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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 2014**

#### **ANNUAL RESULTS HIGHLIGHTS**

	<b>Year ended 31 December</b>	
	<b>2014</b>	<b>2013</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Revenue	<b>2,820,738</b>	2,430,007
Gross profit	<b>1,788,048</b>	1,507,723
Operating profit	<b>341,277</b>	347,666
Income tax expense	<b>(94,213)</b>	(114,142)
Net profit attributable to equity holders of the Company	<b>242,224</b>	231,338
	<b>%</b>	<b>%</b>
Gross profit margin	<b>63.4</b>	62.0
Operating profit margin	<b>12.1</b>	14.3
Net profit margin	<b>8.6</b>	9.5
	<b><i>RMB cents</i></b>	<b><i>RMB cents</i></b>
Earnings per share		
– Basic	<b><u>12.11</u></b>	<u>11.57</u>
– Diluted	<b><u>11.83</u></b>	<u>11.43</u>

	<b>31 December 2014 <i>RMB'000</i></b>	31 December 2013 <i>RMB'000</i>
Balance of cash and bank deposits	<b>350,120</b>	598,659
Bank loans	<b>150,000</b>	0
	<i>%</i>	<i>%</i>
Liquidity ratio	<b>342.2</b>	636.3
Gearing ratio	<b>6.5</b>	0
	<i>Days</i>	<i>Days</i>
Average inventory turnover period	<b>254.1</b>	245.3
Average receivables turnover period	<b>51.1</b>	55.1
Average payable turnover period	<b>47.9</b>	53.5

*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”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2014 together with the comparative figures for the year ended 31 December 2013 as follows:

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2014

	NOTES	2014 RMB'000	2013 RMB'000
Revenue	4	2,820,738	2,430,007
Cost of sales		<u>(1,032,690)</u>	<u>(922,284)</u>
Gross profit		1,788,048	1,507,723
Other income and expenses and other gains and losses	5	93,869	88,335
Distribution and selling expenses		(1,434,271)	(1,143,340)
Administrative and general expenses		(84,418)	(89,524)
Finance costs		(20,506)	(14,363)
Share of loss of an associate		(1,281)	–
Share of loss of a joint venture		<u>(164)</u>	<u>(1,165)</u>
Profit before tax	6	341,277	347,666
Income tax expense	7	<u>(94,213)</u>	<u>(114,142)</u>
Net profit for the year		<u>247,064</u>	<u>233,524</u>
<b>Net profit and total comprehensive income</b>			
<b>for the year attributable to</b>			
Owners of the Company		242,224	231,338
Non-controlling interests		<u>4,840</u>	<u>2,186</u>
		<u>247,064</u>	<u>233,524</u>
Earnings per share			
– Basic (RMB cents)	8	<u>12.11</u>	<u>11.57</u>
– Diluted (RMB cents)	8	<u>11.83</u>	<u>11.43</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

		2014	2013
	NOTES	RMB'000	RMB'000
<b>Non-current assets</b>			
Property, plant and equipment		193,044	186,254
Prepaid lease payments		14,196	14,579
Intangible assets		4,919	2,992
Prepayments for intangible assets		6,362	6,362
Goodwill		5,725	5,725
Interest in an associate		26,674	–
Interest in a joint venture		6,034	4,706
Held-to-maturity investments	9	3,065	17,157
Deferred tax assets		60,586	36,910
Long-term deposit		22,092	16,074
		<u>342,697</u>	<u>290,759</u>
<b>Current assets</b>			
Inventories		814,773	622,946
Trade receivables	10	392,823	397,662
Other receivables and prepayments		107,141	100,291
Held-to-maturity investments	9	23,989	29,787
Other financial assets		270,535	331,753
Bank balances and cash		350,120	598,659
		<u>1,959,381</u>	<u>2,081,098</u>
<b>Current liabilities</b>			
Trade payables	11	157,854	113,115
Other payables		218,736	180,662
Income tax liabilities		30,587	30,451
Borrowings	12	150,000	–
Deferred revenue		15,381	2,838
		<u>572,558</u>	<u>327,066</u>

		2014	2013
	<i>NOTES</i>	<i>RMB'000</i>	<i>RMB'000</i>
Net current assets		<u>1,386,823</u>	<u>1,754,032</u>
<b>Total assets less current liabilities</b>		<u>1,729,520</u>	<u>2,044,791</u>
<b>Non-current liability</b>			
Deferred tax liabilities		1,451	24,393
Convertible bonds	<i>13</i>	162,904	146,985
Derivative financial instruments	<i>13</i>	<u>16,421</u>	<u>26,545</u>
		<u>180,776</u>	<u>197,923</u>
Net assets		<u><u>1,548,744</u></u>	<u><u>1,846,868</u></u>
<b>Capital and reserves</b>			
Share capital	<i>14</i>	202,087	202,087
Reserves		<u>1,286,316</u>	<u>1,589,280</u>
<b>Total equity attributable to owners of the Company</b>		<u>1,488,403</u>	1,791,367
Non-controlling interests		<u>60,341</u>	<u>55,501</u>
		<u><u>1,548,744</u></u>	<u><u>1,846,868</u></u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 December 2014*

### 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 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")

The Group has applied for the first time in the current year the following amendments to IFRSs, and a new Interpretation.

Amendments to IFRS 10, IFRS 12 and IAS 27	Investment Entities
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to IAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to IAS 39	Novation of Derivatives and Continuation of Hedge Accounting
IFRIC – Int 21	Levies

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.

## New and revised IFRSs in issue but not yet effective

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 <sup>1</sup>
IFRS 14	Regulatory Deferral Accounts <sup>2</sup>
IFRS 15	Revenue from Contracts with Customers <sup>3</sup>
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations <sup>5</sup>
Amendments to IAS 1	Disclosure Initiative <sup>5</sup>
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation <sup>5</sup>
Amendments to IAS 19	Defined Benefit Plans: Employee Contributions <sup>4</sup>
Amendments to IFRSs	Annual Improvements to IFRSs 2010-2012 Cycle <sup>6</sup>
Amendments to IFRSs	Annual Improvements to IFRSs 2011-2013 Cycle <sup>4</sup>
Amendments to IFRSs	Annual Improvements to IFRSs 2012-2014 Cycle <sup>5</sup>
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants <sup>5</sup>
Amendments to IAS 27	Equity Method in Separate Financial Statements <sup>5</sup>
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>5</sup>
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception <sup>5</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2018

<sup>2</sup> Effective for first annual IFRS financial statements beginning on or after 1 January 2016

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2017

<sup>4</sup> Effective for annual periods beginning on or after 1 July 2014

<sup>5</sup> Effective for annual periods beginning on or after 1 January 2016

<sup>6</sup> Effective for annual periods beginning on or after 1 July 2014, with limited exceptions

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 of the Company 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 IFRS. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange. The consolidated financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance relating to the preparation of financial statements, which for this financial year and the comparative period continue to be those of the predecessor Companies Ordinance (Cap. 32) in accordance with transitional and saving arrangements for Part 9 of the new Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to that Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value.

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, 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 by operating and reportable segments for the year:

	2014 <i>RMB'000</i>	2013 <i>RMB'000</i>
<b>Segment revenue</b>		
Retail and wholesale		
– external sales	2,556,656	2,245,060
Contract manufacturing		
– external sales	264,082	184,947
– inter-segment sales	19,276	60,916
	<u>2,840,014</u>	<u>2,490,923</u>
Segment revenue	2,840,014	2,490,923
Eliminations	(19,276)	(60,916)
	<u>2,820,738</u>	<u>2,430,007</u>
<b>Segment results</b>		
Retail and wholesale	342,684	339,763
Contract manufacturing	8,598	14,928
	<u>351,282</u>	<u>354,691</u>
Investment income from held-to-maturity investments	1,822	2,417
Gain from changes in fair value of derivative financial instruments	10,124	6,086
Finance costs	(20,506)	(14,363)
Share of loss of an associate	(1,281)	–
Share of loss of a joint venture	(164)	(1,165)
	<u>341,277</u>	<u>347,666</u>
Profit before income tax	341,277	347,666
Income tax expense	(94,213)	(114,142)
	<u>247,064</u>	<u>233,524</u>
Net profit for the year	<u>247,064</u>	<u>233,524</u>



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:

	<b>2014</b>	2013
	<b>RMB'000</b>	RMB'000
<b>Segment assets</b>		
Retail and wholesale	<b>2,585,051</b>	2,866,675
Contract manufacturing	<b>275,672</b>	656,620
	<hr/>	<hr/>
Total segment assets	<b>2,860,723</b>	3,523,295
Eliminations	<b>(678,993)</b>	(1,239,998)
Unallocated	<b>120,348</b>	88,560
	<hr/>	<hr/>
<b>Total consolidated assets</b>	<b>2,302,078</b>	2,371,857
	<hr/> <hr/>	<hr/> <hr/>
<b>Segment liabilities</b>		
Retail and wholesale	<b>475,597</b>	665,955
Contract manufacturing	<b>300,450</b>	594,091
	<hr/>	<hr/>
Total segment liabilities	<b>776,047</b>	1,260,046
Eliminations	<b>(384,076)</b>	(963,432)
Unallocated	<b>361,363</b>	228,375
	<hr/>	<hr/>
<b>Total consolidated liabilities</b>	<b>753,334</b>	524,989
	<hr/> <hr/>	<hr/> <hr/>

For the purposes of monitoring 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, borrowings, convertible bonds and derivative financial instruments.

## Other segment information

	<b>Retail and wholesale</b> <i>RMB'000</i>	<b>Contract manufacturing</b> <i>RMB'000</i>	<b>Total</b> <i>RMB'000</i>
For the year ended 31 December 2014			
Depreciation expense	<b>34,880</b>	<b>1,925</b>	<b>36,805</b>
Amortisation of intangible assets	<b>938</b>	<b>151</b>	<b>1,089</b>
Amortisation of prepaid lease payments	<b>383</b>	–	<b>383</b>
Allowance for inventory obsolescence	<b>21,229</b>	<b>683</b>	<b>21,912</b>
Purchase of property, plant and equipment	<b>45,944</b>	<b>1,473</b>	<b>47,417</b>
Purchase of intangible assets	<b>3,016</b>	–	<b>3,016</b>
Proceeds from disposal of property, plant and equipment	<b>3,561</b>	<b>261</b>	<b>3,822</b>
Interest income on bank deposits	<b>(7,102)</b>	<b>(43)</b>	<b>(7,145)</b>
Interest income on other financial assets	<b>(12,608)</b>	–	<b>(12,608)</b>
	<u><u>          </u></u>	<u><u>          </u></u>	<u><u>          </u></u>
For the year ended 31 December 2013			
Depreciation expense	20,725	1,982	22,707
Amortisation of intangible assets	701	151	852
Amortisation of prepaid lease payments	383	–	383
Allowance for inventory obsolescence	4,572	254	4,826
Purchase of property, plant and equipment	90,728	1,886	92,614
Purchase of intangible assets	614	–	614
Prepayment for intangible assets	6,362	–	6,362
Proceeds from disposal of property, plant and equipment	1,285	339	1,624
Interest income on bank deposits	(11,510)	(27)	(11,537)
Interest income on other financial assets	(19,386)	–	(19,386)
	<u><u>          </u></u>	<u><u>          </u></u>	<u><u>          </u></u>

## Geographical information

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

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

	<b>Revenue from external customers</b>	
	<b>2014</b>	<b>2013</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
PRC	<b>2,573,592</b>	2,243,891
United States of America	<b>247,146</b>	186,116
Total	<b><u>2,820,738</u></b>	<b><u>2,430,007</u></b>
	<b>Non-current assets</b>	
	<b>2014</b>	<b>2013</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
PRC	<b><u>279,046</u></b>	<b><u>236,692</u></b>

*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

	2014 <i>RMB'000</i>	2013 <i>RMB'000</i>
<b>Other income</b>		
Government grants ( <i>note 1</i> )	56,813	40,203
Interest income on bank deposits	7,145	11,537
Interest income on other financial assets	12,608	19,386
Rental income	558	68
	<u>77,124</u>	<u>71,194</u>
<b>Other gains and losses</b>		
Investment income from held-to-maturity investments	1,822	2,417
Gain from changes in fair value of derivative financial instruments	10,124	6,086
Gain on disposal of a subsidiary	–	2,711
Net foreign exchange loss	(848)	(894)
	<u>11,098</u>	<u>10,320</u>
<b>Other expenses</b>		
Others	5,647	6,821
	<u>93,869</u>	<u>88,335</u>

*Note 1:* The amount mainly represented the subsidies received from the local governments 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:

	2014 <i>RMB'000</i>	2013 <i>RMB'000</i>
Depreciation of property, plant and equipment	36,805	22,707
Amortisation of lease premium for land use rights	383	383
Amortisation of intangible assets	1,089	852
	<u>38,277</u>	<u>23,942</u>
Total depreciation and amortization		
Auditor's remuneration	1,300	1,400
Employee benefits expense	482,528	434,867
Cost of inventories recognised as an expense (including allowance for inventories obsolescence)	1,032,690	922,284
	<u>1,032,690</u>	<u>922,284</u>

## 7. INCOME TAX EXPENSE

	2014 <i>RMB'000</i>	2013 <i>RMB'000</i>
Current tax:		
PRC Enterprise Income Tax (“EIT”)	113,729	105,708
Hong Kong Profits Tax	–	968
Withholding tax	–	9,323
Under provision of EIT in prior years	655	281
Deferred tax credit:		
Current year	<u>(20,171)</u>	<u>(2,138)</u>
	<u><b>94,213</b></u>	<u><b>114,142</b></u>

The tax charge for the year ended 31 December 2014 can be reconciled to the profit before tax as follows:

	2014 <i>RMB'000</i>	2013 <i>RMB'000</i>
Profit before tax	<u><b>341,277</b></u>	<u>347,666</u>
Tax at the PRC EIT rate of 25% (2013: 25%)	<b>85,319</b>	86,917
Tax effect of share of losses of an associate	<b>320</b>	–
Tax effect of share of loss of a joint venture	<b>41</b>	291
Tax effect of expenses not deductible for tax purpose	<b>7,952</b>	2,923
Tax effect of income not taxable in other jurisdiction	<b>(3,579)</b>	(2,978)
Under provision in respect of prior year	<b>655</b>	281
Effect of different tax rates of group entities operating in jurisdictions other than PRC	–	(480)
Withholding tax	<u><b>3,505</b></u>	<u>27,188</u>
Income tax expense for the year	<u><b>94,213</b></u>	<u><b>114,142</b></u>

## 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:

	2014	2013
Earnings ( <i>RMB'000</i> )		
Earnings for the purposes of basic earnings per share (profit for the year attributable to equity holders of the Company)	242,224	231,338
Effects of dilutive potential ordinary shares:		
Changes in fair value of derivative financial instruments	(10,124)	(6,086)
Effective interest expense on convertible bonds	15,919	14,363
	<u>248,019</u>	<u>239,615</u>
Earnings for the purposes of diluted earnings per share		
Number of shares ( <i>'000</i> )		
Number of ordinary shares for the purpose of basic earnings per share	2,000,000	2,000,000
Effect of dilutive potential ordinary shares attributable to convertible bonds	96,875	96,875
	<u>2,096,875</u>	<u>2,096,875</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share		
	<u>2,096,875</u>	<u>2,096,875</u>
Earnings per share ( <i>RMB cents</i> )		
– Basic	<u>12.11</u>	<u>11.57</u>
– Diluted	<u>11.83</u>	<u>11.43</u>

## 9. HELD-TO-MATURITY INVESTMENTS

Held-to-maturity investments comprise:

	2014	2013
	<i>RMB'000</i>	<i>RMB'000</i>
Debt securities		
Current portion	23,989	29,787
Non-current portion	3,065	17,157
	<u>27,054</u>	<u>46,944</u>

Held-to-maturity investments represent unsecured debt securities that are either issued by companies with shares listed on the Hong Kong Stock Exchange, or issued by subsidiaries of state-owned enterprises in the PRC, carrying fixed interest rates at 2.95%-11.25% (31 December 2013: 1.85%-11.25%) per annum, and will mature from 12 July 2015 to 25 April 2016. All of the companies are with good credit quality as at 31 December 2014. None of these assets has been past due or impaired at the end of the reporting period.

## 10. TRADE RECEIVABLES

	2014 <i>RMB'000</i>	2013 <i>RMB'000</i>
Amounts receivable from sales of goods	388,459	397,662
Amounts due from an associate	4,364	—
	<u>392,823</u>	<u>397,662</u>

The Group allows an credit period of 60 days for collection of the trade receivables.

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

	2014 <i>RMB'000</i>	2013 <i>RMB'000</i>
0 to 60 days	327,668	322,531
61 to 180 days	43,192	55,234
181 days to 1 year	7,220	12,337
Over 1 year	14,743	7,560
	<u>392,823</u>	<u>397,662</u>
Amounts receivable from sales of goods	<u>392,823</u>	<u>397,662</u>

## 11. TRADE PAYABLES

	2014 <i>RMB'000</i>	2013 <i>RMB'000</i>
Trade payables for purchases of goods from third parties	152,646	104,640
Amounts due to a joint venture	4,481	8,475
Amounts due to an associate	727	—
	<u>157,854</u>	<u>113,115</u>

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:

	2014 <i>RMB'000</i>	2013 <i>RMB'000</i>
Age		
0 to 90 days	156,813	94,852
91 to 180 days	789	18,024
181 to 1 year	217	193
Over 1 year	35	46
	<u>157,854</u>	<u>113,115</u>

## 12. BORROWINGS

	2014 <i>RMB'000</i>	2013 <i>RMB'000</i>
Short-term bank loan	<u>150,000</u>	<u>–</u>
Secured	<u>150,000</u>	<u>–</u>

During the year, the Company obtained a new bank loan amounting to RMB150,000,000 (31 December 2013: nil). The loan carries interest at fixed market rate of 3.95% (at 31 December 2013: nil) and is repayable in instalments over a period of 1 year.

## 13. CONVERTIBLE BOND

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 were neither connected nor 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 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 etc (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, the Bonds and 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.

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 of certain subjective assumptions. The inputs into the model were as follows:

	<b>31 December 2014</b>	31 December 2013
Risk-free interest rate	<b>0.33%</b>	0.482%
Discount rate	<b>6.28%</b>	6.9%
Dividend yield	<b>1.56%</b>	2.12%
Volatility of the Company's share price (with references to historical volatility of the Company and comparable companies' share prices)	<b>19.55%</b>	32.96%
The Company's share price on valuation date	<b>HK\$2.41</b>	HK\$2.66

The movement of the liability component, derivative component and conversion component for the reporting period is set out as below:

	<b>Liability component RMB'000</b>	<b>Redemption premium derivative component RMB'000</b>	<b>Conversion component RMB'000</b>	<b>Total RMB'000</b>
<b>Convertible bonds:</b>				
At 1 January 2013	132,622	32,631	25,427	190,680
Effective interest expense charged during the year	14,363	–	–	14,363
Changes on fair value	–	(6,086)	–	(6,086)
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)
As at 31 December 2014	<u>162,904</u>	<u>16,421</u>	<u>25,427</u>	<u>204,752</u>

## 14. SHARE CAPITAL

	<b>Number of ordinary shares of USD0.015 each</b>	<b>Amount USD'000</b>
Authorised:		
At 1 January 2013 & 31 December 2013 & 31 December 2014	<u>20,000,000,000</u>	<u>300,000</u>
Issued and fully paid:		
At 1 January 2013 & 31 December 2013 & 31 December 2014	<u>2,000,000,000</u>	<u>30,000</u>
Shown in the consolidated statement of financial position At 1 January 2013 & 31 December 2013 & 31 December 2014		<u>202,087</u>

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

## 15. DIVIDENDS

	<b>2014 RMB'000</b>	<b>2013 RMB'000</b>
Dividends recognised as distribution to ordinary shareholders during the year	<u>520,000</u>	<u>88,000</u>

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 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.

In 2013, a final dividend to ordinary shareholders of RMB0.044 per share amounting to RMB88,000,000 in aggregate was proposed and paid. Also, a dividend to convertible bondholders of RMB0.044 per share amounting to RMB4,263,000 in aggregate was paid.

The Company's Directors do not propose final dividend for the year ended 31 December 2014 (2013: the Board proposed RMB0.03 per share).

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Business Review**

2014 was a challenging but positive year. Despite the difficult operating conditions amid poor consumption sentiment and keen competitions, the overall performance of footwear industry has shown signs of recovery slowly in 2014 due partly to China's structural economic reform. In fact, during the second half of 2014, we saw a better operating environment for female footwear industry as evidenced by the emerging recovery.

The Group believes that the difficult period has come to an end and earnings are expected to rebound in the first half of 2015. In the long term, China remains a promising market for footwear industry and the crucial factors that determine the growth and prospect of China's footwear industry include the rise in disposable income, the progress of urbanization, the growing spending power of middle-class consumers, etc. Besides, whether China's economy can successfully transform into one more driven by consumption would be another key factor in determining the future course of the industry.

During the past year, in view of the volatile business environment and intense competition, the Group has taken myriad steps to drive the business forward. Among which is the active development of online business which complements with our O2O (online to offline) strategy of combining online and offline power for better marketing of products and brands. To build up brand image, wide-ranging marketing strategies were developed and effectively executed, with particular focus on expanding the network of new licensed brand stores with outstanding performance and on new brand sales. With respect to store management, the Group attached great importance to the optimization of proprietary outlets and had put a brake on opening new outlets. In order to improve the inventory level, the Group has resorted to different measures, which include strengthening cooperation with online platforms such as VIP.com, organizing large-scale special sales and launching a series of promotional events in our outlet stores.

With a view to maximizing shareholder value, the Group has taken on a wide range of initiatives during the year under review as described below.

### **Continuous Pursuit of Diversified Portfolio**

The Group is committed to developing lifestyle brands with distinctive DNA to enhance its core competitiveness as we understand that brand charisma is the essential element for retaining clients and increasing customers' loyalty. In order to broaden the appeal of our brands, in addition to our ongoing efforts to strengthen existing brands, the Group also strived to diversify our product offerings during the year under review and introduced a full suite of new products including handbags, men's footwear and accessories.

## **Diversified and Innovative Marketing Strategies**

During the past year, the Group continued to adopt diversified marketing to bolster sales and enhance brand awareness. Particular focus was placed on the mid-to-premium women's footwear in China as we expect that this is one of the market segments which would benefit most from the growing consumption power of China's emerging middle class.

The Group also fully leveraged on new media to extend our reach to customers and drive consumer interaction. One key area is the online platform such as Tmall.com which the Group actively developed during the year under review to promote our brand and products. On the offline front, we gave our outlets a new look to offer customers a fresh and appealing shopping experience.

## **Research and Design Tailored to Customers' Needs**

The Group's research and design teams fully understand that customers come first and therefore centered their activities on customers' needs. Each of our brands is tailored for the target customers to ensure that products of each brand are trendy, fashionable and most important fit to customers' requirements. The Group's research and design teams are led by experienced brand directors, design managers and designers while in-house training was provided to the team members and staff to ensure that both our products and services are of the very best quality.

## **A Vertically Integrated Business Model that Swiftly Accommodates Customers' Preference**

The Group operates under a vertically integrated business model, which encompasses design and development, outsourcing, manufacturing, marketing, wholesaling and retailing of shoes. With such holistic coverage, the Group can provide pre-sale and after-sale services directly to customers which is made possible only by the high degree of interaction with customers.

## **Optimization of Retail Network**

The Group's self-developed and licensed brands are mainly distributed through a comprehensive network of proprietary retail outlets in department stores strategically located in China's first, second and third-tier cities. It also wholesales its self-developed brands through authorized distributors.

During the year under review, the Group added a total of 53 proprietary retail outlets and reduced third-party outlets by 42. As of 31 December 2014, it oversaw a total of 1,765 proprietary retail outlets and 532 third-party outlets across China, maintaining a strong presence in over 31 provinces, municipalities and autonomous regions.

Due to the negative sentiment in the retail market and the increasing level of competition, same-store sales growth for 2014 increase by approximately 0.8% compared to the previous year.

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

Distribution Regions	C.banner		EBLAN		Sundance		MIO		Licensed Brands		Total
	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	108	32	63	12	23	2	11	9	33	1	294
Beijing	44	17	23	2	16	-	1	6	18	-	127
Tianjin	75	74	39	16	19	1	4	12	31	-	271
Northwest	74	94	37	30	9	1	-	49	27	-	321
Central China	43	27	9	10	5	-	-	7	15	-	116
Eastern China	176	43	104	10	52	1	18	-	63	-	467
Zhejiang	84	11	32	1	6	-	4	-	35	-	173
Shanghai	60	-	21	-	5	-	-	-	23	-	109
Southwest	97	21	16	6	7	-	-	4	45	-	196
Southern China	104	27	28	6	4	-	6	-	48	-	223
<b>Total</b>	<b>865</b>	<b>346</b>	<b>372</b>	<b>93</b>	<b>146</b>	<b>5</b>	<b>44</b>	<b>87</b>	<b>338</b>	<b>1</b>	<b>2,297</b>

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, 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.

## FINANCIAL REVIEW

For the year ended 31 December 2014, the Group's total revenue increased by 16.1% to RMB2,820.7 million, compared to the same period of last year. Gross profit increased by 18.6% to RMB1,788.0 million. Operating profit decreased by 1.8% to RMB341.3 million during the year under review. Profit for the year nudged upwards by 5.8% to RMB247.1 million. Profit attributable to equity holders was approximately RMB242.2 million, representing an increase of approximately 4.7% over the last year.

### Revenue

For the year ended 31 December 2014, the Group's total revenue increased 16.1% to RMB2,820.7 million, compared to RMB2,430.0 million in the same period of last year. The Group operated a total of 2,297 stores as of 31 December 2014.

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

	For the year ended 31 December				
	2014		2013		% of Growth
	RMB ('000)	% on Total Revenue	RMB ('000)	% on Total Revenue	
Retail and Wholesaling	<u>2,556,656</u>	<u>90.6</u>	<u>2,245,060</u>	<u>92.4</u>	<u>13.9</u>
Contract Manufacturing	<u>264,082</u>	<u>9.4</u>	<u>184,947</u>	<u>7.6</u>	<u>42.8</u>
<b>Total</b>	<b><u>2,820,738</u></b>	<b><u>100</u></b>	<b><u>2,430,007</u></b>	<b><u>100.0</u></b>	<b><u>16.1</u></b>

### Profitability

The Group's gross profit climbed 18.6% to RMB1,788.0 million, compared to RMB1,507.7 million last year. As of 31 December 2014, the gross profit margin was 63.4%, an increase of 1.4 percentage points from 62.0% in the corresponding period of last year.

Contributions from retail and wholesaling operations year-on-year increase 13.9% to RMB2,556.7 million of overall revenue as of 31 December 2014. The contribution from retail and wholesale drop to 90.6% as a proportion of revenue compared to 92.4% last year, while the proportion of revenue attributable to contract manufacturing rise to 9.4%. The rise in contract manufacturing was mainly due to the increasing operation capacity of the OEM factory operated by the Group in Dongguan.

For the year ended 31 December 2014, distribution and selling expenses reached RMB1,434.3 million, an increase of 25.5%, compared to expenses of RMB1,143.3 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 50.8% of total revenue, compared to 47.1% in the corresponding period of last year. The increase was primarily due to a rise in concessionaire fees, rental expenses, salaries and salaries of salespersons.

Administrative and general expenses over the year was RMB84.4 million, a decrease of RMB5.1 million compared to the same period of last year. This decrease was mostly attributable to the strengthening control on daily management expenses and the decrease in directors' bonuses as a result of the poorer operating performance 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 3.0% of total revenue, compared to 3.7% in the same period of last year.

Other income and other losses over the year was a net of RMB93.9 million as compared to a net of RMB88.3 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 RMB20.5 million, compared to RMB14.4 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 RMB19.9 million or 17.4% to RMB94.2 million, compared to an expense of RMB114.1 million last year. The Group's effective income tax rate in 2014 was 27.6%, a decrease of 5.2 percentage points compared to an effective tax rate of 32.8% last year. The decrease was mainly attributable to the dividend tax arising from the special dividends paid by the Group during the year of 2013.

Profit attributable to equity holders of the company increased 4.7% to RMB242.2 million, an increase of RMB10.9 million compared to a profit of RMB231.3 million last year.

### **Liquid Assets, Financial Resources and Capital Expenditure**

As of 31 December 2014, the Group had bank balances and cash of RMB350.1 million, compared to RMB598.7 million at the end of last year.

Net cash generated from operating activities was RMB117.5 million, compared to RMB78.1 million as of the end of last year. The increase is primarily attributed to the Group's strengthening management on trade payables and trade receivables.



Inventory rose 30.8% from RMB622.9 million in 2013 to RMB814.8 million in 2014. This was due to the net addition of 53 proprietary stores across the Group in 2014 and the launch of new licensed brands. Meanwhile, the Group's inventory turnover days recorded a net increase of 8.8 days as compared to 2013, which translated into bigger room of improvement in inventory.

The Group recorded a net cash inflow of RMB29.1 million from investing activities for the full year, compared to a net outflow of RMB164.2 million in 2013. The inflow was primarily due to the decrease in total investment in other financial assets.

Net cash used in financing activities was RMB395.2 million in 2014, compared to a net outflow of RMB92.3 million in 2013. This increase was mostly attributable to the dividend of RMB520.0 million paid to shareholders in 2014, dividend of RMB25.2 million paid to holders of convertible bonds and bank borrowings in the amount of RMB150.0 million.

As of 31 December 2014, the net current assets of the Group were RMB1,386.8 million, compared to RMB1,754.0 million at the end of last year, a decrease of 20.9% or RMB367.2 million.

### **Pledge of Asset**

As of 31 December 2014, the Group had short-term bank loans in the amount of RMB150.0 million. As of the same date, it had pledged financial asset in the amount of RMB150.0 million. As of 31 December 2013, the Group had no pledge of asset.

### **Contingent Liabilities**

The Group did not have any substantial or contingent liabilities as of 31 December 2014.

### **Foreign Exchange Risk Management**

The Group's sales are mainly denominated in RMB, while its contract manufacturing business is mainly denominated in USD. As the contract manufacturing business accounted for 9.4% of total revenue as of 31 December 2014, 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 2014, the Group recorded a RMB0.85 million loss from currency exchange, compared to a RMB0.9 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 2014, the Group had 12,228 employees (31 December 2013: 12,222 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 does not propose final dividend for the year ended 31 December 2014 (2013: the Board proposed RMB0.03 per share).

## **OUTLOOK**

Although the footwear market is still facing pressure and challenges in the short term, the Group sees the silver lining in the current economic cloud. The Group remains confident about the outlook for the women's footwear market as we expect that the industry will recover gradually in line with the improvement of the macroeconomic environment. Heartened by the improving same store sales in the second half of last year, we believe that the worst is over and the industry will recover slowly but steadily in the next couple of years. China, in particular, shows promising growth prospect for the footwear industry in the long run due to the structural economic reform towards more consumption-driven growth, expanding domestic demand, ongoing urbanization policy and the increasing spending power of the growing middle-class consumers.

In order to fuel its growth momentum, the Group will focus on implementing a series of future strategies which include enhancing brand image, diversifying brand portfolio and restructuring retail network. Besides, under our hybrid marketing strategy which encompasses both online and offline initiatives, the Group will continue to develop online business and platforms to drive sales and enlarge sales and distribution network while organizing more promotional events at our retail outlets.

To improve operation efficiency and cost control, the Group will spare no endeavor to maintain optimal inventory level. In addition to pursuing organic growth, the Group will also carry out selective acquisitions in a prudent manner to achieve synergy effect. Last but not least, we will continue to upgrade product design to better meet the customers' needs and preferences. We are confident that these strategies will add momentum to the Group's growth and in turn provides shareholders with positive results and rewards.

## **CLOSURE OF THE REGISTER OF MEMBERS**

The register of members of the Company will be closed from 23 June 2015 to 26 June 2015, 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 26 June 2015. 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 22 June 2015.

## **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 Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") for the year ended 31 December 2014. The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

According to Rule 3.10A of the Listing Rules, the Company is required to appoint independent non-executive Directors representing at least one-third of the Board; and according to code provision A.5.1 of the CG Code, the nomination committee of the Company shall comprise a majority of independent non-executive Directors. Following the resignation of Mr. Xu Chengming as an independent non-executive Director on 28 January 2014, the number of independent non-executive Directors was less than one-third of the Board members as required under Rule 3.10A of the Listing Rules and the majority members of the nomination committee of the Company were not independent non-executive Directors as required under code provision A.5.1 of the CG Code. Mr. Zheng Hongliang was appointed as an independent non-executive Director and a member of each of the audit committee, the nomination committee and the remuneration committee of the Company with effect from 23 April 2014 to comply with Rule 3.10A of the Listing Rules and code provision A.5.1 of the CG Code accordingly.

## **AUDIT COMMITTEE**

The Audit Committee 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 2014.

## **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 2014 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 2014.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

During the year ended 31 December 2014, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

## **PUBLICATION OF THE AUDITED CONSOLIDATED ANNUAL RESULTS AND 2014 ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY**

This annual results announcement is published on the websites of the Stock Exchange and the Company, and the 2014 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 Stock Exchange and the Company in due course.

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

PRC, 31 March 2015

*As at the date of this announcement, the executive Directors are Mr. CHEN Yixi, Mr. HUO Li, Mr. XU Tingyu and Mr. ZHAO Wei; the non-executive Directors are Mr. MIAO Bingwen, Mr. HO Chi Kit (with Mr. LI Xinhui as his alternate director) 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.*