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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)

ISSUE OF CONVERTIBLE BONDS BY THE COMPANY AND ISSUE OF EXCHANGEABLE BONDS BY SUBSTANTIAL SHAREHOLDERS

ISSUE OF CONVERTIBLE BONDS BY THE COMPANY

On 18 May 2012, the Company entered into the CB Subscription Agreement with CCC1, CVC and Mousse in relation to the issuance of Convertible Bonds in an aggregate principal amount of RMB189,024,450.

The Convertible Bonds will be due on the fourth anniversary of the date of issue of the Convertible Bonds and are convertible into Conversion Shares at an initial conversion price of HK\$2.40 per Share. The Convertible Bonds will initially be convertible into 96,876,000 Shares.

CB Completion of the issue of the Convertible Bonds under the CB Subscription Agreement is subject to the satisfaction of the conditions precedent therein.

ISSUE OF EXCHANGEABLE BONDS BY SUBSTANTIAL SHAREHOLDERS

The Company has been informed by the Substantial Shareholders that they have entered into a subscription agreement with CCC2, CVC and Mousse on 18 May 2012 in relation to the issue of Exchangeable Bonds in an aggregate principal amount of HK\$503,786,400.

The Exchangeable Bonds will have a terms of four years and are exchangeable at an initial exchange price HK\$2.40 per Share, representing 209,911,000 Shares.

On 18 May 2012, the Company entered into the CB Subscription Agreement with CCC1, CVC and Mousse in relation to the issue of the Convertible Bonds in an aggregate principal amount of RMB189,024,450. Assuming full conversion of the Convertible Bonds, each of CCC1, CVC and Mousse severally agrees to subscribe for RMB18,902,445 (representing 9,687,600 Shares), RMB138,617,930 (representing 71,042,400 Shares) and RMB31,504,075 (representing 16,146,000 Shares), respectively,

with a term of four years, at an initial Conversion Price of HK\$2.40 per Share. The CB Subscription Agreement contain provisions regarding corporate governance measures as outlined below.

ISSUE OF CONVERTIBLE BONDS BY THE COMPANY

CB Subscription Agreement

Date: 18 May 2012

Issuer: the Company

Subscriber: CCC1 or its Affiliates,
CVC or its Affiliates, and
Mousse or its Affiliates

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, CCC1, CVC and Mousse and their respective ultimate beneficial owners are independent of and not connected to the directors, chief executives and substantial shareholders of the Company and its subsidiaries and their respective associates.

Aggregate Principal Amount: RMB189,024,450

Subscription Amount: RMB18,902,445 (CCC1)
RMB138,617,930 (CVC)
RMB31,504,075 (Mousse)

Corporate Governance Measures under the CB Subscription Agreement

On and from CB Completion and for such time as CCC1 or CVC (together with their respective Affiliates) holds, directly or indirectly, the Governance Rights Proportion, CCC1 and CVC shall have the right from time to time to:

- (a) nominate one person to be appointed as a non-executive Director (the “**Investor Director**”);
- (b) in the case of CVC, nominate one person to be appointed as an independent non-executive Director (the “**CVC Investor INED**”); and
- (c) nominate an Investor Director and/or, in the case of the CVC, the CVC Investor INED to be appointed as a member of each of the audit committee, the nomination committee and the remuneration committee (and any other committee of the Board constituted by the Board) (the “**Investor Committee Member**”).

Each of CCC1 and CVC shall have the right to cause any person appointed by it resign, upon which it shall have the right to immediately nominate such person as it may determine from time to time as an Investor Director or CVC Investor INED (in the case of CVC) or an Investor Committee Member.

The Company shall procure that, with effect from CB Completion:

- (a) a strategy committee of the Board (the “**Strategy Committee**”) is established of six persons comprising the Investor Director and, initially, the chairman of the Company, the chief executive officer of the Company with terms of reference in the agreed form, including without limitation, a quorum of three Directors provided that this must include each Investor Director;
- (b) the Board shall comprise twelve Directors, comprising five executive Directors, three non-independent non-executive Directors (including two Investor Directors) and four independent non-executive Directors (including the CVC Investor INED);
- (c) the two initial Investor Directors are appointed as members of each of the audit committee, the nomination committee, the remuneration committee and the Strategy Committee; and
- (d) the initial CVC Investor INED is appointed as a member of each of the audit committee, the nomination committee and the remuneration committee.

The Company shall procure, on and from CB Completion, and for such time as CCC1 or CVC (together with their respective Affiliates) holds, directly or indirectly, the Governance Rights Proportion, that:

- (a) the Board shall comprise not more than twelve Directors (including all Investor Directors and the CVC Investor INED);
- (b) all Investor Directors and the CVC Investor INED nominated shall be members of the Strategy Committee, audit committee, nomination committee and remuneration committee;
- (c) any decision of the Board relating to the key corporate matters set out in the terms of reference of the Strategy Committee (“**Key Corporate Matters**”) shall only be made in accordance with the prior approval by way of resolution of the Strategy Committee;
- (d) if the Strategy Committee passes a resolution in respect of a Key Corporate Matter, a meeting of the Board shall be convened as soon as practicable to propose such Key Corporate Matter(s) to the Board for consideration; and
- (e) any decision of the Strategy Committee relating to a Key Corporate Matter shall require the consent of all members of the Strategy Committee.

The Company shall, to the fullest extent permitted by law and the Listing Rules, take all necessary steps and actions and otherwise use its best endeavours to promptly facilitate and give effect to the governance rights referred to above.

If CCC1 or CVC (together with its Affiliates) ceases to hold the Governance Rights Proportion, it shall forthwith cease to have the benefit of the above governance rights and it shall (unless the Company and CCC1 or CVC (as the case may be) otherwise agree) procure that any Investor Director and, in the case of CVC, the CVC Investor INED appointed by it as mentioned above, promptly resigns as Director and resigns from any position held as an Investor Committee Member.

Conditions Precedent

CB Completion is conditional on the following conditions precedent being satisfied (or waived by CVC, for itself and on behalf of CCC1 and Mousse):

- (a) the representations and warranties of the Company under the CB Subscription Agreement continuing to be true, accurate and correct in all material respects as of the CB Completion;
- (b) the Company having obtained all necessary approvals required under the Bye-laws, applicable law and the Listing Rules:
 - i. to issue the Convertible Bonds; and
 - ii. to issue the Conversion Shares;
- (c) the Stock Exchange having approved the listing of, and granted permission to deal in, the Conversion Shares; and
- (d) the Company shall have performed all of its obligations hereunder expressed to be performed before or with effect from CB Completion including, without limitation, (i) the appointment, prior to or conditional on CB Completion, of each of the Investor Directors and CVC Investor INED to the Board and to the relevant Board committees, (ii) the removal of any existing Directors from the Board or the relevant Board committees necessary to comply with the governance measures referred to above, and (iii) the establishment of the Strategy Committee.

If the conditions precedent set out above have not been satisfied (or waived by CVC, for itself and on behalf of CCC1 and Mousse) on or prior to 30 November 2012, then the CB Subscription Agreement (other than certain provisions) shall automatically terminate and (without prejudice to the rights and/or obligations of any party in respect of any antecedent breach) the parties shall be released and discharged from their respective obligations under the CB Subscription Agreement.

Completion

Subject to the satisfaction (or waiver as the case may be) of all the conditions precedent, CB Completion shall take place on CB Completion Date.

Information and Reporting

Subject to all applicable laws, rules and regulations (including the Listing Rules) applicable to the Company and for as long as CCC1 or CVC holds, directly or indirectly, the Governance Rights Proportion, CCC1 or CVC shall be entitled to receive any information held by the Company which CCC1 or CVC reasonably requires to keep it properly informed about the business and affairs of the Group and generally to protect its interests as a holder of Convertible Bonds in such form as the Board reasonably determines.

Pre-emption Rights

The CB Subscribers will have the pre-emptive rights to purchase, subscribe for or obtain any new Shares or other securities (other than in accordance with the share option scheme of the Company) that the Company may propose to issue or grant after the date of the CB Subscription Agreement.

PRINCIPAL TERMS OF THE CONVERTIBLE BONDS

Issuer: the Company

Maturity Date: Four years from the date of issue

Denomination: RMB5.00 each

Dividend Interest and Default Interest Rate: If and whenever the Company shall pay or make any dividend in cash to the Shareholders, each CB Bondholder shall be entitled to be paid dividend interest in respect of that dividend (the “**Dividend Interest**”). Dividend interest shall be calculated by multiplying (i) the amount of dividend per Share by (ii) the number of Shares into which outstanding Convertible Bonds would convert as at the payment date of that dividend.

If and whenever the Company shall pay or make any dividend to the Shareholders where the dividend in question is of Shares (a “**Scrip Dividend**”), each CB Bondholder shall be entitled to be issued the number of Shares (the “**Scrip Interest**”) calculated by multiplying (i) the total number of Shares to be issued for each existing Share held under the Scrip Dividend by (ii) the number of Shares into which outstanding Convertible Bonds would convert as at the payment date of that dividend.

If the Company fails to pay any sum in respect of the Convertible Bonds when the same becomes due and payable under the CB Conditions, interest shall accrue on the overdue sum at the rate of 25 per cent. per annum from the due date and ending on the date on which full payment is made to the CB Bondholders in accordance with the CB Conditions. Such default interest shall accrue on the basis of the actual number of days elapsed and a 360-day year.

Status:

The Convertible Bonds constitute direct, unsubordinated, unconditional and unsecured obligations of the Company and shall at all times rank pari passu and without any preference or priority among themselves. The payment obligations of the Company under the Convertible Bonds shall, save for such exceptions as may be provided by mandatory provisions of applicable laws, at all times rank at least equally with all of the Company's other present and future direct, unsubordinated, unconditional and unsecured obligations. No application will be made for a listing of the Convertible Bonds.

Transfer:

Subject to the terms and conditions set out in the CB Subscription Agreement, the Convertible Bonds and compliance with all applicable laws, rules and regulations, the Convertible Bonds and any Conversion Shares are freely transferable.

Redemption and Cancellation:

Unless previously redeemed, converted or purchased and cancelled, the Company will redeem each Convertible Bond at an amount equal to its CB Redemption Amount on the Maturity Date. The Company may not redeem the Convertible Bonds at its option prior to the Maturity Date.

The CB Bondholder may not redeem the Convertible Bonds at its option prior to the Maturity Date save for the redemption on event of default.

Conversion Price:

The conversion price is initially HK\$2.40 per Share and the number of Shares due to be issued on conversion shall be calculated on the basis of a fixed conversion rate of HK\$1.00 to RMB0.8130.

Conversion Period:

Subject to the provisions of the CB Conditions, the holder of each Convertible Bond shall have the right to convert such Convertible Bond (but not a part or fraction of a Convertible Bond) into Shares at any time during the Conversion Period provided that a CB Bondholder shall not be able to exercise its conversion right where as a result of, and to the extent that, the issue of Shares to the CB Bondholder, the Company would cease to have the minimum percentage of Shares in public hands as required by the Listing Rules.

Adjustment to Conversion

Price:

Conversion Price will be subject to adjustment in certain events, including: consolidation, subdivision or reclassification; making dividend other than in cash or in Shares; repurchase of Shares (at a price exceeding the current market price); rights issues of Shares or options over Shares (at less than either the Conversion Price or the current market price); rights issues of other securities; issues of Shares or other issues of securities at less (at less than either the Conversion Price or the current market price); modification of rights of conversion etc.

Events of Default:

Following the occurrence of an event of default, the holder of each Convertible Bond will have the right at such holder's option, to require the Company to redeem all or some of such holder's Convertible Bonds by not later than 30 days following the occurrence of an event of default (or, if later, 30 days following the date upon which notice thereof is given to Bondholders by the Company) at the Event of Default Redemption Amount together with accrued but unpaid Dividend Interest to such date. Events of default means any of the following occurrences:

- (a) a Change of Control;
- (b) if the Shares cease to be listed or admitted to trading on the Stock Exchange or if it is announced that the Shares will cease to be listed or admitted to trading on the Stock Exchange;
- (c) if there shall have been a breach of any of the covenants contained in the CB Conditions;
- (d) if any of the representations, warranties or undertakings given by the Company pursuant to the CB Subscription Agreement were materially inaccurate, untrue or misleading when given or there shall have been a material breach of any of such undertakings;
- (e) if there shall have been a material breach by the Company of the CB Subscription Agreement;
- (f) save as pursuant to any applicable laws, rules and regulations,
 - (i) if any of the governance rights and information and reporting rights set out in the CB Subscription Agreement are not capable of being exercised by the Bondholder or the Bondholder is prevented from exercising any of those rights; or
 - (ii) if the Issuer fails to procure the matters set out in the governance rights and information and reporting rights provisions set out in the CB Subscription Agreement;

- (g) if the external auditors of the Company have issued a qualified or adverse opinion in respect of any financial statements of the Company or is unable to provide an opinion in respect of any financial statements of the Company's that are required to be audited pursuant to the Listing Rules;
- (h) a default is made by the Company in the payment of any principal, premium or any other amount due in respect of the Convertible Bonds within five Business Days from the due date for payment (except where failure to pay is caused by administrative or technical error and payment is made within seven Business Days of its due date);
- (i) failure by the Company to deliver the Shares as and when such Shares are required to be delivered following conversion of a Convertible Bond and such failure continues for a period of ten days;
- (j) the Company fails to perform or comply with one or more of its other obligations in the Convertible Bonds which default is incapable of remedy or, if capable of remedy, is not remedied within 21 days after written notice of such default shall have been given to the Company by a CB Bondholder;
- (k) the Company or any of its major subsidiaries is (or is, or could be, deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts as they fall due or takes any proceeding under any law for readjustment or deferment of its obligations or any part of them or makes or enters into a general assignment or an arrangement or composition with or for the benefit of its creditors generally or by reason of actual financial difficulties commences negotiation with its creditors generally with a view to rescheduling any or all of its debts, or proceedings for any of the foregoing are initiated and are not discharged or stayed within a period of 30 days;
- (l) any final judgment or order for the payment of money in excess of HK\$10,000,000 (or the equivalent thereof) in the aggregate for all such final judgments or orders shall be rendered against the Company or any its subsidiary and guarantor and shall not be bonded, paid or discharged for a period of 30 days following such judgment during which a stay of enforcement, by reason of a pending appeal or otherwise, is not in effect;

- (m) (i) any other present or future indebtedness of the Company or any of its subsidiaries for or in respect of monies borrowed or raised becomes due and payable prior to its stated maturity by reason of any event of default or the like (howsoever described); or (ii) any such indebtedness is not paid when due or, as the case may be, within any applicable grace period; or (iii) the Company or any of its subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised, provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this paragraph have occurred equals or exceeds HK\$750,000 or its equivalent (as reasonably determined on the basis of the middle spot rate for the relevant currency against the HK\$ as quoted by any leading bank on the day on which such indebtedness becomes due and payable or is not paid or any such amount becomes due and payable or is not paid under any such guarantee or indemnity), in each case excluding any trade payable where such trade payable is settled in full within 14 days of it becoming due and payable;
- (n) a distress, attachment, execution or other legal process is levied, enforced or sued out on or against any material part of the property, assets or revenues of the Company or any of its subsidiaries and is not discharged or stayed within 30 days;
- (o) an order is made or an effective resolution passed for the winding-up or dissolution, judicial management or administration of the Company or any of its major subsidiaries, or the Company or any of its major subsidiaries ceases or threatens to cease to carry on all or substantially all of its business or operations, except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (i) on terms approved by a special resolution of the CB Bondholders, (ii) in the case of a subsidiary, whereby the undertaking and assets of such major subsidiary are transferred to or otherwise vested in the Company or another of its major subsidiaries, or (iii) whereby the undertaking and assets of such major subsidiary are transferred to or otherwise vested in the Company or another of its major subsidiaries;

- (p) an encumbrancer takes possession or an administrative or other receiver or an administrator is appointed of the whole or any substantial part of the property, assets or revenues of the Company or any of its major subsidiaries (as the case may be) and is not discharged within 30 days;
- (q) it is or will become unlawful for the Company to perform or comply with any one or more of its obligations under the Convertible Bonds;
- (r) any step is taken by any person that could reasonably be expected to result in the seizure, compulsory acquisition, expropriation or nationalisation of all or a material part of the assets of the Company or any of its major subsidiaries;
- (s) any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing or registration) at any time required to be taken, fulfilled or done in order: (i) to enable the Company lawfully to exercise its rights and perform and comply with its obligations under the Convertible Bonds; or (ii) to ensure that these obligations are legally binding and enforceable, is not taken, fulfilled or done; or
- (t) any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of the foregoing paragraphs.

**Event of Default Redemption
Amount:**

With respect to a Convertible Bond, at a date, the amount which, together with any unpaid accrued Dividend Interest at that date and after taking into account any Dividend Interest paid in respect of those Convertible Bonds prior to that date, represents for a CB Bondholder a gross annual yield to such date of 25 per cent. per annum, and, for the avoidance of doubt, including the principal amount of such Convertible Bond.

Voting:

The CB Bondholders will not be entitled to receive notice of or attend or vote at general meetings of the Company by reason only of being the holders of a Convertible Bond.

Listing:

The Convertible Bonds will not be listed on the Stock Exchange or any other stock exchange. An application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in the Conversion Shares.

Covenants:

So long as there are outstanding Convertible Bonds, the Company will not create or permit to subsist, and the Company will procure that no subsidiary of the Company will create or permit to subsist, any mortgage, charge, pledge, lien or other form of encumbrance or security interest upon the whole or any part of its undertaking, assets or revenues, present or future, to secure any Debt Securities or to secure any guarantee of or indemnity in respect of, any Debt Securities, unless, at the same time or prior thereto, the Company's obligations under the Convertible Bonds: (i) are secured equally and rateably therewith or benefit from a guarantee or indemnity in substantially identical terms thereto; or (ii) have the benefit of such other security, guarantee, indemnity or other arrangement as shall be approved by a special resolution of the CB Bondholders.

So long as there are Outstanding Convertible Bonds, the Issuer will not, and will procure that its Subsidiaries will not, consolidate with, merge or amalgamate into or transfer its assets substantially as an entirety to any corporation or convey or transfer its properties and assets substantially as an entirety to any person.

Comparison of Conversion Price

The initial Conversion Price is HK\$2.40 per Share, representing:

- (i) a premium of approximately 4.35% over the closing price of HK\$2.30 per Share as quoted on the Stock Exchange on 18 May 2012, being the date of this announcement;
- (ii) a premium of approximately 5.26% over the closing price of HK\$2.28 per Share as quoted on the Stock Exchange on 17 May 2012, being the last trading day prior to the date of this announcement;
- (iii) a premium of approximately 4.80% over the average closing price of HK\$2.29 per Share as quoted on the Stock Exchange for the last five trading days up to and including 17 May 2012; and
- (iv) a premium of approximately 4.35% over the average closing price of HK\$2.30 per Share as quoted on the Stock Exchange for the last ten trading days up to and including 17 May 2012.

The Conversion Price was determined after arm's length negotiation between the Company and the CB Subscribers having regard to the prevailing market price of Shares. The Directors consider that the Conversion Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Conversion Shares

Assuming full conversion of the Convertible Bonds at the initial Conversion Price, the Convertible Bonds will be converted into 96,876,000 Shares, representing approximately 4.84% of the issued share capital of the Company as at the date of this announcement and approximately 4.62% of the issued share capital of the Company as enlarged by the conversion.

ISSUE OF EXCHANGEABLE BONDS BY SUBSTANTIAL SHAREHOLDERS

The Company has been informed by the Substantial Shareholders, namely High Score, Media Value and Sure Manage, that they have entered into a subscription agreement with CCC2, CVC and Mousse on 18 May 2012 (the “**EB Subscription Agreement**”) in relation to the issue of Exchangeable Bonds (subject to certain securities to be provided by the Substantial Shareholders) in an aggregate principal amount of HK\$503,786,400 (of which CVC, CCC2 and Mousse severally agrees to subscribe for HK\$294,521,280 (representing 122,717,200 Shares), HK\$170,512,320 (representing 71,046,800 Shares) and HK\$38,752,800 (representing 16,147,000 Shares), respectively), with a term of four years, which can be exchanged with the relevant Substantial Shareholders at an initial exchange price of HK\$2.40 per Share, subject to customary adjustment as set out in the EB Subscription Agreement (including subdivision, consolidation or reclassification of Shares, capitalisation of profits or reserves, capital distribution, issuance of options, right or warrants, modification of rights of conversion etc.).

SHAREHOLDING STRUCTURE OF THE COMPANY

To the best knowledge of and the Company, the shareholding structure of the Company as at the date of this announcement and immediately after exercise in full the conversion rights under the Convertible Bonds and the exchange rights under the Exchangeable Bonds (assuming no other Shares will be issued) is as follows:

Shareholders	Shareholding as at the date		Shareholding immediately		Shareholding immediately	
	of this announcement		after full conversion		after full conversion/exchange	
	<i>Number of</i>	<i>Approximately</i>	<i>Number of</i>	<i>Approximately</i>	<i>Number of</i>	<i>Approximately</i>
	<i>Shares</i>	<i>%</i>	<i>Shares</i>	<i>%</i>	<i>Shares</i>	<i>%</i>
High Score (Note 1)	731,770,000	36.59	731,770,000	34.90	630,563,000	30.07
Media Value (Note 2)	400,180,000	20.01	400,180,000	19.08	345,466,000	16.48
Sure Manage (Note 3)	368,050,000	18.40	368,050,000	17.55	314,060,000	14.98
Public						
CCC1 & CCC2	43,299,000	2.16	52,986,600	2.53	124,033,400	5.91
CVC	–	–	71,042,400	3.39	193,759,600	9.24
Mousse	–	–	16,146,000	0.77	32,293,000	1.54
Other Public	456,701,000	22.84	456,701,000	21.78	456,701,000	21.78
Total	2,000,000,000	100	2,096,876,000	100	2,096,876,000	100

Notes:

1. High Score is wholly-owned by Mr. Chen Yixi, an executive Director and the chairman of the Company.
2. Media Value is wholly-owned by Mr. Li Wei, an executive Director and the chief executive officer of the Company.
3. Sure Manage is wholly-owned by Mr. Miao Bingwen, a non-executive Director.

LISTING RULES IMPLICATIONS

By a resolution in writing of the Shareholders passed on 26 August 2011, the Company granted the General Mandate to the Directors to allot and issue up to 20% of the aggregate nominal value of the share capital of the Company in issue immediately following completion of the Global Offering and Capitalisation Issue, i.e. 2,000,000,000 Shares. The Directors have not exercised the power to allot and issue any new Shares pursuant to the General Mandate. As at the date of this announcement, the Company is entitled to issue up to 400,000,000 Shares pursuant to the General Mandate. It is intended that the Conversion Shares will be allotted and issued under the General Mandate.

USE OF PROCEEDS

The gross proceeds to be raised under the issue of the Convertible Bonds will be approximately RMB189,024,450 (equivalent to approximately HK\$232,502,399). The estimated net proceeds to be raised under the issue of the Convertible Bonds, after deduction of expenses, are expected to amount to approximately HK\$228,602,399, and are currently intended to be used by the Company to fund working capital requirements and potential new projects of the Company and its subsidiaries.

The net price to the Company of each of the Convertible Bonds, which is calculated by dividing the aggregate net proceeds by the total number of Conversion Shares based on the initial Conversion Price, is approximately HK\$2.36.

REASONS FOR THE ISSUE OF CONVERTIBLE BONDS

The Company is an investment holding company and its subsidiaries are principally engaged in the design, manufacture and sale of branded women's footwear in the PRC.

The Board is of the view that the new funding together with CCC1 & CCC2, CVC and Mousse's experience in branding, retailing and products would allow more room for the Company to carry out its development strategies and tap its growth potential in the future. CCC1 & CCC2, CVC and Mousse not only have extensive experience in investing in the apparels and retail industry around the world, but also resources to support the business development strategies and executions of the Company. In addition, the introduction of international branding and nomination of quality members to the Company will facilitate and enhance the Company's corporate governance, thus improving organisation structure and operation transparency to the Company.

FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS

Apart from the Global Offering, the Company has not conducted any other fund raising activities in the past twelve months before the date of this announcement.

The Company obtained net proceeds of approximately RMB535.7 million from the Global Offering in September 2011, details of which were disclosed in the Company's announcement dated 22 September 2011. The proceeds from the Global Offering have been/will be used by the Group in accordance with the plans as set out in the section headed "Future Plans and Use of Proceeds" in the prospectus of the Company dated 12 September 2011. Proceeds have been used as follows:

	Use of Proceeds RMB (million)		
	Available Funds	Utilised Funds	Unutilised
Expand retail network	214.3	52.0	162.3
Expand and maintain production facilities, construction of office and storage facilities	133.9	13.5	120.4
Acquisition of footwear businesses	107.1	–	107.1
Repaid short-term bank loans	53.6	53.6	
Expand online retail platform	26.8	–	26.8
Total	535.7	119.1	416.6

INFORMATION ON CCC1 & CCC2

CCC1 and CCC2 are under the management of China Consumer Capital Partners Ltd.. China Consumer Capital Partners Ltd. is a China-focused investment firm focusing on China consumer/retail industry investments. China Consumer Capital Partners Ltd. has extensive domestic and international industry resources and investment experience with strength in bringing strategic value to target companies.

INFORMATION ON CVC

CVC is currently owned by the funds advised by CVC Asia Pacific Limited, a company incorporated in Hong Kong.

CVC Capital Partners is a leading international private equity firm. Founded in 1981, CVC Capital Partners today has a network of 20 offices and some 250 employees throughout Europe, Asia and the US. CVC Capital Partners manages funds on behalf of over 300 investors including pension funds, financial institutions, sovereign wealth funds and other investors. To date, CVC Capital Partners has raised over US\$44 billion in funds and has completed over 290 investments in a wide range of industries and countries across the globe, with an aggregate transaction value of US\$167 billion. CVC Capital Partners Funds currently own over 60 companies worldwide, which generate over US\$127 billion in revenues and employ around 400,000 people.

INFORMATION ON MOUSSE

Mousse is a private company managed by Mousse Partners, a New-York based private investment firm. In 2008, Mousse Partners established a Beijing office, and has been actively investing in Chinese consumer growth companies.

DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

“Affiliate”	with respect to any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person, and in the case of CVC, includes any entity from time to time controlled by funds managed and/or advised by CVC
“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday or Sunday or public holiday in Hong Kong and any day on which a tropical cyclone warning no. 8 or above or a “black” rain warning signal is hoisted in Hong Kong at any time between 9.00am and 5.00pm) on which commercial banks are open for business in Hong Kong
“Capitalisation Issue”	the issue of Shares upon capitalisation of the share premium account of the Company, details of which were disclosed in the prospectus of the Company dated 12 September 2011
“CB Bondholder(s)”	the person in whose name a Convertible Bond is registered in the register of the CB Bondholders
“CB Completion”	completion of the issue and subscription of the Convertible Bonds pursuant to the CB Subscription Agreement
“CB Completion Date”	the date of CB Completion, which shall be the later of the first Business Day after all the conditions precedent set out in the CB Subscription Agreement have been satisfied (or waived) and 18 June 2012
“CB Conditions”	the conditions of the instrument to be executed as a deed by the Company constituting the Convertible Bonds

“CB Redemption Amount”	the aggregate of the US Dollar equivalent of (i) the principal amount of all outstanding Convertible Bonds together with (ii) any unpaid accrued Dividend Interest on the CB Maturity Date and (iii) the CB Redemption Premium if the Conversion Price on the CB Maturity Date is greater than the average of the VWAP for a Share for the 60 consecutive trading days ending on the trading day immediately preceding the CB Maturity Date
“CB Redemption Premium”	an amount, on the CB Maturity Date, calculated by multiplying (i) the difference between the Conversion Price on the CB Maturity Date and the average of the VWAP for a Share (being a Share carrying full entitlement to dividend) for the 60 consecutive trading days ending on the trading day immediately preceding the CB Maturity Date by (ii) the number of Shares into which outstanding Convertible Bonds would convert as at the CB Maturity Date
“CB Subscriber(s)”	CCC1 and/or CVC and/or Mousse as the context may require
“CB Subscription Agreement”	the subscription agreement dated 18 May 2012 entered into between the Company and CCC1, CVC and Mousse in relation to the issue of Convertible Bonds
“CCC1”	China Consumer Capital Fund, L.P
“CCC2”	China Consumer Capital Fund II, L.P.
“Company”	C.banner International Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange
“Change of Control”	<p>(i) the Substantial Shareholders, in aggregate, cease, directly or indirectly, to own and be able to exercise or control the exercise of more than 50 per cent. of the voting rights attaching to the issued share capital of the Company on a Fully Diluted Basis (the “Control Stake”);</p> <p>(ii) any person or persons (other than the Substantial Shareholders) acting individually or together, directly or indirectly, acquires (or unconditionally will acquire) the right to appoint and/or remove all or the majority of the members of the Company’s board of directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise; or</p>

(iii) the Company consolidates with or merges into or sells or transfers (or unconditionally will merge into or sell or transfer) all or substantially all of the Company's assets to any other person, unless the consolidation, merger, sale or transfer will not result in the other person or persons acquiring a Control Stake in the Company or the successor entity

“Conversion Period”	any time on or after the issue date of the Convertible Bonds up to the close of business on the date that is two Business Days prior to the Maturity Date, or if such Convertible Bond shall have been called or put for redemption at any time on or after the issue date, then up to the close of business on a date no later than five Business Days prior to the date fixed for redemption thereof
“Conversion Shares”	the Shares to be issued by the Company upon conversion of the Convertible Bonds
“Convertible Bonds”	the convertible bonds due 2016 in the aggregate principal amount of RMB189,024,450 which are convertible into Shares in accordance with the terms of the instrument to be executed as a deed by the Company constituting the Convertible Bonds
“CVC”	China Champion Holdings Limited, a company incorporated in the Cayman Islands with limited liability and currently owned by the funds advised by CVC Asia Pacific Limited
“Director(s)”	the director(s) of the Company
“EB Subscriber(s)”	CCC2 and/or CVC and/or Mousse as the context may require
“EB Subscription Agreement”	the subscription agreement dated 18 May 2012 entered into between the Company and CCC2, CVC and Mousse in relation to the issue of Exchangeable Bonds
“Exchangeable Bonds”	the zero coupon exchangeable bonds due 2016 in the aggregate principal amount of HK\$503,786,400 which are exchangeable into fully paid Shares in accordance with the terms of the instrument to be executed as a deed by the relevant Substantial Shareholders constituting the Exchangeable Bonds
“Fully Diluted Basis”	on the basis that, all subsisting options, warrants and securities convertible into Shares (including, without limitation, the Convertible Bonds and the Exchangeable Bonds), and any other subsisting contractual rights to subscribe for Shares, have been exercised in full at the applicable exercise price at the relevant time, whether or not such exercise is subject to any condition(s)

“General Mandate”	the general mandate granted to the Directors to allot and issue up to 20% of the aggregate nominal amount of the share capital of the Company in issue immediately following completion of the Global Offering and Capitalisation Issue of the Company by a resolution of the Shareholders passed on 26 August 2011
“Global Offering”	the Hong Kong public offering and the international offering of the Company which took place in September 2011, details of which were disclosed in the prospectus of the Company dated 12 September 2011
“Governance Rights Proportion”	an interest in such number of Shares, whether directly or indirectly, as is equal to or more than five per cent. of the aggregate number of Shares on a Fully Diluted Basis
“High Score”	High Score Holdings Limited, the controlling shareholder of the Company holding approximately 36.59% of the shareholding of the Company as at the date of this announcement and a company wholly-owned by Mr. Chen Yixi, an executive Director and chairman of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Key Management Officers”	The Chairman, Chief Executive Officer, Chief Financial Officer, Vice President responsible for expansion strategies and wholesale, Vice President and Chief Supervisor for International Investment Centre, General Manager of Commodity Center and General Manager of Retail Management Department and any person with substantially the same role and responsibilities as any of such persons as at the date hereof
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Maturity Date”	the date falling on the fourth anniversary of the CB Completion Date
“Media Value”	Media Value Holdings Limited, one of the substantial shareholders of the Company holding approximately 20.01% of the shareholding of the Company as at the date of this announcement and a company wholly-owned by Mr. Li Wei, an executive Director and the chief executive officer of the Company
“Mousse”	MouseeDragon, L.P
“PRC”	the People’s Republic of China

“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	the ordinary share(s) in the share capital of the Company with a nominal value of US\$0.015 each
“Shareholders”	holders of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Substantial Shareholders”	High Score, Media Value and Sure Manage
“Sure Manage”	Sure Manage Investments Limited, one of the substantial shareholders of the Company holding approximately 18.40% of the shareholding of the Company as at the date of this announcement and a company wholly-owned by Mr. Miao Bingwen, a non-executive Director
“US\$”	United States dollars, the lawful currency of the United States of America
“VWAP”	the average of the volume-weighted average price quoted by the Stock Exchange
“%”	per cent.

For the purpose of this announcement, conversion of RMB into Hong Kong dollars is calculated at the conversion rate of HK\$1.00 to RMB0.8130. This conversion rate is for purpose of illustration only and does not constitute a representation that any amounts have been, could have been, or may be, converted at this or any other rates at all.

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

Hong Kong, 18 May 2012

As at the date of this announcement, the executive Directors are Mr. CHEN Yixi, Mr. LI Wei, Mr. ZHAO Wei, Mr. HUO Li and Mr. XU Tingyu; the non-executive Director is Mr. MIAO Bingwen; and the independent non-executive Directors are Mr. XU Chengming, Mr. LI Xindan and Mr. KWONG Wai Sun Wilson.