



23 November 2017

This announcement contains inside information

Bagir Group Ltd.

("Bagir" or the "Company")

Strategic Partnership with Global Textile Manufacturer

alongside a \$16.5 million investment

and

restoration of trading

Bagir (**AIM: BAGR**), a designer, creator and provider of innovative tailoring, is pleased to announce a proposed strategic partnership with Shangdong Ruyi Technology Group Ltd ("Shandong Ruyi Group"), a leading Asian global textile manufacturer, alongside a proposed investment of \$16.5 million to acquire c.54%¹ of the Company's enlarged issued share capital.

Founded in 1972, Shandong Ruyi Group is one of the largest textile manufacturers in China and ranks among the Top 100 Chinese multi-national enterprises. The group predominately engages in textile offerings and owns a fully-integrated value chain with operations spanning across raw materials cultivation, textiles processing, and design and sale of brands & apparel. Headquartered in Jining, Shandong, the hometown of Confucius and Mencius, Shandong Ruyi Group operates 13 domestic industrial parks and boasts some of the largest production lines and advanced technologies in China. Shandong Ruyi Group also has significant distribution with more than 4,000 points of sales (POS) network that services a global customer base spread across 6 different continents. Shandong Ruyi Group has over 20 subsidiaries, with three listed subsidiaries in China, France and Japan.

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

¹Approx. 51% fully diluted

Transaction rationale

- Shandong Ruyi Group has substantial retail/textile investments globally and is therefore well positioned to provide Bagir with significant new commercial opportunities.
- The new capital will:
 - be used partly to expand significantly the suit trouser and establish the jacket production lines in the Company's duty free and cost-competitive Ethiopian manufacturing base
 - enhance R&D and innovation activities
 - provide the working capital to support the growth
- Shandong Ruyi Group will be a majority shareholder in the Company and one or more Director(s) will be nominated by Shandong Ruyi Group to join the Board of Bagir, subject to the completion of the necessary regulatory due diligence.
- The purchase of new shares is being proposed at a substantial premium to the most recently traded price and is at approximately the same price as the last fundraising carried out by Bagir in December 2016.



- An initial payment of \$1.65m to be paid within 3 business days which is non-refundable in the event that Shandong Ruyi Group fails to secure Chinese regulatory consent but is refundable if Bagir's shareholders do not approve the transaction. The balance of the funds are to be paid post-shareholder approval.
- Shandong Ruyi Group and Bagir will evaluate ways in which Shandong Ruyi Group can provide additional future operational support to Bagir.

Share issue

Under the proposed agreement Shandong Ruyi Group will subscribe for 359,560,310 new Ordinary Shares at approximately 3.5p per share as at today's exchange rate. The issue price is approximately the same price as Bagir's last fundraising round, carried out in December 2016 and represents a 155% premium to the price of 1.375p per Ordinary Share at the point trading in the shares was suspended on Monday 20 November 2017 at 12:10. The acquisition of these shares will result in Shandong Ruyi Group owning c.54% of the enlarged share capital of Bagir. This would be diluted down to 51% in the event that all of the current share options and warrants are exercised.

The transaction is subject to the approval of Bagir's shareholders and accordingly, a circular is expected to be posted to shareholders in the coming weeks (the "Circular"). The Circular will provide full details of the proposed transaction and a notice convening a General Meeting. Bagir's articles include certain provisions which apply in the event that an investor seeks to acquire more than 30% of the voting shares in Bagir and further details on the applicability of these will be set out in the Circular.

Eran Itzhak, Chief Executive Officer of Bagir said:

"It has been our view for some time that Ethiopia is proving to be potentially transformational. The Shandong Ruyi Group team recognises the strength and experience that we have across our business and it is our advanced position in Ethiopia which they have identified as providing them with a global strategic advantage. With Shandong Ruyi Group as a key shareholder and partner we believe that Bagir will be best placed to exploit the opportunity presented by our Ethiopian manufacturing base far quicker and with more certainty than we could independently."

Restoration of trading

Given that the proposed investment does not amount to a reverse takeover within the meaning of AIM Rule 14, restoration of trading in the Company's shares is expected to take place at 7:30 am today.

For further information, please contact:

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