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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)

PLACING OF NEW SHARES UNDER SPECIFIC MANDATE

Placing Agent



BAOQIAO PARTNERS CAPITAL LIMITED

PLACING OF NEW SHARES UNDER SPECIFIC MANDATE

On May 16, 2018 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent conditionally agreed to effect the Placing by procuring Placees (currently expected to be no fewer than six) to subscribe for a maximum of 550,000,000 Placing Shares at the Placing Price of HK\$2.40 to HK\$3.00 per Placing Share on a best effort basis.

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the date of Completion, the Placing Shares represent (i) approximately 26.48% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 20.94% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares.

As the Placing Shares will be allotted and issued under the Specific Mandate to be obtained at the SGM, the Placing is subject to the Shareholders' approval. A circular containing, among other things, (i) further details of the Placing; and (ii) a notice convening the SGM, will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules.

As completion under the Placing Agreement is subject to the fulfilment and/or waiver of certain conditions set forth therein, the issue of the Placing Shares 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).

On May 16, 2018 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent conditionally agreed to effect the Placing by procuring Placees (currently expected to be no fewer than six) to subscribe for a maximum of 550,000,000 Placing Shares at the Placing Price of HK\$2.40 to HK\$3.00 per Placing Share on a best effort basis.

THE PLACING AGREEMENT

Date

May 16, 2018 (after trading hours)

Parties

(1) The Company as the issuer

(2) BaoQiao Partners Capital Limited (寶橋融資有限公司) as the Placing Agent

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

Placing Shares

Pursuant to the Placing Agreement, the Placing Agent conditionally agreed to, as sole agent for the Company in respect of the Placing Shares, effect the Placing by procuring Placees to subscribe for a maximum of 550,000,000 Placing Shares at the Placing Price (together with all such brokerage fees, SFC transaction levy and Stock Exchange trading fee as may be payable by such Placees in relation to each such Placing Share) on a best effort basis. Notwithstanding this, at any time the Placing Agent may elect to subscribe for the Placing Shares in part or in whole as principal at the Placing Price and, in that event, the Placing Shares may be re-sold by the Placing Agent as principal to purchasers (other than the connected persons of the Company) at any price(s) as the Placing Agent in its discretion may determine.

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the date of Completion, the Placing Shares represent (i) approximately 26.48% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 20.94% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares. The Placing Shares have (i) an aggregate market value of HK\$1,331,000,000 based on the closing price of HK\$2.42 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) an aggregate nominal value of US\$8,250,000 (equivalent to approximately HK\$64,762,500) based on the nominal value of US\$0.015 per Share.

The Placees shall undertake not to dispose of any Placing Shares during the first six (6) months after the date of issue of the Placing Shares.

The Placing Shares will rank, upon issue, *pari passu* in all respects with the Shares then in issue on the date of allotment and issue of the Placing Shares.

Placees

The Placees shall be professional, institutional and other investors selected and procured by or on behalf of the Placing Agent. The Placing Agent shall ensure that the Placees shall be third parties independent of and not acting in concert with (i) the Company or any of its subsidiaries; (ii) a director, chief executive or substantial shareholder of the Company or any of its subsidiaries, (iii) a person who was a director of the Company or any of its subsidiaries in the last 12 months; or (iv) an associate of any of those set out in (i), (ii) and (iii), on a best effort basis.

It is currently expected that the number of Placees will be no fewer than six.

Commission

Upon Completion, the Company will pay to the Placing Agent a placing commission equal to 0.25% of the Placing Price multiplied by the number of successfully placed Placing Shares.

Placing Price

The minimum Placing Price of HK\$2.40 per Placing Share, representing:

- (i) a discount of approximately 0.83% to the closing price of HK\$2.42 per Share as quoted on the Stock Exchange on the date of the Placing Agreement;
- (ii) a discount of approximately 0.41% to the average closing price of approximately HK\$2.41 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the date of the Placing Agreement; and
- (iii) a premium of approximately 0.42% over the average closing price of HK\$2.39 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the date of the Placing Agreement.

Taking into account all commissions and other expenses in relation to the Placing, the net issue price of each Placing Share is approximately HK\$2.69 per Placing Share (assuming that the Placing Price is HK\$2.70 per Placing Share which is the mid-point of the Placing Price range and that the Placing Shares are fully placed).

The Placing Price was negotiated on an arm's length basis between the Company and the Placing Agent and was determined with reference to the prevailing market price of the Shares.

The Directors consider that the terms of the Placing (including the Placing Price and the placing commission) are on normal commercial terms and are fair and reasonable based on the prevailing market conditions. Therefore, and also taking into account the reasons set out in the section headed "Reasons for the Placing and Use of Proceeds" of this announcement, the Directors consider that the Placing is in the interests of the Company and the Shareholders as a whole.

Conditions to the Placing

The obligations of the Placing Agent and the Company under the Placing Agreement are conditional upon the following conditions being fulfilled (or being waived by the Placing Agent in writing, if applicable):

- (i) the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the Placing Shares;
- (ii) the Stock Exchange having approved the issue of the Placing Shares, or the Company not having received any objection from the Stock Exchange to the issue of the Placing Shares;
- (iii) none of the representations, warranties or undertakings contained in the Placing Agreement being or having become untrue, inaccurate or misleading in any material respect at any time before the Placing Agreement would otherwise become unconditional, and no fact or circumstance having arisen and nothing having been done or omitted to be done which would render any of such representations, warranties or undertakings untrue or inaccurate in any material respect if it was repeated as at the time of Completion;
- (iv) the duly passing of the resolution(s) at the SGM by the Shareholders approving (i) the grant of the Specific Mandate; and (ii) the Placing Agreement and the transactions contemplated thereunder, in each case in accordance with the requirements of the Listing Rules;
- (v) the Placing Agent having received from the Company certified board resolutions approving the Placing and the entering into of the Placing Agreement; and
- (vi) the Placing Agreement not having been terminated in accordance with the provisions thereof.

The Placing Agent may, in its absolute discretion, waive the fulfillment of all or any or any part of these conditions (other than those set out in paragraphs (i), (ii) and (iv) above) by notice in writing to the Company.

Termination and force majeure

If, at any time prior to Completion:

- (i) the Company fails to comply with its obligations under the Placing Agreement, or the Listing Rules;
- (ii) it comes to the notice of the Placing Agent that any statement contained in any document issued in connection with the Placing has become (or would if then repeated be) untrue, incorrect or misleading in any material respect or that matters have arisen which would, if the Placing were made at that time, constitute a material omission therefrom; or

(iii) any of the representations, warranties or undertakings contained in the Placing Agreement is not, or has ceased to be, true, accurate and not misleading in any respect (or would not be true, accurate and not misleading in any respect if then repeated) by reference to the facts subsisting at the time when the notice referred to below is given,

and such matter is reasonably considered by the Placing Agent to be material in the context of the Placing, then the Placing Agent may, in its absolute discretion, by giving notice in writing to the Company, terminate the Placing Agent's obligations under the Placing Agreement, save in respect of any antecedent breach thereof.

If, on or at any time before Completion, any national or international, political, military, diplomatic, monetary, economic or financial crisis or situation occurs or there occurs any change in national or international, military, diplomatic, monetary, economic, political, financial or market conditions which, in the opinion of the Placing Agent arrived at in good faith, renders the Placing temporarily or permanently impracticable or inadvisable, or any event or omission occurs or comes to the Placing Agent's notice which, in the opinion of the Placing Agent arrived at in good faith, will or may be materially prejudicial to the Company or the Placing, then the Placing Agent will consult with the Company to the extent practicable but may, in its absolute discretion, by giving notice in writing to the Company, terminate the Placing Agreement, save in respect of any antecedent breach thereof.

The Directors are not aware of the occurrence of any of the aforesaid events or circumstances as at the date of this announcement.

Completion of the Placing

Subject to fulfilment or waiver (as the case may be) of the conditions as set out in the section headed "The Placing Agreement – Conditions to the Placing" of this announcement, Completion shall take place at or before 2:00 p.m. on the date of Completion, being a date agreed between the Company and the Placing Agent which is no later than the third Business Day after the satisfaction or waiver of such conditions.

The Company shall use its best endeavours to procure the fulfilment of such conditions by the Long Stop Date. If any of such conditions have not been fulfilled by the Long Stop Date or become incapable of being fulfilled (subject to the Placing Agent not exercising its rights to waive or extend the time for fulfilment of such conditions), then the Placing will lapse and all rights, obligations and liabilities of the Company and the Placing Agent in relation to the Placing shall cease and determine, save in respect of any accrued rights or obligations under the Placing Agreement or antecedent breach thereof.

LETTERS OF INTENT IN RESPECT OF THE SUBSCRIPTION OF PLACING SHARES

The Company has been informed by the Placing Agent that on May 16, 2018, subsequent to the entering into of the Placing Agreement, the Placing Agent entered into letters of intent, which are non-legally binding, with each of Wangfujing Group Co., Ltd. (王府井集團股份有限公司) (“**Wangfujing Group**”), Mr. Ji Changqun (“**Mr. Ji**”) and Mr. Tao Wen (“**Mr. Tao**”), pursuant to which each of Wangfujing Group, Mr. Ji and Mr. Tao intends to subscribe for certain Placing Shares in an amount of not less than HK\$120,000,000, HK\$120,000,000 and HK\$50,000,000 respectively, subject to the entering into of a formal placing letter with the Placing Agent.

Wangfujing Group is a company listed on the Shanghai Stock Exchange (stock code: 600859.SH) and is principally engaged in the operation of a leading department store chain with a nationwide network in the PRC.

Mr. Ji is the controlling shareholder, the chairman, the chief executive officer and an executive director of Fullshare Holdings Limited (a company listed on the Main Board of the Stock Exchange, stock code: 607.HK), a company which is principally engaged in property development and investment, tourism, investment, provision of healthcare products and services, and new energy business.

Mr. Tao is the chairman of Zhongbang Jinkong Investment Co., Ltd.* (眾邦金控投資有限公司), a company which is principally engaged in industrial finance services, asset management, financial leasing and commercial factoring, and financial technology development.

To the best of the Company’s knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, Wangfujing Group, Mr. Ji and Mr. Tao are independent third parties not connected with the Company or its connected persons.

REASONS FOR THE PLACING AND USE OF PROCEEDS

Reference is made to the Company’s announcement dated May 9, 2018 in relation to the Acquisition, namely the proposed acquisition by the Company of a 51% equity interest in House of Fraser Group Limited, in which it was disclosed that the Acquisition was expected to be funded by a combination of internal resources of the Group and proceeds generated by the potential placing of new Shares by the Company under specific mandate.

Assuming that the Placing Price is HK\$2.70 per Placing Share which is the mid-point of the Placing Price range and that the Placing Shares are fully placed, the gross proceeds from the Placing are estimated to be approximately HK\$1,485 million. The net proceeds from the Placing (after deducting all commissions and other expenses) are estimated to be approximately HK\$1,479.7 million, which are intended to be utilized for (i) the settlement of the consideration for the Acquisition, if the Acquisition is consummated; or (ii) the repayment of the Company’s existing interest-bearing bank and other borrowings and general working capital purposes, if the Acquisition is not consummated.

* For identification purpose only

The Board believes that the Placing is an efficient and appropriate way for the Company to raise funds for the aforesaid purposes so as to achieve the commercial goals of the Acquisition or improve the Company's financial position (as the case may be), while broadening the Company's Shareholder base at the same time.

EFFECTS OF SHAREHOLDING STRUCTURE

As at the date of this announcement, the Company has 2,077,000,000 Shares in issue. 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 Placing Shares, assuming no other Shares will be issued or repurchased:

	(i) As at the date of this announcement		(ii) Immediately after the allotment and issue of the Placing Shares	
	<i>Number of Shares</i>	<i>Approximate % shareholding</i>	<i>Number of Shares</i>	<i>Approximate % shareholding</i>
Mr. Chen Yixi (<i>Note 1</i>)	750,000,000	36.11%	750,000,000	28.55%
Mr. Miao Bingwen (<i>Note 2</i>)	100,000,000	4.81%	100,000,000	3.81%
Mr. Wu Guangze (<i>Note 3</i>)	57,557,000	2.77%	57,557,000	2.19%
Mr. Huo Li	979,000	0.05%	979,000	0.04%
Mr. Zhao Wei	520,000	0.03%	520,000	0.02%
The Places	–	–	550,000,000	20.94%
Other public Shareholders	1,167,944,000	56.23%	1,167,944,000	44.46%
Total	2,077,000,000	100%	2,627,000,000	100%

Notes:

1. Mr. Chen Yixi is the beneficial owner of all the issued share capital of Hongguo International Group Limited which held 750,000,000 shares of the Company in long position, among which Hongguo International Group Limited has charged 370,000,000 Shares in favour of Timely Assets Global Limited and 292,000,000 shares in favour of Cheer Hope Holdings Limited.
2. Mr. Miao Bingwen is the beneficial owner of all the issued share capital of Sure Manage Investments Limited 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 9,557,000 shares of the Company in long position. Mr. Wu Guangze has ceased to be a non-executive Director with effect from April 4, 2018.

EQUITY FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST 12 MONTHS

The Company has conducted the following equity fund raising activities in the past 12 months immediately preceding the date of this announcement:

Date of announcement	Fund raising activity	Net proceeds (approximate)	Intended use of proceeds as announced	Actual use of proceeds as at the date of this announcement
July 20, 2017	Issue of the Cheer Hope Convertible Bonds	HK\$389,455,000	For general working capital and catering for potential acquisitions	Paying part of the consideration for the acquisition of 45.78% of the share capital in EtonKids Education Group Limited
September 29, 2017	Issue of the OCI Convertible Bonds	HK\$77,768,000	For general working capital and refinancing existing indebtedness	Redeeming part of the Cheer Hope Convertible Bonds

Save as disclosed above, there has not been any equity fund raising activity conducted by the Company in the past 12 months immediately preceding the date of this announcement.

LISTING RULES IMPLICATIONS

As the Placing Shares will be allotted and issued under the Specific Mandate to be obtained at the SGM, the Placing is subject to the Shareholders' approval.

The SGM will be convened for the purpose of considering and, if thought fit, approving, among other things, (i) the grant of the Specific Mandate; and (ii) the Placing Agreement and the transactions contemplated thereunder. To the best knowledge of the Directors, no Shareholder will be required to abstain from voting on the resolution(s) approving the aforesaid matters.

A circular containing, among other things, (i) further details of the Placing; and (ii) a notice convening the SGM, will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules.

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

ADJUSTMENT TO THE CONVERSION PRICE OF THE CHEER HOPE CONVERTIBLE BONDS

As disclosed in the Company's announcements dated July 20, 2017 and July 26, 2017, the conversion price of the Cheer Hope Convertible Bonds shall from time to time be adjusted in accordance with their terms and conditions upon the occurrence of certain events, including the issue of Shares at less than the initial conversion price of HK\$3.57.

As the Placing Price is lower than HK\$3.57, it is expected that the conversion price of the Cheer Hope Convertible Bonds will be adjusted as a result of the issue of the Placing Shares, with such adjustment becoming effective on the date of issue of the Placing Shares. Insofar as the General Mandate is concerned, it is expected that such adjustment will not result in the conversion price falling below the lowest possible conversion price of HK\$2.39 as referred to in the Company's announcement dated July 26, 2017, and will not result in the number of Shares to be allotted and issued upon the conversion of the Cheer Hope Convertible Bonds exceeding the mandate limit under the General Mandate.

In the event that any of the Cheer Hope Convertible Bonds remain outstanding and unconverted as at the date of issue of the Placing Shares, thereby necessitating the aforesaid adjustment, the Company will make further announcement(s) as and when appropriate.

GENERAL

An application will be made by the Company for the listing of, and permission to deal in, the Placing Shares.

As completion under the Placing Agreement is subject to the fulfilment and/or waiver of certain conditions set forth therein, the issue of the Placing Shares 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:

“Acquisition”	the proposed acquisition by the Company of a 51% equity interest in House of Fraser Group Limited, details of which are set out in the Company's announcement dated May 9, 2018;
“acting in concert”	has the meaning ascribed to it in the Code on Takeovers and Mergers of Hong Kong;
“AGM”	the annual general meeting of the Company held on June 30, 2017;
“associate(s)”	has the meaning ascribed to it in the Listing Rules;
“Board”	the board of Directors;

“Business Day”	a day (excluding Saturday, Sunday and public holiday) on which licensed banks in Hong Kong are generally open for business;
“Cheer Hope Convertible Bonds”	the convertible bonds of a 4% coupon rate in the principal amount of US\$50 million issued by the Company to Cheer Hope Holdings Limited under the General Mandate, details of which are set out in the Company’s announcements dated July 20, 2017, July 26, 2017 and August 4, 2017. As at the date of this announcement, part of the Cheer Hope Convertible Bonds in the principal amount of US\$10 million have been redeemed, as disclosed in the Company’s monthly return dated February 5, 2018;
“chief executive”	has the meaning ascribed to it in the Listing Rules;
“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.HK);
“Completion”	the completion of the Placing;
“connected person(s)”	has the meaning ascribed to it in the Listing Rules;
“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 an ordinary resolution of the Shareholders passed at the AGM;
“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;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Long Stop Date”	the day falling six (6) months after the date of the Placing Agreement, or such later date as may be agreed between the Placing Agent and the Company in writing;

“OCI Convertible Bonds”	the convertible bonds of a 5% coupon rate in the principal amount of US\$10 million issued by the Company to OCI Capital Limited under the General Mandate, details of which are set out in the Company’s announcements dated September 29, 2017 and January 17, 2018. On May 3, 2018, the Company gave notice to the holders of OCI Convertible Bonds to fully redeem the OCI Convertible Bonds, as disclosed in the Company’s announcement on the same date. As at the date of this announcement, the OCI Convertible Bonds have been fully redeemed;
“Placees”	professional, institutional and other investors selected and procured by or on behalf of the Placing Agent to subscribe for the Placing Shares pursuant to the provisions as contemplated by the Placing Agreement;
“Placing”	the placing by or on behalf of the Placing Agent and, where appropriate, the subscription as principal by the Placing Agent of the Placing Shares on the terms and subject to the conditions referred to in the Placing Agreement;
“Placing Agent”	BaoQiao Partners Capital Limited (寶橋融資有限公司), a company incorporated in Hong Kong with limited liability and licensed by the SFC to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the placing agent under the Placing Agreement;
“Placing Agreement”	the placing agreement dated May 16, 2018 entered into between the Company and the Placing Agent, details of which are set out in the section headed “The Placing Agreement” of this announcement;
“Placing Price”	HK\$2.40 to HK\$3.00 per Placing Share, which, for the avoidance of doubt, shall exclude any brokerage, commission, SFC transaction levy and Stock Exchange trading fee and stamp duty (if any);
“Placing Share(s)”	a maximum of 550,000,000 new Shares to be issued and allotted to the Placees by the Company through the Placing, or one or some of such Shares as the context may so require;
“PRC”	the People’s Republic of China, for the purpose of this announcement, not including Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
“RMB”	Renminbi, the lawful currency of the PRC;
“SFC”	the Securities and Futures Commission of Hong Kong;

“SGM”	the special general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving, among other things, (i) the grant of the Specific Mandate; and (ii) the Placing Agreement and the transactions contemplated thereunder;
“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;
“Specific Mandate”	the specific mandate to allot, issue and deal with the Placing Shares to be proposed for approval as an ordinary resolution of the Shareholders at the SGM;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary(ies)”	has the meaning ascribed to it in the Listing Rules;
“substantial shareholder(s)”	has the meaning ascribed to it in the Listing Rules;
“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

PRC, May 16, 2018

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 Director is Mr. MIAO Bingwen; and the independent non-executive Directors are Mr. KWONG Wai Sun Wilson, Mr. LI Xindan, Mr. ZHANG Zhiyong and Mr. ZHENG Hongliang.