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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)

DISCLOSABLE TRANSACTION IN RELATION TO ACQUISITION OF INTEREST IN A COMPANY ENGAGED IN THE OPERATION OF KINDERGARTENS IN THE PRC

THE ACQUISITION

The Board of the Company is pleased to announce that on July 21, 2017 (after trading hours), the Company and the Sellers entered into the Sale and Purchase Agreement, pursuant to which (i) the Sellers conditionally agreed to sell, and the Company conditionally agreed to purchase, 6,319,820 Sale Shares for a cash consideration of US\$79,408,705 (equivalent to approximately HK\$619,761,120), representing 45.78% of the issued share capital of the Target Company. Upon Completion, the Company will hold 45.78% of the issued share capital of the Target Company.

On the same date (after trading hours), the Company and the Founder Company, among others, entered into the Shareholders' Agreement, which will be effective upon Completion.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Acquisition is more than 5% but less than 25%, the Acquisition constitutes a disclosable 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.

As completion of the Sale and Purchase Agreement is subject to the fulfilment and/or waiver of certain conditions set forth therein, the Acquisition 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 SALE AND PURCHASE AGREEMENT

Date

July 21, 2017 (after trading hours)

Parties

- (1) The Company as the purchaser
- (2) The Sellers as the sellers (each individually referred to as a “Party,” and collectively, as the “Parties.”)

Subject of the Acquisition

Pursuant to the Sale and Purchase Agreement, (i) the Sellers conditionally agreed to sell, and the Company conditionally agreed to purchase, 6,319,820 Sale Shares for a cash consideration of US\$79,408,705 (equivalent to approximately HK\$619,761,120), representing 45.78% of the issued share capital of the Target Company. Upon Completion, the Company will hold 45.78% of the issued share capital of the Target Company. The Target Company is a company incorporated in the Cayman Islands and, together with its subsidiaries and controlled companies, is an education group operating kindergartens under the brand “EtonKids” in the PRC. Further details of the Target Company are set forth in the section headed “Information on the Target Company” in this announcement.

Consideration

The consideration payable by the Company to the Sellers, being US\$79,408,705 (equivalent to approximately HK\$619,761,120), shall be paid in cash on the Completion Date.

The Company will satisfy the consideration payable by it to the Sellers through a combination of internal and external resources, including proceeds arising from the issue of convertible bonds and notes by the Company.

Basis of Consideration

The Consideration of the Acquisition was arrived after arm’s length negotiation between the Company and the Sellers after taking into account, among others, the prospects and growth potential of the Target Group which could enhance the revenue and profit of the Group.

Conditions Precedent

Completion is conditional upon the satisfaction (or, if applicable, the waiver) of certain conditions precedent, which are set out below:

- (1) no laws, judgments, decrees or bans from any governmental authorities prior to Completion (A) restricting or prohibiting the entering into of the Sale and Purchase Agreement or the Completion or (B) having adverse impact in any material aspect on the Sellers' right and power (i) to sell the Sale Shares or (ii) under the Sale and Purchase Agreement;
- (2) no laws, judgments, decrees or bans from any governmental authorities prior to Completion (A) restricting or prohibiting the entering into of the Sale and Purchase Agreement or the Completion or (B) having adverse impact in any material aspect on the Company's right and power (i) to purchase the Sale Shares or (ii) under the Sale and Purchase Agreement;
- (3) the representations and warranties given by the Sellers in the Sale and Purchase Agreement remaining true, accurate and not misleading from the date of the Sale and Purchase Agreement to the Completion Date; and
- (4) the representations and warranties given by the Company in the Sale and Purchase Agreement remaining true, accurate and not misleading from the date of the Sale and Purchase Agreement to the Completion Date; and
- (5) no material adverse change having occurred to the Target Company.

Completion

The Parties agreed that, if the conditions precedent are fulfilled (or, if applicable, waived) on or before August 4, 2017, Completion shall take place on a Business Day no later than August 11, 2017 (or a later date as may be agreed by the Sellers and the Company).

Upon Completion, all of the Sale Shares will be simultaneously converted into ordinary shares of US\$0.001 each of the Target Company.

Termination

Prior to Completion, the Sale and Purchase Agreement may be terminated upon occurrence of, among others, any of the following events:

- (1) by written mutual consent of the Parties; or
- (2) by written notice from either Party to another Party where the conditions precedent have not been fulfilled, satisfied or waived by the Long-Stop Date.

If all the conditions precedent are fulfilled or waived on or before August 4, 2017 but the Company fails to pay the Consideration in full by August 11, 2017, the Company shall pay to the Sellers an amount in US\$ equivalent to RMB10 million as the liquidated damages within three (3) Business Days from August 11, 2017.

If all the conditions precedent are fulfilled or waived on or before August 4, 2017 but (i) the Sellers fail to complete the transaction as described in the Sale and Purchase Agreement, and (ii) the Sellers directly or indirectly sell the Sale Shares in any way for a new consideration (the “New Consideration”) within twenty four (24) months from the date of the Sale and Purchase Agreement, and (iii) the New Consideration is higher than the Consideration, the Sellers shall pay to the Company an amount equal to half of the excess of the New Consideration over the Consideration as the liquidated damages.

THE SHAREHOLDERS’ AGREEMENT

On July 21, 2017 (after trading hours), the Company and the Founder Company, among others, entered into the Shareholders’ Agreement which will become effective upon Completion. The Shareholders’ Agreement sets out, among other matters, the board composition of the Target Company after Completion, certain reserved matters at the shareholders meeting and board meeting level, pre-emptive rights in respect of issue of the new securities by the Target Company and the right of first refusal of the existing shareholders in relation to the transfer of the equity securities of the Target Company.

INFORMATION ON THE TARGET COMPANY

The Target Company is a company incorporated in the Cayman Islands and, together with its subsidiaries and controlled companies, is an education group operating kindergartens under the brand “EtonKids” in the PRC. Upon Completion, the Target Company will be held by the Company as to 45.78% and by the Founder Company as to 54.22%, and 13.22% of the issued share capital of the Target Company held by the Founder Company is subject to a call option granted by the Founder Company to a third party. Upon full exercise of such call option by the third party and assuming there is no other changes to the share capital of the Target Company, the then shareholding structure of the Target Company will be as follows:

| Shareholders | Approximately % of the issued share capital of the Target Company |
|--|--|
| The Company | 45.78 |
| The Founder Company | 41 |
| The third party exercising the call option | 13.22 |

According to the unaudited consolidated financial statements of the Target Group prepared in accordance with China Accounting Standards for Business Enterprises, the unaudited consolidated total assets and total net assets of the Target Group as at August 31, 2016 were RMB302,023,000 and RMB75,401,000, respectively; and the unaudited consolidated net profit before and after taxation of the Target Group for the financial years ended August 31, 2015 and 2016 are as follows:

| | For the financial year ended August 31, 2015 | For the financial year ended August 31, 2016 |
|----------------------------|---|---|
| Net profit before taxation | RMB50,361,000 | RMB66,580,000 |
| Net profit after taxation | RMB38,273,000 | RMB50,857,000 |

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 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 Sellers are Standard Chartered Financial Holdings and Standard Chartered Private Equity Korea III. Standard Chartered Financial Holdings is incorporated in the Republic of Mauritius and engaged in investment holding. Standard Chartered Private Equity Korea III is incorporated in South Korea and engaged in investment holding.

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

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Directors consider that the Acquisition will diversify the Group’s business into kindergarten education services industry, further strengthen the Group’s presence in the market for children’s products and services to achieve strong synergy with the existing toys retailer business and broaden revenue sources of the Group with good quality assets. Having considered the prospects of the kindergarten education services industry in China which benefits significantly from its new nation-wide “Two-Child Policy”, the management, recent financial performance and business growth potential of the Target Group, the Directors are optimistic on the business prospects of the Target Group and consider that the

Acquisition would further enhance the profitability of the Group and it is in the interests of the Group and the Shareholders as a whole.

Taking into consideration of the above and the fact that the Acquisition was made at market price, 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 (as defined under the Listing Rules) in respect of the Acquisition is more than 5% but less than 25%, the Acquisition constitutes a disclosable 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.

As completion of the Sale and Purchase Agreement is subject to the fulfilment and/or waiver of certain conditions set forth therein, the Acquisition 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:

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| “Acquisition” | the acquisition of the Sale Shares by the Company; |
| “Board” | the board of Directors; |
| “Business Day” | a day (other than Saturday, Sunday and a public holiday) on which banks are open for business in the PRC, the Cayman Islands, the Republic of Mauritius and South Korea; |
| “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; |
| “Completion Date” | the date of the Completion; |
| “connected person(s)” | has the same meaning ascribed to it in the Listing Rules; |
| “Consideration” | the consideration for the sale of the Sale Shares payable to the Sellers; |
| “Director(s)” | the director(s) of the Company; |

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| “Founder Company” | Clear Lead International Limited, a company incorporated in the British Virgin Islands with limited liability; |
| “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” | 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” | August 25, 2017; |
| “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, Macau Special Administrative Region of the People’s Republic of China and Taiwan; |
| “RMB” | Renminbi, the lawful currency of the PRC; |
| “Sale and Purchase Agreement” | a sale and purchase agreement relating to the Sale Shares entered into between the Company and the Sellers on July 21, 2017; |
| “Sale Shares” | 5,669,931 A series preference shares of US\$0.001 each and 649,889 A-1 series preference shares of US\$0.001 each of the Target Company, all of which will be simultaneously converted into ordinary shares of US\$0.001 each of the Target Company upon Completion, and a “Sale Share” shall mean any of them; |
| “Sellers” | Standard Chartered Financial Holdings and Standard Chartered Private Equity Korea III; |
| “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; |

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| “Shareholders’ Agreement” | the shareholders agreement entered into, among others, between the Target Company, the Founder Company and the Company on July 21, 2017; |
| “Stock Exchange” | the Stock Exchange of Hong Kong Limited; |
| “subsidiaries” | has the meaning ascribed to it by the Listing Rules; |
| “Target Company” | EtonKids Educational Group Limited; |
| “Target Group” | the Target Group Companies, taken as a whole; |
| “Target Group Companies” | the Target Company and its subsidiaries and controlled companies and “Target Group Company” shall mean any of them; |
| “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. |

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

Hong Kong, July 21, 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 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.