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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

ANNUAL RESULTS HIGHLIGHTS

	Year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
Revenue	**3,045,805**	2,820,738
Gross profit	**1,862,417**	1,788,048
Profit before tax	**340,747**	341,277
Income tax expense	**(85,258)**	(94,213)
Net profit for the year	**255,489**	247,064
Net profit attributable to equity holders of the Company	**257,492**	242,224
	%	*%*
Gross profit margin	**61.1**	63.4
Operating profit margin	**11.2**	12.1
Net profit margin	**8.5**	8.6
Earnings per share		
– Basic (RMB cents)	**12.64**	12.11
– Diluted (RMB cents)	**12.64**	11.83

ANNUAL RESULTS HIGHLIGHTS (CONTINUED)

	31 December 2015	31 December 2014
	RMB'000	*RMB'000*
Bank balances and cash	**385,188**	350,120
Borrowings	**836,251**	150,000
	%	*%*
Liquidity ratio	**309.9**	342.2
Gearing ratio	**24.7**	6.5
	Days	*Days*
Average inventory turnover period	**255.4**	254.1
Average receivables turnover period	**50.0**	51.1
Average payable turnover period	**54.1**	47.9

Note: Liquidity ratio = current assets/current liabilities; gearing ratio = notes payable and bank loans/total assets

The board (the "Board") of directors (the "Directors") of C.banner International Holdings Limited (the "Company" or "C.banner") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2015 together with the comparative figures for the year ended 31 December 2014 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2015

	NOTES	2015 RMB'000	2014 RMB'000
Revenue	4	**3,045,805**	2,820,738
Cost of sales		**(1,183,388)**	(1,032,690)
Gross profit		**1,862,417**	1,788,048
Other income and expenses and other gains and losses	5	**106,433**	93,869
Distribution and selling expenses		**(1,490,105)**	(1,434,271)
Administrative and general expenses		**(104,407)**	(84,418)
Finance costs		**(30,993)**	(20,506)
Share of loss of an associate		**(3,790)**	(1,281)
Share of profit (loss) of a joint venture		**1,192**	(164)
Profit before tax	6	**340,747**	341,277
Income tax expense	7	**(85,258)**	(94,213)
Net profit for the year		**255,489**	247,064
Other comprehensive income, net of income tax			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**(179)**	–
Total comprehensive income for the year		**255,310**	247,064
Profit for the year attributable to			
Owners of the Company		**257,492**	242,224
Non-controlling interests		**(2,003)**	4,840
		255,489	247,064
Earnings per share			
– Basic (RMB cents)	8	**12.64**	12.11
– Diluted (RMB cents)	8	**12.64**	11.83

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	NOTES	**2015** **RMB'000**	2014 *RMB'000*
Non-current assets			
Property, plant and equipment		**271,399**	193,044
Prepaid lease payments		**13,813**	14,196
Intangible assets		**540,155**	4,919
Prepayments for intangible assets		**6,362**	6,362
Goodwill	*9*	**497,473**	5,725
Interest in an associate		**22,804**	26,674
Interest in a joint venture		**6,673**	6,034
Held-to-maturity investments		**–**	3,065
Deferred tax assets		**86,971**	60,586
Long-term deposit		**21,092**	22,092
Other financial assets		**70,000**	–
		1,536,742	342,697
Current assets			
Inventories		**841,127**	814,773
Trade receivables	*10*	**441,174**	392,823
Other receivables and prepayments		**136,870**	107,141
Held-to-maturity investments		**3,062**	23,989
Other financial assets		**45,000**	270,535
Bank balances and cash		**385,188**	350,120
		1,852,421	1,959,381
Current liabilities			
Trade payables	*11*	**192,983**	157,854
Other payables		**251,486**	218,736
Income tax liabilities		**26,114**	30,587
Borrowings	*12*	**96,159**	150,000
Deferred revenue		**26,778**	15,381
Obligations under finance leases – due within one year		**4,247**	–
		597,767	572,558
Net current assets		**1,254,654**	1,386,823
Total assets less current liabilities		**2,791,396**	1,729,520

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 December 2015

	NOTES	2015 RMB'000	2014 RMB'000
Non-current liability			
Deferred tax liabilities		**93,027**	1,451
Convertible bonds	*13*	**–**	162,904
Derivative financial instruments		**–**	16,421
Borrowings-due after one year	*12*	**740,092**	–
Obligations under finance leases-due after one year		**7,046**	–
Deferred revenue		**41,908**	–
		882,073	180,776
Net assets		**1,909,323**	1,548,744
Capital and reserves			
Share capital		**209,615**	202,087
Reserves		**1,641,370**	1,286,316
Total equity attributable to owners of the Company		**1,850,985**	1,488,403
Non-controlling interests		**58,338**	60,341
		1,909,323	1,548,744

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

1. GENERAL

The Company was incorporated in Bermuda under the Companies Act as an exempted company with limited liability on 26 April 2002. The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") on 23 September 2011. The addresses of registered office and the principal place of business of the Company are disclosed in the Corporate Information section of the annual report.

The Company is an investment holding company. Its subsidiaries established in the People's Republic of China ("PRC") are principally engaged in the manufacture and sale of branded fashion footwear and its subsidiaries established in the United Kingdom ("UK") are engaged in retail of toys. The Company and its subsidiaries are collectively referred to as the "Group".

The consolidated financial statements are presented in Renminbi ("RMB"), which is the functional currency of the Company.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

The Group has applied for the first time in the current year the following amendments to IFRSs:

Amendments to IAS 19	Defined Benefit Plans: Employee Contributions
Amendments to IFRSs	Annual Improvements to IFRSs 2010-2012 Cycle
Amendments to IFRSs	Annual Improvements to IFRSs 2011-2013 Cycle

The application of the amendments to IFRSs and a new Interpretation in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosure set out in these consolidated financial statements.

The Group has not early applied the following new and revised IFRSs that have been issued but are not yet effective:

IFRS 9	Financial Instruments[1]
IFRS 14	Regulatory Deferral Accounts[2]
IFRS 15	Revenue from Contracts with Customers[1]
IFRS 16	Leases[3]
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations[4]
Amendments to IAS 1	Disclosure Initiative[4]
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[4]
Amendments to IFRSs	Annual Improvements to IFRSs 2012-2014 Cycle[4]
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants[4]
Amendments to IAS 27	Equity Method in Separate Financial Statements[3]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception[4]
Amendments to IAS 7	Disclosure Initiative[6]
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[6]

1. Effective for annual periods beginning on or after 1 January 2018.
2. Effective for first annual IFRS financial statements beginning on or after 1 January 2016.
3. Effective for annual periods beginning on or after 1 January 2019.
4. Effective for annual periods beginning on or after 1 January 2016.
5. Effective for annual periods beginning on or after a date to be determined.
6. Effective for annual periods beginning on or after 1 January 2017.

The Directors anticipate that the adoption of IFRS 9 in the future may have an impact on the amounts reported in respect of the Group's financial assets. The Group is still in the process of assessing the impact and such impact will be disclosed in the future consolidated financial statements upon the completion of a detailed review.

Other than disclosed above, the Directors anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with IFRSs. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange ("Listing Rules") and by the Hong Kong Companies Ordinance ("CO").

The provisions of the new Hong Kong Companies Ordinance (Cap 622) regarding preparation of accounts and directors' reports and audits became effective for the Company for the financial year ended 31 December 2015. Further, the disclosure requirements set out in the Listing Rules regarding annual accounts have been amended with reference to the new CO and to streamline with IFRSs. Accordingly the presentation and disclosure of information in the consolidated financial statements for the financial year ended 31 December 2015 have been changed to comply with these new requirements. Comparative information in respect of the financial year ended 31 December 2014 are presented or disclosed in the consolidated financial statements based on the new requirements. Information previously required to be disclosed under the predecessor CO or Listing Rules but not under the new CO or amended Listing Rules are not disclosed in these consolidated financial statements.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for assets.

4. REVENUE AND SEGMENT INFORMATION

The Group's operating segments are based on information prepared and reported to the chief operating decision makers ("CODM"), the Board of directors of the Company, for the purposes of resource allocation and performance assessment. The Group is organised into three segments, (1) retail and wholesale of branded fashion footwear ("Retail and wholesale of shoes"), (2) contract manufacturing of footwear ("Contract manufacturing of shoes") and (3) retail of toys. These segments are the basis on which the Group reports its segment information.

The following is an analysis of the Group's revenue and results by operating and reportable segments for the year:

	2015	2014
	RMB'000	*RMB'000*
Segment revenue		
Retail and wholesale of shoes		
– external sales	**2,643,225**	2,556,656
Contract manufacturing of shoes		
– external sales	**291,493**	264,082
– inter-segment sales	**14,007**	19,276
Retail of toys		
– external sales	**111,087**	–
Segment revenue	**3,059,812**	2,840,014
Eliminations	**(14,007)**	(19,276)
Group revenue	**3,045,805**	2,820,738
Segment results		
Retail and wholesale of shoes	**320,502**	342,684
Contract manufacturing of shoes	**9,890**	8,598
Retail of toys	**26,688**	–
	357,080	351,282
Investment income from held-to-maturity investments	**837**	1,822
Gain from changes in fair value of derivative financial instruments	**16,421**	10,124
Finance costs	**(30,993)**	(20,506)
Share of loss of an associate	**(3,790)**	(1,281)
Share of profit (loss) of a joint venture	**1,192**	(164)
Profit before income tax	**340,747**	341,277
Income tax expense	**(85,258)**	(94,213)
Net profit for the year	**255,489**	247,064

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 3. Segment results represent the profits earned by each segment and excluding investment income from held-to-maturity investments, gain from changes in fair value of derivative financial instruments, finance costs, share of loss of an associate, share of loss of a joint venture and income tax expense. This is the measure reported to CODM for the purpose of resource allocation and performance assessment.

Inter-segment sales are charged at prevailing market prices.

The following is an analysis of the Group's assets and liabilities by operating segment:

	2015 *RMB'000*	2014 *RMB'000*
Segment assets		
Retail and wholesale of shoes	**3,136,443**	2,585,051
Contract manufacturing of shoes	**452,028**	275,672
Retail of toys	**1,368,675**	–
Total segment assets	**4,957,146**	2,860,723
Eliminations	**(1,802,494)**	(678,993)
Unallocated	**234,511**	120,348
Total consolidated assets	**3,389,163**	2,302,078
Segment liabilities		
Retail and wholesale of shoes	**212,241**	475,597
Contract manufacturing of shoes	**245,243**	300,450
Retail of toys	**1,350,362**	–
Total segment liabilities	**1,807,846**	776,047
Eliminations	**(447,146)**	(384,076)
Unallocated	**119,140**	361,363
Total consolidated liabilities	**1,479,840**	753,334

For the purposes of monitory segment performance and allocating resources between segments, segment assets are allocated to operating segments other than interest in an associate, interest in a joint venture, held-to-maturity investments and deferred tax assets, while all liabilities are allocated to operating segments other than deferred tax liabilities, income tax liabilities, convertible bonds and derivative financial instruments.

Other segment information

	Retail and wholesale of shoes *RMB'000*	**Contract manufacturing of shoes** *RMB'000*	**Retail of toys** *RMB'000*	**Total** *RMB'000*
For the year ended 31 December 2015				
Depreciation expense	**45,790**	**1,931**	**1,919**	**49,640**
Amortisation of intangible assets	**1,367**	**151**	**565**	**2,083**
Amortisation of prepaid lease payments	**383**	**–**	**–**	**383**
Allowance for inventory obsolescence	**25,450**	**574**	**1,201**	**27,225**
Purchase of property, plant and equipment	**30,106**	**2,472**	**4,229**	**36,807**
Purchase of intangible assets	**779**	**–**	**603**	**1,382**
Proceeds from disposal of property, plant and equipment	**2,640**	**311**	**–**	**2,951**
Interest income on bank deposits	**(4,415)**	**(16)**	**(119)**	**(4,550)**
Interest income on other financial assets	**(5,204)**	**–**	**–**	**(5,204)**

	Retail and wholesale of shoes *RMB'000*	Contract manufacturing of shoes *RMB'000*	Retail of toys *RMB'000*	Total *RMB'000*
For the year ended 31 December 2014				
Depreciation expense	34,880	1,925	–	36,805
Amortisation of intangible assets	938	151	–	1,089
Amortisation of prepaid lease payments	383	–	–	383
Allowance for inventory obsolescence	21,229	683	–	21,912
Purchase of property, plant and equipment	45,944	1,473	–	47,417
Purchase of intangible assets	3,016	–	–	3,016
Proceeds from disposal of property, plant and equipment	3,561	261	–	3,822
Interest income on bank deposits	(7,102)	(43)	–	(7,145)
Interest income on other financial assets	(12,608)	–	–	(12,608)

Geographical information

The Group's operations are mainly located in the PRC and UK.

The Group's revenue from external customers, based on location of the domiciles of its group entities and information about its non-current assets by geographical location of the assets are detailed below:

	Revenue from external customers	
	2015	2014
	RMB'000	*RMB'000*
PRC	**2,646,946**	2,573,592
United States of America	**287,772**	247,146
Europe	**106,746**	–
Other	**4,341**	–
Total	**3,045,805**	2,820,738

	Non-current assets	
	2015	2014
	RMB'000	*RMB'000*
PRC	**721,076**	279,046
Europe	**1,123,044**	–

Note: Non-current assets exclude deferred tax assets and held-to-maturity investments.

There is no single customer contributing over 10% of the total sales of the Group during both years.

5. OTHER INCOME AND EXPENSES AND OTHER GAINS AND LOSSES

	2015	2014
	RMB'000	*RMB'000*
Other income		
Government grants *(note)*	**62,009**	56,813
Interest income on bank deposits	**4,550**	7,145
Interest income on other financial assets	**5,204**	12,608
Rental income	**20**	558
Others	**9,117**	5,647
	80,900	82,771
Other gains and losses		
Investment income from held-to-maturity investments	**837**	1,822
Gain from changes in fair value of derivative financial instruments	**16,421**	10,124
Net foreign exchange gain (loss)	**8,275**	(848)
	25,533	11,098
	106,433	93,869

Note: The amount mainly represented the subsidies received from the local governments in PRC where the Group entities were located for encouragement of business development activities in the local areas.

6. PROFIT BEFORE TAX

Profit before tax for the year has been arrived at after charging:

	2015	2014
	RMB'000	*RMB'000*
Depreciation of property, plant and equipment	**49,640**	36,805
Amortisation of lease premium for land use rights	**383**	383
Amortisation of intangible assets	**2,083**	1,089
Total depreciation and amortization	**52,106**	38,277
Auditors' remuneration	**1,550**	1,300
Employee benefits expense	**514,138**	482,528
Cost of inventories recognised as an expense (including allowance for inventories obsolescence)	**1,183,388**	1,032,690

7. INCOME TAX EXPENSE

	2015	2014
	RMB'000	*RMB'000*
Current tax:		
PRC Enterprise Income Tax ("EIT")	**99,063**	113,729
UK profits tax	**1,757**	–
Under provision of EIT in prior years	**2,201**	655
Deferred tax credit:		
Current year	**(17,763)**	(20,171)
	85,258	94,213

The tax charge for the year ended 31 December 2015 can be reconciled to the profit before tax as follows:

	2015	2014
	RMB'000	*RMB'000*
Profit before tax	**340,747**	341,277
Tax at the income tax rate of 25% (2014: 25%)	**85,187**	85,319
Tax effect of share of loss of an associate	**948**	320
Tax effect of share of (profit) loss of a joint venture	**(298)**	41
Tax effect of expenses not deductible for tax purpose	**7,743**	7,952
Tax effect of income not taxable for tax purpose	**(14,810)**	(3,579)
Under provision in respect of prior year	**2,201**	655
Utilization of tax loss previously not recognised	**(303)**	–
Effect of different tax rates of group entities operating in jurisdictions other than PRC	**(1,231)**	–
Withholding tax	**5,821**	3,505
Income tax expense for the year	**85,258**	94,213

8. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to owners of the Company for the year is based on the following data:

	2015	2014
Earnings *(RMB'000)*		
Earnings for the purposes of basic earnings per share (profit for the year attributable to equity holders of the Company)	**257,492**	242,224
Effects of dilutive potential ordinary shares:		
Changes in fair value of derivative financial instruments	**–**	(10,124)
Effective interest expense on convertible bonds	**–**	15,919
Earnings for the purposes of diluted earnings per share	**257,492**	248,019
Number of shares *('000)*		
Number of ordinary shares for the purpose of basic earnings per share	**2,037,312**	2,000,000
Effect of dilutive potential ordinary shares attributable to convertible bonds	**–**	96,875
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**2,037,312**	2,096,875
Earnings per share *(RMB cents)*		
– Basic	**12.64**	12.11
– Diluted	**12.64**	11.83

9. GOODWILL

	2015	2014
	RMB'000	*RMB'000*
Cost		
At beginning of the year	**5,725**	5,725
Arising on acquisition of subsidiary *(note 16)*	**491,748**	–
At the end of the year	**497,473**	5,725

In November 2015, the Group acquired the entire issued capital of Hamleys Global Holdings Limited and its subsidiaries (the "Hamleys Group") located in UK for a cash consideration of approximately RMB734,207,000, resulting in a goodwill of RMB491,748,000, details of which are set out in note 16.

The initial accounting for the acquisition of Hamleys Group has only been provisionally determined at the end of the reporting period. At the date of finalisation of these consolidated financial statements, the necessary market valuations and other calculations had not been finalised and they have therefore only been provisionally determined based on the directors' best estimate.

10. TRADE RECEIVABLES

	2015	2014
	RMB'000	*RMB'000*
Amounts receivable from sales of goods	**376,186**	388,459
Amounts receivable from franchisee	**61,503**	–
Amounts due from an associate	**3,485**	4,364
Total	**441,174**	392,823

The Group allows a credit period of 15-60 days for collection of the trade receivables. Certain trade receivables which are past due are interest bearing.

The following is an aged analysis of trade receivables, presented based on the revenue recognition dates at the end of the reporting period.

	2015	2014
	RMB'000	*RMB'000*
0 to 60 days	**329,624**	327,668
61 to 180 days	**67,877**	43,192
181 days to 1 year	**12,759**	7,220
Over 1 year	**30,914**	14,743
Amounts receivable from sales of goods	**441,174**	392,823

11. TRADE PAYABLES

	2015	2014
	RMB'000	*RMB'000*
Trade payables for purchases of goods from third parties	**190,300**	152,646
Amounts due to a joint venture	**2,683**	4,481
Amounts due to an associate	**–**	727
Total	**192,983**	157,854

Trade payables comprise amounts outstanding for trade purchases. Payment terms with suppliers are mainly on credit within 90 days from the invoice date. The aging of trade payables presented based on the invoice dates at the end of the reporting period is as follows:

	2015	2014
	RMB'000	*RMB'000*
Age		
0 to 90 days	**163,838**	156,813
91 to 180 days	**28,599**	789
181 to 1 year	**432**	217
Over 1 year	**114**	35
	192,983	157,854

12. BORROWINGS

	2015	2014
	RMB'000	*RMB'000*
Secured bank loan:		
Pledged bank loan	**–**	150,000
Pledged and guaranteed bank loan	**836,251**	–
	836,251	150,000
The carrying amounts of the above borrowings are repayable*		
Within one year	**96,159**	150,000
Within a period of more than one year but not exceeding two years	**74,840**	–
Within a period of more than two years but not exceeding five years	**665,252**	–
	836,251	150,000
Less: Amounts due within one year shown under current liabilities	**96,159**	150,000
Amounts shown under non-current liabilities	**740,092**	–

* The amount due are based on scheduled repayment dates set out in the loan agreements.

At 31 December 2015, the Company has variable-rate borrowings carrying interest at London Interbank Offered Rate ("LIBOR") plus variable rate from 1.5% to 5% (fixed market rate at 31 December 2014: 3.95%) per annum. Interest is reset every three months.

Details of assets pledged by the Group at the end of the reporting period are set out in note 17. At 31 December 2015, the bank borrowings are also guaranteed by Mr Chen Yixi, the Chairman of the Group, Ms Yuan Yanan, spouse of Mr Chen Yixi and other third parties (2014: nil).

The ranges of effective interest rates on the Company's borrowings are as follows:

	2015	2014
Effective interest rate:		
Fixed-rate borrowings	**nil**	3.95%
Variable-rate borrowings	**1.69% to 6.84%**	nil

13. CONVERTIBLE BONDS

On 15 June 2012, the Company issued zero coupon convertible bonds at par with a par value of RMB5 each for an aggregate principal amount of RMB189,024,000 (the "Bonds") to three independent third parties who are not related to the Group (the "Bondholders"). The principal terms of the Bonds are as follows:

(1) Denomination of the Bonds – the Bonds are denominated in RMB

(2) Maturity date – four years from the date of issuance, which is 14 June 2016 (the "Maturity Date")

(3) Interest – the Bonds do not bear any interest

(4) Conversion

a. Conversion Price – the conversion price is Hong Kong dollars ("HK$") 2.40 per each new share to be issued upon conversion of the Bonds ("Conversion Shares"), subject to anti-dilutive adjustment in accordance with the terms of the Bonds, including consolidation, subdivision or reclassification; making dividend other than in cash or in shares; repurchase of shares; rights issues of shares or options over shares; rights issues of other securities; modification of rights of conversion (the "Conversion Price"). The number of Conversion Shares to be issued on conversion shall be calculated on the basis of a fixed conversion rate of HK$1.00 to RMB0.8130.

b. Conversion period – the Bondholders have the right to convert the Bonds into shares of the Company at any time on or after the issue date of the Bonds up to the close of business on the date that is two business days prior to the Maturity Date, or if such Bonds have been called or put for redemption at any time on or after the issue date, then up to the close of business on a date no later than five business days prior to the date fixed for redemption.

c. Rights – the Conversion Shares will rank pari passu in all respects with the shares of the Company then in issue on the relevant conversion date.

(5) Redemption

a. Redemption period – unless previously redeemed, converted or purchased and cancelled, the Company will redeem each Bond on the Maturity Date. The Company and the Bondholder may not redeem the Bonds at its option prior to the Maturity Date.

b. Redemption price – the Bonds will be redeemed at an amount, on Maturity Date, equal to aggregate of the United States dollars ("USD") equivalent of (i) the principal amount of all outstanding Bonds; (ii) any unpaid accrued dividend on the Maturity Date; and (iii) redemption premium.

c. Redemption premium – on the Maturity Date, if the Conversion Price is greater than the average of the volume weighted average price (“VWAP”) for the share of the Company for the 60 consecutive trading days ending on the trading day immediately preceding the Maturity Date, then the redemption premium shall be calculated by multiplying (i) the difference between the Conversion Price and the average of the VWAP for the share of the Company for the 60 consecutive trading days ending on the trading day immediately preceding the Maturity Date by (ii) the number of Conversion Shares.

(6) Dividend interest – whenever the Company pays or makes any dividend in cash to the shareholders of the Company, the Bondholders shall be entitled to be paid in respect of that dividend (“Dividend Interest”). Such Dividend Interest shall be calculated by multiplying (i) the amount of dividend per share by (ii) the number of Conversion Shares.

(7) Transferrability – subject to the terms and conditions set out in the Bond subscription agreement, all transfers shall be subject to compliance with all applicable laws, rules and regulations, the Bonds and the Conversion Shares are freely transferrable.

(8) Voting – the Bondholders will not be entitled to receive notice of or attend or vote at general meetings of the Company by reason only of being the Bondholders.

(9) Listing – the Bonds will not be listed on the Hong Kong Stock Exchange or any other stock exchange.

(10) Covenants – so long as there are outstanding Bonds, the Company will not create or permit to subsist, and the Company will procure that no subsidiary of the Company will create or permit to subsist, any mortgage, charge, pledge, lien or other form of encumbrance or security interest upon the whole or any part of its undertaking, assets or revenues, present or future, to secure any debt securities or to secure any guarantee of or indemnity in respect of, any debt securities, unless, at the same time or prior thereto, the Company’s obligations under the Bonds:

(i) are secured equally and rateably therewith or benefit from a guarantee or indemnity in substantially identical terms thereto; or

(ii) have the benefit of such other security, guarantee, indemnity or other arrangement as shall be approved by a special resolution of the Bondholders. So long as there are outstanding Bonds, the Company will not, and will procure that its subsidiaries will not, consolidate with, merge or amalgamate into or transfer its assets substantially as an entirety to any corporation or convey or transfer its properties and assets substantially as an entirety to any person.

The Bonds contain three components: liability component, redemption premium derivative component and conversion component. The liability component and redemption premium derivative components are presented as liabilities while the conversion component is presented in equity as convertible bonds equity reserve. The effective interest rate of the liability component is 10.83% per annum. The redemption premium derivative component is measured at fair value with changes in fair value recognised in profit or loss at the end of each reporting period.

The discounted cash flow method was adopted in determining the fair value of the liability component. The discounted cash flow method and the Monte Carlo simulation were adopted in determining the fair value of the redemption premium derivative component. The variables and assumptions used in assessing the fair value of the redemption premium derivative component are based on the management's best estimate. The value of the convertible bonds varies with different variables and certain subjective assumptions. The inputs into the model were as follows:

	31 December 2014
Risk-free interest rate	0.33%
Discount rate	6.28%
Dividend yield	1.56%
Volatility of the Company's share price (with references to historical volatility of the Company and comparable companies' share prices)	19.55%
The Company's share price on valuation date	HK$2.4

On 21 July 2015, the Bondholders converted all the Bonds with a principal amount of RMB189,024,000 into shares of the Company (the "Bonds Conversion"). Pursuant to the Bonds Conversion, the Company issued an aggregate of approximately 96,876,000 ordinary shares of USD0.015 each on 21 July 2015 (the "Bonds Share Issue"). After the Bonds Conversion, the Company did not have any outstanding convertible bonds. Thus the balance for the convertible bonds on 31 December 2015 was nil. The movement of the liability component, derivative component and conversion component for the reporting period is set out as below:

	Liability component	**Redemption premium derivative component**	**Conversion component**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Convertible bonds:				
At 1 January 2014	146,985	26,545	25,427	198,957
Effective interest expense charged during the year	15,919	–	–	15,919
Changes on fair value	–	(10,124)	–	(10,124)
At 1 January 2015	162,904	16,421	25,427	204,752
Effective interest expense charged during the year	26,120	–	–	26,120
Changes on fair value	–	(16,421)	–	(16,421)
Conversion of convertible bonds	(189,024)	–	(25,427)	(214,451)
At 31 December 2015	–	–	–	–

14. SHARE CAPITAL

	Number of ordinary shares of USD0.015 each	Amount *USD'000*
Authorised:		
At 1 January 2014 & 31 December 2014 & 31 December 2015	**20,000,000,000**	300,000
Issued and fully paid:		
At 1 January 2014 & 31 December 2014	**2,000,000,000**	30,000
Conversion of convertible bonds	**96,876,000**	1,453
Shares repurchased	**(14,876,000)**	(223)
At 31 December 2015	**2,082,000,000**	31,230
Shown in the consolidated statement of financial position		
At 1 January 2014 & 31 December 2014		202,087
At 31 December 2015		209,615

On 21 July 2015, the holders of the Bonds converted the Bonds into shares of the Company, and the Company issued a total of 96,876,000 ordinary shares of USD 0.015 each to the holders of the Bonds at the same date.

15. DIVIDENDS

	2015 ***RMB'000***	2014 *RMB'000*
Dividends recognised as distribution to ordinary shareholders during the year	–	520,000

In 2014, a special dividend to ordinary shareholders of RMB0.23 per share amounting to RMB460,000,000 in aggregate was proposed and paid. Also, a special dividend to convertible bondholders of RMB0.23 per share amounting to RMB22,281,000 in aggregate was paid.

In 2014, a final dividend to ordinary shareholders of RMB0.03 per share in respect of the year ended 31 December 2013 amounting to RMB60,000,000 in aggregate was proposed and paid. Also, a dividend to convertible bondholders of RMB0.03 per share amounting to RMB2,907,000 in aggregate was paid.

The Directors do not propose final dividend for the year ended 31 December 2015. (2014: nil).

16. ACQUISITION OF A SUBSIDIARY

On 29 October 2015, the Company and the sellers entered into a share sale and purchase agreement and the completion took place on 25 November 2015, pursuant to which the Company acquired 100% of the issued share capital of Hamleys Group for a consideration of approximately GBP 75,992,000 (approximately equivalent to RMB 734,207,000) from independent third party, details of which are set out in a circular "major transaction in relation to acquisition of the entire issued share capital of the target company" dated 22 January 2016 issued by the Company. This acquisition has been accounted for using the purchase method. The Hamleys Group's principal activities are retail of toys.

Hamleys Group was acquired to pursue a new global branding strategy coupled with a business diversification development plan of the Group.

Assets acquired and liabilities recognized at the dates of acquisition

	25 November 2015
	RMB'000
Current assets	
Inventories	126,893
Trade and other receivables	84,810
Cash and cash equivalents	16,948
Non-current assets	
Property, plant and equipment	94,263
Intangible assets	537,680
Current liabilities	
Loan from then shareholders	(301,177)
Trade and other payables	(168,167)
Tax payable	(4,479)
Obligation under finance leases-due within 1 year	(4,327)
Non-current liabilities	
Obligation under finance leases-due after 1 year	(7,568)
Deferred tax liabilities	(90,517)
Deferred revenue	(41,900)
	242,459

Goodwill arising on acquisition

	25 November 2015
	RMB'000
Consideration transferred	734,207
Less: fair value of identifiable net assets acquired	242,459
Goodwill arising on acquisition	491,748

Goodwill arose in the acquisition of Hamleys Group because the cost of the combination included a control premium, together with the combination in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of Hamleys Group. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

None of the goodwill arising on the acquisition is expected to be deductible for tax purpose.

Net cash outflow on acquisition of subsidiary

	Year ended 31 December 2015 *RMB'000*
Consideration paid in cash	734,207
Less: cash and cash equivalent balance acquired	16,948
	717,259

Impact of acquisition on the results of the Group

Included in the profit for the year is a profit of RMB20,070,000 attributable to the Hamleys Group. Revenue for the year includes RMB111,087,000 in respect of the Hamleys Group.

Had these acquisition been completed on 1 January 2015, the revenue of the Group would have been RMB 3,476,379,000, and the profit for the year of the Group would have been RMB244,977,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2015, nor is it intended to be a projection of future results.

17. PLEDGE OF ASSETS

At the end of the reporting period, the Group has pledged the following assets to secure the banking loans granted to the Group.

	2015 ***RMB'000***	2014 *RMB'000*
Other financial assets	**–**	150,000
Property, plant and equipment	**33,817**	–
	33,817	150,000

At 31 December 2015, in addition, the Company's equity interest in Mayflower (Nanjing) Enterprise Limited, Dongguan Mayflower Footwear Corporation Limited, Nanjing Soft Garment & Footwear Co., Ltd. and Xuzhou C.banner Footwear Co., Ltd have been pledged to secure the bank borrowings of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

Business overview

2015 was a challenging year, yet positive in many ways. The recovery pace of the global economy was slower than expected and China also recorded decelerating growth rate. However, spurred by various economic stimulus from the central government, China's GDP still expanded by 6.9% year-on-year in 2015. In addition, China has taken on a wide range of initiatives and policies during the year, among which, the launch of "One Belt, One Road" policy is expected to generate tremendous business opportunities for companies like us, who has a global vision and a plan of strategic expansion.

Among different industries, the retail sector still faced a difficult period as largely reflected by the slackening sales growth of traditional retail chains. In view of the slowing sales trend as well as the changing consumption habits and personalized shopping demands of Chinese consumers, China's retailers are paying more attention to fast-growing e-commerce channels than physical stores. Besides, Chinese retail enterprises are speeding up restructuring and merger and acquisitions so as to enhance their competitiveness and strengths in the face of the pressure of economic restructuring and fierce online competition.

In addition to the above challenges, the footwear market also faced structural problems such as increasing threats from international brands and cross-border e-commerce, losing traffic of department stores, distorting pricing of online operators and downside sales pressure due to weaker consumption sentiment. Internally, the lack of product innovation, a high degree of homogeneity and a lack of brand differentiation also reduced the attractiveness of products to consumers. Although footwear retailers continued to adopt low price strategies to increase their market share and attract customers, the effect is hardly remarkable. Despite the adverse operating and business conditions, we believe that with the continuous urbanization and increasing per capita disposable income, China still remains a promising market for footwear industry, especially for mid-to-premium brands with reputable and qualified products.

In view of the uncertain market environment, the Group has rolled out a series of strategies, particularly noteworthy is the successful acquisition of British high-end toys retailer – Hamleys Group – as the Company's first step of global branding strategy which helped to diversify our business operations. Under our strengthened O2O (online to offline) strategy, on one hand, we fully utilized online sales platforms, such as WeChat, Tmall and JD, and provided diversified online products to meet the changing needs of consumers; on the other hand, we continued to work relentlessly towards our goal of creating a remarkable shopping experience for our customers with a view to improving same store sales growth. In addition, we continued to adopt cautious strategy in store expansion, strived to trim down inventory level through more attractive sales promotion and insisted on rational discounting policy to ensure the Group's probability. Other measures included further optimizing our brand portfolio, enhancing our brand image as an elegant and fashionable choice of lifestyle and insisting on the brand positioning as a mid-to-premium footwear retailer.

We always bear in mind the goal of maximizing shareholders' value and therefore the Group has taken on a wide array of initiatives during the year under review as described below.

Diversifying Brands and Products Portfolio and Implementing Global Branding Strategy

On 25 November 2015, the Group acquired the entire issued share capital of Ludendo Enterprises UK Limited (now known as Hamleys Global Holdings Limited, the "Hamleys Group") for a cash consideration of GBP100,000,000 (less an amount equal to certain outstanding balance of the shareholder loans at completion of the acquisition). Hamleys Group, together with its subsidiaries, is a retailer of high-end toys under the world-renowned brand "Hamleys". With its headquarters in London, Hamleys Group is one of the most respected toy retailers in the world due to its diversified product portfolio and unique and enriched in-store shopping experience. The Regent Street flagship store in London has the highest individual toy store turnover in the world and is considered one of the city's major tourist attractions. Upon completion of the acquisition, Hamleys Group became a wholly owned subsidiary of the Group.

Such move had not only enhanced the Company's competitive advantages and diversified our business scope, but also marked the first step of our global branding strategy of developing C.banner into an international retail group as well as a global integrated retail platform. Leveraging on the Group's know-how of retail operation in China and long term relationships with retail channels, the Group will introduce Hamleys brand into China and quickly develop Hamleys' Chinese business, in the background of China's transition to a consumption-driven economy. The Group will actively explore areas of cooperation among the respective exiting business of C.banner and Hamleys Group with a view to achieving greater synergy among them and in turn enhance the completive strength of the Group and enrich the shopping experience of our customers.

In the future, the Group will continue to actively explore business opportunities in and outside the PRC by way of, among others, mergers and acquisition, strategic cooperation as well as establishing other business relationships with leading retailer brands with a view to further implementing its global branding strategy.

Innovative Marketing Strategies and Enhanced Consumption Experience

The key to navigate through challenges is to embrace the changes. It is always our strategy to make the most of the new media platforms, such as WeChat official account, to reach a wider range of consumers, promote our brand and provide potential consumers with the latest product information. In the future, we will continue to develop online business, operate online flagship stores on Tmall.com and JD.com and launch more attractive online sales promotion to further integrate our O2O business. In addition to the internet marketing channel, the Group will continue to implement a wide range of marketing strategies such as VIP member scheme, seasonal promotion, outdoor advertisement, product catalogues and brochures, all aiming at providing a fulfilling consumption experience for our valuable customers.

Tailored Research and Design for Customers

Our products are designed with human touch to ensure that customers' needs are well catered with and this is only made possible by our outstanding research and design teams which are all led by experienced brand directors, design managers and staff. To have a fine grasp of the needs and preference of segmented customers, our research and design teams always make reference to updated information such as sales data with a view to providing high-quality and trendy products to target customers.

A Vertically Integrated Business Model with High-Level of Responsiveness to Customers' Preference

Our vertically integrated business model encompasses design and development, outsourcing, manufacturing, marketing, wholesaling and retailing of shoes. Such comprehensive model allows the Group to provide pre-sale and after-sale services to customers directly and identify inconsistencies and deficiencies in performance at every point of interaction with customers.

Optimizing Retail Network and Strengthening the Competitive Advantages of Retail Channels

In order to tap into China's huge domestic market, we have established a strategic layout of self-developed and licensed brands stores in China's first, second and third-tier cities. Besides, we have made further efforts to optimize the retail networks in terms of online and offline stores and strategically cooperated with third party retailers such as department stores to increase market share. During the past year, we recorded a net reduction of 33 underperformed proprietary retails outlets and a net reduction of 65 third-party outlets. Such strategic changes along with our efforts in enhancing brand awareness through various online and offline promotions shall lay a solid foundation for the Group's further development.

The following table shows the geographic distribution of proprietary and third-party outlets:

	C.banner		EBLAN		Sundance		MIO		Licensed Brands		Total
Distribution Regions	**Proprietary outlets**	**Third-party outlets**	**Proprietary outlets**	**Third-party outlets**	**Proprietary outlets**	**Third-party outlets**	**Proprietary outlets**	**Third-party outlets**	**Proprietary outlets**	**Third-party outlets**	
Northeast	106	33	63	11	20	2	11	9	36	6	297
Beijing	44	18	23	5	16	1	3	7	18	–	135
Tianjin	77	79	41	12	12	1	4	9	32	–	267
Northwest	74	90	34	14	9	1	–	51	25	–	298
Central China	42	20	8	5	4	1	–	5	14	1	100
Eastern China	178	35	102	8	55	–	26	–	70	–	474
Zhejiang	82	7	27	–	5	–	8	–	30	–	159
Shanghai	60	–	16	–	3	–	–	–	27	–	106
Southwest	100	13	12	5	5	–	–	2	37	1	175
Southern China	104	14	22	1	1	–	3	–	43	–	188
Total	**867**	**309**	**348**	**61**	**130**	**6**	**55**	**83**	**332**	**8**	**2,199**

Note:

(1) Northeast region includes Jilin province, Liaoning province and Heilongjiang province;

(2) Beijing region includes Beijing, Inner Mongolia Autonomous Region, Zhangjiakou city and Qinhuangdao city in Hebei province;

(3) Tianjin region includes Tianjin, Shandong province and Hebei province (except Zhangjiakou city and Qinhuangdao city);

(4) Northwest region includes Shanxi province, Shanxi province, Qinghai province, Gansu province, Henan province, Xinjiang Autonomous Region and Ningxia Autonomous Region;

(5) Central China region includes Hunan province and Hubei province;

(6) Eastern China region includes Jiangsu province (except Wuxi city and Suzhou city), Anhui province and Jiangxi province;

(7) Zhejiang region includes Zhejiang province and Wuxi city and Suzhou city in Jiangsu province;

(8) Shanghai region includes Shanghai;

(9) Southwest region includes Sichuan province, Guizhou province, Yunnan province, Chongqing city and Tibet Autonomous Region; and

(10) Southern China region includes Guangdong province, Hainan province, Guangxi Autonomous Region and Fujian province.

Due to the negative sentiment in the retail market and the increasing level of competition, same-store sales growth for 2015 decreased slightly by approximately 0.7% compared to the previous year.

FINANCIAL REVIEW

For the year ended 31 December 2015, the Group's total revenue increased by 8.0% to RMB3,045.8 million, compared to the same period of last year. Gross profit increased by 4.2% to RMB1,862.4 million. Operating profit slightly decreased by 0.2% to RMB340.7 million during the year under review. Profit for the year nudged upwards by 3.4% to RMB255.5 million. Profit attributable to equity holders was approximately RMB257.5 million, representing an increase of approximately 6.3% over the last year.

Revenue

For the year ended 31 December 2015, the Group's total revenue increased 8.0% to RMB3,045.8 million, compared to RMB2,820.7 million in the same period of last year. Revenue of the footwear business increased by 4.0% to RMB2,934.7 million, compared to RMB2,820.7 million in the same period of last year. The Group's footwear revenue mix includes income from its retail and wholesale operations, as well as contract manufacturing. Revenue of the footwear distribution is as follows:

	For the year ended 31 December				
	2015		2014		
	RMB('000)	**% of Total Revenue**	*RMB('000)*	% of Total Revenue	**% Growth**
Retail and Wholesaling	**2,643,225**	**86.8**	2,556,656	90.6	**3.4**
Contract Manufacturing	**291,493**	**9.6**	264,082	9.4	**10.4**
Total	**2,934,718**	**96.4**	2,820,738	100.0	**4.0**

The revenue of toys business attributed by the Hamleys Group was RMB111.1 million for the year ended 31 December 2015.

Profitability

The Group's gross profit climbed 4.2% to RMB1,862.4 million, compared to RMB1,788.0 million last year. As of 31 December 2015, the gross profit margin was 61.1%, an decrease of 2.3 percentage points from 63.4% in the corresponding period of last year.

Contributions from retail and wholesaling operations year-on-year increased 3.4% to RMB2,643.2 million of overall revenue as of 31 December 2015. The contributions from retail and wholesale dropped to 86.8% as a proportion of revenue compared to 90.6% last year, while the proportion of revenue attributable to contract manufacturing rose to 9.6%. The rise in contract manufacturing was mainly due to the increasing operation capacity of the OEM factory operated by the Group in Dongguan. Contributions from toys business took over 3.6%.

For the year ended 31 December 2015, distribution and selling expenses reached RMB1,490.1 million, an increase of 3.9%, compared to expenses of RMB1,434.3 million last year. Distribution and selling expenses mainly consisted of concessionaire fees, rental expenses, salaries and commissions of salespersons, renovation expenses for self-owned retail stores, advertising and marketing expenses. Distribution and selling expenses was equivalent to around 48.9% of total revenue, compared to approximately 50.8% in the corresponding period of last year. The increase was primarily due to the toys business acquired in November 2015 and a rise in footwear business concessionaire fee, rental expenses, salaries and salaries of salespersons.

Administrative and general expenses over the year was RMB104.4 million, a increase of RMB20.0 million compared to the same period of last year. This increase was mostly attributable to the professional fee for the acquisition transaction and the increase in consolidation of the Hamleys Group's administrative and general expense during the year under review. Administrative and general expenses mainly consisted of salaries and benefits for management and executives, rental payment for office premises, depreciation of office equipment and other related administrative expenses. Administrative and general expenses were equivalent to 3.4% of total revenue, compared to 3.0% in the same period of last year.

Other income and other losses over the year was a net of RMB106.4 million as compared to a net of RMB93.9 million for the same period of last year. Other income mainly included government subsidies, bank interest income and interest income from other financial assets. This was mainly attributed to the increase in financial incentives from the government.

Finance costs over the year were RMB31.0 million, compared to RMB20.5 million last year. The increase was made up of the surging interest payments attributable to the increase in bank borrowings.

Income tax expense over the year decreased by RMB9.0 million or 9.5% to RMB85.3 million, compared to an expense of RMB94.2 million last year. The Group's effective income tax rate in 2015 was 25.0%, a decrease of 2.6 percentage points compared to an effective tax rate of 27.6% last year. The decrease was mainly attributable to recognition the defer tax assets.

Profit attributable to equity holders of the company increased 6.3% to RMB257.5 million, an increase of RMB15.3 million compared to a profit of RMB242.2 million last year.

Liquid Assets, Financial Resources and Capital Expenditure

As of 31 December 2015, the Group had bank balances and cash of RMB385.2 million, compared to RMB350.1 million at the end of last year.

Net cash generated from operating activities was RMB290.2 million, compared to RMB117.5 million as of the end of last year. The increase is primarily attributed to the Group's strengthening management on trade payables, trade receivables and a rise from toys business.

Inventory rose 3.2% from RMB814.8 million in 2014 to RMB841.1 million in 2015. The increase was mainly attributable to the new acquired toys business.

The Group recorded a net cash outflow of RMB562.4 million from investing activities for the full year, compared to an inflow of RMB29.1 million in 2014. The outflow was primarily due to the increase in investment in acquisition of Hamleys Group.

Net cash generated from financing activities was RMB305.5 million in 2015, compared to a net outflow of RMB395.2 million in 2014. This increase was mostly attributable to the increase in bank borrowings in the amount of RMB836.3 million.

As of 31 December 2015, the net current assets of the Group were RMB1,254.7 million, compared to RMB1,386.8 million at the end of last year, a decrease of 9.5% or RMB132.1 million.

Gearing ratio

The Group's gearing ratio increased from 6.5% as at 31 December 2014 to 24.7% as 31 December 2015, due to the increase of bank loans.

Capital structure

The Group's operations were financed mainly by shareholder's equity, bank facilities available to the Group and internal resources. The Group will continue to adopt its treasury policy of placing its cash and cash equivalents as interest bearing deposits. The Group's loans and cash and cash equivalents were mainly denominated in Renminbi, Hong Kong dollars, GBP and U.S. dollars. The Group's bank borrowings denominated in GBP as at 31 December 2015 amounted to GBP90,000,000.

During the period under review, all the Group's borrowings were with variable interest rate.

Pledge of Assets

Save as disclosed in note 17 to the consolidated financial statements, the Group has made no further pledge of assets as at 31 December 2015.

Contingent Liabilities

The Group did not have any substantial or contingent liabilities as of 31 December 2015.

Foreign Exchange Risk Management

The Group's sales are mainly denominated in RMB, while its contract manufacturing business is mainly denominated in USD and its retail of toys business is mainly denominated in GBP. As the contract manufacturing business and retail of toys business accounted for 13.2% of total revenue as of 31 December 2015, the Board does not expect exchange rate fluctuations having a substantial impact on the Group's business. However, the Board will closely monitor the effects of the exchange rate on the contract manufacturing business and mitigate the impact.

For the year ended 31 December 2015, the Group recorded a RMB8.3 million gain from currency exchange, compared to a RMB0.85 million loss in the corresponding period of last year. The Group did not hold derivative instruments for hedging against foreign exchange risk.

Human Resources

As of 31 December 2015, the Group had 13,128 employees (31 December 2014: 12,228 employees). The Group provides its employees with competitive remuneration packages including mandatory pension funds, insurance and medical benefits. In addition, the Group pays discretionary bonuses to qualified employees according to the business performance and their individual work performance.

Dividend

The Board did not recommend the payment of a final dividend for the year ended 31 December 2015 (2014: nil).

OUTLOOK

Looking ahead, it is expected that China's economy will continue to undergo restructure, but one which bodes well for the retail industry as the economy is heading towards the direction of "consumption-driven" growth. In addition, the on-going urbanization policy and the national plan of "One Belt, One Road" are expected to stimulate domestic and overseas demand, which in turn will contribute to the substantial growth momentum for China's retail industry as a whole and the domestic footwear companies. It is expected that in 2016, the footwear market will undergo restructure and will face various challenges before recovery. Nevertheless, consumption growth in the footwear industry is likely to show a slight positive sign given the increasing average disposable income of Chinese residents and the gradually-improving consumer sentiment in the long term. In particular, as more households move into middle class income brackets, consumer complexity will increase and fashion will form a sizeable part of the identity of an increasingly sophisticated Chinese consumer base, which will translate into huge business opportunities for mid-to-premium brands.

To seize the opportunities right in front of us, the Company will continue to implement its global branding strategy with the aim of building C.banner into a renowned international integrated retailer with multi-brand portfolio. In fact, the successful acquisition of the British brand of Hamleys Group has marked a good start; going ahead, we will fully leverage both C.banner's position and experience in the retail industry and the newly added brand to expand our business with a focus on retail premises such as department stores to further implement our global strategy. As a leading toys brand, we are confident that Hamleys Group will benefit from the latest two-child policy and create synergistic effect with our existing businesses.

In addition, we will actively develop online business and accelerate its growth to boost sales and enhance brand awareness. We will also fully utilize interactive new media platforms to promote our brands and provide personalized consumption experience to consumers as well as obtaining instant and accurate insight on consumers' needs and preference. In order to boost sales and further enhance our brand's influence, we will continue to explore a variety of online and offline marketing strategies.

In terms of network building, we will further diversify our distribution channels and strategically cooperate with department stores and e-commerce platforms to expand our market share. Besides expansion of our network in second-tier and third-tier cities of China to explore new mass market, we will continue our efforts in optimizing our existing network and closing underperformed stores to ensure profitability of the Group. In addition, emphasis will be placed on developing online business and platforms to seek new point of growth. Through successful mixes of existing and new businesses and well-thought business plans, the Group is confident to overcome the current challenges and deliver greater rewards to our valuable shareholders.

CLOSURE OF THE REGISTER OF MEMBERS

In order to determine the identity of the shareholders of the Company who are entitled to attend the forthcoming annual general meeting of the Company to be held on Monday, 27 June 2016, the register of members of the Company will be closed from Wednesday, 22 June 2016 to Monday, 27 June 2016, both days inclusive, during which period no transfer of share will be registered. All transfers accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong before 4:30 p.m. on Tuesday, 21 June 2016.

CORPORATE GOVERNANCE

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of shareholders and to enhance corporate value and accountability. Save as disclosed below, the Company has complied with all applicable code provisions under the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules for the year ended 31 December 2015. The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

Under code provision A.6.7 of the CG Code, independent non-executive Directors and other non-executive Directors should attend general meetings and develop a balanced understanding of the views of the shareholders. Due to other engagement, Mr. Ho Chi Kit (resigned on 14 September 2015), Mr. Wu Guangze, Mr. Li Xindan and Mr. Zhang Zhiyong were unable to attend the annual general meeting of the Company held on 26 June 2015.

AUDIT COMMITTEE

The audit committee of the Company had reviewed together with the Board and external auditor the accounting standards and practices adopted by the Group and the audited consolidated financial statements for the year ended 31 December 2015.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2015 as set out in this announcement have been agreed by the Group's auditor, Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Deloitte Touche Tohmatsu on this announcement.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries of all the Directors, each of the Directors has confirmed that he has complied with the required standards as set out in the Model Code during the year ended 31 December 2015.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

For the year ended 31 December 2015, the Company repurchased and cancelled an aggregate of 14,876,000 shares of its own issued ordinary shares through the Hong Kong Stock Exchange at an aggregate consideration of approximately HKD42.3 million (equivalent to approximately RMB33.4 million) excluding transaction costs. Save for the aforesaid, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2015.

Details of the shares repurchases are as follows:

Month	**Number of shares repurchased**	**Highest price per share** *HKD*	**Lowest price per share** *HKD*	**Aggregate consideration** *HKD*
July 2015	14,876,000	2.96	2.63	42,259,660

PUBLICATION OF THE AUDITED CONSOLIDATED ANNUAL RESULTS AND 2015 ANNUAL REPORT ON THE WEBSITES OF THE HONG KONG STOCK EXCHANGE AND THE COMPANY

This annual results announcement is published on the websites of the Hong Kong Stock Exchange at www.hkexnews.hk and the Company at www.cbanner.com.cn, and the 2015 Annual Report containing all the information required by the Listing Rules will be dispatched to the shareholders of the Company and published on the respective websites of the Hong Kong Stock Exchange and the Company in due course.

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

Hong Kong, 15 March 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.