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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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2011

ANNUAL RESULTS HIGHLIGHTS

	Year ended 31 December	
	2011	2010
	RMB'000	*RMB'000*
Revenue	**2,043,696**	1,574,963
Gross profit	**1,298,261**	972,292
Operating profit	**405,377**	239,705
Income tax expenses	**(115,199)**	(67,643)
Net profit attributable to equity holders of the Company	**290,178**	169,855
	%	*%*
Gross profit margin	**63.5**	61.7
Operating profit margin	**19.8**	15.2
Net profit margin	**14.2**	10.8
	RMB cents	*RMB cents*
Earnings per share		
– Basic	**16.28**	9.99

	31 December 2011 *RMB'000*	31 December 2010 *RMB'000*
Balance of cash and bank deposits	**503,997**	161,409
Bank loans	**0**	0
	%	*%*
Liquidity ratio	**479.7**	236.9
Gearing ratio	**0.9**	3.4
	Days	*Days*
Average inventory turnover period	**238.0**	206.1
Average receivables turnover period	**37.8**	41.1
Average payable turnover period	**81.1**	99.7

The board (the "Board") of directors (the "Directors") of C.banner International Holdings Limited (formerly known as Hongguo International Holdings Limited) (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2011 together with the comparative figures for the year ended 31 December 2010 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2011

	NOTES	2011 RMB'000	2010 RMB'000
Continuing operations			
Revenue	4	**2,043,696**	1,574,963
Cost of sales		**(745,435)**	(602,671)
Gross profit		**1,298,261**	972,292
Other income and expenses and other gains and losses	5	**2,891**	9,076
Distribution and selling expenses		**(817,803)**	(652,993)
Administrative and general expenses		**(74,350)**	(84,771)
Finance costs		**(1,568)**	(903)
Share of losses of joint ventures		**(2,054)**	(2,996)
Profit before tax	6	**405,377**	239,705
Income tax expense	7	**(115,199)**	(67,643)
Net profit for the year from continuing operations		**290,178**	172,062
Discontinued operations			
Loss for the year from discontinued operations		**–**	(2,207)
Net profit and total comprehensive income for the year attributable to owners of the Company		**290,178**	169,855
Earnings per share			
From continuing and discontinued operations			
– Basic (RMB cents)	8	**16.28**	9.99
From continuing operations			
– Basic (RMB cents)	8	**16.28**	10.12

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2011

	NOTES	2011 RMB'000	2010 RMB'000
Non-current assets			
Property, plant and equipment		**109,899**	86,277
Prepaid lease payments		**15,302**	15,686
Investment properties		**46,000**	46,069
Intangible assets		**2,190**	1,814
Interest in joint ventures		**6,994**	5,804
Deferred tax assets		**17,256**	10,200
Long-term deposit		**9,464**	7,197
		207,105	173,047
Current assets			
Inventories		**561,840**	410,263
Trade receivables	9	**243,555**	179,930
Other receivables and prepayments		**57,330**	38,360
Available-for-sale investments		**75,611**	–
Structured bank deposits		**67,000**	–
Pledged bank deposits		**14,589**	33,784
Bank balances and cash		**503,997**	161,409
		1,523,922	823,746
Current liabilities			
Trade payables	10	**133,947**	197,161
Other payables		**114,446**	95,471
Income tax liabilities		**56,616**	46,435
Deferred revenue		**12,672**	8,581
		317,681	347,648
Net current assets		**1,206,241**	476,098
Total assets less current liabilities		**1,413,346**	649,145
Non-current liability			
Deferred tax liabilities		**9,836**	7,059
		1,403,510	642,086
Capital and reserves			
Share capital	11	**202,087**	49,271
Reserves		**1,201,423**	592,815
Total equity attributable to owners of the Company		**1,403,510**	642,086

1. GENERAL

The Company was incorporated in Bermuda under the Companies Act as an exempted company with limited liability on 26 April 2002 and was listed on the Singapore Exchange Security Trading Limited ("SGX-ST") in June 2003. The Company was later delisted from the SGX-ST on 6 May 2010. The Company issued a prospectus (the "Prospectus") dated 12 September 2011 in relation to its global offering ("Global Offering") of the Company's shares. 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 Company is an investment holding company and its subsidiaries established in the People's Republic of China ("PRC") are principally engaged in the manufacture and sale of branded fashion footwear.

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")

New and revised Standards and Interpretations issued but not yet effective

The Company has not early applied the following new and revised International Accounting Standards ("IASs"), IFRSs, amendments and interpretations that have been issued but are not yet effective:

IFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets[1]
IFRS 7 (Amendments)	Disclosures – Offsetting Financial Assets and Financial Liabilities[2]
IFRS 9	Financial Instruments[3]
IFRS 9 and IFRS 7 (Amendments)	Mandatory Effective Date of IFRS 9 and Transition Disclosures[3]
IFRS 10	Consolidated Financial Statements[2]
IFRS 11	Joint Arrangements[2]
IFRS 12	Disclosure of Interests in Other Entities[2]
IFRS 13	Fair Value Measurement[2]
IAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income[5]
IAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[4]
IAS 19 (Revised 2011)	Employee Benefits[2]
IAS 27 (Revised 2011)	Separate Financial Statements[2]
IAS 28 (Revised 2011)	Investments in Associates and Joint Ventures[2]
IAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities[6]
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine[2]

1 Effective for annual periods beginning on or after 1 July 2011
2 Effective for annual periods beginning on or after 1 January 2013
3 Effective for annual periods beginning on or after 1 January 2015
4 Effective for annual periods beginning on or after 1 January 2012
5 Effective for annual periods beginning on or after 1 July 2012
6 Effective for annual periods beginning on or after 1 January 2014

3. **SIGNIFICANT ACCOUNTING POLICIES**

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments and properties that are measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

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

4. **REVENUE AND SEGMENT INFORMATION**

The Group's operating segments are based on information prepared and reported to the chief operating decision makers, the board of directors of the Company, for the purposes of resource allocation and performance assessment. The Group is organised into two segments, retail and wholesale of branded fashion footwear ("Retail and wholesale") and contract manufacturing of footwear ("Contract manufacturing"). 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 from continuing operations by operating segments for the year:

	2011	2010
	RMB'000	*RMB'000*
Segment revenue		
Retail and wholesale		
– external sales	**1,807,873**	1,366,916
Contract manufacturing		
– external sales	**235,823**	208,047
– inter-segment sales	**14,256**	15,003
Segment revenue	**2,057,952**	1,589,966
Eliminations	**(14,256)**	(15,003)
Group revenue	**2,043,696**	1,574,963
Segment results		
Retail and wholesale	**414,303**	225,332
Contract manufacturing	**22,454**	18,272
	436,757	243,604
Unallocated other income and expenses and other gains and losses *(note)*	**(27,758)**	–
Unallocated finance costs	**(1,568)**	(903)
Share of loss of joint ventures	**(2,054)**	(2,996)
Profit before income tax	**405,377**	239,705
Income tax expense	**(115,199)**	(67,643)
Net profit for the year (continuing operations)	**290,178**	172,062

Note: The amount mainly represented the unallocated legal, professional and related expenses incurred for the Global Offering.

Segment results represent the gross profits earned by each segment including other income, other gains and losses and excluding distribution and selling expenses and administrative and general expenses. 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:

	2011	2010
	RMB'000	*RMB'000*
Segment assets		
Continuing operations		
Retail and wholesale	**1,638,093**	908,226
Contract manufacturing	**213,261**	236,980
Total segment assets	**1,851,354**	1,145,206
Eliminations	**(127,321)**	(154,217)
Unallocated	**6,994**	5,804
Total consolidated assets	**1,731,027**	996,793
Segment liabilities		
Continuing operations		
Retail and wholesale	**300,237**	311,081
Contract manufacturing	**27,552**	80,583
Total segment liabilities	**327,789**	391,664
Eliminations	**(272)**	(36,957)
Total consolidated liabilities	**327,517**	354,707

Other segment information

Continuing operations

	Retail and wholesale *RMB'000*	Contract manufacturing *RMB'000*	Total *RMB'000*
Amounts included in the measure of segment profit or loss:			
For the year ended 31 December 2011			
Depreciation expense	**12,782**	**2,503**	**15,285**
Amortisation of intangible assets	**435**	**–**	**435**
Amortisation of prepaid lease payments	**384**	**–**	**384**
Allowance (reversal) for inventory obsolescence	**1,788**	**(77)**	**1,711**
Purchase of property, plant and equipment	**38,227**	**1,132**	**39,359**
Purchase of intangible assets	**811**	**–**	**811**
Proceeds from disposal of property, plant and equipment	**399**	**53**	**452**
Interest income	**(2,503)**	**(178)**	**(2,681)**
Interest expense	**1,568**	**–**	**1,568**
For the year ended 31 December 2010			
Depreciation expense	10,376	3,878	14,254
Amortisation of intangible assets	313	–	313
Amortisation of prepaid lease payments	384	–	384
Allowance for inventory obsolescence	2,550	480	3,030
Purchase of property, plant and equipment	21,870	956	22,826
Purchase of intangible assets	407	–	407
Expense recognised in respect of equity-settled share-based payments	6,206	945	7,151
Proceeds from disposal of property, plant and equipment	310	–	310
Interest income	(2,522)	(160)	(2,682)
Interest expense	903	–	903

Geographical information

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

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

	Revenue from external customers	
	2011	2010
	RMB'000	*RMB'000*
PRC	**1,806,626**	1,367,417
United States of America	**237,070**	207,546
Total	**2,043,696**	1,574,963

	Non-current assets	
	2011	2010
	RMB'000	*RMB'000*
PRC	**189,849**	162,847

Note: Non-current assets exclude deferred tax assets.

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

5. OTHER INCOME AND EXPENSES AND OTHER GAINS AND LOSSES

	2011	2010
	RMB'000	*RMB'000*
Continuing operations		
Government grants *(Note 1)*	**25,209**	3,119
Interest income on bank deposits	**2,681**	2,682
Rental income	**849**	71
(Loss) gain from changes in fair value of investment properties	**(69)**	1,429
Legal and professional fees *(Note 2)*	**(27,758)**	–
Net foreign exchange gains	**167**	268
Loss on disposal of a subsidiary	**–**	(6)
Others	**1,812**	1,513
	2,891	9,076

Note 1: The amount mainly represented the tax refund from local governments.

Note 2: The amount mainly represented the legal, professional and related expenses incurred for the Global Offering.

6. PROFIT BEFORE TAX FROM CONTINUING OPERATIONS

Profit before tax for the year from continuing operations has been arrived at after charging (crediting):

	2011	2010
	RMB'000	*RMB'000*
Depreciation of property, plant and equipment	**15,285**	14,254
Amortisation of lease premium for land use rights	**384**	384
Amortisation of intangible assets	**435**	313
Total depreciation and amortization	**16,104**	14,951
Employee benefits expense	**333,126**	255,909
Cost of inventories recognised as an expense (including allowance for inventories obsolescene)	**745,435**	501,615

7. INCOME TAX EXPENSE (RELATING TO CONTINUING OPERATIONS)

	2011	2010
	RMB'000	*RMB'000*
Current tax:		
PRC Enterprise Income Tax ("EIT")	**118,933**	65,082
Withholding tax	**494**	4,550
Under provision of EIT in prior years	**51**	117
Deferred tax credit:		
Current year	**(4,279)**	(2,106)
	115,199	67,643

The tax charge for the year ended 31 December 2011 can be reconciled to the profit before tax as follows:

	2011	2010
	RMB'000	*RMB'000*
Profit before tax (from continuing operations)	**405,377**	239,705
Tax at the PRC EIT rate of 25% (2010: 25%)	**101,344**	59,926
Tax effect of share of losses of joint ventures	**314**	875
Tax effect of expenses not deductible for tax purpose	**11,419**	8,026
Tax effect of income not taxable in other jurisdiction	**(1,217)**	(4,017)
Under provision in respect of prior year	**51**	117
Tax effect of PRC EIT exemption	**–**	(2,813)
Withholding tax	**3,288**	5,529
Income tax expense for the year (relating to continuing operations)	**115,199**	67,643

8. EARNINGS PER SHARE

For continuing and discontinued operations

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

	2011	2010
	RMB'000	*RMB'000*
Earnings		
Earnings for the purposes of basic earnings per share	**290,178**	169,855
Number of shares ('000)		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,782,192**	1,700,000
Earnings per share (RMB cents)		
– Basic	**16.28**	9.99

For continuing operations

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

Earning figures are calculated as follows:

	2011	2010
	RMB'000	*RMB'000*
Earnings		
Profit for the year attributable to owners of the Company	**290,178**	169,855
Less:		
Loss for the year from discontinued operations	**–**	(2,207)
Earnings for the purpose of basic earnings per share from continuing operations	**290,178**	172,062

9. TRADE RECEIVABLES

The Group allows an average credit period of 60 days for collection of the trade receivables. The following is an aged analysis of trade receivables, presented based on the invoice date at the end of the reporting period.

	2011	2010
	RMB'000	*RMB'000*
0 to 60 days	**237,283**	177,688
61 to 180 days	**5,664**	1,191
181 days to 1 year	**565**	464
Over 1 year	**43**	587
	243,555	179,930

The carrying amounts of trade receivables approximate their fair values.

10. TRADE PAYABLES

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 is as follows:

	2011	2010
	RMB'000	*RMB'000*
Age		
0 to 90 days	**122,840**	181,846
91 to 180 days	**11,107**	15,040
181 to 1 year	**–**	105
Over 1 year	**–**	170
	133,947	197,161

The carrying amounts of trade payables approximate their fair values.

11. SHARE CAPITAL

	Number of ordinary shares of USD0.015 each	Amount USD'000
Authorised:		
At 1 January 2010, 31 December 2010	800,000,000	12,000
Shares increased *(note 1)*	19,200,000,000	288,000
At 31 December 2011	20,000,000,000	300,000
Issued and fully paid:		
At 1 January 2010, 31 December 2010	396,868,200	5,953
Shares issued under the Capitalisation Issue *(note 1)*	1,303,131,800	19,547
Shares issued under the Global Offering *(note 2)*	300,000,000	4,500
At 31 December 2011	2,000,000,000	30,000
Shown in the consolidated statement of financial position		
At 31 December 2010 (RMB'000)		49,271
At 31 December 2011 (RMB'000)		202,087

Fully paid ordinary shares carry one vote per share and carry a right to dividends.

Note 1: Pursuant to written resolution passed on 26 August 2011, the authorised share capital of the company was increased from USD12,000,000 to USD300,000,000 by the creation of an additional 19,200,000,000 shares of USD0.015 each. A sum of USD19,546,977 standing to the credit of the share premium account of the Company was capitalised and applied in paying up in full at par 1,303,131,800 shares of USD0.015 each allotted and issued upon completion of listing the shares of the Company on the Hong Kong Stock Exchange (the "Capitalisation Issue").

Note 2: On 22 September 2011, the Company issued 300,000,000 new ordinary shares pursuant to the Company's Global Offering at a price of HK$2.3 (equivalent to RMB1.88) per share, details of which are set out in the Company's Prospectus dated 12 September 2011.

12. DIVIDENDS

	2011	2010
	RMB'000	*RMB'000*
Dividends recognised as distribution during the year	**64,441**	191,575

In 2011, a dividend of USD0.0247 per share amounting to USD9,801,000 (equivalent to RMB64,441,000) was proposed and paid to shareholders.

In 2010, a dividend of USD0.0711 per share amounting to USD28,200,000 (equivalent to RMB191,575,000) was proposed and paid to shareholders.

The final dividend of RMB0.043 (2010: RMB0.1624) per share has been proposed by the Company's directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group primarily focuses on the design, production and sales of mid-to-premium women footwear in China. According to the Euromonitor Report, the Group was the second largest retailer of mid-to-premium formal and casual women shoes in China in terms of the estimated retail sales for the year ended 31 December 2010. The Group's self-developed brands and licensed brands products are mainly distributed through the department store outlets in first-to-third-tier cities in China. The Group also wholesales its self-developed brand products to authorised distributors.

Furthermore, the Group also acts as the OEM or ODM manufacturer for international footwear companies in overseas export markets. The Group has established a vertically integrated business model which includes the design and development, sourcing, manufacturing, marketing, and wholesaling and retailing of footwear.

The Group's self-developed brands are *C.banner, EBLAN, Fabiola* and *Sundance*. The Group also sells women footwear through a licensed brand called *Naturalizer*.

During the year under review, the Group has sought to maximize shareholder value through the following initiatives:

Expanding retail and distribution networks and same-store sales growth

The Group continued to open more proprietary retail outlets in department stores and expand its wholesale network in 2011 in order to maximize revenue and market share, as well as further infiltrate its reach among China's growing number of mid-to-upper-class consumers.

The Group also focused on increasing same-store sales growth throughout the year under review, in order to provide shareholders with maximum returns on the Group's current assets. During the year under review, the Group achieved same-store sales growth of 14.6%, as it sought to improve customer experience by refurbishing and improving the layout of stores. The Group also continued to promote its VIP program attached to its self-developed footwear brands in order to encourage repeat purchases and improve customer loyalty.

In 2011, the Group opened 339 proprietary retail outlets and 120 third-party outlets and continued to maintain a strong presence in over 31 provinces, municipalities and autonomous regions across China.

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

Distribution Regions	C.banner Proprietary outlets	C.banner Third-party outlets	EBLAN Proprietary outlets	EBLAN Third-party outlets	Naturalizer Proprietary outlets	Sundance Proprietary outlets	Sundance Third-party outlets	Total
Northeast	85	24	62	23	9	20	–	223
Beijing	40	10	15	6	3	2	–	76
Tianjin	70	75	43	25	11	16	–	240
Northwest	56	55	36	18	2	6	–	173
Central China	44	27	20	8	1	10	1	111
Eastern China	130	46	100	27	19	23	1	346
Zhejiang	72	19	38	–	12	5	–	146
Shanghai	56	–	24	–	5	2	–	87
Southwest	86	26	34	6	1	7	1	161
Southern China	96	29	40	9	4	6	1	185
Total	735	311	412	122	67	97	4	1,748

Notes:

(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, Shaanxi 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.

Introduction of new brands

The Group introduced two new brands in 2011 in order to diversify its product offering, expand its reach to new markets and broaden its customer base. In the first half of the year, the Group has launched *Fabiola,* a range of premium fashion, business and business casual footwear. Retailing at between RMB1,000 and RMB3,000 per pair, the range targets women aged between 25 and 39 and are now available in some of the Group's proprietary *C.banner* stores.

Sundance, a new range of mid-to-high-end casual footwear targeting women aged 18 to 35, was launched in August 2011. Shoes from this line retail from RMB400 to RMB2,200 per pair and are sold through their own retail outlets. Despite only operating during the last few months of the year, *Sundance* has already elicited an extremely positive response from consumers, especially following the engagement of popular Chinese songstress Shang Wenjie (尚雯婕) to act as the brand's ambassador. The Group operated 97 *Sundance* stores as of 31 December 2011.

Research and design capabilities

The Group maintains a research and development centre in Foshan, Guangdong province, which employed 217 employees as of 31 December 2011. Each of our self-developed brands (*C.banner, EBLAN, Fabiola* and *Sundance*) have their own specialised team of brand directors, design managers and designers, ensuring that each brand maintains its own distinctive look and character.

The Group continued to upgrade the capabilities of its design teams throughout the year, by providing design training, as well as organising field studies in the domestic and international fashion markets, in order to keep designers abreast of the latest fashion trends and developments. This has enabled the Group to continue providing popular and distinctive footwear and maintain its strong position in the Chinese retail market.

Effective cost-control through efficient and responsive business operations

The Group's vertically integrated business model equipped the Group with prompt response to the fast-changing market trends and consumer tastes, while ensuring that the sourcing and manufacturing of goods are conducted in the most efficient and cost-effective way.

Under this operational structure, the design and production teams of the Group worked together to develop products which are economical to produce, but do not sacrifice their appeal to China's fashion-conscious consumers. These teams also collaborate closely with the Group's marketing and sales teams to ensure that an appropriate amount of each product is produced to meet specific demand in each region, allowing the Group to minimise waste, achieve cost control and maintain its profitability during the year under review.

Financial Review:

For the year ended 31 December 2011, the Group's total revenue from continuing operations rose 29.8% to RMB 2,043.7 million compared to the same period of last year. Operating profit rose 69.1% to RMB405.4 million in the period under review. Profit attributable to owners of the Company increased 70.8% to RMB290.2 million compared to the same period of last year.

Revenue

For the year ended 31 December 2011, the Group's total revenue from continuing operations rose 29.8% to RMB2,043.7 million, compared to RMB1,575.0 million in the same period of last year. The growth in revenue was attributable to the Group's aggressive retail outlet expansion strategy and increase in same-store sales. The Group added a net 339 proprietary outlets during the year, operating a total of 1,311 proprietary outlets as of 31 December 2011, while adding an additional 120 third-party outlets to a total of 437 for the year. The Group operated a total of 1,748 stores as of 31 December 2011.

The Group's revenue mix includes income from the retail and wholesale operations and contract manufacturing. Revenue distribution is as follows:

	For the year ended 31 December				
	2011		2010		
		% of Total		% of Total	%
	RMB('000)	**Revenue**	RMB('000)	Revenue	Growth
Retail and Wholesaling	**1,807,873**	**88.5**	1,366,916	86.8	32.3
Contract Manufacturing	**235,823**	**11.5**	208,047	13.2	13.4
Total	**2,043,696**	**100.0**	**1,574,963**	**100.0**	**29.8**

Profitability

For the year ended 31 December 2011, the Group's gross profit from continuing operations rose 33.5% to RMB1,298.3 million, an increase of RMB326.0 million compared to RMB972.3 million last year. As of 31 December 2011, the gross profit margin from continuing operations was 63.5%, an increase of 1.8 percentage points from 61.7% in the corresponding period of last year. The growth in gross profit was attributable to a stronger contribution from the retail and wholesaling of high-end shoes and effective cost control. Contribution from retail and wholesaling increased to 88.5% of overall revenue as of 31 December 2011, compared to 86.8% in 2010, while the percentage of contract manufacturing to total revenue declined to 11.5% compared to 13.2% in 2010.

For the year ended 31 December 2011, distribution and selling expenses for continuing operations reached RMB817.8 million, an increase of 25.2% compared to expenses of RMB653.0 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 40.0% of total revenue, compared to 41.5% in the corresponding period of last year.

Administrative and general expenses for continuing operations over the year reached RMB74.4 million, a decrease of RMB10.4 million compared to the same period of last year. 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 3.6% of total revenue, compared to 5.4% in the same period of last year (which also included a one-off payment of a RMB7.5 million option fee).

Other income and expenses and other gains and losses from continuing operations over the year was a net of RMB2.9 million, a decline of RMB6.2 million compared to the same period of last year. This was mainly attributed to listing fees of RMB27.8 million that was only partially offset by RMB22.1 million increase in government subsidies.

Finance costs for continuing operations over the year were RMB1.6 million, which were interest expenses from a USD9.8 million loan made on 9 March 2011 and repaid in September 2011. The RMB903,000 in finance costs incurred by the Group in 2010 included a RMB400,000 interest expense for a USD6.0 million loans repaid on 23 April 2010, and RMB500,000 in expenses for setting up Renminbi credit facilities.

Income tax expense for continuing operations over the year increased by RMB47.6 million or 70.4% to RMB115.2 million, compared to an expense of RMB67.6 million last year. The Group's effective income tax rate of continuing operations in 2011 was 28.4%, an increase of 0.2 percentage points compared to an effective tax rate of 28.2% last year. The increase was attributed to the one-off costs associated with the Company's listing in Hong Kong which is not tax deductible in China.

Profit attributable to owners of the company rose 70.8% to RMB290.2 million, an increase of RMB120.3 million compared to a profit of RMB169.9 million last year. Excluding the one-off option expense payment of RMB7.5 million in the administrative and general expenses during the first half of 2010, the actual growth rate was 63.6%.

Liquid Assets, Financial Resources and Capital Expenditure

As of 31 December 2011, the Group had bank balances and cash of RMB504.0 million, compared to RMB161.4 million at the end of last year.

Net cash generated from operating activities was RMB34.2 million, a decrease of RMB75.1 million compared to RMB109.3 million as of the end of last year. This fall is primarily attributed to an increase in inventory caused by establishing 339 new proprietary stores in 2011. The Group's new brand, *Sundance*, which was launched in August, also contributed to the increase in inventory. The Group's inventory rose 36.9% from RMB410.3 million as at 31 December 2010 to RMB561.8 million as at 31 December 2011.

The Group recorded a net cash outflow of RMB162.9 million from investing activities, compared to a net inflow of RMB6.2 million for the same period of last year. The outflow primarily consisted of the purchase of premises, factories, equipment of RMB39.4 million, capital injection of RMB2.4 million to a joint venture and other short-term principal guaranteed investments of RMB142.6 million. The net outflow was partially offset by an interest income of RMB2.7 million and the maturity of RMB19.2 million in pledged bank deposits.

Net cash inflow from financing activities was RMB471.2 million, which mainly consisted of net proceeds of RMB564.8 million from the listing of the Company's shares, which was partially offset by share issuance expense of RMB29.1 million and dividend payments of RMB64.4 million. The net outflow from financing activities in 2010 was RMB232 million, which consisted of a repayment for short-term bank loans of RMB40.9 million and dividend payments of RMB191.6 million.

As of 31 December 2011, the net current assets of the Group were RMB1,206.2 million, compared to RMB476.1 million at the end of last year, an increase of 153.4% or RMB730.1 million.

Pledge of Asset

As of 31 December 2011, the Group's pledged bank deposit was RMB14.6 million, compared to RMB33.8 million at the end of the previous year. The decrease is attributed to a decline in the amount of notes payable.

Contingent Liabilities

The Group did not have any substantial or contingent liabilities as of 31 December 2011.

Foreign Exchange Risk Management

The Group's sales were mainly denominated in RMB, while transactions related to its contract manufacturing business was denominated in USD. As the contract manufacturing business accounted for only 11.5% of total sales as of 31 December 2011, the Board of Directors does not foresee exchange rate fluctuation as having a substantial impact on the Group's business. However, the Board will closely monitor the effects of exchange rates on the contract manufacturing business and mitigate the impact. For the year ended 31 December 2011, the Group recorded a RMB167,000 gain from currency exchange, compared to a RMB268,000 gain in the corresponding period of last year. The Group did not hold any derivative instruments for hedging against foreign exchange risk.

Capital Expenditures

Capital expenditures for the whole year of 2011 were RMB40.2 million which was primarily related to the Group's investment activities. Payments for the acquisition of property, plants and equipment accounted for RMB39.4 million and payments for intangible assets accounted for RMB0.8 million.

Human Resources

As of 31 December 2011, the Group had 10,624 employees (31 December 2010: 8,886 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.

Use of Proceeds

Following the listing of the Company on the Hong Kong Stock Exchange on 23 September 2011 by issuing 300 million new shares under an offer price of HK$2.3, total funds raised after deducting the underwriting commission was about RMB535.7 million. The application of the proceeds from the initial public offering by the Group followed the guidance as set out in the prospectus of the Company dated 12 September 2011. Proceeds were used as follows:

	Use of Proceeds RMB (million)		
	Available Funds	**Utilized Funds**	**Unutilized**
Expand retail network	214.3	52.0	162.3
Expand and maintain production facilities, construction of office and storage facilities	133.9	13.5	120.4
Acquisition of footwear businesses	107.1	–	107.1
Repaid short-term bank loans	53.6	53.6	–
Expand online retail platform	26.8	–	26.8
Total	535.7	119.1	416.6

Dividend

The Board of Directors of the Company has declared a final dividend of RMB0.043 per share for the year ended 31 December 2011.

Subject to the approval at the forthcoming annual general meeting of the Company, the final dividend will be payable on or around end of July 2012 to the shareholders of the Company whose name appear on the register of members of the Company as on 26 June 2012.

Outlook

Looking forward, the Group will continue in expanding its market share in the retailing of mid-to-premium lady footwear market in China by promoting a multi-brand strategy that focuses on the development of new brands, either through its own development or cooperation with other footwear retailers. By unique positioning of each brand and applying innovative promotional efforts, the Company intends to shape each brand's 'core DNA' to create value, enhance product mix and meet consumer demand across a wide range of market segments.

The Group will also continue to maintain growth by further expanding its retail outlets, with a goal of opening approximately 200 to 300 proprietary outlets and approximately 100 third-party outlets in 2012, as well as by increasing sales volume at each store. The Group will also exercise strict control over inventories in order to further improve inventory turnover.

The Group also plans to work with third-party providers to create an online platform to sell its products, allowing the Group to further increase inventory turnover and further create new streams of revenue.

To facilitate the continuously expanding retail network, the Group will further increase manufacturing capacity for its self-made brands by adding an additional 4 production lines to its Nanjing, Dongguan and Suining factories, to reach a total of 16 production lines by the end of 2012. This will increase the Group's manufacturing capacity to approximately 7.2 million pairs.

The Group will maintain the current scale of production for its OEM operations in the coming year, while improving profitability by increasing the proportion of high-end brands and through technology improvements. The Group will also continue to leverage on the OEM of international brands to further improve its expertise and the quality of its own brands.

With the aim of boosting profile of the Group's signature *C.banner* brand and building up the Company's recognition as one of China's largest shoe retailers, the name of the Company has been changed to C.banner International Holdings Limited with 千百度國際控股有限公司 as the secondary name with effect from 8 February 2012.

Looking ahead, the Group will continue to seize opportunities to grow its business through selective acquisitions or cooperation with other footwear retailers, and aggressively expanding its presence in China in order to continue providing customers with high quality footwear and bring satisfactory returns to shareholders.

CLOSURE OF THE REGISTER OF MEMBERS

The register of members of the Company will be closed from 12 June 2012 to 15 June 2012, both days inclusive, in order to determine the identity of the shareholders who are entitled to attend the forthcoming annual general meeting to be held on 15 June 2012. 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 11 June 2012.

The register of members of the Company will also be closed from 21 June 2012 to 26 June 2012, both days inclusive, in order to determine the entitlement of the shareholders to the final dividend. 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 20 June 2012.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has maintained a high standard of corporate governance to protect the interest of shareholders and increase the corporate value and integrity. The Company has adopted the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "Listing Rules") as its own code of corporate governance. Throughout the period from 23 September 2011 (the "Listing Date") to 31 December 2011, the Company has complied with all applicable code provisions as set out in the CG Code.

AUDIT COMMITTEE

The Audit Committee has reviewed the accounting standards and practices and the Group's consolidated financial statements for the year ended 31 December 2011 with the Board and the external auditor.

CHANGES IN COMPOSITION OF THE BOARD COMMITTEES

To enhance the corporate governance level and pursuant to the latest modified provisions of the Listing Rules, the Board has made the following changes in composition of the board committees of the Company with effect from 22 March 2012:–

1. Mr. Miao Bingwen, the non-executive director of the Company, has been appointed as an additional member of the Audit Committee;

2. Mr. Chen Yixi, the Chairman of the Board, has been appointed as the chairman of the Nomination Committee in place of Mr. Huo Li who has also ceased to be a member of the Nomination Committee; and

3. Mr. Li Xindan, an independent non-executive director of the Company, has been appointed as the chairman of the Remuneration Committee in place of Mr. Xu Tingyu who has also ceased to be a member of the Remuneration Committee. In addition, Mr. Miao Bingwen has been appointed as a member of the Remuneration Committee.

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 for securities transactions by Directors. Having made specific enquiries of all Directors, all Directors confirmed that they had complied with the required standards of dealing set out in the Model Code throughout the period from the Listing Date to 31 December 2011.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Throughout the period from the Listing Date to 31 December 2011, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

PUBLICATION OF THE AUDITED CONSOLIDATED ANNUAL RESULTS AND 2011 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 and the Company, and the 2011 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

PRC, 22 March 2012

As at the date of this announcement, the executive directors of the Company are Mr. CHEN Yixi, Mr. LI Wei, Mr. ZHAO Wei, Mr. HUO Li and Mr. XU Tingyu; the non-executive director of the Company is Mr. MIAO Bingwen; and the independent non-executive directors of the Company are Mr. XU Chengming, Mr. LI Xindan and Mr. KWONG Wai Sun Wilson.