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Orchid Valley Holdings Limited

(Incorporated in the British Virgin Islands with limited liability)

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)

JOINT ANNOUNCEMENT

**VOLUNTARY CONDITIONAL CASH OFFER BY
FIRST SHANGHAI SECURITIES LIMITED
FOR AND ON BEHALF OF
ORCHID VALLEY HOLDINGS LIMITED
TO ACQUIRE ALL THE ISSUED SHARES OF
C.BANNER INTERNATIONAL HOLDINGS LIMITED
(OTHER THAN THOSE SHARES ALREADY OWNED BY
ORCHID VALLEY HOLDINGS LIMITED
AND CERTAIN PARTIES ACTING IN CONCERT WITH IT)
AND
RESUMPTION OF TRADING**

Financial Adviser to the Offeror



First Shanghai Capital Limited

INTRODUCTION

On 29 November 2023, the Offeror and the Board jointly announce that First Shanghai Securities, for and on behalf of the Offeror, will make a voluntary conditional cash offer to acquire all the issued Shares (other than those Shares already owned by Ms. Cheng Xuanxuan (through the Offeror), Mr. Chen Yixi (through Hongguo), Mr. Wu Guangze (personally and through CCM II) and Ms. Duan Wei (through Wise Orient)).

As at the date of this joint announcement, the Company has a total of 2,077,000,000 Shares in issue, of which Ms. Cheng Xuanxuan (through the Offeror), Mr. Chen Yixi (through Hongguo), Mr. Wu Guangze (personally and through CCM II) and Ms. Duan Wei (through Wise Orient) own a total of 538,356,903 Shares, representing approximately 25.92% of all issued Shares.

As at the date of this joint announcement, the Offeror and the Offeror Concert Parties own a total of 640,712,903 Shares, representing approximately 30.85% of all issued Shares.

THE OFFER

First Shanghai Securities will make the Offer for and on behalf of the Offeror in compliance with the Takeovers Code at the following Offer Price:

For each Offer Share HK\$0.16 in cash

As at the date of this joint announcement, there are no Share awards granted to any grantees under the Share Award Scheme which remain unvested, and all vested Share awards have been transferred to the relevant grantees upon vesting, and hence the Share Award Scheme Trustee does not hold any Shares. The Company has no outstanding options, warrants, derivatives, convertible securities or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code).

The Offeror will not increase the Offer Price for the Offer as set out above. Shareholders and potential investors of the Company should be aware that, following the making of this statement, the Offeror will not be allowed to increase the Offer Price and the Offeror does not reserve the right to increase the Offer Price.

Offer Price

The Offer Price of HK\$0.16 per Offer Share represents:

- (a) a premium of approximately 39.13% over the closing price of HK\$0.115 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a premium of approximately 37.93% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day of approximately HK\$0.116 per Share;
- (c) a premium of approximately 40.35% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the ten consecutive trading days up to and including the Last Trading Day of approximately HK\$0.114 per Share;
- (d) a premium of approximately 22.14% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the 30 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.131 per Share;
- (e) a premium of approximately 26.98% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the 60 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.126 per Share;
- (f) a discount of approximately 77.59% to the audited consolidated net assets of the Group attributable to owners of the Company per Share of approximately HK\$0.714 as at 31 December 2022, based on the exchange rate of RMB1 to HK\$1.08; and
- (g) a discount of approximately 78.35% to the unaudited consolidated net assets of the Group attributable to owners of the Company per Share of approximately HK\$0.739 as at 30 June 2023, based on the exchange rate of RMB1 to HK\$1.08.

Offer Consideration

As at the date of this joint announcement, there are 2,077,000,000 Shares in issue, of which 1,538,643,097 Shares will be subject to the Offer. Assuming (i) that there is no change in the number of issued Shares; (ii) that the Company will not grant any new Share awards under the Share Award Scheme from the date of this joint announcement up to the Closing Date; and (iii) full acceptance of the Offer, based on the Offer Price of HK\$0.16 per Offer Share, the total cash consideration payable by the Offeror under the Offer would be approximately HK\$246,182,896.

Confirmation of Financial Resources

The Offeror intends to finance the Offer Consideration by a combination of (i) the Offeror's internal resources; and (ii) the Loan Facilities provided to the Offeror by First Shanghai Securities.

First Shanghai Capital, as the financial adviser to the Offeror in respect of the Offer, is satisfied that sufficient financial resources are available to the Offeror to satisfy full acceptance of the Offer.

Conditions of the Offer

The Offer is conditional upon the satisfaction or waiver of the following Conditions:

- (a) valid acceptances of the Offer having been received (and not, where permitted, withdrawn) by 4:00 p.m. on the Closing Date (or such later time or date as the Offeror may, subject to the Takeovers Code, decide) in respect of such number of Offer Shares which, together with the Shares already owned or acquired or agreed to be acquired before or during the Offer, will result in Ms. Cheng Xuanxuan (through the Offeror), Mr. Chen Yixi (through Hongguo), Mr. Wu Guangze (personally and through CCM II) and Ms. Duan Wei (through Wise Orient) holding more than 58.45% (or such lower percentage as the Offeror may, subject to the Takeovers Code, decide) of the voting rights of the Company;
- (b) the Shares remaining listed and traded on the Stock Exchange up to the Closing Date;
- (c) since the date of this joint announcement, there having been no material adverse change in the business, assets, financial or trading position or the prospects or conditions (whether operational, legal or otherwise) of the Group;
- (d) no event having occurred which would make the Offer or the acquisition of any of the Offer Shares void, unenforceable or illegal or prohibit the implementation of the Offer or would impose any additional material conditions or obligations with respect to the Offer or any part thereof; and
- (e) no relevant government, governmental, quasi-government, statutory or regulatory body, court or agency in Hong Kong or any other jurisdictions having taken or instituted any action, proceeding, suit, investigation or enquiry (or enacted, made or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order) that would make the Offer or its implementation in accordance with its terms void, unenforceable, illegal or impracticable (or which would impose any material and adverse conditions or obligations with respect to the Offer or its implementation in accordance with its terms).

The Offeror reserves the right to waive, in whole or in part, all or any of the Conditions set out above (other than Condition (a)).

Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror should not invoke Condition (b), (c), (d) or (e) so as to cause the Offer to lapse unless the circumstances which give rise to the right to invoke such Condition are of material significance to the Offeror in the context of the Offer.

IRREVOCABLE UNDERTAKINGS

On 24 November 2023, Mr. Chen Yixi gave the Chen Irrevocable Undertaking in favor of the Offeror, pursuant to which Mr. Chen Yixi has irrevocably undertaken to the Offeror, among other matters, not to accept the Offer in respect of 280,000,000 Shares (representing approximately 13.48% of all issued Shares) owned by Mr. Chen Yixi (through Hongguo) as at the date of the Chen Irrevocable Undertaking and this joint announcement.

On 24 November 2023, Mr. Wu Guangze gave the Wu Irrevocable Undertaking in favor of the Offeror, pursuant to which Mr. Wu Guangze has irrevocably undertaken to the Offeror, among other matters, not to accept the Offer in respect of 55,286,000 Shares (representing approximately 2.66% of all issued Shares) owned by Mr. Wu Guangze (personally and through CCM II) as at the date of the Wu Irrevocable Undertaking and this joint announcement.

On 24 November 2023, Ms. Duan Wei gave the Duan Irrevocable Undertaking in favor of the Offeror, pursuant to which Ms. Duan Wei has irrevocably undertaken to the Offeror, among other matters, not to accept the Offer in respect of 99,410,903 Shares (representing approximately 4.79% of all issued Shares) owned by Ms. Duan Wei (through Wise Orient) as at the date of the Duan Irrevocable Undertaking and this joint announcement.

LISTING STATUS AND POSSIBLE COMPULSORY ACQUISITION

If the level of acceptances of the Offer Shares (or the Offeror and the Offeror Concert Parties' holding of the total issued share capital of the Company) reaches the prescribed threshold under Section 102(1) (or Section 103(1)) of the Bermuda Companies Act and not less than 90% of the Disinterested Shares are validly tendered for acceptance within the Compulsory Acquisition Entitlement Period, the Offeror intends (but is not obliged) to exercise its right under Section 102(1) (or Section 103(1)) of the Bermuda Companies Act and pursuant to Rule 2.11 of the Takeovers Code to compulsorily acquire all those Shares not acquired by the Offeror or parties acting in concert with it under the Offer.

Pursuant to Rule 15.6 of the Takeovers Code, where the Offeror has stated in the Composite Document its intention to avail itself of any powers of compulsory acquisition, the Offer may not remain open for acceptance for more than four months after the date of the Composite Document, unless the Offeror has, by that time, become entitled to exercise such powers of compulsory acquisition, in which event it must do so without delay.

On completion of the compulsory acquisition process (if the compulsory acquisition right is exercised), the Company will be beneficially owned as to 100% by the Offeror and the Offeror Concert Parties, and an application will be made for the withdrawal of the listing of the Shares from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules.

PUBLIC FLOAT

According to the Listing Rules, if, upon the close of the Offer, the Offeror does not become entitled to exercise the power of compulsory acquisition under the Bermuda Companies Act (or the Offeror does not exercise such power of compulsory acquisition) and less than 25% of the issued Shares are held by the public, or if the Stock Exchange believes that a false market exists or may exist in the trading of the Shares or there are insufficient Shares in public hands to maintain an orderly market, then the Stock Exchange will consider exercising its discretion to suspend dealings in the Shares until appropriate steps have been taken to restore the minimum percentage of the Shares in public hands. In such circumstances, the Offeror will take appropriate steps to restore the sufficient public float of the Shares after the close of the Offer accordingly.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, comprising Mr. Kwong Wai Sun Wilson, Mr. Xu Chengming and Mr. Zheng Hongliang, has been formed to advise the Disinterested Shareholders as to whether the terms of the Offer are, or are not, fair and reasonable and as to acceptance of the Offer.

Pursuant to Rule 2.8 of the Takeovers Code, the Independent Board Committee is required to comprise all the non-executive Directors and independent non-executive Directors who have no direct or indirect interest in the Offer other than as holders of the Shares. Mr. Miao Bingwen is a non-executive Director of the Company and is presumed to be one of the Offeror Concert Parties by virtue of falling into class (6) of the definition of “acting in concert” in the Takeovers Code (for details, please see Note 5 to the shareholding table of the Company in the section headed “Shareholding Structure of the Company” of this joint announcement). Accordingly, Mr. Miao Bingwen is regarded as being interested in the Offer for the purposes of Rule 2.8 of the Takeovers Code and is not a member of the Independent Board Committee. All the independent non-executive Directors of the Company are members of the Independent Board Committee.

The Independent Financial Adviser will be appointed, with the approval of the Independent Board Committee, to advise the Independent Board Committee and the Disinterested Shareholders in respect of the Offer. A further announcement will be made by the Company as soon as possible after the appointment of the Independent Financial Adviser.

COMPOSITE DOCUMENT

Pursuant to Rule 8.2 of the Takeovers Code, the Offeror is required to despatch the offer document containing, among other things, the terms and conditions of the Offer and the form of acceptance of the Offer to the Shareholders no later than 21 days after the date of this joint announcement or such later date to which the Executive may consent.

It is the intention of the Offeror and the Board to combine the offer document and the offeree board circular into a composite document. Accordingly, the Composite Document (accompanied by the form of acceptance of the Offer) in connection with the Offer setting out, among other things, (i) details of the Offer (including the expected timetable); (ii) a letter of recommendation from the Independent Board Committee to the Disinterested Shareholders in respect of the Offer; and (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee in respect of the Offer, is expected to be despatched jointly by the Offeror and the Company to the Shareholders.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was halted with effect from 9:00 a.m. on 27 November 2023 pending the release of this joint announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on 30 November 2023.

WARNING: Shareholders and/or potential investors of the Company should note that the Offer is subject to the satisfaction or waiver (where applicable) of the Conditions. Accordingly, the Offer may or may not become unconditional. Shareholders and/or potential investors of the Company should therefore exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their licensed securities dealers or registered institutions in securities, bank managers, solicitors, professional accountants or other professional advisers.

INTRODUCTION

On 29 November 2023, the Offeror and the Board jointly announce that First Shanghai Securities, for and on behalf of the Offeror, will make a voluntary conditional cash offer to acquire all the issued Shares (other than those Shares already owned by Ms. Cheng Xuanxuan (through the Offeror), Mr. Chen Yixi (through Hongguo), Mr. Wu Guangze (personally and through CCM II) and Ms. Duan Wei (through Wise Orient)).

As at the date of this joint announcement, the Company has a total of 2,077,000,000 Shares in issue, of which Ms. Cheng Xuanxuan (through the Offeror), Mr. Chen Yixi (through Hongguo), Mr. Wu Guangze (personally and through CCM II) and Ms. Duan Wei (through Wise Orient) own a total of 538,356,903 Shares, representing approximately 25.92% of all issued Shares.

As at the date of this joint announcement, the Offeror and the Offeror Concert Parties own a total of 640,712,903 Shares, representing approximately 30.85% of all issued Shares.

THE OFFER

First Shanghai Securities will make the Offer for and on behalf of the Offeror in compliance with the Takeovers Code at the following Offer Price:

For each Offer Share HK\$0.16 in cash

As at the date of this joint announcement, there are no Share awards granted to any grantees under the Share Award Scheme which remain unvested, and all vested Share awards have been transferred to the relevant grantees upon vesting, and hence the Share Award Scheme Trustee does not hold any Shares. The Company has no outstanding options, warrants, derivatives, convertible securities or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code).

The Offeror will not increase the Offer Price for the Offer as set out above. Shareholders and potential investors of the Company should be aware that, following the making of this statement, the Offeror will not be allowed to increase the Offer Price and the Offeror does not reserve the right to increase the Offer Price.

Offer Price

The Offer Price of HK\$0.16 per Offer Share represents:

- (a) a premium of approximately 39.13% over the closing price of HK\$0.115 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a premium of approximately 37.93% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day of approximately HK\$0.116 per Share;
- (c) a premium of approximately 40.35% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the ten consecutive trading days up to and including the Last Trading Day of approximately HK\$0.114 per Share;
- (d) a premium of approximately 22.14% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the 30 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.131 per Share;
- (e) a premium of approximately 26.98% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the 60 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.126 per Share;
- (f) a discount of approximately 77.59% to the audited consolidated net assets of the Group attributable to owners of the Company per Share of approximately HK\$0.714 as at 31 December 2022, based on the exchange rate of RMB1 to HK\$1.08; and
- (g) a discount of approximately 78.35% to the unaudited consolidated net assets of the Group attributable to owners of the Company per Share of approximately HK\$0.739 as at 30 June 2023, based on the exchange rate of RMB1 to HK\$1.08.

Highest and Lowest Share Prices

During the six-month period immediately preceding the Last Trading Day, the highest closing price per Share as quoted on the Stock Exchange was HK\$0.176 on 30 June 2023 and the lowest closing price per Share as quoted on the Stock Exchange was HK\$0.103 on 24 August 2023, 25 August 2023 and 9 November 2023.

Offer Consideration

As at the date of this joint announcement, there are 2,077,000,000 Shares in issue, of which 1,538,643,097 Shares will be subject to the Offer. Assuming (i) that there is no change in the number of issued Shares; (ii) that the Company will not grant any new Share awards under the Share Award Scheme from the date of this joint announcement up to the Closing Date; and (iii) full acceptance of the Offer, based on the Offer Price of HK\$0.16 per Offer Share, the total cash consideration payable by the Offeror under the Offer would be approximately HK\$246,182,896.

Confirmation of Financial Resources

The Offeror intends to finance the Offer Consideration by a combination of (i) the Offeror's internal resources; and (ii) the Loan Facilities provided to the Offeror by First Shanghai Securities.

The Loan Facilities are taken out by the Offeror as the borrower and will be utilized only after its internal resources are fully utilized. As security in favor of First Shanghai Securities as the lender of the Loan Facilities in respect of all amounts due under the Loan Facilities, among other things, (i) each of Ms. Cheng Xuanxuan, Mr. Chen Yixi and Hongguo has agreed to provide a guarantee in favor of First Shanghai Securities on a joint and several basis; (ii) each of Ms. Cheng Xuanxuan and Mr. Chen Yixi has agreed to charge to First Shanghai Securities her/his entire issued share capital in the Offeror and Hongguo, respectively; (iii) the Offeror has agreed to pledge to First Shanghai Securities all the Shares held by itself, being 103,660,000 Shares (representing approximately 4.99% of all issued Shares) and all such Offer Shares as and when the Offer Shares are validly tendered for acceptance and transferred to the Offeror; and (iv) Hongguo has agreed to pledge to First Shanghai Securities all the Shares held by itself, being 280,000,000 Shares (representing approximately 13.48% of all issued Shares).

First Shanghai Capital, as the financial adviser to the Offeror in respect of the Offer, is satisfied that sufficient financial resources are available to the Offeror to satisfy full acceptance of the Offer.

Conditions of the Offer

The Offer is conditional upon the satisfaction or waiver of the following Conditions:

- (a) valid acceptances of the Offer having been received (and not, where permitted, withdrawn) by 4:00 p.m. on the Closing Date (or such later time or date as the Offeror may, subject to the Takeovers Code, decide) in respect of such number of Offer Shares which, together with the Shares already owned or acquired or agreed to be acquired before or during the Offer, will result in Ms. Cheng Xuanxuan (through the Offeror), Mr. Chen Yixi (through Hongguo), Mr. Wu Guangze (personally and through CCM II) and Ms. Duan Wei (through Wise Orient) holding more than 58.45% (or such lower percentage as the Offeror may, subject to the Takeovers Code, decide) of the voting rights of the Company;

- (b) the Shares remaining listed and traded on the Stock Exchange up to the Closing Date;
- (c) since the date of this joint announcement, there having been no material adverse change in the business, assets, financial or trading position or the prospects or conditions (whether operational, legal or otherwise) of the Group;
- (d) no event having occurred which would make the Offer or the acquisition of any of the Offer Shares void, unenforceable or illegal or prohibit the implementation of the Offer or would impose any additional material conditions or obligations with respect to the Offer or any part thereof; and
- (e) no relevant government, governmental, quasi-government, statutory or regulatory body, court or agency in Hong Kong or any other jurisdictions having taken or instituted any action, proceeding, suit, investigation or enquiry (or enacted, made or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order) that would make the Offer or its implementation in accordance with its terms void, unenforceable, illegal or impracticable (or which would impose any material and adverse conditions or obligations with respect to the Offer or its implementation in accordance with its terms).

The Offeror reserves the right to waive, in whole or in part, all or any of the Conditions set out above (other than Condition (a)).

Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror should not invoke Condition (b), (c), (d) or (e) so as to cause the Offer to lapse unless the circumstances which give rise to the right to invoke such Condition are of material significance to the Offeror in the context of the Offer.

In accordance with Rule 15.3 of the Takeovers Code, the Offeror must publish an announcement when the Offer becomes unconditional as to acceptances and when the Offer become unconditional in all respects. The Offer must also remain open for acceptance for at least 14 days after the Offer becomes unconditional in all respects. Shareholders are reminded that the Offeror does not have any obligation to keep the Offer open for acceptance beyond this 14-day period.

Effect of Accepting the Offer

Acceptance of the Offer will constitute a warranty to the Offeror by each person accepting it that the Shares acquired under the Offer and sold by such persons are fully paid and free from any encumbrances and together with all rights and entitlements attaching or accruing thereto including, without limitation, the right to receive all dividends and other distributions, if any, the record date of which is on or after the date on which the Offer is made (i.e. the date of the despatch of the Composite Document).

If, after the date of the despatch of the Composite Document, any dividend and/or other distribution and/or other return of capital is announced, declared or paid in respect of the Shares, the Offeror reserves the right to reduce the Offer Price by all or any part of the amount or value of such dividend, distribution and/or, as the case may be, return of capital, in which case any reference in this joint announcement, the Composite Document or any other announcement or document to the Offer Price will be deemed to be a reference to the Offer Price as so reduced.

The Company confirms that as at the date of this joint announcement, (i) it has not declared any dividend or other distribution, the record date of which falls on or after the expected date of despatch of the Composite Document; and (ii) it does not have any intention to make, declare or pay any future dividend or other distribution until the close of the Offer.

Acceptance of the Offer would be irrevocable and would not be capable of being withdrawn, subject to the provisions of the Takeovers Code. Rule 17 of the Takeovers Code provides that an acceptor of the Offer shall be entitled to withdraw his/her/its acceptance after 21 days from the first closing date of the Offer if the Offer has not by then become unconditional as to acceptances.

Overseas Shareholders

The making of the Offer to the Shareholders who are citizens, residents or nationals of jurisdictions outside Hong Kong may be subject to the laws of the relevant jurisdictions. Such Shareholders may be prohibited or affected by the laws of the relevant jurisdictions and it is the responsibility of each such Shareholder who wishes to accept the Offer to satisfy himself/herself/itself as to the full observance of the laws of the relevant jurisdictions in connection therewith, including the obtaining of any governmental, exchange control or other consents, the satisfaction of any filing and registration requirements which may be required to comply with all necessary formalities or legal or regulatory requirements, and the payment of any transfer or other taxes due from such Shareholder in such relevant jurisdictions.

Any acceptance by any Shareholder will be deemed to constitute a representation and warranty from such Shareholder to the Offeror that all laws, regulations and requirements applicable to that Shareholder have been complied with and that the Offer can be lawfully accepted by such Shareholder under the laws and regulations of the relevant jurisdictions. Shareholders should consult their professional advisers if in doubt.

The Shareholders are encouraged to read the Composite Document carefully, including the advice of the Independent Financial Adviser to the Independent Board Committee and the recommendation from the Independent Board Committee to the Disinterested Shareholders as to whether the Offer is, or is not, fair and reasonable and as to acceptance of the Offer.

Taxation Advice

None of the Offeror, the Company, their ultimate beneficial owners and parties acting in concert with any of them, First Shanghai Capital, First Shanghai Securities nor any of its respective directors or advisers or any persons involved in the Offer is in a position to advise Shareholders on their own tax implications in any relevant jurisdiction. Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications in any relevant jurisdiction of accepting or rejecting the Offer.

None of the Offeror, the Company, their ultimate beneficial owners and parties acting in concert with any of them, First Shanghai Capital, First Shanghai Securities, the share registrar of the Company nor any of their respective directors, officers, associates or advisers or any persons involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any person or persons as a result of the acceptance or rejection of the Offer by any Shareholder.

Stamp Duty

Seller's ad valorem stamp duty at a rate of 0.1% of the market value of the Shares or consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is higher, will be deducted from the amount payable to the relevant Shareholder on acceptance of the Offer. The Offeror will arrange for payment of the sellers' ad valorem stamp duty on behalf of accepting Shareholders and pay the buyer's ad valorem stamp duty in connection with the acceptance of the Offer and the transfer of the Shares.

Payment

Payment in cash in respect of acceptance of the Offer will be made as soon as possible but in any event no later than seven Business Days after the later of (i) the date on which the Offer becomes, or is declared, unconditional in all respects; and (ii) the date on which the duly completed acceptance of the Offer and the relevant documents of title in respect of such acceptance are received by the Offeror (or its agent).

Share Award Scheme

In 2015, the Company adopted the Share Award Scheme to recognize the contribution of certain employees of the Group and to provide them with incentives in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of the Group. Bank of Communications Trustee Limited was appointed as the Share Award Scheme Trustee.

As at the date of this joint announcement, there are no Share awards granted to any grantees under the Share Award Scheme which remain unvested, and all vested Share awards have been transferred to the relevant grantees upon vesting, and hence the Share Award Scheme Trustee does not hold any Shares. The Company has no intention to grant any new Share awards under the Share Award Scheme from the date of this joint announcement up to the Closing Date.

Pursuant to the rules of the Share Award Scheme, the Share Award Scheme Trustee shall not exercise the voting rights in respect of any Shares held by it under the trust constituted for the Share Award Scheme.

In light of the Share Award Scheme Trustee's (i) identity as an external professional service provider; (ii) nil shareholding in the Company as at the date of this joint announcement; and (iii) non-exercise of voting rights in respect of any Shares held by it, the Share Award Scheme Trustee is not regarded as an Offeror Concert Party.

Other Information

The Offeror confirms that, as at the date of this joint announcement:

- (a) save as disclosed in the section headed "Shareholding Structure of the Company" of this joint announcement, none of the Offeror or the Offeror Concert Parties owns or has control or direction over any voting rights or rights over the Shares, or options, derivatives, warrants or other securities convertible into Shares;
- (b) save for the Irrevocable Undertakings, none of the Offeror or the Offeror Concert Parties has received any irrevocable commitment to accept or reject the Offer;

- (c) save for the Irrevocable Undertakings, there is no arrangement (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the shares of the Offeror or the Company and which may be material to the Offer. For the avoidance of doubt, and as further described in the section headed “The Offer – Confirmation of Financial Resources” of this joint announcement:
- (i) all of the Shares held by the Offeror, being 103,660,000 Shares (representing approximately 4.99% of all issued Shares) that do not form part of the Offer Shares, have been pledged to First Shanghai Securities as security for the Loan Facilities;
 - (ii) all of the Shares held by Hongguo, being 280,000,000 Shares (representing approximately 13.48% of all issued Shares) that do not form part of the Offer Shares, have been pledged to First Shanghai Securities as security for the Loan Facilities;
 - (iii) the entire issued share capital in each of the Offeror and Hongguo has been charged to First Shanghai Securities as security for the Loan Facilities; and
 - (iv) as and when the Offer Shares are validly tendered for acceptance and transferred to the Offeror, all such Offer Shares will be pledged to First Shanghai Securities as security for the Loan Facilities;
- (d) there is no agreement or arrangement to which any of the Offeror or the Offeror Concert Parties is a party which relates to the circumstances in which the Offeror may or may not invoke or seek to invoke a pre-condition or a condition to the Offer;
- (e) none of the Offeror or the Offeror Concert Parties has entered into any arrangements or contracts in relation to any outstanding derivative in respect of the securities in the Company;
- (f) other than the Offer Price to be paid by the Offeror for each Offer Share, there is no other consideration, compensation or benefit in whatever form paid or to be paid by the Offeror or the Offeror Concert Parties to the holders of the Offer Shares in connection with the Offer;
- (g) none of the Offeror or the Offeror Concert Parties has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (h) none of the Offeror or the Offeror Concert Parties has dealt in the Shares or options, derivatives, warrants or other securities convertible into Shares, during the six-month period prior to and including the date of this joint announcement; and
- (i) there is no understanding, arrangement or agreement which constitutes a special deal (as defined in Rule 25 of the Takeovers Code) between (i) any Shareholder; and (ii) either (1) the Offeror or the Offeror Concert Parties; or (2) the Company or its subsidiaries or associated companies.

NOTICE TO US INVESTORS

The receipt of cash by a US Shareholder pursuant to the Offer may be a taxable transaction for US federal income tax purposes and under applicable US state and local as well as foreign and other tax laws. Each Shareholder is urged to consult his/her independent professional adviser immediately regarding the tax consequences of the Offer applicable to him/her.

It may be difficult for the US Shareholders to enforce their rights and claims arising out of the US federal securities laws, since the Offeror and the Company are located in a country other than the US, and some or all of their officers and directors may be residents of a country other than the US. The US Shareholders may not be able to sue a non-US company or its officers or directors in a non-US court for violations of the 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 judgement.

IRREVOCABLE UNDERTAKINGS

On 24 November 2023, Mr. Chen Yixi gave the Chen Irrevocable Undertaking in favor of the Offeror, pursuant to which Mr. Chen Yixi has irrevocably undertaken to the Offeror, among other matters, not to accept the Offer in respect of 280,000,000 Shares (representing approximately 13.48% of all issued Shares) owned by Mr. Chen Yixi (through Hongguo) as at the date of the Chen Irrevocable Undertaking and this joint announcement.

On 24 November 2023, Mr. Wu Guangze gave the Wu Irrevocable Undertaking in favor of the Offeror, pursuant to which Mr. Wu Guangze has irrevocably undertaken to the Offeror, among other matters, not to accept the Offer in respect of 55,286,000 Shares (representing approximately 2.66% of all issued Shares) owned by Mr. Wu Guangze (personally and through CCM II) as at the date of the Wu Irrevocable Undertaking and this joint announcement.

On 24 November 2023, Ms. Duan Wei gave the Duan Irrevocable Undertaking in favor of the Offeror, pursuant to which Ms. Duan Wei has irrevocably undertaken to the Offeror, among other matters, not to accept the Offer in respect of 99,410,903 Shares (representing approximately 4.79% of all issued Shares) owned by Ms. Duan Wei (through Wise Orient) as at the date of the Duan Irrevocable Undertaking and this joint announcement.

The main provisions of the Irrevocable Undertakings are set out as follows:

- (a) each of Mr. Chen Yixi, Mr. Wu Guangze and Ms. Duan Wei will not, and will procure that the parties acting in concert with them will not, (i) accept the Offer in respect of (1) the Shares owned by each of them and the parties acting in concert with them as at the date of their respective Irrevocable Undertakings; and (2) the Shares or other interests over the Shares subsequently acquired by each of them or the parties acting in concert with them; or (ii) sell such Shares or such other interests over the Shares to the Offeror or the parties acting in concert with the Offeror;
- (b) each of Mr. Chen Yixi, Mr. Wu Guangze and Ms. Duan Wei will not, and will procure that the parties acting in concert with them will not, enter into any transaction in respect of the Shares, convertible securities, options or other securities of the Company from the date of their respective Irrevocable Undertakings until the Offer is closed, lapsed or withdrawn;

- (c) until the Offer is closed, lapsed or withdrawn, each of Mr. Chen Yixi, Mr. Wu Guangze and Ms. Duan Wei will, and will procure that the parties acting in concert with them will, continue to own, (i) the Shares owned by each of them and the parties acting in concert with them as at the date of their respective Irrevocable Undertakings; and (ii) the Shares or other interests over the Shares subsequently acquired by each of them or the parties acting in concert with them after the date of their respective Irrevocable Undertakings;
- (d) until the Offer is closed, lapsed or withdrawn, each of Mr. Chen Yixi, Mr. Wu Guangze and Ms. Duan Wei and the parties acting in concert with them will not sell, transfer, dispose of, charge or pledge (other than charges and pledges mentioned in this joint announcement) the Shares owned by them or the parties acting in concert with them as at or after the date of their respective Irrevocable Undertakings; and
- (e) each of Mr. Wu Guangze and Ms. Duan Wei has acknowledged that he/she will act in concert with the Offeror in respect of matters relating to the Offer.

The Irrevocable Undertakings shall terminate on the date of completion of the Offer and the delisting of the Company. In addition, if the Offer lapses or is withdrawn as permitted under the Takeovers Code, the Irrevocable Undertakings shall terminate and Mr. Chen Yixi, Mr. Wu Guangze and Ms. Duan Wei shall cease to be bound by all of their obligations, undertakings, representations and warranties contained in the Irrevocable Undertakings (other than any powers and liabilities accrued prior to such termination).

LISTING STATUS AND POSSIBLE COMPULSORY ACQUISITION

Pursuant to Section 102(1) of the Bermuda Companies Act, if the Offer has, within four months after the making of the Offer (that is, the despatch of the Composite Document), been approved (in this case, by way of accepting the Offer) by the Shareholders of not less than nine-tenths in value of the Shares whose transfer is involved (in this case, meaning the Shares subject to the Offer) other than the Shares already held at the date of the Offer by, or by a nominee for, the Offeror or its subsidiary, the Offeror may, at any time within two months beginning with the date on which such approval is obtained, give notice of compulsory acquisition to any dissenting Shareholder that it desires to acquire the Shares held by such dissenting Shareholder. If such notice of compulsory acquisition is given, the Offeror shall, unless the Court orders otherwise, be entitled and bound to acquire the Shares held by the dissenting Shareholders on the same terms as other Shares are acquired under the Offer. Any dissenting Shareholder may apply to the Court to object to the proposed compulsory acquisition within one month from the date on which the notice of compulsory acquisition is given.

Pursuant to Section 103(1) of the Bermuda Companies Act, holders of not less than 95% of the issued Shares may give a notice of compulsory acquisition to the remaining Shareholders of such holders' intention to acquire the remaining Shareholders' Shares on the terms set out in the notice. When such notice of compulsory acquisition is given, such holders shall be entitled and bound to acquire the Shares from the remaining Shareholders unless any remaining Shareholder applies to the Court for an appraisal, provided that such holders offer the same terms to all holders of the Disinterested Shares whose acquisition is involved. If the Offeror acquires further Shares (whether pursuant to the Offer or otherwise) such that the Offeror and the Offeror Concert Parties hold not less than 95% of the issued Shares, the Offeror and the Offeror Concert Parties will be entitled to give such notice of compulsory acquisition.

If the level of acceptances of the Offer Shares (or the Offeror and the Offeror Concert Parties' holding of the total issued share capital of the Company) reaches the prescribed threshold under Section 102(1) (or Section 103(1)) of the Bermuda Companies Act and not less than 90% of the Disinterested Shares are validly tendered for acceptance within the Compulsory Acquisition Entitlement Period, the Offeror intends (but is not obliged) to exercise its right under Section 102(1) (or Section 103(1)) of the Bermuda Companies Act and pursuant to Rule 2.11 of the Takeovers Code to compulsorily acquire all those Shares not acquired by the Offeror or parties acting in concert with it under the Offer.

Pursuant to Rule 15.6 of the Takeovers Code, where the Offeror has stated in the Composite Document its intention to avail itself of any powers of compulsory acquisition, the Offer may not remain open for acceptance for more than four months after the date of the Composite Document, unless the Offeror has, by that time, become entitled to exercise such powers of compulsory acquisition, in which event it must do so without delay.

On completion of the compulsory acquisition process (if the compulsory acquisition right is exercised), the Company will be beneficially owned as to 100% by the Offeror and the Offeror Concert Parties, and an application will be made for the withdrawal of the listing of the Shares from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules.

If the level of acceptances of the Offer Shares (or the Offeror and the Offeror Concert Parties' holding of the total issued share capital of the Company) does not reach the prescribed threshold under Section 102(1) (or Section 103(1)) of the Bermuda Companies Act or less than 90% of the Disinterested Shares are validly tendered for acceptance within the Compulsory Acquisition Entitlement Period, the Offeror will not be entitled to exercise the compulsory acquisition right and therefore the Company will not be delisted from the Stock Exchange.

If the Offeror decides to compulsorily acquire those Offer Share(s) not acquired by the Offeror under the Offer (the “**Remaining Offer Share(s)**”) under Section 102(1) of the Bermuda Companies Act, the Offeror will despatch the compulsory acquisition notices pursuant to the Bermuda Companies Act, each accompanied by a form of request for payment of consideration (the “**Compulsory Acquisition Consideration**”), to the Shareholder(s) holding the Remaining Offer Share(s) (the “**Remaining Offer Shareholder(s)**”). In order to receive the Compulsory Acquisition Consideration, the Remaining Offer Shareholder(s) should complete and return the form of request for payment of consideration within one month from the despatch date of the compulsory acquisition notices. If any dissenting Remaining Offer Shareholder files an application with the Court within one month from the date of the compulsory acquisition notices and (i) such objection is ultimately upheld by the Court, the Offeror will not be able to exercise compulsory acquisition; or (ii) such objection is ultimately not upheld by the Court, the cheques for the payment of the amounts due to the Remaining Offer Shareholder(s) will be despatched within one month after the Court rules in favor of the compulsory acquisition. If the Remaining Offer Shareholder(s) do not complete and return the form of request for payment of consideration (as mentioned above), the Offeror will then be required to pay the Compulsory Acquisition Consideration of such Remaining Offer Shareholder(s) to the Company rather than directly to the relevant Remaining Offer Shareholder(s), and the Company is required to transfer such Compulsory Acquisition Consideration into a separate bank account and hold it on trust for these Remaining Offer Shareholder(s). The Company shall hold the Compulsory Acquisition Consideration for each such Remaining Offer Shareholder(s) until the earlier of: (i) a claim by such Remaining Offer Shareholder(s) is made and the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or satisfactory indemnity or indemnities required in respect thereof) of such Remaining Offer Shareholder(s) are provided to the Company or the Offeror to the satisfaction of the Company; and (ii) the expiry of six years from the date of completion of the compulsory acquisition.

If the Offeror decides to compulsorily acquire the Remaining Offer Share(s) under Section 103(1) of the Bermuda Companies Act, the Offeror and the Offeror Concert Parties will despatch the compulsory acquisition notices pursuant to the Bermuda Companies Act, each accompanied by a form of request for payment of Compulsory Acquisition Consideration, to the Remaining Offer Shareholder(s). Any Remaining Offer Shareholder who receives such notice has the right to apply to the Court to appraise the value of their Offer Shares within one month of receiving the compulsory acquisition notice. There is no appeal process available in relation to the Court's appraisal decision. If the price that was paid for the Offer Share(s) already acquired under the Offer is less than the value appraised by the Court, subject to any other directions from the Court, the Offeror will, within one month of the Court's appraisal of the value of the Offer Share(s), pay the difference in the price paid under the Offer and the appraised value of the Offer Share(s) to the holder(s) of those Offer Share(s) acquired by the Offeror under the Offer, and acquire the Remaining Offer Share(s) from the Remaining Offer Shareholder(s) at the value appraised by the Court.

PUBLIC FLOAT

According to the Listing Rules, if, upon the close of the Offer, the Offeror does not become entitled to exercise the power of compulsory acquisition under the Bermuda Companies Act (or the Offeror does not exercise such power of compulsory acquisition) and less than 25% of the issued Shares are held by the public, or if the Stock Exchange believes that a false market exists or may exist in the trading of the Shares or there are insufficient Shares in public hands to maintain an orderly market, then the Stock Exchange will consider exercising its discretion to suspend dealings in the Shares until appropriate steps have been taken to restore the minimum percentage of the Shares in public hands. In such circumstances, the Offeror will take appropriate steps to restore the sufficient public float of the Shares after the close of the Offer accordingly.

SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company as at the date of this joint announcement is set out below:

Shareholders	As at the date of this joint announcement	
	Number of Shares	Approximate percentage of shareholding
Offeror (wholly owned by Ms. Cheng Xuanxuan) ^(Note 1)	103,660,000	4.99%
Offeror Concert Parties whose Shares do not form part of the Offer Shares nor the Disinterested Shares:		
– Mr. Chen Yixi (through Hongguo) ^(Note 2)	280,000,000	13.48%
– Mr. Wu Guangze (personally) ^(Note 3)	7,286,000	0.35%
– Mr. Wu Guangze (through CCM II) ^(Note 3)	48,000,000	2.31%
– Ms. Duan Wei (through Wise Orient) ^(Note 4)	99,410,903	4.79%
Offeror Concert Parties whose Shares form part of the Offer Shares but do not form part of the Disinterested Shares:		
– Mr. Miao Bingwen (personally) ^(Note 5)	20,000,000	0.96%
– Mr. Miao Bingwen (through Sure Manage) ^(Note 5)	80,000,000	3.85%
– Mr. Wu Weiming ^(Note 6)	50,000	less than 0.01%
– Mr. Zhang Baojun ^(Note 7)	1,327,000	0.06%
– Mr. Huo Li ^(Note 8)	979,000	0.05%
Sub-total of Offeror and Offeror Concert Parties	640,712,903	30.85%
Disinterested Shareholders	<u>1,436,287,097</u>	<u>69.15%</u>
Total number of issued Shares	<u>2,077,000,000</u>	<u>100.00%</u>
Total number of Offer Shares	1,538,643,097	74.08%

Notes:

- The Offeror is directly and wholly owned by Ms. Cheng Xuanxuan, who is a director of the Offeror and has agreed to provide a guarantee and charge her entire issued share capital in the Offeror in favor of First Shanghai Securities as the lender of the Loan Facilities. Ms. Cheng Xuanxuan is one of the Offeror Concert Parties.
- Mr. Chen Yixi is an executive Director and the Chairman of the Company. As Mr. Chen Yixi has agreed to provide a guarantee and charge his entire issued share capital in Hongguo in favor of First Shanghai Securities as the lender of the Loan Facilities, Mr. Chen Yixi is presumed to be one of the Offeror Concert Parties by virtue of falling into class (9) of the definition of “acting in concert” in the Takeovers Code.

Hongguo is directly and wholly owned by Mr. Chen Yixi, and has agreed to provide a guarantee and pledge all the Shares held by itself in favor of First Shanghai Securities as the lender of the Loan Facilities. Therefore, Hongguo is also presumed to be one of the Offeror Concert Parties by virtue of falling into class (8) and class (9) of the definition of “acting in concert” in the Takeovers Code.

3. Mr. Wu Guangze was a non-executive Director of the Company from 2012 to 2018, and has had a stake in the Company since 2012 by virtue of his affiliated funds' shareholding in the Company. Mr. Wu Guangze was part of a "closely allied group of Shareholders" (within the meaning of Rule 14.45 of the Listing Rules) together with, among others, Mr. Chen Yixi for the Group's major transaction involving the acquisition of Hamleys Global Holdings Limited in 2015. Mr. Wu Guangze was also the purchaser for the Group's very substantial disposal of Allied Great International Holdings Limited in 2020. In light of his long-standing business relationship at the Company with Mr. Chen Yixi and other Directors, Mr. Wu Guangze is a de facto concert party of Mr. Chen Yixi, and is accordingly one of the Offeror Concert Parties. Moreover, under the Wu Irrevocable Undertaking, Mr. Wu Guangze has acknowledged that he will act in concert with the Offeror in respect of matters relating to the Offer.

As CCM II is directly and wholly owned by Mr. Wu Guangze, CCM II is also presumed to be one of the Offeror Concert Parties by virtue of falling into class (8) of the definition of "acting in concert" in the Takeovers Code.

4. Ms. Duan Wei is the mother of Mr. Wu Guangze, and is hence a "close relative" (with the meaning of the Takeovers Code) of Mr. Wu Guangze. Therefore, Ms. Duan Wei is presumed to be one of the Offeror Concert Parties by virtue of falling into class (8) of the definition of "acting in concert" in the Takeovers Code. Moreover, under the Duan Irrevocable Undertaking, Ms. Duan Wei has acknowledged that she will act in concert with the Offeror in respect of matters relating to the Offer.

As Wise Orient is directly and wholly owned by Ms. Duan Wei, Wise Orient is also presumed to be one of the Offeror Concert Parties by virtue of falling into class (8) of the definition of "acting in concert" in the Takeovers Code.

5. Mr. Miao Bingwen is a non-executive Director of the Company and is presumed to be one of the Offeror Concert Parties by virtue of falling into class (6) of the definition of "acting in concert" in the Takeovers Code.

As Sure Manage is directly and wholly owned by Mr. Miao Bingwen, Sure Manage is also presumed to be one of the Offeror Concert Parties by virtue of falling into class (8) of the definition of "acting in concert" in the Takeovers Code.

6. Mr. Wu Weiming is an executive Director of the Company and is presumed to be one of the Offeror Concert Parties by virtue of falling into class (6) of the definition of "acting in concert" in the Takeovers Code.

7. Mr. Zhang Baojun is an executive Director of the Company and is presumed to be one of the Offeror Concert Parties by virtue of falling into class (6) of the definition of "acting in concert" in the Takeovers Code.

8. Mr. Huo Li is a director of the Offeror and is presumed to be one of the Offeror Concert Parties by virtue of falling into class (2) of the definition of "acting in concert" in the Takeovers Code.

INFORMATION ON THE GROUP

Principal Activities

The Company is the holding company of the Group. The Group is a leading international integrated retailer and wholesaler of mid-to-premium women's formal and casual footwear in the PRC. The Group distributes self-developed brands products through department stores and independent retail stores in different cities in the PRC, and also acts as an original equipment manufacturer (OEM) or original design manufacturer (ODM) for international shoes companies dealing in export markets. The Group is popular for its brand values of elegance, charm and fashionable in the market, and operates self-developed brands, including C.banner, EBLAN, sundance, MIO, Badgley Mischka and natursun.

Financial Information

Set out below is a summary of the financial information of the Group extracted from (i) the annual reports of the Company for the years ended 31 December 2020, 2021 and 2022; and (ii) the interim report of the Company for the six months ended 30 June 2023.

	For the year ended 31 December			For the six months ended 30 June	
	2020 (audited) (RMB'000)	2021 (audited) (RMB'000)	2022 (audited) (RMB'000)	2022 (unaudited) (RMB'000)	2023 (unaudited) (RMB'000)
Revenue	1,539,368	1,629,120	1,381,742	715,141	787,909
Profit before taxation	14,813	50,484	17,335	25,805	68,627
Profit after taxation	5,605	28,790	14,766	23,984	45,156
Profit attributable to owners of the Company	6,179	27,346	14,789	24,162	45,442

	As at 31 December			As at 30 June	
	2020 (audited) (RMB'000)	2021 (audited) (RMB'000)	2022 (audited) (RMB'000)	2022 (unaudited) (RMB'000)	2023 (unaudited) (RMB'000)
Total assets	1,762,817	1,745,652	1,718,605	1,767,684	1,767,684
Total liabilities	435,539	391,058	344,545	346,713	346,713
Net assets	1,327,278	1,354,594	1,374,060	1,420,971	1,420,971

INFORMATION OF THE OFFEROR

The Offeror is an investment holding company incorporated in the British Virgin Islands with limited liability and its principal activities consist of investments in the sectors of new consumer products, pharmaceuticals and advanced manufacturing across both domestic and international markets. The Offeror is directly and wholly owned by Ms. Cheng Xuanxuan. The directors of the Offeror are Ms. Cheng Xuanxuan and Mr. Huo Li.

Ms. Cheng Xuanxuan is responsible for devising the overall business strategy of the Offeror. She has gained extensive experience in corporate management, finance and audit, strategic planning as well as financial management, advisory and planning from working in both Australia and China after receiving her master of accounting degree from Monash University, Australia. She is also a seasoned investor in terms of both investing in new business ventures and trading in equity and debt instruments.

REASONS FOR THE OFFER AND INTENTIONS OF THE OFFEROR IN RELATION TO THE GROUP

Ms. Cheng Xuanxuan, through the Offeror, has been an investor in the Company since May 2022 and has, since then, gained further understanding of the reputation of the Group's brands in the domestic industry and among consumers, as well as the management of the Group. Ms. Cheng Xuanxuan aims to seek a controlling stake in the Company for long-term investment and expand the scope of her investments. She is optimistic about the future prospects of the Group and the existing management of the Group, and her decision to make the Offer reflects her confidence in and commitment to the Company.

It is the intention of the Offeror that the existing business of the Group shall continue unaffected, notwithstanding the Offer. While the Group will remain in the footwear industry and steadily build on its strengths, the Offeror intends that the Group will further enhance its product positioning, increase its focus on the development of new retail business, seek new business models and expand the sustainable development of its offline business in China, while seeking cooperation and integration with high quality peers in the industry. Subject to the Group's business needs and prevailing market conditions, the Offeror intends that the Group will explore overseas markets and seek new cooperation opportunities there.

As at the date of this joint announcement, the Offeror has no intention to (i) discontinue the employment of any employees of the Group (other than discontinuances in its ordinary and usual course of business); (ii) redeploy the fixed assets of the Group (other than redeployments in its ordinary and usual course of business); or (iii) introduce any major changes in the existing operations and business of the Group.

Reasons for and Benefits of the Offer

For the Company: To facilitate transformation of its business in a challenging environment for the PRC footwear industry

In the face of prolonged economic challenges and difficult business environment in China, the Company has remained persistent in implementing organizational adjustments to capitalize on the Company's competitiveness and brand values for its footwear retail business. For instance, the Company has been readjusting its offline retail store network and seizing market opportunities in the e-commerce space. Meanwhile, regular review of consumer habits and behaviors and diligent examination of store performance have played an important part in the Company's pivotal strategy to optimize its retail network in recent years.

As a result of the Company's continuing efforts, coupled with the post-COVID-19 recovery of China's economy, the Group's unaudited total revenue increased by 10.2% from RMB715.1 million for the six months ended 30 June 2022 to RMB787.9 million for the six months ended 30 June 2023, and unaudited profit attributable to owners of the Company increased by RMB21.2 million from RMB24.2 million for the six months ended 30 June 2022 to RMB45.4 million for the six months ended 30 June 2023.

As the economic environment improves and consumers' confidence further increases, the Group remains confident in China's consumer market long-term development. However, as the macro environment continues to face a variety of pressures, in order for the Company to remain competitive in the face of these challenges, it must continue to be vigilant and implement structural transformation if and when needed. This will require significant investment over a number of years, as well as a highly motivated workforce. Given the downward trend in the Share price and low liquidity in the Shares, however, the listing status of the Company is no longer a viable source of funding for the necessary investments. Moreover, given low liquidity in the Shares, employee incentive schemes currently are not sufficiently effective for the attraction and retention of talent.

The Offeror plans to promote the Company's transformation through intensive collaboration with the Company on exploration of new development opportunities and implementation of a series of long-term growth measures. The planned growth measures include developing a new retail business, exploring new business models, expanding the sustainable development of the Group's offline business in China, seeking cooperation and integration with high quality peers in the industry, and exploring overseas markets. Following the implementation of the Offer and the withdrawal of listing of the Company (if successful), the Offeror and the Company will have greater flexibility to structure employee compensation in a more optimal manner, and they will be able to make strategic investment decisions focused on the realization of the Company's potential long-term value, free from the pressure of market expectations, the share price fluctuations and the regulatory compliance burdens otherwise associated with the status of a publicly listed company.

For the Shareholders: An attractive opportunity to monetize their investment in the Company, which has low trading liquidity, at a compelling premium

The average daily trading volume of the Shares for the 12 months up to and including the Last Trading Day prior to the publication of this joint announcement was approximately 387,000 Shares per day, representing only approximately 0.02% of all issued Shares and outstanding as at the date of this joint announcement. The low trading volume of the Shares makes it difficult for Shareholders to execute substantial sales of Shares on-market without adversely affecting the price of the Shares.

The Offer, in contrast, provides an opportunity for Shareholders to monetize their investments in the Company immediately for cash at a compelling premium without any downward pressure on the Share price, and therefore allows Shareholders a chance to redeploy their capital into other investment opportunities that they may consider more attractive in the current environment. The Offer Price of HK\$0.16 per Offer Share represents a premium of approximately 39.13% over the closing price on the Last Trading Day prior to the publication of this joint announcement, as well as a premium of approximately 37.93%, 40.35% and 22.14%, respectively, over the average closing prices for the five, ten and 30 trading days up to and including the Last Trading Day prior to the publication of this joint announcement.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

Under Rule 2.1 of the Takeovers Code, a board which receives an offer, or is approached with a view to an offer being made, must, in the interests of shareholders, establish an independent committee of the board to make a recommendation (i) as to whether the offer is, or is not, fair and reasonable; and (ii) as to acceptance or voting.

The Independent Board Committee, comprising Mr. Kwong Wai Sun Wilson, Mr. Xu Chengming and Mr. Zheng Hongliang, has been formed to advise the Disinterested Shareholders as to whether the terms of the Offer are, or are not, fair and reasonable and as to acceptance of the Offer.

Pursuant to Rule 2.8 of the Takeovers Code, the Independent Board Committee is required to comprise all the non-executive Directors and independent non-executive Directors who have no direct or indirect interest in the Offer other than as holders of the Shares. Mr. Miao Bingwen is a non-executive Director of the Company and is presumed to be one of the Offeror Concert Parties by virtue of falling into class (6) of the definition of “acting in concert” in the Takeovers Code (for details, please see Note 5 to the shareholding table of the Company in the section headed “Shareholding Structure of the Company” of this joint announcement). Accordingly, Mr. Miao Bingwen is regarded as being interested in the Offer for the purposes of Rule 2.8 of the Takeovers Code and is not a member of the Independent Board Committee. All the independent non-executive Directors of the Company are members of the Independent Board Committee.

The Independent Financial Adviser will be appointed, with the approval of the Independent Board Committee, to advise the Independent Board Committee and the Disinterested Shareholders in respect of the Offer. A further announcement will be made by the Company as soon as possible after the appointment of the Independent Financial Adviser.

The advice of the Independent Financial Adviser and the recommendation of the Independent Board Committee in respect of the Offer, in particular, as to whether the Offer is, or is not, fair and reasonable and as to acceptance of the Offer, will be included in the Composite Document.

COMPOSITE DOCUMENT

Pursuant to Rule 8.2 of the Takeovers Code, the Offeror is required to despatch the offer document containing, among other things, the terms and conditions of the Offer and the form of acceptance of the Offer to the Shareholders no later than 21 days after the date of this joint announcement or such later date to which the Executive may consent.

It is the intention of the Offeror and the Board to combine the offer document and the offeree board circular into a composite document. Accordingly, the Composite Document (accompanied by the form of acceptance of the Offer) in connection with the Offer setting out, among other things, (i) details of the Offer (including the expected timetable); (ii) a letter of recommendation from the Independent Board Committee to the Disinterested Shareholders in respect of the Offer; and (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee in respect of the Offer, is expected to be despatched jointly by the Offeror and the Company to the Shareholders.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was halted with effect from 9:00 a.m. on 27 November 2023 pending the release of this joint announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on 30 November 2023.

GENERAL

Disclosure of Dealings

In accordance with Rule 3.8 of the Takeovers Code, the associates (including any person holding 5% or more of a class of relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code)) of the Company and the Offeror are hereby reminded to disclose their dealings in the securities of the Company pursuant to the Takeovers Code.

In accordance with Rule 3.8 of the Takeovers Code, the text of Note 11 to Rule 22 of the Takeovers Code is reproduced below:

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates of an offeror or the offeree company and other persons under Rule 22 of the Takeovers Code and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules of the Takeovers Code. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than HK\$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

WARNING: Shareholders and/or potential investors of the Company should note that the Offer is subject to the satisfaction or waiver (where applicable) of the Conditions. Accordingly, the Offer may or may not become unconditional. Shareholders and/or potential investors of the Company should therefore exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their licensed securities dealers or registered institutions in securities, bank managers, solicitors, professional accountants or other professional advisers.

DEFINITIONS

Unless the context requires otherwise, the following terms have the following meanings in this joint announcement:

“acting in concert”	has the meaning ascribed thereto under the Takeovers Code (and “concert party(ies)” shall be construed accordingly)
“associate(s)”	has the meaning ascribed thereto under the Takeovers Code
“associated company(ies)”	has the meaning ascribed thereto under the Takeovers Code
“Bermuda”	the Islands of Bermuda
“Bermuda Companies Act”	the Companies Act of 1981 (as amended) of Bermuda
“Board”	board of Directors of the Company
“Business Day(s)”	a day on which the Stock Exchange is open for the transaction of business
“CCM II”	China Consumer Management II Limited, a company incorporated in the Cayman Islands with limited liability, which is wholly owned by Mr. Wu Guangze and is one of the Offeror Concert Parties
“Chen Irrevocable Undertaking”	the irrevocable undertaking dated 24 November 2023 and executed by Mr. Chen Yixi, pursuant to which Mr. Chen Yixi has irrevocably undertaken to the Offeror not to accept the Offer in respect of the Shares owned by Mr. Chen Yixi (through Hongguo), among other matters
“Closing Date”	the date to be stated in the Composite Document as the first closing date of the Offer or any subsequent closing date as may be announced by the Offeror in accordance with the Takeovers Code and/or approved by the Executive
“Company”	C.banner International Holdings Limited (千百度國際控股有限公司), a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Stock Exchange (Stock Code: 1028)
“Composite Document”	the composite document to be issued jointly by the Offeror and the Company (or the offer document to be issued by the Offeror, as the case may be) in relation to the Offer in accordance with the Takeovers Code and the Listing Rules

“Compulsory Acquisition Entitlement Period”	the period commencing on the date of the Composite Document and ending on the date falling four months after the date of the Composite Document (or such later date as the Executive may permit for the requisite level of acceptances to be reached in order for the Offeror to undertake compulsory acquisition)
“Condition(s)”	the conditions of the Offer, as set out in the section headed “The Offer – Conditions of the Offer” of this joint announcement
“Court”	the Supreme Court of Bermuda
“Director(s)”	director(s) of the Company
“Disinterested Shares”	Shares other than those which are owned by the Offeror and the Offeror Concert Parties
“Disinterested Shareholders”	holders of Disinterested Shares
“Duan Irrevocable Undertaking”	the irrevocable undertaking dated 24 November 2023 and executed by Ms. Duan Wei, pursuant to which Ms. Duan Wei has irrevocably undertaken to the Offeror not to accept the Offer in respect of the Shares owned by Ms. Duan Wei (through Wise Orient), among other matters
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“First Shanghai Capital”	First Shanghai Capital Limited (第一上海融資有限公司), a licensed corporation under the SFO to carry out Type 6 (advising on corporate finance) regulated activity, being the financial adviser to the Offeror in respect of the Offer
“First Shanghai Securities”	First Shanghai Securities Limited (第一上海證券有限公司), a licensed corporation under the SFO to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities, being the lender of the Loan Facilities and the offer agent to the Offeror
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hongguo”	Hongguo International Group Limited, a company incorporated in the British Virgin Islands with limited liability, which is wholly owned by Mr. Chen Yixi and is one of the Offeror Concert Parties

“Independent Board Committee”	the independent committee of the Board comprising Mr. Kwong Wai Sun Wilson, Mr. Xu Chengming and Mr. Zheng Hongliang established for the purpose of making a recommendation to the Shareholders in relation to the Offer
“Independent Financial Adviser”	the independent financial adviser to be appointed by the Independent Board Committee in relation to the Offer
“Irrevocable Undertakings”	collectively, the Chen Irrevocable Undertaking, the Wu Irrevocable Undertaking and the Duan Irrevocable Undertaking
“Last Trading Day”	24 November 2023, being the last trading day on which the Shares were traded on the Stock Exchange prior to the publication of this joint announcement
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Loan Facilities”	loan facilities provided by First Shanghai Securities as the lender and taken out by the Offeror as the borrower
“Offer”	the voluntary conditional cash offer to be made by First Shanghai Securities, for and on behalf of the Offeror, to acquire all of the outstanding Shares
“Offer Consideration”	the consideration payable by the Offeror in connection with the Offer
“Offer Price”	the price at which the Offer will be made, being HK\$0.16 per Offer Share
“Offer Share(s)”	the issued Shares which are subject to the Offer
“Offeror”	Orchid Valley Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, which is wholly owned by Ms. Cheng Xuanxuan
“Offeror Concert Party(ies)”	parties acting in concert with the Offeror, including but not limited to Ms. Cheng Xuanxuan, Mr. Chen Yixi, Hongguo, Mr. Wu Guangze, CCM II, Ms. Duan Wei, Wise Orient, First Shanghai Capital, First Shanghai Securities, Mr. Miao Bingwen, Mr. Wu Weiming, Mr. Zhang Baojun and Mr. Huo Li
“PRC” or “China”	the People’s Republic of China, which for the purpose of this joint announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

“public”	has the meaning ascribed thereto under Rule 8.24 of the Listing Rules (and “in public hands” shall be construed accordingly)
“RMB”	Renminbi, the lawful currency of the PRC
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of US\$0.015 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)
“Share Award Scheme”	the share award scheme of the Company adopted on 31 August 2015, details of which are set out in the announcements of the Company dated 31 August 2015 and 19 October 2015
“Share Award Scheme Trustee”	Bank of Communications Trustee Limited (交通銀行信託有限公司), a company incorporated in Hong Kong with limited liability
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Sure Manage”	Sure Manage Investments Limited, a company incorporated in the British Virgin Islands with limited liability, which is wholly owned by Mr. Miao Bingwen and is one of the Offeror Concert Parties
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers published by the SFC
“United States” or “US”	the United States of America
“US\$”	United States dollar(s), the lawful currency of the United States

“Wise Orient”	Wise Orient Investments Limited, a company incorporated in the British Virgin Islands with limited liability, which is wholly owned by Ms. Duan Wei and is one of the Offeror Concert Parties
“Wu Irrevocable Undertaking”	the irrevocable undertaking dated 24 November 2023 and executed by Mr. Wu Guangze, pursuant to which Mr. Wu Guangze has irrevocably undertaken to the Offeror not to accept the Offer in respect of the Shares owned by Mr. Wu Guangze (personally and through CCM II), among other matters
“%”	per cent.

By order of the board of directors
Orchid Valley Holdings Limited
Ms. Cheng Xuanxuan
Director

By order of the board of directors
C.banner International Holdings Limited
Mr. Chen Yixi
Chairman

PRC, 29 November 2023

As at the date of this joint announcement, the executive Directors of the Company are Mr. Chen Yixi, Mr. Yuan Zhenhua, Mr. Wu Weiming and Mr. Zhang Baojun; the non-executive Director of the Company is Mr. Miao Bingwen; and the independent non-executive Directors of the Company are Mr. Kwong Wai Sun Wilson, Mr. Xu Chengming and Mr. Zheng Hongliang.

The Directors of the Company jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than information relating to the Offeror and the Offeror Concert Parties) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than opinions expressed by the directors of the Offeror in their capacity as such) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement the omission of which would make any statement in this joint announcement misleading.

As at the date of this joint announcement, the directors of the Offeror are Ms. Cheng Xuanxuan and Mr. Huo Li.

The directors of the Offeror jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than information relating to the Group), and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than opinions expressed by the Directors of the Company in their capacity as such) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement the omission of which would make any statement in this joint announcement misleading.