

## PRESS RELEASE

### European TopSoho S.à r.l.

#### €250 million 4% secured guaranteed bonds due 2021 exchangeable into shares of SMCP S.A. (ISIN XS1882680645)

**Luxembourg, 8 March 2021** – European TopSoho S.à r.l. (the "**Company**" and, together with its holding companies and subsidiaries, the "**Group**") announces today information in relation to its €250 million 4% secured guaranteed bonds due 2021, exchangeable into shares of SMCP S.A. (ISIN XS1882680645) (the "**Bonds**").

Reference is made to (1) the trust deed dated 21 September 2018 between the Company, the Guarantor and BNP Paribas Trust Corporation UK Limited relating to the Bonds (the "**Trust Deed**"); and (2) the announcement of the Company dated 18 January 2021 (the "**Announcement**"). Unless otherwise defined, capitalised terms in this announcement will have the same meaning as those defined in the Trust Deed and the Announcement, as applicable.

### RECENT EVENTS

#### Discussions with the Ad Hoc Group

Over the past few weeks, the Company and its various stakeholders, together with their respective advisers, have been engaged in constructive dialogue towards an amendment of certain indebtedness and/or other obligations in respect of the Bonds (the "**Proposed Transaction**"). Progress has been made with a number of major holders of the Bonds who together constitute the Ad Hoc Group (who, as at the date of this announcement, beneficially hold as principal over 75% of the aggregate outstanding principal amount of the Bonds) on the terms of such Proposed Transaction. This has culminated in the Company and the Ad Hoc Group having reached an in-principle agreement on such terms, which includes express waivers of the outstanding alleged defaults, certain contractual protections regarding the approximately 12.1 million unpledged SMCP shares owned by the Company (including agreements not to transfer or encumber such shares, save only for waiver with the consent of the majority bondholders) and the payment of certain fees.

The Company is therefore pleased to announce the terms of the Proposed Transaction (see "*Proposed Transaction*" below) which, when completed, will provide for the stability of the Group and its business for the benefit of all stakeholders.

#### Claim against the Guarantor

The Company announces that it has been notified by the Guarantor of a claim made against the Guarantor. For more information, please refer to Appendix 2.

### PROPOSED TRANSACTION

The terms of the Proposed Transaction are set out in the term sheet which is attached hereto as Appendix 1 (the "**Term Sheet**"). This Term Sheet forms the basis for the implementation of the Proposed Transaction.

The Company currently intends to implement the Proposed Transaction by way of a consent process, which will involve the Company soliciting electronic consents from holders of the Bonds in Euroclear and Clearstream, in accordance with the applicable provisions of the Trust Deed. The Proposed Transaction remains subject to agreement on final documentation and satisfaction of certain preliminary steps and the Company cannot assure Bondholders that the Proposed Transaction will be completed.

The Company expects to commence the process of implementing the Proposed Transaction on the terms set forth in the Term Sheet as soon as possible, and will provide timely updates to the market on the progress of these efforts as appropriate, including when the consent process is launched.

The Company encourages holders of the Bonds to participate in the consent process when launched and looks forward to timely creditor support.

Any requests for information can be directed to the Company's financial and legal advisers:

**Perella Weinberg UK Limited, as financial adviser to the Company**

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Email: PWPPProjectOx@pwppartners.com

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EC2Y 8HQ  
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**About European TopSoho S.à r.l.**

European TopSoho S.à r.l. is an investment holding company established in Luxembourg. The Company is the controlling shareholder of SMCP S.A. which is a leading accessible luxury fashion company listed on the regulated market of Euronext Paris.

European TopSoho S.à r.l. is a subsidiary of Shandong Ruyi Technology Group Company Limited, the leading apparel manufacturer and fashion brands operator headquartered in Shandong, China.

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This press release contains inside information released by the Company under Regulation (EU) 596/2014 (16 April 2014).

Legal Entity Identifier (LEI): 222100WPZ89Z7MJRFX19.

## **Appendix 1**

### **Term Sheet**

## European TopSoho Exchangeable Bonds – Non-Binding Term Sheet

### (Subject to Contract)

This draft term sheet ("**Term Sheet**") outlines the principal terms and conditions of a proposed amendment of certain indebtedness and/or other obligations ("**Transaction**") in respect of the €250,000,000 4.00 per cent. secured exchangeable bonds due 2021, ISIN: XS1882680645 (the "**Bonds**") issued by European TopSoho S.à r.l.

This Term Sheet is not intended to be a comprehensive list of all relevant terms and conditions of the Transaction or any other transaction in relation to the Bonds. Other than the Governing Law and Jurisdiction provisions (as set out in this Term Sheet), this Term Sheet is not binding and the transactions contemplated by this Term Sheet are subject to, amongst other things, the execution of definitive documentation by the parties.

Unless otherwise noted below or to the extent the context otherwise requires or is reasonably necessary to give effect to the Transaction, the terms of the Bonds shall be substantially the same as those set out in the trust deed dated 21 September 2018 between the Issuer, the Guarantor and BNP Paribas Trust Corporation UK Limited relating to the Bonds (the "**Trust Deed**"). Unless otherwise defined, capitalised terms used in this Term Sheet will have the same meaning as those defined in the Trust Deed.

Bond Feature	Current Position	Retraction of Purported Default Notice and repayment on Original Maturity Date
<b>Issuer</b>	European TopSoho S.à r.l.	As per current position
<b>Guarantor</b>	Forever Winner International Development Limited	<p>The Guarantor shall remain a guarantor under the Bonds, but circumstances affecting and/or relevant to the Guarantor will not result in an Event of Default under the Bonds and other covenants, undertakings and representations under the Trust Deed will not be applicable as regards the Guarantor.</p> <p>If an insolvency or similar event against the Guarantor as described under Condition 14(a)(iv) or Condition 14(a)(v) of the Trust Deed occurs and a judgment, order or similar is issued against the Guarantor, the Trustee will have a direct claim against the Guarantor for the amounts outstanding under the Bonds and the Trust Deed (as if they had been declared due and payable on the date of such insolvency event) and shall be able to prove in such insolvency or other similar process as a debtor in respect of such amount</p>

Bond Feature	Current Position	Retraction of Purported Default Notice and repayment on Original Maturity Date
		(and any amounts recovered by the Trustee from the Guarantor will be applied against the amounts outstanding in respect of the Bonds), provided always that an Event of Default will not be deemed to have occurred under the Bonds against the Issuer solely as a result of the occurrence of such insolvency or similar event, and there shall not be any rights of acceleration as against the Issuer, in such circumstances.
<b>Principal amount</b>	EUR 250m	As per current position
<b>Coupon</b>	4% p.a., payable quarterly in arrear	As per current position
<b>Default interest</b>	None	As per current position
<b>Maturity Date</b>	21 September 2021	As per current position
<b>Redemption Price at Maturity Date</b>	100% plus final coupon payment	As per current position, but it will be a condition to any redemption that the exit fee and the work fee, as referenced below, are paid by the Issuer.
<b>Events of Default</b>	List of events as per Condition 14(a). The “Early Redemption Settlement Amount” is due on acceleration (broadly, the higher of the parity value of the underlying SMCP shares and par, plus all future coupon payments)	As per current position save that circumstances affecting and/or relevant to the Guarantor will not result in an Event of Default under the Bonds (but without prejudice to the direct claim against the Guarantor which shall arise in the circumstances specified under “Guarantor” above). Following any Event of Default, the Trustee (in addition to the Issuer) will also be able to request a calculation of the Early Redemption Settlement Amount from the Calculation Agent without the Calculation Agent requesting further instruction from the Trustee and without inquiry into the validity of the purported Event of Default.

Bond Feature	Current Position	Retraction of Purported Default Notice and repayment on Original Maturity Date
<b>Security</b>	English law security over 28,028,163 SMCP shares held with BNP Paribas Securities Services, London Branch as custodian	All of the unpledged SMCP shares owned by the Issuer (being 12,106,939 SMCP shares) will be held with a UK-based custodian (such entity to be agreed between the Issuer and the AHG) in an unsecured account. Unanimous approval by the Issuer's board of managers in respect of such transfer will be obtained prior to the signature of definitive documentation in respect of the Transaction.
<b>Covenants re security</b>	Customary negative covenants, including (i) prohibiting further security over the secured SMCP shares; (ii) prohibiting any disposal of the secured SMCP shares; and (iii) requiring distributions on the secured SMCP shares to be deposited in the secured account  250% overcollateralization obligation.	As per current position, provided that the Custodian will act on the instruction of the Trustee (jointly with the Issuer, prior to any delivery of a Default Notice) at all times whilst any amount is outstanding under the Bonds in respect of any transfer, disposal, withdrawal from, or grant of security over, the SMCP Securities Account.  Upon the delivery of a Default Notice, the Trustee will elect (by specifying in the Default Notice, a copy of which will be delivered to the Custodian, as well as to the Issuer and the Guarantor) whether it will exercise voting rights in respect of (i) 29% of the SMCP shares in issuance or (ii) all of the pledged SMCP shares (representing approximately 34% of the SMCP shares in issuance). Such election shall apply during the period starting from the delivery of the Default Notice to the enforcement of security over the pledged SMCP shares.
<b>Trustee</b>	The parties disagree as to the validity of the appointment of GLAS SAS (London Branch) as Trustee	Issuer/Guarantor to enter into a supplemental trust deed or such other document to be agreed recognising the effectiveness of appointment of GLAS SAS as trustee.
<b>Negative pledge</b>	Applies to the Issuer, Guarantor and their subsidiaries, permitting only those liens allowed under the Prime Bloom bonds	As per the current position, plus covenants in respect of the unpledged SMCP shares as follows:

Bond Feature	Current Position	Retraction of Purported Default Notice and repayment on Original Maturity Date
		<ul style="list-style-type: none"> <li>• not to transfer, sell, encumber or grant any security, declare any trust over, move to another jurisdiction, or otherwise dispose of any interest in the unpledged SMCP shares; and</li> <li>• maintain the unpledged SMCP shares in the new London custody account until the full redemption of the outstanding bonds.</li> </ul> <p>Tri-partite custody agreement / custody supplemental agreement as regards the unpledged SMCP shares to be entered into between the Issuer, the custodian and the Trustee as a CP to the signing of the amendment to the Trust Deed implementing this Transaction, which shall provide that no transfer, withdrawal, disposal of or grant of security over the unpledged SMCP shares shall be effected (at any time whilst any amount is outstanding under the Bonds) by the UK-based custodian without the prior written consent of the Trustee.</p>
<b>Restriction on indebtedness</b>	No indebtedness at the Issuer level excluding refinancing indebtedness in the form of exchangeable bonds	Refinancing indebtedness may be in any form, provided that, concurrently with or immediately following the issuance or incurrence of such indebtedness, the Bonds and all amounts due under the Trust Deed shall be redeemed or otherwise repaid in full (and not in part).
<b>Information rights</b>	<p>Annual financial statements (if any) of the Issuer/Guarantor to be delivered to the trustee within 30 days of publication and within 180 days of the relevant year end</p> <p>Customary trustee information request rights as per the trust deed, including delivery of compliance certificates</p>	<p>As per current position, plus:</p> <p>Audited consolidated financial statements for the Issuer for the financial year ended 31 December 2020 to be provided to the Trustee and published on the Issuer’s website (<a href="http://www.europeantopsoho.com">www.europeantopsoho.com</a>), in each case by 30 June 2021.</p> <p>Unaudited management accounts for the Issuer as of 31 December 2020 to be provided to the Trustee for distribution to all Bondholders upon effectiveness of the Transaction.</p>

Bond Feature	Current Position	Retraction of Purported Default Notice and repayment on Original Maturity Date
		Monthly updates on progress on the refinancing to be provided to the legal advisers representing Bondholders holding more than 50% of the principal amount of the Bonds outstanding, subject to such advisers having reasonable and appropriate confidentiality obligations directly to the Issuer.
<b>Additional covenants</b>	N/A	<p>Covenant not to deal with the unpledged SMCP shares and to ensure that they remain free of any security interest as per the above.</p> <p>Additional restrictions on the Issuer to ensure that the Issuer remains a “locked box” as may reasonably be required by the AHG, including:</p> <ul style="list-style-type: none"> <li>• Covenant prohibiting restricted payments by the Issuer;</li> <li>• Covenant to maintain the COMI in Luxembourg; and</li> <li>• Acknowledgement by the Issuer that England and Wales is the appropriate forum in respect of any insolvency or enforcement process or proceedings (including liquidation, administration, receivership or otherwise) with respect to its assets located in England and Wales, to the extent permitted by law, and covenant not to challenge the jurisdictional basis of any English insolvency proceedings if initiated by the Trustee and/or the Bondholders.</li> </ul>
<b>Exchange Rights</b>	Customary exchange rights architecture for exchangeable bonds. Issuer election to satisfy exchange rights in cash, shares or a combination. Future coupons are also payable on any exercise of exchange rights	As per current position
<b>Adjustments to the Exchange Ratio/Dividend Protection</b>	Customary adjustment provisions. Full dividend protection	As per current position
<b>Exchange Ratio Reset</b>	Annual formula-based adjustment to Exchange Ratio (final Reset Date = 21 March 2021)	As per current position

Bond Feature	Current Position	Retraction of Purported Default Notice and repayment on Original Maturity Date
<b>Issuer call rights</b>	Issuer call option following an All-Cash Offer; Issuer "clean up" call (20% threshold)	As per current position, plus an optional call right will be introduced to allow the Issuer to redeem the Bonds (in whole and not in part) at par (plus the Make Whole Amount, being all undiscounted interest accrued to the Maturity Date) on any date prior to the Maturity Date, subject to no less than 10 and no more than 30 days' notice.
<b>Investor put right</b>	Investor put option following a Change of Control (of SMCP) and/or any Delisting (at 100% plus all future coupon payments)	As per current position
<b>Tax call/gross-up</b>	No gross up and no tax call	As per current position
<b>Governing law</b>	English	As per current position
<b>Listing of the Bonds</b>	Euronext Access (non-regulated market)	As per current position
<b>Ratings</b>	None	None
<b>Clearing</b>	Euroclear/Clearstream	As per current position
<b>Consent Fee</b>	N/A	In consideration of the Bondholders consenting to the terms of the Transaction, the Issuer shall agree to pay an exit fee (i.e. a fee to be paid when the Bonds are (or are required to be) repaid or redeemed, whether at maturity, upon an Event of Default, or as a result of a call or put option exercised by the Issuer or the Bondholders) to each Consenting Bondholder in an amount equal to 2% of the outstanding principal amount of the Bonds held by that Consenting Bondholder as at the date on which the Electronic Consent (as defined below) in respect of the terms of the Transaction is passed.

Bond Feature	Current Position	Retraction of Purported Default Notice and repayment on Original Maturity Date
		<p><b>"Consenting Bondholder"</b> means a beneficial holder of the Bonds who has, prior to the applicable deadline specified in the consent solicitation memorandum (in respect of the terms of the Transaction): (a) submitted (or caused its relevant clearing system account holder to submit) a valid electronic voting and blocking instruction, via the relevant clearing system, instructing that all the votes attributable to the Bonds held by that beneficial holder should be cast in favour of the Electronic Consent and that those Bonds should be blocked in the relevant clearing system; and (b) provided the Issuer (or the solicitation agent acting on its behalf) with evidence of such submission to the reasonable satisfaction of the Issuer (or the solicitation agent acting on its behalf).</p>
<b>Work Fee</b>	N/A	<p>In consideration of the work undertaken by the AHG in assisting the Issuer with the formulation and refinement of the terms applicable to the Transaction and provided that the Electronic Consent is passed by the requisite majority of Bondholders, the Issuer shall agree to pay (to the relevant members of the AHG as at the date on which the Electronic Consent in respect of the terms of the Transaction is passed) an exit fee (i.e. a fee to be paid when the Bonds are (or are required to be) repaid or redeemed, whether at maturity, upon an Event of Default, or as a result of a call or put option exercised by the Issuer or the Bondholders) in an amount equal to EUR 5 million.</p>
<b>Contribution to costs of the AHG</b>	N/A	<p>Full cost contribution by the Issuer to the costs of the AHG (being its legal counsel as to English, French and Luxembourg law).</p> <p>Reimbursement of the costs of GLAS SAS and BNP Paribas Trust Corporation UK Limited and their respective legal counsel.</p> <p>The above being subject to review of all incurred costs by the Issuer/Guarantor or their advisers on their behalf.</p>

Bond Feature	Current Position	Retraction of Purported Default Notice and repayment on Original Maturity Date
		All costs to be funded by way of equity injection into the Issuer or otherwise satisfied directly by another group company on a subordinated basis (such subordinated funding to be permitted indebtedness under the Bonds).
<b>Waivers</b>	N/A	<p>All alleged defaults and all defaults disclosed by the Issuer in the supplemental trust deed would be waived, notices of default withdrawn and the purported acceleration of the Bonds will be rescinded.</p> <p>The supplemental trust deed will also provide that any future breach of covenant and/or event of default can be waived, and any Default Notice can be rescinded, by holders of Bonds representing a majority of the Bonds then outstanding (in addition to the current architecture for Extraordinary Resolutions).</p>
<b>Implementation</b>	N/A	<p>The terms of the Transaction will be approved by soliciting electronic consents from holders of the Bonds in Euroclear and Clearstream, as contemplated by the Trust Deed ("<b>Electronic Consent</b>"). Members of the AHG will, immediately prior to the launch of such consent solicitation process, irrevocably undertake to provide such consents in respect of all Bonds held by them.</p> <p>The timing of the execution of the documents (and which documents will be CPs) remains subject to discussion.</p>

<b>Binding Provisions</b>	
<b>Governing Law and Jurisdiction</b>	This Term Sheet and any non-contractual obligations arising out of or in connection with it shall be governed by the laws of England and Wales and be subject to the exclusive jurisdiction of the courts of England and Wales.

## **Appendix 2**

The Company announces that it has been notified by the Guarantor (1) of a claim made against the Guarantor as regards the alleged non-payment by the Guarantor of indebtedness in excess of the cross-default threshold set out in Condition 14(a)(iii) of the Bonds, such indebtedness incurred pursuant to a guarantee provided by the Guarantor in respect of certain bonds; and (2) that the Guarantor is disputing its liability for such indebtedness and has taken steps to defend its position including by filing an affidavit with the High Court of the Hong Kong Special Administrative Region, taking the position that such claim is not valid.

Having considered the aforesaid developments with its advisers, the Company's view is that no Event of Default is continuing as of the date of this announcement.