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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 DISPOSAL OF INTEREST IN A COMPANY ENGAGED IN THE OPERATION OF KINDERGARTENS IN THE PRC**

##### **THE DISPOSALS**

The Board of the Company is pleased to announce that on December 29, 2017 (after trading hours), the Company (as the seller) entered into (i) the Allied Way SPA with Allied Way (as the purchaser); and (ii) the Hongkong Hongxing SPA with Hongkong Hongxing (as the purchaser), respectively.

Pursuant to the Allied Way SPA, the Company conditionally agreed to sell, and Allied Way conditionally agreed to purchase, 3,175,095 Sale Shares for a cash consideration of US\$44,965,000 (equivalent to approximately HK\$351,068,734), representing approximately 23.00% of the issued share capital of the Target Company.

Pursuant to the Hongkong Hongxing SPA, the Company conditionally agreed to sell, and Hongkong Hongxing conditionally agreed to purchase, 3,144,725 Sale Shares for a cash consideration of US\$44,534,900 (equivalent to approximately HK\$347,710,685), representing approximately 22.78% of the issued share capital of the Target Company.

##### **LISTING RULES IMPLICATIONS**

Pursuant to Rule 14.22 of the Listing Rules, the Allied Way Disposal and the Hongkong Hongxing Disposal are aggregated for the purpose of calculating the percentage ratios. As the highest applicable percentage ratio in respect of the Disposals (on an aggregated basis) is more than 5% but less than 25%, the Disposals constitute a disclosable transaction of the Company under Rule 14.06(2) of the Listing Rules and are subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

**As Completion under each of the Sale and Purchase Agreements is subject to the fulfilment and/or waiver of certain conditions set forth therein, the Disposals 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 AGREEMENTS**

### **Date**

December 29, 2017 (after trading hours)

### **Parties**

The parties to the Allied Way SPA are: (i) the Company as the seller; and (ii) Allied Way as the purchaser.

The parties to the Hongkong Hongxing SPA are: (i) the Company as the seller; and (ii) Hongkong Hongxing as the purchaser.

### **Subject of the Disposals**

Pursuant to the Allied Way SPA, the Company conditionally agreed to sell, and Allied Way conditionally agreed to purchase, 3,175,095 Sale Shares for a cash consideration of US\$44,965,000 (equivalent to approximately HK\$351,068,734), representing approximately 23.00% of the issued share capital of the Target Company.

Pursuant to the Hongkong Hongxing SPA, the Company conditionally agreed to sell, and Hongkong Hongxing conditionally agreed to purchase, 3,144,725 Sale Shares for a cash consideration of US\$44,534,900 (equivalent to approximately HK\$347,710,685), representing approximately 22.78% of the issued share capital of the Target Company.

Upon Completion, Allied Way and Hongkong Hongxing will hold approximately 23.00% and 22.78% of the issued share capital of the Target Company respectively, while the Company will cease to be a shareholder 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 total consideration receivable by the Company under the Disposals is US\$89,499,900 (equivalent to approximately HK\$698,779,419).

Pursuant to the Allied Way SPA, the consideration payable by Allied Way, being US\$44,965,000 (equivalent to approximately HK\$351,068,734), shall be paid in cash on the Allied Way Completion Date.

Pursuant to the Hongkong Hongxing SPA, the consideration payable by Hongkong Hongxing, being US\$44,534,900 (equivalent to approximately HK\$347,710,685), shall be paid in cash on the Hongkong Hongxing Completion Date.

Each of the Purchasers will satisfy its consideration payable to the Company through a combination of existing financial resources of the relevant Purchaser's ultimate beneficial owner(s) and external financing.

### **Basis of Consideration**

The consideration for each of the Disposals was arrived at after arm's length negotiations between the Company and each of the Purchasers after taking into account, among others, (i) the prospects and growth potential of the Target Group; (ii) the historical financial position and financial performance of the Target Group up to August 31, 2017; and (iii) the original consideration of US\$79,408,705 (equivalent to approximately HK\$619,991,405) paid by the Company earlier this year under the Previous Acquisition.

### **Conditions precedent**

Under each of the Sale and Purchase Agreements, 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 relevant 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 sell the relevant Sale Shares or (ii) under the relevant 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 relevant Sale and Purchase Agreement or the Completion or (B) having adverse impact in any material aspect on Allied Way's or Hongkong Hongxing's (as the case may be) right and power (i) to purchase the relevant Sale Shares or (ii) under the relevant Sale and Purchase Agreement;
- (3) the representations and warranties given by the Company in the relevant Sale and Purchase Agreement remaining true, accurate and not misleading from the date of the relevant Sale and Purchase Agreement to the relevant Completion Date; and
- (4) the representations and warranties given by Allied Way or Hongkong Hongxing (as the case may be) in the relevant Sale and Purchase Agreement remaining true, accurate and not misleading from the date of the relevant Sale and Purchase Agreement to the relevant Completion Date.

The Allied Way Completion and the Hongkong Hongxing Completion are not inter-conditional upon each other.

### **Completion**

Pursuant to the Allied Way SPA, the Company and Allied Way agreed that the Allied Way Completion shall take place within three (3) Business Days from the satisfaction (or, if applicable, the waiver) of the conditions precedent thereunder (or another date as may be agreed by the Company and Allied Way).

Pursuant to the Hongkong Hongxing SPA, the Company and Hongkong Hongxing agreed that the Hongkong Hongxing Completion shall take place within three (3) Business Days from the satisfaction (or, if applicable, the waiver) of the conditions precedent thereunder (or another date as may be agreed by the Company and Hongkong Hongxing).

## **Termination**

Each of the Sale and Purchase Agreements may, prior to Completion, be terminated upon occurrence of, among others, any of the following events:

- (1) by written mutual consent of the parties thereto; 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.

Pursuant to each of the Sale and Purchase Agreements, if all the conditions precedent thereunder are fulfilled or waived on or before the Long-Stop Date but the relevant Purchaser fails to pay the relevant consideration in full by the Long-Stop Date, then the relevant Purchaser shall pay to the Company an amount in US\$ equivalent to RMB20 million as liquidated damages within three (3) Business Days from the Long-Stop Date.

Pursuant to each of the Sale and Purchase Agreements, if all the conditions precedent thereunder are fulfilled or waived on or before the Long-Stop Date but (i) the Company fails to complete the transaction as described in the relevant Sale and Purchase Agreement; (ii) the Company directly or indirectly sells the relevant Sale Shares in any way for a new consideration within twenty-four (24) months from the date of the relevant Sale and Purchase Agreement; and (iii) such new consideration is higher than the consideration payable under the relevant Sale and Purchase Agreement, then the Company shall pay to the relevant Purchaser an amount equal to half of the excess of such new consideration over the consideration payable under the relevant Sale and Purchase Agreement as liquidated damages.

## **THE SHAREHOLDERS' AGREEMENT**

Following Completion, the Purchasers will become shareholders of the Target Company, while the Company will cease to be a shareholder of the Target Company. Therefore, upon Completion, the Shareholders' Agreement will be amended or superseded such that the Company will no longer be a party thereto, or have any rights or obligations thereunder with respect to 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 Founder Company, Allied Way and Hongkong Hongxing as to approximately 54.22%, 23.00% and 22.78% respectively.

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, 2017 were RMB403,104,000 and RMB132,833,000, respectively; and the unaudited consolidated net profit before and after taxation of the Target Group for the financial years ended August 31, 2016 and 2017 are as follows:

	<b>For the financial year ended August 31, 2016</b>	<b>For the financial year ended August 31, 2017</b>
Net profit before taxation	RMB66,580,000	RMB72,605,000
Net profit after taxation	RMB50,857,000	RMB65,034,000

## **INFORMATION ON THE COMPANY AND THE PURCHASERS**

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 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.

Allied Way is an investment holding company and is directly wholly owned by Mr. LIN Qinglang (林慶郎).

Hongkong Hongxing is an investment holding company and is (i) directly owned as to 46% by a company controlled by Ms. CHENG Xuanxuan (程璇璇); (ii) indirectly owned as to 22% by a company controlled by Mr. ZHANG Jianbin (張建斌); (iii) directly owned as to 22% by a company controlled by Mr. CHEN Yixi (陳奕熙), an executive Director; and (iv) directly owned as to 10% by a company controlled by Mr. WU Guangze (吳廣澤), a non-executive Director.

Save as disclosed above, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Purchasers and their respective ultimate beneficial owner(s) are Independent Third Parties.

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

The Previous Acquisition is only a minority investment held by the Company. As the total consideration for the Disposals represents a premium of approximately 12.7% over the original consideration of US\$79,408,705 (equivalent to approximately HK\$619,991,405) paid by the Company earlier this year under the Previous Acquisition, the Directors believe that the Disposals will bring a favorable return to the Group. Moreover, the Directors consider it more appropriate for the Group to dispose of its interest in the Target Company and focus on its current principal businesses.

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

## **FINANCIAL EFFECT OF THE DISPOSALS AND USE OF PROCEEDS**

Subject to final audit, it is currently estimated that the Group will realize a gain on disposal of approximately US\$10,091,195 (equivalent to approximately HK\$78,788,014), being the total consideration for the Disposals less the original consideration paid under the Previous Acquisition.

The Directors intend to apply the proceeds from the Disposals (after deducting relevant costs and expenses) as general working capital of the Group.

## **LISTING RULES IMPLICATIONS**

The Allied Way Disposal and the Hongkong Hongxing Disposal are independent of each other. Nonetheless, as the Allied Way SPA and the Hongkong Hongxing SPA were entered into on the same day in relation to shares of the same Target Company, pursuant to Rule 14.22 of the Listing Rules, the Allied Way Disposal and the Hongkong Hongxing Disposal are aggregated for the purpose of calculating the percentage ratios. As the highest applicable percentage ratio in respect of the Disposals (on an aggregated basis) is more than 5% but less than 25%, the Disposals constitute a disclosable transaction of the Company under Rule 14.06(2) of the Listing Rules and are subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

**As Completion under each of the Sale and Purchase Agreements is subject to the fulfilment and/or waiver of certain conditions set forth therein, the Disposals 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:

“Allied Way”	Allied Way International Enterprise Limited (滙進國際企業有限公司), a company incorporated in Hong Kong with limited liability;
“Allied Way Completion”	the completion of the sale and purchase of 3,175,095 Sale Shares under the Allied Way SPA;
“Allied Way Completion Date”	the date of the Allied Way Completion;
“Allied Way Disposal”	the disposal of 3,175,095 Sale Shares by the Company pursuant to the Allied Way SPA;
“Allied Way SPA”	the sale and purchase agreement relating to 3,175,095 Sale Shares entered into between the Company and Allied Way on December 29, 2017;
“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, Hong Kong and the Cayman Islands;
“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 Allied Way Completion and the Hongkong Hongxing Completion, or any of them if the context so requires;
“Completion Date”	the Allied Way Completion Date or the Hongkong Hongxing Completion Date, as the case may be;
“connected person(s)”	has the meaning ascribed to it in the Listing Rules;
“Director(s)”	the director(s) of the Company;



“Disposals”	collectively, the Allied Way Disposal and the Hongkong Hongxing Disposal, and a “Disposal” shall mean any of them;
“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;
“Hongkong Hongxing”	Hongkong Hongxing Investment Management Limited (香港鴻興投資管理有限公司), a company incorporated in Hong Kong with limited liability;
“Hongkong Hongxing Completion”	the completion of the sale and purchase of 3,144,725 Sale Shares under the Hongkong Hongxing SPA;
“Hongkong Hongxing Completion Date”	the date of the Hongkong Hongxing Completion;
“Hongkong Hongxing Disposal”	the disposal of 3,144,725 Sale Shares by the Company pursuant to the Hongkong Hongxing SPA;
“Hongkong Hongxing SPA”	the sale and purchase agreement relating to 3,144,725 Sale Shares entered into between the Company and Hongkong Hongxing on December 29, 2017;
“Independent Third Parties”	any person(s) or company(ies) and their respective ultimate beneficial owner(s) which, 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”	March 15, 2018;
“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;
“Previous Acquisition”	the acquisition of the Sale Shares by the Company earlier this year, details of which were disclosed in the Company’s announcements dated July 21, 2017, July 28, 2017, August 11, 2017 and September 4, 2017;
“Purchasers”	collectively, Allied Way and Hongkong Hongxing, and a “Purchaser” shall mean any of them;
“RMB”	Renminbi, the lawful currency of the PRC;
“Sale and Purchase Agreements”	collectively, the Allied Way SPA and the Hongkong Hongxing SPA, and a “Sale and Purchase Agreement” shall mean any of them;
“Sale Shares”	6,319,820 ordinary shares of US\$0.001 each of the Target Company, 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;
“Shareholders’ Agreement”	the shareholders agreement entered into between, among others, the Target Company, the Founder Company and the Company on July 21, 2017, details of which were disclosed in the Company’s announcements dated July 21, 2017 and July 28, 2017;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary(ies)”	has the meaning ascribed to it in the Listing Rules;
“Target Company”	EtonKids Educational Group Limited, a company incorporated in the Cayman Islands with limited liability;
“Target Group”	the Target Company and its subsidiaries and controlled companies, taken as a whole;

“US\$” U.S. dollars, the lawful currency of the United States of America;  
and

“%” per cent.

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

Hong Kong, December 29, 2017

*For the purpose of this announcement, the conversion of US\$ into HK\$ is based on the exchange rate of US\$1 to HK\$7.8076 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.*