Competition Deed executed on 6 March 2007 in favor of the Company, pursuant to which each of the Covenantors had unconditionally and irrevocably undertaken to and for the benefit of the Company that, during period date on which the Shares commenced trading on the Stock Exchange and ending on the earlier of (i) the date on which such Covenantor ceases to be a controlling shareholder of the Company within the meaning of the Listing Rules; and (ii) the date on which the Shares cease to be listed on the Stock Exchange (the “**Non-Compete Period**”), he or it will not, whether as principal or agent and whether undertaken directly or indirectly, carry on, engage, invest, participate or otherwise be interested in the business of retail trade in merchandise in the format of a department store (the “**Restricted Business**”) in the PRC.

The Company is of the view that in light of the proposed establishment of the Joint Venture and the strategic cooperation framework agreement described below, it is now an appropriate time to re-consider the scope of the Restricted Business and the length of the Non-Compete Period. Subject to compliance with the Listing Rules, the Amendment Deed of Non-Competition shall be executed on or before Closing to, among other things, broaden the scope of the Restricted Business and extend the Non-Compete Period.



The Non-Compete Period is extended to cover, in respect of each Covenantor and East Jump Management Limited, from the date of the Amendment Deed of Non-Competition and continuing until Mr. Shen no longer controls (directly or indirectly) the largest number of voting rights in the Company and such number of voting rights is less than 20 per cent. of the total voting rights of the Company from time to time.

The Restricted Business is broadened to cover (i) 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 and (ii) the business to be conducted by the JV Group from time to time.

The terms and conditions under the Non-Competition Deed provided by the parties thereto shall otherwise remain unchanged and in full force and effect subject to the amendments made under the Amendment Deed of Non-Competition. Further, with effect from the date of the Amendment Deed of Non-Competition, East Jump Management Limited shall become a Covenantor under the Non-Competition Deed (as amended by the Amendment Deed of Non-Competition) and undertakes to adhere to and be bound by the provisions of the Non-Competition Deed (as amended by the Amendment Deed of Non-Competition), and to perform the obligations imposed by the Non-Competition Deed (as amended by the Amendment Deed of Non-Competition), in all respects as if East Jump Management Limited were a party to the Non-Competition Deed and named as a “Covenantor”.

The Directors consider that the terms of the Amendment Deed of Non-Competition have been negotiated on an arm’s length basis, to be fair and reasonable and in the interest of the Shareholders as a whole and they represent amendments to the Non-Competition Deed which are favourable to the Group.

## **LISTING RULES IMPLICATIONS**

The issue of the Subscription Shares and the Conversion Shares will be subject to the Specific Mandate to be approved by the Shareholders at the EGM by an ordinary resolution.

The establishment of the Joint Venture, upon the execution of the JV Contract, will constitute a transaction under Rule 14.04 of the Listing Rules by the Company. The Company will comply with the disclosure and shareholders’ approval requirements under the Listing Rules upon the establishment of the Joint Venture.

The Amendment Deed of Non-Competition will be executed by the Company, the Covenantors and East Jump Management Limited upon compliance with the requirements of the Listing Rules and the Stock Exchange.

## **TAKEOVERS CODE IMPLICATIONS**

For the purposes of the Takeovers Code, the “offer period” is deemed to commence on the date of this announcement, being 31 March, 2014.

Therefore, respective associates (as defined in the Takeovers Code and including persons holding 5% or more of a class of relevant securities of a company) of the Company and the Investor are reminded to disclose their dealings in the relevant securities of the Company under Rule 22 of the Takeovers Code.

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 of the Takeovers Code 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 of the Takeovers Code. 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 HK\$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 (as defined in the Takeovers Code) in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive (as defined in the Takeovers Code) with relevant information as to those dealings, including identities of clients, as part of that co-operation.

As at the date of this announcement, the relevant securities (as defined in Note 4 to Rule 22 of the Code) issued by the Company comprised 2,007,153,988 Shares in issue and 60,024,000 options outstanding.

## **PRINCIPAL BUSINESS OF THE GROUP AND ALIBABA GROUP**

The Group is principally engaged in the business of operation and management of department stores and shopping malls.

The Investor is an investment holding company incorporated in the British Virgin Islands and a directly wholly-owned subsidiary of Alibaba Group Holding Limited, which is the sole shareholder of the Investor. Substantial shareholders of Alibaba Group Holding Limited are SoftBank Corp., a company listed on the Tokyo Stock Exchange, and Yahoo! Inc. which (directly or indirectly) hold approximately 36% and 23%, respectively, of the shares in Alibaba Group Holding Limited. Alibaba Group is a family of Internet-based businesses with a mission to make it easy for anyone to buy or

sell goods and services anywhere in the world. Since its inception, it has developed leading businesses in consumer e-commerce, online payment, business-to-business marketplaces, cloud computing, mobile apps, mobile operating system and Internet TV. Alibaba Group currently employs more than 20,000 people around the world and has more than 70 offices in Greater China, Singapore, India, the United Kingdom and the United States.

## **GENERAL**

A circular containing, among other things, (i) details of the Subscription and (ii) notice of the EGM, will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following expressions shall have the following respective meaning:

“Alibaba Group”	Alibaba Group Holding Limited and its subsidiaries
“Amendment Deed of Non-Competition”	an amendment deed of non-competition to be executed by the Covenantor and East Jump Management Limited in favour of the Company on or before Closing
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Bond Instrument”	an instrument to be executed by the Company setting out the terms and conditions of the Convertible Bonds
“Closing”	the completion of the issue and subscription of the Subscription Shares and the Convertible Bonds pursuant to the Subscription Agreement
“Closing Date”	10th business day following the fulfilment of the last of the conditions precedent set out in the Subscription Agreement, or such other date as the parties may agree
“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
“connected person”	has the meaning ascribed to it under the Listing Rules

“Controlling Shareholders”	Mr. Shen, Fortune Achieve Group Limited, Glory Bless Limited, East Jump Management Limited and Intime International Holdings Limited
“Conversion Price”	the conversion price of the Convertible Bonds
“Conversion Rights”	rights to convert the Convertible Bonds into Conversion Shares under the Bond Instrument
“Conversion Shares”	the Shares to be issued and allotted upon the exercise of the Conversion Rights at Conversion Price
“Convertible Bonds”	the convertible bonds issued pursuant to the Subscription Agreement and the Bond Instrument
“Covenantor(s)”	Mr. Shen, Fortune Achieve Group Limited, Glory Bless Limited and Intime International Holdings Limited
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting to be convened by the Company for the purpose of approving, among other things, the Subscription and the respective transactions contemplated therein
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and its connected persons
“Investor”	Alibaba Investment Limited
“Joint Venture”	a company to be incorporated in either the Cayman Islands or the British Virgin Islands to indirectly hold the entire equity interest of the WFOE
“JV Contract”	a joint venture agreement to be entered into by the Company (or its wholly-owned subsidiary), the Investor (or its wholly-owned subsidiary) and the Joint Venture on or before Closing
“JV Group”	the Joint Venture and its subsidiaries

“Last Trading Day”	26 March 2014, being the last full trading day of the Shares on the Stock Exchange immediately before the issue of this announcement
“Listing”	the initial listing of the Shares of the Company on the Main Board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	24 September 2014, or such other date the Company and the Investor may agree
“Maturity Date”	the third anniversary of the issue date of the Convertible Bonds
“Mr. Shen”	Mr. Shen Guojun, the current chairman and ultimate controlling shareholder of the Company
“Non-Competition Deed”	the non-competition deed dated 6 March 2007 executed by Mr. Shen, Fortune Achieve Group Limited, Glory Bless Limited and Intime International Holdings Limited in favour of the Company
“PRC”	the People’s Republic of China which, for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of US\$ 0.00001 each in the share capital of the Company
“Share Option Scheme”	the share option scheme of the Company approved by the Shareholders on 24 February 2007
“Shareholder(s)”	holder(s) of the Shares
“Specific Mandate”	the specific mandate to be granted by the Shareholders to the Board at the EGM for the issue and allotment of the Subscription Shares and the Conversion Shares (assuming conversion at the initial Conversion Price and the maximum interest accrued)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Strategic Development Committee”	the strategic development committee of the board of Directors of the Company

“Subscription”	the subscription of the Subscription Shares and Convertible Bonds by the Investor pursuant to the Subscription Agreement
“Subscription Agreement”	the conditional subscription agreement entered into between the Company and the Investor dated 30 March, 2014 in relation to the Subscription
“Subscription Price”	HK\$7.5335 per Subscription Share
“Subscription Share(s)”	220,541,892 new Shares to be subscribed for by the Investor pursuant to the Subscription Agreement
“subsidiary”	has the meaning ascribed to it under the Listing Rules
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Takeovers Code”	The Code on Takeovers and Mergers issued by the Securities and Futures Commission in Hong Kong as amended from time to time
“US\$”	United States dollar, the lawful currency of the United States of America
“WFOE”	a wholly foreign owned enterprise to be incorporated in the PRC whose entire equity interest is to be indirectly held by the Joint Venture and is to develop an online-to-offline (O2O) business in the PRC relating to shopping malls, department stores and supermarkets and such other businesses permitted under the JV Contract
“%”	per cent.

By order of the Board  
**Intime Retail (Group) Company Limited**  
**SHEN Guojun**  
*Chairman*

Beijing, 31 March, 2014

*As at the date of this announcement, the executive Directors are Mr. Shen Guojun and Mr. Chen Xiaodong, the non-executive Directors are Mr. Xin Xiangdong, Mr. Liu Dong and Mr. Wong Luen Cheung Andrew and the independent non-executive Directors are Mr. Yu Ning, Mr. Chow Joseph and Mr. Shi Chungui.*

*The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement 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.*

*Website: [www.intime.com.cn](http://www.intime.com.cn)*