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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)

PROPOSED ISSUE OF (I) CONVERTIBLE BONDS UNDER GENERAL MANDATE AND (II) NOTES

PROPOSED ISSUE OF THE CONVERTIBLE BONDS AND THE NOTES

On July 20, 2017 (after trading hours), the Company, the Subscriber and the Guarantor entered into the Subscription Agreement, pursuant to which the Company has conditionally agreed to issue, and the Subscriber has conditionally agreed to subscribe for, (i) the Convertible Bonds which may be converted into the Conversion Shares pursuant to the terms and conditions of the Convertible Bonds and (ii) the Notes, each in the principal amount of US\$50 million (equivalent to approximately HK\$390,235,000). Each of the net proceeds arising from the issue of the Convertible Bonds and the Notes, after deduction of expenses, will amount to approximately HK\$389,455,000 respectively, which shall be applied to replenish the working capital of the Company and cater for potential desirable acquisitions.

Upon full conversion of the Convertible Bonds at the Conversion Price of HK\$3.57 per Conversion Share (subject to adjustments), a total of 108,963,585 Conversion Shares will be allotted and issued to the Subscriber, representing (i) approximately 5.25% of the existing issued share capital of the Company; and (ii) approximately 4.98% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares, assuming there is no other change in the issued share capital of the Company between the date of this announcement and the full conversion of the Convertible Bonds.

LISTING RULES IMPLICATIONS

As the Conversion Shares which may fall to be issued upon the exercise of the conversion rights under the Convertible Bonds will be issued under the General Mandate, the issue of the Conversion Shares is not subject to any Shareholders' approval.

No application will be made for the listing of the Convertible Bonds and the Notes on the Stock Exchange or any other stock exchange. An application will be made by the Company for the listing of, and permission to deal in, the Conversion Shares.

As completion of the Subscription Agreement is subject to the fulfilment and/or waiver of certain conditions set forth therein, the issue of the Convertible Bonds and the Notes may or may not proceed. Investors should exercise caution when dealing in the Shares. If in doubt, investors are recommended to consult their professional adviser(s).

THE SUBSCRIPTION AGREEMENT

Date

July 20, 2017 (after trading hours)

Parties

- (1) The Company as the issuer;
- (2) The Subscriber as the subscriber; and
- (3) The Guarantor as the guarantor

Subject matter

Pursuant to the Subscription Agreement, the Company has conditionally agreed to issue and the Subscriber has conditionally agreed to subscribe for (i) the Convertible Bonds which may be converted into the Conversion Shares pursuant to the terms and conditions of the Convertible Bonds and (ii) the Notes, each in the principal amount of US\$50 million (equivalent to approximately HK\$390,235,000).

Conditions precedent

Completion is subject to and conditional upon:

- (a) the Subscriber having performed and completed to its satisfaction due diligence review of business, affairs, operations and financial position of the Company and the Group;
- (b) the Subscriber having performed and completed to its satisfaction 'know your customer', anti-money laundering or similar identification procedures in respect of the Company;
- (c) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in the Conversion Shares, and such approval and permission remaining in full force and effect;

- (d) the Subscriber having received all of the documents and evidence set out in the schedule to the Subscription Agreement in form and substance satisfactory to it on or prior to the Completion Date;
- (e) evidence that the Subscriber has performed all necessary external, internal and corporate approvals and checks under all applicable laws and regulations, including but not limited to, investment committee approval;
- (f) the representations and warranties of the Company contained in the Subscription Agreement and other ancillary transaction documents to which it is a party being true, accurate and correct in all material respects and not misleading during the period beginning on the date of the Subscription Agreement and ending on the Completion Date;
- (g) on the Completion Date, no event of default is continuing or would result from the proposed issue by the Company of the Convertible Bonds and the Notes to the Subscriber;
- (h) the General Mandate is not revoked and, from the date of the Subscription Agreement to the Completion Date, the trading of the Shares are not suspended (save for any temporary suspension by reason of the issuance of any announcement by the Company in compliance with Chapters 14 and/or 14A of the Listing Rules or in connection with the transactions contemplated under the Subscription Agreement);
- (i) the Guarantor is and remains (i) beneficially (directly or indirectly) interested in at least 30% of the issued Shares of the Company and the single largest Shareholder of the Company; and (ii) the chairman and executive Director of the Company; and
- (g) the equity attributable to Shareholders (as shown in its audited financial statements for the financial year or its unaudited financial statements for the interim period of six months, whichever is the latest), after excluding any losses recorded in connection with the issue of the Convertible Bonds, shall not be lower than RMB2,000,000,000 (equivalent to approximately HK\$2,314,200,000) and the ratio of the total asset value of the Company (as shown in its audited financial statements for the financial year or its unaudited financial statements for the interim period of six months, whichever is the latest) to the equity attributable to Shareholders shall not be more than 2.4:1.

In the event that any of the conditions precedent referred to above is not fulfilled or waived in full on or before the Long-Stop Date (or such later date as may be agreed between the Company, the Subscriber and the Guarantor in writing), the Subscription Agreement shall lapse immediately and thereafter, neither party shall have any obligations and liabilities thereunder save for any right or obligations which may accrue prior to the date of such termination.

Completion

Completion shall take place on the Completion Date, subject to the fulfilment or the waiver (if applicable) of the conditions precedent as set out in the Subscription Agreement.

Guarantee

The Guarantor has unconditionally and irrevocably guaranteed to the Subscriber the punctual discharge by the Company of its obligations of whatever nature under the Subscription Agreement and other ancillary transaction documents and promised to pay on demand each sum (together with interest on such sum accrued both before and after the date of demand until the date of payment) which the Company is liable to pay under the Subscription Agreement and other ancillary transaction documents.

Requirement relating to shareholding of the Company

Pursuant to the Subscription Agreement, the Bond Instrument and the Note Instrument, it shall be an event of default if the Guarantor ceases to (i) be beneficially interested (directly or indirectly) in at least 30% of the issued Shares of the Company and the single largest Shareholder of the Company; or (ii) be the chairman and executive Director of the Company.

If an event of default under the Subscription Agreement occurs, the Convertible Bonds and the Notes are, and they shall become, immediately due and repayable.

As at the date of this announcement, the Guarantor holds (directly and indirectly) approximately 36.11% of the issued Shares of the Company.

Principal terms of the Convertible Bonds

A summary of the principal terms of the Convertible Bonds is set out as follows:

Issuer:	The Company
Principal Amount:	US\$50 million (equivalent to approximately HK\$390,235,000)
Issue Price:	100% of the principal amount of the Convertible Bonds
Interest Rate:	The Convertible Bonds shall bear interest from and including the date of issue of the Convertible Bonds until the date of redemption of the Convertible Bonds at the rate of four (4)% per annum on the outstanding principal thereof, payable every six (6) months from the issue date of the Convertible Bonds in arrears.
Form and Denomination:	The Convertible Bonds will be issued in registered form and in denomination of US\$500,000 each.
Maturity Date:	The date falling on the second (2nd) anniversary of the issue date of the Convertible Bonds, which can, subject to the agreement between the Company and the Subscriber, be extended to the date falling on the third (3rd) anniversary of the issue date of the Convertible Bonds.

Conversion Price: HK\$3.57, being the initial conversion price per Conversion Share.

The Conversion Price was arrived at after arm's length negotiations between the Company and the Subscriber with reference to the prevailing market price of the Shares and represents:

- (i) a premium of approximately 19.80% to the closing price of HK\$2.98 per Share as quoted on the Stock Exchange on July 20, 2017, being the date of the Subscription Agreement;
- (ii) a premium of approximately 20.12% to the average closing price of HK\$2.972 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Subscription Agreement; and
- (iii) a premium of approximately 17.32% to the average closing price of HK\$3.043 per Share as quoted on the Stock Exchange for the last 10 consecutive trading days immediately preceding the date of the Subscription Agreement.

Adjustments to the Conversion Price:

The Conversion Price shall from time to time be adjusted in accordance with the relevant provisions under terms and conditions of the Convertible Bonds upon the occurrence of certain events, including but not limited to:

- (i) consolidation, subdivision or reclassification of the Shares;
- (ii) capitalization of profits or reserves (other than in lieu of a cash dividend);
- (iii) issue of Shares by way of a scrip dividend where the current market price exceeds the amount of the relevant cash dividend;
- (iv) capital distribution to the Shareholders;
- (v) rights issues of Shares or options over Shares (at less than the current market price);
- (vi) rights issues of other securities;
- (vii) issues of Shares or other issues of securities at less than the Conversion Price;
- (viii) modification of rights of conversion; and
- (ix) event triggering the Conversion Price Reset.

- Conversion:** The conversion right attaching to the Convertible Bonds can be exercised, at the option of the holder thereof, to convert all or any part an integral multiple of US\$500,000 of the principal amount of the Convertible Bonds at any time from and including the issue date of the Convertible Bonds up to the close of business (at the principal place of business of the Company in Hong Kong) on the maturity date of the Convertible Bonds.
- Redemption:**
- (1) Redemption at maturity
- Unless previously redeemed, converted, purchased or cancelled, the Company will redeem all of the Convertible Bonds on the maturity date of the Convertible Bonds at the sum of (i) a redemption amount equal to the aggregate of (x) the principal amount outstanding on the Convertible Bonds, (y) the outstanding interest up to the date of redemption and (z) any other outstanding amount due but unpaid under the Convertible Bonds and (ii) an amount that would make up an aggregate internal rate of return on the relevant amount of the Convertible Bonds at 8% per annum thereon.
- (2) Default redemption
- Upon the occurrence of an event of default, the holder of the Convertible Bonds shall have the right to require the Company to redeem such Convertible Bonds held by the holder thereof at an amount equal to the amount that would yield an internal rate of return of 16% on the aggregate principal amount of such Convertible Bonds calculated from the issue date of the Convertible Bonds until the date of payment for the redemption.
- Transferability:** Subject to the terms and conditions of the Convertible Bonds, transfer of the Convertible Bonds can be made without prior consent of the Company.
- Status:** The Convertible Bonds shall constitute direct, unsecured, unsubordinated and unconditional obligations of the Company and shall at all times rank pari passu and without any preference or priority among themselves.

Principal terms of the Notes

A summary of the principal terms of the Notes is set out as follows:

- Issuer:** The Company
- Principal Amount:** US\$50 million (equivalent to approximately HK\$390,235,000)
- Issue Price:** 100% of the principal amount of the Notes
- Interest Rate:** The Notes shall bear interest from and including the date of issue of the Notes until the date of redemption of the Notes at the rate of four (4)% per annum on the outstanding principal thereof, payable every six (6) months from the issue date of the Notes in arrears.
- Form and Denomination:** The Notes will be issued in registered form and in denomination of US\$500,000 each.
- Maturity Date:** The date falling on the second (2nd) anniversary of the issue date of the Notes, which can, subject to the agreement between the Company and the Subscriber, be extended to the date falling on the third (3rd) anniversary of the issue date of the Notes.
- Redemption:**
- (1) Redemption at maturity

Unless previously redeemed, converted, purchased or cancelled, the Company will redeem all of the Notes on the maturity date of the Notes at the sum of (i) a redemption amount equal to the aggregate of (x) the principal amount outstanding on the Notes, (y) the outstanding interest up to the date of redemption and (z) any other outstanding amount due but unpaid under the Notes and (ii) an amount that would make up an aggregate internal rate of return on the relevant amount of the Notes at 8% per annum thereon.
 - (2) Default redemption

Upon the occurrence of an event of default, the holder of the Notes shall have the right to require the Company to redeem such Notes held by the holder thereof at an amount equal to the amount that would yield an internal rate of return of 16% on the aggregate principal amount of such Notes calculated from the issue date of the Notes until the date of payment for the redemption.

Transferability: Subject to the terms and conditions of the Notes, transfer of the Notes can be made without prior consent of the Company.

Status: The Notes shall constitute direct, unsecured, unsubordinated and unconditional obligations of the Company and shall at all times rank *pari passu* and without any preference or priority among themselves.

APPLICATION FOR LISTING

No application will be made for the listing of, permission to deal in, the Convertible Bonds and the Notes on the Stock Exchange or any other stock exchange. Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

INFORMATION ON THE COMPANY AND THE SUBSCRIBER

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

The Subscriber is a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of CCB Internaitonal (Holdings) Limited (建銀國際(控股)有限公司).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, each of the Subscriber and its ultimate beneficial owner(s) (if applicable) are Independent Third Parties.

REASONS FOR THE ISSUE OF CONVERTIBLE BONDS AND THE NOTES AND USE OF PROCEEDS

The Board considers that the issue of the Convertible Bonds and the Notes is an appropriate way for the Company to raise funds to replenish its working capital and cater for potential desirable acquisitions. The Convertible Bonds and the Notes will not result in any immediate dilution effect on the shareholding of the existing Shareholders.

The gross proceeds arising from the issue of the Convertible Bonds and the Notes are US\$50 million (equivalent to approximately HK\$390,235,000) respectively.

Each of the net proceeds arising from the issue of the Convertible Bonds and the Notes, after deduction of expenses, will amount to approximately HK\$389,455,000 respectively, which shall be applied to replenish the working capital of the Company and cater for potential desirable acquisitions. The net price for each Conversion Share will be approximately HK\$3.57.

The Board considers that the Subscription Agreement was entered into on normal commercial terms after arm's length negotiations between the Company and the Subscriber and that the terms of the Subscription Agreement (including the Conversion Price) are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

EFFECTS ON SHAREHOLDING STRUCTURE

The table below sets out, for the purpose of illustration only, the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after the allotment and issue of the Conversion Shares upon exercise of the conversion rights in full under the Convertible Bonds (assuming no further Shares will be issued or repurchased and no transfer of the Convertible Bonds by the Subscriber from the date of this announcement to the date of the full conversion of the Convertible Bonds):

<i>Shareholders</i>	(i) As at the date of this announcement		(ii) Immediately after the allotment and issue of the Conversion Shares upon exercise in full of the conversion rights under the Convertible Bonds	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
Mr. Chen Yixi (<i>Note 1</i>)	750,000,000	36.11	750,000,000	34.31
Mr. Miao Bingwen (<i>Note 2</i>)	100,000,000	4.81	100,000,000	4.57
Mr. Wu Guangze (<i>Note 3</i>)	64,600,000	3.11	64,600,000	2.96
Mr. Huo Li	979,000	0.05	979,000	0.04
Mr. Zhao Wei	520,000	0.03	520,000	0.02
The Subscriber and its ultimate beneficial owner	–	–	108,963,585	4.98
Public Shareholders	1,160,901,000	55.89	1,160,901,000	53.11
Total	2,077,000,000	100	2,185,963,585	100

Notes:

1. Mr. Chen Yixi is the beneficial owner of all the issued share capital of Hongguo International Group Limited (“Hongguo”) which held 750,000,000 shares of the Company in long position, among which Hongguo has charged 370,000,000 Shares in favour of Timely Assets Global Limited and 272,000,000 Shares in favour of the Subscriber.
2. Mr. Miao Bingwen is the beneficial owner of all the issued share capital of Sure Manage Investments Limited (“Sure Manage”) which held 80,000,000 shares of the Company in long position. Also, Mr. Miao Bingwen is directly interested in 20,000,000 shares of the Company in long position.
3. Mr. Wu Guangze holds 90% shareholding in China Consumer Capital Partners II Limited, the holding company of China Consumer Capital Fund II, L.P. which is interested in 48,000,000 shares of the Company in long position. Also, Mr. Wu Guangze is directly interested in 16,600,000 shares of the Company in long position.

EQUITY FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

The Company has not conducted any equity fund raising activities in the past twelve months before the date of this announcement.

LISTING RULES IMPLICATIONS

The Conversion Shares which may fall to be issued upon the exercise of the conversion rights under the Convertible Bonds will be issued under the General Mandate which was granted to the Directors pursuant to an ordinary resolution of the Shareholders passed at the AGM subject to the limit of up to 20% of the aggregate number of Shares in issue as at the AGM (i.e. 415,400,000 Shares, representing 20% of 2,077,000,000 Shares in issue as at the date of the AGM).

Up to the date of this announcement, the General Mandate has not been utilized. The 108,963,585 Conversion Shares, to be issued upon full exercise of the conversion rights attaching to the Convertible Bonds, will utilise approximately 26.2% of the General Mandate such that a total of 306,436,415 Shares will remain unissued under the General Mandate. As the Conversion Shares are to be issued under the General Mandate, the issue of the Conversion Shares is not subject to any Shareholders' approval.

The Company has not bought back any Shares within the last 30 days prior to the date of this announcement.

As completion of the Subscription Agreement is subject to the fulfilment and/or waiver of certain conditions set forth therein, the issue of the Convertible Bonds and the Notes may or may not proceed. Investors should exercise caution when dealing in the Shares. If in doubt, investors are recommended to consult their professional adviser(s).

DEFINITIONS

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

“AGM”	the annual general meeting of the Company held on 30 June 2017;
“Board”	the board of Directors;
“Bond Instrument”	the instrument to be entered into by the Company constituting the Convertible Bonds, substantially in the form of the draft set out in the schedule to the Subscription Agreement;
“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”	completion of the issue and subscription of the Convertible Bonds and the Notes pursuant to the Subscription Agreement;
“Completion Date”	the date of the Completion;
“connected person(s)”	has the same meaning ascribed to it in the Listing Rules;
“Conversion Price”	the initial conversion price of the Convertible Bonds, being HK\$3.57 per Conversion Share (subject to adjustments);
“Conversion Price Reset”	at any time after 3 months from the Completion Date, if the average closing price of the Company’s Shares as stated in the Stock Exchange’s daily quotations sheets for any 20 consecutive business days is lower than 90% of the prevailing conversion price (such period being the price reset period), the prevailing conversion price will be adjusted to a price that is equal to the lower of (i) 120% of the average closing price of the Company’s Shares as stated in the Stock Exchange’s daily quotations sheets for the last five business days of such price reset period; or (ii) the prevailing conversion price;
“Conversion Shares”	Shares fall to be allotted and issued upon the exercise of the conversion rights attaching to the Convertible Bonds;

“Convertible Bonds”	the 2 year (extendable for 12 months subject to the agreement between the Company and the Subscriber) 4% coupon rate convertible bonds in the aggregate principal amount of US\$50 million to be constituted by the Bond Instrument and to be issued by the Company to the Subscriber pursuant to the Subscription Agreement;
“Director(s)”	the director(s) of the Company;
“General Mandate”	the general mandate to allot, issue and deal with up to 415,400,000 new Shares (representing 20% of the aggregate number of the Shares in issue as at the date of the AGM) granted to the Directors by a resolution of the Shareholders passed at the AGM;
“Group”	the Company and its subsidiaries;
“Guarantor”	Mr. Chen Yixi, the chairman and executive Director of the Company;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Third Parties”	any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected person(s);
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Long-Stop Date”	September 1, 2017;
“Notes”	the 2 year (extendable for 12 months subject to the agreement between the Company and the Subscriber) 4% coupon rate notes in the aggregate principal amount of US\$50 million to be constituted by the Note Instrument and to be issued by the Company to the Subscriber pursuant to the Subscription Agreement;

“Note Instrument”	the instrument to be entered into by the Company constituting the Notes, substantially in the form of the draft set out in the schedule to the Subscription Agreement;
“PRC”	the People’s Republic of China, for the purpose of this announcement, not including Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan;
“RMB”	Renminbi, the lawful currency of the PRC;
“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;
“Subscriber”	Cheer Hope Holdings Limited, a company incorporated in the British Virgin Islands with limited liability;
“Subscription Agreement”	the agreement dated July 20, 2017 and entered into between the Company and the Subscriber in relation to the issue of the Convertible Bonds and the Notes;
“subsidiaries”	has the meaning ascribed to it by the Listing Rules;
“United States” or “the U.S.”	the United States of the America;
“US\$”	U.S. dollars, the lawful currency of the United States; and
“%”	per cent.

** The English names of these PRC entities are an informal English translation of their respective official Chinese names.*

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

Hong Kong, July 20, 2017

For the purpose of this announcement, the conversion of US\$ into HK\$ is based on the exchange rate of US\$1 to HK\$7.8047 and the conversion of RMB into HK\$ is based on the exchange rate of RMB1 to HK\$1.1571 for illustration purpose only

As at the date of this announcement, the executive directors are Mr. CHEN Yixi, Mr. ZHAO Wei, Mr. HUO Li and Mr. YUAN Zhenhua; the non-executive directors are Mr. MIAO Bingwen, Mr. WU Guangze and Mr. NGAN Wing Ho; and the independent non-executive directors are Mr. KWONG Wai Sun Wilson, Mr. LI Xindan, Mr. ZHANG Zhiyong and Mr. ZHENG Hongliang.