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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)

UPDATE ON THE BUSINESS DEVELOPMENT OF HAMLEYS AND POSSIBLE COOPERATION WITH NANJING XINJIEKOU

This announcement is made by the Company pursuant to Rule 13.09(2)(a) of the Listing Rules and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

UPDATE ON THE BUSINESS DEVELOPMENT OF HAMLEYS

We refer to the announcements of the Company dated 22 October 2015, 29 October 2015, 25 November 2015 and 31 December 2015 and the circular dated 22 January 2016 in relation to the acquisition of Hamleys.

We would like to provide an update on the business development of Hamleys.

The Company is planning to open the first Hamleys' flagship store in Nanjing in mid-September 2016 and is in discussions with House of Fraser Group Limited (a subsidiary of Nanjing Xinjiekou which is listed on the Shanghai Stock Exchange (600682.SH)), to explore a cooperation arrangement with Oriental Fraser Department Store, pursuant to which Oriental Fraser Department Store will provide a site for the Company to operate the first Hamleys' flagship store in the central business district in Nanjing and provide centralised management services in return for a concession fee.

The terms of the cooperation arrangement remain subject to further negotiations between the parties. At the date of this announcement, no agreement has been reached by the parties in that regard yet.

The Company intends for Hamleys' first flagship store in Nanjing to serve as a template for future store expansions in the PRC as the Company seeks to replicate and introduce the unique Hamleys in-store experience to its customers in the PRC and broaden its product offerings for the children and their families.

THE POSSIBLE STRATEGIC COOPERATION WITH NANJING XINJIEKOU

The Company and Nanjing Xinjiekou are in discussions to explore business cooperation opportunities in relation to Highland Group, which is a subsidiary of Nanjing Xinjiekou engaged in the operation of the iconic and one of the leading national department store brands “House of Fraser” in the UK and Ireland. Nanjing Xinjiekou operates a leading chain of luxury Chinese department stores focused on fashion and accessories.

As mentioned in the Company’s circular dated 22 January 2016, as a leading retailer in the footwear industry in the PRC, the Company considers that a strong brand is an exceptionally powerful resource in delivering a competitive advantage in terms of the marketing and sales of products, which is clearly evidenced by its self-developed brands such as C.banner, EBLAN, sundance and MIO. As such, the Company intends to pursue a new global branding strategy coupled with a business diversification development plan and believes that, leveraging on the brand recognition effect of world-renowned brands, the Company could further develop and diversify its business. The proposed strategic cooperation with Nanjing Xinjiekou is a continuation of the implementation of the Company’s global branding strategy following the Company’s recent acquisition of Hamleys, one of the world’s best-known retailers of toys.

The possible strategic cooperation may eventually lead to an acquisition by the Company (as the potential purchaser) of an interest in Highland Group from Nanjing Xinjiekou (as the potential vendor) (the *Possible Transaction*). If the Company proceeds with the Possible Transaction, the Company may enter into definitive and legally binding agreement(s) with Nanjing Xinjiekou and other relevant parties (if applicable). The Company and Nanjing Xinjiekou are currently exploring possible structures for their cooperation and no agreement has been reached in respect of the acquisition of an interest in Highland Group by the Company.

The Possible Transaction may or may not proceed and the Company has not entered into any definitive agreements in relation to the Possible Transaction as at the date of this announcement. The Company will comply with the relevant disclosure and regulatory requirements in respect of the Possible Transaction in accordance with the Listing Rules and other applicable laws and regulations as and when required.

Shareholders and potential investors of the Company should exercise caution when dealing in the Shares.

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The terms of the cooperation arrangement remain subject to further negotiations between the parties. At the date of this announcement, no agreement has been reached by the parties in that regard yet.

The Company intends for Hamleys' first flagship store in Nanjing to serve as a template for future store expansions in the PRC as the Company seeks to replicate and introduce the unique Hamleys in-store experience through interactive playtime, events and special demonstrations to its customers in the PRC and broaden its product offerings for the children and their families.

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INFORMATION ON HIGHLAND GROUP AND NANJING XINJIEKOU

Highland Group is a company incorporated in England and Wales and is principally engaged in the operation of premium department stores in the UK and Ireland. Highland Group trades principally under the iconic House of Fraser brand name through a portfolio of 59 well-invested stores, as well as through its rapidly growing and complimentary online store. House of Fraser is one of the leading national department store brands in the UK and Ireland, as measured by number of stores and geographical reach, and has a competitive premium and multi-branded business across multiple sales channels, with a focus on the clothing and beauty section.

Nanjing Xinjiekou is a company incorporated in the PRC with limited liability and, together with its subsidiaries, is a leading chain of luxury Chinese department stores focused on fashion and accessories. Established in 1952, Nanjing Xinjiekou was the first publicly listed commercial enterprise based in Nanjing. Nanjing Xinjiekou is listed on the Shanghai Stock Exchange (600682.SH).

FINANCIAL INFORMATION OF HIGHLAND GROUP

Set out below is the financial information of Highland Group based on its quarterly report for the 13 weeks ended 30 January 2016 issued on 13 April 2016.

<i>(In GBP million)</i>	For the financial year ended 31 January 2015	For the financial year ended 30 January 2016
Gross Transaction Value ¹	1,273.2	1,312.4
Turnover	784.9	826.6
Adjusted EBITDA ²	64.4	66.3
Profit (Loss) before taxation and exceptional items	(1.6)	1.3
Profit (Loss) after taxation and exceptional items	(2.5)	(18.4)

<i>(In GBP million)</i>	As at 31 January 2015	As at 30 January 2016
Total Assets	906.4	922.4
Net Assets	53.7	73.5

1. Gross Transaction Value is defined as the fair value of transactions receivable for goods and services supplied to customers net of value added tax, discounts and estimated returns and includes the full transaction value of sales made where Highland Group acts as agent (including sales from concession brand partners).

2. Adjusted EBITDA is defined as profit before exceptional items, discontinued operations, interest, taxes, depreciation and amortization of intangible assets.

REASONS FOR AND BENEFITS OF THE POSSIBLE STRATEGIC COOPERATION

Through the possible strategic cooperation, the Company intends to leverage both its position and experience in the retail industry and the addition of the “Hamleys” brand to actively explore areas of cooperation among the respective existing businesses of Highland Group and of the Company, with a view to achieve greater synergy among them and create a global premium branded lifestyle product platform. In particular, the Company will look to establish in-depth cooperation with Highland Group to:

- (a) allow the Company to leverage on Highland Group’s retail platform to enhance the distribution potential of the Company and further increase and develop the Company’s brand offerings across different retail formats and multiple channels,
- (b) enhance the competitive edge of the Company for the affluent consumer with a broader brand portfolio and larger distribution network,
- (c) capitalize on potential brand acquisitions and licensing opportunities as well as to form strategic alliances and/or joint ventures with other retail brand companies, particularly in segments or products where the Company currently does not have any offerings,
- (d) share significant know-how in markets which the Company and the Highland Group are already in so as to identify opportunities for strategic expansion of new retail outlets and department stores,
- (e) achieve greater bargaining power by jointly negotiating with new and existing suppliers and landlords, and
- (f) improve IT spending and corporate functions efficiencies through cost-saving initiatives including shared services and back offices combinations.

In this regard, it is expected that the Company can diversify its revenue sources, expand its brand offerings and awareness and bring synergy effects to the business operations of Highland Group if the proposed strategic cooperation materialises.

POSSIBLE IMPLICATIONS UNDER THE LISTING RULES

If the Possible Transaction materialises, depending on the terms and structure that the Company and Nanjing Xinjiekou may agree upon, it may constitute a notifiable transaction under Chapter 14 of the Listing Rules. The Company will comply with the relevant disclosure (and shareholders’ approval requirements, if applicable) in respect of the Possible Transaction in accordance with the Listing Rules as and when required.

The Possible Transaction may or may not proceed and the Company has not entered into any definitive agreement in relation to the Possible Transaction as at the date of this announcement. The Company will comply with the relevant disclosure and regulatory requirements in respect of the Possible Transaction in accordance with the Listing Rules and other applicable laws and regulations as and when required.

Shareholders and potential investors of the Company should exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following terms shall have the following meanings:

“Board”	the board of Directors;
“Company”	C.banner International Holdings Limited, a company incorporated in Bermuda, the shares of which are listed on the Main Board of the Stock Exchange;
“Director(s)”	Director(s) of the Company;
“Group”	the Company and its subsidiaries;
“Hamleys”	Hamleys Global Holdings Limited, an indirect wholly owned subsidiary of the Company. Hamleys is a company incorporated in England and Wales, together with its subsidiaries, is a retailer of high-end toys under the world-renowned brand “Hamleys”;
“House of Fraser Group Limited”	a company incorporated in England and Wales, which is an investment holding company that indirectly holds approximately 89% in Highland Group and 100% in Oriental Fraser Department Store. House of Fraser Group Limited is an indirect wholly owned subsidiary of Nanjing Xinjiekou;
“Highland Group”	Highland Group Holdings Limited, a company incorporated in England and Wales, principally engaged in the operation of the iconic and one of the leading national department store brands “House of Fraser” in the UK and Ireland. Highland Group is an indirect subsidiary of Nanjing Xinjiekou as to approximately 89% of shareholding;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;

“Nanjing Xinjiekou”	Nanjing Xinjiekou Department Store Co., Ltd., a company incorporated in the PRC and listed on the Shanghai Stock Exchange (600682.SH), engaged in operation of luxury Chinese department stores focused on fashion and accessories;
“Oriental Fraser Department Store”	Nanjing Oriental Fraser Department Store Company Limited* (南京東方福來德百貨有限公司), a company incorporated in the PRC, principally engaged in the operation of retail department store of premium fashion, beauty and homeware brands in the PRC. Oriental Fraser Department Store is an indirect wholly owned subsidiary of House of Fraser Group Limited;
“PRC”	the People’s Republic of China;
“Possible Transaction”	the possible acquisition by the Company of an interest in Highland Group;
“Share(s)”	ordinary shares of USD 0.0150 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of the Shares; and
“Stock Exchange”	The Stock Exchange of Hong Kong Limited.

* *The English translation of the Chinese name(s) in this announcement, where indicated, is included for information purpose only, and should not be regarded as the official English name(s) of such Chinese name(s).*

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

Hong Kong, 18 April 2016

As at the date of this announcement, the executive Directors are Mr. CHEN Yixi, Mr. ZHAO Wei, Mr. HUO Li and Mr. XU Tingyu; the non-executive Directors are Mr. MIAO Bingwen and Mr. WU Guangze; and the independent non-executive Directors are Mr. KWONG Wai Sun Wilson, Mr. LI Xindan, Mr. ZHANG Zhiyong and Mr. ZHENG Hongliang.