

COMPANY ANNOUNCEMENT

Crimsonwing p.l.c. (the "Company")

**Announces a statement of opinion by the Board on the
Voluntary Offer for the Company Share**

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| Date of Announcement | 3 December 2014 |
| Reference | 73/2014 |
| Listing Rule | 11.28- 11.29 |

The following is a Company Announcement by Crimsonwing p.l.c. ("**Crimsonwing**" or the "**Company**") pursuant to the Malta Financial Services Authority Listing Rules:

Quote

Crimsonwing announces that the Board of Directors of the Company met in Malta, on 3 December 2014, in order to discuss the offer received from KPMG Investments Malta Limited (the "**Offeror**") for a Voluntary Public Bid launched in terms of Chapter 11 of the Listing Rules (the "**Bid**"), in respect of all the issued shares in Crimsonwing with the intention of acquiring the entire issued share capital of Crimsonwing. The Board of Directors has evaluated the Bid and the effects of the implementation of the Bid on employment, conditions of employment and the location of Crimsonwing's place of business. The Statement Opinion from the Board of Directors required in terms of Listing Rules 11.28 and 11.29 is attached to this Company Announcement and has been made available for public viewing on Crimsonwing's website at www.crimsonwing.com.

The Company further announces that Mr David Walsh, who is both a director and shareholder of the Company and who holds shares equal to approximately 42.98% of the issued ordinary share capital in the Company, has informed the board that, on 27 November 2014, he has irrevocably and unconditionally undertaken in favour of the Offeror to accept the Bid in respect of all the shares held by him in the Company.

Furthermore, Mr. Philip Crawford, who is also both a director and shareholder of the Company and who holds shares equal to approximately 21.03% of the issued ordinary share capital in the Company, has informed the board of his intention to accept to sell all the shares held by him in the Company, as part of the Bid and upon the opening of the acceptance period.

As a result of these acceptances, the Offeror would, upon opening of the acceptance period, have obtained acceptances which amount to 64.01% of the entire issued share capital of the Company, subject always to the Bid becoming unconditional and irrevocable in all respects.

Unquote

Louis de Gabriele
Company Secretary

**Statement of Opinion
from the Board of Directors of Crimsonwing p.l.c.
with regard to the
Voluntary Public Takeover Bid by
KPMG Investments Malta Limited**

In terms of the Offer Document dated 28 November 2014

This Statement of Opinion (or “Statement”) is being made by the Board of Directors (“the Board” and each “Director”) of Crimsonwing p.l.c. ((hereinafter “CRIMSONWING” or the “Company”) pursuant to the listing rules issued by the Malta Financial Services Authority (the “Listing Rules”) 11.28 to 11.31. This Statement is made with reference to the offer document dated 28 November 2014 (the “Offer Document”) published by KPMG Investments Malta Limited (“KPMG” or, the “Offeror”). All undefined terms used in this Statement shall have the definitions and interpretation given to them in the Offer Document.

1. INTRODUCTION

By means of a company announcement dated 28 November 2014, CRIMSONWING informed the public that it had received an offer from the Offeror detailing a bid to all the Shareholders of the Company to purchase and acquire one hundred per cent (100%) of the issued ordinary shares in the Company, and in each case together with all ancillary rights associated with these Shares at the time of the settlement of the Offer. The Offeror offered to pay the Offer Price in cash, according to the terms set out in the Offer Document.

At CRIMSONWING’s Annual General Meeting, held on 21 August 2014, a Shareholders’ resolution was passed to allow the board of directors of CRIMSONWING to disclose information, including price sensitive information, in order to enable a *bona fide* Offeror for a substantial shareholding in the Company to make, confirm, withdraw or modify an offer for shares in the Company, subject to compliance with the terms set out in Listing Rule 5.174 of the Listing Rules.

On 5 November 2014, the Offeror and CRIMSONWING entered into a Cooperation Agreement which, *inter alia*, provides for certain commitments in contemplation of the Offeror making the Offer. The Cooperation Agreement includes certain negative covenants which prevent CRIMSONWING from carrying out certain actions without the consent of the Offeror, including, *inter alia*, changes in the terms of employment or employee benefit schemes, declaration of dividends and amendments to its memorandum and articles of association (amongst others). Furthermore, CRIMSONWING has also agreed to carry on its business in the ordinary course, and not to undertake any material commitments, and has further agreed to disclose to the Offeror any matter which may breach the Completion Conditions. The Major Shareholders and the Offeror have also entered into the Shareholders’ Warranties Agreement wherein the Major Shareholders have, *inter alia*, each provided a number of representations and warranties to the Offeror in connection with the Company and its business.

On 28 November 2014 the Offeror announced its intention to make the offer.

In terms of Chapter 11 of the Listing Rules, the Offeror is now submitting its voluntary public takeover bid (the “Bid”) in respect of all the issued shares in CRIMSONWING. Details of the Bid including the terms and the price offered per share are contained in the Offer Document. A copy of the Offer Document has been circulated to each Shareholder registered at the Record Date and is also available on CRIMSONWING’s website at www.crimsonwing.com and on the Registrar’s website at www.rizzofarrugia.com.

The Offer Document has been communicated and submitted to the Malta Financial Services Authority pursuant to the requirements of the relevant Listing Rules.

A Report by Deloitte Services Limited having company registration number C 51320 (“Deloitte Services”), being the expert appointed and who is independent from the Offeror and CRIMSONWING, as required by Listing Rules 11.23 and 11.24, has been appended to the Offer Document as Annex 2.

The Board has engaged CAMILLERI PREZIOSI - Advocates to assist during the offer process and provide consultation whenever such consultation is required. The Board is consequently issuing this Statement after having reviewed the Offer Document, the expert opinion of Deloitte Services and received the advice of its legal counsel as detailed above.

The Offeror will be funded, and the Bid will be financed through, the available cash resources of the shareholders of the Offeror. The Offeror has confirmed that it has sufficient financial resources to meet the consideration on full acceptance of the Offer and to pay the debts incurred with the Offer.

2. CONSIDERATIONS

a. General

The intention of the Offeror is to acquire the entire issued share capital of the Company. Its voluntary bid is conditional and subject to the fulfillment, or waiver by the Offeror, of the Completion Conditions, whereby such Completion Conditions include the Offeror attaining at least 90 per cent of the issued share capital of CRIMSONWING. In terms of the Listing Rules the board of directors is required to provide its opinion of the Bid and the reasons on which it is based, including its views on the effects of implementation of the Bid on all the Company’s interests and specifically employment, and on the Offeror’s strategic plans for CRIMSONWING and their likely repercussions on employment and the locations of the Company’s places of business as set out in the Offer Document in accordance with Listing Rule 11.22.9.

b. Strategic Outlook

The Offeror’s vision for CRIMSONWING, should it acquire control, is to maintain the Company’s current business focus but to accelerate its plans for growth. The Offer Document provides that CRIMSONWING will become able to service a broader set of

customer opportunities through the Offeror's channels in the UK, the Netherlands and the rest of Europe. CRIMSONWING's presence in Malta is expected to be strengthened as it becomes a strategic delivery centre for the Offeror.

The Directors understand that the Offeror does not intend to implement any material changes to the general business of CRIMSONWING or in the current conditions of employment in place at the Company. In this respect the Offer Document expresses an intention on the part of the Offeror to strengthen CRIMSONWING's existing business structure by increasing the current levels of employment in order to better service the higher level of customer opportunities that the Offeror aspires to achieve through the Offeror's channels. The Offer Document states that although there will be no fundamental changes to CRIMSONWING's objectives and strategy, with the Offeror's control, strategic involvement and leadership, the investment in CRIMSONWING will have a highly positive impact on the Company, employment in Malta and the Maltese economy generally.

The Offer Document also adds that CRIMSONWING will be able to continue accessing funding from the commercial market (insofar as the particular source is not an audit client of KPMG) and will also have new access to the KPMG Network.

It is the view of the Offeror that the acquisition of control in CRIMSONWING will accelerate the Offeror's business growth aspirations by allowing it to utilise CRIMSONWING's high quality delivery capability to support the Offeror's existing market opportunities and provide a platform for recruiting and training more employees to service the expanding and rapidly evolving marketplace that the Offeror anticipates

c. Employees

If the Bid is successful, Section 8.4 of the Offer Document states that the Offeror does not presently intend to carry out any material changes to the existing conditions of employment of CRIMSONWING's management and employees or the current levels of employment in CRIMSONWING. The Offer Document adds that the existing management and employees will be supplemented where required.

In line with the requirements set out in Listing Rule 11.20, CRIMSONWING's Board of Directors and management have informed the employees about the Bid and how it fits into the overall plan for the development and growth of the Company. The employees have expressed no concerns and objections in this regard.

The Offeror intends to retain the services of the current CEO, David Walsh and will also appoint an executive chairman to work alongside the CEO and support him in executing an enhanced strategy for growth. However, as a consequence of the proposed acquisition and subsequent delisting of CRIMSONWING (see section (e)), the current non-executive directors will be asked to resign as the Offeror has declared that such positions do not need to be retained post-acquisition.

d. Squeeze-out

In view of Listing Rules 11.42 to 11.45, if as a result of the Offer, the Offeror acquires and holds 90% or more of the issued share capital and votes in the Company as at the Closing Date, the Offer Document, in Section 8.5.1 states that Offeror intends to exercise its right to require all the remaining Shareholders to sell and transfer to the Offeror the remaining Shares, and each remaining Shareholder will have the right to require the Offeror to purchase the remaining Shares, in both cases at a fair price payable in cash within a maximum of ninety (90) calendar days from the Closing Date.

According to the Listing Rules, in order to establish a fair price the Offeror must appoint an independent expert to draw up a report determining the price considered to be a fair and reasonable value of those Shares. Details on any exercise of the squeeze-out rights and the Independent Expert's report will be communicated to the remaining Shareholders by means of a Company announcement published through the Malta Stock Exchange.

e. De-listing

Section 8.5.2 of the Offer Document declares the Offeror's intention, on completion of the Offer and dependent on the number of Shares acquired by the Offeror pursuant to the Offer, to propose to the Board of Directors and the general meeting of the Company to apply to the Listing Authority for the delisting of the Shares in the Company from the Official List of the Malta Stock Exchange on the basis that the conditions for listing can no longer be fulfilled.

3. CONSIDERATIONS

The Board of Directors of CRIMSONWING has evaluated the Bid taking into consideration the best interests of CRIMSONWING and taking into consideration the possibility of long-term development of the Company.

Based on the representations made in the Offer Document and based on the content of the Expert's Report which forms part of the Offer Document, the Board of Directors of CRIMSONWING is of the opinion that the acquisition of control in CRIMSONWING will be beneficial to the Company, will create greater business opportunities identified within CRIMSONWING's existing markets and increase the likelihood that the Maltese delivery centre will develop as a centre of excellence.

It is the Board of Director's understanding that the Bid should not presently generate any significant changes to:

- (a) the actual employment structure of the Company;
- (b) the conditions of employment of the Company's employees and management, other than;

- (i) the delisting of CRIMSONWING from the Malta Stock Exchange; and
- (ii) the subsequent removal of the current non-executive directors.

Moreover, the Board of Directors has evaluated in detail the representations made by the Offeror in the Offer Document with regard to their outlook on the business strategy of CRIMSONWING, which will remain the international provision of IT solutions, the offering of software packages, among the provision of various other professional services. Concurrently, the Offeror intends to develop more opportunities and provide impetus to further develop and grow the Company. It is also envisaged that CRIMSONWING will have increased access to funding via access to the KPMG network.

While the Board of Directors expresses an overall positive opinion on the effect of the implementation of the Bid on CRIMSONWING, no opinion is given on the price offered in the Offer Document which, in the opinion of the Board of Directors, should be evaluated taking into consideration the numerous aspects detailed above as well as the current needs, aspirations and individual circumstances of each individual Shareholder. **Nothing in this document should be interpreted or construed as providing or purporting to provide advice to Shareholders, whether to accept the Bid or not.**

Similarly, the Board strongly recommends that each Shareholder seeks independent advice and guidance from their own independent stockbrokers and/or financial consultants in order to fully assess the terms of the Offer Document and to decide whether to accept the Bid or not in the light of each Shareholder's individual position.

By order of the Board of Directors of CRIMSONWING p.l.c.



Joseph Grioli

Chairman of the Board of Directors

Date: 3 December 2014