THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, certified public accountant or other professional adviser.

If you have sold or transferred all your shares in C.banner International Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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)

VERY SUBSTANTIAL DISPOSAL
IN RELATION TO
DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF
HAMLEYS GLOBAL HOLDINGS LIMITED
AND
NOTICE OF SPECIAL GENERAL MEETING

A notice convening the Special General Meeting of C.banner International Holdings Limited to be held at 31st Floor, International Trade Center, No.18 East Zhongshan Road, Nanjing, China on Wednesday, 10 July 2019 at 10:00 a.m. is set out on pages SGM-1 and SGM-2 of this circular. A form of proxy for use at the Special General Meeting is also enclosed. Such form of proxy is also published on the website of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk and the website of the Company at www.cbanner.com.cn. Whether or not you are able to attend the Special General Meeting, you are required to complete the form of proxy in accordance with the instructions printed thereon and deliver it to the Hong Kong share registrar of C.banner International Holdings Limited, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the Special General Meeting or any adjournment thereof. Completion and return of the form of proxy shall not preclude a shareholder from attending and voting in person at the Special General Meeting if they so wish and in such event, the form of proxy shall be deemed to be revoked.

24 June 2019

CONTENTS

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

"2018 Annual Report"	the annual report of the Company for the year ended 31 December 2018
"Acquisition Facilities"	has the meaning set forth in the section entitled "Reasons for and Benefits of the Disposal – (2) The ability to repay certain maturing indebtedness of the Group with the net proceeds to be received from the Disposal" in this circular
"Board"	the board of the Directors
"Business Day(s)"	a day (other than a Saturday or a Sunday) on which banks are open for business in London, Mumbai and Hong Kong
"Company"	C.banner International Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange (Stock Code: 1028)
"Completion"	completion of the Disposal under the Sale and Purchase Agreement
"Completion Date"	has the meaning set forth in the section entitled "The Sale and Purchase Agreement – Completion" in this circular
"Completion Payment"	the aggregate amount of the Shares Consideration and the Loan Repayment Amount
"connected person(s)"	has the meaning ascribed to it in the Listing Rules
"Condition Precedent"	the condition precedent set forth in the section entitled "The Sale and Purchase Agreement – Condition Precedent" in this circular
"Director(s)"	the director(s) of the Company
"Disposal"	the proposed disposal of the entire issued share capital of the Target Company pursuant to the Sale and Purchase Agreement
"GBP" or "£"	Pound sterling, the lawful currency of the United Kingdom

"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"IFRS"	the International Financial Reporting Standards
"Independent Third Party(ies)"	third party(ies) who is/are independent of, and not connected with, the Company and its connected persons
"Latest Practicable Date"	20 June 2019, being the latest practicable date prior to the printing of this circular, for ascertaining certain information for inclusion in this circular
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Loan Repayment Amount"	has the meaning set forth in the section entitled "The Sale and Purchase Agreement – Completion Payment" in this circular
"Long Stop Date"	11:59 p.m. London Time on 30 November 2019 or such later date as may be agreed by the parties to the Sale and Purchase Agreement
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers, set out in Appendix 10 to the Listing Rules
"PRC" or "China"	the People's Republic of China, which, for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Purchaser" or "RBL"	Reliance Brands Limited, a company incorporated in India
"Remaining Group"	the Group excluding the Target Group
"RIL"	Reliance Industries Limited, a publicly listed company which is the ultimate beneficial owner of RBL
"RMB"	Renminbi, the lawful currency of the PRC
"Sale and Purchase Agreement"	the sale and purchase agreement dated 9 May 2019 entered into between the Company and the Purchasers regarding the Disposal

"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	the share(s) of the Company
"Shares Consideration"	has the meaning set forth in the section entitled "The Sale and Purchase Agreement – Completion Payment" in this circular
"Shareholder(s)"	holder(s) of the share(s) of the Company
"Shareholder Approval Condition"	has the meaning set forth in the section entitled "The Sale and Purchase Agreement – Condition Precedent" in this circular
"SGM" or "Special General Meeting"	the special general meeting of the Company to be convened and held for the Shareholders to consider and approve, if thought fit, the Sale and Purchase Agreement and the transactions contemplated thereunder
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Company"	Hamleys Global Holdings Limited, a company incorporated in England and Wales, which was acquired by the Company and became a wholly-owned subsidiary of the Company in 2015
"Target Group" or "Hamleys"	the Target Company and its subsidiaries, taken as a whole
"United Kingdom" or "UK"	the United Kingdom of Great Britain and Northern Ireland
"US$", "USD" or "U.S. dollar(s)"	United States dollar(s), the lawful currency of the United States of America
"%"	per cent

For the purpose of the "Letter from the Board" of this circular, the conversion of GBP into RMB is made based on the approximate exchange rate of £1.00 to RMB8.6762 for illustration purpose only. Such exchange rate is the GBP-RMB middle exchange rate published by the China Foreign Exchange Trade System under the authorization of the People's Bank of China on 28 December 2018, the last PRC working day falling on a weekday in 2018.

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)

Executive Directors:
Mr. CHEN Yixi *(Chairman)*
Mr. ZHAO Wei *(President)*
Mr. HUO Li
Mr. YUAN Zhenhua *(Chief Financial Officer)*

Non-executive Director:
Mr. MIAO Bingwen

Independent non-executive Directors:
Mr. KWONG Wai Sun Wilson
Mr. LI Xindan
Mr. ZHANG Zhiyong
Mr. ZHENG Hongliang

Registered office:
Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

Principal place of business in Hong Kong:
Unit 2904
29th Floor
Far East Finance Center
16 Harcourt Road
Hong Kong

24 June 2019

To the Shareholders

Dear Sirs or Madams,

VERY SUBSTANTIAL DISPOSAL IN RELATION TO DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF HAMLEYS GLOBAL HOLDINGS LIMITED AND NOTICE OF SPECIAL GENERAL MEETING

INTRODUCTION

Reference is made to the announcement of the Company dated 14 May 2019 in relation to the Disposal.

As announced by the Company on 14 May 2019, on 9 May 2019 (after trading hours), the Company and the Purchaser entered into the Sale and Purchase Agreement, pursuant to which, and subject to the terms and conditions set out therein, the Company agreed to sell and the Purchaser agreed to purchase with effect from the Completion Date, the legal and beneficial ownership of the entire issued share capital of the Target Company.

The purpose of this circular is to provide you with: (i) further details of the Disposal; (ii) the financial and other information of the Group; (iii) the financial information of the Target Group; (iv) the unaudited pro forma financial information of the Remaining Group upon Completion; and (v) the notice of the SGM, to enable you to make an informed decision on whether to vote for or against the resolution to be proposed at the SGM.

THE SALE AND PURCHASE AGREEMENT

Date

9 May 2019 (after trading hours)

Subject of the Disposal

Pursuant to the Sale and Purchase Agreement, and subject to the terms and conditions set out therein, the Seller (that is, the Company) shall sell and the Purchaser (that is, RBL or a direct or indirect wholly-owned subsidiary of RBL) shall purchase with effect from the Completion Date, the legal and beneficial ownership of the entire issued share capital of the Target Company.

Completion Payment

At Completion, the Purchaser shall pay to the Company, for the sale and purchase of the entire issued share capital of the Target Company, the sum of £34,293,436 (equivalent to approximately RMB297,537,000) (the "**Shares Consideration**"). From the Shares Consideration an amount of £1,000,000 (equivalent to approximately RMB8,676,000) will be retained to meet certain contingencies and otherwise will be credited to the Company by 18 months from Completion.

The Purchaser shall also procure the repayment by the Target Company of £33,671,017 (equivalent to approximately RMB292,136,000) to the Company (representing the balance of the shareholder's loans made by the Company) (the "**Loan Repayment Amount**") in two tranches, payable on the Completion Date and the Business Day immediately following Completion. The Loan Repayment Amount will be repaid against a confirmation from the Company that this discharges all borrowings due to the Company from the Target Group, in relation to any loans or similar from the Company to the Target Group.

Basis of determination of the Completion Payment

The Completion Payment was determined by arm's length negotiations between the Company and the Purchaser taking into account the factors described in the section headed "Reasons for and Benefits of the Disposal" below. The Company also took into account that the Disposal will result in the outstanding shareholder loans owed by the Target Group to the Company of approximately £33.7 million (equivalent to approximately RMB292.1 million) being repaid. According to the audited consolidated financial statements of the Target Group prepared in accordance with IFRS, as at 31 December 2018, the net asset value of the Target Group was approximately £36.9 million (equivalent to approximately

RMB320.5 million) and that factor was taken into consideration in agreeing the Shares Consideration value of approximately £34.3 million (equivalent to approximately RMB297.5 million).

The Directors (including the independent non-executive Directors) consider that the Completion Payment is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Condition Precedent

Completion is conditional upon the approval of the Disposal by a majority vote of the Shareholders at the SGM (the "**Shareholder Approval Condition**") on or before the Long Stop Date.

Irrevocable Undertakings

On 9 May 2019, each of Hongguo International Group Limited, Sure Manage Investments Limited, Miao Bingwen, China Consumer Capital Fund II, L.P., Wu Guangze, Rongxin Global Limited and Parksville Holding Limited gave an irrevocable undertaking that all voting rights attached to its/his entire beneficial shareholding in the Company as at the date of the SGM will be exercised in favour of any resolution to be proposed at the SGM for approving the Disposal.

As at 9 May 2019, the aggregate number of Shares held by Hongguo International Group Limited, Sure Manage Investments Limited, Miao Bingwen, China Consumer Capital Fund II, L.P., Wu Guangze, Rongxin Global Limited and Parksville Holding Limited amounted to 1,055,474,078 Shares, representing approximately 50.82% of the total issued Shares of the Company as at the date of this circular.

Completion

Completion shall take place in London six (6) Business Days following the date on which the Shareholder Approval Condition is satisfied, or as otherwise agreed between the parties in writing (the "**Completion Date**").

Upon Completion, the Company shall cease to hold (directly or indirectly) any interest in all members of the Target Group, and therefore, all the members of the Target Group will cease to be subsidiaries of the Group and their financial results will no longer be consolidated into the financial statements of the Group.

BUSINESS IN THE PRC

As at the date of this circular, the Company is operating three Hamleys stores in the PRC. It is expected that following Completion, the Company will retain and have the exclusive right to operate the Hamleys stores on a franchise basis in the PRC for a term of 20 years on terms and conditions that are consistent with those applicable to other Hamleys franchisees. It is expected that the Company will pay royalty, a one-time development fee, or a combination thereof, if it does enter into any such franchising agreement following Completion.

INFORMATION ON THE TARGET GROUP

The Target Company is a company incorporated in England and Wales and, together with its subsidiaries, is a retailer of high-end toys under the world-renowned brand "Hamleys".

Financial Information of the Target Group

According to the audited consolidated financial statements of the Target Group prepared in accordance with IFRS, the total asset value and the net asset value of the Target Group each as at 31 December 2018 were approximately £83.8 million (equivalent to approximately RMB727.1 million) and £36.9 million (equivalent to approximately RMB320.5 million), respectively.

Set forth below is the audited consolidated financial information of the Target Group prepared in accordance with IFRS:

	For the year ended 31 December 2018 *(approximate)*	**For the year ended 31 December 2017** *(approximate)*
Gross transaction value	£69,551,000 (equivalent to RMB603,438,000)	£69,873,000 (equivalent to RMB606,232,000)
Revenue	£62,885,000 (equivalent to RMB545,603,000)	£66,272,000 (equivalent to RMB574,989,000)
Profit/(Loss) before taxation	£1,485,000 (equivalent to RMB12,884,000)	£(11,964,000) (equivalent to RMB(103,802,000))
Profit/(Loss) after taxation	£2,443,000 (equivalent to RMB21,196,000)	£(11,240,000) (equivalent to RMB(97,520,000))

INFORMATION ON THE COMPANY

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.

INFORMATION ON THE PURCHASER

Founded in 2007, RBL is a subsidiary of RIL, a publicly listed company which is RBL's ultimate beneficial owner. RIL is India's largest private sector company, and its activities span hydrocarbon exploration and production, petroleum refining and marketing, petrochemicals, retail and digital services. RBL was started with a mandate to launch and build international and domestic brands in the premium to luxury segment across fashion and lifestyle space. RBL today operates over 40 brand partnerships. Its current portfolio of brand partnerships comprises Armani Exchange, Bally, Bottega Veneta, Brooks Brothers, Burberry, Canali, Coach, DC, Diesel, Dune, Emporio Armani, Ermenegildo Zegna, G-Star Raw, Gas, Giorgio Armani, Hamleys, Hugo Boss, Hunkemoller, Iconix Group, Jimmy Choo, Kate Spade New York, Kurt Geiger, Michael Kors, Mothercare, Muji, Paul & Shark, Paul Smith, Pottery Barn, Pottery Barn Kids, Quiksilver, Replay, Roxy, Salvatore Ferragamo, Satya Paul, Steve Madden, Superdry, Scotch & Soda, Thomas Pink, Tumi, Villeroy & Boch and West Elm. RBL currently operates over 400 stores and 350 shop-in-shops in India.

To the best knowledge, information and belief of the Directors, after having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner are Independent Third Parties.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Company has taken into account the following factors in determining to proceed with the Disposal: (1) the macro-economic downturn of the UK retail market and the uncertain business prospect of the Target Group; (2) the ability to repay certain maturing indebtedness of the Group with the net proceeds to be received from the Disposal; (3) fair and reasonable offer by the Purchaser; and (4) channeling the majority of its resources to footwear business.

(1) The macro-economic downturn of the UK retail market and the uncertain business prospect of the Target Group

Since the Company's acquisition of the Target Group in late 2015, the performance of the Target Group has been below expectations. Neither the expected synergy between the Group's core shoe business and the toy business, nor the desired diversification of business for the Group has been realized to a satisfactory extent. Moreover, the retail market environment in the UK has deteriorated in recent years and created a difficult trading environment for UK retailers. Given the principal business of Hamleys is focused in the UK, the Target Company is inevitably susceptible to the UK and macro-economic downturn despite its worldwide reputation.

As disclosed in the 2018 Annual Report, the Company has prepared an independent valuation to assess the value in use of the Target Company. Based on the value in use calculation, the Company performed an impairment assessment on the Target Group, resulting in an impairment loss of RMB339.8 million for the year ended 31 December 2018. The poor financial performance of the Target Group, ongoing difficult market conditions, challenges in realizing material synergies between the Target Group and the Company and uncertain prospects have led the Company to consider the Target Company's place within the Group.

(2) The ability to repay certain maturing indebtedness of the Group with the net proceeds to be received from the Disposal

In November 2015, the Company obtained acquisition facilities of £80,000,000 for a term of 36 months with an option to extend to fund the acquisition (the "**Acquisition Facilities**"). Subsequently, the Company has entered into supplemental agreements with the lenders in 2018 to amend certain terms including the extension of the final repayment date whereby all the remaining outstanding amounts shall be fully repaid in 2019 by installments. Further, in or around November 2018, the lenders under the Acquisition Facilities informed the Company that no further extension of the repayment dates would be granted. As disclosed in the 2018 Annual Report, the borrowings of the Group for the year ended 31 December 2018 amounted to RMB303,183,000, of which RMB227,688,000 is repayable within one year, part of which is the outstanding amount under the Acquisition Facilities.

As the business and financial performance of the Group in 2018 was declining, the Directors considered that the Company had limited internal resources to repay the outstanding debts and it would also be challenging to obtain external financing to refinance the outstanding indebtedness. In light of this, the Company considered that the disposal of the Target Company would contribute to the Group's cash-flow and financial resources, which allows the repayment of the maturing indebtedness of the Group in 2019, thereby improving the Group's overall financial position.

(3) Fair and reasonable offer by the Purchaser

Having considered the factors in paragraphs (1) and (2) above, in late 2018, the Company commenced a formal process to consider the strategic options for the Target Group. This resulted in the receipt of several non-binding indications of interest to acquire the Target Group and, following discussions with potential purchasers, the disclosure of additional information and further negotiations, an arms-length sale and purchase agreement was signed between the Company and Purchaser on 9 May 2019.

When negotiating the consideration payable for the equity, the Company took into account factors including the repayment of the outstanding shareholder loans owed by the Target Group to the Company and the net asset value of the Target Group. In addition, the Company has also taken into account the fact that the Company is expected to have the right to retain the Hamleys franchise business in the PRC, a market that the Company believes will offer long-term growth potential in the Company's core geographic market. After these arm's length negotiations, the Company was of the view that the final offer made by the Purchaser was fair and reasonable, and therefore proceeded with the Disposal.

(4) Channeling the majority of its resources to footwear business

After the Completion of the Disposal, the Group expects to channel the majority of its resources into the footwear business, to which the Group has a long-term commitment and also commands a strong market position. As a leading retailer in the footwear industry in the PRC, the Company considers that a strong brand is a powerful resource in delivering a competitive advantage in terms of the marketing and sales of products. The Disposal will allow the Company to focus on further developing its self-developed brands, namely "C.banner", "EBLAN", "sundance", "MIO" and "BADGLEY MISCHKA". Furthermore, the Company will also be able to deploy the necessary resources to enhance its role as OEM or ODM manufacturer for international shoes companies.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

REMAINING BUSINESS OF THE GROUP AFTER THE DISPOSAL

The Group has been engaging in the footwear industry for many years. In 2015, the Group acquired the Target Company, which is a world-renowned retail brand of high-end toys, in a bid to diversify its business to the toy retailing industry. However, due to the loss-making business performance of the Target Group (the Target Group would have incurred a significant loss in the financial year of 2018 if the Company had not waived the accrued but unpaid interest on the shareholder loans made by the Company), the challenging retail market in the UK and the net deficit of the Target Group since its acquisition, the Company decided to proceed with the Disposal.

Upon the Disposal, the Group will continue and focus on developing its shoes business, which has always been the core business of the Group. As disclosed in the 2018 Annual Report, the Group's revenue on "retail and wholesale" and "contract manufacturing" of shoes was RMB2,048,973,000 and RMB229,104,000, representing approximately 70.1% and 7.8% of the total revenue of the Group respectively. In other words, the shoes business of the Group contributed about 77.9% of the total revenue of the Group for the financial year ended 31 December 2018. Meanwhile, the revenue on "retail of toys" was RMB645,582,000, representing only about 22.1% of the total revenue of the Group for the financial year ended 31 December 2018. As such, the Disposal would not cause a fundamental change in the Group's principal business.

The Company intends to continue to carry out the toy retail business in the PRC after the Disposal under the franchise arrangement currently contemplated to be entered into with the Purchaser following Completion.

FINANCIAL EFFECT OF THE DISPOSAL AND USE OF PROCEEDS

According to the unaudited pro forma financial information of the Remaining Group as set out in Appendix IV to this circular, the Disposal is expected to record a loss of approximately RMB103.9 million, calculated based on the present value of the Shares Consideration of approximately RMB296.7 million as reduced by (i) the adjusted carrying value of the Target Group's net assets attributable to owners of the Company of approximately RMB378.7 million and (ii) the transaction costs currently estimated to be approximately RMB21.9 million, assuming that the Disposal had been completed on 31 December 2018. Shareholders should note that the exact amount of the loss on the Disposal to be recorded in the consolidated statement of profit or loss of the Group for the year ending 31 December 2019 will be subject to audit, and will be calculated based on the net asset value of the Target Group as at Completion, possible adjustments to the Shares Consideration and net of any incidental expenses, tax expenses, transaction costs and any exchange rate fluctuation before Completion and therefore may vary from the figures provided above.

According to the unaudited pro forma financial information of the Remaining Group as set out in Appendix IV to this circular, the Disposal is also expected to result in a reduction in the Group's assets and liabilities. By way of illustration, assuming that the Disposal had been completed on 31 December 2018, the Group's assets and liabilities as at 31 December 2018 would have decreased as follows: (i) a decrease in total assets by approximately RMB289.0 million or 11.1%; (ii) a decrease in net assets by approximately RMB50.2 million or 3.0%; and (iii) a decrease in total liabilities by approximately RMB238.8 million or 25.8%.

The proceeds are intended to be applied for repayment of certain indebtedness of the Group and general working capital of the Group.

According to the unaudited pro forma financial information of the Remaining Group as set out in Appendix IV to this circular, as at or for the year ended 31 December 2018, the unaudited pro forma consolidated total assets, total liabilities and loss after taxation of the Remaining Group would be approximately RMB2,310.7 million, RMB686.5 million and RMB485.4 million respectively.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the Disposal under the Sale and Purchase Agreement exceeds 75%, the Disposal constitutes a very substantial disposal for the Company pursuant to Rule 14.06(4) of the Listing Rules and is therefore subject to reporting, announcement, circular and Shareholders' approval requirement under Chapter 14 of the Listing Rules.

SPECIAL GENERAL MEETING

A notice convening the SGM is set out on pages SGM-1 to SGM-2 of this circular. An ordinary resolution will be proposed at the SGM to seek Shareholders' approval of Sale and Purchase Agreement and the transactions contemplated thereunder. As far as the Company is aware, having made all reasonable enquiries, none of the Shareholders is materially interested in the Sale and Purchase Agreement and the transactions contemplated thereunder and therefore no Shareholder is required to abstain from voting on the resolution in relation to the Sale and Purchase Agreement and the transactions contemplated thereunder at the SGM.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of the Shareholders at a general meeting of the Company must be taken by way of poll. Accordingly, the resolution to be considered and, if thought fit, approved at the SGM will be voted by way of poll by the Shareholders.

RECOMMENDATION

Having considered the reasons set out herein, the Directors are of the view that the Sale and Purchase Agreement and the transactions contemplated thereunder were on normal commercial terms, and the terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend all the Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Sale and Purchase Agreement and the transactions contemplated thereunder.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
For and on behalf of the Board
Chen Yixi
Chairman

1. FINANCIAL INFORMATION OF THE GROUP

The audited consolidated financial statements of the Group for the three financial years ended 31 December 2016, 2017 and 2018 have been disclosed in the following documents which have been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.cbanner.com.cn):

- annual report of the Company for the year ended 31 December 2018 published on 29 April, 2019 (pages 78 to 199);
- annual report of the Company for the year ended 31 December 2017 published on 27 April 2018 (pages 75 to 175); and
- annual report of the Company for the year ended 31 December 2016 published on 27 April 2017 (pages 65 to 163).

2. STATEMENT OF INDEBTEDNESS

At the close of business of 31 May 2019, being the latest practicable date for the purpose of the indebtedness statement prior to the printing of this circular, the total outstanding interest-bearing bank and other borrowings of the Group are as follows:

	As at 31 May 2019 *RMB'000*
Secured and guaranteed	
Bank overdraft	17,298
Short-term bank and other loan	239,642
Short-term financial lease payable	2,898
Long-term financial lease payable	883
Total borrowing	260,721

Save as disclosed above or as otherwise mentioned herein, and normal accounts payables in the ordinary course of business, as at 31 May 2019, the Group did not have any debt securities issued and outstanding, and authorized or otherwise created but unissued, and term loans, other borrowings or indebtedness in the nature of borrowing including liabilities under acceptances or acceptance credits or hire purchase commitments, and any mortgages and charges, guarantees and material contingent liabilities.

3. NO MATERIAL ADVERSE CHANGE

The Directors confirmed that there were no material adverse changes in the financial or trading position or prospects of the Group since 31 December 2018 (being the date which the latest published audited consolidated financial statements of the Group had been made up) up to the Latest Practicable Date.

4. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the available facilities, the internal resources and the net cash proceeds expected to be received from the Disposal, the working capital available to the Group (including the Target Group to be disposed of up to the Completion Date) is sufficient to satisfy its present requirements for at least the next twelve months from the date of this circular in the absence of unforeseen circumstances.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The net proceeds from the Disposal are intended to be applied for repayment of certain indebtedness of the Group and as general working capital of the Group, thereby the finance costs after the Disposal will be reduced and the leverage ratio of the Group will be improved.

Upon the Disposal, the Group will continue and focus on developing its shoes business, which has always been the core business of the Group. The Group is the leading retailer of mid-to-premium women's formal and casual footwear in the PRC. According to the National Bureau of Statistics of China, in 2018, total retail sales of consumer goods reported a growth rate of 9.0%; specifically for the clothing, shoes, hats, needles and textiles category, retail sales was RMB1,370.70 billion, representing a 8.0% growth rate. China remains to be a promising market for the footwear industry, especially for mid to premium brands with reputable and quality products.

The Group has confidence that the overall performance of the shoes business will remain stable during the year of 2019. The prospect of the Group is encouraged by the following factors: (i) overall stable macro economy environment in China; (ii) continuing growth in household consumption expenditure; (iii) multiple brands portfolio with systematic research, design and development capabilities; (iv) extensive distribution and retail network in strategic locations; and (v) responsive supply chain based on vertically integrated business model.

UNAUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE TARGET GROUP

Set out below are the unaudited consolidated statements of financial position of Hamleys Global Holdings Limited and its subsidiaries (the "**Target Group**") as at 31 December 2016, 2017 and 2018 and the unaudited consolidated statements of profit or loss and other comprehensive income, unaudited consolidated statements of changes in equity and unaudited consolidated statements of cash flows of the Target Group for each of the three years ended 31 December 2018 (the "**Relevant Periods**") and explanatory notes, which have been reviewed by the Company's reporting accountants in respect of the Disposal, ZHONGHUI ANDA CPA Limited, in accordance with Hong Kong Standard on Review Engagements ("**HKSRE**") 2400 (Revised) "Engagements to Review Historical Financial Statements" and with reference to Practice Note 750 "Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal" issued by the Hong Kong Institute of Certified Public Accountants.

A. UNAUDITED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	For the year ended 31 December		
	2018	**2017**	**2016**
	£000	*£000*	*£000*
Revenue	62,612	66,222	67,807
Cost of Sales	(27,074)	(34,240)	(28,507)
Gross Profit	35,538	31,982	39,300
Other income and expenses and other gains and losses	208	(3,840)	14
Distribution and selling expenses	(27,228)	(30,779)	(25,488)
Administrative and general expenses	(6,470)	(11,235)	(8,879)
Finance costs	(2,544)	(2,640)	(2,094)
(Loss)/profit before income tax	(496)	(16,512)	2,853
Income tax (expenses)/credit	(2)	2,166	(519)
(Loss)/profit for the year	(498)	(14,346)	2,334

	For the year ended 31 December		
	2018	**2017**	**2016**
	£000	*£000*	*£000*
Items that are or may be reclassified subsequently to profit or loss:			
Exchange loss on translation of foreign operations	(415)	(355)	42
Other comprehensive (expenses)/income for the year	(415)	(355)	42
Total comprehensive (expenses)/income for the year	(913)	(14,701)	2,376
(Loss)/profit for the year attributable to:			
Owners of the Company	(627)	(13,704)	2,647
Non-controlling interests	129	(642)	(313)
	(498)	(14,346)	2,334
Total comprehensive (expenses)/income attributable to:			
Owners of the Company	(1,033)	(13,993)	2,689
Non-controlling interests	120	(708)	(313)
	(913)	(14,701)	2,376

B. UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at 31 December		
	2018	**2017**	**2016**
	£000	*£000*	*£000*
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	5,305	6,005	9,789
Other intangible assets	37,743	39,094	39,674
Goodwill	23,244	23,244	25,357
Deferred tax assets	1,249	1,726	–
	67,541	70,069	74,820
Current assets			
Inventories	10,253	11,133	12,108
Trade receivables	2,045	3,269	4,049
Other receivables and prepayments	4,051	4,319	6,174
Bank balances and cash	4,607	7,011	9,950
	20,956	25,732	32,281
Current liabilities			
Trade payables	6,269	7,492	8,912
Other payables	4,762	13,478	5,780
Borrowings from ultimate holding company	–	33,671	3,000
Contract liabilities	1,219	1,205	1,303
Obligation under finance leases – due within one year	489	734	724
Provisions	691	1,967	–
Bank overdraft	2,909	3,303	4,168
Current tax liabilities	195	33	1,010
	16,534	61,883	24,897
Net current assets/(liabilities)	4,422	(36,151)	7,384
Total assets less current liabilities	71,963	33,918	82,204

	As at 31 December		
	2018	**2017**	**2016**
	£000	*£000*	*£000*
Non-current liabilities			
Deferred tax liabilities	6,366	6,512	6,363
Borrowings from ultimate holding company	26,877	–	30,671
Obligations under finance leases – due after one year	201	441	571
Contract liabilities	939	1,393	4,326
	34,383	8,346	41,931
Net assets	37,580	25,572	40,273
Capital and reserves			
Share capital	10,000	10,000	10,000
Reserves	28,333	16,445	30,438
Total equity attributable to owners of the Company	38,333	26,445	40,438
Non-controlling interests	(753)	(873)	(165)
Total equity	37,580	25,572	40,273

C. UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share Capital	Share Premium	Translation reserve	Contribution reserve	Accumulated profits/ (losses)	Total	Non-controlling Interests	Total Equity
	£000	*£000*	*£000*	*£000*	*£000*	*£000*	*£000*	*£000*
At 1 January 2016	10,000	21,100	(88)	500	6,237	37,749	–	37,749
Profit/(loss)for the year	–	–	–	–	2,647	2,647	(313)	2,334
Other comprehensive expenses for the year	–	–	42	–	–	42	–	42
Total comprehensive income/(expenses) for the year	–	–	42	–	2,647	2,689	(313)	2,376
Acquisition of a subsidiary	–	–	–	–	–	–	83	83
Capital contribution from non-controlling interest	–	–	–	–	–	–	65	65
At 31 December 2016 and 1 January 2017	10,000	21,100	(46)	500	8,884	40,438	(165)	40,273
Loss for the year	–	–	–	–	(13,704)	(13,704)	(642)	(14,346)
Other comprehensive expenses for the year	–	–	(289)	–	–	(289)	(66)	(355)
Total comprehensive expenses for the year	–	–	(289)	–	(13,704)	(13,993)	(708)	(14,701)
At 31 December 2017 and 1 January 2018	10,000	21,100	(335)	500	(4,820)	26,445	(873)	25,572
Loss/profit for the year	–	–	–	–	(627)	(627)	129	(498)
Other comprehensive expenses for the year	–	–	(406)	–	–	(406)	(9)	(415)
Total comprehensive (expenses)/income for the year	–	–	(406)	–	(627)	(1,033)	120	(913)
Modification of shareholder's loan	–	–	–	12,921	–	12,921	–	12,921
Balance at 31 December 2018	10,000	21,100	(741)	13,421	(5,447)	38,333	(753)	37,580

D. UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the year ended 31 December		
	2018	**2017**	**2016**
	£000	*£000*	*£000*
Cash flows from operating activities			
(Loss)/profit before income tax	(496)	(16,512)	2,853
Finance costs	2,544	2,640	2,094
Depreciation of property, plant and equipment	1,590	3,310	2,248
Amortisation of intangible assets	1,611	791	855
Income from other financial assets	–	45	–
Impairment loss recognised on goodwill	–	2,113	–
Impairment loss recognised in respect of property, plant and equipment	742	1,570	–
Impairment loss recognised on other intangible assets	2	202	–
Change in inventories	880	975	(1,604)
Change in trade and other receivables	1,224	780	2,758
Change in other receivables and prepayments	265	2,284	(2,441)
Change in trade payables	(1,223)	(1,420)	(25)
Change in other payables	(4,792)	5,657	(3,669)
Change in provisions	(1,276)	1,967	–
Change in contract liabilities	(440)	(3,031)	232
Cash generated from operations	631	1,371	3,301
Interest paid	(326)	(513)	(212)
Income taxes paid	–	(750)	(275)
Net cash generated from operating activities	305	108	2,814
Cash flows from investing activities			
Payments for acquisition of property, plant and equipment	(1,632)	(1,067)	(1,708)
Payments for acquisition of intangible assets	(262)	(412)	(876)
Proceeds from disposal of property, plant and equipment	290	841	790
Interest received from bank deposits	–	(45)	–
Net cash flow on acquisition of a subsidiaries	–	–	328
Net cash used in investing activities	(1,604)	(683)	(1,466)

	For the year ended 31 December		
	2018	2017	2016
	£000	*£000*	*£000*
Cash flows from financing activities			
Repayment of obligation under finance lease	(775)	(991)	(670)
Capital contribution from non-controlling interests	–	–	65
Net cash used in financing activities	(775)	(991)	(605)
Net (decrease)/increase in cash and cash equivalents	(2,074)	(1,566)	743
Cash and cash equivalents at 1 January	3,708	5,782	5,175
Effect of foreign exchange rate changes	64	(508)	(136)
Cash and cash equivalents at 31 December	1,698	3,708	5,782
Cash and cash equivalents at end of year, represented by			
Bank balances and cash	4,607	7,011	9,950
Bank overdrafts	(2,909)	(3,303)	(4,168)
	1,698	3,708	5,782

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE TARGET GROUP

1. GENERAL

C.banner International Holdings Limited (the "**Company**") and its subsidiaries (together the "**Group**") were principally engaged in design, manufacture and sale of branded women's footwear in the PRC and retail of toys across the globe through Hamleys.

On 9 May 2019, the Company and Reliance Brands Limited (the "**Purchaser**") entered into a sale and purchase agreement for the disposal of the entire equity interest in Hamleys Global Holdings Limited (the "**Target Company**") and its subsidiaries (together the "**Target Group**") at a consideration of £34,293,436 (the "**Disposal**"). Upon completion of the Disposal, the Target Group will cease to be subsidiaries of the Company.

2. BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

The unaudited consolidated financial information of the Target Group has been prepared in accordance with Rule 14.68(2)(a)(i)(A) of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and is solely for the purpose of inclusion in the circular issued by the Company in connection with the Disposal.

The amounts included in the unaudited consolidated financial information for each of the three years ended 31 December 2018 have been recognised and measured in accordance with the relevant accounting policies of the Company and its subsidiaries adopted in the preparation of the Company's annual consolidated financial statements, which conform with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants.

The unaudited consolidated financial information does not contain sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard 1 (Revised) "Presentation of Financial Statements" or an interim financial report as defined in Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants and should be read in conjunction with the Company's annual consolidated financial statements.

Following the Disposal, the Remaining Group will continue to carry out its existing businesses. Set out below are the management discussion and analysis of the Remaining Group for each of the three financial years ended 31 December 2016, 2017 and 2018.

Liquid Assets, Financial Resources and Capital Expenditure

For the year ended 31 December 2016

As of 31 December 2016, the Remaining Group had bank balances and cash of RMB544.6 million. Net cash generated from operating activities was RMB218.7 million.

The Remaining Group recorded a net cash inflow of RMB61.4 million from investing activities for the full year. The inflow was primarily due to redemption of investment in other financial assets. Net cash used in financing activities was RMB93.0 million in 2016. This was mostly attributable to the repayment in bank borrowings in the amount of RMB82.5 million.

As of 31 December 2016, the net current assets of the Remaining Group were RMB1,240.1 million.

For the year ended 31 December 2017

As of 31 December 2017, the Remaining Group had bank balances and cash of RMB478.6 million, compared to RMB544.6 million at the end of 2016. For the year ended 31 December 2017, net cash generated from operating activities was RMB127.4 million, a decrease of RMB91.3 million as compared to RMB218.7 million as of the end of 2016.

The Remaining Group recorded a net cash outflow of RMB619.1 million from investing activities for the year of 2017, compared to an inflow of RMB61.4 million in 2016. The outflow was primarily due to the investment in an associate subsequently treated as assets classified as held for sale. Net cash generated from financing activities was RMB437.1 million in 2017, compared to a net cash used in financing activities of RMB93.0 million in 2016. This was mostly attributable to the issuance of other borrowings and notes in 2017 offset by the repayment of bank borrowings.

As of 31 December 2017, the net current assets of the Remaining Group were RMB877.9 million, compared to RMB1,240.1 million at the end of last year, a decrease of 29.2% or RMB362.2 million.

For the year ended 31 December 2018

As of 31 December 2018, the Remaining Group had cash and cash equivalents of RMB274.2 million, compared to RMB478.6 million at the end of 2017. For the year ended 31 December 2018, net cash generated from operating activities was RMB159.9 million, an increase of RMB32.5 million as compared to RMB127.4 million as of the end of 2017.

The Remaining Group recorded a net cash inflow of RMB469.0 million from investing activities for the full year, compared to an outflow of RMB619.1 million in 2017. The inflow was primarily due to the income received from disposal of held for sale assets of RMB569.9 million. Net cash used in financing activities was RMB836.8 million in 2018, compared to a net cash from financing activities of RMB437.1 million in 2017. This was mostly attributable to the repayment of bank borrowings.

As of 31 December 2018, the net current assets of the Remaining Group were RMB740.5 million, compared to RMB877.9 million at the end of 2017, a decrease of 15.6% or RMB137.4 million.

Gearing Ratio

The Remaining Group's gearing ratio, computed by dividing total loans and borrowings by total assets, was 21.8% as at 31 December 2016, 30.5% as at 31 December 2017 and 12.2% as at 31 December 2018.

Capital Structure

The Remaining Group's operations were financed mainly by shareholder's equity, bank facilities available to the Remaining Group and internal resources. The Remaining Group will continue to adopt its treasury policy of placing its cash and cash equivalent as interest bearing deposits. The Remaining Group's loans and cash and cash equivalents were mainly denominated in RMB, Hong Kong dollars, GBP and U.S. dollars.

The Remaining Group's bank borrowings denominated in GBP as at 31 December 2016 amounted to £80.0 million, and those denominated in RMB as at 31 December 2016 amounted to RMB5.0 million.

The Remaining Group's bank borrowings denominated in USD as at 31 December 2017 amounted to RMB1,117.1 million, and the bank borrowings denominated in USD as at 31 December 2018 amounted to RMB233.3 million.

Pledge of Asset

As at 31 December 2016, 2017 and 2018, the Company's equity interest in Mayflower (Nanjing) Enterprise Limited, Dongguan Mayflower Footwear Corporation Limited, Nanjing Soft Garment & Footwear Co., Ltd and Xuzhou C.banner Shoes Limited have been pledged to secure the bank borrowings of the Remaining Group.

Contingent Liabilities

The Remaining Group did not have any substantial or contingent liabilities as of 31 December 2016, 2017 and 2018.

Foreign Exchange Risk Management

The Remaining Group's sales are mainly denominated in RMB, while its contract manufacturing of shoes business (the "**Contract Manufacturing of Shoes**") is mainly denominated in U.S. dollars. The Remaining Group did not hold any derivative instruments for hedging against foreign exchange risk. The Board will keep monitoring the impact of the exchange rate on our business closely and take appropriate measures to mitigate the impact where necessary.

For the year ended 31 December 2016, the Contract Manufacturing of Shoes accounted for 9.6% of total revenue. the Remaining Group recorded a RMB66.7 million gain from currency exchange.

For the year ended 31 December 2017, the Contract Manufacturing of Shoes accounted for 5.5% of total revenue. The Remaining Group recorded a RMB10.8 million gain from currency exchange, compared to a RMB66.7 million gain in 2016.

For the year ended 31 December 2018, the Contract Manufacturing of Shoes accounted for 9.6% of total revenue. The Remaining Group recorded a RMB1.8 million loss from currency exchange, compared to a RMB10.8 million gain in 2017.

Investment and Disposal of EtonKids Educational Group Limited

On 21 July 2017, the Company entered into a sale and purchase agreement with independent third parties (the "**Sellers**"), pursuant to which the Sellers conditionally agreed to sell, and the Company conditionally agreed to purchase, 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 EtonKids Educational Group Limited ("**EtonKids**"), all of which would be simultaneously converted into ordinary shares of US$0.001 each of EtonKids upon completion (the "**Sale Shares**") for a cash consideration of US$79,408,705, representing 45.78% of the issued share capital of EtonKids. Completion of the sale and purchase of the Sale Shares took place on 11 August 2017, after which the Company held 45.78% of the issued share capital of EtonKids.

On 29 December 2017, the Company entered into sale and purchase agreements with Allied Way International Enterprise Limited and Hongkong Hongxing Investment Management Limited (the "**Purchasers**"), pursuant to which the Company conditionally agreed to sell, and the Purchasers conditionally agreed to purchase, 6,319,820 ordinary shares of EtonKids, representing approximately 45.78% of the issued share capital of EtonKids, for an aggregate cash consideration of US$89,499,900 (the "**Disposal**"). All the conditions precedent under the sale and purchase agreements had been fulfilled and completion of the Disposal took place on 17 May 2018.

Convertible Bonds and Notes

Convertible bonds and notes issued in August 2017

On 4 August 2017, the Company issued convertible bonds and notes, each in the principal amount of US$50 million, to Cheer Hope Holdings Limited ("**Cheer Hope**"). Mr. Chen Yixi had unconditionally and irrevocably guaranteed to Cheer Hope the punctual discharge by the Company of its obligations of whatever nature under the subscription agreement in relation to the issue of the convertible bonds and the notes 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 was liable to pay under the subscription agreement and other ancillary transaction documents. Pursuant to the subscription agreement, the bond instrument and the note instrument, it shall be an event of default if Mr. Chen Yixi ceased 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 were, and they shall become, immediately due and repayable. In January 2018, the Company redeemed convertible bonds and notes each in the principal amount of US$10 million, and subsequently on 17 May 2018, the Company had, pursuant to the terms and conditions of the convertible bonds and the notes, given notice to the holders of the convertible bonds and the notes respectively that the Company would redeem the convertible bonds and the notes each in the aggregate principal amount of US$40,000,000 that remained outstanding in full on 17 May 2018 before their maturity each at a total redemption price of US$41,742,223 (together with outstanding interests thereon up to the early redemption date). Upon completion of the early redemption, the convertible bonds and the notes had been fully cancelled.

Convertible bonds and notes issued in January 2018

On 17 January 2018, the Company issued convertible bonds and notes, each in the principal amount of US$10 million, to OCI Capital Limited. Pursuant to the relevant subscription agreement, it shall be an event of default if Mr. Chen Yixi ceased 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 were, and they shall become, immediately due and repayable. On 3 May 2018, the Company had, pursuant to the terms and conditions of the convertible bonds and the notes, given notice to the holders of the convertible bonds and the notes respectively that the Company would redeem the convertible bonds and the notes each in the aggregate principal amount of US$10,000,000 that remained outstanding in full on 3 May 2018 before their maturity at a total redemption price of US$10,526,463.86 and US$10,426,463.86 respectively (together with outstanding interests thereon up to the early redemption date). Upon completion of the early redemption, the convertible bonds and the notes had been fully cancelled.

Human Resources

The Remaining Group provides its employees with competitive remuneration packages including mandatory pension funds, insurance and medical benefits. In addition, the Remaining Group pays discretionary bonuses to qualified employees according to the business performance and their individual work performance.

The Remaining Group had 10,727 employees as of 31 December 2016, 9,977 employees as of 31 December 2017 and 8,818 employees as of 31 December 2018.

1. INTRODUCTION

The accompanying unaudited pro forma financial information of the Remaining Group has been prepared to illustrate the effect of the proposed disposal of the 100% equity interest in Hamleys Global Holdings Limited and its subsidiaries (collectively the "**Target Group**") might have affected the financial information of the Group.

The unaudited pro forma consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows of the Remaining Group for the year ended 31 December 2018 are prepared based on the audited consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows of the Group for the year ended 31 December 2018 as extracted from the annual report of the Company for the year ended 31 December 2018 as if the Disposal had been completed on 1 January 2018.

The unaudited pro forma consolidated statement of financial position of the Remaining Group as at 31 December 2018 is prepared based on the audited consolidated statement of financial position of the Group as at 31 December 2018 as extracted from the annual report of the Company for the year ended 31 December 2018 as if the Disposal had been completed on 31 December 2018.

The unaudited pro forma financial information of the Remaining Group is prepared based on a number of assumptions, estimates, uncertainties and currently available information, and is provided for illustrative purposes only. Accordingly, as a result of the nature of the unaudited pro forma financial information of the Remaining Group, it may not give a true picture of the actual financial position, results of operation or cash flows of the Remaining Group that would have been attained had the Disposal actually occurred on the dates indicated herein. Furthermore, the unaudited pro forma financial information of the Remaining Group does not purport to predict the Remaining Group's future financial position, results of operation or cash flows.

The unaudited pro forma financial information of the Remaining Group should be read in conjunction with the financial information of the Group as set out in Appendix II and other financial information included elsewhere in this circular.

A. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE REMAINING GROUP

	The Group As at 31 December 2018	Pro forma adjustments				The Remaining Group As at 31 December 2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	Note 1	*Note 2(a)*	*Note 2(b)*	*Note 2(c)*	*Note 2(d)*	
ASSETS AND LIABILITIES						
Non-current assets						
Property, plant and equipment	259,811	(46,035)	–	–	–	213,776
Prepaid lease payments	12,622	–	–	–	–	12,622
Other intangible assets	651,760	(639,212)	–	–	–	12,548
Goodwill	5,725	–	–	–	–	5,725
Interest in an associate	946	–	–	–	–	946
Interest in joint ventures	13,219	–	–	–	–	13,219
Financial assets at fair value through other comprehensive income	40,000	–	–	–	–	40,000
Deferred tax assets	117,788	(10,840)	–	–	–	106,948
Long-term deposits	24,324	–	–	–	–	24,324
Other receivables	–	–	7,839	–	–	7,839
	1,126,195	(696,087)	7,839	–	–	437,947
Current assets						
Inventories	652,043	(88,946)	–	–	–	563,097
Trade receivables	301,487	(17,732)	–	–	–	283,755
Other receivables and prepayments	151,076	(35,111)	–	–	–	115,965
Loan receivables from Target Group	–	292,136	–	(257,431)	–	34,705
Interest in joint ventures	4,731	–	–	–	–	4,731
Financial assets at fair value through profit or loss	50,000	–	–	–	–	50,000
Bank balances and cash	314,216	(39,978)	288,861	257,431	–	820,530
	1,473,553	110,369	288,861	–	–	1,872,783
Current liabilities						
Trade payables	152,097	(54,402)	–	–	–	97,695
Other payables	280,871	(41,310)	–	–	21,890	261,451
Borrowings	202,446	–	–	–	–	202,446
Contract liabilities	34,314	–	–	–	–	34,314
Obligations under finance leases – due within one year	4,243	(4,243)	–	–	–	–
Provisions	5,998	(5,998)	–	–	–	–
Bank overdrafts	25,242	(25,242)	–	–	–	–
Current tax liabilities	14,013	(1,693)	–	–	–	12,320
	719,224	(132,888)	–	–	21,890	608,226

	The Group As at 31 December 2018	Pro forma adjustments				The Remaining Group As at 31 December 2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	Note 1	*Note 2(a)*	*Note 2(b)*	*Note 2(c)*	*Note 2(d)*	
Net current assets	754,329	243,257	288,861	–	(21,890)	1,264,557
Total assets less current liabilities	1,880,524	(452,830)	296,700	–	(21,890)	1,702,504
Non-current liabilities						
Deferred tax liabilities	117,883	(117,883)	–	–	–	–
Borrowings	75,495	–	–	–	–	75,495
Obligations under finance leases – due after one year	1,740	(1,740)	–	–	–	–
Contract liabilities	10,932	(8,185)	–	–	–	2,747
	206,050	(127,808)	–	–	–	78,242
Net assets	1,674,474	(325,022)	296,700	–	(21,890)	1,624,262
Capital and reserves						
Share capital	209,097	–	–	–	–	209,097
Reserves	1,405,671	(331,557)	296,700	–	(21,890)	1,348,924
Total equity attributable to owners of the Company	1,614,768	(331,557)	296,700	–	(21,890)	1,558,021
Non-controlling interests	59,706	6,535	–	–	–	66,241
Total equity	1,674,474	(325,022)	296,700	–	(21,890)	1,624,262

B. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME OF THE REMAINING GROUP

	The Group For the year ended 31 December 2018	Pro forma adjustments				The Remaining Group For the year ended 31 December 2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	Note 1	*Note 3(a)*	*Note 3(b)*	*Note 3(d)*	*Note 4*	
Revenue	2,923,659	(546,462)	–	–	–	2,377,197
Cost of sales	(1,250,864)	236,297	–	–	–	(1,014,567)
Gross profit	1,672,795	(310,165)	–	–	–	1,362,630
Other income and expenses and other gains and losses	(303,402)	338,007	–	–	555	35,160
Distribution and selling expenses	(1,520,748)	237,637	–	–	–	(1,283,111)
Administrative and general expenses	(166,359)	58,534	–	–	–	(107,825)
Share of loss of associates	(3,088)	–	–	–	–	(3,088)
Share of loss of joint ventures	(2,439)	–	–	–	–	(2,439)
Finance costs	(54,746)	2,978	–	–	–	(51,768)
Loss on disposal of subsidiaries	–	–	(370,484)	(22,107)	–	(392,591)
Loss before income tax	(377,987)	326,991	(370,484)	(22,107)	555	(443,032)
Income tax expense	(6,267)	(36,093)	–	–	–	(42,360)
Loss for the year	(384,254)	290,898	(370,484)	(22,107)	555	(485,392)
Items that will be reclassified subsequently to profit or loss:						
Exchange (loss)/gain on translation of foreign operations	(8,965)	9,184	–	–	–	219
Share of other comprehensive income of an associate	157	–	–	–	–	157
Foreign currency translation reserve reclassified to profit or loss upon disposal of subsidiaries	–	–	(37,942)	–	–	(37,942)
Other comprehensive expenses for the year	(8,808)	9,184	(37,942)	–	–	(37,566)
Total comprehensive expenses for the year	(393,062)	300,082	(408,426)	(22,107)	555	(522,958)

	The Group For the year ended 31 December 2018	Pro forma adjustments				The Remaining Group For the year ended 31 December 2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	Note 1	*Note 3(a)*	*Note 3(b)*	*Note 3(d)*	*Note 4*	
Loss for the year attributable to:						
Owners of the Company	(387,029)	292,023	(370,484)	(22,107)	555	(487,042)
Non-controlling interests	2,775	(1,125)	–	–	–	1,650
	(384,254)	290,898	(370,484)	(22,107)	555	(485,392)
Total comprehensive expenses attributable to:						
Owners of the Company	(395,834)	301,207	(408,426)	(22,107)	555	(524,605)
Non-controlling interests	2,772	(1,125)	–	–	–	1,647
	(393,062)	300,082	(408,426)	(22,107)	555	(522,958)

C. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS OF THE REMAINING GROUP

	The Group For the year ended 31 December 2018	Pro forma adjustments					The Remaining Group For the year ended 31 December 2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	Note 1	*Note 3(a)*	*Note 3(b)*	*Note 3(c)*	*Note 3(d)*	*Note 4*	
Cash flows from operating activities							
Loss before income tax	(377,987)	326,991	(370,484)	–	(22,107)	555	(443,032)
Adjustments for:							
Share of loss of associates	3,088	–	–	–	–	–	3,088
Share of loss of a joint venture	2,439	–	–	–	–	–	2,439
Finance costs	54,746	(2,978)	–	–	–	–	51,768
Exchange gains	(11,849)	2,136	–	–	–	–	(9,713)
Depreciation of property, plant and equipment	44,850	(13,877)	–	–	–	–	30,973
Amortisation of intangible assets	18,590	(16,127)	–	–	–	–	2,463
Amortisation of prepaid lease payments	397	–	–	–	–	–	397
Share-based payment expense	1,878	–	–	–	–	–	1,878
Write-down of inventories to net realisable value	26,136	–	–	–	–	–	26,136
Interest income on bank deposits	(5,215)	–	–	–	–	–	(5,215)
Income from other financial assets	(273)	–	–	–	–	–	(273)
Gain on disposal of assets classified as held for sale	(23,626)	–	–	–	–	–	(23,626)
Impairment loss recognised on goodwill	154,318	(154,318)	–	–	–	–	–
Impairment loss recognised in respect of property, plant and equipment	6,277	(6,476)	–	–	–	–	(199)
Fair value change on financial assets at fair value through profit or loss	10,765	–	–	–	–	–	10,765
Reversal of ECL allowance on trade receivables	(8,784)	–	–	–	–	–	(8,784)
Impairment loss recognised on other intangible assets	185,523	(185,523)	–	–	–	–	–
Impairment loss recognised on interest in an associate	16,662	–	–	–	–	–	16,662
Loss on disposal of subsidiaries	–	–	370,484	–	22,107	–	392,591

	The Group For the year ended 31 December 2018	Pro forma adjustments					The Remaining Group For the year ended 31 December 2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	Note 1	*Note 3(a)*	*Note 3(b)*	*Note 3(c)*	*Note 3(d)*	*Note 4*	
Operating cash flows before working capital changes	97,935	(50,172)	–	–	–	555	48,318
Change in inventories	152,043	(7,693)	–	–	–	–	144,350
Change in trade receivables	68,471	(10,629)	–	–	–	–	57,842
Change in other receivables and prepayments	23,504	(2,296)	–	–	–	(555)	20,653
Change in trade payables	(30,394)	10,601	–	–	–	–	(19,793)
Change in other payables	15,597	41,594	–	–	–	–	57,191
Change in provisions	(11,134)	11,068	–	–	–	–	(66)
Change in long-term deposit	(2,621)	–	–	–	–	–	(2,621)
Change in contract liabilities	3,371	3,127	–	–	–	–	6,498
Cash generated from operations	316,772	(4,400)	–	–	–	–	312,372
Interest paid	(65,188)	2,847	–	–	–	–	(62,341)
Income taxes paid	(81,985)	–	–	–	–	–	(81,985)
Net cash from operating activities	169,599	(1,553)	–	–	–	–	168,046
Cash flows from investing activities							
Payments for acquisition of property, plant and equipment	(53,332)	14,160	–	–	–	–	(39,172)
Payments for acquisition of intangible assets	(3,215)	2,273	–	–	–	–	(942)
Payments for acquisition of financial assets at fair value through other comprehensive income	(40,000)	–	–	–	–	–	(40,000)
Payments for acquisition of financial assets at fair value through profit or loss	(50,000)	–	–	–	–	–	(50,000)
Proceeds from disposal of property, plant and equipment	13,577	(2,516)	–	–	–	–	11,061
Proceeds from disposal of assets classified as held for sale	569,926	–	–	–	–	–	569,926
Redemption of investment in other financial assets	10,000	–	–	–	–	–	10,000
Income received from other financial assets	273	–	–	–	–	–	273
Interest received from bank deposits	5,215	–	–	–	–	–	5,215
Net proceed from disposal of subsidiaries	–	–	259,792	–	(22,107)	–	237,685
Repayments from former subsidiaries	–	–	–	295,605	–	–	295,605

	The Group For the year ended 31 December 2018	Pro forma adjustments					The Remaining Group For the year ended 31 December 2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	Note 1	*Note 3(a)*	*Note 3(b)*	*Note 3(c)*	*Note 3(d)*	*Note 4*	
Net cash from investing activities	452,444	13,917	259,792	295,605	(22,107)	–	999,651
Cash flows from financing activities							
New borrowings raised	41,627	–	–	–	–	–	41,627
Repayment of borrowings	(882,329)	–	–	–	–	–	(882,329)
Repayment of obligation under finance lease	(5,793)	6,724	–	–	–	–	931
Capital contribution from non-controlling interests	2,750	–	–	–	–	–	2,750
Net cash (used in)/from financing activities	(843,745)	6,724	–	–	–	–	(837,021)
Net (decrease)/increase in cash and cash equivalents	(221,702)	19,088	259,792	295,605	(22,107)	–	330,676
Cash and cash equivalents at 1 January 2018	511,058	(32,498)	32,498	–	–	–	511,058
Effect of foreign exchange rate changes	(382)	(1,326)	–	–	–	–	(1,708)
Cash and cash equivalents at 31 December 2018	288,974	(14,736)	292,290	295,605	(22,107)	–	840,026
Cash and cash equivalents at end of year, represented by							
Bank balances and cash	314,216	(39,978)	292,290	295,605	(22,107)	–	840,026
Bank overdrafts	(25,242)	25,242	–	–	–	–	–
	288,974	(14,736)	292,290	295,605	(22,107)	–	840,026

1. The audited consolidated statement of financial position of the Group as at 31 December 2018 and its consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows for the year ended 31 December 2018 are extracted from the published annual report of the Company for the year ended 31 December 2018.

2. The following pro forma adjustments have been made to the unaudited pro forma consolidated statement of financial position, assuming the Disposal had taken place on 31 December 2018.

   (a) The adjustments represent the de-recognition of assets and liabilities of the Target Group as at 31 December 2018, assuming the Disposal had taken place on 31 December 2018. The assets and liabilities, except the following items, of the Target Group are extracted from the unaudited consolidated statement of the financial position of the Target Group set out in Appendix II to this circular.

The adjustments in respect of the amounts of the following items are different from that of the items in unaudited consolidated statement of financial position of the Target Group set out in Appendix II.

	Notes	**Target Group**	**The Group**
		RMB'000	*RMB'000*
Goodwill	*(i)*	201,679	–
Other intangible assets	*(i)*	327,546	639,212
Deferred tax liabilities	*(i)*	55,234	117,883
Contract liabilities	*(ii)*	18,762	8,185
Loan receivables from Target Group	*(iii)*	N/A	292,136
Borrowings from ultimate holding company	*(iii)*	233,191	N/A

Notes:

(i) The Group measured other intangible assets at fair value at the date of acquisition of the Target Group less accumulated amortization and impairment losses. The Target Group measured other intangible assets at costs or fair value at the date of acquisition of its subsidiaries less accumulated amortization and impairment losses. Goodwill and deferred tax liabilities in respect of other intangible assets are recognised by the Group and Target Group accordingly. Hence, the amounts of goodwill, other intangible assets and deferred tax liabilities in the adjustments are different from that of the amounts in the unaudited consolidated statement of financial position of the Target Group set out in Appendix II.

(ii) The Group measured contract liabilities of the Target Group at fair value at the date of acquisition less accumulated subsequent utilization of contract liabilities. Hence, the amount of contract liabilities in the adjustment is different from that of the amount in the unaudited consolidated statement of financial position of the Target Group set out in Appendix II.

(iii) The Target Group measured borrowings from ultimate holding company at amortized costs. The amount in the adjustment represents the principals amount of the borrowings.

For the purpose of the unaudited pro forma consolidated statement of financial position, the balances denominated in GBP have been translated into RMB at £1=RMB8.6762, being the exchange rates prevailing as at 31 December 2018.

(b) At Completion, the Purchaser shall pay to the Company, for the sale and purchase of the entire issued share capital of the Target Company, the sum of £34,293,436 (approximately equivalent to RMB 297,537,000) (the "Shares Consideration"). From the Shares Consideration an amount of £1,000,000 (approximately equivalent to RMB 8,676,000) with present value of RMB 7,839,000 (discounted at effective interest rate of 7%) will be retained to meet certain contingencies and otherwise will be credited to the Company by 18 months from completion.

The adjustment represents the estimated loss on disposal assuming the Disposal had taken place on 31 December 2018 and is calculated as follows:

	RMB'000
Consideration	296,700
Carrying value of net assets of the Target Group attributable to owners of the Company	(331,557)
Add: Release of exchange reserve of the Target Group as at 31 December 2018	(47,126)
Adjusted carrying value of net assets of the Target Group attributable to owners of the Company as at 31 December 2018	(378,683)
Estimated loss on disposal before transaction costs	(81,983)
Less: Estimated transaction costs attributes to the Disposal *(Note 2(d))*	(21,890)
Estimated loss on disposal	(103,873)

(c) The adjustment represents the repayment by the Target Company of approximately £33,671,000 (approximately equivalent to RMB292,136,000) to the Company (representing the balance of the shareholder's loans made by the Company) (the "**Loan Repayment Amount**") in two tranches, £29,671,000 (approximately equivalent to RMB257,431,000) is payable on the completion date and £4,000,000 (approximately equivalent to RMB34,705,000) is payable on the business day immediately following completion. The Loan Repayment Amount will be repaid against a confirmation from the Company that this discharges all borrowings due to the Company from the Target Group, in relation to any loans or similar from the Company to the Target Group.

(d) The adjustment represents estimated transaction costs of approximately £ 2,339,000, USD 65,000 and RMB1,150,000 (collectively equivalent to approximately RMB21,890,000) that are directly attributable to the Disposal, as if the Disposal had been completed on 31 December 2018.

For the purpose of the unaudited pro forma consolidated statement of financial position, the estimated transaction costs denominated in GBP have been translated into RMB at £1 = RMB$8.6762, and the amounts denominated US$ have been translated into RMB at US$1 = RMB6.878, being the exchange rates prevailing as at 31 December 2018.

3. The following pro forma adjustments have been made to the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows, assuming the Disposal had taken place on 1 January 2018:

(a) The adjustment represents the exclusion of operating results/cash flow of the Target Group for the year ended 31 December 2018, assuming the Disposal had taken place on 1 January 2018. The operating results and cash flows of the Target Group, except the following items, are extracted from the unaudited consolidated statement of profit or loss and other comprehensive income and unaudited consolidated statement of cash flows of the Target Group set out in Appendix II to this circular, respectively.

The adjustments in respect of the amounts of the following items are different from that of the items in unaudited consolidated statement of profit or loss and other comprehensive income and unaudited consolidated statement of cash flows of the Target Group set out in Appendix II.

	Notes	**Target Group**	**The Group**
		RMB'000	*RMB'000*
Amortisation of intangible assets	*(i)*	14,060	16,127
Impairment loss recognised on goodwill	*(i)*	–	154,298
Impairment loss recognised on other intangible assets	*(i)*	–	185,523
Income tax (expenses)/credit	*(i)*	(17)	36,093
Finance costs	*(ii)*	22,204	2,978

Notes:

(i) The Group measured goodwill and other intangible assets at fair value at the date of acquisition of the Target Group less accumulated amortization and impairment losses. The Target Group measured goodwill and other intangible assets at fair value at the date of acquisition of its subsidiaries less accumulated amortization and impairment losses. Deferred tax liabilities in respect of other intangible assets are recognised by the Group and Target Group accordingly. Hence, the amounts of amortization of other intangible assets, impairment loss on goodwill and other intangible assets and income tax expenses in the adjustment are different from that of the amounts in the unaudited consolidated statement of profit or loss and other comprehensive income and unaudited consolidated statement of cash flows of the Target Group set out in Appendix II.

(ii) The finance costs in the adjustment excluded the interest expenses on borrowings from the Company.

For the purpose of the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and unaudited pro forma consolidated statement of cash flows, the amounts denominated in GBP have been translated into RMB at £1 = RMB8.728, being the average exchange rate prevailing for the year ended 31 December 2018.

(b) At Completion, the Purchaser shall pay to the Company, for the sale and purchase of the entire issued share capital of the Target Company, the sum of £34,293,436 (approximately equivalent to RMB301,069,000). From the Shares Consideration an amount of £1,000,000 (approximately equivalent to RMB8,779,000) with present value of RMB7,932,000 (discounted at effective interest rate of 7%) will be retained to meet certain contingencies and otherwise will be credited to the Company by 18 months from completion.

Net proceed from disposal of subsidiaries is calculated as follows:

	RMB'000
Total consideration	301,069
Consideration receivable in 18 months from completion	(8,779)
Cash held by the Target Group	(32,498)
	259,792

The amounts in Note 3(b) denominated in GBP have been translated into RMB at £1 = RMB8.7792, being the exchange rate prevailing as at 1 January 2018.

As at 1 January 2018, carrying value of net assets of the Target Group attributable to owners of the Company is calculated as follow:

	RMB '000
As at 31 December 2018, carrying value of net assets of the Target Group attributable to owners of the Company	331,557
Total comprehensive expenses attributable to owners of the Company for the year ended 31 December 2018	301,207
	632,764

The adjustment represents the estimated loss on disposal assuming the Disposal had taken place on 1 January 2018 and is calculated as follows:

	RMB'000
Consideration	300,222
Carrying value of net assets of the Target Group attributable to owners of the Company	(632,764)
Add: Release of exchange reserve of the Target Group as at 1 January 2018	(37,942)
Adjusted carrying value of net assets of the Target Group attributable to owners of the Company as at 1 January 2018	(670,706)
Estimated loss on disposal before transaction costs	(370,484)
Less: Estimated transaction costs attributes to the Disposal *(Note 3(d))*	(22,107)
Estimated loss on disposal	(392,591)

(c) The adjustment represents the repayment by the Target Company of approximately £33,671,000 (approximately equivalent to RMB295,605,000) to the Company (representing the balance of the shareholder's loans made by the Company) (the "**Loan Repayment Amount**") in two tranches, £29,671,000 (approximately equivalent to RMB260,488,000) is payable on the completion date and £4,000,000 (approximately equivalent to RMB35,117,000) is payable on the business day immediately following completion. The Loan Repayment Amount will be repaid against a confirmation from the Company that this discharges all borrowings due to the Company from the Target Group, in relation to any loans or similar from the Company to the Target Group.

(d) The adjustment represents estimated transaction costs of approximately £ 2,339,000, USD65,000 and RMB1,150,000 (collectively equivalent to RMB22,107,000) that are directly attributable to the Disposal, as if the Disposal had been completed on 1 January 2018.

For the purpose of the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and unaudited pro forma consolidated statement of cash flows, the estimated transaction costs denominated in GBP have been translated into RMB at £1 = RMB$8.7792, and the amounts denominated US$ have been translated into RMB at US$1 = RMB6.507, being the exchange rates prevailing as at 1 January 2018.

4. The adjustment represents interest income in respect of time value on the Shares Consideration of £1,000,000 (approximately equivalent to RMB8,779,000) with present value of RMB7,932,000 (discounted at effective interest rate of 7%) which will be retained to meet certain contingencies and otherwise will be credited to the Company by 18 months from completion. Interest income of RMB555,000 for the year ended 31 December 2018 represents 7% on RMB7,932,000 (present value of the Shares Consideration of £1,000,000 on 1 December 2018).

ACCOUNTANT'S REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report, prepared for the sole purpose of inclusion in this circular, from the independent reporting accountant, ZHONGHUI ANDA CPA Limited, Certified Public Accountants, Hong Kong.

ZHONGHUI ANDA CPA Limited
Certified Public Accountants

24 June 2019

The Board of Directors
C.banner International Holdings Limited
Unit 2904, 29th Floor Far East Finance Center
16 Harcourt Road
Hong Kong

Dear Sirs,

We have completed our assurance engagement to report on the compilation of pro forma financial information of C.banner International Holdings Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") by the directors of the Company for illustrative purposes only. The pro forma financial information consists of the pro forma statement of financial position as at 31 December 2018, the pro forma statement of profit or loss and other comprehensive income for the year ended 31 December 2018, the pro forma statement of cash flows for the year ended 31 December 2018 and related notes as set out on pages IV-2 to IV-12 of the circular dated 24 June 2019 issued by the Company. The applicable criteria on the basis of which the directors have compiled the pro forma financial information are described on page IV-1 of the said circular.

The pro forma financial information has been compiled by the directors to illustrate the impact of the disposal of the 100% equity interest in Hamleys Global Holdings Limited on the Group's financial position as at 31 December 2018 as if the transaction had been taken place at 31 December 2018, and on the Group's financial performance and cash flows for the year ended 31 December 2018 as if the transaction had been taken place at 1 January 2018. As part of this process, information about the Group's financial position, financial performance and cash flows has been extracted by the directors from the Group's consolidated financial statements as included in the annual report for the year ended 31 December 2018, on which an audit report has been published.

Directors' Responsibility for the Pro Forma Financial Information

The directors are responsible for compiling the pro forma financial information in accordance with paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to

Accounting Guideline ("**AG**") 7 "**Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars**" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

Our Independence and Quality Control

We have complied with the independence and other ethical requirement of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Hong Kong Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 29(7) of Chapter 4 of the Listing Rules, on the pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountant plan and perform procedures to obtain reasonable assurance about whether the directors have compiled the pro forma financial information in accordance with paragraph 29 of Chapter 4 of the Listing Rules and with reference to AG 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in a circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 1 January 2018 and 31 December 2018 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

– The related pro forma adjustments give appropriate effect to those criteria; and

– The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the pro forma financial information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

Yours faithfully,

ZHONGHUI ANDA CPA Limited
Certified Public Accountants
Hong Kong

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement contained herein or this circular misleading.

2. DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at the Latest Practicable Date, the interests and short positions, if any, of each Director and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executives were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register required to be kept by the Company or were otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code adopted by the Company were as follows:

Name of Director/ chief executive	Nature of interest	Number of Shares/ options	Approximate percentage of total issued Shares (%)
Mr. Chen Yixi[(1)]	Interest in a controlled corporation	750,000,000 (long position)	36.11%
Mr. Miao Bingwen[(2)]	Interest in a controlled corporation	80,000,000 (long position)	3.85%
	Beneficial owner	20,000,000 (short position)	0.96%
Mr. Huo Li	Beneficial owner	979,000	0.05%
Mr. Zhao Wei	Beneficial owner	520,000	0.03%

Notes:

(1) Mr. Chen Yixi is the beneficial owner of all the issued share capital of Hongguo International Group Limited (formerly known as High Score Holdings Limited) which holds 750,000,000 shares of the Company in long position.

(2) Mr. Miao Bingwen is the beneficial owner of all the issued share capital of Sure Manage Investments Limited which holds 80,000,000 shares of the Company in long position.

Save as disclosed above, as at the Latest Practicable Date, so far as was known to the Directors, none of the Directors or chief executive of the Company had any other interests or short positions in any Shares or underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

3. DISCLOSURE OF SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at the Latest Practicable Date, to the best knowledge of the Directors, the following persons (not being a Director or chief executive of the Company) had an interest or short position in the Shares or underlying shares of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange:

Name of Shareholder	**Nature of interest**	**Total number of shares/ underlying shares held**	**Approximate percentage of interest in the Company**
Hongguo International Group Limited *(Note 1)*	Beneficial owner	750,000,000 (long position)	36.11%
Central Huijin Investment Ltd *(Note 2)*	Person having a security interest in shares	380,000,000 (long position)	18.30%
China Construction Bank Corporation *(Note 2)*	Person having a security interest in shares	380,000,000 (long position)	18.30%
Cheer Hope Holdings Limited *(Note 2)*	Person having a security interest in shares	380,000,000 (long position)	18.30%
China Huarong Asset Management Co., Ltd. *(Note 3)*	Interest in a controlled corporation	493,750,000 (long position) 41,250,000 (short position)	23.77% 1.99%

Name of Shareholder	Nature of interest	Total number of shares/ underlying shares held	Approximate percentage of interest in the Company
Timely Assets Global Limited *(Note 3)*	Person having a security interest in shares	370,000,000 (long position)	17.81%
	Beneficial owner	123,750,000 (long position)	7.94%
		41,250,000 (short position)	3.97%
Arch Capital Group Ltd *(Note 4)*	Interest in a controlled corporation	127,387,086 (long position)	6.13%
ADM Galleus Fund II Limited *(Notes 4 and 5)*	Interest in a controlled corporation	127,387,086 (long position)	6.13%
ADM Investment Management Limited *(Note 6)*	Interest in a controlled corporation	127,387,086 (long position)	6.13%
UTAH Retirement Systems *(Note 5)*	Interest in a controlled corporation	127,387,086 (long position)	6.13%
Utah State Retirement Investment Fund *(Note 5)*	Interest in a controlled corporation	127,387,086 (long position)	6.13%
Eight Dragons Investments Limited *(Notes 4 and 5)*	Person having a security interest in shares	127,387,086 (long position)	6.13%
OCI International Holdings Limited *(Note 7)*	Person having a security interest in shares	131,000,000 (long position)	6.31%

Notes:

1. Hongguo International Group Limited has charged 370,000,000 shares and 350,000,000 shares in favour of Timely Assets Global Limited and Cheer Hope Holdings Limited, respectively.

2. Cheer Hope Holdings Limited has a security interest in 380,000,000 shares of the Company. Central Huijin Investment Ltd. holds 57.11% shareholding in China Construction Bank Corporation. China Construction Bank Corporation holds 100% shareholding in CCB International Group Holdings Limited, which in turn holds 100% shareholding in CCB Financial Holdings Limited. CCB Financial Holdings Limited holds 100% shareholding in CCB International (Holdings) Limited, which in turn holds 100% shareholding in CCBI Investments Limited. CCBI Investments Limited holds 100%

shareholding in Cheer Hope Holdings Limited. Therefore, the above entities are deemed to be interested in 380,000,000 shares of the Company, in which Cheer Hope Holdings Limited is interested.

3. Timely Assets Global Limited has a security interest in 370,000,000 shares of the Company and is the beneficial owner of 123,750,000 shares of the Company in long position and 41,250,000 shares of the Company in short position. Timely Assets Global Limited is a wholly-owned subsidiary of China Huarong International Holdings Limited. China Huarong International Holdings Limited is owned as to 88.10% and 11.90% by Huarong Real Estate Co., Ltd. and Huarong Zhiyuan Investment & Management Co., Ltd. respectively, which are both wholly owned by China Huarong Asset Management Co., Ltd.. China Huarong Asset Management Co., Ltd. is owned as to 63.36% by Ministry of Finance of the People's Republic of China. Therefore, the above entities are deemed to be interested in 493,750,000 shares of the Company in long position and 41,250,000 shares of the Company in short position in which Timely Assets Global Limited is interested.

4. Eight Dragons Investments Limited has a security interest in 127,387,086 shares of the Company. Arch Capital Group Ltd holds 100% shareholding in Arch Reinsurance Ltd. Arch Reinsurance Ltd holds 43.70% shareholding in ADM Galleus Fund II Limited, which in turn holds 74.95% shareholding in Eight Dragons Investments Limited. Therefore, the above entities are deemed to be interested in 127,387,086 shares of the Company, in which Eight Dragons Investments Limited is interested.

5. Eight Dragons Investments Limited has a security interest in 127,387,086 shares of the Company. UTAH Retirement Systems holds 100% shareholding in Utah State Retirement Investment Fund. Utah State Retirement Investment Fund holds 54.90% shareholding in ADM Galleus Fund II Limited, which in turn holds 74.95% shareholding in Eight Dragons Investments Limited. Therefore, the above entities are deemed to be interested in 127,387,086 shares of the Company, in which Eight Dragons Investments Limited is interested.

6. Eight Dragons Investments Limited has a security interest in 127,387,086 shares of the Company. According to the notice of disclosure of interests dated 18 January 2018 submitted by ADM Investment Management Limited, it holds 100% shareholding in ADM Galleus Fund II Limited, which in turn holds 74.95% shareholding in Eight Dragons Investments Limited. Therefore, the above entities are deemed to be interested in 127,387,086 shares of the Company, in which Eight Dragons Investments Limited is interested.

7. OCI International Holdings Limited holds 100% of OCI Capital (BVI) Limited, which in turn holds 100% of OCI Capital Limited. OCI Capital Limited has a security interest in 131,000,000 shares of the Company. Therefore, OCI International Holdings Limited is deemed to be interested in the 131,000,000 shares of the Company, in which OCI Capital Limited is interested.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any persons (who were not Directors or chief executive of the Company) who had an interest or short position in the Shares or underlying shares of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered, or proposed to enter into a service contract with any member of the Group which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

5. DIRECTORS' INTEREST IN COMPETING BUSINESS

As at the Latest Practicable Date, so far as was known to the Directors, none of the Directors nor any of his/her respective associates had any direct or indirect interests in any business that constitutes or may constitute a competing business of the Company.

6. INTERESTS IN THE GROUP'S ASSETS OR CONTRACTS OR ARRANGEMENTS SIGNIFICANT TO THE GROUP

As at the Latest Practicable Date, none of the Directors:

(i) had any interest, direct or indirect, in any assets which have been, since 31 December 2018 (being the date to which the latest published audited accounts of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group; or

(ii) was materially interested in any contract or arrangement, subsisting at the date of this circular, which is significant in relation to the business of the Group.

7. LITIGATION

As at the Latest Practicable Date, so far as was known to the Directors, neither the Company nor any of its subsidiaries was engaged in any litigation or claim of material importance, and no other litigation or claim of material importance was to be pending or threatened against the Company nor any of its subsidiaries.

8. MATERIAL CONTRACTS

The following contracts, not being contracts in the ordinary course of business, have been entered into by members of the Group within two years immediately preceding the date of this circular which are or may be material:

(a) The subscription agreement dated 20 July 2017 entered into among the Company as the issuer, Cheer Hope Holdings Limited as the investor and Mr. Chen Yixi as the guarantor in relation to up to US$50,000,000 4 per cent. notes and up to US$50,000,000 4 per cent. convertible bonds convertible into the ordinary shares of the Company;

(b) The sale and purchase agreement dated 21 July 2017 entered into between Standard Chartered Financial Holdings and Standard Chartered Private Equity Korea III as vendors and the Company as the purchaser in relation to the sale and purchase of the entire share capital of EtonKids Educational Group Limited;

(c) The subscription agreement dated 29 September 2017 entered into among the Company as the issuer and OCI Capital Limited as the investor in relation to up to US$10,000,000 7 per cent. notes and up to US$10,000,000 5 per cent. convertible bonds convertible into the ordinary shares of the Company;

(d) The sale and purchase agreement dated 29 December 2017 entered into between the Company as the vendor and Hongkong Hongxing Investment Management Limited as the purchaser in relation to the sale and purchase of the shares in EtonKids Educational Group Limited; and

(e) The sale and purchase agreement dated 29 December 2017 entered into between the Company as the vendor and Allied Way International Enterprise Limited as the purchaser in relation to the sale and purchase of the shares in EtonKids Educational Group Limited.

9. EXPERT AND CONSENT

The following is the qualification of the expert who has given opinion or advice contained in this circular:

Name	Qualification
ZHONGHUI ANDA CPA Limited	Certified Public Accountants

As at the Latest Practicable Date, ZHONGHUI ANDA CPA Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its report or letter (as the case may be) and references to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, ZHONGHUI ANDA CPA Limited did not have any shareholding interests in the Company or any member of the Group, or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in the Company or any member of the Group.

As at the Latest Practicable Date, ZHONGHUI ANDA CPA Limited did not have any interest, direct or indirect, in any assets which had been, since 31 December 2018 (being the date to which the latest published audited financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

10. MISCELLANEOUS

(i) The registered office of the Company is at Canon’s Court, 22 Victoria Street, Hamilton HM12, Bermuda.

(ii) The branch share registrar of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong.

(iii) The principal place of business of the Company in Hong Kong is at Unit 2904, 29th Floor, Far East Finance Center, 16 Harcourt Road, Hong Kong.

(iv) The company secretary of the Company is Ms. So Lai Shan, assistant manager of the Listing Services Department of TMF Hong Kong Limited (a global corporate services provider). Ms. So is an associate member of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators in the United Kingdom.

(v) The English text of this circular shall prevail over the Chinese text in case of any inconsistency.

11. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours from 9:00 a.m. to 5:00 p.m. (other than Saturdays, Sundays and public holidays) at the Company's principal place of business in Hong Kong from the date of this circular up to and including the date of the SGM:

(i) the memorandum and articles of association of the Company;

(ii) the annual reports of the Company containing audited consolidated financial statements of the Company for the two years ended 31 December 2018 and 2017;

(iii) the report from ZHONGHUI ANDA CPA Limited in respect of the review of the unaudited condensed combined financial information of the Target Group, the text of which is set out in Appendix II to this circular;

(iv) the report from ZHONGHUI ANDA CPA Limited in respect of the unaudited pro forma information of the Remaining Group, the text of which is set out in Appendix IV to this circular;

(v) the written consent referred to in the paragraph headed "Expert and Consent" in this Appendix V;

(vi) the material contracts referred to in the paragraph headed "Material Contracts" in this Appendix V; and

(vii) this circular.

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)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting (the "**Special General Meeting**") of C.banner International Holdings Limited (the "**Company**") will be held at 31st Floor, International Trade Center, No.18 East Zhongshan Road, Nanjing, China on Wednesday, 10 July 2019 at 10:00 a.m. for the purpose of considering and, if thought fit, passing (with or without modifications) the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

"**THAT**: the terms of and the transactions contemplated under the Sale and Purchase Agreement dated 9 May 2019 (a copy of which marked "A" has been tabled before the Special General Meeting and initialed by the chairman of the Special General Meeting for identification purpose) (the "**Sale and Purchase Agreement**") in respect of the proposed disposal by the Company of the entire issued share capital of Hamleys Global Holdings Limited be and are hereby approved, and any one director of the Company be and is hereby authorized for and on behalf of the Company to sign, seal, execute, perfect, perform and deliver all such agreements, instruments, documents and deeds, and do all such acts or things and take all such steps as he/she/they may in his/her/their absolute discretion consider to be necessary, desirable, appropriate or expedient to implement and/or to give effect to the Sale and Purchase Agreement and all matters incidental thereto."

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

Hong Kong, 24 June 2019

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

Registered office:
Canon's Court
22 Victoria Street
Hamilton HM12W
Bermuda

Principal place of business in Hong Kong:
Unit 2904, 29th Floor
Far East Finance Center
16 Harcourt Road
Hong Kong

Notes:

(i) A shareholder entitled to attend and vote at the Special General Meeting is entitled to appoint another person as his/her proxy to attend and vote instead of him/her; a proxy need not be a shareholder of the Company.

(ii) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holder(s) and for this purpose seniority shall be determined as that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.

(iii) In order to be valid, a form of proxy must be deposited at the Hong Kong share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong together with the power of attorney or other authority (if any) under which it is signed (or a notarially certified copy thereof) not less than 48 hours before the time appointed for the holding of the Special General Meeting or any adjournment thereof. The completion and return of the form of proxy shall not preclude shareholders of the Company from attending and voting in person at the Special General Meeting (or any adjourned meeting thereof) if they so wish.