

**THE FINANCIAL FAILURE OF HOUSE OF FRASER  
HAS COME HOME TO ROOST IN HONGKONG:  
IT MAY BE LIKENED TO THE FALL OF THE HOUSE OF USHER**

With House of Fraser, now in Administration in the United Kingdom (UK), it is having an immediate and devastating effect on a number of corporate entities in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC).

The term, '*Administration*', is legally defined in the UK as being the legal process that takes place when a corporate entity cannot pay its debts as they fall due.

Administration permits the entity that has entered into Administration to make permissible changes in its operations in order to try to avoid, going into liquidation.

On August 10, 2018, House of Fraser entered into Administration and, on that same day, Sports Direct International PLC, a British, large retailing group, made an offer to purchase the assets of House of Fraser, its stores, brand and stock, for £90 million in cash, equivalent to \$HK916 million.

House of Fraser has (or had) 56 stores and two outlets, across the UK and Ireland.

On June 7, 2018, Management of this financially strapped retailer announced that it was considering the closures of 31 of the 58 stores in the UK.

About one month earlier, on May 6, 2018, Sports Direct International PLC announced that it was in the process of making a determination with regard to the launching of a legal action, naming House of Fraser as

the First Defendant to the Action, and naming certain members of senior management of House of Fraser as further Defendants.

A spokesman of Sports Direct International PLC, on May 6, 2018, went on record, stating, among other things:

*‘We have been frozen out by House of Fraser. Their dealing in China are opaque, and it is blatant that we (Sports Direct International PLC) have been unfairly prejudiced. We have no option other than litigation (in order) to protect the interests of Sports Direct and its shareholders.’*

The ire of Management of Sports Direct International PLC had, probably, been predicated by an announcement, made by House of Fraser on or about May 2, 2018, whereby House of Fraser had informed its shareholders that it had entered into a conditional sale of a controlling stake in the retailer.

The purchaser of the controlling equity stake in this financially ailing company was named as having been C.banner International Holdings Ltd () (Code: 1028, Main Board, The Stock Exchange of Hongkong Ltd).

On May 9, 2018, C.banner International Holdings Ltd made the following announcement, the précis of which was:

### ***‘PROPOSED ACQUISITION***

*‘The Board is pleased to announce that on 2 May 2018 (after trading hours), the Company entered into the Share Purchase Agreement with the Seller [Cenbest (Hong Kong) Company Ltd] and the Target Company (House of Fraser Group Ltd), pursuant to which the Company has conditionally agreed to purchase, and the Seller has conditionally agreed to sell, the Sale Shares (representing approximately 34% of the total issued share capital of the Target Company as of the date of the Share Purchase Agreement) at the tentative Share Purchase Consideration of RMB611,999,990.44 (equivalent to approximately HK\$754,493,664).*

*‘The Board is pleased to further announce that on 2 May 2018 (after trading hours), the Parties also entered into the Subscription Agreement, pursuant to which the Company has conditionally agreed to subscribe for, and the Target Company has conditionally agreed to allot and issue to the Company, the Subscription Shares at the tentative Subscription Consideration of GBP69,992,276.30 (equivalent to approximately HK\$746,967,403), being GBP13.3943 (equivalent to approximately HK\$142.9459) per Subscription Share.*

*‘Upon Completion, the Company and the Seller will hold approximately 51% and 49% of the total issued share capital of the Target Company (as enlarged by the Subscription),*

*respectively. Upon Completion, the Target Company will become a non-wholly-owned subsidiary of the Company and the profits and losses as well as assets and liabilities of the Target Group will be consolidated into the financial statements of the Group.'*

In respect of the reference of Cenbest (Hongkong) Company Ltd, contained in the first paragraph of the above announcement, according to the database of **TOLFIN** (), the Computerised, Online Financial Intelligence Service and Web-Based, Credit-Checking Provider, this company is owned as to 33.10 percent by Sanpower Group Company Ltd ().

Sanpower Group Company Ltd is, beneficially, controlled as to 97.50 percent by Mr Yuan Ya Fei ().

Mr Yuan Ya Fei, in turn, is the brother-in-law of ... [CLICK TO ORDER FULL ARTICLE](#)

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