

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. Part 2 (Explanatory Statement) of this document comprises an explanatory statement in compliance with section 897 of the Companies Act 2006. This document relates to a transaction which, if implemented, will result in the cancellation of the listing of Imagination Shares on the Official List and of admission to trading of Imagination Shares on the Main Market of the London Stock Exchange. If you are in any doubt about the Acquisition or the contents of this document or what action you should take, you are recommended to seek your own personal financial, tax and legal advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000 (as amended) if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser in the relevant jurisdiction.

If you have sold or otherwise transferred all of your Imagination Shares, please send this document, together with any accompanying documents (but not the personalised Forms of Proxy) and reply-paid envelope (for use in the UK only), at once to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. However, such documents should not be forwarded, distributed or transmitted (in whole or in part) in, into or from any jurisdiction where to do so would constitute a violation of the relevant laws of that jurisdiction.

If you have sold or otherwise transferred only part of your holding of Imagination Shares, you should retain these documents and consult the stockbroker, bank manager or other agent through whom the sale or transfer was effected. If you have recently purchased or otherwise acquired Imagination Shares in certificated form, notwithstanding receipt of this document and any accompanying documents from the transferor, you should contact Equiniti Limited to obtain a personalised Form of Proxy.

The release, publication or distribution of this document and the accompanying documents in, into or from jurisdictions other than the United Kingdom may be restricted by the laws of those jurisdictions and therefore persons into whose possession these documents come should inform themselves about, and observe, any such restrictions. Any failure to comply with the restrictions may constitute a violation of the securities laws of any such jurisdiction. To the fullest extent permitted by law, Imagination and CBFI disclaim any responsibility or liability for the violation of such restrictions by such persons.

Neither this document nor any of the accompanying documents are intended to, and do not, constitute or form part of any offer or invitation to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of, any securities or the solicitation of any vote or approval pursuant to the Scheme or otherwise, in any jurisdiction in which such offer, invitation or solicitation is unlawful.

**Recommended acquisition of
Imagination Technologies Group plc
by
CBFI Investment Limited
a wholly-owned subsidiary of funds managed by
Canyon Bridge Capital Partners, LLC
to be effected by means of a
scheme of arrangement under Part 26 of
the Companies Act 2006**

Imagination Shareholders should read carefully the whole of this document, any information incorporated by reference into this document and the accompanying Forms of Proxy. Your attention is drawn to the letter from the Chairman of Imagination in Part 1 of this document, which contains the unanimous recommendation of the Imagination Directors that you vote in favour of the Scheme at the Court Meeting and in favour of the Special Resolution to be proposed at the Imagination General Meeting. A letter from Rothschild explaining the Scheme in greater detail is set out in Part 2 of this document.

Notices of the Court Meeting and the Imagination General Meeting, both of which are to be held at the offices of Clifford Chance LLP, 10 Upper Bank Street, London, E14 5JJ on Tuesday, 31 October 2017, are set out at the end of this document. The Court Meeting will start at 9.00 a.m. and the Imagination General Meeting will start at 9.15 a.m. (or as soon thereafter as the Court Meeting has been concluded or adjourned).

The action to be taken by Imagination Shareholders in respect of the Court Meeting and General Meeting is set out on pages 8 and 9. Whether or not you intend to be present at the Court Meeting and/or the Imagination General Meeting, please complete and sign both Forms of Proxy accompanying this document, blue for the Court Meeting and white for the Imagination General Meeting, in accordance with the instructions set out in Part 11 (Notice of

Court Meeting) and Part 12 (Notice of Imagination General Meeting) of this document and return them to Equiniti Limited, at Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA as soon as possible, and in any event so as to be received not later than 48 hours (excluding any part of a day that is not a working day) before the relevant meeting. Alternatively, Forms of Proxy for the Court Meeting (but not the Imagination General Meeting) may be handed to the Chairman of the Court Meeting at the commencement of that meeting. Forms of Proxy returned by fax will not be accepted. You can also submit your proxy electronically at Equiniti Limited's website, www.sharevote.co.uk, so as to be received by not later than 48 hours (excluding any part of a day that is not a working day) before the relevant meeting. The return of a completed Form of Proxy, the electronic appointment of a proxy or the submission of a proxy via CREST will not prevent you from attending the Court Meeting and/or the Imagination General Meeting and voting in person if you so wish and if you are entitled to do so.

If you hold your Imagination Shares in uncertificated form through CREST, you may vote using the CREST Proxy Voting Service in accordance with the procedures set out in the CREST manual (please also refer to the accompanying notes to the Notice of the Imagination General Meeting set out at the end of this document). Proxies submitted via CREST (under CREST participant ID RA19) must be received by Equiniti Limited not later than 9.00 a.m. on Friday, 27 October 2017 in the case of the Court Meeting and by 9.15 a.m. on Friday, 27 October 2017 in the case of the Imagination General Meeting or, in the case of any adjournment, not later than 48 hours (excluding any part of a day that is not a working day) before the time fixed for the holding of the adjourned meeting.

This scheme document (and any information incorporated into it by reference to another source) will be available, subject to any restrictions relating to persons resident in certain jurisdictions, on Imagination's website at www.imgtec.com/sales-process and on Canyon Bridge's website at www.canyonbridge.com/#in-the-news promptly and in any event by no later than 12 noon on Tuesday, 10 October 2017. Save as expressly referred to in this document, the content of the website referred to in this document is not incorporated into and does not form part of this document.

You may request a hard copy of this document (and any information incorporated into it by reference to another source) by contacting Equiniti Limited, at Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA or between 8.30 a.m. and 5.30 p.m. Monday to Friday (excluding public holidays in England and Wales) on 0333 207 6509 from within the UK (or on +44 (0) 121 415 0985 if calling from outside the UK) with an address to which the hard copy may be sent. Calls from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. You may also request that all future documents, announcements and information to be sent to you in relation to the Acquisition should be in hard copy form.

A hard copy of this document (and any information incorporated into it by reference to another source) will not be sent to you unless you have previously notified Equiniti Limited that you wished to receive all documents in hard copy form or unless requested in accordance with the procedure set out above.

Capitalised words and phrases used in this document shall have the meanings given to them in Part 9.

You should read the rest of this document and if you are in any doubt as to the action you should take, consult an independent financial adviser. In making any investment decision you must rely on your own examination of the terms of the Scheme and the Acquisition, including the merits and risks involved. If you have any questions about this document, the Court Meeting or the Imagination General Meeting or are in any doubt as to how to complete the Forms of Proxy, please call the Imagination Shareholder helpline between 8.30 a.m. and 5.30 p.m. Monday to Friday (excluding public holidays in England and Wales) on 0333 207 6509 from within the UK (or on +44 121 415 0985 if calling from outside the UK). The helpline cannot provide advice on the merits of the Acquisition or give any financial, legal or tax advice. Calls to the helpline from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes.

Rothschild, which is authorised and regulated by the FCA in the United Kingdom, is acting exclusively for Imagination and no one else in connection with the Acquisition and will not be responsible to anyone other than Imagination for providing the protections afforded to its clients or for providing advice in relation to the Acquisition or any other matters referred to in this document.

Jefferies International Limited, which is authorised and regulated by the FCA in the United Kingdom, is acting exclusively for Imagination and no one else in connection with the Acquisition and will not be responsible to anyone other than Imagination for providing the protections afforded to its clients or for providing advice in relation to the Acquisition or any other matters referred to in this document.

Citi, which is authorised by the Prudential Regulation Authority and regulated by the FCA and the Prudential Regulation Authority in the United Kingdom, is acting exclusively for CBFI and Canyon Bridge in connection with the matters set out in this document and for no one else and will not be responsible to anyone other than CBFI and Canyon Bridge for providing the protections afforded to its clients or for providing advice in relation to the Acquisition or any other matters referred to in this document.

IMPORTANT NOTICE

This document has been prepared in accordance with English law, the Takeover Code and the Listing Rules and information disclosed may not be the same as that which would have been prepared in accordance with the laws of jurisdictions outside England. The statements contained in this document are not to be construed as legal, business, financial or tax advice. If you are in any doubt about the contents of this document, you should consult your own legal adviser, financial adviser or tax adviser for legal, business, financial or tax advice.

No person has been authorised to make any representations on behalf of Imagination, Canyon Bridge or CBFI concerning the Acquisition or the Scheme which are inconsistent with the statements contained in this document and any such representations, if made, may not be relied upon as having been so authorised.

The statements contained in this document are made as at the date of this document, unless some other time is specified in relation to them, and service of this document shall not give rise to any implication that there has been no change in the facts set out in this document since such date. Nothing contained in this document shall be deemed to be a forecast, projection or estimate of the future financial performance of Imagination except where otherwise expressly stated. Neither Imagination, Canyon Bridge nor CBFI intends, or undertakes any obligation, to update information contained in this document, except as required by applicable law, the Takeover Code or other regulation.

If the Scheme is approved at the Court Meeting and the Imagination General Meeting, an application will be made to the London Stock Exchange for the Imagination Shares to cease to be admitted to trading on the Main Market of the London Stock Exchange.

Information for Overseas Shareholders

Unless otherwise determined by CBFI and Imagination or required by the Takeover Code, and permitted by applicable law and regulation, the Acquisition will not be made available, directly or indirectly, in, into or from a jurisdiction where to do so would violate the laws in that jurisdiction and no person may vote in favour of the Scheme by any such use, means, instrumentality or form within any jurisdiction if to do so would constitute a violation of the laws of that jurisdiction. Accordingly, copies of this document and all documents relating to the Acquisition are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in, into or from a jurisdiction where to do so would violate the laws in that jurisdiction, and persons receiving this document and all other documents relating to the Acquisition (including custodians, nominees and trustees) must not mail or otherwise distribute or send them in, into or from such jurisdictions where to do so would violate the laws in that jurisdiction.

It is the responsibility of each Overseas Shareholder to satisfy himself as to the full observance of the laws of the relevant jurisdiction in connection with the Acquisition, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities which are required to be observed and the payment of any issue, transfer or other taxes due in such jurisdiction.

This document and the accompanying documents have been prepared in connection with a proposal in relation to a scheme of arrangement pursuant to, and for the purpose of complying with, English law, the Takeover Code and the UK Listing Rules and the information disclosed may not be the same as that which would have been disclosed if these documents had been prepared in accordance with the laws of jurisdictions outside the UK. Nothing in this document or the accompanying documents should be relied upon for any other purpose.

If CBFI were to, subject to the terms of the Cooperation Agreement, elect to implement the Acquisition by means of an Offer, such Offer will be made in compliance with all applicable laws and regulations.

The financial information included in, or incorporated by reference into, this document has been prepared in accordance with accounting standards applicable in the United Kingdom that may not be comparable to the financial statements of US companies. US generally accepted accounting principles differ in certain respects from International Financial Reporting Standards. None of the financial information in, or incorporated by reference into, this document has been audited in accordance with auditing standards generally accepted in the US or the auditing standards of the Public Company Accounting Oversight Board (United States). US persons should note that the Scheme relates to shares of an English company that is a "foreign private issuer" as defined in Rule 3b-4 under the Securities Exchange Act of 1934, and the Scheme will be governed by English law. Neither the proxy solicitation rules nor the tender offer rules under the Securities Exchange Act of 1934 will apply to the Scheme. Moreover, the Scheme will be subject to the disclosure requirements and practices applicable in the UK to takeovers implemented by scheme of arrangement, which differ from the disclosure requirements under US securities laws. Financial information in this document has been prepared in accordance with accounting standards applicable in the UK that may not be comparable to the accounting standards applicable to financial statements of US companies. None of the financial information in this document has been audited in accordance with auditing standards generally accepted in the United States or the auditing standards of the Public Company Accounting Oversight Board (United States). It may be difficult for US holders of Imagination Shares to enforce their rights and any claim arising out of the US federal securities laws, since CBFI and Imagination are located in non-US jurisdictions, and some or all of their officers and directors may be residents of non-US jurisdictions. US holders of Imagination Shares may not be able to sue a non-US company or its officers or directors in a non-US court for violations of US securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to a US court's judgment.

Neither the US Securities and Exchange Commission nor any US state securities commission has approved or disapproved of the Acquisition, or passed comment upon the adequacy or completeness of this document. Any representation to the contrary is a criminal offence.

Share purchases

To the extent permitted by applicable law, in accordance with normal UK practice and pursuant to Rule 14e-5(b) of the Securities Exchange Act of 1934, Canyon Bridge and its members or their respective nominees, or brokers (acting as agents) may from time to time make certain purchases of, or arrangements to purchase, Imagination securities other than pursuant to the Acquisition (if implemented by way of an Offer) such as in open market or privately negotiated purchases outside the United States during the period in which the Acquisition remains open for acceptance. In accordance with the requirements of Rule 14e-5(b) such purchases, or arrangements to purchase, must comply with English law, the Takeover Code and the Listing Rules. In addition, in accordance with Rule 14e-5(b) of the Securities Exchange Act of 1934, Jefferies International

Limited will continue to act as an exempt principal trader in Imagination securities on the London Stock Exchange. Any information about such purchases will be disclosed as required in the United Kingdom and will be available from the Regulatory Information Service provider at www.londonstockexchange.com.

Forward-looking statements

This document, including information included or incorporated by reference in this document, may contain certain "forward looking statements" regarding the financial position, business strategy or plans for future operations of the Wider CBFI Group and the Wider Imagination Group. All statements other than statements of historical fact included in any document may be forward-looking statements. Forward-looking statements also often use words such as "believe", "expect", "estimate", "intend", "anticipate" and words of a similar meaning. By their nature, forward looking statements involve risk and uncertainty that could cause actual results to differ materially from those suggested by them. Much of the risk and uncertainty relates to factors that are beyond the companies' abilities to control or estimate precisely, such as future market conditions and the behaviours of other market participants, and therefore undue reliance should not be placed on such statements which speak only as at the date of this document. Neither the Wider CBFI Group nor the Wider Imagination Group assume any obligation to, and do not intend to, revise or update these forward looking statements, except as required pursuant to applicable law or regulation.

No profit forecasts or estimates

No statement in this document is intended as a profit forecast or estimate for any period and no statement in this document should be interpreted to mean that earnings or earnings per share for Imagination for the current or future financial years would necessarily match or exceed the historical published earnings or earnings per share for Imagination.

Disclosure requirements of the Takeover Code

Under Rule 8.3(a) of the Takeover Code, any person who is interested in 1% or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 pm (London time) on the 10th business day following the commencement of the offer period and, if appropriate, by no later than 3.30 pm (London time) on the 10th business day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Takeover Code, any person who is, or becomes, interested in 1% or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s), save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 pm (London time) on the business day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Takeover Panel's website at www.thetakeoverpanel.org.uk, including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.

Electronic communications

Please be aware that addresses, electronic addresses and certain information provided by Imagination Shareholders, persons with information rights and other relevant persons for the receipt of communications from Imagination may be provided to Canyon Bridge during the Offer Period as requested under section 4 of Appendix 4 to the Takeover Code.

Rounding

Certain figures included in this document have been subjected to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

Date

This document is published on 9 October 2017.

TABLE OF CONTENTS

	Page
Expected Timetable of Principal Events	6
Action to be Taken	8
Part 1 - Letter from the Chairman	10
1. Introduction	10
2. Summary of the Terms of the Acquisition	11
3. Background to and Reasons for the Acquisition	11
4. Background to and Reasons for the Recommendation	12
5. Management, Employees and Locations	13
6. Imagination's Current Trading and Prospects	14
7. Imagination Share Plans	14
8. Apple Dispute	14
9. The Scheme and the Imagination Shareholder Meetings	15
10. MIPS Disposal	16
11. Antitrust Approvals and Clearances	17
12. Suspension, Delisting and Re-Registration	17
13. Action to be Taken	17
14. Overseas Shareholders	17
15. Further Information	17
16. Recommendation	17
Part 2 - Explanatory Statement	19
Part 3 - Conditions to and Further Terms of the Scheme and the Acquisition	31
Part 4 - Information concerning the Imagination Group	43
Part 5 - Information concerning CBFi and Canyon Bridge	45
Part 6 - Additional Information	46
Part 7 - Source of Information and Bases of Calculation	65
Part 8 - Source of Information Incorporated by Reference	66
Part 9 - Definitions	67
Part 10 - The Scheme of Arrangement	75
Part 11 - Notice of Court Meeting	83
Part 12 - Notice of General Meeting	88

EXPECTED TIMETABLE OF PRINCIPAL EVENTS⁽¹⁾

<i>Event</i>	<i>Time/date</i>
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Latest time for lodging Forms of Proxy for the:

Court Meeting (BLUE Form of Proxy)	9.00 a.m. on 27 October 2017 ⁽²⁾
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Imagination General Meeting (WHITE Form of Proxy)	9.15 a.m. on 27 October 2017 ⁽³⁾
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Voting Record Time for Court Meeting and Imagination General Meeting	6.30 p.m. on 27 October 2017 ⁽⁴⁾
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Court Meeting	9.00 a.m. on 31 October 2017
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Imagination General Meeting	9.15 a.m. on 31 October 2017 ⁽⁵⁾
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Certain of the following dates are subject to change (please see Note (1) below):

Court hearing to sanction the Scheme	a date expected to be on or about 6 November 2017 ("D") ⁽¹⁾⁽⁶⁾⁽⁷⁾
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Last day of dealings in, and for registration of transfers of, and disablement in CREST of, Imagination Shares	D ⁽¹⁾⁽⁷⁾
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Suspension of listing of, and dealings in, Imagination Shares	5.00 p.m. on D ⁽¹⁾⁽⁷⁾
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Scheme Record Time	6.00 p.m. on D ⁽¹⁾⁽⁷⁾
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Effective Date of the Scheme	D + 1 ⁽¹⁾⁽⁷⁾
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De-listing of Imagination Shares	8.00 a.m. on D + 2 ⁽¹⁾⁽⁷⁾
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Latest date for despatch of cheques in respect of cash consideration and for settlement of cash consideration through CREST or other form of payment	within 14 days of Effective Date
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Longstop Date	5.00 p.m. on 22 July 2018 ⁽⁸⁾
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The Court Meeting and the Imagination General Meeting will each be held at the offices of Clifford Chance LLP, 10 Upper Bank Street, London E14 5JJ.

- (1) These times and dates are indicative only and will depend, among other things, on the date upon which the Court sanctions the Scheme and the date on which the Conditions are satisfied or, if capable of waiver, waived. The timetable is also dependent on when the Court Order sanctioning the Scheme is delivered to the Registrar of Companies. Imagination will give notice of any change(s) by issuing an announcement through a Regulatory Information Service and, if required by the Panel, post notice of the change(s) to Imagination Shareholders and persons with information rights.
- (2) It is requested that blue Forms of Proxy for the Court Meeting be lodged before 9.00 a.m. on Friday, 27 October 2017 or, if the Court Meeting is adjourned, not later than 48 hours (excluding any part of a day that is not a working day) before the time appointed for the holding of the adjourned meeting. However, blue Forms of Proxy not so lodged may be handed to the Chairman of the Court Meeting before the taking of the poll at the Court Meeting.
- (3) White Forms of Proxy for the Imagination General Meeting must be lodged before 9.15 a.m. on Friday, 27 October 2017 in order to be valid or, if the Imagination General Meeting is adjourned, not later than 48 hours (excluding any part of a day that is not a working day) before the time appointed for the holding of the adjourned meeting. White Forms of Proxy cannot be handed to the Chairman of the Imagination General Meeting at that meeting.

- (4) If either of the Imagination General Meeting or the Court Meeting is adjourned, the Voting Record Time for the relevant adjourned meeting will be 6.30 p.m. on the date two working days before the date set for the adjourned meeting.
- (5) Or as soon thereafter as the Court Meeting has been concluded or adjourned.
- (6) Subject to satisfaction or waiver of all remaining Conditions of Part A of Part 3 of this document.
- (7) References to "D" or a day after "D" are references to a Business Day.
- (8) This date may be extended to such date as Imagination, Canyon Bridge and CBFi may, with the consent of the Panel, agree and the Court (if required) may allow.

This section should be read in conjunction with the rest of this document and, in particular, the notices of the Court Meeting and the Imagination General Meeting at the end of this document. All references in this document to times are to times in London (unless otherwise stated).

ACTION TO BE TAKEN

The Court Meeting and the Imagination General Meeting will be held at the offices of Clifford Chance LLP, 10 Upper Bank Street, London E14 5JJ, on Tuesday, 31 October 2017 at 9.00 a.m. and 9.15 a.m., respectively (or, in the case of the Imagination General Meeting, as soon thereafter as the Court Meeting has been concluded or adjourned). The Scheme requires approval at both of these meetings.

Please check you have received the following with this document:

- a blue Form of Proxy for use in respect of the Court Meeting on 31 October 2017; and
- a white Form of Proxy for use in respect of the Imagination General Meeting on 31 October 2017.

If you have not received all of these documents, please contact Imagination's registrars, Equiniti Limited, on the Imagination Shareholder helpline referred to below.

To vote on the Scheme

It is important that, for the Court Meeting, as many votes as possible are cast so that the Court may be satisfied that there is a fair representation of the opinion of Scheme Shareholders. You are therefore strongly urged to sign and return your Forms of Proxy as soon as possible.

Therefore, whether or not you plan to attend the Imagination Shareholder Meetings, please complete and sign both the enclosed blue and white Forms of Proxy and return them in accordance with the instructions provided thereon as soon as possible but in any event so as to be received by:

- **no later than 9.00 a.m. on Friday, 27 October 2017 in the case of the Court Meeting (blue form); and**
- **by no later than 9.15 a.m. on Friday, 27 October 2017 in the case of the Imagination General Meeting (white form),**

(or, in the case of any adjournment, not later than 48 hours (excluding any part of a day that is not a working day) before the time fixed for the holding of the adjourned meeting). Forms of Proxy returned by fax will not be accepted. This will enable your votes to be counted at the Imagination Shareholder Meetings in the event of your absence. If the blue Form of Proxy for use at the Court Meeting is not lodged by 9.00 a.m. on Friday, 27 October 2017, it may be handed to the Chairman of the Court Meeting at the commencement of that meeting. However, in the case of the Imagination General Meeting, unless the white Form of Proxy is lodged so as to be received by the time mentioned above, it will be invalid.

As an alternative to completing and returning the printed Forms of Proxy, proxies may be appointed electronically by logging on to the following website: www.sharevote.co.uk and following the instructions there. For an electronic proxy appointment to be valid, the appointment must be received by Equiniti Limited no later than 9.00 a.m. on Friday, 27 October 2017 in the case of the Court Meeting and by 9.15 a.m. on Friday, 27 October 2017 in the case of the Imagination General Meeting (or, in the case of an adjourned meeting, not less than 48 hours (excluding any part of a day that is not a working day) prior to the time and date set for the adjourned meeting). In the case of the Court Meeting only, if you have not appointed a proxy electronically by such time, you may complete the blue Form of Proxy and hand it to the Chairman of the Court Meeting at the commencement of that meeting.

If you hold your Scheme Shares in uncertificated form (i.e. in CREST), you may vote using the CREST Proxy Voting Service in accordance with the procedures set out in the CREST manual (please also refer to the accompanying notes to the Notice of the Imagination General Meeting set out at the end of this document). Proxies submitted via CREST (under CREST participant ID RA19) must be received by Equiniti Limited not later than 9.00 a.m. on Friday, 27 October 2017 in the case of the Court Meeting and by 9.15 a.m. on Friday, 27 October 2017 in the case of the Imagination General Meeting (or, in the case of an adjourned meeting, not less than 48 hours (excluding any part of a day that is not a working day) prior to the time and date set for the adjourned meeting).

The completion and return of a Form of Proxy, the electronic appointment of a proxy or the submission of a proxy via CREST will not prevent you from attending and voting at the Court Meeting or the Imagination General Meeting, or any adjournment thereof, in person if you should wish and if you are entitled to do so.

If the Scheme becomes Effective, it will be binding on all Scheme Shareholders, including any Scheme Shareholders who did not vote to approve Scheme or who voted against Scheme at the Court Meeting.

Imagination Shareholder Helpline

If you have any queries, please call the Imagination Shareholder helpline between 8.30 a.m. and 5.30 p.m. Monday to Friday (excluding public holidays in England and Wales) on **0333 207 6509** from within the UK (or on +44 121 415 0985 if calling from outside the UK). Calls to the helpline from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. Please note that Equiniti Limited cannot provide advice on the merits of the Acquisition or give any financial, legal or tax advice.

PART 1

LETTER FROM THE CHAIRMAN



IMAGINATION TECHNOLOGIES GROUP PLC

(Incorporated in England & Wales under the Companies Act 1985, registered number 02920061)

Directors:

David Anderson
Andrew Heath
Peter Hill
Guy Millward
Baroness Kate Rock
Nigel Toon

Registered Office:

Imagination House
Home Park Estate
Kings Langley
Hertfordshire
WD4 8LZ

9 October 2017

To all Imagination Shareholders and, for information only, to participants in the Imagination Share Plans and persons with information rights

Dear Shareholder

**RECOMMENDED ACQUISITION OF
IMAGINATION TECHNOLOGIES GROUP PLC BY CBFI INVESTMENT LIMITED, A
WHOLLY-OWNED SUBSIDIARY OF FUNDS MANAGED BY CANYON BRIDGE
CAPITAL PARTNERS, LLC**

1. INTRODUCTION

On 22 September 2017, the Imagination Board and the CBFI Board announced that they had agreed the terms of a recommended cash acquisition of Imagination by CBFI pursuant to which CBFI will acquire the entire issued and to be issued ordinary share capital of Imagination.

I am writing to you on behalf of the Imagination Board to explain the background to, and reasons for, the Acquisition, to explain why the Imagination Board considers the terms of the Acquisition to be fair and reasonable, and why it unanimously recommends that you vote in favour of the Scheme at the Court Meeting and in favour of the Special Resolution. In particular, your attention is drawn to the Explanatory Statement from Rothschild which sets out full details of the Scheme and describes what action you should now take.

For the reasons set out below, the Imagination Board supports the Acquisition and unanimously recommends that you vote in favour of the resolutions required to effect the Scheme at the Court Meeting and at the Imagination General Meeting.

In order to approve the terms of the Scheme by which the Acquisition is to be implemented, a sufficient majority of Scheme Shareholders will need to vote in favour of the Scheme at the Court Meeting and Imagination Shareholders will need to pass the Special Resolution to be proposed at the Imagination General Meeting. Further information in relation to the Court Meeting and the Imagination General Meeting is contained in paragraph 9 below and in paragraph 7(b) of Part 2.

2. SUMMARY OF THE TERMS OF THE ACQUISITION

The Acquisition is to be effected by way of a scheme of arrangement under Part 26 of the Companies Act 2006, which requires the approval of relevant Imagination Shareholders and the sanction of the Court.

Under the Acquisition, which will be subject to the Conditions and further terms set out in Part 3, Scheme Shareholders will be entitled to receive:

For each Scheme Share	182 pence in cash
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The Acquisition values the entire issued and to be issued share capital of Imagination at approximately £550 million. The price of 182 pence per Imagination Share represents a premium of approximately:

- 41.6 per cent. to the Imagination share price on 22 September 2017 being the latest practicable dealing day before the Announcement, of 128.5 pence per share;
- 47.4 per cent. to the Imagination share price on 21 June 2017 being the day immediately before the announcement by Imagination of the start of the Formal Sale Process, of 123.5 pence per share; and,
- 72.2 per cent. to the volume weighted average share price of Imagination between the date of Imagination's announcement regarding Apple on 3 April 2017 and 21 June 2017, being the day immediately before the announcement of the start of the Formal Sale Process, of 105.7 pence per share.

Save in respect of any Settlement Return which may be payable under the terms of the Cooperation Agreement described in paragraph 8 below, if, after the date of the Announcement, any dividend and/or other distribution and/or other return of capital is announced, declared, made or paid or becomes payable in respect of the Imagination Shares, CBFi reserves the right to reduce the consideration payable under the terms of the Acquisition by an amount up to the amount of such dividend and/or distribution and/or return of capital so announced, declared, made, paid or payable.

3. BACKGROUND TO AND REASONS FOR THE ACQUISITION

On 22 June 2017, Imagination announced that it had received interest from a number of parties for a potential acquisition of the whole Imagination Group and that, as a result, the Imagination Directors had decided to initiate the Formal Sale Process for the Imagination Group. In that announcement, the Imagination Directors noted that they were engaged in preliminary discussions with potential bidders for the Imagination Group. The Imagination Directors also confirmed that the sales process for the MIPS and Enigma operations were progressing well and that indicative proposals had been received for both businesses.

Canyon Bridge's strategy is focused on providing equity and strategic capital to enable technology companies to reach their full growth potential. Canyon Bridge has followed the development of Imagination for some time and believes that it is fundamentally a strong and

stable business. In particular, the CBFI Board intends to invest in Imagination's research and development capabilities in the United Kingdom and believes that the Acquisition will deliver the following benefits for Imagination:

Ongoing Investment Capital into the Company

Provide a significant potential source of investment capital as Imagination seeks to maintain and advance its position in the semiconductor industry and penetrate new end-markets, including opportunities in overseas markets.

Expand PowerVR and Enigma Leadership

Enable PowerVR to develop its existing high quality technology with a view to increasing its market share in the existing markets of smartphone and tablet, set-top box, digital TV and automotive, and secondly, to generate further growth by driving artificial intelligence technologies into new opportunities in augmented and virtual reality and machine autonomy.

Enable Enigma to seek to accelerate the adoption of its efficient, scalable, and flexible integrated communications IP across a range of growth markets including mobile and tablets, PC and peripherals, entertainment centres, consumer devices and wearables.

Supporting Growth through Partnership

Allow Imagination to leverage Canyon Bridge's international network and experience in the semiconductor industry and to seek to increase Imagination's international reputation for technology leadership.

4. **BACKGROUND TO AND REASONS FOR THE RECOMMENDATION**

Fiscal year 2017 was a challenging year for Imagination, characterised by significant restructuring, the implementation of a refreshed strategy and a dispute with Imagination's largest customer, Apple. During the year, Imagination executed the planned restructuring programme announced in February 2016, to return the business to profitability and positive cashflow.

Imagination announced and started implementation of the revised strategy focused on building IP solutions of real scale with customers across a wide range of markets, where Imagination can provide leading, differentiated offerings and build defensible positions. Imagination has made good progress on this strategy, by focusing investment in its core IP businesses: PowerVR, MIPS and Enigma.

The strategy resonated well with customers and investors alike with progress demonstrated by strong results announced on 4 July 2017. Adjusted operating profit for continuing operations was up by approximately three times to £29.2 million (2016: £10.5 million) with cash generated by operations of £11.0 million despite the £13.7 million outflow from the loss making discontinued businesses.

The substantial progress made, however, has been overtaken by other external events. As announced on 3 April 2017, Apple informed Imagination that the chips in Apple products launched at some point in 2018 or early 2019 would not require Apple to pay Imagination royalties. To date, Apple has not shared any information to enable Imagination to verify its statement. Imagination invoked a contractual dispute resolution procedure under the licence agreement. Imagination does not accept Apple's position and has reserved all of its rights.

However, the potential impact of Apple not paying royalties on its new products led the Imagination Board to consider its options regarding the long-term financial future of the company. On 4 May 2017, Imagination announced its decision to explore a sale of the MIPS and Enigma businesses to strengthen the balance sheet and concentrate resources on PowerVR. The sale process progressed well and indicative proposals were received for both businesses. The sale of MIPS to Tallwood was announced on the same day as the Announcement.

Against this background, Imagination also received interest from a number of parties for a potential acquisition of the whole of Imagination. Imagination therefore decided to initiate a Formal Sale Process and conducted discussions with potential bidders.

Following negotiations with several parties as a part of the Formal Sale Process, Canyon Bridge emerged as the leading bidder for Imagination both in terms of value and execution certainty, and the Imagination Board believes this option is the most attractive for Imagination Shareholders compared to the alternative options available to the Company.

Accordingly, the Imagination Board recommends unanimously the Acquisition to Imagination Shareholders as set out in paragraph 16 below.

5. MANAGEMENT, EMPLOYEES AND LOCATIONS

As set out in paragraph 5 of Part 2:

- CBFI recognises the quality of Imagination's management team and employees generally and their importance to the future success of Imagination;
- Imagination and CBFI have had preliminary discussions on future incentivisation arrangements for the management and employees of Imagination, excluding executive directors. Whilst the details of the arrangements will only be agreed after completion of the Acquisition, CBFI intends to offer incentive arrangements that are comparable to current arrangements;
- CBFI has no plans to make any changes as regards the continuing employment of employees and management. CBFI has confirmed that, following the Scheme becoming Effective, the existing contractual and statutory employment rights of all the employees of the Imagination Group will continue to be safeguarded and their accrued rights to pensions benefits protected. CBFI's plans do not involve any change to the conditions of employment of Imagination's employees, management and those of its subsidiaries;
- CBFI does not intend to change the principal locations of Imagination's places of business, or redeploy any fixed assets of Imagination. CBFI intends to maintain Imagination's current UK headquarters. CBFI intends to continue operating Imagination by leveraging Canyon Bridge's investment, technology and business expertise and by working with Imagination's management to further enhance Imagination's position in the computer chip manufacturing industry and related services; and
- the CBFI Board intends to invest in Imagination's research and development capabilities in the United Kingdom.

The Imagination Board welcomes CBFI's intentions with respect to the future operations of the business and its employees, in particular, the intentions to safeguard the existing employment rights of Imagination employees on the Scheme becoming Effective and to work

with Imagination's management going forward with no change to Imagination's principal locations.

Following publication of the Announcement, Imagination wrote to its employee representatives to inform them of their rights under Rule 25.9 of the Code to have their opinions appended to this document. On 5 October 2017, being the latest practicable date before publication of this document, Imagination had not received an opinion from its employee representatives on the effect of the Acquisition on employment.

6. IMAGINATION'S CURRENT TRADING AND PROSPECTS

On 4 July 2017, Imagination published results for the year to 30 April 2017. The following update on Imagination's current trading and prospects has been substantially extracted from the Imagination Group's annual report for the financial year ended 30 April 2017:

"Outlook

Imagination continues to see good demand for licenses in all three of our core businesses. There are exciting developments and compelling products in our FY18 roadmaps which bodes well for the competitiveness of each of the business units going forward.

The Group continues to see good demand for licensing for its IP and expects to see further progress in license revenue in FY18, subject to uncertainty caused by the initiation of the formal sale process. Royalty unit shipments are expected to benefit from recent design wins. We fully expect to receive royalties from our largest customer over the next year."

Imagination's results for the year to 30 April 2017 are available on Imagination's website (www.imgtec.com).

7. IMAGINATION SHARE PLANS

Information relating to the effect of the Acquisition on holders of options and awards under the Imagination Share Plans is set out in paragraph 10 of Part 2. Appropriate proposals will be made to participants in Imagination Share Plans separately.

8. APPLE DISPUTE

Imagination remains in dispute with Apple. Imagination has reserved all of its rights in respect of Apple's unauthorised use of Imagination's confidential information and Imagination's IP rights.

If, before the expiry of the period described below, Imagination reaches a full and final financial settlement with Apple under certain parameters (a "**Settlement**") with respect to the Apple Dispute, Imagination and CBFi have agreed that, subject to certain other terms and conditions described below and contained in the Cooperation Agreement, Imagination would be entitled to announce and pay an interim dividend or other distribution or return of capital of up to 50% of any Excess Amount less any costs incurred by Imagination in effecting such payment (a "**Settlement Return**") without there being an adjustment to the terms of the Acquisition. For these purposes, the "**Excess Amount**" is the amount of any cash Settlement which exceeds the value in respect of Apple taken into account by Canyon Bridge and CBFi in determining the amount of the cash consideration to be payable under the Acquisition. This value, together with certain contractual parameters with respect to any Settlement have been agreed between Imagination and CBFi, but are not being publicly disclosed in order to maintain confidentiality.

Any Settlement Return would be conditional upon (i) the Settlement being reached by the earlier of 60 days following publication of the Announcement and the date the Acquisition becomes Effective and (ii) the Settlement proceeds being paid or due and payable in cash (on a non-contingent basis and not subject to any rights of clawback) to Imagination within 90 days of such settlement being reached. The Settlement Return will not be payable in circumstances where, save as otherwise agreed: (i) any new agreement for the licensing of products of the Imagination Group is entered into by Imagination and Apple after the date of the Cooperation Agreement; and (ii) any variation is made to any terms of any existing agreement between Apple and Imagination, in each case excluding any new agreements or variations to existing agreements that are entered into as part of the Settlement.

The agreement between CBFI and Imagination in respect of any Settlement Return will cease to apply if CBFI, with the consent of the Panel, elects to implement the Acquisition by way of an Offer rather than the Scheme (subject to the terms of the Cooperation Agreement). Pursuant to the Cooperation Agreement, this is only permitted if the Imagination Board withdraws, modifies or qualifies the unanimous and unconditional recommendation to vote in favour of the Scheme (or to accept any Offer), if a third party announces a competing offer meeting the criteria set forth in the Cooperation Agreement and such offer is recommended by the Imagination Board, or if Imagination otherwise agrees.

Any Settlement Return would be made to those Imagination Shareholders on the register of members of Imagination at the Scheme Record Time.

Imagination Shareholders should note that there is no certainty that any settlement will be reached with Apple within the relevant period described above, or, if reached, as to the amount or other terms of any such settlement. Accordingly, there is no certainty that any Settlement Return will be implemented.

If a Settlement is reached before the Acquisition becomes Effective and a Settlement Return becomes payable in accordance with the terms described above, the Imagination Board intends to declare an interim dividend to Imagination Shareholders prior to the Acquisition becoming Effective (subject to Imagination continuing to have sufficient distributable reserves and to all other applicable laws). In such a case, if Settlement proceeds are received prior to the Acquisition becoming Effective, it is intended that any dividend would be paid at the same time as the consideration payable by CBFI under the Acquisition.

If the Settlement occurs and a Settlement Return is payable under the terms set out above, but Imagination is unable to fully implement the Settlement Return prior to the Acquisition becoming Effective, CBFI and Canyon Bridge have agreed to use all reasonable endeavours in their capacity as direct and indirect shareholders (respectively) from the Acquisition becoming Effective to ensure that Imagination takes such steps as may be reasonably necessary (if any) to implement or complete the implementation of the Settlement Return (subject to Imagination receiving the proceeds from Apple and having sufficient distributable profits and subject to all other applicable laws). It is intended that any such implementation would occur as soon as reasonably practicable.

The above paragraphs are a summary only and the full terms and conditions relating to the matters described above are set out in the Cooperation Agreement.

9. THE SCHEME AND THE IMAGINATION SHAREHOLDER MEETINGS

It is intended that the Acquisition will be effected by means of a scheme of arrangement between Imagination and its shareholders under Part 26 of the Companies Act 2006 (although CBFI reserves the right, subject to the terms of the Cooperation Agreement, to effect the

Acquisition by way of an Offer). The Scheme is an arrangement between Imagination and Scheme Shareholders and is subject to the approval of the Court.

The purpose of the Scheme is to provide for CBFI to become the holder of the entire issued and to be issued ordinary share capital of Imagination. This is to be achieved by the transfer of the Scheme Shares to CBFI, in consideration for which the Scheme Shareholders will receive cash consideration from CBFI on the basis set out in paragraph 2 of this letter.

To become effective, the Scheme requires, among other things, the approval of a majority in number of the Scheme Shareholders present and voting (either in person or by proxy) at the Court Meeting representing not less than 75 per cent. in value of the relevant Scheme Shares voted, and the passing of the Special Resolution. The Scheme must also be sanctioned by the Court. **It is important that, for the Court Meeting, as many votes as possible are cast so that the Court may be satisfied that there is a fair representation of opinion of the Scheme Shareholders. You are therefore urged to complete and return your Forms of Proxy, make an electronic appointment of a proxy or submit a proxy vote via CREST as soon as possible.**

Further details of the Scheme and the Imagination Shareholder Meetings are set out in paragraph 7 of Part 2.

10. MIPS DISPOSAL

On 22 September 2017, Imagination announced that it had entered into an agreement with Tallwood, a company indirectly owned by Tallwood Venture Capital, with respect to the MIPS Disposal, for aggregate consideration of \$65 million, subject to customary post-completion adjustments. \$40 million of the consideration under the MIPS Disposal is payable by Tallwood in cash on completion under the MIPS SPA, with a deferred consideration of \$25 million payable six months after completion. Following completion, the cash proceeds from the MIPS Disposal will be used to reduce the Imagination Group's debt, with the balance applied for general corporate purposes. A summary of the MIPS SPA is set out in paragraph 9 of Part 6.

Upon signing of the MIPS SPA, the MIPS Disposal was conditional on (i) the approval of Imagination Shareholders by way of an ordinary resolution at a general meeting of Imagination Shareholders and (ii) the completion of the Reorganisation. Approval of Imagination Shareholders was required for the purposes of Rule 21.1 of the Takeover Code as a result of one party which had participated in the Formal Sale Process not having confirmed its intentions with respect to Imagination. However, on 27 September 2017, Imagination subsequently announced that it had received confirmation that the relevant party was no longer actively considering making an offer for Imagination. Accordingly, the MIPS Disposal does not require approval of Imagination Shareholders for the purposes of Rule 21.1 of the Takeover Code. Imagination and Tallwood are in discussions with respect to the waiver of the condition in the MIPS SPA relating to shareholder approval pursuant to Rule 21.1 of the Takeover Code.

The MIPS Disposal is not conditional on the Acquisition becoming Effective. However, the Acquisition is conditional on completion of the MIPS Disposal occurring. The MIPS Disposal is expected to complete in October 2017. CBFI is supportive of the proposed sale of MIPS to Tallwood.

11. **ANTITRUST APPROVALS AND CLEARANCES**

The Acquisition is conditional on all notifications and filings under the HSR Act having been made in connection with the Acquisition on any aspect of the Acquisition and all waiting periods (including any extension thereof) having been expired or terminated.

12. **SUSPENSION, DELISTING AND RE-REGISTRATION**

Dealings in Imagination Shares will be suspended at the close of business on the Business Day prior to the Effective Date. It is intended that the London Stock Exchange and the FCA will be requested respectively to cancel trading in Imagination Shares on the London Stock Exchange's main market for listed securities and to remove the listing of the Imagination Shares from the Official List, in each case on or shortly after the Effective Date. It is intended that, shortly after the Effective Date, Imagination be re-registered as a private limited company.

13. **ACTION TO BE TAKEN**

Notices convening the Court Meeting and the Imagination General Meeting are set out at the end of this document. You will find enclosed with this document a blue Form of Proxy for use at the Court Meeting and a white Form of Proxy for use at the Imagination General Meeting.

Whether or not you intend to be present at either meeting, you are requested to complete and return both the enclosed Forms of Proxy for the Court Meeting (blue) and for the Imagination General Meeting (white) in accordance with the instructions printed on the forms, make an electronic appointment of a proxy or submit a proxy via CREST as soon as possible.

Further details in relation to the action to be taken by Imagination Shareholders is set out on pages 8 and 9 of this document and in paragraph 15 of Part 2.

14. **OVERSEAS SHAREHOLDERS**

The implications of the Scheme for persons resident in, or citizens or nationals of, jurisdictions outside the United Kingdom may be affected by the laws of the relevant jurisdiction. Such Overseas Shareholders should inform themselves about and observe all applicable legal requirements. Please refer to paragraph 13 of Part 2 of this document for further details.

15. **FURTHER INFORMATION**

Your attention is drawn to the letter from Rothschild set out in Part 2 of this document (being the explanatory statement made in compliance with section 897 of the Companies Act 2006), which gives further details about the Acquisition and to the terms of the Scheme that are set out in full at the end of this document. Please note that reading the information in this letter is not a substitute for reading the remainder of this document.

16. **RECOMMENDATION**

The Imagination Directors, who have been so advised by Rothschild as to the financial terms of the transaction, consider the terms of the Acquisition to be fair and reasonable. In providing their financial advice to the Imagination Directors, Rothschild has taken into account the commercial assessments of the Imagination Directors.

In addition, the Imagination Directors believe that the terms of the Acquisition are in the best interests of Scheme Shareholders as a whole and unanimously recommend that Scheme Shareholders vote in favour of the Scheme at the Court Meeting and the Special Resolution in connection with the Scheme to be proposed at the Imagination General Meeting, as those Imagination Directors who are beneficially entitled to Imagination Shares have each irrevocably undertaken to do in respect of their own Imagination Shares (representing, in aggregate, approximately 0.02 per cent. of Imagination's issued share capital as at 5 October 2017, being the latest practicable date prior to publication of this document).

Yours faithfully

A handwritten signature in dark ink, appearing to read 'Peter Hill', with a horizontal line drawn underneath it.

Peter Hill
Chairman

PART 2
EXPLANATORY STATEMENT

Rothschild
New Court, St. Swithin's Lane
London, EC4N 8AL

9 October 2017

To all Imagination Shareholders and, for information only, to participants in the Imagination Share Plans and persons with information rights

Dear Shareholder

**RECOMMENDED ACQUISITION OF
IMAGINATION TECHNOLOGIES GROUP PLC BY CBFi INVESTMENT LIMITED, A
WHOLLY-OWNED SUBSIDIARY OF FUNDS MANAGED BY CANYON BRIDGE
CAPITAL PARTNERS, LLC**

1. Introduction

On 22 September 2017, the Imagination Board and the CBFi Board announced that they had agreed the terms of a recommended cash offer for Imagination by CBFi pursuant to which CBFi will acquire the entire issued and to be issued ordinary share capital of Imagination. The Acquisition is to be effected by means of a scheme of arrangement of Imagination under Part 26 of the Companies Act 2006, which requires the approval of Imagination Shareholders and the sanction of the Court.

Your attention is drawn to the letter from the Chairman of Imagination, Peter Hill, set out in Part 1 of this document, which forms part of this Explanatory Statement. That letter contains, among other things, information on the background to and reasons for the Acquisition and the unanimous recommendation by the Imagination Board to Scheme Shareholders to vote in favour of the resolutions to approve and implement the Acquisition to be proposed at the Imagination Shareholder Meetings.

Your attention is also drawn to Part 3 (Conditions to and further terms of the Scheme and the Acquisition), Part 4 (Information concerning the Imagination Group), Part 5 (Information concerning CBFi and Canyon Bridge) and Part 6 (Additional information). The Scheme is set out in full in Part 10 at the end of this document.

The Imagination Board has been advised by Rothschild as to the financial terms of the transaction in connection with the Acquisition. Rothschild has been authorised by the Imagination Board to write to you to explain the terms of the Acquisition and to provide you with other relevant information.

Imagination Shareholders should read the whole of this document before deciding whether or not to vote in favour of the Scheme at the Court Meeting and the Special Resolution to be proposed at the Imagination General Meeting.

2. Summary of the terms of the Acquisition

The Acquisition is to be effected by way of a scheme of arrangement under Part 26 of the Companies Act 2006, which requires the approval of Imagination Shareholders and the sanction of the Court.

Under the Acquisition, which will be subject to the Conditions and further terms set out in Part 3, the Scheme Shares will be transferred to CBFI and Scheme Shareholders on the register of members of Imagination at the Scheme Record Time will be entitled to receive:

For each Scheme Share

182 pence in cash

The Acquisition values the entire issued and to be issued share capital of Imagination at approximately £550 million. The price of 182 pence per Imagination Share represents a premium of approximately:

- 41.6 per cent. to the Imagination share price on 22 September 2017 being the latest practicable dealing day before the Announcement, of 128.5 pence per share;
- 47.4 per cent. to the Imagination share price on 21 June 2017 being the day immediately before the announcement by Imagination of the start of the Formal Sale Process, of 123.5 pence per share; and
- 72.2 per cent. to the volume weighted average share price of Imagination between the date of Imagination's announcement regarding Apple on 3 April 2017 and 21 June 2017, being the day immediately before the announcement of the start of the Formal Sale Process, of 105.7 pence per share.

Following the Acquisition, Imagination will be a wholly owned subsidiary of CBFI.

3. Information on the Imagination Group

Imagination creates and licenses semiconductor processor IP (intellectual property) for graphics, video and vision processing, general purpose and embedded processing (CPU & MCU). Imagination's customers use Imagination's silicon IP to create the Systems on Chips (SoC) that power electronic devices. Imagination has built three strong brands around these processing blocks: PowerVR in graphics and multimedia; MIPS in processors; and Enigma in connectivity.

PowerVR develops and licenses a range of multimedia IP, from graphics processing units (GPUs) to GPU compute for imaging and vision processing. Imagination's PowerVR graphics technologies are licensed for use in various applications including smartphones, tablets, TV and console apps.

The MIPS family of CPU IP is a portfolio of low-power, high-performance 32/64-bit processor architectures and cores, ranging from the high-performance cores for high-end applications processors down to extremely small cores for deeply embedded microcontrollers.

Enigma develops and licenses programmable and fixed function blocks to deliver a family of multi-standard connectivity platforms, offering performance as well as silicon efficiency.

For the financial year ended 30 April 2017, Imagination generated sales of £145.2 million from continuing operations and adjusted operating profit of £29.2 million.

4. Information on CBFI and Canyon Bridge

See Part 5 of this document for information relating to CBFI and Canyon Bridge.

5. **CBFI's strategic plans for Imagination**

Canyon Bridge's strategy is focused on providing equity and strategic capital to enable technology companies to reach their full growth potential. Canyon Bridge has followed the development of Imagination for some time and believes that it is fundamentally a strong and stable business.

In particular, the CBFI Board intends to invest in Imagination's research and development capabilities in the United Kingdom and believes that the Acquisition will deliver the following benefits:

Ongoing Investment Capital into the Company

Provide a significant potential source of investment capital as Imagination seeks to maintain and advance its position in the semiconductor industry and penetrate new end-markets, including opportunities in overseas markets.

Expand PowerVR and Enigma Leadership

Enable PowerVR to develop its existing high quality technology with a view to increasing its market share in the existing markets of smartphone and tablet, set-top box, digital TV and automotive, and secondly, to generate further growth by driving artificial intelligence technologies into new opportunities in augmented and virtual reality and machine autonomy.

Enable Enigma to seek to accelerate the adoption of its efficient, scalable, and flexible integrated communications IP across a range of growth markets including mobile and tablets, PC and peripherals, entertainment centres, consumer devices and wearables.

Supporting Growth through Partnership

Allow Imagination to leverage Canyon Bridge's international network and experience in the semiconductor industry and to seek to increase Imagination's international reputation for technology leadership.

CBFI recognises the quality of Imagination's management team and employees generally and their importance to the future success of Imagination.

Imagination and CBFI have had preliminary discussions on future incentivisation arrangements for the management and employees of Imagination, excluding executive directors. Whilst the details of the arrangements will only be agreed after completion of the Acquisition, CBFI intends to offer incentive arrangements that are comparable to current arrangements.

CBFI has no plans to make any changes as regards the continuing employment of employees and management. CBFI has confirmed that, following the Scheme becoming Effective, the existing contractual and statutory employment rights of all the employees of the Imagination Group will continue to be safeguarded and their accrued rights to pensions benefits protected. CBFI's plans do not involve any change to the conditions of employment of Imagination's employees, management and those of its subsidiaries.

CBFI does not intend to change the principal locations of Imagination's places of business, or redeploy any fixed assets of Imagination. CBFI intends to maintain Imagination's current UK headquarters. CBFI intends to continue operating Imagination by leveraging Canyon Bridge's investment, technology and business expertise and by working with Imagination's

management to further enhance Imagination's position in the computer chip manufacturing industry and related services.

6. Undertakings to vote in favour of the Scheme

CBFI has received irrevocable undertakings from each of the Imagination Directors who are beneficially entitled to Imagination Shares to vote in favour of the Scheme at the Court Meeting and the Special Resolution in respect of a total of 68,387 Imagination Shares (this excludes Imagination Shares held in the SIP), representing approximately 0.02 per cent. of the existing issued ordinary share capital of Imagination on 5 October 2017 (being the last practicable date prior to publication of this document). The irrevocable undertakings given by those Imagination Directors will cease to be binding if, among other things, the Scheme lapses or is withdrawn.

See paragraph 7 of Part 6 of this document for further details of the irrevocable undertakings.

7. Structure of the Acquisition

(a) The Scheme

It is intended that the Acquisition will be effected by way of the Scheme. The Scheme is an arrangement made between Imagination and the Scheme Shareholders under Part 26 of the Companies Act 2006. This involves an application by Imagination to the Court to sanction the Scheme pursuant to which the Scheme Shares will be transferred to CBFI, in consideration for which Scheme Shareholders on the register of members of Imagination at the Scheme Record Time will receive cash from CBFI on the basis set out in paragraph 2 of this Part 2. The transfer of the Scheme Shares to CBFI, provided for in the Scheme, will result in all of the Imagination Shares being held by CBFI or other members of the Canyon Bridge Group.

Prior to the Scheme Record Time, Imagination may allot and issue Imagination Shares pursuant to the exercise or vesting of options or awards under the Imagination Share Plans. Imagination will not issue any shares after the Scheme Record Time until the Scheme has become Effective.

It is expected that the Scheme will become effective in early to mid-November 2017 subject to the satisfaction or (where applicable) waiver of all the relevant Conditions.

(b) Imagination Shareholder approvals

The Acquisition is subject to the approval of Imagination Shareholders by the passing of a resolution at the Court Meeting. At the Court Meeting, voting will be by poll and not a show of hands and each Scheme Shareholder present in person or by proxy will be entitled to one vote for each Scheme Share held. This resolution must be approved by a majority in number of the holders of Scheme Shares present and voting, either in person or by proxy, representing not less than 75 per cent. in value of the Scheme Shares held by such holders.

In addition, the Scheme will require the approval of Imagination Shareholders at the Imagination General Meeting. The Imagination General Meeting has been convened to consider and, if thought fit, to pass the Special Resolution (which requires a vote in favour of not less than 75 per cent. of the votes cast, whether in person or by proxy) to approve, amongst other things, the Scheme and approve the adoption of certain amendments to the Imagination Articles in accordance with the Scheme and in the manner described in paragraph 7(d) below.

Voting on the Special Resolution will be by poll and each Imagination Shareholder present in person or by proxy will be entitled to one vote for every Imagination Share held.

Entitlement to attend, speak and vote at these meetings and the number of votes which may be cast at the meetings will be determined by reference to the register of members of Imagination at the Voting Record Time. All Imagination Shareholders whose names appear on the register of members of Imagination at 6.30 p.m. on Friday, 27 October 2017 or, if either the Court Meeting or the Imagination General Meeting is adjourned on the register of members at 6.30 p.m. on the date two working days before the date set for the adjourned meeting, shall be entitled to attend and speak and vote at the relevant meeting in respect of the number of Imagination Shares registered in their name at the relevant time.

You will find the Notice of the Imagination General Meeting set out at the end of this document. The quorum for the Imagination General Meeting will be two or more Imagination Shareholders present in person or by proxy and entitled to vote.

(c) Court hearing

The Court hearing to sanction the Scheme is currently expected to take place on 6 November 2017. All Imagination Shareholders are entitled to attend the Court hearing in person or through counsel to support or oppose the sanctioning of the Scheme.

The Scheme will become effective as soon as an office copy of the Court Order has been delivered to the Registrar of Companies for registration. This is currently expected to occur in early to mid-November 2017. It is intended that shortly thereafter Imagination will become a private limited company.

If the Scheme becomes Effective, it will be binding on all Scheme Shareholders, including any Scheme Shareholders who did not vote to approve the Scheme or who voted against the Scheme at the Court Meeting.

Unless the Scheme becomes Effective by no later than 22 July 2018, or such later date as Imagination and CBFI may, with the consent of the Panel, agree and the Court, if required, may allow, the Scheme will not become Effective and the Acquisition will not proceed.

(d) Amendment to the Imagination Articles

The Special Resolution contains provisions to amend the Imagination Articles to ensure that any Imagination Shares issued (other than to CBFI, Canyon Bridge, its nominees or any member of the Canyon Bridge Group) (i) between the Imagination General Meeting and the Scheme Record Time will be subject to the Scheme; and (ii) after the Scheme Record Time will automatically be acquired by CBFI on the same terms as under the Scheme. These provisions will avoid any person (other than a member of the Canyon Bridge Group) holding Imagination Shares after dealings in such shares have ceased on the London Stock Exchange.

(e) Modifications to the Scheme

The Scheme contains a provision for Imagination and CBFI to consent on behalf of all persons concerned to any modification of, or addition to, the Scheme or to any condition approved or imposed by the Court. The Court would be unlikely to approve any modification of, or additions to, or impose a condition to the Scheme which might be material to the interests of the Scheme Shareholders unless Scheme Shareholders were informed of such modification, addition or condition. It would be a matter for the Court to decide, in its

discretion, whether or not a further meeting of Scheme Shareholders should be held in these circumstances.

(f) **Conditions**

The Scheme is subject to the Conditions, which are set out in full in Part 3 of this document, including, among others:

- (i) completion of the MIPS Disposal having occurred;
- (ii) the Scheme becoming Effective by not later than 22 July 2018, or such later date (if any) as CBFI and Imagination may, with the consent of the Panel, agree and the Court, if required, may allow;
- (iii) the approval of the Scheme at the Court Meeting and the passing of the Special Resolution at the Imagination General Meeting;
- (iv) the sanction of the Scheme by the Court; and
- (v) all notifications and filings under the HSR Act having been made and all applicable waiting periods (including extension thereof) having expired or terminated, and no agreement, judgment, order, or government action in effect in relation to any United States Antitrust Law that would prevent consummation of the Acquisition.

The Acquisition can only become Effective if all Conditions, including those described above, have been satisfied or, if capable of waiver, waived. If any Condition is not capable of being satisfied by the date specified therein, CBFI shall make an announcement through a Regulatory Information Service as soon as practicable and, in any event, by no later than 8.00 a.m. on the Business Day following the date so specified, stating whether CBFI has, with the consent of the Panel (if required), invoked that Condition, waived that Condition or, with the agreement of Imagination, specified a new date by which that Condition must be satisfied.

(g) **Alternative means of implementing the Acquisition**

CBFI has reserved the right, subject to the terms of the Cooperation Agreement, to implement the Acquisition by way of an Offer, in which case additional documents will be required to be sent to Imagination Shareholders. In such event, the Offer will (unless otherwise agreed) be implemented on the same terms (subject to appropriate amendments, including an acceptance condition set at 90 per cent. of the shares to which such Offer relates or such other percentage as CBFI may with the consent of the Panel (if required) decide) as those which would apply to the Scheme. Where the switch from the Scheme to an Offer is an Agreed Switch (as defined in the Cooperation Agreement), the acceptance condition will be set at 90 per cent or such other percentage as may be agreed between CBFI and Imagination, with the consent of the Panel, if required.

8. **Break fees and other Offer-related arrangements**

(a) **Confidentiality Agreement**

Canyon Bridge Capital Partners, LLC and Imagination have entered into a confidentiality agreement dated 30 May 2017 (the "**Confidentiality Agreement**") pursuant to which each party has undertaken, amongst other things, to: (a) keep confidential information relating to the Acquisition and the other party and not to disclose it to third parties unless permitted by the terms of the Confidentiality Agreement; and (b) use the confidential information for the

sole purpose of the potential Acquisition. With certain exceptions, the confidentiality obligations will expire two years from the date of the Confidentiality Agreement.

The Confidentiality Agreement also contains undertakings from Canyon Bridge Capital Partners, LLC that for a period of 12 months from the date of the Confidentiality Agreement, subject to certain exceptions, Canyon Bridge Capital Partners, LLC or any of its concert parties shall not, subject to certain exceptions, acquire or offer to acquire any interest in shares or other securities of Imagination (which undertaking ceased as at the date of the Announcement) and that, for a period of 12 months from the date of the Confidentiality Agreement, Canyon Bridge Capital Partners, LLC shall not, without Imagination's prior written consent, solicit certain employees, officers, or customers of Imagination, subject to customary carve-outs.

(b) **Cooperation Agreement**

CBFI, Canyon Bridge and Imagination have entered into a cooperation agreement dated 22 September 2017 as amended on 26 September 2017 (the "**Cooperation Agreement**"), the key terms of which are summarised below. The Cooperation Agreement sets out (among other things):

- the basis on which certain regulatory filings are to be addressed by the parties. It also contains certain provisions relating to the preparation of the Scheme Document and the implementation of the Acquisition, and specifies the circumstances in which CBFI is able to implement the Acquisition by way of an Offer;
- the agreement among CBFI, Canyon Bridge, and Imagination in respect of the implementation of certain matters relating to Imagination employees' salary reviews, bonus arrangements and the treatment of awards and options under the Imagination Share Plans;
- the circumstances in which, and the basis on which, Imagination may declare a dividend or other distribution or return of capital for the benefit of the Imagination shareholders if and to the extent there is a Settlement (see paragraph 8 of Part 1 for more details);
- the circumstances in which the Cooperation Agreement may be terminated;
- the circumstances in which CBFI is required to make a payment to Imagination of £13,762,355 where an applicable relevant authority (which, for these purposes, shall exclude a relevant authority of or exercising its powers in or on behalf of the United Kingdom or the European Union or any other member state of the European Union) shall have denied CBFI, or CBFI shall have failed to obtain, or not yet obtained, a consent or approval from such relevant authority and as a result:
 - CBFI invokes (and is permitted by the Panel to invoke) certain regulatory Conditions to the Acquisition so as to cause the Acquisition not to proceed, or to lapse or be withdrawn; or
 - any such regulatory Condition has not been satisfied or waived by CBFI by 11:59 p.m. on the Longstop Date; and
- the circumstances in which Imagination is required to make a payment of up to £5,504,943 to CBFI where the Acquisition lapses or is withdrawn or (with the consent of the Panel) is not made, and at any time before such lapse or withdrawal an independent third party announces a competing transaction or makes an approach to

Imagination in respect of a competing transaction and such transaction subsequently completes, becomes effective or is declared or becomes unconditional in all respects.

(c) **Joint Defence Agreement**

Canyon Bridge Capital Partners, LLC, Imagination and their respective external legal counsels have entered into a joint defence agreement dated 31 July 2017 (the "**Joint Defence Agreement**"), the purpose of which is to ensure that the exchange and disclosure of certain materials relating to the parties take place only between their respective external legal counsels and external experts, are ring-fenced and preserve the confidentiality of such materials and do not result in a waiver of privilege, right or immunity that might otherwise be available.

9. **Imagination Directors and the effect of the Scheme on their interests**

Details of the interests of the Imagination Directors in Imagination Shares are set out in paragraph 4 of Part 6 of this document.

The Imagination Directors who hold Imagination Shares have irrevocably undertaken to vote in favour of the Scheme as described in paragraph 6 above.

In common with the other participants in the Imagination Share Plans, the Imagination Directors who hold options and awards will be able to exercise their options and receive shares under awards, to the extent such options and awards vest and, if applicable, become exercisable.

Save as set out in this document, there are currently no proposed changes to the service contracts of any Imagination Director and no proposed termination payment for any Imagination Director and the effect of the Scheme on the interests of the Imagination Directors does not differ from its effect on the like interests of any other Scheme Shareholder.

10. **Imagination Share Plans**

Participants in the Imagination Share Plans will be contacted separately on or as soon as practicable after the date of this document regarding the effect of the Scheme on their rights under the Imagination Share Plans and with the details of CBFI's proposals. A summary of the effect of the Scheme on awards/options under the Imagination Share Plans ("**Awards**") is set out below.

The Scheme will apply to any Imagination Shares which are unconditionally allotted, issued or transferred to satisfy the vesting and/or exercise of Awards before the Scheme Record Time. Any Imagination Shares allotted or issued to satisfy Awards after the Scheme Record Time will, subject to the Scheme becoming effective and the proposed amendments to the Imagination Articles being approved at the Imagination General Meeting, be immediately transferred to CBFI in exchange for the same consideration as Imagination Shareholders will be entitled to receive under the Scheme.

Further information in respect of the proposed amendments to the Imagination Articles is contained in the Notice of General Meeting at Part 12 of this document.

(a) **Imagination 2013 Long Term Incentive Plan ("LTIP")**

Awards granted under the LTIP which would not otherwise have vested or been exercisable prior to the Acquisition will (in consequence of the Scheme and in accordance with the participant's contractual rights under the LTIP) vest and both those Awards and any Awards

that vested before the Acquisition will be exercisable to the extent permitted under the LTIP rules in the six months from the Court Order.

The Imagination remuneration committee (the "**Remuneration Committee**") will determine the extent to which Awards under the LTIP vest in accordance with the LTIP rules and the Imagination remuneration policy.

(b) **Imagination Employee Share Plan and Imagination 2016 Employee Share Plan ("ESP")**

Awards granted under the ESP which would not otherwise have vested or been exercisable prior to the Acquisition will (in consequence of the Scheme and in accordance with the participant's contractual rights under the ESP) vest and both those Awards and any Awards that vested before the Acquisition will be exercisable to the extent permitted under the ESP rules from the Imagination General Meeting until the Court Order.

The Remuneration Committee will determine the extent to which Awards under the ESP vest in accordance with the ESP rules.

(c) **Imagination Share Incentive Plan ("SIP")**

The Scheme will apply to Imagination Shares held in the SIP trust on behalf of SIP participants who will therefore participate in the Scheme on the same terms as other Imagination Shareholders. The Scheme will also apply to any unallocated Imagination Shares held in the SIP trust.

11. **Financing in connection with the Acquisition**

It is estimated that under the basic terms of the Acquisition, CBFI would be required to pay a maximum amount of approximately £550 million in cash which will be funded by capital commitments of Canyon Bridge's limited partners. ICBC has, at the request of Yitai, Canyon Bridge's initial anchor limited partner, issued Canyon Bridge an irrevocable guarantee for up to £560 million (the "**Guarantee**") on which Canyon Bridge can call as an alternative to Yitai directly paying its limited partner capital commitment to Canyon Bridge. To the extent that Canyon Bridge calls on the Guarantee rather than Yitai making the payment of its capital commitment directly, Yitai will be obliged to pay ICBC a corresponding amount and Yitai's capital commitment to Canyon Bridge will thereby be considered paid in. Canyon Bridge has no obligation to repay to ICBC any amounts called under the Guarantee.

Citi, lead financial adviser to CBFI, is satisfied that the resources available to CBFI are sufficient to satisfy in full the cash consideration payable to Imagination Shareholders under the terms of the Acquisition.

See paragraph 8 of Part 6 of this document for further details of the financing in connection with the Acquisition.

12. **Dealing and Settlement**

Dealings in Imagination Shares on the London Stock Exchange are currently expected to cease at the close of business on the Business Day prior to the Effective Date and no transfers of Imagination Shares will be registered after this time. Prior to the Effective Date, Imagination will apply to the FCA for the listing of the Imagination Shares to be cancelled and for the Imagination Shares to cease to be admitted to trading on the London Stock Exchange's main market for listed securities. Such cancellation is expected to take effect on or shortly after the Effective Date. On the Effective Date, share certificates in respect of

Imagination Shares will cease to be valid and entitlements to Imagination Shares held within the CREST system will be cancelled.

Subject to the Scheme becoming Effective, settlement of the consideration to which any Scheme Shareholder is entitled under the Scheme will be effected in the manner described below.

(a) Scheme Shares in uncertificated form (in CREST)

Where, at the Scheme Record Time, a Scheme Shareholder holds Scheme Shares in uncertificated form, except with the consent of the Panel, settlement of the cash consideration to which such Scheme Shareholder is entitled will be paid through CREST in pounds sterling as soon as practicable after the Effective Date (and in any event within 14 calendar days or within such other time period as may be approved by the Panel) after the Effective Date, in accordance with the CREST payment arrangements.

As from the Scheme Record Time, each holding of Scheme Shares credited to any stock account in CREST will be disabled and all Scheme Shares will be removed from CREST in due course.

CBFI reserves the right to pay any cash consideration to all or any Scheme Shareholders who hold Scheme Shares in uncertificated form at the Scheme Record Time in the manner referred to in sub-paragraph (b) below if, for any reason, it wishes to do so or for reasons outside its reasonable control, it is not able to effect settlement in accordance with this sub-paragraph (a).

(b) Scheme Shares in certificated form

Where, at the Scheme Record Time, a Scheme Shareholder holds Scheme Shares in certificated form, except with the consent of the Panel, settlement of the cash consideration to which the Scheme Shareholder is entitled will be made in pounds sterling by cheque drawn on a branch of a clearing bank in the United Kingdom.

Cheques in respect of cash consideration will be despatched by first class post (or by such other method as may be approved by the Panel) at the risk of the person entitled thereto as soon as practicable (and in any event within 14 calendar days or within such other time period as may be approved by the Panel) after the Effective Date. Cheques will be sent to Scheme Shareholders at the address appearing in Imagination's register of members at the Scheme Record Time or, in the case of the joint holders, to the holder whose name appears first in such register in respect of the joint holding concerned.

On the Effective Date, each certificate representing a holding of Imagination Shares subject to the Scheme will cease to be valid. Following settlement of the consideration to which a Scheme Shareholder is entitled under the Scheme, Scheme Shareholders will be bound on the request of Imagination either (i) to destroy such Imagination Share certificates; or (ii) to return such Imagination Share certificates to Imagination, or to any person appointed by Imagination, for cancellation.

(c) General

All documents and remittances sent to Scheme Shareholders in accordance with this paragraph 12 will be sent at the risk of the person entitled thereto.

Save with the consent of the Panel, settlement of the consideration to which any Scheme Shareholder is due under the Scheme will be implemented in full in accordance with the terms

set out in this Part 2 without regard to any lien, right of set off, counterclaim or analogous right to which CBFI may otherwise be, or claim to be, entitled against any Scheme Shareholder.

13. **Overseas Shareholders**

(a) **Securities laws**

The release, publication or distribution of this document in, into or from jurisdictions other than the United Kingdom may be restricted by the laws of those jurisdictions and therefore persons into whose possession this document and any accompanying documents come should inform themselves about, and observe, any applicable restrictions. Any failure to comply with such restrictions may constitute a violation of the securities laws of such jurisdictions.

Neither this document nor the accompanying documents are intended to, and do not, constitute or form part of any offer or invitation to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of, any securities or the solicitation of any vote or approval pursuant to the Scheme or otherwise, in any jurisdiction in which such offer, invitation or solicitation is unlawful. Nothing in this document or the accompanying documents should be relied upon for any other purpose.

The implications of the Acquisition for persons resident in, or citizens of, jurisdictions outside the United Kingdom may be affected by the laws of the relevant jurisdictions. Such Overseas Shareholders should inform themselves about and observe any applicable legal requirements. It is the responsibility of each Overseas Shareholder to satisfy itself 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 other necessary formalities which are required to be observed and the payment of any issue, transfer or other taxes due in such jurisdiction.

This document and the accompanying documents have been prepared for the purposes of complying with English law and the Takeover Code and the information disclosed may not be the same as that which would have been disclosed if this document had been prepared in accordance with the laws of jurisdictions outside the United Kingdom. **Overseas Shareholders should consult their own legal and tax advisers with regard to the legal and tax consequences of the Scheme to their particular circumstances.**

All Imagination Shareholders (including, without limitation, nominees, trustees or custodians) who would, or otherwise intend to, forward this document and its accompanying documents to any jurisdiction outside the United Kingdom, should seek appropriate independent professional advice before taking any action.

14. **United Kingdom taxation**

A summary of certain United Kingdom taxation consequences of the implementation of the Scheme for Imagination Shareholders is set out in paragraph 5 of Part 6.

15. **Action to be taken**

Imagination Shareholders will find enclosed with this document a blue Form of Proxy to be used in connection with the Court Meeting and a white Form of Proxy to be used in connection with the Imagination General Meeting. If you hold Imagination Shares in CREST, you may instead appoint a proxy by completing and transmitting a CREST Proxy Instruction to Equiniti Limited.

Whether or not you intend to attend the Court Meeting and/or the Imagination General Meeting, please complete and sign both Forms of Proxy and return them to Equiniti Limited at Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA, or if you hold Imagination shares in CREST, complete and transmit a CREST Proxy Instruction so as to arrive by the time specified below on Friday, 27 October 2017.

If the blue Form of Proxy for the Court Meeting is not lodged so as to be received by 9.00 a.m. on Friday, 27 October 2017, it may be handed to the Chairman of the Court Meeting at the commencement of the Court Meeting. However, in the case of the Imagination General Meeting, unless the white Form of Proxy is lodged so as to be received by 9.15 a.m. on Friday, 27 October 2017, it will be invalid. The completion and return of a Form of Proxy or transmittal of a CREST Proxy Instruction will not prevent you from attending the Court Meeting or the Imagination General Meeting and voting in person, if you so wish and are so entitled.

It is important that as many votes as possible are cast at the Court Meeting so that the Court may be satisfied that there is a fair representation of Scheme Shareholder opinion. You are therefore strongly encouraged to sign and return the blue Form of Proxy for the Court Meeting as soon as possible. You are also encouraged to sign and return the white Form of Proxy for the Imagination General Meeting at the same time as the blue Form of Proxy for the Court Meeting or if you hold Imagination shares in CREST, via a CREST Proxy Instruction.

If you have any questions relating to this document or the completion and return of your Forms of Proxy, please contact Equiniti Limited between 8.30 a.m. and 5.30 p.m. Monday to Friday (excluding public holidays in England and Wales) on 0333 207 6509 from within the UK (or on +44 (0) 121 415 0985 if calling from outside the UK). Calls to the helpline from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. Please note that Equiniti Limited cannot provide advice on the merits of the Acquisition or give any financial, legal or tax advice.

16. Further information

The terms of the Scheme are set out in full in Part 10 of this document. Your attention is also drawn to the further information contained in, or incorporated by reference into, this document which forms part of this Explanatory Statement.

Ravi Gupta

For and on behalf of
N M Rothschild & Sons Limited

PART 3

CONDITIONS TO AND CERTAIN FURTHER TERMS OF THE SCHEME AND THE ACQUISITION

PART A: CONDITIONS TO THE SCHEME AND ACQUISITION

1. The Acquisition is conditional upon the Scheme becoming unconditional and becoming Effective, subject to the provisions of the Takeover Code, by no later than the Longstop Date;

Scheme approval

2. The Scheme is conditional upon:
 - (a) (i) approval of the Scheme by a majority in number of the Scheme Shareholders present and voting, either in person or by proxy, representing three-quarters or more in value of the Scheme Shares held by those Scheme Shareholders at the Court Meeting, and (ii) the Court Meeting being held on or before the 22nd day after the expected date of the Court Meeting set out in this document, or such later date (if any) as CBFI and Imagination may agree and the Court may allow;
 - (b) (i) all resolutions in connection with or required to approve and implement the Scheme as set out in the notice of the Imagination General Meeting (including, without limitation, the Special Resolution) being duly passed by the requisite majority at the Imagination General Meeting, and (ii) the Imagination General Meeting being held on or before the 22nd day after the expected date of the Imagination General Meeting as set out in this document (or such later date as may be agreed by CBFI and Imagination);
 - (c) (i) the sanction of the Scheme by the Court without modification or with modification on terms acceptable to CBFI and Imagination and the delivery of an office copy of the Court Order to the Registrar of Companies and (ii) the Court hearing being held on or before the 22nd day after the expected date of the Court hearing as set out in this document (or such later date as may be agreed by CBFI and Imagination).

In addition, CBFI and Imagination have agreed that the Acquisition will be conditional upon the following Conditions and, accordingly, the necessary actions to make the Scheme Effective will not be taken unless such Conditions (as amended, if appropriate) have been satisfied or, where relevant, waived;

Antitrust approvals and clearances

3. All notifications and filings under the HSR Act shall have been made in connection with the Acquisition on any aspect of the Acquisition and all applicable waiting periods (including extension thereof) shall have expired or be terminated. In addition, there shall be no agreement, judgment, order, or government action in effect in relation to any United States Antitrust Law that would prevent consummation of the Acquisition;

MIPS Disposal

4. Completion of the MIPS Disposal pursuant to the MIPS SPA having occurred;

Other notifications, waiting periods and Authorisations

5. Other than in respect of Condition 3, all necessary notifications, filings or applications having been made in connection with the Acquisition and all necessary waiting periods (including any extensions thereof) under any applicable legislation or regulation of any relevant jurisdiction having expired, lapsed or been terminated (as appropriate) and all statutory and regulatory obligations in any relevant jurisdiction having been complied with in each case in respect of the Acquisition and all Authorisations necessary or appropriate in any relevant jurisdiction for or in respect of the Acquisition and, except pursuant to Chapter 3 of Part 28 of the Companies Act 2006, the acquisition or the proposed acquisition of any shares or other securities in, or control or management of, Imagination or any other member of the Wider Imagination Group by any member of the Wider CBFI Group having been obtained in terms and in a form reasonably satisfactory to CBFI from all appropriate Third Parties or (without prejudice to the generality of the foregoing) from any persons or bodies with whom any member of the Wider Imagination Group or the Wider CBFI Group has entered into contractual arrangements, and all such Authorisations necessary to carry on the business of any member of the Wider Imagination Group in any jurisdiction having been obtained, in each case, where the consequence of a failure to make such notification or filing or to wait for the expiry, lapse or termination of any such waiting or other time period, or to comply with such obligation or obtain such Authorisation would be unlawful in any relevant jurisdiction or have a material adverse effect on the Wider Imagination Group or any member of the Wider CBFI Group or the ability of CBFI to effect the Acquisition or in the context of the Acquisition, and all such Authorisations remaining in full force and effect at the time at which the Acquisition becomes Effective or otherwise wholly unconditional and there being no notice of an intention to revoke, suspend, restrict, modify or not to renew such Authorisations;
6. Other than in respect of the MIPS Disposal, except with the consent or the agreement of CBFI, no resolution of Imagination Shareholders in relation to any acquisition or disposal of assets or shares (or the equivalent thereof) in any undertaking or undertakings (or in relation to any merger, demerger, consolidation, reconstruction, amalgamation or scheme) being passed at a meeting of Imagination Shareholders other than in relation to and as necessary to implement the Acquisition or the Scheme and save as Disclosed, other than with the consent or the agreement of CBFI, no member of the Wider Imagination Group having taken (or agreed or proposed to take) any action that requires, or would require, the consent of the Panel or the approval of Imagination Shareholders in accordance with, or as contemplated by, Rule 21.1 of the Takeover Code, save for any action that has been consented to by the Panel prior to the date of the Announcement that does not need the approval of Imagination Shareholders;

General regulatory

7. Other than in respect of Condition 3, no antitrust regulator or Third Party having given notice of a decision or proposal to take, institute, implement or threaten any action, proceeding, suit, investigation, enquiry or reference including the cancellation or amendment of any export licence (and in each case, not having withdrawn the same), or having required any action to be taken or otherwise having done anything or taken any steps, or having enacted or made or proposed to enact or make any statute, regulation, decision, order or change to published practice (and, in each case, not having withdrawn the same) and there not continuing to be outstanding any statute, regulation, decision or order which would or might reasonably be expected to:
 - (a) require, prevent, delay the divestiture or alter the terms envisaged for such divestiture by any member of the Wider CBFI Group or by any member of the Wider Imagination Group of all or any part of its businesses, assets or property or impose any limitation on the ability of all or any of them to conduct their businesses (or any part thereof) or to own, control or manage any of their assets or properties (or any

part thereof) to an extent which is material in the context of the Wider Imagination Group taken as a whole or the Wider CBFI Group, or in the context of the Acquisition;

- (b) except pursuant to Chapter 3 of Part 28 of the Companies Act 2006, require any member of the Wider CBFI Group or the Wider Imagination Group to acquire or offer to acquire a number of any shares, other securities (or the equivalent) or interest in any member of the Wider Imagination Group or any asset owned by any third party (other than in the implementation of the Acquisition), which is material in the context of the Wider Imagination Group or the Wider CBFI Group, in either case, taken as a whole;
- (c) impose any limitation on, or result in a delay in, the ability of any member of the Wider CBFI Group directly or indirectly to acquire, hold or to exercise effectively all or any rights of ownership in respect of shares or other securities in Imagination or on the ability of any member of the Wider Imagination Group or any member of the Wider CBFI Group directly or indirectly to hold or exercise effectively all or any rights of ownership in respect of shares or other securities (or the equivalent) in, or to exercise voting or management control over, any member of the Wider Imagination Group, to an extent which is material in the context of the Wider Imagination Group or the Wider CBFI Group taken as a whole or in the context of the Acquisition (as the case may be);
- (d) except as Disclosed before that date, otherwise affect any or all of the business, assets, prospects or profits of any member of the Wider Imagination Group or the Wider CBFI Group, in a manner which is adverse to and material in the context of the Wider Imagination Group taken as a whole or of the obligations of any members of the Wider CBFI Group taken as a whole or in the context of the Acquisition;
- (e) result in any member of the Wider Imagination Group ceasing to be able to carry on business under any name under which it presently carries on business to an extent which is material in the context of the Wider Imagination Group taken as a whole or in the context of the Acquisition (as the case may be);
- (f) make the Acquisition, or any aspect of the Acquisition, its implementation or the acquisition of any shares or other securities in, or control or management of, Imagination by any member of the Wider CBFI Group void, unenforceable and/or illegal under the laws of any relevant jurisdiction, or otherwise directly or indirectly materially prevent or prohibit, restrict, restrain, or delay or otherwise materially interfere with the implementation of, or impose additional materially adverse conditions or obligations with respect to, or otherwise materially challenge, impede, interfere or require material amendment of the Acquisition or the acquisition of any shares or other securities in, or control or management of, Imagination by any member of the Wider CBFI Group;
- (g) require, prevent or materially delay a divestiture by any member of the Wider CBFI Group of any shares or other securities (or the equivalent) in any member of the Wider Imagination Group or any member of the Wider CBFI Group; or
- (h) impose any limitation on the ability of any member of the Wider CBFI Group or any member of the Wider Imagination Group to conduct, integrate or co- ordinate all or any part of its business with all or any part of the business of any other member of the Wider CBFI Group and/or the Wider Imagination Group in a manner which is materially adverse to the Wider Imagination Group taken as a whole or the Wider

CBFI Group taken as a whole or in the context of the Acquisition (as the case may be),

and all applicable waiting and other time periods (including any extensions thereof) during which any such antitrust regulator or Third Party could decide to take, institute, implement or threaten any such action, proceeding, suit, investigation, enquiry or reference or take any other step under the laws of any relevant jurisdiction in respect of the Acquisition or the acquisition of any Imagination Shares or of management or voting control of Imagination or any member of the Wider Imagination Group or otherwise intervene having expired, lapsed or been terminated;

Certain matters arising as a result of any arrangement, agreement, etc.

8. Except as Disclosed, there being no provision of any arrangement, agreement, lease, licence, franchise, permit or other instrument to which any member of the Wider Imagination Group is a party or by or to which any such member or any of its assets is or may be bound, entitled or be subject or any event or circumstance which, as a consequence of the Acquisition or the acquisition or the proposed acquisition by any member of the Wider CBFI Group of any shares or other securities in Imagination or because of a change in the control or management of any member of the Wider Imagination Group or otherwise, could or might reasonably be expected to result in, in each case to an extent which is material in the context of the Wider Imagination Group taken as a whole or material in the context of the Acquisition:
- (a) any monies borrowed by, or any other indebtedness, actual or contingent, of, or any grant available to, any member of the Wider Imagination Group being or becoming repayable, or capable of being declared repayable, immediately or prior to its or their stated maturity date or repayment date, or the ability of any such member to borrow monies or incur any indebtedness being withdrawn or inhibited or being capable of becoming or being withdrawn or inhibited;
 - (b) the creation or enforcement of any mortgage, charge or other security interest over the whole or any part of the business, property or assets of any member of the Wider Imagination Group or any such mortgage, charge or other security interest (whenever created, arising or having arisen) becoming enforceable or being enforced;
 - (c) any assets of any such member being disposed of or charged or ceasing to be available to any such member, or any right arising under which any asset could be required to be disposed of or charged or could cease to be available to any such member other than in the ordinary course of business;
 - (d) other than in respect of Condition 3 and Condition 5, any obligation to obtain or acquire any licence, permission, approval, clearance, permit, notice, consent, authorisation, waiver, grant, concession, agreement, certificate, exemption order or registration from any Third Party;
 - (e) any liability of any member of the Wider Imagination Group to make any severance, termination, bonus or other payment to any of its directors or other officers;
 - (f) any arrangement, agreement, licence, permit, lease, franchise or instrument, or the rights, liabilities, obligations, interests or business of any member of the Wider Imagination Group thereunder, or the interests or business of any member of the Wider Imagination Group in or with any other person or body or firm or company (or any arrangement or arrangement relating to any such interests or business) being or becoming capable of being terminated, or adversely modified or affected or any onerous obligation or liability arising or any adverse action being taken thereunder;

- (g) any member of the Wider Imagination Group ceasing to be able to carry on business under any name under which it presently carries on business;
- (h) the creation or acceleration of any liability to taxation or an adverse effect on the tax position of any member of the Wider Imagination Group;
- (i) the value of, or the financial or trading position of, any member of the Wider Imagination Group being prejudiced or adversely affected; or
- (j) the creation or acceleration of any liability (actual or contingent and including without limitation for taxation) by any member of the Wider Imagination Group or for which any such member may be responsible other than trade creditors or other liabilities incurred in the ordinary course of business,

and no event having occurred which, under any provision of any arrangement, agreement, licence, permit, franchise, lease or other instrument to which any member of the Wider Imagination Group is a party or by or to which any such member or any of its assets are bound, entitled or subject, would or might result in any of the events or circumstances as are referred to in Conditions 8(a) to (j), in each case, to an extent which is or would be material in the context of the Wider Imagination Group as a whole or in the context of the Acquisition;

9. except as Disclosed, no member of the Wider Imagination Group having entered into, varied, authorised or terminated any agreement, contract, transaction, arrangement or commitment, which:

- (a) is other than in the ordinary course of business;
- (b) would be restrictive on the business of any member of the Wider Imagination Group or the Wider CBFI Group or which is or could involve obligations which would or might reasonably be expected to be so restrictive; or
- (c) is of a long term, onerous or unusual nature or magnitude or which could reasonably be expected to involve an obligation of such nature or magnitude;
- (d) resulted in any asset or profit sharing agreement,

and which is material in the context of the Wider Imagination Group taken as a whole or in the context of the Acquisition;

Certain events occurring since 30 April 2017

10. except as Disclosed, no member of the Wider Imagination Group having since 30 April 2017:

- (a) issued, proposed or agreed to issue, or authorised or announced its intention to authorise or propose the issue, of, additional shares of any class, or securities or securities convertible into, or exchangeable for, or rights, warrants or options to subscribe for or acquire, any such shares, securities or convertible securities or transferred or sold or agreed to transfer or sell or authorised or proposed the transfer or sale of Imagination Shares, other than, where relevant, as between Imagination and wholly-owned subsidiaries of Imagination or between the wholly-owned subsidiaries of Imagination or redeemed, purchased or reduced any part of its share capital, and other than (i) options or awards granted under; or (ii) shares transferred from treasury or shares issued upon the exercise of any options or vesting of awards granted under, in either case, the Imagination Share Plans;

- (b) recommended, declared, paid or made, or proposed to declare, pay or make any bonus, dividend or other distribution (whether payable in cash or otherwise) other than dividends (or other distributions, whether payable in cash or otherwise) lawfully paid or made by any wholly-owned subsidiary of Imagination to Imagination or any of its wholly-owned subsidiaries;
- (c) save as between Imagination and its wholly-owned subsidiaries or between such wholly-owned subsidiaries, effected, authorised, proposed or announced its intention to propose any change in its share or loan capital (or equivalent thereof);
- (d) purchased, redeemed or repaid or announced any proposal to purchase, redeem or repay any of its own shares or other securities or reduced or made any other change to any part of its share capital;
- (e) sold or transferred or agreed to sell or transfer any Imagination Shares held by Imagination as treasury shares except for the issue or transfer out of treasury of Imagination Shares on the exercise of employee share options or vesting of employee share awards;
- (f) proposed, agreed to provide or modified the terms of any share option scheme, incentive scheme or other benefit relating to the employment or termination of employment of any person employed by the Wider Imagination Group;
- (g) save as between Imagination and its wholly-owned subsidiaries or between such wholly-owned subsidiaries, or pursuant to the Acquisition, implemented, effected, authorised, proposed or announced its intention to propose, any merger, demerger, reconstruction, arrangement, amalgamation, commitment or scheme or any acquisition or disposal or transfer of assets, shares (other than in the ordinary course of business) or loan capital (or the equivalent thereof) or any right, title or interest in any assets, shares or loan capital (or the equivalent thereof), or mortgaged, charged or encumbered any assets or shares or any right, title or interest in any assets or shares (other than in the ordinary course of business) or authorised the same or entered into, varied or terminated or authorised, proposed or announced its intention to enter into, vary, terminate or authorise any agreement, arrangement, contract, transaction or commitment (other than in the ordinary course of business and whether in respect of capital expenditure or otherwise) which is of a loss-making, long term or unusual or onerous nature or magnitude, or which involves or could involve an obligation of such a nature or magnitude, in each case which is material in the context of the Wider Imagination Group taken as a whole or in the context of the Acquisition (whether in respect of capital expenditure or otherwise);
- (h) issued, authorised or proposed the issue of or made any change in or to any debentures, or (other than in the ordinary course of business or except as between Imagination and its wholly-owned subsidiaries or as between such wholly-owned subsidiaries) incurred or increased any indebtedness or liability, actual or contingent, which is material in the context of the Wider Imagination Group taken as a whole or in the context of the Acquisition;
- (i) been unable or admitted that it is unable to pay its debts or having stopped or suspended (or threatened to stop or suspend) payment of its debts generally or ceased or threatened to cease carrying on all or a substantial part of its business or proposed or entered into any composition or voluntary arrangement with its creditors (or any class of them) or the filing at court of documentation in order to obtain a moratorium prior to a voluntary arrangement or, by reason of actual or anticipated financial

difficulties, commenced negotiations with one or more of its creditors with a view to rescheduling any of its indebtedness;

- (j) made, or announced any proposal to make, any change or addition to any retirement, death or disability benefit or any other employment-related benefit (including, but not limited to, bonuses, retention arrangements or share incentive schemes or other benefit relating to the employment or termination of employment of any employee of the Wider Imagination Group) of or in respect of any of its directors, employees, former directors or former employees, which is material in the context of the Wider Imagination Group taken as a whole or in the context of the Acquisition;
- (k) save as between Imagination and its wholly-owned subsidiaries or as between such wholly-owned subsidiaries, granted any lease or third party rights in respect of any of the leasehold or freehold property owned or occupied by it or transferred or otherwise disposed of any such property;
- (l) entered into or varied or made any offer (which remains open for acceptance) to enter into or vary the terms of any service agreement, commitment or arrangement with any director or senior executive of Imagination or any director or senior executive of the Wider Imagination Group, which is material in the context of the Wider Imagination Group or in the context of the Acquisition;
- (m) taken any action which results in the creation or acceleration of any tax liability of or an adverse effect on the tax position of any member of the Wider Imagination Group, which is material in the context of the Wider Imagination Group, or in the context of the Acquisition;
- (n) taken or proposed any corporate action or had any steps taken or had any legal proceedings started or threatened against it for its winding-up (voluntary or otherwise), dissolution, striking-off or reorganisation or for the appointment of a receiver, administrator (including the filing of any administration application, notice of intention to appoint an administrator or notice of appointment of an administrator), administrative receiver, trustee or similar officer of all or any material part of its assets or revenues or for any analogous proceedings or steps in any jurisdiction or for the appointment of any analogous person in any jurisdiction;
- (o) made any amendment to its memorandum or articles of association;
- (p) waived, compromised or settled any claim or authorised any such waiver or compromise, save in the ordinary course of business, which is material in the context of the Wider Imagination Group taken as a whole or material in the context of the Acquisition;
- (q) taken, entered into or had started or threatened against it in a jurisdiction outside England and Wales any form of insolvency proceeding or event similar or analogous to any of the events referred to in Conditions 10(i) and (n) above; or
- (r) agreed to enter into or entered into an agreement or arrangement or commitment or passed any resolution or announced any intention or made any offer (which remains open to acceptance) with respect to any of the transactions, matters or events referred to in this Condition 10;

No adverse change, litigation, regulatory enquiry or similar

11. Since 30 April 2017, except as Disclosed, there having been:

- (a) no adverse change and no circumstance having arisen which would or might reasonably be expected to result in any adverse change in, the business, assets, financial or trading position or profits or prospects or operational performance of any member of the Wider Imagination Group which is material in the context of the Wider Imagination Group taken as a whole or is material in the context of the Acquisition;
- (b) no litigation, arbitration proceedings, prosecution or other legal proceedings having been threatened, announced or instituted by or against or remaining outstanding against or in respect of any member of the Wider Imagination Group or to which any member of the Wider Imagination Group is or may become a party (whether as claimant, defendant or otherwise) having been threatened, announced, instituted or remaining outstanding by, against or in respect of, any member of the Wider Imagination Group, in each case which is or might reasonably be expected to be material in the context of the Wider Imagination Group, taken as a whole or in the context of the Acquisition;
- (c) save as a result of the Acquisition, no enquiry, review or investigation by, or complaint or reference to, any Third Party against or in respect of any member of the Wider Imagination Group having been threatened, announced or instituted or remaining outstanding by, against or in respect of any member of the Wider Imagination Group, in each case which might reasonably be expected to have a material adverse effect on the Wider Imagination Group taken as a whole or is material in the context of the Acquisition;
- (d) no contingent or other liability having arisen or increased which is reasonably likely to affect adversely the business, assets, financial or trading position or profits or prospects of any member of the Wider Imagination Group to an extent which is material in the context of the Wider Imagination Group taken as a whole or in the context of the Acquisition;
- (e) no steps having been taken and no omissions having been made which are likely to result in the withdrawal, cancellation, termination or modification of any licence held by any member of the Wider Imagination Group which is necessary for the proper carrying on of its business and the withdrawal, cancellation, termination or modification of which might reasonably be expected to have a material adverse effect on the Wider Imagination Group taken as a whole or is material in the context of the Acquisition;

No discovery of certain matters regarding information, liabilities and environmental issues

12. Except as Disclosed, CBFI not having discovered:

- (a) that any financial, business or other information concerning the Wider Imagination Group publicly announced prior to the date of the Announcement or disclosed at any time to any member of the Wider CBFI Group by or on behalf of any member of the Wider Imagination Group prior to the date of the Announcement is misleading, contains a misrepresentation of any fact, or omits to state a fact necessary to make that information not misleading, in any such case which is material in the context of the Wider Imagination Group taken as a whole or in the context of the Acquisition;
- (b) any member of the Wider Imagination Group is subject to any liability, contingent or otherwise, which is not disclosed in the annual reports and accounts of Imagination

for the financial year ended 30 April 2017 and which is material in the context of the Wider Imagination Group taken as a whole or in the context of the Acquisition;

- (c) any past or present member, director, officer or employee of the Wider Imagination Group has not complied with all applicable legislation, regulations or any Authorisations relating to the use, treatment, storage, carriage, disposal, discharge, spillage, release, leak or emission of any waste or hazardous substance or any substance likely to impair the environment (including property) or harm human or animal health or otherwise relating to environmental matters or the health and safety of humans, which non-compliance would be likely to give rise to any material liability, including any penalty for non-compliance (whether actual or contingent) on the part of any member of the Wider Imagination Group;
- (d) that there has been a disposal, discharge, spillage, accumulation, release, leak, emission or the migration, production, supply, treatment, storage, transport or use of any waste or hazardous substance or any substance likely to impair the environment (including any property) or harm human or animal health which (whether or not giving rise to non-compliance with any law or regulation), would be likely to give rise to any liability on the part of any member of the Wider Imagination Group, in each case to an extent which is material in the context of the Wider Imagination Group or in the context of the Acquisition;
- (e) that there is or is reasonably likely to be any obligation or liability (whether actual or contingent) or requirement to make good, remediate, repair, reinstate or clean up any property, asset or any controlled waters currently or previously owned, occupied, operated or made use of or controlled by any past or present member of the Wider Imagination Group, or in which any such member may have or previously have had or be deemed to have had an interest, under any environmental legislation, common law, regulation, notice, circular, Authorisation or order of any Third Party in any jurisdiction or to contribute to the cost thereof or associated therewith or indemnify any person in relation thereto, in each case, to an extent which is material in the context of the Wider Imagination Group or in the context of the Acquisition; or
- (f) that circumstances exist (whether as a result of making the Acquisition or otherwise) which would be reasonably likely to lead to any Third Party instituting (or whereby any member of the Wider Imagination Group would be likely to be required to institute) an environmental audit or take any steps which would in any such case be reasonably likely to result in any actual or contingent liability to improve or install new plant or equipment or to make good, repair, reinstate or clean up any property of any description or any asset now or previously owned, occupied or made use of by any past or present member of the Wider Imagination Group (or on its behalf) or by any person for which a member of the Wider Imagination Group is or has been responsible, or in which any such member may have or previously have had or be deemed to have had an interest, which is material in the context of the Wider Imagination Group taken as a whole or in the context of the Acquisition;

Anti-corruption and criminal property

13. except as Disclosed, CBFI not having discovered:

- (a) any past or present member, director, officer or employee of the Wider Imagination Group or any person that performs or has performed services for or on behalf of any such company is or has (at the time of such person's employment or performance of services) engaged in any activity, practice or conduct which would constitute an offence under the Bribery Act 2010, as amended or the US Foreign Corrupt Practices

Act 1977, as amended or any other anti-corruption legislation applicable to the Wider Imagination Group;

- (b) any past or present member of the Wider Imagination Group has engaged in any activity or business with, or made any investments in, or made any payments to any government, entity or individual covered by any of the economic sanctions administered by the United Nations or the European Union (or any of their respective member states) or the United States Office of Foreign Assets Control or any other governments or supranational body or authority in any jurisdiction;
- (c) any asset of any member of the Wider Imagination Group constitutes criminal property as defined by section 340(3) of the Proceeds of Crime Act 2002 (but disregarding paragraph (b) of that definition); or
- (d) that any past or present member, director, officer or employee of the Wider Imagination Group has, at any time during the course of such person's employment with, or performances of services for or on behalf of any member of the Wider Imagination Group engaged in any business with or made any investments in, or made any payments, funds or assets available, to or received any funds or assets from:
 - (i) any government, entity or individual in respect of which US or European Union persons, or persons operating in those territories, are prohibited from engaging in activities or doing business, or from receiving or making available funds or economic resources, by US or European Union laws or regulations, including the economic sanctions administered by the United States Office of Foreign Assets Control or HM Treasury & Customs; or
 - (ii) any government, entity or individual named by any of the economic sanctions of the United Nations or the European Union or any of their respective member states, in each case to an extent which is material in the context of the Wider Imagination Group as a whole.

PART B: WAIVER AND INVOCATION OF THE CONDITIONS

1. The Scheme will not become Effective unless the Conditions have been fulfilled or (if capable of waiver) waived or, where appropriate, have been determined by CBFI to be or remain satisfied by no later than the Longstop Date.
2. Subject to the requirements of the Panel, CBFI reserves the right to waive (in its sole discretion) in whole or in part all or any of the Conditions, except for Conditions A.2(a)(i), A.2(b)(i) and A.2(c)(i) which cannot be waived.
3. If any of the deadlines in Conditions A.2(a)(ii), A.2(b)(ii) or A.2(c)(ii) are not met, CBFI shall make an announcement by 8.00 a.m. on the Business Day following such deadline confirming whether it has invoked or waived the relevant Condition or agreed with Imagination to extend the deadline in relation to the relevant Condition.
4. The Acquisition will lapse if there is a Phase 2 CMA Reference in respect of the Acquisition on or before the later of the Court Meeting and the Imagination General Meeting. In such event, Imagination will not be bound by the terms of the Scheme.
5. The Acquisition will lapse if the European Commission either initiates proceedings under Article 6(1)(c) of Council Regulation (EC) 139/2004 or makes a referral to a competent authority of the United Kingdom under Article 9(1) of that Regulation in respect of the Acquisition and there is a subsequent Phase 2 CMA Reference, in either case before the later of the Court Meeting and the Imagination General Meeting. In such event, Imagination will not be bound by the terms of the Scheme.

6. If the Panel requires CBFI to make an offer or offers for any Imagination Shares under the provisions of Rule 9 of the Takeover Code, CBFI may make such alterations to the Conditions as are necessary to comply with the provisions of that Rule.
7. Each of the Conditions shall be regarded as a separate Condition and shall not be limited by reference to any other Condition.
8. Under Rule 13.5 of the Takeover Code, CBFI may not invoke a condition of the Scheme so as to cause the Scheme not to proceed, to lapse or to be withdrawn unless the circumstances which give rise to the right to invoke the condition are of material significance to CBFI in the context of the Acquisition. Whether or not such condition can be invoked would be determined by the Panel. The conditions contained in Conditions 1 and 2 of Part A are not subject to this provision of the Takeover Code.
9. CBFI shall not be under any obligation to waive (if capable of waiver), to determine, to be or remain satisfied or to treat as fulfilled any of the Conditions (to the extent capable of waiver), by a date earlier than the latest date for the fulfilment of that Condition notwithstanding that the other Conditions of the Acquisition may at such earlier date have been waived or fulfilled and that there are at such earlier date no circumstances indicating that any of such Conditions may not be capable of fulfilment.

PART C: CERTAIN FURTHER TERMS OF THE ACQUISITION

1. Imagination Shares will be acquired by CBFI fully paid and free from all liens, equitable interests, options, charges, encumbrances, rights of pre-emption and other third party rights and interests of any nature whatsoever and together with all rights attaching to them as at the date of the Announcement or subsequently attaching or accruing to them, including voting rights and the right to receive and retain, in full, all dividends and other distributions (if any) declared, made, paid or payable, or any other return of capital made, on or after the date of the Announcement.
2. If, on or after the date of the Announcement, any dividend and/or other distribution (other than in respect of a Settlement Return) and/or other return of capital is declared, made or paid or becomes payable in respect of the Imagination Shares, CBFI reserves the right (without prejudice to any right of CBFI, with the consent of the Panel, to invoke Conditions A.10(b) or A.10(d) in Part A above), to reduce the consideration payable under the terms of the Acquisition for the Imagination Shares by an amount up to the amount of such dividend and/or distribution and/or return of capital, in which case any reference in the Announcement or in this document to the consideration payable under the terms of the Acquisition will be deemed to be a reference to the consideration as so reduced. To the extent that any such dividend and/or distribution and/or other return of capital is declared, made or paid or is payable prior to the Court hearing and it is: (i) transferred pursuant to the Acquisition on a basis which entitles CBFI to receive the dividend or distribution and to retain it; or (ii) cancelled, the consideration payable under the terms of the Acquisition will not be subject to change in accordance with this paragraph. Any exercise by CBFI of its rights referred to in this paragraph shall be the subject of an announcement and, for the avoidance of doubt, shall not be regarded as constituting any revision or variation of the Acquisition.
3. CBFI reserves the right to elect (with the consent of the Panel, if required, and subject to the terms of the Cooperation Agreement) to implement the Acquisition by way of an Offer, in its absolute discretion. In such event, the Acquisition will be implemented on substantially the same terms, so far as applicable, subject to appropriate amendments, including (without limitation) an acceptance condition set at 90 per cent. (or such lesser percentage, being more than 50 per cent., as CBFI may decide or the Panel may require) of the shares to which such offer relates, so far as applicable, as those which would apply to the Scheme.

4. The Acquisition will be subject, *inter alia*, to the Conditions and certain further terms which are set out in this Part 3 and those terms which are set out in this document and such further terms as may be required to comply with the Listing Rules and the provisions of the Takeover Code.
5. The availability of the Acquisition to persons not resident in the United Kingdom may be affected by the laws of the relevant jurisdiction. Any persons who are subject to the laws of any jurisdiction other than the United Kingdom should inform themselves about and observe any applicable requirements. Further information in relation to Overseas Shareholders is contained in this document.
6. The Acquisition is not being made, directly or indirectly, in, into or from, or by use of the mails of, or by any means of instrumentality (including, but not limited to, facsimile, e-mail or other electronic transmission, telex or telephone) of interstate or foreign commerce of, or of any facility of a national, state or other securities exchange of, any jurisdiction where to do so would violate the laws of that jurisdiction and will not be capable of acceptance by any such use, means, instrumentality or facility or from within any such jurisdiction.
7. CBFI reserves the right for any other member of the Wider CBFI Group from time to time to implement the Acquisition, with the consent of Imagination, and, if required, the Panel.
8. This document and any rights or liabilities arising thereunder, the Acquisition, the Scheme, and any proxies will be governed by English law and be subject to the jurisdiction of the courts of England and Wales. The Scheme will be subject to the applicable requirements of the Takeover Code, the Panel, the London Stock Exchange and the FCA.

PART 4

INFORMATION CONCERNING THE IMAGINATION GROUP

Part A: The Imagination Group

The Imagination Group creates and licenses semiconductor processor IP (intellectual property) for graphics, video and vision processing, general purpose and embedded processing (CPU & MCU). Imagination's customers use Imagination's silicon IP to create the Systems on Chips (SoC) that power electronic devices. Imagination has built three strong brands around these processing blocks: PowerVR in graphics and multimedia; MIPS in processors; and Enigma in connectivity.

PowerVR develops and licenses a range of multimedia IP, from graphics processing units (GPUs) to GPU compute for imaging and vision processing. Imagination's PowerVR graphics technologies are licensed for use in various applications including smartphones, tablets, TV and console apps.

The MIPS family of CPU IP is a portfolio of low-power, high-performance 32/64-bit processor architectures and cores, ranging from the high-performance cores for high-end applications processors down to extremely small cores for deeply embedded microcontrollers.

Enigma develops and licenses programmable and fixed function blocks to deliver a family of multi-standard connectivity platforms, offering performance as well as silicon efficiency.

For the financial year ended 30 April 2017, Imagination generated sales of £145.2 million from continuing operations and adjusted operating profit of £29.2 million.

Part B: Financial Information relating to Imagination

The following sets out financial information in respect of Imagination as required by Rule 24.3 of the Takeover Code. The documents referred to below, the contents of which have previously been announced through a Regulatory Information Service, are incorporated into this document by reference pursuant to Rule 24.15 of the Takeover Code:

Financial Information	Reference
Audited consolidated accounts for the last two financial years	<p>The audited consolidated accounts of the Imagination Group for the financial year ended 30 April 2017 are set out on pages 66 to 119 (both inclusive) in the Imagination Group's annual report for the financial year ended 30 April 2017 available from Imagination's website (at the link referred to below).</p> <p>https://www.imgtec.com/investors/reports/</p> <p>The audited consolidated accounts of the Imagination Group for the financial year ended 30 April 2016 are set out on pages 67 to 116 (both inclusive) in the Imagination Group's annual report for the financial year ended 30 April 2016 available from Imagination's website (at the link referred to below).</p> <p>https://www.imgtec.com/investors/reports/</p>

Part C: Imagination ratings information

There are no current public ratings or outlooks accorded to Imagination by any rating agencies.

No incorporation of website information

Save as expressly referred to herein, neither the content of Imagination's website, nor any content accessible from hyperlinks on Imagination's website, is incorporated into, or forms part of, this document.

PART 5

INFORMATION CONCERNING CBFI AND CANYON BRIDGE

Part A: Canyon Bridge

Canyon Bridge is a global private equity investment fund which is headquartered in Palo Alto, California. It is focused on providing equity and strategic capital to enable technology companies, including those with a particular focus on the semiconductor industry, to reach their full growth potential. Canyon Bridge combines a deep knowledge of the global technology industry with experience in financial markets to provide high quality investment expertise in creating and maximising value. Acquisitions undertaken by Canyon Bridge comprise the proposed, but subsequently terminated, acquisition of Lattice Semiconductor Corporation, and a minority investment of approximately \$10 million in a US-based technology company.

Canyon Bridge seeks to invest in growth companies with strong platforms led by experienced management where Canyon Bridge can provide the capital and expertise to expand into growth markets globally, including through additional investments and accretive acquisitions.

Canyon Bridge currently has approximately US\$1.5 billion of committed capital which has been committed by Canyon Bridge's initial anchor limited partner, Yitai, a Chinese state-owned enterprise.

Part B: CBFI

CBFI is a newly incorporated company under the laws of England and Wales for the purposes of the Acquisition and is owned indirectly by Canyon Bridge, whose general partner is U.S. headquartered Canyon Bridge Capital Partners, LLC and whose manager is Canyon Bridge Management Corp. CBFI has not traded since its date of incorporation, and CBFI has not entered into any obligations, other than in connection with the Acquisition.

Part C: Financial information relating to CBFI

As CBFI was incorporated on 18 September 2017 for the purposes of making the Acquisition, no financial information is available or has been published in respect of CBFI. CBFI has not traded since its date of incorporation, and CBFI has not entered into any obligations, other than in connection with the Acquisition.

Part D: CBFI ratings and outlooks

There are no current public ratings or outlooks accorded to CBFI by any rating agencies.

PART 6

ADDITIONAL INFORMATION

1. Responsibility

- (a) The Imagination Directors, whose names are set out in paragraph 2(a) below, accept responsibility for the information contained in this document other than the information for which responsibility is taken by others pursuant to paragraphs 1(b) to 1(c) below. To the best of the knowledge and belief of the Imagination Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.
- (b) The CBFI Directors, whose names are set out in paragraph 2(b) below, accept responsibility for the information contained in this document relating to CBFI, the CBFI Directors, and their respective immediate families, related trusts and persons connected with them and statements of intention or opinion of CBFI (together the "**CBFI Information**"). To the best of the knowledge and belief of the CBFI Directors (who have taken all reasonable care to ensure that such is the case), the CBFI Information is in accordance with the facts and does not omit anything likely to affect the import of such information.
- (c) The persons whose names are set out in paragraph 2(c) below (the "**Canyon Bridge Responsible Persons**") accept responsibility for the information contained in this document relating to the Canyon Bridge Group (together the "**Canyon Bridge Information**"). To the best of the knowledge and belief of the Canyon Bridge Responsible Persons (who have taken all reasonable care to ensure that such is the case), the Canyon Bridge Information is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. Directors

- (a) The Imagination Directors and their positions in Imagination are as follows:

<i>Name</i>	<i>Position</i>
Peter Hill	Chairman
Andrew Heath	Chief Executive Officer
Guy Millward	Chief Financial Officer
David Anderson	Non-executive director and Senior Independent Director
Kate Rock	Non-executive director
Nigel Toon	Non-executive director

The registered office of Imagination and the business address of each of the Imagination Directors is Imagination House, Home Park Estate, Kings Langley, Hertfordshire, WD4 8LZ.

- (b) The CBFI Directors and their positions in CBFI are as follows:

<i>Name</i>	<i>Position</i>
Ray Bingham	Director
John Kao	Director

The registered office of CBFI is Lower Ground Floor, One George Yard, London, United Kingdom, EC3V 9DF and the business address of each of the CBFI Directors is 400 Hamilton Avenue, Suite 130, Palo Alto, CA 94301.

- (c) The Canyon Bridge Responsible Persons and their positions are as follows:

<i>Name</i>	<i>Position</i>
Benjamin Chow	Director, Canyon Bridge Capital Partners, LLC
Ray Bingham	Director, Canyon Bridge Capital Partners, LLC
John Kao	Director, Canyon Bridge Capital Partners, LLC
Peter Kuo	Director, Canyon Bridge Capital Partners, LLC

The registered office of Canyon Bridge Capital Partners, LLC is Corporation Trust Center, 1209 Orange Street, Wilmington, County of New Castle, Delaware 19801 and the business address of each of the Canyon Bridge Responsible Persons is 400 Hamilton Avenue, Suite 130, Palo Alto, Ca 94301.

3. **Market quotations**

Set out below are the Closing Prices of Imagination Shares taken from the Daily Official List on:

- (a) the first dealing day in each of the six months immediately before the date of this document;
- (b) 21 June 2017 (the last dealing day before the commencement of the Offer Period); and
- (c) 5 October 2017 (the latest practicable date before the publication of this document).

<i>Date</i>	<i>Imagination Shares (£)</i>
2 May 2017	1.000
1 June 2017	1.185
21 June 2017	1.235

3 July 2017	1.435
1 August 2017	1.388
1 September 2017	1.405
2 October 2017	1.698
5 October 2017	1.695

4. **Interests and dealings**

For the purposes of this paragraph 4:

"acting in concert" with a party means any such person acting or deemed to be acting in concert with that party for the purposes of the Takeover Code and/or the Acquisition. Persons who will be presumed to be acting in concert with other persons include:

- (a) a company, its parent, subsidiaries and fellow subsidiaries and their associated companies and companies of which such companies are associated companies, all with each other (for this purpose ownership or control of 20% or more of the equity share capital of a company is regarded as the test of associated company status);
- (b) a company with its directors (together with their close relatives and the related trusts of any of them);
- (c) connected advisers (and persons controlling, controlled by or under the same control as such connected advisers) with their clients; and
- (d) the pension schemes of the company or any company described in (a) above;

"arrangement" includes indemnity or option arrangements, and any agreement or understanding, formal or informal, of whatever nature relating to relevant securities which may be an inducement to deal or refrain from dealing;

"connected advisers" includes an organisation which: (i) is advising CBFI or (as the case may be) Imagination in relation to the Acquisition; (ii) is corporate broker to CBFI or (as the case may be) Imagination; (iii) is advising a person acting in concert with CBFI or (as the case may be) Imagination in relation to the Acquisition or in relation to the matter which is the reason for that person being a member of the concert party; or (iv) is advising a relevant company in relation to the Acquisition;

"control" means an interest, or interests, in shares carrying in aggregate 30 per cent. or more of the voting rights attributable to the share capital of a company which are currently exercisable at a general meeting, irrespective of whether such interest or interests give de facto control;

"dealing" includes: (i) the acquisition or disposal of securities, of the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to securities, or of general control of securities; (ii) the taking, granting, acquisition, disposal, entering into, closing out, termination, exercise (by either party) or variation of an option (including a traded option contract) in respect of any securities; (iii) subscribing or agreeing to subscribe for securities; (iv) the exercise or conversion, whether in respect of new or existing securities, of any securities carrying conversion or subscription rights; (v) the

acquisition of, disposal of, entering into, closing out, exercise (by either party) of any rights under, or variation of, a derivative referenced, directly or indirectly, to securities; (vi) entering into, terminating or varying the terms of any agreement to purchase or sell securities; and (vii) any other action resulting, or which may result, in an increase or decrease in the number of securities in which a person is interested or in respect of which he has a short position;

"derivative" includes any financial product whose value in whole or in part is determined directly or indirectly by reference to the price of an underlying security;

"disclosure date" means the latest practicable date before the publication of this document, which is 5 October 2017;

"disclosure period" means the period commencing on 22 June 2016 (the date twelve months prior to the commencement of the Offer Period) and ending on the disclosure date;

A person has an **"interest"** or is **"interested"** in securities if he has a long economic exposure, whether absolute or conditional, to changes in the price of those securities (but not if he only has a short position in such securities) and in particular covers: (i) legal title and beneficial ownership (i.e. the ability to exercise, or control the exercise of, voting rights); (ii) the right, option or obligation to acquire, call for or take delivery of securities under an option or derivative; and (iii) the situation where a person holds a derivative referenced to, or which may result in, a long position in securities; and

"relevant securities" includes (i) Imagination Shares and any other securities of Imagination conferring voting rights; (ii) equity share capital of Imagination or, as the context requires, CBFI and Canyon Bridge; and (iii) securities of Imagination or, as the context requires, CBFI and Canyon Bridge, carrying conversion or subscription rights into any of the foregoing.

(a) *Persons acting in concert with CBFI*

In addition to the Canyon Bridge Group, Yitai and the CBFI Directors (together with their close relatives and related trusts), the persons who are acting in concert with CBFI for the purposes of the Acquisition and which are required to be disclosed are:

Name	Type of company	Registered Office	Relationship with CBFI
Citigroup Global Markets Limited	Financial Services	Citigroup Centre, Canada Square Canary, Wharf, London, E14 5LB	Financial adviser

Because of its source of funding, all investment related companies (i.e. companies whose day-to-day business activities includes trading in shares) under the control of the Government of China are presumed, for the purposes of the Takeover Code, to be acting in concert with CBFI.

(b) *Persons acting in concert with Imagination*

In addition to the Imagination Directors (together with their close relatives and related trusts) and members of the Imagination Group (and their related pension schemes), the persons acting in concert with Imagination for the purposes of the Acquisition and which are required to be disclosed are:

Name	Type of company	Registered Office	Relationship with Imagination
Jefferies International Limited	Financial Services	Vintners Place, 68 Upper Thames Street, London, EC4V 3BJ	Corporate Broker
N M Rothschild & Sons Limited	Financial Services	New Court, St Swithin's Lane, London, EC4N 8AL	Financial Adviser

(c) *Interests and dealings in Relevant Securities of Imagination*

As at the close of business on the disclosure date, the interests, rights to subscribe and short positions in respect of relevant securities of Imagination held by Imagination Directors and their close relatives and related trusts and companies were as follows:

<i>Name</i>	<i>Number of Imagination Shares</i>	<i>% of Imagination's existing share capital</i>	<i>Nature of Interest</i>
Andrew Heath	60,083	0.02	Beneficial owner
Guy Millward	1,696	0.00	Beneficial owner
Kate Rock	10,000	0.00	Beneficial owner
Jane Anderson	8,175	0.00	Beneficial owner

Share Options

<i>Name</i>	<i>Scheme</i>	<i>Maximum Number of Imagination Shares under option</i>	<i>Date of grant</i>	<i>Exercise price per Imagination Share (£)</i>	<i>Vesting date</i>	<i>Lapse date</i>
Guy Millward	LTIP options	177,418	18/12/2015	Nil	18/12/2018	18/12/2023
		88,709			18/12/2019	18/12/2024
		88,709			18/12/2020	18/12/2025
		111,087	22/07/2016	Nil	22/07/2019	22/07/2024
		55,543			22/07/2020	22/07/2025
		55,545			22/07/2021	22/07/2026
Andrew Heath	LTIP options	614,252	11/02/2016	Nil	11/02/2019	11/02/2024
		307,126			11/02/2020	11/02/2025
		307,127			11/02/2021	11/02/2026
		135,987	22/07/2016	Nil	22/07/2019	22/07/2024
		67,993			22/07/2020	22/07/2025
		67,994			22/07/2021	22/07/2026

(d) *General*

- (i) Save as disclosed above, none of Imagination, any Imagination Directors, any close relatives of such directors or any related trusts and companies, or any person with whom Imagination or any person acting in concert with Imagination has an arrangement, was interested, had any rights to subscribe or had any short positions in respect of any relevant securities on the disclosure date, nor has any such person dealt in any relevant securities during the Offer Period.
- (ii) Save as disclosed above, no member of the Canyon Bridge Group, Yitai, nor any director of CBFI nor any of the close relatives of such directors nor any of such directors' related trusts and companies, nor, so far as the Canyon Bridge Responsible Persons are aware, any other person with whom CBFI is presumed to be acting in concert, has an arrangement, was interested, had any rights to subscribe or had any short positions in respect of any relevant securities of Imagination on the disclosure date nor has any such person dealt in any relevant securities during the disclosure period.
- (iii) Save as disclosed above, neither Imagination nor any person acting in concert with Imagination has borrowed or lent any relevant securities of Imagination during the Offer Period, save for any borrowed shares which have either been on-lent or sold.
- (iv) Save as disclosed above, neither the members of the Canyon Bridge Group, Yitai, nor, so far as the Canyon Bridge Responsible Persons are aware, any other person with whom CBFI is presumed to be acting in concert has borrowed or lent any relevant securities of Imagination during the disclosure period, save for any borrowed shares which have either been on-lent or sold.
- (v) Save as disclosed above, neither Imagination nor any person acting in concert with Imagination has entered into or taken any action to unwind any financial collateral arrangements in respect of any relevant securities of Imagination during the Offer Period.
- (vi) Save as disclosed above, no member of the Canyon Bridge Group, Yitai, nor, so far as the Canyon Bridge Responsible Persons are aware, any other person with whom CBFI is presumed to be acting in concert, has entered into or taken any action to unwind any financial collateral arrangements in respect of any relevant securities of Imagination during the disclosure period.

5. United Kingdom taxation

(a) *General*

- (i) The statements set out below are based on current United Kingdom tax law and published HMRC practice (which is not binding on HMRC), as at the date of this document, and which may be subject to change at any time, possibly with retroactive effect. They are intended as a general guide and apply only to Scheme Shareholders resident and, in the case of an individual, domiciled in (and only in) the United Kingdom for United Kingdom tax purposes (except insofar as express reference is made to the treatment of non-United Kingdom residents), who hold Scheme Shares as an investment (other than under an individual savings account or a self-invested personal pension)

and who are the absolute beneficial owners of the Scheme Shares (each, a "UK Holder"). In particular, Scheme Shareholders holding their Scheme Shares via a depositary receipt system or clearance service should note that they may not always be regarded as the absolute beneficial owners thereof. The discussion does not address all possible tax consequences relating to an investment in the Scheme Shares or the Acquisition. The statements are not addressed to: (i) special classes of Scheme Shareholders such as, for example, dealers in securities, broker-dealers, intermediaries, insurance companies and collective investment schemes; (ii) Scheme Shareholders who hold Scheme Shares as part of hedging transactions; (iii) Scheme Shareholders who have (or are deemed to have) acquired their Scheme Shares by virtue of an office or employment; and (iv) Scheme Shareholders who hold Scheme Shares in connection with a trade, profession or vocation carried on in the United Kingdom through a branch or agency (or, in the case of a corporate shareholder, in connection with a trade in the UK carried on through a permanent establishment or otherwise). Imagination Shareholders who are or have been officers or employees of Imagination or a company forming part of the Imagination Group may be subject to special rules and this summary does not apply to such shareholders.

Imagination Shareholders who are in any doubt about their tax position, or who are resident or otherwise subject to taxation in a jurisdiction outside the United Kingdom, should consult their own professional advisers immediately.

(b) Taxation on Chargeable Gains

Tax Consequences of the Acquisition

A UK Holder's liability to UK tax on capital gains will depend on the individual circumstances of that UK Holder.

To the extent a UK Holder receives cash from CBFI under the Acquisition in respect of his or her Imagination Shares, that UK Holder will be treated as disposing of his or her Imagination Shares which may, depending on the UK Holder's individual circumstances (including the availability of exemptions, reliefs or allowable losses) give rise to a liability to UK tax on capital gains.

(c) Stamp duty and SDRT

No UK stamp duty or SDRT should be payable by the Imagination Shareholders as a result of the transfer of the Scheme Shares to CBFI.

6. **Bases of calculation and sources of information**

In this document, unless otherwise stated or the context otherwise requires, the bases and sources used are as set out in Part 7.

7. **Irrevocable Commitments**

As at the close of business on 5 October 2017 (the latest practicable date before the date of this document) CBFI and its concert parties had procured the following irrevocable commitments in relation to relevant securities of Imagination to vote in favour of the resolution relating to the Scheme at the Court Meeting and the Special Resolution at the Imagination General Meeting (or, if applicable, to accept the Offer):

Name	Number of Imagination Shares	% of Imagination's existing share capital
Andrew Heath	58,387	0.02
Guy Millward	0	0.00
Kate Rock	10,000	0.00

Note: In line with market and H.M. Revenue & Customs' practice, irrevocable commitments have not been given in respect of Imagination Shares beneficially held by Andrew Heath and Guy Millward in the SIP.

The irrevocable commitments given by the Imagination Directors will cease to be binding if:

- (a) the Scheme lapses or is withdrawn in accordance with its terms and at or before the time of such lapse or withdrawal, CBFI has not publicly confirmed that it intends to implement the Acquisition by way of an Offer; or
- (b) the Scheme has not become Effective by the Longstop Date (or such later time or date as agreed between CBFI and Imagination, with the approval of the Court and/or the Panel if required).

8. **Financing and Cash Confirmation**

It is estimated that under the basic terms of the Acquisition, CBFI would be required to pay a maximum amount of approximately £550 million in cash which will be funded by capital commitments of Canyon Bridge's limited partners. ICBC has, at the request of Yitai, Canyon Bridge's initial anchor limited partner, issued the Guarantee to Canyon Bridge on which Canyon Bridge can call as an alternative to Yitai directly paying its limited partner capital commitment to Canyon Bridge. To the extent that Canyon Bridge calls on the Guarantee rather than Yitai making the payment of its capital commitment directly, Yitai will be obliged to pay ICBC a corresponding amount and Yitai's capital commitment to Canyon Bridge will thereby be considered paid in. Canyon Bridge has no obligation to repay to ICBC any amounts called under the guarantee.

Subject to the terms of the Guarantee, ICBC has unconditionally and irrevocably undertaken to Canyon Bridge that, within 15 business days of receipt by it of a demand, ICBC must pay the amount demanded in that demand into the account specified in that demand without any protest or delay and without any deduction, set-off, counterclaim or withholding.

At 5.30 p.m. (Hong Kong time) on the date falling 350 days from the date of the Guarantee (22 September 2017) the obligations of ICBC under the Guarantee will cease with no further liability on the part of ICBC except for any demand validly presented under the Guarantee on or prior to such date that remains unpaid.

Citi, lead financial adviser to CBFI, is satisfied that the resources available to CBFI are sufficient to satisfy in full the cash consideration payable to Imagination Shareholders under the terms of the Acquisition.

9. **Material contracts**

(a) ***CBFI***

There have been no contracts entered into by CBFI or Canyon Bridge during the period commencing on 22 September 2015 (the date two years before the

commencement of the Offer Period) and ended on 5 October 2017 (the latest practicable date before the date of this document) which are outside the ordinary course of business and which are or may be considered material.

(b) ***Imagination***

The following contracts have been entered into by Imagination or another member of the Imagination Group during the period commencing on 22 June 2015 (the date two years before the commencement of the Offer Period) and ending on 5 October 2017 (the latest practicable date before the date of this document) which are outside the ordinary course of business and which are or may be considered material:

Facilities Agreement

The facilities made available under the Facilities Agreement comprise multicurrency term and revolving credit facilities. The amount made available under the term facility is \$48,000,000 and the maximum amount available under the revolving credit facility was £35,000,000, reduced and cancelled by a fixed amount on each reduction date.

Under the terms of the Facilities Agreement, the remaining balance of the term facility is repayable in seven six monthly instalments of \$2,500,000 between December 2014 and December 2017, with a final bullet payment of \$23,300,000 due in June 2018.

The interest rate in relation to the facilities is a variable margin on top of a floating LIBOR or EURIBOR rate (as applicable). At leverage greater than or equal to 3.00:1, the margin is 3.50 per cent. per annum; at leverage less than 3.00:1 but greater than or equal to 2.50:1, the margin is 2.50 per cent. per annum; at leverage less than 2.50:1 but greater than or equal to 2.00:1, the margin is 2.05 per cent. per annum; at leverage less than 2.00:1 but greater than or equal to 1.50:1, the margin is 1.80 per cent. per annum; at leverage less than 1.50:1 but greater than or equal to 1.00:1, the margin is 1.55 per cent. per annum; and at leverage less than 1.00:1 the margin is 1.30 per cent. per annum.

Imagination is required to pay a commitment fee equal to 40 per cent. of the applicable margin on the undrawn portion of the facilities during the relevant availability period.

The Facilities Agreement requires Imagination to make a number of customary representations and warranties as well as certain customary information undertakings. The Facilities Agreement also contains financial covenants in relation to interest cover tested on 31 July 2016 (set at 2.00:1) and on each quarter thereafter (4.00:1), leverage tested on 31 January 2017 (set at 4.50:1) and on each quarter thereafter (2.00:1), as well as in relation to adjusted leverage, tested on 31 July 2016 (3.75:1), 31 October 2016 (3.25:1) and 31 January 2017 (2.50:1).

The loan is secured by a debenture dated March 2013 which gives HSBC Bank plc a fixed and floating charge over the assets of the Company and its principal subsidiary Imagination Technologies Limited. The bank also has a legal charge over freehold land and buildings owned by the Imagination Group.

Upon a change of control of Imagination on the terms described in the Facilities Agreement, HSBC may refuse to lend any undrawn portion of the facilities and/or

may require that all outstanding debt under the Facilities Agreement is immediately repaid.

Whilst leverage is greater than 1.00:1, Imagination must use 100 per cent. of the proceeds from certain disposals, including certain asset disposals (where total disposal proceeds for the financial year are equal to or less than £10,000,000) or 80 per cent. of the proceeds from the relevant disposal (where total disposal proceeds for the financial year are greater than £10,000,000) to repay outstanding debt under the Facilities Agreement. As noted in paragraph 10 of Part 1 above, Imagination intends to use the proceeds of the MIPS Disposal to reduce outstanding debt under the Facilities Agreement, with the balance applied for general corporate purposes.

Cooperation Agreement

Details of the Cooperation Agreement are set out in paragraph 8(b) of Part 2 of this document.

MIPS SPA

Sale and Purchase

The MIPS SPA was entered into on 22 September 2017 between Imagination and Tallwood. Pursuant to the MIPS SPA, and subject to satisfaction of the conditions described below, Imagination will sell to Tallwood all of the issued and outstanding shares of HelloSoft, Inc. ("**HelloSoft**") and Mill Link 2 Limited ("**Mill Link**"). HelloSoft (together with its subsidiaries) and Mill Link (the "**Target Group**"), together with certain other assets and liabilities being transferred to the Target Group pursuant to the terms and conditions of the MIPS SPA, comprise the MIPS business.

The obligations of Tallwood under the MIPS SPA are guaranteed by Tallwood Management Co. LLC under a letter of guarantee dated 21 September 2017.

Conditions precedent

Completion under the MIPS SPA is conditional on (i) the passing of an ordinary resolution by the Imagination Shareholders pursuant to Rule 21 of the Takeover Code to approve the MIPS Disposal; and (ii) the completion of the Reorganisation.

Consideration

The aggregate consideration payable by Tallwood to Imagination at completion of the MIPS SPA shall be \$65m (the "**Purchase Price**"). The Purchase Price is subject to adjustments for working capital, cash and indebtedness in the Target Group at completion and is subject to a customary true-up adjustment thereafter. \$40m of the proceeds are payable at completion, and a further \$25m is payable six months after completion (the "**Deferred Payment Date**"). If before the Deferred Payment Date, Tallwood has notified Imagination of any claim for indemnification, Tallwood may transfer into escrow a portion of the deferred consideration in an amount commensurate with the estimate of the amount of the claim (up to a cap of \$5m) until such claim is settled.

Warranties and indemnities

Imagination has given certain representations and warranties which are customary for a transaction of this nature with respect to itself, the Target Group and MIPS. The

representations and warranties were given as at the date of the MIPS SPA and will be repeated as at completion. The aggregate liability of Imagination for any breach of its representations and warranties will not exceed \$6,500,000. The aggregate liability of Imagination for any reason under the MIPS SPA will not exceed the Purchase Price actually received by Imagination. Tallwood is not entitled to recover any amount in respect of claims under the indemnities relating to breaches of representations and warranties unless the aggregate losses exceed \$250,000 and then only to the extent such losses exceed that amount. General claims for any breach of representations and warranties must be brought within one year after the closing date. Claims arising from a breach of Imagination's intellectual property representations and warranties must be brought within 36 months after the completion date. Claims arising from the indemnity for any breach of Imagination's tax representations and warranties and Imagination's pre-completion taxes must be brought within the applicable statute of limitations period.

Tallwood has also given certain representations and warranties which are customary for a transaction of this nature with respect to itself.

Reorganisation

Each of Imagination and Tallwood have agreed to use reasonable best efforts to implement the Reorganisation, which involves Imagination implementing certain corporate steps and the transfer of certain employees, entities and assets between the Target Group and Imagination and its subsidiaries. The purpose of the Reorganisation is to separate all assets, liabilities and employees belonging to MIPS from the remaining assets of Imagination, so that the worldwide MIPS business will be transferred to Tallwood upon completion.

Pre-completion business undertakings

Imagination has undertaken to Tallwood that Imagination will cause each member of the Target Group to conduct business in the ordinary course until completion and has given undertakings that are customary for a transaction of this nature not to carry out certain actions relating to the Target Group and the MIPS business prior to completion without the prior written consent of Tallwood.

No solicitation

Imagination has agreed not to (and to cause the MIPS Group Companies not to) directly or indirectly, knowingly encourage, solicit, initiate, knowingly facilitate, actively support, provide any non-public information or induce any inquiry, expression of interest, proposal or offer that constitutes or would reasonably be expected to lead to an alternative transaction that would involve the sale of the Target Group, all or a portion of the Target Group assets, and/or one of certain other types of significant transaction involving the Target Group. It has also agreed to terminate all discussions with third parties that could lead to such an alternative transaction. These restrictions shall not apply (i) if Imagination receives an unsolicited inquiry, expression of interest or proposal for an alternative transaction, in each case in writing, which the directors reasonably believe could result in a superior proposal, and the Imagination Directors reasonably believe it would be inconsistent with their fiduciary duties not to consider such unsolicited proposal or (ii) so as to restrict in any way Imagination's or any MIPS Group Company's directors, officers, employees, affiliates, or any investment banker, attorney or other advisor or representative retained by any of them from soliciting any proposal for the whole of Imagination or

engaging with any person in respect of any inquiry, expression of interest, proposal or offer for Imagination under the Takeover Code.

Approvals

Imagination and Tallwood have agreed to use reasonable best efforts to obtain any requisite consents of governmental authorities to the transaction. No such consents are anticipated.

Transitional services

The parties have agreed to provide to each other certain transitional services for a limited period of time following completion to assist with the transfer of MIPS to Tallwood.

Termination

In the event that completion of the MIPS SPA shall not have occurred by 22 May 2018 and either of the conditions described above has not been satisfied, then either party to the MIPS SPA may terminate the agreement, so long as such party is not then in breach of the agreement.

In the event that completion of the MIPS SPA does not occur within three business days of the satisfaction of each of the conditions described above, then a non-breaching party has a right to terminate the agreement, subject to certain procedures.

Either party may terminate the MIPS SPA if Imagination Shareholders vote against the transaction.

In addition, Tallwood may terminate the MIPS SPA if the non-solicitation restrictions contained in the MIPS SPA are not complied with by Imagination in a material respect.

Termination fee

Imagination has agreed to pay to Tallwood a termination fee of \$650,000 (which shall be Tallwood's sole remedy in such circumstances) if the MIPS SPA is terminated because: (i) the Imagination Shareholders vote against the transaction; (ii) Imagination fails to comply in any material respect with the no solicitation obligations under the MIPS SPA; (iii) Imagination fails to consummate completion, notwithstanding that the conditions have been satisfied; or (iv) any of the conditions described above has not been satisfied by 22 May 2018.

Governing law

The MIPS SPA is governed by the laws of the state of Delaware.

Pure Sale

Business Transfer Agreement

A Business Transfer Agreement was entered into on 28 September 2016 between Imagination Technologies Limited, Pure Radio Limited and Aqipa Holding GmbH, pursuant to which:

- Imagination Technologies Limited sold its "Pure" business as a going concern, and certain related assets, to Pure Radio Limited for a total consideration of £2,550,000 subject to customary adjustments;
- Imagination Technologies Limited and Pure Radio Limited provided customary warranties and representations to each other; and
- Pure Radio Limited's obligations under the Business Transfer Agreement were guaranteed by Aqipa Holding GmbH.

Transitional Services Agreement

A Transitional Services Agreement was entered into on 30 September 2016 between Imagination Technologies Limited and Pure Radio Limited, pursuant to which the parties agreed to provide each other certain transitional services for a limited period of time.

License Agreement

A License Agreement was entered into on 30 September 2016 between Imagination Technologies limited and Pure Radio Limited, pursuant to which Imagination Technologies Limited granted Pure Radio Limited the right to use certain proprietary technology belonging to Imagination Technologies Limited which was incorporated in certain "Pure" branded products.

Call Option Agreement

A Call Option Agreement was entered into on 30 September 2016 between Imagination Technologies Limited and Pure Bricks Limited, pursuant to which Imagination Technologies Limited granted Pure Bricks Limited the option to buy Concept House, Home Park Mill, Station Road, Kings Langley (title number HD147657) for £4,500,000 before 30 December 2016, on certain terms set out in the Call Option Agreement, for a nominal option fee of £10.

Temporary Lease

A Lease was entered into on 30 September 2016 between Imagination Technologies Limited and Pure Radio Limited, pursuant to which Imagination Technologies Limited agreed to let the first floor and certain rooms on the ground floor of Concept House, Home Park Mill, Station Road, Kings Langley to Pure Radio Limited for a term of 24 months, for an initial annual rent of £230,000.

IMG Works Sale

Background

The "IMG Works" business was a SoC design services business that integrated Imagination, third party and customer IP into full SoC designs. There were five key contracts with three different customers. The activity was transferred to Sondrel (Holdings) Limited ("**Sondrel**") on 31 May 2017. The contracts remained with Imagination, with Sondrel undertaking the design work on a time and materials basis. In addition, two subsidiaries were transferred to Sondrel for nominal amounts.

Share Purchase Agreement (Mill Link 1 Limited)

A Share Purchase Agreement was entered into on 13 May 2017, between Imagination Technologies Limited and Sondrel, pursuant to which Imagination Technologies Limited sold to Sondrel all of the issued share capital of Mill Link 1 Limited, for a nominal purchase price of £1.

Business Transfer Agreement

A Business Transfer Agreement was entered into on 13 May 2017 between Imagination Technologies Limited and Mill Link 1 Limited, pursuant to which:

- Imagination Technologies Limited sold to Mill Link 1 Limited, for a nominal purchase price of £1, various equipment, records and business know-how relating to the IMG Works business; and
- Mill Link 1 Limited agreed to perform the relevant services under the five key IMG Works contracts (the "**Services**") as a subcontractor of Imagination Technologies Limited, from 31 May 2017, in return for a monthly fee.

The obligations of Mill Link 1 Limited under the Business Transfer Agreement are guaranteed by Sondrel Limited under a guarantee dated 31 May 2017.

Intellectual Property License Agreement

An Intellectual Property License Agreement was entered into on 31 May 2017 between Imagination Technologies Limited and Mill Link 1 Limited, pursuant to which Imagination Technologies Limited granted Mill Link 1 Limited (i) the right to use certain core IP belonging to Imagination Technologies Limited in order to perform the Services; and (ii) a non-exclusive right to sub-license certain IP relating to IMG Works.

Transitional Services Agreement

A Transitional Services Agreement was entered into on 31 May 2017 between Imagination Technologies Limited and Mill Link 1 Limited, pursuant to which the parties agreed to provide each other certain transitional services for a limited period of time, and certain services – including the provision by Imagination Technologies Limited of IT support and office space in its Bristol facility – until completion of the IMG works contracts.

Share Purchase Agreement (Mill Link 4 Design and Services Private Limited)

A Share Purchase Agreement was entered into on 31 May 2017 between Imagination Technologies Limited and Sondrel, pursuant to which Imagination Technologies Limited sold to Sondrel all of the issued share capital of Mill Link 4 Design and Services Private Limited, for a nominal purchase price of £1,000. The effect of this Share Purchase Agreement was to transfer certain Indian employees to Sondrel.

10. Offer-related arrangements

Details of any offer-related arrangements are set out in paragraph 8 of Part 2 of this document.

11. Service Contracts and Remuneration

(a) The details of the service contracts for the Imagination Directors are as follows:

(i) Imagination Executive Directors

- (A) Mr Guy Millward is engaged under a service agreement dated 1 December 2015 with Imagination, under which he receives an annual base salary of £270,000. Mr Millward is appointed as Chief Financial Officer of Imagination. Mr Andrew Heath is engaged under a service agreement dated 8 February 2016 with Imagination, under which he receives an annual base salary of £462,725. Mr Heath is appointed as Chief Executive Officer of Imagination.
- (B) Mr Millward has opted to receive cash in lieu of his pension entitlement of £20,250 per annum. Mr Heath has opted to receive cash in lieu of his pension entitlement of £34,704 per annum.
- (C) The benefits provided to Mr Millward include the provision of a car allowance of £11,000 per annum, life assurance, critical illness, private medical insurance for himself and his immediate family, disability/permanent health insurance and death in service insurance. The benefits provided to Mr Heath include the provision of a car allowance of £15,000 per annum, a relocation allowance of £8,000 (which was a single entitlement granted in 2016), accommodation costs for the first year of engagement up to £36,000, private medical insurance, critical illness for himself and his immediate family, disability/permanent health insurance and death in service insurance. Imagination maintains liability insurance for its directors and officers.
- (D) Mr Millward and Mr Heath are eligible to participate in Imagination's annual bonus arrangement. Awards are made in accordance with the rules of the bonus arrangement and are subject to the achievement of certain performance criteria.
- (E) Mr Millward and Mr Heath are eligible to participate in the LTIP. Awards are made in accordance with the rules of the LTIP and are subject to the achievement of certain performance criteria. The maximum award level for Mr Millward is 175 per cent. of salary and the maximum award level for Mr Heath is 250 per cent. of salary.
- (F) Mr Millward's and Mr Heath's agreements are terminable by either party on 12 months' written notice. Imagination may alternatively at its absolute discretion terminate Mr Millward's or Mr Heath's employment immediately by making a payment of salary only in lieu of notice.

(ii) The Chairman and the other Imagination Non-Executive Directors

The Imagination Non-Executive Directors have entered into letters of appointment with Imagination as summarised below:

- (A) Peter Hill is appointed as the non-executive director and Chairman of the Imagination Board under a letter of appointment dated 2

December 2016, under which he receives an annual fee of £150,000 (fixed for three years). His appointment is for an initial term of three years commencing on 1 January 2017 unless terminated by either party giving 6 months' notice.

- (B) Kate Rock is appointed as a non-executive director of Imagination under a letter of appointment dated 16 July 2014, under which she receives an annual fee of £42,000. Her appointment may be terminated by either party giving 3 months' notice.
 - (C) David Anderson is appointed as a non-executive director of Imagination under a letter of appointment dated 24 November 2010, under which he receives an annual fee of £42,000. Mr Anderson receives an additional fee of £11,000 per annum for his role as the Senior Independent Director. His appointment may be terminated by either party giving 3 months' notice.
 - (D) Nigel Toon is appointed as a non-executive director of Imagination under a letter of appointment dated 8 August 2016, under which he receives an annual fee of £42,000. His appointment is for an initial term of three years unless terminated by either party giving 1 month's notice.
 - (E) Each of the non-executive directors may receive an additional annual fee of £7,000 for each committee which they chair.
- (b) Save as disclosed above, there are no service contracts or letters of appointment, between any Imagination Director or proposed director of Imagination and any member of the Imagination Group and save as disclosed above, no such contract or letter of appointment has been entered into or amended in the six months preceding the date of this document.

12. Other Information

- (a) Except as disclosed in this document, no agreement, arrangement or understanding (including any compensation arrangement) exists between any member of the Canyon Bridge Group, Yitai, nor, so far as the Canyon Bridge Responsible Persons are aware, any other person presumed to be acting in concert with CBFI, and any of the directors, recent directors, shareholders or recent shareholders of Imagination or any person interested or recently interested in shares of Imagination having any connection with or dependence on the Acquisition.
- (b) Except as disclosed in this document, no agreement, arrangement or understanding of whatever nature whether formal or informal (including indemnity or option arrangements) relating to relevant securities which may be an inducement to deal or refrain from dealing exists between Imagination or any concert party of Imagination and any other person.
- (c) Except as disclosed in this document, there is no agreement, arrangement or understanding by which any securities acquired in pursuance of the Acquisition will be transferred to any other person, but CBFI reserves the right to transfer any such shares to any member of the Wider CBFI Group.

- (d) Rothschild has given and not withdrawn its consent to the issue of this document with the inclusion of its advice in the form and context in which it appears.
- (e) Citi has given and not withdrawn its consent to the issue of this document with the inclusion of its advice in the form and context in which it appears.
- (f) Except as disclosed in this document, there has been no significant change in the financial or trading position of Imagination since 30 April 2017 (the date to which the latest audited accounts of Imagination were prepared).
- (g) No management incentivisation arrangements, as envisaged by Rule 16.2 of the Takeover Code, are proposed in connection with the Acquisition.

13. Fees and Expenses

CBFI estimates that the aggregate fees and expenses expected to be incurred by CBFI in connection with the Acquisition will be £13,230,000 to £14,430,000 (excluding applicable VAT). Set out below are the estimates of fees and expenses (excluding applicable VAT) expected to be incurred in relation to:

	£
(a) financing arrangements	2,690,000
(b) financial and corporate broking advice	4,580,000 to 5,340,000
(c) legal advice	1,900,000 to 2,200,000
(d) accounting advice	530,000 to 570,000
(e) public relations advice	510,000 to 610,000
(f) other professional services	N/A
(g) other costs and expenses	3,020,000

(1) These services are charged by reference to hourly or daily rates. Amounts included here reflect the time incurred up to 5 October 2017, being the latest practicable date prior to the publication of this document, and an estimate of further time required to completion of the Acquisition.

(2) Fees and expenses that will be invoiced in a currency other than pounds sterling have, for the purposes of this table, been converted into pounds sterling at an exchange rate of £1:USD1.31, which was derived from data provided by Bloomberg as at 5 October 2017, being the latest practicable date prior to the publication of this document.

Imagination estimates that the aggregate fees and expenses expected to be incurred by Imagination in connection with the Acquisition will be £13,300,000 (excluding applicable VAT). Set out below are the estimates of fees and expenses (excluding applicable VAT) expected to be incurred in relation to:

	£
(a) financial and corporate broking advice	9,000,000
(b) legal advice	3,500,000 ⁽¹⁾

(c)	accounting advice	N/A
(d)	public relations advice	300,000
(e)	other professional services	N/A
(f)	other costs and expenses	500,000

(1) These services are charged by reference to hourly or daily rates. Amounts included here reflect the time incurred up to 5 October 2017, being the latest practicable date prior to the publication of this document, and an estimate of further time required to completion of the Acquisition.

14. Documents

Copies of the following documents are available, subject to any restrictions relating to persons resident in certain jurisdictions, at www.imgtec.com/sales-process and www.canyonbridge.com/#in-the-news respectively until the Effective Date:

- (a) this document;
- (b) the Articles of Association of CBFI;
- (c) the Imagination Articles;
- (d) the irrevocable commitments to vote in favour of the Acquisition referred to in paragraph 7 above;
- (e) the Guarantee referred to in paragraph 8 above;
- (f) the Cooperation Agreement described in paragraph 8(b) of Part 2 of this document;
- (g) the Confidentiality Agreement described in paragraph 8(a) of Part 2 of this document;
- (h) the Joint Defence Agreement described in paragraph 8(c) of Part 2 of this document;
- (i) the written consents referred to in paragraph 12 above; and
- (j) those material contracts described in paragraph 9 above which were entered into in connection with the Acquisition.

The content of the website referred to in this document is not incorporated into and does not form part of this document.

Imagination Shareholders, persons with information rights and any other person to whom a copy of this document has been sent will not automatically be sent a copy of any document incorporated into this document by reference. Imagination will, however, upon written or oral request of any such person, provide without charge a copy of any documents incorporated by reference into this document. Exhibits to documents incorporated by reference into this document or documents referred to in documents incorporated by reference into this document are not incorporated into and do not form part of this document and, accordingly, will not be provided unless they are specifically incorporated by reference into this document.

Requests for copies of any such documents should be made in writing to:

Imagination Technologies Group plc, Guy Millward, at Imagination House, Home Park Estate, Kings Langley, Hertfordshire, WD4 8LZ or by telephone on: +44 (0)1923 260511.

Dated: 9 October 2017

PART 7

SOURCE OF INFORMATION AND BASES OF CALCULATION

Unless otherwise stated in this document:

1. The value attributed to the existing issued and to be issued ordinary share capital of Imagination is based upon the 286,649,690 Imagination Shares in issue at the close of business on 5 October 2017, being the latest practicable date prior to the publication of this document and the 15,845,659 Imagination Shares which may be issued after the close of business on 5 October 2017 on the exercise of options or vesting of awards under the Imagination Share Plans.
2. References to percentages of Imagination Shares (before completion of the Acquisition) are based on the current undiluted number of Imagination Shares in issue referred to in paragraph 1 above.
3. Unless otherwise stated, the financial information on Imagination is extracted (without material adjustment) from Imagination's annual report and accounts for the year ended 30 April 2017.
4. Volume weighted average closing prices are derived from Bloomberg.
5. Unless otherwise stated, all market prices of the Imagination Shares referred to in this document are the Closing Prices. The ISIN number of the Imagination Shares is GB0009303123.
6. Certain figures included in this document have been subject to rounding adjustments.
7. The total value of the Acquisition of approximately £550 million has been calculated on the basis of the information set out in paragraph 1 above.

PART 8

SOURCE OF INFORMATION INCORPORATED BY REFERENCE

The audited financial statements of Imagination for the financial years ended 30 April 2016 and 30 April 2017.

PART 9

DEFINITIONS

The following definitions apply throughout this document, other than in the Scheme set out at the end of this document and in the notices of the Imagination Shareholder Meetings, unless the context requires otherwise:

"Acquisition"	the direct or indirect acquisition of the entire issued and to be issued share capital of Imagination by CBFI (other than Imagination Shares already held by CBFI, if any) to be implemented by way of the Scheme (or, if CBFI so elects and with, if required, the consent of the Panel, an Offer) and, where the context requires, any subsequent revisions, variation, extension or renewal thereof
"Announcement"	the joint announcement of the Acquisition, dated 22 September 2017, issued by CBFI and Imagination in accordance with Rule 2.7 of the Takeover Code
"Apple"	Apple Inc.
"Apple Dispute"	the assertion by Apple to Imagination that no royalties will be payable by Apple to Imagination in relation to New Licensed Chip Products pursuant to the current licence and royalty agreement between Apple and Imagination
"associated undertaking"	shall be construed in accordance with the Companies Act 2006
"Authorisations"	regulatory authorisations, orders, recognitions, grants, consents, clearances, confirmations, certificates, licences, permissions or approvals, in each case, of a Third Party
"Awards"	has the meaning given to it paragraph 10 of Part 2 of this document
"Business Day"	a day (other than Saturdays, Sundays and public holidays) on which banks are open for business in London, United Kingdom
"Canyon Bridge"	Canyon Bridge Fund I, LP
"Canyon Bridge Group"	Canyon Bridge, Canyon Bridge Capital Partners, LLC and Canyon Bridge Management Corp and their respective subsidiary undertakings (which, for the avoidance of doubt, includes CBFI)
"Canyon Bridge Information"	has the meaning given to it in paragraph 1(c) of Part 6 of this document
"Canyon Bridge Responsible Persons"	has the meaning given to it in paragraph 1(c) of Part 6 of this document
"CBFI"	CBFI Investment Limited, a company incorporated in England and Wales with company number 10968614

"CBFI Board"	the board of directors of CBFI
"CBFI Directors"	the directors of CBFI (being Ray Bingham and John Kao)
"certificated" or "in certificated form"	a share or other security which is not in uncertificated form (that is, not in CREST)
"Citi"	Citigroup Global Markets Limited
"Closing Price"	the closing, middle market quotation of a share as derived from the Daily Official List
"Companies Act 2006"	the Companies Act 2006, as amended
"Conditions"	the conditions to the implementation of the Acquisition set out in Part 3 of this document and "Condition" means such one or more of them as the context may require
"Confidentiality Agreement"	has the meaning given to it in paragraph 8(a) of Part 2 of this document
"Cooperation Agreement"	has the meaning given to it in paragraph 8(b) of Part 2 of this document
"Court"	the High Court of Justice in England and Wales
"Court hearing"	the hearing by the Court to sanction the Scheme
"Court Meeting"	the meeting of Scheme Shareholders convened by order of the Court pursuant to section 896 of the Companies Act 2006, notice of which is set out in Part 11 of this document, at which a resolution will be proposed to approve the Scheme (with or without amendment), including any adjournment thereof
"Court Order"	the order of the Court sanctioning the Scheme under Part 26 of the Companies Act 2006
"CPU"	central processing unit
"CREST"	the relevant system (as defined in the Uncertificated Securities Regulations 2001 (SI 2001/3755)) in respect of which Euroclear UK & Ireland Limited is the Operator (as defined in such Regulations) in accordance with which securities may be held and transferred in uncertificated form
"CREST Proxy Instructions"	a properly authenticated CREST message appointing and instructing a proxy to attend and vote in place of an Imagination Shareholder at the Court Meeting and/or the Imagination General Meeting and containing the information required to be contained in the CREST manual
"Daily Official List"	the daily official list of the UK Listing Authority
"Dealing Disclosure"	an announcement pursuant to Rule 8 of the Takeover Code containing details of dealings in interests in relevant securities

of a party to an offer

"Disclosed"

the information fairly disclosed by, or on behalf of Imagination, (i) in the annual report and accounts of Imagination for the financial year ended 30 April 2017; (ii) in the Announcement, or in any other announcement to a Regulatory Information Service by, or on behalf of Imagination prior to the publication of the Announcement; (iii) in any of the documents, papers or written information made available in the data rooms maintained by Merrill entitled "Hydrogen VDR" relating to the Acquisition on or before the Business Day which is two Business Days before the date of the Announcement; or (iv) to Canyon Bridge and/or its professional advisers during diligence meetings and calls with Imagination's management in relation to the Acquisition and reduced in writing and delivered to Canyon Bridge prior to the date of the Announcement by being placed in the Project Hydrogen data room; and (v) in the MIPS SPA

"Effective"

in the context of the Acquisition: (i) if the Acquisition is implemented by way of a Scheme, the Scheme having become effective in accordance with its terms; or (ii) if the Acquisition is implemented by way of an Offer, the Offer has become or been declared unconditional in all respects in accordance with the requirements of the Takeover Code

"Effective Date"

the date on which the Acquisition becomes Effective in accordance with its terms

"Employees"

the employees (including the executive directors) of the Imagination Group

"ESP"

has the meaning given to it paragraph 10(b) of Part 2 of this document

"Euroclear"

Euroclear UK & Ireland Limited (formerly known as CRESTCo Limited);

"Excess Amount"

has the meaning given to it in paragraph 8 of Part 1 of this document

"Excluded Shares"

any Imagination Shares beneficially owned by CBFI or any parent or subsidiary undertaking (as defined in the Companies Act 2006) of CBFI

"Explanatory Statement"

the explanatory statement (in compliance with Part 26 of the Companies Act 2006) relating to the Scheme, as set out in Part 2 of this document

"Facilities Agreement"

the multicurrency term and revolving facilities agreement between, amongst others, Imagination as Parent, Original Borrower, and Original Guarantor and HSBC Bank plc as Arranger, Original Lender, Agent and Security Agent, dated 13 December 2012, as amended from time to time including on 19 December 2012, 7 February 2013, 15 February 2013, 17 June

2014, 29 October 2015, 30 June 2016 and January 2017

"FCA"	the United Kingdom Financial Conduct Authority or its successor from time to time
"FCA Handbook"	means the FCA's Handbook of rules and guidance as amended from time to time
"Formal Sale Process"	the formal sale process announced by Imagination on 22 June 2017
"Forms of Proxy"	the blue form of proxy for use at the Court Meeting and the white form of proxy for use at the Imagination General Meeting both of which accompany this document and a "Form of Proxy" means either of them as the context requires
"GPU"	graphics processing unit
"Guarantee"	has the meaning given to it in paragraph 11 of Part 2 of this document
"HMRC"	Her Majesty's Revenue and Customs
"HSR Act"	the Hart Scott Rodino Antitrust Improvements Act of 1976, as amended and the regulations promulgated thereunder
"ICBC"	Industrial and Commercial Bank of China (Asia) Limited
"IP"	intellectual property
"Imagination"	Imagination Technologies Group plc, registered in England and Wales (no. 2920061)
"Imagination Articles"	the articles of association of Imagination in force from time to time
"Imagination Board"	the board of directors of Imagination
"Imagination Directors"	the directors of Imagination
"Imagination Executive Directors"	Andrew Heath and Guy Millward
"Imagination General Meeting"	the general meeting of Imagination Shareholders (and any adjournment thereof) convened for the purposes of considering and, if thought fit, approving the Special Resolution
"Imagination Group"	Imagination and its subsidiary undertakings, and where the context permits, each of them
"Imagination Non-Executive Directors"	Peter Hill, David Anderson, Kate Rock and Nigel Toon
"Imagination Shareholder Meetings"	the Court Meeting and the Imagination General Meeting

"Imagination Shareholders"	the registered shareholders of Imagination Shares from time to time
"Imagination Share Plans"	the Imagination Employee Share Plan, the Imagination 2016 Employee Share Plan, the LTIP and the Imagination Share Incentive Plan, as amended from time to time
"Imagination Shares"	ordinary shares of 10 pence each in the capital of Imagination
"Joint Defence Agreement"	has the meaning to in paragraph 8(c) of Part 2 of this document
"Listing Rules"	the rules and regulations made by the FCA in its capacity as the UK Listing Authority under the Financial Services and Markets Act 2000, and contained in the UK Listing Authority's publication of the same name
"Longstop Date"	5.00pm London time on 22 July 2018, or such later date (if any) as CBFI and Imagination may agree and (if required) the Panel and the Court may allow
"London Stock Exchange"	London Stock Exchange plc, together with any successors thereto
"LTIP"	the Imagination 2013 Long Term Incentive Plan
"MCU"	multipoint control unit
"MIPS Disposal"	the disposal by Imagination of the MIPS division of its business pursuant to the terms and conditions contained in the MIPS SPA, to Tallwood, and any other transactions contemplated by the MIPS SPA, including the Reorganisation
"MIPS Group Companies"	each of HelloSoft, Inc.; Mill Link 2 Limited; HelloSoft Limited; Imagination Technologies Inc.; Caustic Graphics, Inc.; Imagination Technologies LLC; MIPS Technologies International Limited; and Imagination Technologies (Shanghai) Co. Ltd
"MIPS SPA"	the stock purchase agreement dated 22 September 2017 between Imagination and Tallwood
"Offer"	a takeover offer within the meaning of Part 28 of the Companies Act 2006
"Offer Period"	has the meaning given to it in the Takeover Code
"Official List"	the official list of the London Stock Exchange
"Opening Position Disclosure"	an announcement containing details of interests or short position in, or rights to subscribe for, any relevant securities of a party to the offer if the person concerned has such a position
"Overseas Shareholders"	Scheme Shareholders who are resident in, ordinarily resident in, or citizens of, jurisdictions outside the United Kingdom

"Panel"	the Panel on Takeovers and Mergers
"Phase 2 CMA Reference"	a reference, pursuant to sections 22 or 33 of the Enterprise Act 2002, of the Acquisition or any part of it to the Chair of the Competition and Markets Authority for the constitution of a group under Schedule 4 to the Enterprise and Regulatory Reform Act 2013
"pounds", "pence", "sterling" and "£"	the lawful currency of the United Kingdom
"Registrar of Companies"	the Registrar of Companies in England and Wales
"Regulations"	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755)
"Remuneration Committee"	has the meaning given to it in paragraph 10(a) of Part 2 of this document
"Reorganisation"	the transfer of certain entities, assets and Employees among Imagination's subsidiaries, on the terms and conditions set out in the MIPS SPA, with the express purpose of separating all assets, liabilities and Employees belonging to the MIPS division from the remaining assets of Imagination so that the worldwide MIPS business will be transferred to Tallwood upon completion of the MIPS Disposal
"Regulatory Information Service"	a regulatory information service as defined in the FCA Handbook
"Rothschild"	N M Rothschild & Sons Limited
"Scheme"	the scheme of arrangement proposed to be made under Part 26 of the Companies Act 2006 to effect the Acquisition between Imagination and the Scheme Shareholders, as set out in Part 10 of this document with or subject to any modification, addition or condition approved or imposed by the Court and agreed by Imagination and CBFi
"Scheme Record Time"	6.00 p.m. on the Business Day immediately after the date of the Court hearing
"Scheme Shareholders"	registered holders of Scheme Shares from time to time;
"Scheme Shares"	Imagination Shares: <ul style="list-style-type: none"> (i) in issue at the date of this document; (ii) (if any) issued after the date of this document but before the Voting Record Time; and (iii) (if any) issued at or after the Voting Record Time and before the Scheme Record Time either on terms that the original or any subsequent holders thereof shall be bound by the Scheme or in respect of which the holders thereof shall

	have agreed in writing to be bound by the Scheme,
	but in each case other than any Excluded Shares
"SDRT"	United Kingdom stamp duty reserve tax
"Settlement"	has the meaning given to in paragraph 8 of Part 1 of this document
"Settlement Return"	has the meaning given to in paragraph 8 of Part 1 of this document
"Significant Interest"	in relation to an undertaking, a direct or indirect interest of 10 per cent. or more of the total voting rights conferred by the equity share capital (as defined in section 548 of the Companies Act 2006) of such undertaking
"SIP"	has the meaning given to it paragraph 10(c) of Part 2 of this document
"SoC"	systems on chips
"Special Resolution"	the special resolution to be proposed by Imagination at the Imagination General Meeting in connection with, among other things, the approval of the Scheme and the alteration of Imagination's Articles and such other matters as may be necessary to implement the Scheme and the delisting of the Imagination Shares
"subsidiary", "subsidiary undertaking" and "undertaking"	shall be construed in accordance with the Companies Act 2006
"Takeover Code"	the Takeover Code issued by the Panel on Takeovers and Mergers, as amended from time to time
"Tallwood"	Tallwood MIPS, Inc., a Delaware corporation indirectly owned by Tallwood Venture Capital
"Third Party"	any central bank, ministry, government or governmental, quasi-governmental (including the European Union), national, state, municipal or local government (including any subdivision, court, administrative agency or commission or other authority thereof), supranational, statutory, regulatory, environmental, administrative, fiscal or investigative body, authority, court, trade agency, association, institution, professional or environmental body, employee representative body or bodies responsible for the review and/or approval of mergers, acquisitions, concentrations, joint ventures or any other similar matter or any other body or person whatsoever (including any national or supranational anti-trust or merger control authority, any sectoral ministry or regulator and any foreign investment review body), in any relevant jurisdiction
"TTE Instruction"	a Transfer to Escrow instruction (as described in the CREST

"UK Listing Authority"	the FCA acting in its capacity as the competent authority for listing under the Financial Services and Markets Act 2000
"uncertificated" or "in uncertificated form"	in relation to a share or other security, a share or other security which is recorded on the relevant register of the share or security concerned as being held in uncertificated form in CREST and title to which, by virtue of the Regulations, may be transferred by means of CREST
"United Kingdom" or "UK"	the United Kingdom of Great Britain and Northern Ireland
"United States" or "US" or "USA"	the United States of America, its territories and possessions, any state or political sub-division of the United States of America and the District of Columbia
"United States Antitrust Law"	the HSR Act, the Sherman Act, as amended, the Clayton Act, as amended, the Federal Trade Commission Act, as amended, or any other United States federal or state law that is designed to prohibit, restrict or regulate actions having the purpose or effect of monopolization or restraint of trade
"Voting Record Time"	6.30 p.m. on 27 October 2017 or, if the Court Meeting is adjourned, 6.30 p.m. on the second working day before the date of such adjourned meeting
"Wider CBFI Group"	CBFI, Canyon Bridge and Canyon Bridge Capital Partners, LLC and their respective associated undertakings and any other body corporate, partnership, joint venture or person in which CBFI, Canyon Bridge, Canyon Bridge Capital Partners, LLC and such undertakings (aggregating their interests) have a Significant Interest
"Wider Imagination Group"	Imagination and its associated undertakings and any other body corporate, partnership, joint venture or person in which Imagination and all such undertakings (aggregating their interests) have a Significant Interest
"Yitai"	Yitai Capital Limited, Canyon Bridge's initial anchor investor and limited partner and, for the purposes of paragraphs 4 and 12 of Part 6 of this document, shall include persons responsible for making investment decisions on behalf of Yitai

References to an enactment include references to that enactment as amended, replaced, consolidated or re-enacted by or under any other enactment before or after the date of the Announcement. All references to time in this document are to London time unless otherwise stated.

PART 10
THE SCHEME OF ARRANGEMENT

Claim No. CR-2017-005190

**IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
COMPANIES COURT**

IN THE MATTER OF IMAGINATION TECHNOLOGIES GROUP PLC

-and-

IN THE MATTER OF THE COMPANIES ACT 2006

SCHEME OF ARRANGEMENT

(under Part 26 of the Companies Act 2006)

between
Imagination Technologies Group plc
and
the Scheme Shareholders
(as hereinafter defined)

PRELIMINARY

- (a) In this Scheme, unless inconsistent with the subject or context, the following expressions shall bear the following meanings:

"Acquisition"	the proposed acquisition by CBFI of the entire issued and to be issued share capital of Imagination, to be effected by the Scheme;
"Additional Payment"	any Additional Payment as defined in, and which is payable in accordance with, the Cooperation Agreement between Imagination, CBFI and Canyon Bridge Fund I, LP dated 22 September 2017, as amended on 26 September 2017;
"Business Day"	a day (other than Saturdays, Sundays and public holidays) on which banks are open for business in London, United Kingdom;
"Cash Consideration"	182 pence in cash for each Scheme Share payable pursuant to clause 2 of the Scheme;
"CBFI"	CBFI Investment Limited, a company incorporated in England and Wales (registered number 10968614),

	whose registered office is at Lower Ground Floor, One George Yard, London EC3V 9DF;
"certificated" or "in certificated form"	not in uncertificated form (that is, not in CREST);
"Companies Act 2006"	the Companies Act 2006 (as amended);
"Company" or "Imagination"	Imagination Technologies Group plc, a company incorporated in England and Wales (registered number 2920061), whose registered office is at Imagination House, Home Park Estate, Kings Langley, Hertfordshire, WD4 8LZ;
"Court"	the High Court of Justice in England and Wales;
"Court hearing"	the hearing by the Court to sanction the Scheme;
"Court Meeting"	the meeting of the Scheme Shareholders convened by order of the Court pursuant to section 896 of the Companies Act 2006 to consider and, if thought fit, approve this Scheme with or without modification, including any adjournment thereof;
"Court Order"	the order of the Court sanctioning the Scheme under Part 26 of the Companies Act 2006;
"CREST"	the relevant system (as defined in the Uncertificated Securities Regulations 2001) in respect of which Euroclear is the Operator (as defined in the Uncertificated Securities Regulations 2001) in accordance with which securities may be held and transferred in uncertificated form;
"Effective Date"	the date on which the Scheme becomes effective in accordance with its terms and "Effective Time" means the time on such date at which the Scheme becomes effective;
"Encumbrances"	all mortgages, pledges, liens, equities, charges, encumbrances, equitable rights, options, rights of pre-emption, assignments, hypothecations or any other third party rights and interests of any nature whatsoever;
"Equiniti"	Equiniti Limited, the Company's registrars;
"Euroclear"	Euroclear UK & Ireland Limited (formerly known as CRESTCo Limited);
"Excluded Shares"	any Imagination Shares beneficially owned by CBFI or any parent or subsidiary undertaking (as defined in the Companies Act 2006) of CBFI immediately prior to the Scheme Record Time;

"holder"	includes a person entitled by transmission;
"Imagination Shareholders"	holders of Imagination Shares from time to time;
"Imagination Share Plans"	the Imagination Employee Share Plan, the Imagination 2016 Employee Share Plan, the Imagination 2013 Long Term Incentive Plan and the Imagination Share Incentive Plan, as amended from time to time;
"Imagination Shares"	the ordinary shares of 10 pence each in the capital of Imagination;
"Longstop Date"	5.00pm London time on 22 July 2018, or such later date (if any) as CBFI and Imagination may agree and (if required) the Panel and the Court may allow;
"members"	members of Imagination on the register of members at any relevant date;
"Panel"	the Panel on Takeovers and Mergers;
"Registrar of Companies"	the Registrar of Companies in England and Wales;
"Scheme"	this scheme of arrangement under Part 26 of the Companies Act 2006 in its present form or with or subject to any modification, addition or condition which Imagination and CBFI may agree and which the Court may approve or impose;
"Scheme Document"	the circular dated 9 October 2017 sent by Imagination to Imagination Shareholders and persons with information rights of which this Scheme forms a part;
"Scheme Record Time"	6.00 p.m. on the Business Day immediately after the date of the Court hearing;
"Scheme Shareholders"	registered holders of Scheme Shares from time to time;
"Scheme Shares"	all Imagination Shares: <ul style="list-style-type: none"> (i) in issue at the date of the Scheme Document; (ii) (if any) issued after the date of the Scheme Document but before the Voting Record Time; and (iii) (if any) issued at or after the Voting Record Time and before the Scheme Record Time either on terms that the original or any subsequent holders thereof shall be bound by the Scheme or in respect of which the holders thereof shall have agreed in writing to be bound by the Scheme, but in each case other than any Excluded Shares;

"subsidiary undertaking"	shall be construed in accordance with the Companies Act 2006;
"Takeover Code"	City Code on Takeovers and Mergers;
"TTE Instruction"	a Transfer to Escrow instruction (as described in the CREST Manual issued by Euroclear)
"uncertificated" or "in uncertificated form"	recorded on the relevant register as being held in uncertificated form in CREST and title to which may be transferred by means of CREST;
"Voting Record Time"	6.30 p.m. on 27 October 2017 or, if the Court Meeting is adjourned, 6.30 p.m. on the second Business Day before the date of such adjourned meeting;

and where the context so admits or requires, the plural includes the singular and vice versa.

References to clauses are to clauses of this Scheme.

- (b) The share capital of Imagination at the close of business on 5 October 2017 (being the latest practicable date prior to publication of the Scheme Document) is 286,649,690 ordinary shares of 10 pence each all of which are fully paid or credited as fully paid. Imagination did not hold any Imagination Shares in treasury as at the close of business on 5 October 2017.
- (c) Share options/awards to acquire up to 15,845,659 Imagination Shares have been awarded and remain outstanding as at close of business on 5 October 2017 (being the latest practicable date prior to publication of the Scheme Document) pursuant to the Imagination Share Plans.
- (d) CBFi has agreed to appear by counsel on the hearing to sanction this Scheme and to undertake to the Court to be bound thereby and to execute and do and procure to be executed and done all such documents, acts and things as may be necessary or desirable to be executed or done by it for the purpose of giving effect to this Scheme.

THE SCHEME

1. Transfer of the Scheme Shares

- 1.1 With effect from the Effective Time, CBFI (or such of its nominee(s) as CBFI may determine) shall acquire the Scheme Shares fully paid up, with full title guarantee, free from all Encumbrances and together with all rights attaching to them at the Effective Date or thereafter attached thereto, including voting rights and (other than in respect of any Additional Payment) entitlement to receive and retain all dividends and other distributions declared, paid or made thereon (if any) by Imagination on or after the date of the Announcement.
- 1.2 For such purposes, the Scheme Shares shall be transferred to CBFI (or such of its nominee(s)) as CBFI may determine) and to give effect to such transfers a form or forms of transfer, or other instrument(s) of transfer or instruction(s) to transfer, shall be executed and any person may be appointed by CBFI as agent and shall be authorised as such agent on behalf of the relevant holder of Scheme Shares to execute and deliver as transferor such form of transfer or other instrument or instruction of transfer (whether as a deed or otherwise), in respect of, or to give any instruction to transfer, or procure the transfer by means of CREST, of such Scheme Shares and every form, instrument or instruction of transfer so executed shall be effective as if it had been executed or given by the holder or holders of the Scheme Shares thereby transferred.
- 1.3 Pending the transfer of the Scheme Shares pursuant to clauses 1.1 and 1.2 of the Scheme, each Scheme Shareholder irrevocably:
- (a) appoints CBFI (and/or its nominee(s)) as its attorney and/or agent to exercise (in place of and to the exclusion of the relevant Scheme Shareholder) any voting rights attached to the Scheme Shares and any or all rights and privileges attaching to the Scheme Shares;
 - (b) appoints CBFI (or its nominee(s)) as its attorney to sign any consent to short notice of any general or separate class meeting of Scheme Shareholders and on their behalf to execute a form of proxy in respect of such Scheme Shares appointing any person nominated by CBFI to attend general and separate class meetings of Scheme Shareholders; and
 - (c) authorises Imagination to send to CBFI any notice, circular, warrant or other document or communication which Imagination sends to the Imagination Shareholders or any class thereof,

such that from the Effective Time, no Scheme Shareholder shall be entitled to exercise any voting rights attached to the Scheme Shares, or (other than in respect of an Additional Payment) any other rights or privileges attaching to the Scheme Shares.

2. Cash Consideration for transfer of the Scheme Shares

- 2.1 In consideration for the transfer of the Scheme Shares to CBFI as provided in clause 1, CBFI shall (subject to, and in accordance with, the remaining provisions of this Scheme) pay or procure that there shall be paid to or for the account or benefit of the holders of Scheme Shares (whose names appear in the register of members of the Company at the Scheme Record Time):

for each Scheme Share

182 pence in cash

- 2.2 If any dividend or other distribution or return of value (other than in respect of an Additional Payment) is proposed, declared, made, paid or becomes payable by Imagination in respect of a Scheme Share on or after 22 September 2017 and before the Effective Time, CBFI shall be entitled to reduce the value of the Cash Consideration payable for each Scheme Share by up to the amount per Scheme Share of such dividend, distribution or return of value (in which case any reference in this Scheme to the consideration payable for the Scheme Shares will be deemed to be a reference to such other consideration as so reduced) except where the Scheme Share is or will be acquired pursuant to the Scheme on a basis which entitles CBFI to receive the dividend, distribution or return of value and to retain it. Any exercise by CBFI of its rights referred to in this clause 2.2 shall be the subject of an announcement and, for the avoidance of doubt, shall not be regarded as constituting any revision or variation of the terms of the Scheme. Where CBFI exercises its rights referred to in this clause 2.2, Scheme Shareholders will be entitled to receive and retain that dividend, distribution or return of value.

3. Settlement of consideration

- 3.1 Not more than 14 calendar days after the Effective Date (or such other period as may be approved by the Panel), CBFI shall:
- (a) in the case of Scheme Shares which at the Scheme Record Time are held in certificated form, despatch or procure the despatch to the persons entitled thereto or as they may direct, in accordance with the provisions of clause 3.2, of cheques for the sums payable to them respectively in accordance with clause 2;
 - (b) in the case of Scheme Shares which at the Scheme Record Time are held in uncertificated form, procure the making of a CREST assured payment obligation in favour of the persons entitled thereto in accordance with clause 2 in accordance with the CREST payment arrangements in respect of the cash consideration due to the relevant holder, provided that CBFI may (if, for any reason, it wishes to do so) make payment of the said sums by cheque as aforesaid.
- 3.2 All deliveries of notices and cheques required to be made pursuant to this Scheme shall be effected by posting the same by first class post in pre-paid envelopes (or by such other method as may be approved by the Panel) addressed to the persons entitled thereto at their respective addresses as appearing in the register of members of the Company at the Scheme Record Time (or, in the case of joint holders, at the address of that one of the joint holders whose name stands first in the said register in respect of such joint holding at such time), and none of Imagination, CBFI or their respective agents or Equiniti Limited shall be responsible for any loss or delay in the transmission of any notice, certificate, cheque or payment sent in accordance with this clause 3.2 which shall be sent at the risk of the person entitled thereto.
- 3.3 As from the Scheme Record Time, each holding of Scheme Shares credited to any stock account in CREST shall be disabled and all Scheme Shares will be removed from CREST in due course.
- 3.4 All cheques shall be in pounds sterling drawn on a UK clearing bank and payments shall be made to the persons entitled thereto or, in the case of joint holders, to that one of the joint holders whose name stands first in the register of members of Imagination in respect of such joint holding at the Scheme Record Time or to such other persons (if any) as such persons may direct in writing and the encashment of any such cheque or the making of any such assured CREST payment obligation as is referred to in clause 3.1(b) shall be a complete discharge of Imagination's obligation to pay the monies represented thereby.

3.5 None of Imagination, CBFI or their respective attorneys, agents or nominees shall be responsible for any loss or delay in the transmission of the statements of entitlement or cheques sent to Scheme Shareholders in accordance with this clause 3, which shall be posted at the risk of the Scheme Shareholder concerned.

3.6 The provisions of this clause 3 shall be subject to any prohibition or condition imposed by applicable law.

4. Certificates and Cancellations

With effect from and including the Effective Date:

4.1 all certificates representing Scheme Shares shall cease to be valid as documents of title to the shares represented thereby and every holder thereof shall be bound at the request of the Company to deliver up the same to the Company or as it may direct to destroy the same;

4.2 Euroclear shall be instructed to cancel the entitlements to Scheme Shares of holders of Scheme Shares in uncertificated form;

4.3 following the cancellation of the entitlement to Scheme Shares in uncertificated form, Equiniti shall be authorised to rematerialise entitlements to such Scheme Shares;

4.4 as regards all certificated Scheme Shares, appropriate entries will be made in the Company's register of members to reflect their transfer; and

4.5 the preceding paragraphs of this clause 4 shall take effect subject to any prohibition or condition imposed by law.

5. The Effective Date

5.1 This Scheme shall become effective as soon as the office copy of the Court Order shall have been delivered to the Registrar of Companies for registration.

5.2 Unless this Scheme shall become effective on or before the Longstop Date or such later date if any as the Company and CBFI may agree and the Court and the Panel may allow, this Scheme shall not become effective.

6. Mandates

Other than in respect of any Additional Payment, all mandates relating to the payment of dividends on any Scheme Shares and other instructions (including communications preferences) given to the Company by Scheme Shareholders in force at the Scheme Record Time relating to Scheme Shares shall, as from the Effective Date, cease to be valid, save to the extent that CBFI in its sole discretion determines otherwise

7. Modification

CBFI and the Company may jointly consent on behalf of all concerned to any modification of, or addition to, this Scheme or to any condition which the Court may approve or impose.

8. Governing Law

This Scheme is governed by the laws of England and Wales and is subject to the exclusive jurisdiction of the English Courts. The rules of the Takeover Code shall apply to this Scheme.

Dated 9 October 2017

Clifford Chance LLP
10 Upper Bank Street
London E14 5JJ

Solicitors for Imagination

PART 11

NOTICE OF COURT MEETING

Claim No. CR-2017-005190

**IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
COMPANIES COURT**

MR DEPUTY REGISTRAR MIDDLETON

IN THE MATTER OF IMAGINATION TECHNOLOGIES GROUP PLC

-and-

IN THE MATTER OF THE COMPANIES ACT 2006

NOTICE IS HEREBY GIVEN that by an Order dated 6 October 2017 made in the above matters, the Court has directed a Meeting (the "**Court Meeting**") to be convened of the holders of Scheme Shares (as defined in the Scheme of Arrangement hereinafter mentioned) for the purpose of considering and, if thought fit, approving (with or without modification) a Scheme of Arrangement proposed to be made between (i) Imagination and (ii) the holders of Scheme Shares (as defined in the Scheme of Arrangement hereinafter mentioned) and that the Court Meeting will be held at the offices of Clifford Chance LLP, 10 Upper Bank Street, London, E14 5JJ on Tuesday, 31 October 2017 at 9.00 a.m. at which place and time all Scheme Shareholders (as defined in the Scheme of Arrangement hereinafter mentioned) are requested to attend.

A copy of the said Scheme of Arrangement and a copy of the Explanatory Statement required to be furnished pursuant to Part 26 of the Companies Act 2006 are incorporated in the document of which this Notice forms part.

The said Scheme Shareholders may vote in person at the Court Meeting or they may appoint another person, whether or not a member of Imagination, as their proxy to attend and vote in their stead.

A blue Form of Proxy for use at the Court Meeting is enclosed with this Notice.

Completion and return of a Form of Proxy will not prevent a Scheme Shareholder from attending and voting at the Court Meeting.

In the case of joint holders, the vote of the senior who tenders a vote whether in person or by proxy will be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority will be determined by the order in which the names stand in the Register of Members of Imagination in respect of the joint holding.

It is requested that forms appointing proxies be returned by post or (during normal business hours only) by hand to Equiniti Limited, at Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA by 9.00 a.m. on Friday, 27 October 2017 or, in the case of any adjournment, not later than 48 hours (excluding any part of a day that is not a working day) before the time appointed for the adjourned Court Meeting, but if forms are not so returned they may be handed to the Chairman of the Court Meeting at the commencement of the Court Meeting.

CREST members who wish to appoint a proxy or proxies through the CREST Electronic Proxy Appointment Service may do so for the Court Meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "**CREST Proxy Instruction**") must be properly authenticated in accordance with the specifications of Euroclear UK & Ireland Limited ("**Euroclear**") and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it relates to the appointment of a proxy or to an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by Imagination's agent (ID RA19) by 9.00 a.m. on Friday, 27 October 2017 or in the case of any adjournment, not later than 48 hours (excluding any part of a day that is not a working day) before the time appointed for the adjourned Court Meeting, not later than 48 hours before the time appointed for the Court Meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which Imagination's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

Imagination may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Only those shareholders registered in the register of members of Imagination as at 6.30 p.m. on Friday, 27 October 2017 or, in the event that the Court Meeting is adjourned, in the register of members at 6.30 p.m. on the second business day before the day of any adjourned meeting shall be entitled to attend or vote in respect of the number of shares registered in their name at the relevant time. Changes to entries in the relevant register of members after 6.30 p.m. on Friday, 27 October 2017 or, in the event that the Court Meeting is adjourned, after 6.30 p.m. on the second business day before the day of any adjourned meeting shall be disregarded in determining the rights of any person to attend or vote at the Court Meeting.

By the said order, the Court has appointed Peter Hill or, failing him, any other director of Imagination to act as Chairman of the Court Meeting and has directed the Chairman to report the result of the Court Meeting to the Court.

The Scheme of Arrangement will be subject to the subsequent approval of the Court.

DATED: 9 October 2017

Clifford Chance LLP
10 Upper Bank Street
London E14 5JJ

Solicitors for Imagination

GUIDANCE NOTES FOR COMPLETION OF THE BLUE PROXY FORM AND ELECTRONIC PROXY VOTING

The guidance notes set out below should be read in conjunction with the blue Form of Proxy accompanying this notice of Court Meeting (the "**Blue Proxy Form**") or if you are proposing to register the appointment of a proxy for the Court Meeting electronically:

1. Scheme Shareholders entitled to attend and vote at the Court Meeting are entitled to appoint one or more proxies to attend, to speak and to vote in their place. If you wish to appoint more than one proxy, each proxy must be appointed to exercise the rights attached to a different share or shares held by you. If you wish to appoint a proxy please use the Blue Proxy Form enclosed with this Notice of Court Meeting. In the case of joint shareholders, only one need sign the Blue Proxy Form. The vote of the senior joint shareholder will be accepted to the exclusion of the votes of the other joint shareholders. For this purpose, seniority will be determined by the order in which the names of the shareholders appear in the register of members of Imagination in respect of the joint shareholding. The completion and return of the Blue Proxy Form will not stop you from attending and voting in person at the Court Meeting should you wish to do so and are so entitled. A proxy need not be a shareholder of Imagination.
2. You can appoint the Chairman of the Court Meeting, or any other person, as your proxy. If you wish to appoint someone other than the Chairman, cross out the words "the Chairman of the Court Meeting or" on the Blue Proxy Form and insert the name of your appointee. You can instruct your proxy how to vote on the resolution by signing in the appropriate box. Unless otherwise instructed, your proxy may vote as he/she thinks fit.

If you are appointing a proxy in relation to less than your full voting entitlement, please enter in the box next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. If left blank your proxy will be deemed to be authorised in respect of your full voting entitlement (or if the Blue Proxy Form has been issued in respect of a designated account for a shareholder, the full voting entitlement for that designated account).

To appoint more than one proxy, you may photocopy the Blue Proxy Form or obtain (an) additional Blue Proxy Form(s) by contacting Equiniti Limited on 0333 207 6509^A or, if calling from outside the UK, on +44 (0) 121 415 0985^B. Please indicate in the box next to the proxy holders name the number of shares in respect of which they are authorised to act as your proxy. Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given. All Blue Proxy Forms must be signed and should be returned together in a single envelope, rather than posted separately.

3. Alternatively, shareholders are given the option to register the appointment of a proxy for the Court Meeting electronically by accessing the website www.sharevote.co.uk. This website is operated by Equiniti Limited. Full details of the proxy voting procedure are given on the website and shareholders are advised to read the terms and conditions relating to the use of this facility before appointing a proxy through it. Electronic communication facilities are available to all shareholders and those who use them will not be disadvantaged in any way. If you want to appoint more than one proxy electronically then please contact Imagination's registrars, Equiniti on 0333 207 6509^A or, if calling from outside the UK, +44 121 415 0985^B.

^A Lines are open from 8.30 a.m. to 5.30 p.m., Monday to Friday (excluding public holidays in England and Wales).

^B Calls from outside the UK will be charged at applicable international rates.

4. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service for the Court Meeting and any adjournment(s) thereof may do so by using the procedures described in the CREST Manual (available at www.euroclear.com). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider, should refer to their CREST sponsor or voting service provider, who will be able to take the appropriate action on their behalf. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK and Ireland Limited's specifications and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA19) by the latest time for receipt of proxy appointments specified below. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK and Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider takes) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

Imagination may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

We request that all messages relating to the appointment of a proxy or an instruction to a previously appointed proxy, which are to be transmitted through CREST, be transmitted so as to be received by Equiniti Limited (ID RA19) by no later than 9.00 a.m. on Friday, 27 October 2017 (or, in the case of any adjournment, not later than 48 hours (excluding any part of a day that is not a working day) before the time appointed for the adjourned Court Meeting).

5. A corporation should execute the Blue Proxy Form under its common seal or otherwise in accordance with Section 44 of the Companies Act 2006 (as amended) or by signature on its behalf by a duly authorised officer or attorney whose power of attorney or other authority should be enclosed with the Blue Proxy Form.
6. **We request that the Blue Proxy Form and any power of attorney (or a notarially certified copy thereof) under which it is executed (if the proxy is to be appointed by submission of a hard copy of the Blue Proxy Form) be received by Equiniti Limited at Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA by no later than 9.00 a.m. on Friday, 27 October 2017 (or, in the case of any adjournment, not later than 48 hours (excluding any part of a day that is not a working day) before the time appointed for the adjourned Court Meeting). Alternatively, the Blue Proxy Form may be handed to the Chairman of the Court Meeting at the commencement of the Court Meeting.** On completing the Blue Proxy Form, detach it, sign it and return it to Equiniti Limited. Postage has been pre-paid from within the UK. If sending from outside the UK, the

correct postage will need to be applied. You may, if you prefer, return the Blue Proxy Form in a sealed stamped envelope to the address referred to above.

7. **Other than the appointment of a proxy through CREST (see note above), we request that electronic proxy voting instructions be submitted using the website www.sharevote.co.uk by no later than 9.00 a.m. on Friday, 27 October 2017 (or, in the case of any adjournment, not later than 48 hours (excluding any part of a day that is not a working day) before the time appointed for the adjourned Court Meeting). Any electronic communication sent by a shareholder that is found to contain a computer virus will not be accepted.**

You may not use any electronic address provided in either the Notice of Court Meeting or any related documents (including the Blue Proxy Form) to communicate with Imagination for any purpose other than those expressly stated.

PART 12

NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that a General Meeting of Imagination Technologies Group plc (incorporated in England and Wales with registered number 2920061) (the "**Company**") will be held at the offices of Clifford Chance LLP, 10 Upper Bank Street, London, E14 5JJ on Tuesday, 31 October 2017 at 9.15 a.m. (or as soon thereafter as the meeting of Scheme Shareholders (as defined in the Scheme) of the Company convened by direction of the Court for the same place and date shall have been concluded or adjourned) for the purpose of considering and, if thought fit, passing the following resolution which will be proposed as a Special Resolution.

SPECIAL RESOLUTION

THAT:

for the purpose of giving effect to the scheme of arrangement dated 9 October 2017 between the Company and the holders of the Scheme Shares (as defined in the said scheme), a print of which has been produced to this meeting and for the purposes of identification signed by the Chairman hereof, in its original form or subject to such modification, addition or condition agreed between the Company and CBFI Investment Limited ("**CBFI**") and approved or imposed by the Court (the "**Scheme**"):

- (a) the directors of the Company be authorised to take all such action as they may consider necessary or appropriate for carrying the Scheme into effect; and
- (c) with effect from the passing of this resolution, the articles of association of the Company be amended by the adoption and inclusion of the following new article 137 after article 136;

"137 SCHEME OF ARRANGEMENT

(1) In this article, references to the "**Scheme**" are to the scheme of arrangement dated 9 October 2017 between the Company and the holders of Scheme Shares under Part 26 of the Companies Act 2006 in its original form or with or subject to any modification, addition or condition agreed by the Company and CBFI Investment Limited ("**CBFI**", which expression includes any other name which CBFI may adopt from time to time) and which the court may approve or impose. Save as defined in this article, expressions defined in the circular dated 9 October 2017 circulated with the Scheme containing the explanatory statement required pursuant to Section 897 of the Companies Act 2006 shall have the same meanings in this article.

(2) Notwithstanding any other provision of these articles or the terms of any resolution whether ordinary or special passed by the Company in any general meeting, if the Company issues any ordinary shares (other than to CBFI or its nominee(s) or any parent or subsidiary of CBFI) on or after the adoption of this article and on or prior to the Scheme Record Time (as defined in the Scheme), such shares shall be issued subject to the terms of the Scheme (and shall be Scheme Shares for the purposes thereof) and the original or any subsequent holder or holders of such ordinary shares shall be bound by the Scheme accordingly.

(3) Notwithstanding any other provision of these articles, if the Company issues or is obliged to issue any ordinary shares in the Company, or any shares are transferred pursuant to article 137(5) below, to any person after the Scheme Record Time (the "**New Member**") (other than under the Scheme or to CBFI and/or its nominee(s) or any parent or subsidiary of CBFI), such shares will be issued on terms that such New Member (or any subsequent holder or any nominee of such New Member or any such subsequent holder) will, provided the Scheme has become effective in

accordance with its terms, be obliged, upon the Scheme becoming effective, or, if later, on issue, immediately (subject to any transfer pursuant to article 137(5) below), to transfer all the ordinary shares in the Company held by the New Member (or any subsequent holder or any nominee of such New Member or any such subsequent holder) (the "**Disposal Shares**") free of all Encumbrances to CBFI and/or its nominee(s) or any parent or subsidiary of CBFI (as CBFI may direct) (the "**Purchaser**") who shall be obliged to acquire all of the Disposal Shares. The consideration payable by the Purchaser shall be 182 pence in cash for each Disposal Share transferred to it (or such lesser or greater amount as may be payable for Scheme Shares under the Scheme if each Disposal Share were a Scheme Share). For these purposes "**Encumbrances**" means all mortgages, pledges, liens, equities, charges, encumbrances, equitable rights, options, rights of pre-emption, assignments, hypothecations or any other third party rights and interests of any nature whatsoever.

(4) On any reorganisation of, or material alteration to, the share capital of the Company (including, without limitation, any subdivision and/or consolidation), the value of the consideration per Disposal Share to be paid under article 137(3) shall be adjusted by the directors in such manner as an independent investment bank selected by the Company may determine to be fair and reasonable to the New Member to reflect such reorganisation or alteration. References in this article to ordinary shares in the Company shall, following such adjustment, be construed accordingly.

(5) Any New Member may, prior to the issue or transfer of any Disposal Shares to him or her under one of the Company's employee share plans, give not less than two business days' written notice to the Company of his or her intention to transfer some or all of such Disposal Shares to his or her spouse or civil partner and may, if such notice has been validly given, on such Disposal Shares being issued to him or her immediately transfer to his or her spouse or civil partner any such Disposal Shares, provided that such Disposal Shares will then be immediately transferred from that spouse or civil partner to the Purchaser pursuant to article 137(3) above as if the spouse or civil partner were the relevant New Member. If notice has been validly given pursuant to this article 137(5) but the New Member does not immediately transfer to his or her spouse or civil partner the Disposal Shares in respect of which notice was given, such shares will be transferred to the Purchaser and/or nominee(s) pursuant to article 137(3) above.

(6) The consideration to be paid for any Disposal Shares transferred under article 137(3) or (4) will be paid within 14 days of the date of transfer of such Disposal Shares and the payment of such consideration shall constitute a complete discharge to CBFI, the Purchaser and the Company in respect of their obligations.

(7) To give effect to any transfer required by this article 137, the Company may appoint any person as agent for the New Member to execute and deliver as transferor a form of transfer or other instrument or instruction of transfer on behalf of the New Member (or any subsequent holder or any nominee of such New Member or any such subsequent holder) in favour of the Purchaser and do all such other things and execute and deliver all such documents as may in the opinion of the agent be necessary or desirable to vest the Disposal Shares in the Purchaser and pending such vesting to exercise all such rights to the Disposal Shares as the Purchaser may direct. If an agent is so appointed, the New Member shall not thereafter (except to the extent that the agent fails to act in accordance with the directions of the Purchaser) be entitled to exercise any rights attaching to the Disposal Shares unless so agreed by the Purchaser. The Company may give good receipt for the purchase price of the Disposal Shares and may register the Purchaser as holder thereof and issue to it certificates for the same. The Company shall not be obliged to issue a certificate to the New Member for any Disposal Shares.

(8) Notwithstanding any other provision of these articles, neither the Company nor the Directors shall register the transfer of any Scheme Shares effected between the Scheme Record Time and the Effective Date.

(9) If the Scheme shall not have become effective in accordance with its terms by the date referred to in clause 5 of the Scheme (or such later date (if any) as CBFI and the Company may agree and the court and the Panel on Takeovers and Mergers may approve, if such consent is required), this article 137 shall be of no effect."

*Registered Office : Imagination House, Home
Park Estate, Kings Langley, Hertfordshire, WD4
8LZ*

*By order of the Board
Guy Millward
Secretary*

Dated: 9 October 2017

Notes

1. The shorter notice period of a minimum of 14 clear days as approved at the Company's last annual general meeting has been used for the purposes of this General Meeting as the directors of the Company believe that the flexibility offered by the shorter notice period is merited by the time-sensitive nature of the Acquisition and it is in the best interests of shareholders as a whole, taking into account the circumstances and business of the General Meeting. The Company will comply with the notice period requirements set forth in the Takeover Code, being 21 calendar days from the date of the Scheme circular.
2. To be entitled to attend and vote at the meeting (and for the purpose of the determination by the Company of the votes they may cast), shareholders must be registered in the register of members of the Company as at 6.30 p.m. on Friday, 27 October 2017 or, in the event that the meeting is adjourned, in the register of members at 6.30 p.m. on the date which is two working days prior to the date of any adjourned meeting. Changes to entries on the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting or any adjourned meeting.
3. A holder of Imagination Shares entitled to attend and vote at the meeting is also entitled to appoint one or more proxies to exercise all or any of his rights to attend, speak and vote on their behalf at the meeting. A white Form of Proxy which may be used to make such appointment and give proxy instructions is enclosed with this notice. If you think you may not be able to attend the meeting, please complete and return the white Form of Proxy. Please indicate how you wish your vote to be cast by inserting an "X" in the appropriate box. In the event that you wish to appoint a person other than the Chairman as your proxy, delete the reference to the Chairman and insert the name and address of the person you wish to appoint in the space provided. A proxy need not be a member of the Company. Instructions for use are shown on the white Form of Proxy. Completion and return of a white Form of Proxy, an electronic proxy, or any CREST Proxy Instruction (as described in note 10 below) will not preclude a shareholder from attending the meeting and voting there in person. CBFI will not exercise any rights in relation to any shares held by, or on behalf of, CBFI.
4. To be effective, the white Form of Proxy (together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority) must be deposited at the Company's Registrars, Equiniti Limited, at Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA as soon as possible, and in any event so as to be received by not later than 9.15 a.m. on Friday, 27 October 2017 or, if the meeting is adjourned, by not later than 48 hours (excluding any part of a day that is not a working day) before the time of the adjourned meeting. Forms of Proxy returned by fax will not be accepted. For your convenience, the Form of Proxy is pre-paid (if posted within the United Kingdom) and addressed to Equiniti Limited. No envelope is necessary but if you wish you may use an envelope and address it (no stamp required if posted within the United Kingdom) to Equiniti Limited, at Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA. Alternatively, you may appoint a proxy or proxies online at www.sharevote.co.uk by following the on-screen instruction and using the shareholder reference number printed on your white Form of Proxy.
5. A holder of Imagination Shares entitled to attend and vote at the meeting may appoint more than one proxy, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by the holder of Imagination Shares. To do so, you should attach a schedule to the Form of Proxy specifying the full name of each proxy, the number of shares each proxy appointment relates to and how you wish the proxies' votes to be cast. A failure to specify the number of shares each proxy appointment relates to, or specifying a number of shares in excess of those held by the member on the date referred to in note 2 above, will result in the proxy appointments being invalid.

6. Any person who is not a member of the Company, but has been nominated under section 146 of the Companies Act 2006 by a member of the Company (the "**relevant member**") to enjoy information rights, (the "**nominated person**") does not have a right to appoint any proxies under note 3 above. A nominated person may have a right under an agreement with the relevant member to be appointed or to have somebody else appointed as a proxy for the meeting. If a nominated person does not have such a right, or has such a right and does not wish to exercise it, he may have a right under an agreement with the relevant member to give instructions as to the exercise of voting rights.
7. The "Vote Withheld" option is provided to enable you to abstain on the specified resolution. However, it should be noted that a "Vote Withheld" is not a vote in law and will not be counted in the calculation of the proportion of votes "For" and "Against" the specified resolution.
8. As at 5 October 2017 (being the latest practicable date prior to the publication of this notice), the Company's issued share capital consisted of 286,649,690 ordinary shares of 10 pence each, carrying one vote each. The Company holds no shares in treasury. Therefore, the total voting rights in the Company as at 5 October 2017 (excluding voting rights attached to shares held by or on behalf of CBFI) are 286,649,690.
9. In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, only those members entered on the register of members of the Company at 6.30 p.m. on the date which is two working days prior to the date of the meeting or, in the event that the meeting is adjourned, on the register of members of the Company at 6.30 p.m. on the date which is two working days prior to the date of the adjourned meeting, shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time. Changes to entries on the relevant register of members after the relevant time shall be disregarded in determining the rights of any person to attend and vote at the meeting or any adjourned meeting. Shareholders who hold their shares in the Company through CREST ("**CREST members**") and who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the purpose of this meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
10. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "**CREST Proxy Instruction**") must be properly authenticated in accordance with Euroclear's specifications, and must contain the information required for such instruction, as described in the CREST Manual (which can be viewed at www.euroclear.com). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's Registrars Equiniti Limited (Participant ID RA19), not later than 48 hours (excluding any part of a day that is not a working day) before the time appointed for the meeting or any adjourned meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the Company's Registrars are able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
11. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
12. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
13. In the case of joint holders of a share the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company.
14. Any member attending the meeting has a right to ask questions. The company must answer any question relating to the business being dealt with at the meeting, except in certain circumstances, including (a) if to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information; (b) the answer has already been given on a website in the form of an answer to a question; or (c) it is undesirable in the interests of the company or the good order of the meeting that the question be answered.
15. A copy of this notice, and other information required by s.311A of the Companies Act 2006, can be found at www.imgtec.com/sales-process.

16. Copies of the Company's existing articles of association as proposed to be amended by the special resolution set out in this notice are available for inspection at the offices of the Company's Solicitors, Clifford Chance LLP, 10 Upper Bank Street, London, E14 5JJ during normal business hours on any weekday (excluding Saturdays, Sundays and public holidays in England and Wales), until the opening of business on the day on which the meeting is held, and will also be available for inspection at the place of the meeting for at least 15 minutes prior to and during the meeting.
17. If you have any questions about this document, the Court Meeting, the General Meeting or the Acquisition or are in any doubt as to how to complete the Forms of Proxy, please call the Imagination Shareholder helpline between 8.30 a.m. and 5.30 p.m. Monday to Friday (excluding public holidays in England and Wales) on **0333 207 6509** from within the UK (or on +44 121 415 0985 if calling from outside the UK). Calls from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. Please note that Equiniti Limited cannot provide advice on the merits of the Acquisition or give any financial, legal or tax advice.
18. Voting on all the resolutions at this meeting will be conducted on a poll rather than a show of hands.

GUIDANCE NOTES FOR COMPLETION OF THE WHITE PROXY FORM AND ELECTRONIC PROXY VOTING

The guidance notes set out below should be read in conjunction with the white Form of Proxy accompanying this Notice of Imagination General Meeting (the "**White Proxy Form**") or if you are proposing to register the appointment of a proxy electronically:

1. Shareholders entitled to attend and vote at the General Meeting are entitled to appoint one or more proxies to attend, to speak and to vote in their place. If you wish to appoint more than one proxy, each proxy must be appointed to exercise the rights attached to a different share or shares held by you. If you wish to appoint a proxy please use the White Proxy Form enclosed with this Notice of Imagination General Meeting. In the case of joint shareholders, only one need sign the White Proxy Form. The vote of the senior joint shareholder will be accepted to the exclusion of the votes of the other joint shareholders. For this purpose, seniority will be determined by the order in which the names of the shareholders appear in the register of members in respect of the joint shareholding. The completion and return of the White Proxy Form will not stop you from attending and voting in person at the General Meeting should you wish to do so and are so entitled. A proxy need not be an Imagination shareholder.
2. You can appoint the chairman of the General Meeting, or any other person, as your proxy. If you wish to appoint someone other than the chairman, cross out the words "the Chairman of the General Meeting or" on the White Proxy Form and insert the name of your appointee. You can instruct your proxy how to vote on the resolutions by placing an "x" in the "For" or "Against" boxes as appropriate. If you wish to abstain from voting please place an "x" in the box which is marked "Vote withheld". It should be noted that an abstention is not a vote in law and will not be counted in the calculation of the proportion of the votes "For" and "Against" a resolution. If you do not indicate on the White Proxy Form how your proxy should vote, he/she can exercise his/her discretion as to whether, and if so how, he/she votes on the resolution, as he/she will do in respect of any other business (including amendments to the resolutions) which may properly be conducted at the General Meeting.

If you are appointing a proxy in relation to less than your full voting entitlement, please enter in the box next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. If left blank your proxy will be deemed to be authorised in respect of your full voting entitlement (or if this White Proxy Form has been issued in respect of a designated account for a shareholder, the full voting entitlement for that designated account).

To appoint more than one proxy, you may photocopy the White Proxy Form or obtain (an) additional White Proxy Form(s) by contacting Imagination's registrars, Equiniti Limited (telephone number: 0333 207 6509, website: www.equiniti.com) or the Company Secretary at the Registered Office address. Please indicate in the box next to the proxy holder's name the number of shares in respect of which they are authorised to act as your proxy. Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given. All White Proxy Forms must be signed and should be returned together in a single envelope, rather than posted separately.

3. Alternatively, shareholders are given the option to register the appointment of a proxy for the General Meeting electronically by accessing the website www.sharevote.co.uk. This website is operated by Imagination's registrars, Equiniti. Full details of the proxy voting procedure are given on the website and shareholders are advised to read the terms and conditions relating to the use of this facility before appointing a proxy through it. Electronic communication facilities are available to all shareholders and those who use them will not be disadvantaged in any way. If you want to appoint more than one proxy electronically then

please contact Imagination's registrars, Equiniti Limited (telephone number: 0333 207 6509, website: www.equiniti.com) or the Company Secretary at the Registered Office address.

4. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service for the General Meeting and any adjournment(s) thereof may do so by using the procedures described in the CREST Manual (available at www.euroclear.com). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider, should refer to their CREST sponsor or voting service provider, who will be able to take the appropriate action on their behalf. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "**CREST Proxy Instruction**") must be properly authenticated in accordance with Euroclear UK and Ireland Limited's specifications and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA19) by the latest time for receipt of proxy appointments specified below. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK and Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider takes) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

All messages relating to the appointment of a proxy or an instruction to a previously appointed proxy, which are to be transmitted through CREST, must be transmitted so as to be received by Equiniti Limited (ID RA19) by no later than 9.15 a.m. on Friday, 27 October 2017 (or, if the General Meeting is adjourned, not later than 48 hours (excluding any part of a day that is not a working day) before the time appointed for the holding of the adjourned meeting).

5. A corporation should execute the White Proxy Form under its common seal or otherwise in accordance with Section 44 of the Companies Act 2006 or by signature on its behalf by a duly authorised officer or attorney whose power of attorney or other authority should be enclosed with the White Proxy Form.
6. **In order to be effective, the White Proxy Form and any power of attorney (or a notarially certified copy thereof) under which it is executed must (if the proxy is to be appointed by submission of a hard copy of the White Proxy Form) be received by Equiniti Limited at Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA by no later than 9.15 a.m. on Friday, 27 October 2017 (or, if the General Meeting is adjourned, not later than 48 hours (excluding any part of a day that is not a working day) before the time appointed for the holding of the adjourned meeting). On completing**

the White Proxy Form, detach it, sign it and return it to Equiniti Limited. Postage has been pre-paid from within the UK. If sending from outside the UK, the correct postage will need to be applied. You may, if you prefer, return this card in a sealed stamped envelope to the address referred to above.

7. **Other than the appointment of a proxy through CREST (see note above), electronic proxy voting instructions must be submitted using the website www.sharevote.co.uk by no later than 9.15 a.m. on Friday, 27 October 2017 (or, if the General Meeting is adjourned, not later than 48 hours (excluding any part of a day that is not a working day) before the time appointed for the holding of the adjourned meeting).** Any electronic communication sent by a shareholder that is found to contain a computer virus will not be accepted.
8. You may not use any electronic address provided in either this Notice of Imagination General Meeting or any related documents (including the White Proxy Form) to communicate with Imagination for any purpose other than those expressly stated.

