3 September 2018

Bagir Group Ltd.
("Bagir" or the "Company")

Proposed Strategic Partnership with Shandong Ruyi and $16.5 million investment
Posting of Circular and Notice of Extraordinary General Meeting

Bagir (**AIM: BAGR**), a designer, creator and provider of innovative tailoring is pleased to announce that further to its announcement on 23 November 2017, that it had agreed terms with Shandong Ruyi Technology Group for a proposed investment and strategic partnership under which Shandong Ruyi will invest $16.5 million into the Company in return for 359,560,310 New Ordinary Shares representing 53.7 per cent of the Company's Enlarged Share Capital. The Company has today posted a circular to its shareholders containing further details of the Proposed Investment and notice to convene an Extraordinary General Meeting at which the resolutions required to enact the Proposals will be tabled.

The Proposed Investment values each New Ordinary Share at approximately 3.5 pence per Ordinary Share and represents a premium of 155 per cent. to the mid-price at 12:10 on 20 November 2017, being the point at which trading in the Ordinary Shares was suspended ahead of the announcement of the Proposed Investment on 23 November 2017.

The Board considers the Proposals and the passing of the Resolutions to be in the best interests of the Company, its Shareholders and its Depositary Interest Holders as a whole for the reasons set out below:

- The use of the investment by Shandong Ruyi, to directly target expediting the development and expansion of the manufacturing facility in Ethiopia, will significantly accelerate the timetable for the operational potential in Ethiopia to be realised enabling the facility to attract and compete for major apparel manufacturing contracts from large international retailers which generate an acceptable level of return to Bagir.
- Shandong Ruyi, as a result of its significant international textile and retail investments, is well positioned to provide the Group with significant new commercial opportunities.
- The strategic partnership has the potential to have a transformational effect on the operations and the prospects of the Group from which all Shareholders and Depositary Interest Holders will benefit.
- The strategic partnership with Shandong Ruyi will increase the Company's own profile and reputation.

Accordingly, the Directors unanimously recommend that you vote in favour of the Resolutions to be proposed at the Extraordinary General Meeting as the Directors, who have an interest in Ordinary Shares, have irrevocably undertaken to do in respect of their own and connected persons beneficial shareholding.

The Extraordinary General Meeting is to be held at the offices of N+1 Singers, One Bartholomew Lane, London EC2N 2AX at 10:00 a.m. on 9 October 2018.

The circular will shortly be available to view at the Group's website http://www.bagir.com/html/Rule.html.

Capitalised terms used but not defined in this announcement have the meanings set out in the circular and in the appendix to this announcement. Further details of the recommended Proposals, extracted from the Circular, are set out below.

Eran Itzhak, Chief Executive Officer of Bagir said:
"We are delighted to be putting this proposal to our shareholders as we believe it to be transformative, creating a platform from which Bagir has the potential to become a significant player in our market of apparel manufacturing."

For further information, please contact:

Bagir Group Ltd.	via Novella on:
Eran Itzhak, Chief Executive Officer	+44 (0) 20 3151 7008
Udi Cohen, Chief Financial Officer	
Tessa Laws, Non-Executive Chairman	
N+1 Singer	+44 (0) 20 7496 3000
Mark Taylor	
James Moat	
Novella	+44 (0) 20 3151 7008
Tim Robertson	
Toby Andrews	

For more information about Bagir, please visit the Company's website: http://www.bagir.com

Introduction
The Company announced on 23 November 2017 that it had agreed terms with Shandong Ruyi Technology Group for a proposed investment and strategic partnership under which the Shandong Ruyi Group will invest $16.5 million into the Company in return for 359,560,310 New Ordinary Shares representing 53.7 per cent. of the Company’s Enlarged Share Capital.

The Directors believe that through forming this strategic partnership with the Shandong Ruyi Group, together with the significant increase in capital, the Proposed Investment has the potential to transform the Company and its ability to compete and win major apparel manufacturing contracts from the world's largest retailers.

The Proposals are conditional, amongst other things, on: (i) the passing by the Shareholders and Depositary Interest Holders of all the Resolutions (except for Resolution 3) at the Extraordinary General Meeting, including a special resolution which will give the Directors the required authority to disapply the pre-emption rights contained in the Articles in respect of the allotment of the New Ordinary Shares; (ii) the Proposed Investment receiving approval from each of the China Provincial Development and Reform Commission, the Department of Commerce and the State Administration of Foreign Exchange; and (iii) Admission becoming effective following the receipt of the Cash Payment from Shandong Ruyi.

The Company has posted a circular to its Shareholders which contains a notice to convene an Extraordinary General Meeting to consider the Resolutions to approve the Proposals. The Extraordinary General Meeting will be held at the offices of N+1 Singer, One Bartholomew Lane, London EC2N 2AX at 10:00 a.m. on 9 October 2018.

Your Board considers the Proposals and the passing of the Resolutions to be in the best interests of the Company, its Shareholders and its Depositary Interest Holders as a whole. Accordingly, the Directors unanimously recommend that you vote in favour of the Resolutions to be proposed at the Extraordinary General Meeting as the Directors, who have an interest in Ordinary Shares, have irrevocably undertaken to do in respect of their own and connected persons beneficial shareholdings totalling 10,203,658 Ordinary Shares, representing approximately 3.29 per cent. of the Company’s issued voting share capital as at 31 August 2018. Should any of the Resolutions (except for Resolution 3) not be passed by the Shareholders and Depositary Interest Holders, then the SPA conditions will not be satisfied, the Proposed Investment will lapse and the strategic partnership with the Shandong Ruyi Group will not be realised.

Should the Proposed Investment not proceed the Company would need to seek alternative sources of funds in the second half of the financial year ending 31 December 2018 to enable it to fund its working capital needs. There can be no guarantee that such funds would be available to the Company nor that they would be available on terms which would not result in a substantially greater dilution of Shareholders’ interests.

Summary terms of the Proposed Investment
On 22 November 2017, the Company and Shandong Ruyi Technology Group signed the SPA, detailing the terms of the Proposed Investment, pursuant to which the Shandong Ruyi Group agreed, subject to all conditions to the SPA being satisfied (or, where applicable, waived by Bagir and/or Shandong Ruyi Technology Group), to acquire 359,560,310 New Ordinary Shares, now agreed to be issued by the

Company to Shandong Ruyi, for $16.5 million. The Proposed Investment values each New Ordinary Share at approximately 3.5[1] pence per Ordinary Share and represents:

- a premium of 155 per cent. to the mid-price at 12:10 on 20 November 2017, being the point at which trading in the Ordinary Shares was suspended ahead of the announcement of the Proposed Investment on 23 November 2017; and
- approximately the same value as the issue price of the placing completed by the Company on 22 December 2016.

Immediately following Admission becoming effective, the Enlarged Share Capital of the Company will consist of 670,103,191 Ordinary Shares. The New Ordinary Shares, and therefore Shandong Ruyi's interest in Ordinary Shares, will represent 53.7 per cent. of the Enlarged Share Capital. Assuming that all outstanding Share Options and Warrants are exercised, the New Ordinary Shares, and therefore Shandong Ruyi's interest in Ordinary Shares, will represent 51.4 per cent of the Fully Diluted Enlarged Share Capital.

Pursuant to the terms of the SPA, the Proceeds are to be received in two stages:

- a Down Payment of $1.65 million, which was received on 9 January 2018. The Down Payment is repayable by the Company to the Shandong Ruyi Group in the event that the Proposed Investment has not become effective, with all conditions to the SPA being satisfied (or, where applicable, waived by Bagir and/or Shandong Ruyi Technology Group) by the Long Stop Date. The Company will not, however, be obliged to repay the Down Payment if the Proposed Investment does not become effective due to (i) not receiving approval from each of the China Provincial Development and Reform Commission and the Department of Commerce and the State Administration of Foreign Exchange or (ii) the Shandong Ruyi Group not paying the Cash Payment; and
- a Cash Payment for the remaining Proceeds of $14.85 million following satisfaction of the completion conditions to the SPA (or, where applicable, waived by Bagir and/or Shandong Ruyi Technology Group).

On 17 July 2018, the Company received a further advanced payment of $1.65 million from the Shandong Ruyi Group, confirming the Shandong Ruyi Group's commitment to the completion of the Proposed Investment, therefore the remaining Cash Payment to be received by the Company is $13.20 million.

Pursuant to the terms of the SPA, the Proceeds must be used by the Company to expand its existing manufacturing facility in Ethiopia and for working capital purposes, further details of the Directors' intentions for the use of proceeds are set out below.

Information on the Shandong Ruyi Group

Founded in 1972 and headquartered in Jining, Shandong, the Shandong Ruyi Group is one of the largest textile enterprises in China and ranks among the Top 100 Chinese multi-national companies. The Shandong Ruyi Group predominately engages in textile offerings, using wool, cotton, ecological fibres and synthetic fibres, and owns a fully-integrated value chain with operations spanning across raw materials cultivation, textiles processing, and design and sale of brands and apparel.

The Shandong Ruyi Group operates 13 manufacturing facilities domestically and boasts some of the largest production lines and advanced technologies in China. The Shandong Ruyi Group also has

[1] Calculated using the GBP:USD exchange rate on 23 November 2017 being the date that the Proposals were announced

significant distribution with more than 5,000 points of sales (POS) across 40 countries with a network that services a global customer base spread across 6 continents. The Shandong Ruyi Group has over 30 subsidiaries in over 15 countries, with four listed subsidiaries, with a combined market capitalisation of over $3 billion, in China, Japan, France and Hong Kong, being Shandong Ruyi Woolen Garment Group Co., Limited, Renown Inc., SMCP SAS and Trinity Limited respectively.

The Shandong Ruyi Group has recently been highly acquisitive, making a number of acquisitions, investments, partnerships and joint ventures domestically and internationally across its textiles value chain to leverage their scale in China and increase the scale of their operations internationally. Through a range of international transactions the Shandong Ruyi Group has secured access to commodities including cotton and wool, acquired manufacturing capacity in large foreign markets and grown its international brand portfolio and distribution channel.

Some of the recent notable acquisitions and/or investments made by the Shandong Ruyi Group include:

- SMCP SAS – The Shandong Ruyi Group acquired a controlling stake of SMCP SAS for €1.4 billion in April 2016. SMCP SAS is a high fashion conglomerate, based in France, with over 1,200 stores across 36 countries consisting of apparel and accessories brands Sandro, Maje and Claudie Pierlot. Following the acquisition SMCP SAS accelerated its global expansion plans and in October 2017 listed on the Euronext Stock Exchange;
- Invista's Apparel & Advanced Textiles business – The Shandong Ruyi Group acquired the Apparel & Advanced Textiles business, a US focused manufacturer and retailer with brands including Lycra and Coolmax, from INVISTA, a subsidiary of Koch Industries Inc., in October 2017 for $2.7 billion;
- Aquascutum – The Shandong Ruyi Group acquired British heritage brand Aquascutum from YGM Trading Limited for $117 million in March 2017; and
- Trinity Limited – The Shandong Ruyi Group acquired 51% of Trinity Limited for HK$2.2 billion in November 2017. Trinity Limited is a Hong Kong based businesses, listed on the Hong Kong Stock Exchange, and operates as a menswear wholesale and retail retailer across China, Hong Kong and Macau, Taiwan and Europe and owns a number of international high profile brands, including Gieves and Hawkes, Kent and Curwen, Cerrutti 1881 and D'URBAN.

In addition to acquiring controlling stakes at the retail end of the textile value chain the Shandong Ruyi Group has also invested heavily in manufacturing, with recent notable investments including:

- The Shandong Ruyi Group, in May 2017, announced a $410 million investment to renovate the vacant 1.4 million-square-foot cotton spinning Sanyo factory in Arkansas; and
- The Shandong Ruyi Group, in October 2017, announced it had signed a Memorandum of Understanding with the Kano State Government to invest $600 million in order to establish a textile industrial park in Nigeria.

The directors of Shandong Ruyi are as follows:

Name	***Function***
Qiu Yafu	*(Board Chairman and General Manager)*
Qiu Dong	*(Director)*
Cui Juyi	*(Director)*
Wang Yan	*(Director)*
Sun Weiying	*(Director)*
Sun Liming	*(Director)*
Zhou Hongrun	*(Director)*

Incorporation and Registered Office

Shandong Ruyi was incorporated in the Republic of China and its registered office is at Ruyi Industrial Park, Northside of the 327 Industrial Highway, Jining, China.

Financial information on Shandong Ruyi

	Year ended 31 December 2017 RMB m	Year ended 31 December 2017 $m[4]	Year ended 31 December 2016 RMB 100m	Year ended 31 December 2016 $m[4]	Year ended 31 December 2015 RMB 100m	Year ended 31 December 2015 $m[4]
Revenue	36,785	5,641	29,283	4,219	23,952	3,695
Gross profit	9,874	1,522	6,166	878	4,122	631
Total Assets	69,915	10,744	57,146	8,222	37,274	5,743
Net Assets	28,583	4,396	18,747	2,693	10,151	1,570

[4] Based on the exchange rate on the respective year end date

Shandong Ruyi Interests and market dealings in Ordinary Shares

As at the close of business on 31 August 2018, the Shandong Ruyi Group, and the directors of Shandong Ruyi (including any members of such directors' respective immediate families, related trusts or connected persons) do not hold any interest in, or right to subscribe for, or have any short position in relation to the Ordinary Shares.

There have been no dealings in Ordinary Shares by the Shandong Ruyi Group and the directors of Shandong Ruyi (including any members of such director's respective immediate families, related trusts or connected persons) during the past 12 months other than the Proposed Investment as detailed in this Announcement.

Shandong Ruyi's intentions regarding the Company

Shandong Ruyi does not currently intend to use its interest in the Company to dis-continue the existing business of the Group, to introduce any major changes to the existing operation and business of the Company or dispose of any of the assets of the Group other than in the ordinary course of business. Following Completion, Shandong Ruyi will, together with the existing management of the Group, conduct a detailed review of the operations and business strategy of the Group with a view to improving the performance of the Group and to developing a corporate strategy to broaden the income stream of the Group. Subject to the result of the review, Shandong Ruyi will consider all possible options to improve the existing operations and business of the Group or to seek new business opportunities to improve the Group's financial position and prospects, including possible co-operations with the Shandong Ruyi Group to leverage on its wide range of operations globally.

Current trading

On 7 March 2018, the Company announced its audited annual results for the year ended 31 December 2017. Overall revenue in the period was lower at $51.1 million than the prior year (2016: $64.1 million) due to a slower order book during the year, particularly with regard to development of product lines in Vietnam. Unadjusted EBITDA in the period was $0.6 million (2016: $1.6 million) reflecting the lower than anticipated turnover, however this was partly offset by savings in operating costs of 16 per cent, from 2016: $10.9 million, to $9.2 million. Net cash at 31 December 2017 was $0.3 million compared to $8.6 million at 31 December 2016 following the strategic acquisition of the remaining 50% interest in, and further investment in machinery at, the Company's Ethiopia manufacturing facility.

In the current year, ending 31 December 2018, despite facing continued challenging market conditions, the Group has had a positive sales performance and the Company expects revenue for the year to be in line with management's expectations. Whilst sales have been positive, the Group has continued to experience operational delays and increased production costs which are expected to reduce profitability in the current financial year. The increase in production costs have largely resulted from the recruitment and training of new production line teams in Ethiopia as a result of the increase in production capacity following the investment in new machinery in 2017. Training of the new teams has further led to higher than expected levels of raw material usage. Additionally subcontractor's costs, in Vietnam and Egypt, have been higher during a transition period where production has been moved to more competitive costing programmes.

Looking ahead, the Group is undertaking a rationalisation of its operations, focussing on fewer production sites and a reduction in the Group's operational cost base. The Board expects these measures, together with the operational cost savings identified in the announcement on 20 November 2017, will reduce the Group's operational cost base by approximately $5 million on an annualised basis.

As a result, the Company expects that EBITDA for the current financial year will be a loss of approximately $1.0 million, and that the Company will return to profitability in the year ending 31 December 2019.

Outlook and use of proceeds

The Group continues to evolve its recovery plan, which commenced in 2016, comprising a cost reduction strategy and operational strategy.

Cost reduction strategy

The Group continues to make good progress reducing operating costs across the business. As announced on 20 November 2017, following a review, the Group has identified opportunities to reduce the Group's overall operational cost base by approximately $2 million on an annualised basis. This programme was anticipated to be implemented in full during 2018.

Following further review of the Group's operations the Company has identified further scope to increase the cost reduction programme to approximately $5.0 million of annualised cost savings. This is to be achieved by reducing the number of production sites from 6 to 5, increasing the focus on Group's largest market, the USA, together with a range of further rationalisation initiatives. The expanded cost reduction programme has commenced and is expected to complete by the first quarter of 2019.

Operational strategy

The Group is focused on its three core manufacturing geographies in Vietnam, Egypt and Ethiopia. The Directors believe that the combination of these manufacturing facilitates, in particular Ethiopia over the medium-longer term, give the Group a competitive advantage in the production of textiles for export to the EU and US. This competitive advantage is centred on the facilities benefiting from duty free status for sales into the EU and US (except Vietnam), highly competitive production costs and local government support for the textile industry. Under the Group's cost reduction strategy, the Company intends to reduce the number of third party production sites in Vietnam from three to two, continue to manufacture from its wholly owned site in Ethiopia and from its 50:50 joint venture and subcontractor in Egypt.

During the current financial year the Company has signed a lease extension for the building and its facilities for the Group's 50:50 joint venture manufacturing facility in Egypt, from May 2020 to July 2022. The Company has also signed a sub-contracting agreement with its Egypt joint venture partner, for additional production capacity in the Egypt joint venture partner's wholly owned Egyptian manufacturing site, locking in capacity and production costs for 500 suits and 200 trousers per working day from 2019 until July 2022. Together with the existing control rights agreement for the Company in the 50:50 joint venture owned manufacturing facility in Egypt until July 2022, the Directors believe that these developments will ensure the Group's ability to fulfill volume orders from the USA from this duty free country, at competitive prices, supporting the USA market growth strategy.

In June 2017, the Group completed the strategic acquisition of the remaining 50% shareholding in Nazareth Garments, the joint venture owner of the manufacturing site in Ethiopia. This site is considered by the Directors to be fundamental to the future growth prospects of the Group. The facility produces suit trousers, with a current production rate of approximately 2,500 trousers per day, which is expected to grow to 3,200 trousers per day by the end of the year.

The USA is the Company's largest market and the Company will increase its focus on the USA where the average transaction size is larger.

The Directors believe that the Proposed Investment, by one of the largest textile manufacturers in China, reaffirms their view that the Group's first mover advantage in Ethiopia is potentially transformative to its medium-to-long term prospects. The Directors believe that the restructuring initiatives taking place across the Group will better place the Group to take advantage of the Proposed Investment and the commercial synergies that the strategic partnership with the Shandong Ruyi Group will offer.

The majority of the Proceeds are expected to be used to expand the Group's existing manufacturing facility in Ethiopia. The Directors have identified that some funds will be used to significantly expand the suit trouser production line and to establish a jacket production line. The Proposed Investment will increase the Ethiopian facility's ability to produce large volume and high value orders. The Directors believe that the expansion of the Ethiopian facility will enable the Group to take advantage of the interest in the facility from international retailers and improve its ability to compete and win major apparel manufacturing contracts.

The remaining Proceeds will be used to improve the Group's working capital position.

Background to and reasons for the recommendation

As confirmed in July 2017, the development of the production lines at the Group's facilities in Vietnam and Ethiopia to support larger volumes was slower than anticipated, impacting the Group's ability to secure larger volume orders. In September 2017, the Company confirmed that the manufacturing costs in Vietnam had increased which affected the Company's bottom line and the Board reaffirmed our aim to expand the Group's manufacturing base in Ethiopia. The Directors believe that the investment by Shandong Ruyi, which will be targeted directly at expediting the development and expanding the manufacturing facility in Ethiopia, will significantly accelerate the timetable for the operational potential in Ethiopia to be realised enabling the facility to attract and compete for major apparel manufacturing contracts from large international retailers which generate an acceptable level of return to Bagir.

Following the Proposed Investment completing, a strategic partnership will be formed between the Company and the Shandong Ruyi Group. The Directors believe that the Shandong Ruyi Group, as a result of its significant international textile and retail investments, is well positioned to provide the Group with significant new commercial opportunities, especially in the fields of fabric design and development, and technical innovation.

The Directors also believe that the strategic partnership with the Shandong Ruyi Group will increase the Company's own profile and reputation which may, in turn, increase customer interest in the Group and, in particular, its Ethiopian manufacturing facility. Furthermore, Shandong Ruyi has committed to evaluate ways in which it can provide additional operational support to Bagir. The Directors believe that the knowledge of the Shandong Ruyi Group and the Proposed Directors will improve the Group's operations and trading performance.

The issue price of the New Ordinary Shares is at a significant premium of 155 per cent. to the latest practicable trading price before the announcement of the Proposed Investment on 21 November 2017. The Directors believe that this represents a sufficient premium payable by Shandong Ruyi for the control over the Company that their proposed shareholding would give them.

Importantly, the Directors believe that the Proposed Investment has the potential to have a transformational effect on the operations and the prospects of the Group from which all Shareholders and Depositary Interest Holders will benefit.

Furthermore, should the Proposed Investment not proceed the Company would need to seek alternative sources of funds in the second half of the financial year ending 31 December 2018 to enable it to fund its working capital needs. There can be no guarantee that such funds would be available to the Company nor that they would be available on terms which would not result in a substantially greater dilution of Shareholders' interests.

Board composition

The Company announces that with effect from, and conditional on, Admission, Chenran Qiu, Yuanshu Du, Kelvin Ho, Qiang Cui and Dajun Yang will be appointed at the Extraordinary General Meeting as directors of the Company. Furthermore, conditional on Admission, Samuel Vlodinger will step down from their position as director of the Company on Admission. Separately Jonathan Feldman has informed the Board that he wishes to step down from the Board at the next AGM, to be held on 4 September 2018, to pursue other business opportunities. The Board have commenced a formal process to identify a suitable successor as Non-executive External Director as soon as possible. Once a candidate has been agreed by the Board, the Board shall convene an Extraordinary General Meeting in order to approve the nomination of the new Non-executive External Director. Marc Zalcman has informed the Board, that immediately upon the appointment of a new Non-executive External Director, he intends to step down as director of the Company.

Therefore, the proposed Board composition following Admission will be as follows:

Name	
Chenran Qiu	*Non-executive Chairperson*
Yuanshu Du	*Non-executive Director*
Kelvin Ho	*Non-executive Director*
Qiang Cui	*Non-executive Director*
Dajun Yang	*Non-executive Director*
Tessa Laws	*Independent Non-executive Director*
Eran Itzhak	*Chief Executive Officer*
Yehuda (Udi) Cohen	*Chief Financial Officer and Deputy CEO*
Esti Maoz,	*Non-Executive External Director*
Marc Zalcman	*Non-executive Director*

Chenran Qiu (aged 37)
Chenran Qiu is the vice chairman of the board and the executive president of Shandong Ruyi International Fashion Industry Investment Holding Company Limited, responsible for the development of the brand and international investments of the Shandong Ruyi Group. Chenran Qiu joined the Shandong Ruyi Group in May 2007, and was promoted to her present position as vice chairman of the board of Shandong Ruyi International Fashion Industry Investment Holding Company Limited in January 2017. Chenran Qiu is also currently a director of each of Renown Incorporated which is listed on the Tokyo Stock Exchange, SMCP S.A.S. which is listed on Euronext Paris and Trinity Limited which is listed on the Hong Kong Stock Exchange.

Chenran Qiu received several awards in the industry sector, such as the “Fashion Innovation Award” of the China National Garment Association and the “Brand Builder Award” of the Shandong region. Chenran Qiu received her bachelor’s degree in Arts Design from the Arts Academy of University of Suzhou in the People’s Republic of China in 2004. She further obtained a master’s degree in International Fashion Retailing from the University of Manchester in the United Kingdom in 2006.

Yuanshu Du (aged 51)
Yuanshu Du has over 30 years experience in the international textiles industry having joined the Shandong Ruyi Group in 1988. Yuanshu Du has held a number of senior management positions in the Shandong Ruyi Group including seven years as General Manager of Shandong Ruyi Technology Group Limited and is currently General Manger of Shandong Ruyi Woollen Garment Group Limited, subsidiary of Shandong Ruyi listed on the Shenzhen Stock Exchange. Yuanshu Du obtained an EMBA from Beijing University in 2007.

Kelvin Ho Cheuk Yin (aged 44)
Kelvin Ho joined the Shandong Ruyi Group in December 2017 and serves as the Chief Strategy Officer and president of Ruyi International Fashion (China) Financial Investment Holding Group Limited, responsible for the strategic development and acquisitions for the Shandong Ruyi Group. Kelvin Ho is also Executive Director of Trinity Limited, a premium menswear retailer listed on the Hong Kong Stock Exchange. Kelvin Ho has over 13 years of experience in corporate finance and mergers and acquisitions. He worked in the investment banking teams of BNP Paribas in Hong Kong and Paris between 2004 and 2007. From July 2007 to December 2017, he worked in the investment banking team of J.P. Morgan Securities (Asia Pacific) Limited.

Kelvin Ho received his bachelor’s degree in Economics from the University of Hong Kong in 1995. He further obtained a master’s degree in Business Administration from the London Business School in 2004. Kelvin Ho has earned the Chartered Financial Analyst designation.

Qiang Cui (aged 36)
After graduating from Asia University with a Masters Degree in Asia and International Business Strategy in 2010, Qiang Cui joined the Shandong Ruyi Group. Qiang Cui started working for Renown Inc., in 2013, following its acquisition by the Shandong Ruyi Group, in a number of roles latterly as Executive Officer. Ms Cui was appointed Vice Chairman of Shandong Ruyi in 2017.

Dajun Yang (aged 50)
Dajun Yang graduated with an MBA from the International Trade University of Agriculture and Technology of Dhaka in Bangladesh. From 1998 to 2012, he held the position of Chairman and Chief Executive Officer of UTA Fashion Management Groupe, then in 2012 the position of Chairman and CEO of UTA Brand Inv. Management Co. Dajun Yang is author of numerous books related to the analysis of fashion markets. With an experience of over 25 years in management in the fashion

industry,Dajun Yang is regularly consulted in connection with investments in China by European companies. Dajun Yang is currently a director of SMCP S.A.S., a member of the Shandong Ruyi Group, which is listed on Euronext Paris.

The appointment of the Proposed Directors is subject to the Company's procedure for the election of directors, as set out in the Articles, the applicable provisions of Israeli law. Further information on the Proposed Directors, including the disclosures pursuant to Rule 17 and Schedule two paragraph (g) of the AIM Rules, are outlined in the circular and will be notified to the market at the time of their appointment to the Board.

Structure of the Proposed Investment
The Company is proposing to raise $16.5 million (before expenses) through an investment by Shandong Ruyi, following which Shandong Ruyi will acquire 359,560,310 New Ordinary Shares.

The New Ordinary Shares will be issued credited as fully paid and will, on Admission, rank pari passu in all respects with the Existing Ordinary Shares, including the right to receive all dividends or other distributions declared, made or paid after Admission. The New Ordinary Shares will represent approximately 53.7 per cent. of the Enlarged Share Capital.

Application will be made to the London Stock Exchange for the admission of the Enlarged Share Capital to trading on AIM following the conditions to the SPA being satisfied (or, where applicable, waived by Bagir and/or Shandong Ruyi Technology Group) and the ensuing completion of the Proposed Investment. Further announcements on this will be made at the appropriate time.

Conditions of the Proposed Investment
Completion of the Proposed Investment is conditional upon satisfaction (or, where applicable, waived by Bagir and/or Shandong Ruyi Technology Group), among others, of the following conditions:

- the passing by the requisite majority of Shareholders and Depositary Interest Holders of all Resolutions except for Resolution 3;
- the obtaining of a resignation letter from the Retiring Director; and
- the obtaining of all necessary approvals by each of the China Provincial Development and Reform Commission, the Department of Commerce and the State Administration of Foreign Exchange.

Relationship Agreement
As referred to above, following Admission becoming effective, Shandong Ruyi's interest in Ordinary Shares will represent 53.7 per cent of the Enlarged Share Capital. Shandong Ruyi has accordingly entered into a relationship agreement dated 31 August 2018 with the Company and the Nominated Adviser to manage the relationship between them.

The Relationship Agreement is conditional on Admission and comes into force on closing of the SPA, continuing for so long as the Shares are admitted to trading on AIM and Shandong Ruyi is interested in 25% or more of the voting rights attaching to the Ordinary Shares.

Under the Relationship Agreement, Shandong Ruyi undertakes to use all its voting rights and to procure (so far as it is lawfully able) that its associates exercise any of their voting rights to procure that, inter alia:

- the Group and its business shall be managed for the benefit of the Company as a whole and independently of Shandong Ruyi and its associates;

- all transactions between the Company and Shandong Ruyi and its associates will be at arm's length and on normal commercial terms, unless otherwise approved by the Company or the shareholders in accordance with applicable law;
- the remuneration committee, nomination committee and audit committee of the board shall be comprised of at least two independent directors (as defined in the Relationship Agreement);
- the quorum for a board meeting to consider certain specified reserved matters is at least two independent directors (unless specifically permitted otherwise by applicable law) with only independent directors entitled to vote on such matters (unless all of the independent directors consent otherwise); and
- the Company shall be managed in accordance the QCA Code, to the extent practicable.

In addition, Shandong Ruyi undertakes that it shall not and none of its associates shall, inter alia:
- take any action which would prevent or might reasonably be expected to prevent the Group from complying with its obligations under applicable laws, including AIM Rule 13;
- exercise its voting rights to procure a de-listing of the Company's shares from trading on AIM; or
- exercise its voting rights to procure or seek to procure any amendment to the Company's articles of association.

Each party is subject to confidentiality obligations as regards the other parties' confidential information.

Qualification as a 'Permitted Acquisition'
Pursuant to paragraph 77.2(a) and (b) of the Articles, the Proposed Investment would require Shandong Ruyi to make a mandatory offer to acquire all of the remaining shares in the Company since it involves the acquisition of shares which carry 30 per cent. or more of the voting rights attributable to the shares. Notwithstanding this, Articles 77.3(a) permits the independent non-executive directors to waive this requirement should they so determine.

Accordingly, the independent non-executive directors have determined to consent to the Proposed Investment in the absence of an offer by Shandong Ruyi to acquire the entire issued share capital of the Company since they consider this to be in the best interests of all Shareholders and Depositary Interest Holders. In evaluating the Proposed Investment, the independent non-executive directors considered that, whilst it would be preferable for Shandong Ruyi to make an offer to purchase any shares from any willing Shareholders and Depositary Interest Holders, Shandong Ruyi was not willing to proceed with the Proposed Investment should this be a requirement. The independent non-executive directors consider that the potential transformational nature of the Proposed Investment, for the reasons set out above, are sufficient so that they recommend that all Shareholders and Depositary Interest Holders vote in favour of the Proposed Investment and give their consent to the Proposed Investment under paragraph 77.3(a) of the Articles.

Irrevocable undertakings to vote in favour of the Proposed Investment
Irrevocable undertakings to vote, or procure the vote, in favour of all of the Resolutions have been received from Tessa Laws, Eran Itzhak, Marc Zalcman and Samuel Vlodinger in respect of their entire beneficial holdings of Ordinary Shares amounting, in aggregate, to 10,203,658 Ordinary Shares, which represents approximately 3.29 per cent. of the Existing Ordinary Shares. Udi Cohen, Jonathan Feldman and Esti Maoz do not have any beneficial holdings in Ordinary Shares.

Irrevocable undertakings have also been received from Barenboim Properties Limited to vote, or procure the vote, in favour of all of the Resolutions in respect of their entire beneficial holdings of

Ordinary Shares amounting to 65,410,095 Ordinary Shares, which represent approximately 21.06 per cent. of the Existing Ordinary Shares.

In total therefore, irrevocable undertakings in favour of all of the Resolutions have been received from Shareholders and Depositary Interest Holders controlling, in aggregate, 75,613,753 Ordinary Shares, which represent approximately 24.35 per cent. of the Existing Ordinary Shares.

Incentivisation

Conditional on Admission, based on the recommendation of the Remuneration Committee, the Board has approved, subject to the approval of Shareholders at the Extraordinary General Meeting, payment of bonuses to key employees, including Eran Itzhak and Udi Cohen, amounting in aggregate to $360,000. These bonuses are to compensate and incentivise management in a fair and competitive way for the implementation of the Proposed Investment and for leading the reorganisation and recovery plan. The aforementioned bonuses at the amount of $360,000 were already disclosed as provisions in the company's annual report for the year ended 31 December 2017.

The Board have approved bonuses to the following individuals:
Eran Itzhak – $85,832
Udi Cohen – $65,942

Applicable Israeli Law provisions

The Company has considered the Proposals in the context of Israeli law and its Articles. The Proposals have been approved by the Board. The following is a summary explanation of the matters which require Shareholder approval:

The authority of the Company to issue and allot shares is reserved to the Board at such times and on such terms and conditions as the Board may determine, subject to the limit on the Company's registered share capital, which may be amended by an ordinary shareholder resolution of the Company. The registered share capital of the Company is therefore to be increased pursuant to Resolution 1 to enable the issue and allotment of the New Ordinary Shares.

In addition, under the Articles, pre-emption rights apply in respect of the New Ordinary Shares. These rights may be waived, in accordance with the Articles, pursuant to a Special Resolution of the Shareholders and Depositary Interest Holders.

Under Israeli law, a company's undertaking to compensate a director with respect to his/her position in the company other than serving on the board, requires the following approval procedure: the remuneration committee, the board and an ordinary shareholder resolution of the Company.

DEFINITIONS

The following definitions apply throughout this Announcement unless the context otherwise requires:

"Admission"	the admission of the New Ordinary Shares to trading on AIM;
"AIM"	the AIM market operated by the London Stock Exchange;
"AIM Rules"	the AIM Rules for Companies and guidance notes published by the London Stock Exchange from time to time;
"Articles"	the Company's articles of association currently in force;
"Cash Payment"	has the meaning given to it in this Announcement;

"Company" or "Bagir"	Bagir Group Ltd., a company incorporated and registered in the State of Israel with company number 513994806;
"Companies Law"	the Israeli Companies Law, 5759-1999;
"Depositary Interest Holders"	holders of existing depositary interests issued by Link Market Service Trustees Limited in respect of Ordinary Shares;
"Directors" or "Board"	the directors of the Company, or any duly authorised committee thereof;
"Announcement"	this announcement;
"Down Payment"	has the meaning given to it in this Announcement;
"Euroclear"	Euroclear UK & Ireland Limited, the operator of CREST;
"Enlarged Share Capital"	the issued share capital of the Company immediately following Admission comprising the Existing Ordinary Shares and the New Ordinary Shares;
"Existing Option Plan"	the Global Incentive Option Scheme adopted by the Board on 9 September 2013;
"Existing Ordinary Shares"	the 310,542,881 Ordinary Shares in issue, all of which are admitted to trading on AIM and being the entire issued ordinary share capital of the Company;
"Extraordinary General Meeting"	the extraordinary general meeting of the Company to be held at the offices of N+1 Singer One Bartholomew Lane, London EC2N 2AX at 10:00 a.m. on 9 October 2018 to consider and if thought fit pass the Resolutions,;
"FCA"	UK Financial Conduct Authority;
"Form of Proxy" or "Form of Direction"	the form of proxy / form of direction for use in connection with the Extraordinary General Meeting;
"FSMA"	the Financial Services and Markets Act 2000 (as amended);
"Fully Diluted Enlarged Share Capital"	the issued share capital of the Company, immediately following Admission, assuming the full exercise of all outstanding Warrants and Share Options, comprising the Fully Diluted Share Capital and the New Ordinary Shares;
"Fully Diluted Share Capital"	the issued share capital of the Company assuming the full exercise of all outstanding Warrants and Share Options;
"Group"	the Company and its subsidiaries;
"London Stock Exchange"	London Stock Exchange plc;
"Long Stop Date"	31 August 2018;
"New Ordinary Shares"	the 359,560,310 new Ordinary Shares to be issued by the company pursuant to the Proposed Investment;
"Nominated Adviser" or "N+1 Singer"	Nplus1 Singer Advisory LLP, the Company's nominated adviser and broker;
"Notice of Extraordinary General Meeting"	the notice convening the Extraordinary General Meeting which is set out in the circular;;
"Ordinary Shares"	the ordinary shares of 0.04 New Israeli Shekels each in the capital of the Company;
"Proceeds"	the funds to be received by the Company pursuant to the Proposed Investment consisting of the Down Payment and Cash Payment;
"Proposals"	together the Proposed Investment and strategic partnership between the Company and the Shandong Ruyi Group;
"Proposed Directors"	Qui Chenran, Yuanshu Du, Kelvin Ho, Qiang Cui and Dajun Yang whose appointment as directors of the Company is due to take effect from Admission, subject to all conditions to

	the SPA being satisfied (or, where applicable, waived by Bagir and/or Shandong Ruyi);
“Proposed Investment”	the proposed acquisition of the New Ordinary Shares for $16,500,000 pursuant to the terms of the SPA;
“QCA Code”	the Corporate Governance Code for Small and Mid-Size Quoted Companies published by the Quoted Companies Alliance;
“Relationship Agreement”	the relationship agreement dated 31 August 2018 between (1) the Company (2) Shandong Ruyi and (3) the Nominated Adviser, further details of which are set out in this Announcement;
"Resolutions"	the resolutions set out in the Notice of Extraordinary General Meeting;
“Retiring Director”	Samuel Vlodinger whose resignation as director of the Company is due to take effect from Admission, subject to all conditions to the SPA being satisfied (or, where applicable, waived by Bagir and/or Shandong Ruyi)
"Shandong Ruyi"	Shandong Ruyi Fashion Investment Holding Co., Ltd., a company incorporated and registered in the Republic of China with company number 91370800267103228T;
"Shandong Ruyi Group"	Shandong Ruyi and its subsidiary undertakings, associated undertakings and any other undertaking in which Shandong Ruyi and/or such undertakings (aggregating their interests) have a direct or indirect interest in 10 per cent. or more of the equity share capital;
"Shandong Ruyi Technology Group"	Shandong Ruyi Technology Group Co. Ltd, a company incorporated and registered in the Republic of China with company number 91370800734712875Q, being a majority owned subsidiary of Shandong Ruyi;
"Share Options"	options to acquire Ordinary Shares pursuant to the Existing Option Plan being in respect of 29,201,400 Ordinary Shares;
"Shareholders"	holders of the Existing Ordinary Shares;
"SPA"	the Share Purchase Agreement between (1) Shandong Ruyi Technology Group and (2) the Company, dated 22 November 2017 setting out the terms of the Proposed Investment;
"Special Resolution"	approval of the holders of 75% of the Ordinary Shares held by Shareholders and Depositary Interest Holders who are in attendance and voting at the Extraordinary General Meeting, either in person or by proxy;
"UK"	the United Kingdom of Great Britain and Northern Ireland;
"Warrants"	warrants entitling the holder thereof to subscribe for Ordinary Shares being in respect of 51,116 Ordinary Shares as at the date of this Announcement;