

C.banner International Holdings Limited **千百度國際控股有限公司**

C.banner Announces 2016 Interim Results
Revenue and Gross Profit Increased 6.1% and 2.2% to
RMB1,502.9 Million and RMB908.5 Million Respectively

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Integrates O2O Business Strategy
Establishes the Online and Offline Sales System
Grasps Opportunity Arise from Second-child Policy and
Opens the First Hamleys Flagship Store in Nanjing this October

(29 August 2016, Hong Kong) **C.banner International Holdings Limited** (“**C.banner**” or the “**Company**”, together with its subsidiaries, the “**Group**”, stock code: 1028), the leading international integrated retailer and the second largest retailer of mid-to-premium women’s formal and leisure footwear in the PRC, today announced its interim results for the six months ended 30 June 2016 (“**period under review**”).

The economic environment remained difficult and challenging in the first half of 2016, yet the Company has been steadily marching towards its goal of becoming a world-renowned brand, and performs steadily despite the slump of the retail market. During the period under review, the Group’s total revenue increased by 6.1% to RMB1,502.9 million. Gross profit increased 2.2% to RMB908.5 million. Gross profit margin and net profit margin recorded 60.4% and 6.0% respectively. Basic earnings per share was RMB4.38 cents. Without taking consideration of the effect of the seasonal loss of RMB 20.3 million suffered by Hamleys, the profit attributable to equity owners of the Company amounted to RMB 110.7 million, representing a slight decrease only as compared with the same period of last year. Given the weak sentiment of the retail market, the Group performs better than market expectation and its visionary global branding strategy has started to show effectiveness. In addition, as the profit contributed by Hamleys mainly derived from the second half year, the Group’s annual performance is highly hoped for.

Mr. Chen Yixi, Chairman of C.banner said, “Although the global economy and retail industry remained weak in the first half of 2016, China still recorded a GDP growth of 6.7% thanks to a wide range of measures and policies, such as “One Belt, One Road”, “Deepen Reformation” and “Internet+” rolled out by the central government. Among such initiatives, the launch of “One Belt, One Road” strategy has widened the business horizon of Chinese enterprises by encouraging them to invest overseas and securing new growth. To gain a head start over competitors, we had acquired the Hamleys brand last year, which is one of the most famous toys brand in the world. We are planning to open its first Hamleys flagship store in Nanjing this October and expect the addition of Hamleys brand will provide a great boost to enhance

the Company's overall brand value, image and exposure.”

During the period under review, revenue from retail and wholesaling of shoes decreased 11.0% to RMB1,150.5 million as compared to the corresponding period last year. The decrease is mainly attributable to the decrease in same store sales as compared with the same period last year and the closure of inefficient outlets. Revenue from contract manufacturing of shoes decreased 10.1% to RMB111.4 million. The decrease is mainly attributed to the reconstruction of the Group's OEM production lines. Revenue from retail of toys amounted to RMB 241.0 million, accounted for 16.0% of the Group's total revenue.

During the period under review, the Group reduced a total of 21 proprietary retail outlets and 11 third-party outlets. As of 30 June 2016, the Group operated a network of 1,711 proprietary retail outlets and 456 third-party outlets across China, maintaining a strong presence in over 31 provinces, municipalities and autonomous regions. Under the challenging market environment, same store sales decreased by 12.4% in the first half of 2016 as compared to the same period last year.

In response to the changing consumption habits and personalized shopping demands of consumers, and to outshine from fierce competition, the Company focuses on offering unique positioning products and innovative services, including high-end customized 3D feet scanning services in selected offline stores. Besides, we proactively innovate the sales mode by establishing an online and offline sales system and successfully build a new factory store mode. On the other hand, the Group further strengthens O2O (online to offline) strategy for better marketing and brand promotion. The Company also provided diversified online products to meet the changing needs of consumers and implemented interactive marketing strategies through online platform, such as WeChat, Tmall and JD, to widen consumer base. Moreover, brand strategy acts as a crucial driving force of the Group's operation and Badgley Mischka, a new mid-premium women's footwear brand, will be launched this year to optimize the brand portfolio. The Group will also focus on the improvement of product quality and design to better meet the needs of consumers.

While the Group continues to build up its competitive strength in the footwear market, it also grasps the enormous potential offered by the toys industry. Hamleys operates in 22 countries around the world and recorded a year-on-year 14% growth in sales of international business in the first half of 2016. During the period under review, Hamleys continued its global expansion programme with 11 stores already opened in countries such as India, South Africa, Egypt, Czech Republic and Jordan, and a further 29 stores scheduled to be launched in the second half year. As the majority of these stores are operated by international franchise partners, no capital outlay is required for the expansion of retail networks. Besides, the Group has already established a professional team for Hamleys in China for developing and operating business, as to grasp the market opportunity arising from the second-child policy promulgated in China. The Group is planning to open Hamleys shopping malls in Beijing, Shanghai and Xuzhou next year and looks forward to the international and China business growth of Hamleys.

Mr. Chen concluded, “Looking ahead, China's structural reform will drive its economy

towards the direction of “consumption-driven”. The consumption growth in the footwear industry is expected to show positive signs under the background of increasing average disposable income, ongoing process of urbanization and gradually-improving consumer sentiment, which will bring us affirmative impact. We will continue to further optimize our retail networks comprising both online and offline stores and strategically cooperated with retailers such as department stores, shopping malls and outlets to increase market share. Our goal is to enhance same store sales growth of each offline store and actively promote online sales. In order to maintain growth momentum under the challenging operating environment, we will fully leverage both C.banner’s retail expertise in China and long-term cooperation with retail channels. It will expand Hamleys’ business rapidly in China through a shared service platform. We will provide a variety of diversified children and toys products and services with an innovative concept, and cooperate with large-scale domestic department stores and shopping malls to build Hamleys-themed shopping malls and expand into tier-1 cities, to generate synergistic effect with our existing business.”

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About C.banner International Holdings Limited

C.banner International Holdings Limited is a leading international integrated retailer and the second largest retailer of mid-to-premium women’s formal and casual footwear in China, and is engaged in the manufacturing and sales of women’s footwear of various designs. The Group manages four self-developed brands, namely “C.banner”, “EBLAN”, “sundance” and “MIO”, as well as licensed brand “naturalizer”, and distributes “ASH”, “JC” and “United Nude” brand products, through an extensive distribution and retail network in mainland China. C.banner’s self-developed brands and licensed brands products are mainly distributed through department stores and independent retail stores in different cities, ranging from first-tier to third-tier cities in China. Furthermore, the Company also acts as an OEM or ODM manufacturer for international shoes companies dealing in export markets. In 2015, Company expanded its operations via the acquisition of Hamleys, one of the world’s best-known retailers of toys, as a first step to implementing its global branding strategy.

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