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## **C.banner International Holdings Limited**

### **千百度國際控股有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 1028)**

## **VERY SUBSTANTIAL ACQUISITION IN RELATION TO ACQUISITION OF 51% EQUITY INTEREST IN HOUSE OF FRASER GROUP LIMITED AND RESUMPTION OF TRADING**

### **PROPOSED ACQUISITION**

The Board is pleased to announce that on 2 May 2018 (after trading hours), the Company entered into the Share Purchase Agreement with the Seller and the Target Company, pursuant to which the Company has conditionally agreed to purchase, and the Seller has conditionally agreed to sell, the Sale Shares (representing approximately 34% of the total issued share capital of the Target Company as of the date of the Share Purchase Agreement) at the tentative Share Purchase Consideration of RMB611,999,990.44 (equivalent to approximately HK\$754,493,664).

The Board is pleased to further announce that on 2 May 2018 (after trading hours), the Parties also entered into the Subscription Agreement, pursuant to which the Company has conditionally agreed to subscribe for, and the Target Company has conditionally agreed to allot and issue to the Company, the Subscription Shares at the tentative Subscription Consideration of GBP69,992,276.30 (equivalent to approximately HK\$746,967,403), being GBP13.3943 (equivalent to approximately HK\$142.9459) per Subscription Share.

Upon Completion, the Company and the Seller will hold approximately 51% and 49% of the total issued share capital of the Target Company (as enlarged by the Subscription), respectively. Upon Completion, the Target Company will become a non-wholly-owned subsidiary of the Company and the profits and losses as well as assets and liabilities of the Target Group will be consolidated into the financial statements of the Group.

### **IMPLICATIONS UNDER THE LISTING RULES**

Pursuant to Rules 14.22 and 14.23 of the Listing Rules, the Share Purchase and the Subscription are required to be aggregated and, on this basis, as one or more of the applicable percentage ratios in respect of the Proposed Acquisition exceed 100%, the Proposed Acquisition constitutes a very substantial acquisition for the Company under Chapter 14 of the Listing Rules and is therefore subject to the announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

## **GENERAL**

An SGM of the Company will be held in due course for the purpose of considering and, if thought fit, approving the Share Purchase Agreement, the Subscription Agreement and the transactions contemplated thereunder (including the Share Purchase and the Subscription) by way of poll.

A circular containing, among other things, (i) further details on the Share Purchase Agreement and the Subscription Agreement; (ii) the financial information of the Target Group; (iii) the unaudited pro forma financial information of the Enlarged Group; (iv) the notice of the SGM; and (v) other information as required under the Listing Rules will be despatched to the Shareholders on or before 31 May 2018.

## **RESUMPTION OF TRADING**

At the request of the Company, trading in the shares of the Company was halted with effect from 9:00 a.m. on 3 May 2018 pending publication of this announcement. The Company has made an application to the Stock Exchange for the resumption of trading in the shares of the Company on the Stock Exchange from 9:00 a.m. on 10 May 2018.

**As the completion of the Proposed Acquisition is subject to the satisfaction and/or waiver (as applicable) of the conditions precedent contained in the Share Purchase Agreement and the Subscription Agreement, the Proposed Acquisition may or may not proceed. Shareholders and potential investors should therefore exercise caution when dealing in the securities of the Company.**

## **(A) INTRODUCTION**

Reference is made to the Company's announcement dated 24 April 2018 in relation to the entering into of a memorandum of understanding between the Company and Nanjing Xinjiekou regarding the Company's possible acquisition of a 51% equity interest in the Target Company.

The Board is pleased to announce that on 2 May 2018 (after trading hours), the Company entered into the Share Purchase Agreement with the Seller and the Target Company, pursuant to which the Company has conditionally agreed to purchase, and the Seller has conditionally agreed to sell, the Sale Shares (representing approximately 34% of the total issued share capital of the Target Company as of the date of the Share Purchase Agreement) at the tentative Share Purchase Consideration of RMB611,999,990.44 (equivalent to approximately HK\$754,493,664).

The Board is pleased to further announce that on 2 May 2018 (after trading hours), the Parties also entered into the Subscription Agreement, pursuant to which the Company has conditionally agreed to subscribe for, and the Target Company has conditionally agreed to allot and issue to the Company, the Subscription Shares at the tentative Subscription Consideration of GBP69,992,276.30 (equivalent to approximately HK\$746,967,403), being GBP13.3943 (equivalent to approximately HK\$142.9459) per Subscription Share.

The Target Company is currently a direct wholly-owned subsidiary of the Seller and has a total of 15,061,812 Target Shares in issue. Upon Completion, the Target Company will have a total of 20,287,339 Target Shares in issue and the Company and the Seller will hold approximately 51% and 49% of the total issued share capital of the Target Company, respectively. Upon Completion, the Target Company will become a non-wholly-owned subsidiary of the Company and the profits and losses as well as assets and liabilities of the Target Group will be consolidated into the financial statements of the Group.

## **(B) THE PROPOSED ACQUISITION**

The principal terms of the Share Purchase Agreement and the Subscription Agreement in relation to the Proposed Acquisition are summarized as follows:

### **Share Purchase Agreement**

**Date** 2 May 2018 (after trading hours)

**Parties**

1. the Company
2. the Seller
3. the Target Company

**Share Purchase** Subject to the conditions precedent summarized in the row headed “Conditions precedent to the Share Purchase” below, the Company shall purchase from the Seller, and the Seller shall sell to the Company, the Sale Shares and the rights attached thereto, including any dividends declared but not paid before the Share Purchase Completion Date.

**Conditions precedent  
to the Share  
Purchase**

The Share Purchase Completion is conditional upon, among other things, each of the following conditions precedent being satisfied and/or (if applicable) waived by the Company and the Seller:

- (a) the Share Purchase not having been restricted, enjoined, prohibited, declared illegal or otherwise prevented by any laws, regulations or orders promulgated or issued by any government authority;
- (b) in case there is any difference between the tentative Share Purchase Consideration and the final Share Purchase Consideration, the Parties having entered into a supplemental agreement confirming the final Share Purchase Consideration;
- (c) the Sale Shares not having been restricted, prohibited or cancelled by any regulations, orders, judgments, decrees, rulings of any government authority or competent court;
- (d) save as disclosed in writing by the Parties, there being no proceedings, administrative penalties, rulings or orders that have or will have a material adverse effect on the sale of the Sale Shares by the Seller;
- (e) there being no valid objection against the Share Purchase Completion made by any creditor of any of the Parties;
- (f) the Restructuring Plan on terms mutually agreed by the Company and the Seller having been implemented;
- (g) the Company having obtained from the Seller on the Share Purchase Completion Date (i) a copy of the Seller's board of directors' resolution approving the Share Purchase and authorizing the execution of the Share Purchase Agreement and any and all related documents; and (ii) a copy of the Target Company's register of members evidencing the Company as the holder of the Sale Shares;
- (h) the Seller having obtained from the Company on the Share Purchase Completion Date (i) a certified copy of the Board resolution approving and authorizing the execution of the Share Purchase Agreement and any and all related documents; and (ii) the receipt or other record evidencing that the First Stage Payment has been paid by the Company;

- (i) the Seller having obtained all necessary approvals, consents and waivers from, and made all necessary filings with, all relevant government or regulatory authorities as required under applicable laws and regulations, the Seller's articles of association or any other arrangement. For the avoidance of doubt, such approvals, consents, waivers and filings include but are not limited to consents from creditors regarding change of control that are required under any financing arrangement involving any of such creditors and any member of the Target Group;
- (j) the Company having obtained all necessary approvals from and made all necessary filings with relevant government authorities in connection with the transactions contemplated under the Share Purchase Agreement. For the avoidance of doubt, such approvals and filings include the completion of the filing regarding business concentration or similar anti-monopoly scrutiny procedures under the PRC laws or applicable laws in other relevant jurisdictions;
- (k) each of the Company and the Seller having complied in all material respects with its obligations and conditions under the Share Purchase Agreement on or prior to the Share Purchase Completion Date by which such obligations must be performed or conditions met;
- (l) the Share Purchase (either in itself or as part of the Proposed Acquisition) being approved by the Shareholders at the SGM as a very substantial acquisition for the Company under Chapter 14 of the Listing Rules;
- (m) the sale of the Sale Shares pursuant to the Share Purchase (either in itself or as part of the Proposed Acquisition) being approved at the shareholders' general meeting of Nanjing Xinjiekou to be convened and held pursuant to the Shanghai Listing Rules; and
- (n) with the exception of the condition precedent set out in paragraph (j) in the row headed "Conditions precedent to the Subscription" under the section headed "The Proposed Acquisition – Subscription Agreement" below, all the conditions precedent to the Subscription Completion having been satisfied or waived (as applicable).

The conditions precedent set out in paragraphs (a), (c), (d), (e), (f), (i), (j), (l), (m) and (n) above are not capable of being waived.

**Share Purchase  
Consideration**

The tentative Share Purchase Consideration is RMB611,999,990.44 (equivalent to approximately HK\$754,493,664) or its equivalent in Hong Kong dollars. The final Share Purchase Consideration shall be determined through good faith negotiation between the Company and the Seller. If the final total Share Purchase Consideration is different from the tentative Share Purchase Consideration, the Parties shall duly enter into a supplemental agreement to confirm the final Share Purchase Consideration.

The First Stage Payment, being at least 51% of the final Share Purchase Consideration, shall be paid by the Company in Hong Kong dollars before the Share Purchase Completion Date into the Designated Account, which shall be designated and notified in writing by the Seller at least two (2) Business Days before the Share Purchase Completion Date. The remaining of the final Share Purchase Consideration shall be paid by the Company in Hong Kong dollars before the first anniversary of the Share Purchase Completion Date into the Designated Account or other bank account designated by the Seller.

The Hong Kong dollar equivalent of the final Share Purchase Consideration shall be calculated based on the middle exchange rate of RMB against HK\$ published by the State Administration of Foreign Exchange of the PRC five (5) Business Days before the Share Purchase Completion Date.

**Share Purchase  
Completion**

The Share Purchase Completion shall take place on the Share Purchase Completion Date, being a day within three (3) Business Days following the satisfaction or (if applicable) waiver of the conditions precedent to the Share Purchase Completion.

Upon the Share Purchase Completion (but before the Subscription Completion), the Target Company will be held as to approximately 66% by the Seller and approximately 34% by the Company.

**Interim period profit  
and loss**

The Seller and the Company shall be entitled to the profit or bear the loss of the Target Group during the period between the date of the Share Purchase Agreement and the Share Purchase Completion Date in respect of the Sale Shares. For the avoidance of doubt, the final Share Purchase Consideration will not be adjusted as a result of any profit made or loss incurred by the Target Company during such interim period.

**Termination and  
Amendment**

At any time on or prior to the Share Purchase Completion Date, upon agreement among the Company, the Seller and the Target Company, the Share Purchase Agreement can be terminated or amended in writing.

In the event of breach of the Share Purchase Agreement, the non-breaching party may immediately terminate the Share Purchase by giving written notice to the breaching party.

If the Share Purchase Completion does not take place within twelve (12) months after the date of the Share Purchase Agreement or such later date as the Parties may agree, the Company, the Seller or the Target Company may immediately terminate the Share Purchase Agreement.

**Subscription Agreement**

**Date**

2 May 2018 (after trading hours)

**Parties**

1. the Company
2. the Seller
3. the Target Company

**Subscription**

Subject to the conditions precedent summarized in the row headed “Conditions precedent to the Subscription” below, the Company will subscribe for, and the Target Company will allot and issue to the Company, the Subscription Shares.

**Conditions precedent to  
the Subscription**

The Subscription Completion is conditional upon, among other things, each of the following conditions precedent being satisfied and/or (if applicable) waived by the Company:

- (a) the passing of Target Board resolutions, in a form to be agreed by the Parties (acting reasonably), at a duly convened Target Board meeting;
- (b) the passing by the Seller of shareholders’ resolutions in respect of the Target Company to (i) adopt the Target Articles; (ii) waive the pre-emption rights in respect of the allotment and issue of the Subscription Shares; and (iii) grant the directors of the Target Company authority to allot the Subscription Shares;

- (c) the Target Company having procured that its relevant subsidiaries implement the Restructuring Plan on terms mutually agreed by the Company and the Seller;
- (d) the issuance and allotment of Subscription Shares as contemplated in the Subscription Agreement not having been restricted, enjoined, prohibited, declared illegal or otherwise prevented by any laws, regulations, orders, judgments, decrees or rulings promulgated or issued by any government authority or competent court;
- (e) all necessary approvals, consents and waivers from, and/or filings with, relevant government or regulatory authorities and/or creditors in connection with the issuance and allotment of Subscription Shares as contemplated in the Subscription Agreement having been obtained or made. For the avoidance of doubt, such consents include but are not limited to creditors' consents regarding change of control that are required to ensure that the issuance and allotment of the Subscription Shares will not result in any refinancing obligation or requirement for any member of the Target Group;
- (f) the Seller's board of directors having approved the issuance and allotment of Subscription Shares as contemplated in the Subscription Agreement and authorized the execution of the Subscription Agreement and any and all related documents;
- (g) the Board having approved the subscription of Subscription Shares as contemplated in the Subscription Agreement and authorized the execution of the Subscription Agreement and any and all related documents;
- (h) the Subscription (either in itself or as part of the Proposed Acquisition) being approved by the Shareholders at the SGM as a very substantial acquisition for the Company under Chapter 14 of the Listing Rules;
- (i) the allotment and issue of the Subscription Shares pursuant to the Subscription (either in itself or as part of the Proposed Acquisition) being approved at the shareholders' general meeting of Nanjing Xinjiekou to be convened and held pursuant to the Shanghai Listing Rules; and

- (j) with the exception of the condition precedent set out in paragraph (n) in the row headed “Conditions precedent to the Share Purchase” under the section headed “The Proposed Acquisition – Share Purchase Agreement” above, all the conditions precedent to the Share Purchase Completion having been satisfied or waived (as applicable).

The conditions precedent set out in paragraphs (c), (d), (e), (h), (i) and (j) above are not capable of being waived.

**Subscription  
Consideration**

The tentative Subscription Consideration is GBP69,992,276.30 (equivalent to approximately HK\$746,967,403), being GBP13.3943 (equivalent to approximately HK\$142.9459) per Subscription Share. The final Subscription Consideration shall be determined through good faith negotiation between the Parties. If the final total Subscription Consideration is different from the tentative Subscription Consideration, the Parties shall duly enter into a supplemental agreement to confirm the final Subscription Consideration.

The final Subscription Consideration shall be paid in accordance with the manner set out in paragraph (a) in the row headed “Subscription Completion” below.

**Subscription Completion**

Subject to the satisfaction or (if applicable) waiver by the Company of the conditions precedent to the Subscription on or before the Subscription Completion, the Subscription Completion shall take place on the Subscription Completion Date, being the third (3rd) Business Day after the date on which all of the conditions to the Subscription Completion have been satisfied or (if applicable) have been waived by the Company, on which the following events shall occur:

- (a) the Company shall pay the Target Company by electronic transfer to the Target Company’s bank account to be designated in writing by the Target Company before the Subscription Completion Date, a Hong Kong dollar amount equivalent to the final Subscription Consideration. Such Hong Kong dollar amount shall be calculated in accordance with the exchange rate reported in the London edition of the Financial Times on the day immediately before the date of such payment;

- (b) a meeting of the Target Board shall be held at which the Target Company shall:
  - (i) adopt the Target Articles;
  - (ii) subject to receipt of final Subscription Consideration, allot and issue the Subscription Shares credited as fully paid to the Company (or the Designated Entity, if any) and enter the Company's name or the Designated Entity's name, as applicable, in the register of members in respect of the Subscription Shares;
  - (iii) execute and deliver to the Company (or the Designated Entity, if any) a share certificate for the Subscription Shares;
  - (iv) if applicable, accept the resignations of certain directors from the Target Board as agreed between the Parties prior to the Subscription Completion;
  - (v) if applicable, appoint certain new directors to the Target Board as agreed between the Parties prior to the Subscription Completion; and
  - (vi) pass any other resolutions required to carry out the Target Company's obligations under the Subscription Agreement; and
- (c) the Target Company's solicitors shall be instructed to file all appropriate resolutions and forms with the registrar of companies within the time limits prescribed for filing each of them.

**Interim period profit and loss**

For accounting purposes, a pro rata share of the financial positions of the Target Group (including any profit made or loss incurred by the Target Group) between the date of the Subscription Agreement and the Subscription Completion shall be ascribed to the Seller and the Company respectively as if the Subscription Shares were allotted and issued to the Company on the date of the Subscription Agreement. The final Subscription Consideration shall not be adjusted as a result of any profit made or loss incurred by the Target Company during such interim period.

## **Completion**

Completion will take place upon the Share Purchase Completion and the Subscription Completion, which are inter-conditional upon each other.

Upon Completion, the Target Company will be held as to approximately 49% by the Seller and approximately 51% by the Company, as further described in the section headed “Information on the Target Group – Shareholding structure of the Target Company” below.

Upon Completion, the Target Company will become a non-wholly-owned subsidiary of the Company and the profits and losses as well as assets and liabilities of the Target Group will be consolidated into the financial statements of the Group.

## **Course of dealing between the Company and the Seller**

The Proposed Acquisition began to take shape as an acquisition of a 51% equity interest in the Target Company in late March 2018, when Mr. Chen Yixi (陳奕熙), the chairman, an executive Director and a controlling Shareholder of the Company, and Mr. Yuan Zhenhua (袁振華), an executive Director and the chief financial officer of the Company, were actively involved in the origination and structuring of the Proposed Acquisition. Subsequently, the two of them also participated in the negotiations with the Seller, which was predominantly represented by the senior management and other persons-in-charge of Nanjing Xinjiekou.

Insofar as board approvals are concerned, (i) on the Company’s side, Mr. Chen Yixi (陳奕熙) attended the Company’s Board meeting and voted in favor of the Board resolution approving the Proposed Acquisition; and (ii) on the Seller’s side, four directors of Nanjing Xinjiekou, namely Ms. Yang Huaizhen (楊懷珍), Mr. Yi Chuilin (儀垂林), Mr. Bo Jiangyong (卜江勇) and Mr. Zhang Juyang (張居洋), abstained from voting on Nanjing Xinjiekou’s board resolution approving the Proposed Acquisition due to their involvement in Sanpower’s management and business operations.

The Company confirms that other than (i) the memorandum of understanding entered into between the Company and Nanjing Xinjiekou on 24 April 2018, as disclosed in the Company’s announcement on the same date; (ii) the Share Purchase Agreement; and (iii) the Subscription Agreement, there has not been any agreement, arrangement, negotiation, understanding or undertaking (whether formal or informal and whether express or implied) between the Company or any of its connected persons and their associates (including Mr. Chen Yixi (陳奕熙)) on one hand and the Seller or any of its connected persons and their associates (including Sanpower and Mr. Yuan Yafei (袁亞非)) on the other hand in respect of the Proposed Acquisition.

## (C) THE CONSIDERATION

### **Basis of the determination of the tentative Consideration**

The tentative Share Purchase Consideration and the tentative Subscription Consideration were determined after arm's length negotiations between the Company and the Seller taking into account, among others, (i) the historical financial position and business performance of the Target Group, including but not limited to the historical revenue and EBITDA of the Target Group; (ii) the expected business development and future financial performance of the Target Group, particularly after the completion of the Restructuring Plan (as referred to in the conditions precedent to the Share Purchase and the Subscription); and (iii) the synergies expected to be generated after Completion.

In respect of factors (i) and (ii) stated above, the Directors are of the view that although the Target Group recorded a loss of approximately GBP37.0 million for the year ended 31 December 2017, the EBITDA of the Target Group, another useful measure on the underlying performance of the business excluding exceptional items, interest, tax, depreciation and amortization, etc., amounted to approximately GBP24.0 million. The Target Group's EBITDA for the years ended 31 December 2015 and 31 December 2016 was GBP62.9 million and GBP51.6 million respectively, and year 2017 was a challenging year for the business of the Target Group. The Brexit referendum and the UK's resultant decision to leave the European Union and the terrorist attacks in London, combined with a rapidly evolving retail market, produced a period of uncertainty and volatility that resulted in a difficult trading environment for the whole retail industry in the UK. Nevertheless, the Directors believe that as a leading department store chain in UK, the Target Group will be able to take advantage of its well-known brand to capture growth potential. Also, upon completion of the Restructuring Plan, the business operation, profitability and cash flow of the Target Group will further be improved and therefore the business model of the Target Group is expected to become more stable.

In view of the exceptional financial results of the Target Group in terms of net profit and EBITDA for the year ended 31 December 2017, the Directors considered that price multiples based on sales, earnings and EBITDA may not be an appropriate reference, and have made reference to the price-to-book ratio ("**P/B Ratio**") of listed companies in the UK whose principal business is similar to that of the Target Group, including Debenhams Plc and Marks & Spencer Plc which have a P/B Ratio of approximately 0.56 times and 1.73 times respectively, whereas the tentative Share Purchase Consideration and the tentative Subscription Consideration together imply a post-money P/B Ratio of approximately 1.66 times based on the Target Group's unaudited net asset value as at 31 December 2017.

In respect of factor (iii) stated above, the Directors expect that synergies will be realized as a result of the Proposed Acquisition as elaborated in the section headed “Reasons for and benefits of the Proposed Acquisition – The Company’s retail-oriented business blueprint” below. This demonstrates the potential business cooperation and integration among the Group and the Target Group’s businesses, as well as the growth opportunity in the PRC and overseas which the Enlarged Group may be able to capture in the future.

Based on the foregoing factors, and also taking into account the reasons and benefits set out in the section headed “Reasons for and benefits of the Proposed Acquisition” below, the Directors are of the view that the Consideration is fair and reasonable, and that the terms of the Proposed Acquisition are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **Determination of the final Consideration**

The final Share Purchase Consideration shall be determined through good faith negotiation between the Seller and the Company while the final Subscription Consideration shall be determined through good faith negotiation among the Parties.

The Seller is a wholly-owned subsidiary of Nanjing Xinjiekou, a company listed on Shanghai Stock Exchange, and the Proposed Acquisition constitutes a material assets reorganization (重大資產重組) for Nanjing Xinjiekou under relevant PRC laws and regulations. According to the Administrative Measures for the Material Assets Reorganization of Listed Companies (《上市公司重大資產重組管理辦法》) promulgated by the China Securities Regulatory Commission, if the consideration of an assets transaction is based on the results of an assets valuation, the listed company shall engage a qualified valuer to issue a valuation report on the subject matter of the transaction. As at the date of this announcement, the valuer engaged by Nanjing Xinjiekou has not completed its valuation report on the Target Group, so the final Share Purchase Consideration and the final Subscription Consideration are yet to be finalized.

It is expected that prior to the despatch of the circular referred to in the section headed “Despatch of circular” below, the aforesaid valuation report will be completed, and the final Consideration will be determined with reference to, among other things, (i) the appraised value of the Target Group as set out in the aforesaid valuation report; (ii) the factors discussed in the section headed “The Consideration – Basis of the determination of the tentative Consideration” above; and (iii) any additional information relating to the Target Group and/or the Proposed Acquisition then available to the Parties.

If the final Consideration is different from the tentative Consideration, the Parties will enter into supplemental agreement(s) to confirm the final Share Purchase Consideration and/or the final Subscription Consideration, and the Company will publish further announcement(s) as and when appropriate.

### **Source of funding for the Consideration**

The Share Purchase Consideration and the Subscription Consideration are expected to be funded by a combination of internal resources of the Group and proceeds generated from the potential placing of new shares by the Company under specific mandate (the “**Placing**”).

As at the date of this announcement, the Company is in the process of engaging a placing agent in respect of the Placing, with the placing agreement expected to be entered into in mid-May 2018. It is expected that there will be six or more placees who are Independent Third Parties and none of such placees will become a substantial shareholder (as defined under the Listing Rules) following completion of the Placing.

The Company will inform the Shareholders of further details of the Placing in (i) an announcement in relation to, among other things, the entering into of the placing agreement; (ii) a circular in relation to, among other things, the specific mandate to be sought from the Shareholders; and (iii) the circular referred to in the section headed “Despatch of circular” below.

## **(D) INFORMATION ON THE TARGET GROUP**

### **Background and principal business**

The Target Company is a limited liability company incorporated in England and Wales.

The Target Group is a leading department store group in the United Kingdom and Ireland as measured by the number of stores and geographical reach. It has a competitive multi-branded business across multiple sales channels and offers clothing, footwear and accessories for men, women and children as well as homeware accessories and furniture, with a focus on the clothing and beauty section.

The Target Group trades principally under the iconic “House of Fraser” brand name through a portfolio of more than 50 stores in prime high-footfall shopping centers and high street locations across the United Kingdom and Ireland, two stores in the PRC as well as one franchise store in the United Arab Emirates, and also operates a complementary online store. The Target Group leases all of its stores under long-term leaseholds with an average remaining life of approximately 29 years and a total trading space of approximately 4.4 million square feet as of April 2018.

### **Shareholding structure of the Target Company**

As at the date of this announcement, the Target Company has 15,061,812 Target Shares in issue. Upon Completion, the Target Company will have a total of 20,287,339 Target Shares in issue.

Set out below is the shareholding structure of the Target Company:

	<b>As of the date of this announcement</b>	<b>Immediately after Share Purchase Completion but before Subscription Completion (for illustration only) (approximate)</b>	<b>Immediately after Completion (both Share Purchase Completion and Subscription Completion) (approximate)</b>
<b>The Seller</b>	100%	66%	49%
<b>The Company</b>	0%	34%	51%

### **Financial information**

Set out below is the financial information extracted from the unaudited consolidated financial statements of the Target Group as at and for the two years ended 31 December 2016 and 31 December 2017, which were prepared in accordance with the International Financial Reporting Standards:

	<b>For the year ended 31 December 2016 (GBP million) (unaudited)</b>	<b>For the year ended 31 December 2017 (GBP million) (unaudited)</b>
<b>Turnover</b>	840.9	787.8
<b>Gross profit</b>	487.2	453.5
<b>EBITDA</b>	51.6	24.0
<b>Profit/(Loss) before tax</b>	1.5	(43.9)
<b>Profit/(Loss) after tax</b>	5.5	(37.0)
	<b>As at 31 December 2016 (GBP million) (unaudited)</b>	<b>As at 31 December 2017 (GBP million) (unaudited)</b>
<b>Total assets</b>	1,131.1	1,151.0
<b>Total liabilities</b>	(1,033.5)	(1,057.1)
<b>Net assets</b>	97.6	93.9

## **Proposed use of proceeds of the Subscription by the Target Company**

The Target Company intends to use the proceeds of the Subscription as general working capital and reduction of the Target Group's overall indebtedness.

### **(E) INFORMATION ON THE SELLER**

The Seller is a limited liability company incorporated in Hong Kong, which is directly wholly-owned by Nanjing Xinjiekou. Nanjing Xinjiekou is a company listed on Shanghai Stock Exchange (Stock Code: 600682.SH). As at the date of this announcement, Nanjing Xinjiekou is owned as to approximately 33.10% by Sanpower and persons acting in concert with it (according to the Shanghai Listing Rules) and as to approximately 66.90% by other public shareholders, respectively. Sanpower is owned as to 97.5% by Mr. Yuan Yafei (袁亞非), who is the brother-in-law of Mr. Chen Yixi (陳奕熙), the chairman, an executive Director and a controlling Shareholder of the Company. However, as each of the Seller and Nanjing Xinjiekou is not a majority-controlled company of Mr. Yuan Yafei (袁亞非) under Rule 14A.21(1)(b) of the Listing Rules, the Seller is not a deemed connected person of the Company. Further, while there are certain day-to-day commercial transactions between the Company or any of its connected persons and their associates on one hand and the Seller or any of its connected persons and their associates on the other hand, the Company confirms that (i) such transactions have been conducted on normal commercial terms and an arm's length basis; and (ii) to the extent that such transactions have been conducted with connected persons of the Company, they are fully exempt under Rule 14A.76(1) of the Listing Rules.

Nanjing Xinjiekou is primarily engaged in the operation of the "House of Fraser" department stores around the world (through the Target Group) and other department stores in the PRC, as well as the provision of elderly healthcare and nursing services in Israel and the PRC. At present, the Target Company is an indirect wholly-owned subsidiary of Nanjing Xinjiekou.

Sanpower, together with its subsidiaries, is a large-scale conglomerate based in the PRC with business operations in a wide range of industries such as finance, commerce and healthcare, and owns a controlling stake in various listed companies including Nanjing Xinjiekou, Jiangsu Hongtu High Technology Co., Ltd. (江蘇宏圖高科技股份有限公司) (listed on Shanghai Stock Exchange (Stock Code: 600122.SH)) and IDT International Limited (listed on the Stock Exchange (Stock Code: 167.HK)).

### **(F) INFORMATION ON THE COMPANY**

The Company is an investment holding company and its subsidiaries are principally engaged in the design, manufacture and sale of branded women's footwear in the PRC and retail of toys across the globe through Hamleys. The Group is the leading retailer of mid-to-premium women's formal and casual footwear in the PRC. It distributes self-developed brands and licensed brands products through department stores and independent retail stores in different cities in the PRC, and is also proactive in developing online business to further expand its customer base as well as sales and distribution network. The Group is popular for its brand values of elegance, charm and fashionable in the market. The Group operates self-developed brands including C.banner, EBLAN, sundance, MIO, Badgley Mischka and sells Steve Madden shoes in the PRC through a joint venture. In 2015, the Company expanded its business by the acquisition of Hamleys, the leading world-renowned toys retailer brand, with a view to entering the market for children's products.

## **(G) REASONS FOR AND BENEFITS OF THE PROPOSED ACQUISITION**

### **The Company's retail-oriented business blueprint**

As further described in the section headed "Information on the Company" above, the Group is principally engaged in the design, manufacture and sale of branded women's footwear in the PRC (the "**Footwear Business**") and retail of toys across the globe through the "Hamleys" brand (the "**Toy Retail Business**"). The acquisition of the Target Group, which owns and operates the iconic British department store brand "House of Fraser" as further described in the section headed "Information on the Target Group – Background and principal business" above (the "**Department Store Business**"), would mark an important step towards the implementation of the Company's global branding strategy which leverages the brand recognition effect of world-renowned brands.

The Proposed Acquisition is expected to further enhance the Company's presence in the retail market in the PRC as well as to facilitate the Company to lay a good foundation for a new brand and retail roadmap overseas. The Directors believe that the Proposed Acquisition will create synergies between the Target Group's Department Store Business and the Group's existing Footwear Business and Toy Retail Business, thereby enhancing the competitive strength of the Company in the retail industry. In particular, the Company will look to:

- (a) enhance the Company's sales potential with House of Fraser's retail platform, and further enhance and develop the Company's brand supply capabilities in different retail formats and sales channels;
- (b) provide a richer brand portfolio and a broader sales network for high-income consumers, and strengthen the Company's competitive advantage;
- (c) share the strong operational capabilities of the Company and House of Fraser's regional markets to seek new opportunities for strategic expansion of retail stores and department stores;
- (d) leverage potential brand acquisitions and opportunities to acquire business licenses, and establish strategic alliances and/or set up joint ventures with other retail brand companies, especially in the business segments and products that the Company has not entered;
- (e) negotiate with existing and new suppliers and owners to strengthen the Company's bargaining power; and
- (f) through cost-saving measures (including shared services and back office integration), improve the Company's cost of information and technology and efficiency of corporate operation.

In the future, the Company will continue to actively explore business opportunities in and outside the PRC by way of, among others, mergers and acquisitions, strategic cooperation as well as establishing other business relationships with leading retailer brands with a view to further implementing its global branding strategy.

## **The Company's intention in respect of the Group's and the Target Group's businesses**

To implement the aforesaid retail-oriented business blueprint in the years to come, the Company intends to continue to operate the Department Store Business of the Target Group. Pooling together the collective experience of the Group's and the Target Group's senior management in various key areas such as customers, product solutions, supply chain management, administration, information technology, human resources, social media and marketing, the Company intends to establish (i) a five-member "Integration and Cooperation Steering Committee" comprising two, one and two professionals from the Footwear Business, the Toy Retail Business and the Department Store Business respectively, each with an average of 15 to 20 years of experience in the relevant business segment; and (ii) a six-member "Integration and Cooperation Team" comprising two other experienced professionals from each of the three business segments. Given that the Footwear Business consists of a significant retail component and the Toy Retail Business is wholly retail-based, the Directors are confident that the Company will have sufficient expertise to operate the newly acquired Department Store Business.

At the same time, the Company intends to continue to own and operate the Group's existing Footwear Business and Toy Retail Business in order to achieve the aforesaid synergies and sharing of capabilities, thereby maximizing the competitiveness and global presence of the Enlarged Group. As at the date of this announcement, the Company has no intention and has not entered into any understanding, arrangement or undertaking to dispose of or downsize the Footwear Business or the Toy Retail Business or the related major operating assets.

### **(H) IMPLICATIONS UNDER THE LISTING RULES**

Pursuant to Rules 14.22 and 14.23 of the Listing Rules, the Share Purchase and the Subscription are required to be aggregated and, on this basis, as one or more of the applicable percentage ratios in respect of the Proposed Acquisition exceed 100%, the Proposed Acquisition constitutes a very substantial acquisition for the Company under Chapter 14 of the Listing Rules and is therefore subject to the announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

### **(I) DESPATCH OF CIRCULAR**

An SGM of the Company will be held in due course for the purpose of considering and, if thought fit, approving the Share Purchase Agreement, the Subscription Agreement and the transactions contemplated thereunder (including the Share Purchase and the Subscription) by way of poll.

A circular containing, among other things, (i) further details on the Share Purchase Agreement and the Subscription Agreement; (ii) the financial information of the Target Group; (iii) the unaudited pro forma financial information of the Enlarged Group; (iv) the notice of the SGM; and (v) other information as required under the Listing Rules will be despatched to the Shareholders on or before 31 May 2018.

## **(J) RESUMPTION OF TRADING**

At the request of the Company, trading in the shares of the Company was halted with effect from 9:00 a.m. on 3 May 2018 pending publication of this announcement. The Company has made an application to the Stock Exchange for the resumption of trading in the shares of the Company on the Stock Exchange from 9:00 a.m. on 10 May 2018.

**As the completion of the Proposed Acquisition is subject to the satisfaction and/or waiver (as applicable) of the conditions precedent contained in the Share Purchase Agreement and the Subscription Agreement, the Proposed Acquisition may or may not proceed. Shareholders and potential investors should therefore exercise caution when dealing in the securities of the Company.**

## **(K) DEFINITIONS**

“Affiliate”	in relation to any party, any (a) direct or indirect holding company of such party; (b) direct or indirect subsidiary of such party; or (c) direct or indirect subsidiary of a direct or indirect holding company of such party, in each case from time to time;
“associate(s)”	has the meaning ascribed to it in the Listing Rules;
“Board”	the board of Directors;
“Business Day(s)”	day(s) on which banks are open for business in the PRC, Hong Kong and the United Kingdom (excluding Saturdays and Sundays);
“Company”	C.banner International Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange (Stock Code: 1028.HK);
“Completion”	the Share Purchase Completion and the Subscription Completion taken together;
“connected person(s)”	has the meaning ascribed to it in the Listing Rules;
“Consideration”	the Share Purchase Consideration and the Subscription Consideration taken together;
“Designated Account”	the bank account designated by the Seller for the purpose of receiving the First Stage Payment;

“Designated Entity”	an Affiliate of the Company designated by the Company in writing no later than three (3) Business Days before the Subscription Completion Date, in the name of which the Subscription Shares will be issued and registered;
“Director(s)”	the director(s) of the Company;
“EBITDA”	for the purpose of this announcement, earnings before interest expenses, taxation, depreciation and amortization;
“Enlarged Group”	the Group and the Target Group;
“First Stage Payment”	the payment to be made by the Company prior to the Share Purchase Completion pursuant to the Share Purchase Agreement, being at least 51% of the final Share Purchase Consideration;
“GBP”	Pound sterling, the lawful currency of the United Kingdom;
“Group”	the Company and its subsidiaries;
“HK\$” or “Hong Kong dollar(s)”	Hong Kong dollar(s), the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Third Party(ies)”	third party(ies) who is/are independent of, and not connected with, the Company and its connected persons;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Nanjing Xinjiekou”	Nanjing Xinjiekou Department Store Co., Ltd. (南京新街口百貨商店股份有限公司), a limited liability company incorporated in the PRC, the shares of which are listed on Shanghai Stock Exchange (Stock Code: 600682.SH);
“Parties”	the Company, the Seller and the Target Company;
“percentage ratio(s)”	percentage ratio(s) as set out in Rule 14.07 of the Listing Rules to be applied for determining the classification of a transaction;
“PRC”	the People’s Republic of China and, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;

“Proposed Acquisition”	the proposed acquisition of an approximately 51% equity interest in the Target Company, including the Share Purchase and the Subscription;
“Restructuring Plan”	a compromise or arrangement in respect of the leasehold properties and related liabilities of relevant subsidiaries of the Target Company (whether by a company voluntary arrangement governed by the laws of England and Wales or otherwise);
“RMB”	Renminbi, the lawful currency of the PRC;
“Sale Shares”	a total of 5,121,016 Target Shares, representing approximately 34% of the total issued share capital of the Target Company as of the date of the Share Purchase Agreement;
“Sanpower”	Sanpower Group Limited (三胞集團有限公司), a limited liability company incorporated in the PRC, which, together with persons acting in concert with it (according to the Shanghai Listing Rules), owns an approximately 33.10% equity interest in Nanjing Xinjiekou;
“Seller”	Cenbest (Hong Kong) Company Limited, a limited liability company incorporated in Hong Kong;
“SGM”	the special general meeting of the Company to be convened and held for the Shareholders to consider and approve, among other things, if thought fit, the Share Purchase Agreement, the Subscription Agreement and the transactions contemplated thereunder;
“Shanghai Listing Rules”	the Rules Governing the Listing of Stocks on Shanghai Stock Exchange (上海證券交易所股票上市規則);
“Share Purchase”	the purchase of the Sale Shares by the Company upon the terms and subject to the conditions to the Share Purchase Agreement;
“Share Purchase Agreement”	the share purchase agreement dated 2 May 2018 in relation to the Share Purchase entered into amongst the Company, the Seller and the Target Company, details of which are set out in the section headed “The Proposed Acquisition – Share Purchase Agreement” of this announcement;
“Share Purchase Completion”	completion of the Share Purchase;

“Share Purchase Completion Date”	the date of the Share Purchase Completion, being a day within three (3) Business Days following the satisfaction or (if applicable) waiver of the conditions precedent to the Share Purchase Completion;
“Share Purchase Consideration”	sale price for the Sale Shares, tentatively being RMB611,999,990.44 or its equivalent in Hong Kong dollars;
“Shareholder(s)”	holder(s) of the share(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscription”	the subscription for the Subscription Shares by the Company upon the terms and subject to the conditions to the Subscription Agreement;
“Subscription Agreement”	the subscription agreement dated 2 May 2018 in relation to the Subscription entered into amongst the Company, the Seller and the Target Company, details of which are set out in the section headed “The Proposed Acquisition – Subscription Agreement” of this announcement;
“Subscription Completion”	completion of the Subscription;
“Subscription Completion Date”	the date of the Subscription Completion, being the third (3rd) Business Day after the date on which all of the conditions to the Subscription Completion have been satisfied or (if applicable) have been waived by the Company;
“Subscription Consideration”	subscription price for the Subscription Shares, tentatively being GBP69,992,276.30, or GBP13.3943 per Subscription Share;
“Subscription Shares”	a total of 5,225,527 new Target Shares, which the Company will subscribe for and the Target Company will allot and issue upon the terms of and subject to the conditions to the Subscription Agreement;
“Target Articles”	new articles of association of the Target Company to be agreed by the Company, the Seller and the Target Company prior to the Subscription Completion Date and to be adopted by the Target Company on or prior to the Subscription Completion;

“Target Board”	the board of directors of the Target Company;
“Target Company”	House of Fraser Group Limited, a limited liability company incorporated in England and Wales;
“Target Group”	the Target Company and its subsidiaries;
“Target Share(s)”	the ordinary share(s) of the Target Company with a par value of GBP1.00 each;
“United Kingdom” or “UK”	the United Kingdom of Great Britain and Northern Ireland; and
“%”	per cent.

By order of the Board  
**C.banner International Holdings Limited**  
**Chen Yixi**  
*Chairman*

PRC, 9 May 2018

*For the purpose of this announcement, the conversion of RMB and GBP into HK\$ is based on the exchange rates of approximately RMB1 to HK\$1.233 and GBP1 to HK\$10.672 (both based on the middle exchange rates published by the China Foreign Exchange Trade System under the authorization of the People’s Bank of China on 2 May 2018) for illustration purpose only.*

*As at the date of this announcement, the executive Directors are Mr. CHEN Yixi, Mr. ZHAO Wei, Mr. HUO Li and Mr. YUAN Zhenhua; the non-executive Director is Mr. MIAO Bingwen; and the independent non-executive Directors are Mr. KWONG Wai Sun Wilson, Mr. LI Xindan, Mr. ZHANG Zhiyong and Mr. ZHENG Hongliang.*