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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)**

## **DISCLOSEABLE TRANSACTION IN RELATION TO ACQUISITION OF 28% EQUITY INTEREST IN A NON-WHOLLY-OWNED SUBSIDIARY**

### **THE ACQUISITION**

The Board is pleased to announce that on January 17, 2020 (after trading hours), Best Invent (a wholly-owned subsidiary of the Company) and the Sellers entered into the Sale and Purchase Agreement, pursuant to which the Sellers conditionally agreed to sell, and Best Invent conditionally agreed to purchase, the Sale Shares which represent 28% of the issued share capital of the Target Company, for a total cash Consideration of RMB59,717,391 (equivalent to approximately HK\$67,387,428).

The Target Company is a company incorporated in Hong Kong with limited liability and is the holding company of Jiangsu Mega, which is principally engaged in the manufacture and sale of branded fashion footwear and related materials. As at the date of this announcement, the Company holds 51% of the issued share capital of the Target Company. Upon Completion, the Company will hold 79% of the issued share capital of the Target Company.

### **LISTING RULES IMPLICATIONS**

As the highest applicable percentage ratio in respect of the Acquisition is 5% or more but less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Rule 14.06(2) of the Listing Rules and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

## THE SALE AND PURCHASE AGREEMENT

### Date

January 17, 2020 (after trading hours)

### Parties

- (1) Best Invent (a wholly-owned subsidiary of the Company) as the purchaser
- (2) The Sellers as the sellers

### Subject of the Acquisition

Pursuant to the Sale and Purchase Agreement, the Sellers conditionally agreed to sell, and Best Invent conditionally agreed to purchase, the Sale Shares which represent 28% of the issued share capital of the Target Company.

As at the date of this announcement, the Company holds 51% of the issued share capital of the Target Company. Upon Completion, the Company will hold 79% of the issued share capital of the Target Company.

Further details of the Target Company are set forth in the section headed “Information on the Target Company” in this announcement.

### Consideration

The total Consideration for the Sale Shares is RMB59,717,391 (equivalent to approximately HK\$67,387,428), which shall be settled in cash and allocated among the Sellers in proportion to their respective numbers of Sale Shares to be sold as follows:

<b>Seller</b>	<b>Number of Sale Shares</b>	<b>Consideration (RMB)</b>
<i>Conditional Sellers:</i>		
Fortune Title Holdings Limited	800	8,531,055.86
Empire Sky Holdings Limited	1,000	10,663,819.82
Goldrun Holdings Limited	600	6,398,291.89
Cowinner Limited	600	6,398,291.89
Gold Title Limited	800	8,531,055.86
<i>Unconditional Sellers:</i>		
Skill Plus Holdings Limited	800	8,531,055.86
Well Prosper Holdings Limited	1,000	10,663,819.82
Total	<u>5,600</u>	<u>59,717,391.00</u>

The Consideration was arrived at after arm's length negotiations between Best Invent and the Sellers taking into account, among others, (i) the prospects and growth potential of the Target Group; and (ii) the historical financial position and financial performance of the Target Group up to September 30, 2019.

The Consideration will be funded by internal cash resources of the Group.

### **Condition precedent**

In respect of each Conditional Seller, Completion is conditional upon the full repayment of certain debts by such Seller's affiliated footwear distributor to Jiangsu Mega.

In respect of each Conditional Seller, Best Invent may waive in full or in part the above condition precedent, in which case such Seller shall procure its affiliated footwear distributor to repay the aforesaid debts in full within five Business Days after the date of Completion.

Completion in respect of each Seller is not inter-conditional upon Completion in respect of the other Sellers.

### **Completion**

In respect of each Conditional Seller, Completion shall take place on the next Business Day after the satisfaction and/or waiver of the aforesaid condition precedent, or such other date as Best Invent and such Seller may agree.

In respect of each Unconditional Seller, Completion shall take place on the next Business Day after the entering into of the Sale and Purchase Agreement, or such other date as Best Invent and such Seller may agree.

At or prior to Completion, Best Invent shall transfer the Consideration in respect of each Seller's number of Sale Shares (after deducting an amount equivalent to the portion of Hong Kong stamp duty expected to be borne by such Seller) to the bank account(s) designated by such Seller.

### **INFORMATION ON THE TARGET COMPANY**

The Target Company is a non-wholly-owned subsidiary of the Company. As at the date of this announcement, the Target Company is held as to 51% by the Company through Best Invent, and as to 49% by nine minority shareholders (seven of which are the Sellers).

The Target Company is a company incorporated in Hong Kong with limited liability and is the holding company of Jiangsu Mega, which is principally engaged in the manufacture and sale of branded fashion footwear and related materials.

According to the unaudited consolidated management accounts of the Target Group prepared in accordance with International Financial Reporting Standards, the unaudited consolidated total assets and net assets of the Target Group as at September 30, 2019 amounted to RMB154,833,377.93 and RMB137,430,107.25 respectively; and the unaudited consolidated net profit before and after taxation of the Target Group for the financial years ended December 31, 2017 and 2018 and the nine months ended September 30, 2019 was as follows:

	<b>For the financial year ended December 31, 2017</b>	<b>For the financial year ended December 31, 2018</b>	<b>For the nine months ended September 30, 2019</b>
Net profit before taxation	RMB4,158,412.79	RMB4,491,476.17	RMB8,698,443.32
Net profit after taxation	RMB2,602,105.31	RMB3,382,186.38	RMB7,838,424.60

## **INFORMATION ON THE COMPANY AND THE SELLERS**

The Company is an investment holding company and its subsidiaries are principally engaged in the design, manufacture and sale of branded women's fashion footwear and retail of toys in the PRC. The Group is a leading international integrated manufacturer and 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 also operates self-developed brands including "C.banner", "EBLAN", "sundance", "MIO", "BADGLEY MISCHKA" and "naturesun". In addition, after the Group disposed of its "Hamleys" toy retail business in July 2019, it continues to operate the "Hamleys" stores that had opened in the PRC on a franchise basis.

Each of the Sellers is an investment holding company incorporated in the British Virgin Islands and beneficially wholly-owned by a PRC individual who is affiliated with a different footwear distributor which previously had distributorships with Jiangsu Mega in respect of a specific region in the PRC. The identities of these PRC individuals are as follows:

<b>Seller</b>	<b>Beneficial owner</b>
Fortune Title Holdings Limited	Mr. DANG Yaodong ( 黨耀東 )
Empire Sky Holdings Limited	Mr. WANG Xiaobing ( 王曉冰 )
Goldrun Holdings Limited	Mr. WU Wenxin ( 武文新 )
Cowinner Limited	Mr. CHENG Wenyong ( 程文勇 )
Gold Title Limited	Mr. GU Jingkai ( 古景開 )
Skill Plus Holdings Limited	Mr. YU Jianyong ( 余建永 )
Well Prosper Holdings Limited	Mr. YANG Jie ( 楊杰 )

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Sellers and their respective ultimate beneficial owners are Independent Third Parties, save and except for the Sellers' ownership of the Sale Shares and the previous distributorships between the Sellers' affiliated footwear distributors and Jiangsu Mega.

## **REASONS FOR AND BENEFITS OF THE ACQUISITION**

Following the Sellers' disposal of the Sale Shares, it is expected that the previous distributorships between the Sellers' affiliated footwear distributors and Jiangsu Mega will not be renewed. As a result, Jiangsu Mega will be able to regain the distribution rights in the regions concerned, thereby allowing the Group to centralise and streamline the operation and management of its footwear retail business.

Moreover, with the decrease in minority shareholders' shareholding in the Target Company from 49% to 21% upon Completion, the portion of the Target Group's profit or loss attributable to non-controlling interests will diminish. Provided that the Target Group continues to be profit-making, from the perspective of the Group's consolidated financial statements, the Acquisition is expected to result in an increase in the profit (or a decrease in the loss) attributable to owners of the Company in 2020 and beyond.

Taking into consideration of the above, the Directors consider that the terms of the Sale and Purchase Agreement are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As the highest applicable percentage ratio in respect of the Acquisition is 5% or more but less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Rule 14.06(2) of the Listing Rules and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“Acquisition”	the acquisition of the Sale Shares by Best Invent;
“Best Invent”	Best Invent Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company;
“Board”	the board of Directors of the Company;
“Business Day(s)”	day(s) on which banks are generally open for business in Hong Kong (excluding Saturdays, Sundays, public holidays and days on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.);

“Company”	C.banner International Holdings Limited, a company incorporated in Bermuda with limited liability with its shares listed on the Main Board of the Stock Exchange (stock code: 1028);
“Completion”	the completion of the sale and purchase of the Sale Shares;
“Conditional Seller(s)”	the sellers listed under the heading “Conditional Sellers” in the column “Seller” under the section headed “The Sale and Purchase Agreement – Consideration” in this announcement, or one or some of them if the context so requires;
“connected persons”	has the meaning ascribed to it in the Listing Rules;
“Consideration”	the consideration for the sale of the Sale Shares payable to the Sellers or each Seller as the context may require;
“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Third Parties”	third parties who are independent of, and not connected with, the Company and its connected persons;
“Jiangsu Mega”	Jiangsu Mega Shoes Co., Ltd. (江蘇美嘉鞋業有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Target Company;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“percentage ratio(s)”	the percentage ratio(s) 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, for the purpose of this announcement, not including Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
“RMB”	Renminbi, the lawful currency of the PRC;
“Sale and Purchase Agreement”	the sale and purchase agreement relating to the Sale Shares entered into between Best Invent and the Sellers on January 17, 2020;

“Sale Shares”	5,600 ordinary shares of the Target Company, or some of them if the context so requires;
“Seller(s)”	the Conditional Sellers and the Unconditional Sellers, or one or some of them if the context so requires;
“Share(s)”	ordinary share(s) of nominal value of US\$0.015 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of the Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary(ies)”	has the meaning ascribed to it in the Listing Rules;
“Target Company”	Mega Brilliant International Limited (美宏國際有限公司), a company incorporated in Hong Kong with limited liability and a non-wholly-owned subsidiary of the Company;
“Target Group”	the Target Company and its subsidiary(ies), which as at the date of this announcement comprises Jiangsu Mega;
“Unconditional Seller(s)”	the sellers listed under the heading “Unconditional Sellers” in the column “Seller” under the section headed “The Sale and Purchase Agreement – Consideration” in this announcement, or one of them if the context so requires; and
“%”	per cent.

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

Nanjing, January 17, 2020

*For the purpose of this announcement, the conversion of RMB into HK\$ is based on the exchange rate of HK\$1 to RMB0.88618 for illustration purpose only.*

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