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)

FURTHER ANNOUNCEMENT OF THE AUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

Reference is made to the announcement of C.banner International Holdings Limited (the "Company") dated 27 March 2020 in relation to the unaudited annual results of the Group for the year ended 31 December 2019 (the "Unaudited Annual Results Announcement"). Unless the context requires otherwise, capitalised terms used herein shall have the same meanings as those defined in the Unaudited Annual Results Announcement.

The Board hereby announces that the Auditors has completed its audit of the annual results of the Group for the year ended 31 December 2019. The audited consolidated results of the Group for the year ended 31 December 2019 together with the comparative figures for the corresponding period in 2018 are set out below:

FINANCIAL HIGHLIGHTS

	Year ended 31 December	
	2019	2018
	RMB'000	*RMB'000*
CONTINUING OPERATIONS		
Revenue	**1,935,538**	2,377,197
Gross profit	**1,159,086**	1,362,630
Loss before income tax	**(90,567)**	(50,996)
Income tax expenses	**(114,709)**	(42,360)
Loss for the year from continuing operations	**(205,276)**	(93,356)
DISCONTINUED OPERATION		
Loss for the year from discontinued operation	**(102,159)**	(290,898)
Loss for the year attributable to owners of the Company		
Loss from continuing operations	**(209,493)**	(95,006)
Loss from discontinuing operations	**(101,987)**	(292,023)
	(311,480)	(387,029)

	%	%
Gross profit margin from continuing operations	**59.9**	57.3
Operating loss margin from continuing operations	**(4.7)**	(2.1)
Net loss margin attributable to owners of the Company from continuing operations	**(10.8)**	(4.0)
Loss per share		
Basic and diluted loss per share(RMB cents)		
– from continuing and discontinued operations	**(15.11)**	(18.81)
– from continuing operations	**(10.16)**	(4.62)

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The following is an extract of the independent auditor's report on the Group's consolidated financial statements for the year ended 31 December 2019.

Qualified Opinion

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standard Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Qualified Opinion

Opening balances and corresponding figures

1) *Hamleys Global Holdings Limited and its subsidiaries (collectively known as the "Disposal Group")*

   We were unable to obtain sufficient appropriate audit evidence to satisfy ourselves concerning those opening balances of the Disposal Group disposed during the year ended 31 December 2019. As the opening balances of the Disposal Group significantly affected the determination of the Group's performance, we were unable to determine whether adjustments to the Group's loss, loss for the year from discontinued operation and opening retained earnings might be necessary for the year ended 31 December 2019. Our audit opinion on the consolidated financial statements for the year ended 31 December 2019 was modified accordingly. Our opinion on the current year's consolidated financial statements is also modified because of the possible effect of this matter on the comparability of the current year's figures and the corresponding figures.

   The loss for the year from discontinued operation are set out in note 8 of the consolidated financial statements of the annual result announcement and the opening balances of the Disposal Group as at 31 December 2018 are as follows:

	RMB'000
Property, plant and equipment	46,035
Other intangible assets	639,212
Deferred tax assets	10,840
Inventories	88,946
Trade receivables	17,732
Other receivables and prepayments	35,111
Bank balances and cash	39,978
Trade and bills payables	(54,402)
Other payables	(40,445)

	RMB'000
Bank overdrafts	(25,242)
Contract liabilities	(8,185)
Obligations under finance leases – due within one year	(4,243)
Obligations under finance leases – due after one year	(1,740)
Provisions	(5,998)
Current tax liabilities	(1,693)
Deferred tax liabilities	(117,883)
Non-controlling interests	6,535
Translation reserve	46,503

2) *Toys segment*

As disclosed in various notes to the consolidated financial statements, the Group's non-current assets in connection with the Toys segment consisted of property, plant and equipment of RMB71,853,000, intangible assets of RMB910,000 and prepayment for rental expenses of RMB11,329,000 (collectively known as "Toys Assets") as at 31 December 2018.

We are unable to obtain sufficient appropriate audit evidence to satisfy ourselves on the recoverability of these Toys Assets, in particular, based on the business results of the Toys segment. Consequently, we are unable to determine whether any adjustments in respect of the net carrying values of the Group's Toys Assets at 31 December 2018 are necessary.

For the year ended 31 December 2019, the Group recorded the following depreciation, amortisation, written off and impairment loss. We have not yet obtained sufficient and appropriate audit evidence to satisfy ourselves as to these depreciation, amortisation, written off and impairment loss, and whether these depreciation, amortisation, written off and impairment loss should be recognised in current or prior year.

	RMB'000
Depreciation of right-of-use assets	20,510
Depreciation of property, plant and equipment	7,045
Amortisation of other intangible assets	1,944
Written off of property, plant and equipment	12,446
Impairment loss on prepayment	10,000
Impairment loss on right-of-use assets	4,804
Impairment loss on property, plant and equipment	53,247
Impairment loss on other intangible assets	910

Any adjustments to the figures as described above might have a consequential effect on the Group's consolidated financial performance and consolidated cash flows for the years ended 31 December 2018 and 2019, the consolidated financial position of the Group as at 31 December 2018, and the related disclosures thereof in the consolidated financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Notes	**2019**	2018
		RMB'000	*RMB'000*
			(Restated)
CONTINUING OPERATIONS			
Revenue	*4*	**1,935,538**	2,377,197
Cost of sales		**(776,452)**	(1,014,567)
Gross profit		**1,159,086**	1,362,630
Other income and expenses and other gains and losses	*5*	**(45,840)**	34,605
Distribution and selling expenses		**(1,033,471)**	(1,283,111)
Administrative and general expenses		**(147,724)**	(107,825)
Share of profit/(loss) of an associate		**1,651**	(3,088)
Share of loss of joint ventures		**(4,713)**	(2,439)
Finance costs		**(19,556)**	(51,768)
Loss before income tax		**(90,567)**	(50,996)
Income tax expenses	*6*	**(114,709)**	(42,360)
Loss for the year from continuing operations	*7*	**(205,276)**	(93,356)
DISCONTINUED OPERATION			
Loss for the year from discontinued operation	*8*	**(102,159)**	(290,898)
Loss for the year		**(307,435)**	(384,254)
Other comprehensive income/(expenses):			
Items that may be reclassified to profit or loss:			
Exchange differences reclassified to profit or loss on disposal of subsidiaries		**43,565**	–
Exchange differences on translation of foreign operations		**2,938**	(8,965)
Share of other comprehensive income of an associate		**20**	157
		46,523	(8,808)
Items that will not be reclassified to profit or loss:			
Fair value changes of equity investments at fair value through other comprehensive income		**(20,000)**	–
Other comprehensive income/(expenses) for the year		**26,523**	(8,808)
Total comprehensive expenses for the year		**(280,912)**	(393,062)

	Notes	2019 *RMB'000*	2018 *RMB'000* (Restated)
Loss for the year attributable to:			
Owners of the Company			
Loss from continuing operations		**(209,493)**	(95,006)
Loss from discontinued operation		**(101,987)**	(292,023)
		(311,480)	(387,029)
Non-controlling interests			
Profit from continuing operations		**4,217**	1,650
(Loss)/Profit from discontinued operation		**(172)**	1,125
		4,045	2,775
Total comprehensive (expenses)/income attributable to:			
Owners of the Company		**(284,957)**	(395,834)
Non-controlling interests		**4,045**	2,772
		(280,912)	(393,062)
Loss per share	*10*		
From continuing and discontinued operations			
– Basic (RMB cents)		**(15.11)**	(18.81)
– Diluted (RMB cents)		**(15.11)**	(18.81)
From continuing operations			
– Basic (RMB cents)		**(10.16)**	(4.62)
– Diluted (RMB cents)		**(10.16)**	(4.62)
From discontinued operations			
– Basic (RMB cents)		**(4.95)**	(14.19)
– Diluted (RMB cents)		**(4.95)**	(14.19)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Notes	**2019**	2018
		RMB'000	*RMB'000*
Non-current assets			
Property, plant and equipment	*11*	**160,993**	259,811
Right-of-use assets	*11*	**152,289**	–
Prepaid lease payments		**–**	12,622
Other intangible assets	*11*	**11,455**	651,760
Goodwill		**5,725**	5,725
Interest in an associate		**–**	946
Interest in joint ventures		**7,310**	13,219
Equity investments at fair value through other comprehensive income		**20,000**	40,000
Deferred tax assets		**59,103**	117,788
Long-term deposits and prepayments		**28,520**	24,324
		445,395	1,126,195
Current assets			
Inventories		**510,578**	652,043
Trade receivables	*12*	**286,940**	301,487
Other receivables and prepayments		**84,992**	151,076
Interest in joint ventures		**–**	4,731
Current tax assets		**3,619**	–
Financial assets at fair value through profit or loss		**65,300**	50,000
Pledged bank deposits		**20,000**	–
Bank balances and cash		**401,057**	314,216
		1,372,486	1,473,553
Current liabilities			
Trade and bills payables	*13*	**127,206**	152,097
Other payables		**132,232**	280,871
Borrowings		**–**	202,446
Bank overdrafts		**–**	25,242
Contract liabilities		**26,932**	34,314
Lease liabilities		**40,645**	–
Obligations under finance leases–due within one year		**–**	4,243
Provisions		**–**	5,998
Current tax liabilities		**6,709**	14,013
		333,724	719,224

	Notes	2019 RMB'000	2018 RMB'000
Net current assets		**1,038,762**	754,329
Total assets less current liabilities		**1,484,157**	1,880,524
Non-current liabilities			
Deferred tax liabilities		**–**	117,883
Borrowings		**–**	75,495
Lease liabilities		**83,887**	–
Obligations under finance leases – due after one year		**–**	1,740
Contract liabilities		**–**	10,932
		83,887	206,050
Net assets		**1,400,270**	1,674,474
Capital and reserves			
Share capital	*14*	**209,097**	209,097
Reserves		**1,120,714**	1,405,671
Total equity attributable to owners of the Company		**1,329,811**	1,614,768
Non-controlling interests		**70,459**	59,706
Total equity		**1,400,270**	1,674,474

1. GENERAL INFORMATION

C.banner International Holdings Limited (the "Company") was incorporated in the Bermuda under the Companies Act as an exempted company with limited liability on 26 April 2002. The address of its registered office is Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM10, Bermuda. The address of its principal place of business is Unit 2904, 29th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investment holding company. Its subsidiaries, associate and the joint ventures are principally engaged in manufacture and sale of branded fashion footwear and retail of toys. The Company and its subsidiaries are collectively referred to as the "Group".

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

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standard Board ("IASB") that are relevant to its operations and effective for its accounting year beginning on 1 January 2019. IFRSs comprise International Financial Reporting Standards ("IFRS"); International Accounting Standards ("IAS"); and Interpretations. The adoption of these new and revised IFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's consolidated financial statements and amounts reported for the current year and prior years except as stated below.

IFRS 16 "Leases"

On adoption of IFRS 16, the Group recognised right-of-use assets and lease liabilities in relation to leases which had previously been classified as 'operating leases' under IAS 17 "Leases."

IFRS 16 has been applied using the modified retrospective approach, with the cumulative effect of adopting IFRS 16 being recognised at the date of initial application of IFRS16, being 1 January 2019. Prior periods have not been restated.

The Group has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of IFRS 16, being 1 January 2019. At this date, the Group has also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition.

Instead of performing an impairment review on the right-of-use assets at the date of initial application, the Group has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of IFRS 16.

On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets, the Group has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term.

For those leases previously classified as finance leases, the right of-use asset and lease liability are measured at the date of initial application at the same amounts as under IAS 17 immediately before the date of initial application.

The operating lease commitments disclosed as at 31 December 2018 were RMB2,593,226,000 while the lease liabilities recognised as at 1 January 2019 were RMB927,506,000 of which RMB48,780,000 were current lease liabilities and RMB878,726,000 were non-current lease liabilities.

The differences between the operating lease commitments discounted using the lessee's incremental borrowing rate of 4.35% to 4.90% and the total lease liabilities recognised in the consolidated statement of financial position at the date of initial application of IFRS 16 comprised the exclusion of short-term lease recognised on a straight-line basis as expenses and inclusion of finance leases.

The following table summarises the impact of transition to IFRS 16 on the Group's consolidated statement of financial position as at 1 January 2019:

	As originally stated 31 December 2018 *RMB'000*	IFRS 16 Adjustments *RMB'000*	As adjusted 1 January 2019 *RMB'000*
Non-current assets			
Property, plant and equipment	259,811	(3,639)	256,172
Right-of-use assets	–	961,992	961,992
Prepaid lease payments	12,622	(12,622)	–
Current assets			
Other receivables and prepayments	151,076	(29,648)	121,428
Current liabilities			
Other payables	280,871	(5,440)	275,431
Lease liabilities	–	48,780	48,780
Obligations under finance leases – due within one year	4,243	(4,243)	–
Non-current liabilities			
Lease liabilities	–	878,726	878,726
Obligations under finance leases – due after one year	1,740	(1,740)	–

The Group has not applied the new IFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new IFRSs but is not yet in a position to state whether these new IFRSs would have a material impact on its results of operations and financial position.

3. OPERATING SEGMENT INFORMATION

The Group' s operating segments are based on information prepared and reported to the chief operating decision makers (" CODM"), the board of directors of the Company, for the purposes of resource allocation and performance assessment.

The Group has three reportable segments as follows:

– retail and wholesale of branded fashion footwear ("Retail and wholesale of shoes")

– contract manufacturing of footwear ("Contract manufacturing of shoes")

– retail of toys

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

Segment profits or losses do not include loss on disposal of subsidiaries, gain from disposal of held for sale assets, gain on deemed disposal of an associate, impairment of an associate and joint ventures, share of profit/(loss) of an associate and joint ventures, finance costs and income tax expense. Segment assets do not include interest in an associate, deferred tax assets, current tax assets, interests in joint ventures, financial assets at fair value through profit or loss, and other unallocated head office and corporate assets. Segment liabilities do not include deferred tax liabilities and income tax liabilities.

The Group accounts for intersegment sales and transfers as if the sales or transfers were to third parties, i.e. at current market prices.

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

	2019			2018		
	Continuing operations *RMB'000*	**Discontinued operations** *RMB'000*	**Total** *RMB'000*	Continuing operations *RMB'000* (Restated)	Discontinued operations *RMB'000* (Restated)	Total *RMB'000* (Restated)
Segment revenue						
Retail and wholesale of shoes						
– external sales	**1,625,685**	**–**	**1,625,685**	2,048,973	–	2,048,973
Contract manufacturing of shoes						
– external sales	**211,226**	**–**	**211,226**	229,104	–	229,104
– inter-segment sales	**112**	**–**	**112**	12,762	–	12,762
Retail of toys						
– external sales	**98,627**	**221,991**	**320,618**	99,120	546,462	645,582
Segment revenue	**1,935,650**	**221,991**	**2,157,641**	2,389,959	546,462	2,936,421
Eliminations	**(112)**	**–**	**(112)**	(12,762)	–	(12,762)
Group revenue	**1,935,538**	**221,991**	**2,157,529**	2,377,197	546,462	2,923,659

	2019			2018		
	Continuing operations	**Discontinued operations**	**Total**	Continuing operations	Discontinued operations	Total
	RMB'000	***RMB'000***	***RMB'000***	*RMB'000*	*RMB'000*	*RMB'000*
				(Restated)	(Restated)	(Restated)
Segment results						
Retail and wholesale of shoes	**70,520**	**–**	**70,520**	43,795	–	43,795
Contract manufacturing of shoes	**1,674**	**–**	**1,674**	(30,373)	–	(30,373)
Retail of toys	**(19,609)**	**(26,060)**	**(45,669)**	(14,087)	22,105	8,018
Less: Impairments of goodwill	**–**	**–**	**–**	–	(154,318)	(154,318)
Written off of property, plant and equipment	**(12,446)**	**–**	**(12,446)**	–	–	–
Impairment loss on long-term deposit	**(1,200)**	**–**	**(1,200)**	–	–	–
Impairment loss on prepayment	**(10,000)**	**–**	**(10,000)**	–	–	–
Impairment on right-of-use assets	**(4,804)**	**–**	**(4,804)**	–	–	–
Impairment on property, plant and equipment	**(53,247)**	**–**	**(53,247)**	–	(6,277)	(6,277)
Impairment loss on other intangible assets	**(32,689)**	**–**	**(32,689)**	–	(185,523)	(185,523)
	(133,995)	**(26,060)**	**(160,055)**	(14,087)	(324,013)	(338,100)
	(61,801)	**(26,060)**	**(87,861)**	(665)	(324,013)	(324,678)
Loss on disposal of subsidiaries	**–**	**(62,154)**	**(62,154)**	–	–	–
Gain from disposal of held for sale assets	**–**	**–**	**–**	23,626	–	23,626
Gain on deemed disposal of an associate	**1,008**	**–**	**1,008**	–	–	–
Impairment loss on an associate	**(2,375)**	**–**	**(2,375)**	(16,662)	–	(16,662)
Impairment loss on joint ventures	**(4,781)**	**–**	**(4,781)**	–	–	–
Finance costs	**(19,556)**	**(21,140)**	**(40,696)**	(51,768)	(2,978)	(54,746)
Share of profit/(loss) of associate	**1,651**	**–**	**1,651**	(3,088)	–	(3,088)
Share of loss of joint ventures	**(4,713)**	**–**	**(4,713)**	(2,439)	–	(2,439)
Loss before income tax	**(90,567)**	**(109,354)**	**(199,921)**	(50,996)	(326,991)	(377,987)
Income tax expense	**(114,709)**	**7,195**	**(107,514)**	(42,360)	36,093	(6,267)
Net loss for the year	**(205,276)**	**(102,159)**	**(307,435)**	(93,356)	(290,898)	(384,254)

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

	2019	2018
	RMB'000	*RMB'000*
Segment assets		
Retail and wholesale of shoes	**1,773,392**	1,880,784
Contract manufacturing of shoes	**119,151**	440,622
Retail of toys	**79,614**	987,581
Total segment assets	**1,972,157**	3,308,987
Eliminations	**(309,607)**	(845,922)
Unallocated	**155,331**	136,683
Total consolidated assets	**1,817,881**	2,599,748
Segment liabilities		
Retail and wholesale of shoes	**209,657**	262,547
Contract manufacturing of shoes	**229,992**	128,087
Retail of toys	**285,442**	917,067
Total segment liabilities	**725,091**	1,307,701
Eliminations	**(314,189)**	(514,323)
Unallocated	**6,709**	131,896
Total consolidated liabilities	**417,611**	925,274

Other segment information

	Continuing operations			Discontinued operations	
	Retail and wholesale of shoes	**Contract manufacturing of shoes**	**Retail of toys**	**Retail of toys**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***
For the year ended 31 December 2019					
Depreciation of property, plant and equipment	**61,909**	**1,113**	**7,045**	**12,758**	**82,825**
Depreciation of right-of-use assets	**20,597**	**8,122**	**20,510**	**14,490**	**63,719**
Amortisation of other intangible assets	**1,594**	**–**	**1,944**	**5,671**	**9,209**
Provision/(Reversal) for inventory obsolescence	**(21,998)**	**309**	**–**	**18,469**	**(3,220)**
Purchase of property, plant and equipment	**91,863**	**2,255**	**72**	**3,260**	**97,450**
Purchase of intangible assets	**642**	**–**	**34,537**	**4,340**	**39,519**
Reversal of impairment provision in respect of trade receivables	**(13,445)**	**–**	**–**	**–**	**(13,445)**
Impairment loss on long-term deposit	**–**	**–**	**1,200**	**–**	**1,200**
Impairment loss on prepayment	**–**	**–**	**10,000**	**–**	**10,000**
Impairment loss on right-of-use assets	**–**	**–**	**4,804**	**–**	**4,804**
Impairment loss on property, plant and equipment	**–**	**–**	**53,247**	**–**	**53,247**
Impairment loss on other intangible assets	**–**	**–**	**32,689**	**–**	**32,689**
Written off of property, plant and equipment	**–**	**–**	**12,446**	**–**	**12,446**
Interest income on bank deposits	**(4,462)**	**(63)**	**(30)**	**–**	**(4,555)**
Interest income on other financial assets	**(2,750)**	**–**	**–**	**–**	**(2,750)**

	Continuing operations			Discontinued operations	
	Retail and wholesale of shoes	Contract manufacturing of shoes	Retail of toys	Retail of toys	Total
	RMB'000	*RMB'000*	*RMB'000* (Restated)	*RMB'000* (Restated)	*RMB'000*
For the year ended 31 December 2018					
Depreciation of property, plant and equipment	19,914	1,094	11,648	12,194	44,850
Amortisation of other intangible assets	2,867	–	4,547	11,176	18,590
Amortisation of prepaid lease payments	397	–	–	–	397
Provision/(Reversal) for inventory obsolescence	34,834	(940)	(17)	(7,741)	26,136
Reversal of impairment provision in respect of trade receivables	(8,784)	–	–	–	(8,784)
Purchase of property, plant and equipment	13,325	809	28,422	12,357	54,913
Purchase of intangible assets	394	–	467	2,354	3,215
Impairment loss recognised on goodwill	–	–	–	154,318	154,318
Impairment loss recognised on other intangible assets	–	–	–	185,523	185,523
Impairment loss recognised in respect of property, plant and equipment	–	–	–	6,277	6,277
Interest income on bank deposits	(4,948)	(21)	(229)	(17)	(5,215)
Interest income on other financial assets	(273)	–	–	–	(273)

Geographical information

The Group's operations are mainly located in the People's Republic of China (the "PRC") and United Kingdom of Great Britain and Northern Ireland. ("UK").

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

	Revenue from external customers	
	2019	2018
	RMB'000	*RMB'000*
		(Restated)
The PRC	**1,724,312**	2,155,150
The United States of America	**211,226**	222,047
Discontinued operations	**221,991**	546,462
Total	**2,157,529**	2,923,659

	Non-current assets	
	2019	2018
	RMB'000	*RMB'000*
The PRC	**344,423**	258,836
UK	**–**	311,755
Other countries	**–**	373,492
	344,423	944,083

Note: Non-current assets exclude deferred tax assets, equity investments at fair value through other comprehensive income and long-term deposits.

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

4. REVENUE

	2019	2018
	RMB'000	*RMB'000*
Retail and wholesale of shoes	**1,625,685**	2,048,973
Contract manufacturing of shoes	**211,226**	229,104
Retail of toys	**320,618**	645,582
Total revenue	**2,157,529**	2,923,659
Representing		
Continuing operations	**1,935,538**	2,377,197
Discontinued operations	**221,991**	546,462
	2,157,529	2,923,659

Disaggregation of revenue from contracts with customers:

	2019	2018
	RMB'000	*RMB'000*
Geographical markets		
The PRC	**1,724,312**	2,155,150
UK	**176,939**	459,347
The United States of America	**211,226**	230,228
Other countries	**45,052**	78,934
Total	**2,157,529**	2,923,659
Major products/service		
Retail and wholesale of branded fashion footwear	**1,625,685**	2,048,973
Contract manufacturing of footwear	**211,226**	229,104
Retail of toys	**320,618**	645,582
Total	**2,157,529**	2,923,659
Timing of revenue recognition		
At a point in time	**2,157,529**	2,923,659

Retail and wholesale of shoes

The Group manufactures and sells self-developed brands and licensed brands footwear to the customers. Sales are recognised when control of the products has transferred, being when the products are delivered to a customer, there is no unfulfilled obligation that could affect the customer's acceptance of the products and the customer has obtained legal titles to the products.

Wholesale of shoes to customers are normally made with credit terms of 60 to 75 days. For new customers, deposits or cash on delivery may be required. Deposits received are recognised as a contract liability. The Group would also allow longer credit period for certain customers with long term relationship. No credit terms are granted to retail customers. In respect of sales to retail customers made through cooperative stores, credit terms of 30 to 90 days are granted to cooperative stores.

A receivable is recognised when the products are delivered to the customers as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Contract manufacturing of shoes

The Group acts as an original equipment manufacturer ("OEM") or original design manufacturer ("ODM") for international shoes companies dealing in export. Sales are recognised when control of the products has transferred, being when the products are delivered to a customer, there is no unfulfilled obligation that could affect the customer's acceptance of the products and the customer has obtained legal titles to the products.

Wholesale of shoes to customers are normally made with credit terms of 60 days. For new customers, deposits or cash on delivery may be required. Deposits received are recognised as a contract liability.

A receivable is recognised when the products are delivered to the customers as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Retail of toys

The Group sells toys to the customers. Sales are recognised when control of the products has transferred, being when the products are delivered to a customer, there is no unfulfilled obligation that could affect the customer's acceptance of the products and the customer has obtained legal titles to the products. No credit terms are granted to customers.

Customer loyalty programmes

Within its retail segment, the Group operates a loyalty points programme, which allows customers to accumulate points when they purchase products in the Group's retail stores. The customers are entitled to redeem the award credits as cash to be used in future sales upon the fulfilment of certain criteria as set out in the terms and conditions of the Group's customer loyalty programme.

Consideration received for the products sold within the retail segment is allocated between the products sold and the points issued based on the relative stand-alone selling prices of the products sold and the points issued. The stand-alone selling prices of the points are determined by applying the expected cost plus a margin approach. The value allocated to the points issued is deferred and recognised as a contract liability. Such contract liability is recognised as revenue when the points are redeemed or expired.

5. OTHER INCOME AND EXPENSES AND OTHER GAINS AND LOSSES

	2019	2018
	RMB'000	*RMB'000*
Other income		
Government grants *(Note (a))*	**43,530**	27,285
Interest income on bank deposits	**4,555**	5,215
Interest income on other financial assets	**2,750**	273
Gain on disposal of property, plant and equipment	**1,064**	–
Others	**7,711**	6,766
	59,610	39,539
Other gains and losses		
Net foreign exchange gain/(loss)	**1,142**	(1,806)
Reversal of impairment provision in respect of trade receivables	**13,445**	8,784
Gain on deemed disposal of an associate	**1,008**	–
Impairment loss on property, plant and equipment	**(53,247)**	(6,277)
Impairment loss on long-term deposit	**(1,200)**	–
Impairment loss on prepayment *(Note (b))*	**(10,000)**	–
Impairment loss on right-of-use assets	**(4,804)**	–
Impairment loss on goodwill	**–**	(154,318)
Impairment loss on other intangible assets	**(32,689)**	(185,523)
Impairment loss on joint ventures	**(4,781)**	–
Impairment loss on an associate	**(2,375)**	(16,662)
Fair value change on financial assets at fair value through profit or loss	**–**	(10,765)
Gain from disposal of held for sale assets	**–**	23,626
Gain on modification of right-of-use assets and lease liabilities *(Note (c))*	**1,719**	–
Written off of property, plant and equipment	**(12,446)**	–
	(104,228)	(342,941)
Total other income and expenses and other gains and losses	**(44,618)**	(303,402)
Representing		
Continuing operations	**(45,840)**	34,605
Discontinued operations	**1,222**	(338,007)
	(44,618)	(303,402)

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

Note (b) The Group plans to early terminate the rental agreement of a retail shop. Accordingly, impairment loss on relevant rental prepayment for rental expenses of RMB10,000,000 was recognised.

Note (c) The Group terminated rental agreement of a retail shop and written off property, plan and equipment of the retail shop of RMB12,446,000 accordingly.

6. INCOME TAX EXPENSES

	2019	2018
	RMB'000	*RMB'000*
Current tax – PRC Enterprise Income Tax		
Provision for the year	**72,473**	59,896
Over-provision in prior years	**(7,986)**	(193)
	64,487	59,703
Current tax – PRC withholding tax	**2,375**	23,412
Current tax – United Kingdom Corporation Tax		
Provision for the year	**507**	1,190
Over-provision in prior years	**–**	(13,489)
	507	(12,299)
Deferred tax	**40,145**	(64,549)
Income tax expenses	**107,514**	6,267
Representing		
Continuing operations	**114,709**	42,360
Discontinued operations	**(7,195)**	(36,093)
	107,514	6,267

7. LOSS FOR THE YEAR FROM CONTINUING OPERATIONS

Loss for the year has been arrived at after (crediting)/charging:

	2019	2018
	RMB'000	*RMB'000*
		(Restated)
Depreciation of property, plant and equipment	**70,067**	32,656
Depreciation of right-of-use assets	**49,229**	–
Amortisation of prepaid lease payment	**–**	397
Amortisation of other intangible assets	**3,538**	7,414
Directors' emoluments	**6,447**	6,749
Auditors' remuneration	**1,100**	2,738
Cost of inventories sold	**776,452**	1,014,567
(Reversal of)/write-down of inventories to net realisable value (included in cost of inventories sold)	**(21,689)**	33,877
Reversal of impairment provision in respect of trade receivables	**(13,445)**	(8,784)
Share-based payment expenses	**–**	1,878
Impairment loss on property, plant and equipment	**53,247**	–
Impairment loss on long-term deposit	**1,200**	–
Impairment loss on prepayment	**10,000**	–
Impairment loss on right-of-use assets	**4,804**	–
Impairment loss on other intangible assets	**32,689**	–
Impairment loss on an associate	**2,375**	16,662
Impairment loss on joint ventures	**4,781**	–
Written off of property, plant and equipment	**12,446**	–
Employee benefits expenses		
– Salaries, bonus and allowances	**454,885**	480,954
– Retirement benefits scheme contributions	**71,576**	73,322
	526,461	554,276

8. DISCONTINUED OPERATION

	Notes	**2019** *RMB'000*	2018 *RMB'000*
Revenue	*4*	**221,991**	546,462
Cost of sales		**(115,910)**	(236,297)
Gross profit		**106,081**	310,165
Other income and expenses and other gains and losses	*5*	**1,222**	(338,007)
Distribution and selling expenses		**(105,055)**	(237,637)
Administrative and general expenses		**(28,308)**	(58,534)
Finance costs		**(21,140)**	(2,978)
Loss before income tax		**(47,200)**	(326,991)
Income tax credit	*6*	**7,195**	36,093
Loss for the year		**(40,005)**	(290,898)
Loss on disposal of subsidiaries	*15*	**(62,154)**	–
Loss for the year from discontinued operation		**(102,159)**	(290,898)

9. DIVIDENDS

The directors of the Company did not recommend the payment of any dividend for the years ended 31 December 2019 and 2018.

10. LOSS PER SHARE

From continuing and discontinued operations

Basic loss per share

The calculation of basic loss per share attributable to owners of the Company is based on the loss for the year attributable to owners of the Company of approximately RMB311,480,000 (2018: approximately RMB387,029,000) and the weighted average number of ordinary shares (deducted shares held under the share award scheme of 15,874,000) of 2,061,126,000 (2018: 2,058,111,000) in issue during the year.

Diluted loss per share

There was no dilutive potential ordinary shares outstanding for both years. Accordingly, the diluted loss per share is same as basic loss per share for both years.

From continuing operations

Basic loss per share

The calculation of basic loss per share from continuing operations attributable to owners of the Company is based on the loss for the year from continuing operations attributable to owners of the Company of approximately RMB209,493,000 (2018: approximately RMB95,006,000) and the weighted average number of ordinary shares (deducted shares held under the share award scheme of 15,874,000) of 2,061,126,000 (2018: 2,058,111,000) in issue during the year.

Diluted loss per share

There was no dilutive potential ordinary shares outstanding for both years. Accordingly, the diluted loss per share is same as basic loss per share for both years.

From discontinued operations

Basic loss per share

The calculation of basic loss per share from discontinued operations attributable to owners of the Company is based on the loss for the year from discontinued operations attributable to owners of the Company of approximately RMB101,987,000 (2018: approximately RMB292,023,000) and the weighted average number of ordinary shares (deducted shares held under the share award scheme of 15,874,000) of 2,061,126,000 (2018: 2,058,111,000) in issue during the year.

Diluted loss per share

There was no dilutive potential ordinary shares outstanding for both years. Accordingly, the diluted loss per share is same as basic loss per share for both years.

11. PROPERTY, PLANT AND EQUIPMENT, RIGHT-OF-USE ASSETS AND OTHER INTANGIBLE ASSETS

The Group carried out reviews of the recoverable amount of its property, plant and equipment, right-of-use assets and intangible assets as a result of the deterioration of the markets of the Group's products. These assets are used in the Group's retail of toys segment in the PRC. The Group expects the toys segment in the PRC will continuously incurring losses. The reviews led to the recognition of an impairment loss for property, plant and equipment, right-of-use assets and intangible assets of the toys segment of approximately RMB53,247,000, RMB4,804,000 and RMB32,689,000 respectively that has been recognised in profit or loss. The recoverable amount of the relevant property, plant and equipment, right-of-use assets and intangible assets of RMB300,000, RMB51,187,000 and RMB nil respectively has been determined on the basis of their value in use using discounted cash flow method (level 3 fair value measurements). The discount rate used was 10%.

12. TRADE RECEIVABLES

The Group's trading terms with other customers are mainly on credit. The credit terms generally range from 30 to 90 days. Each customer has a maximum credit limit. For new customers, payment in advance is normally required. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the directors. The Group would also allow longer credit period for certain customers with long term relationship.

	2019	2018
	RMB'000	*RMB'000*
Trade receivables	**295,473**	323,465
Provision for loss allowance	**(8,533)**	(21,978)
	286,940	301,487

The aging analysis of trade receivables, based on the revenue recognition date, and net of allowance, is as follows:

	2019	2018
	RMB'000	*RMB'000*
0 to 60 days	**198,623**	234,736
61 to 180 days	**54,133**	37,032
181 days to 1 year	**4,203**	12,965
Over 1 year	**29,981**	16,754
	286,940	301,487

Reconciliation of loss allowance for trade receivables:

	2019	2018
	RMB'000	*RMB'000*
At the beginning of year	**21,978**	30,762
Decrease in loss allowance for the year	**(13,445)**	(8,784)
At the end of year	**8,533**	21,978

13. TRADE AND BILLS PAYABLES

	2019	2018
	RMB'000	*RMB'000*
Trade payables	**107,206**	152,097
Bills payables	**20,000**	–
	127,206	152,097

The aging analysis of trade payables, based on the invoice date, is as follows:

	2019	2018
	RMB'000	*RMB'000*
0 to 90 days	**104,329**	125,919
91 to 180 days	**1,987**	21,338
181 days to 1 year	**677**	4,591
Over 1 year	**213**	249
	107,206	152,097

As at 31 December 2019, bills payables of RMB20,000,000 are secured by bank deposits of RMB20,000,000.

14. SHARE CAPITAL

	Note	**Number of shares**	**Amount** *USD'000*
Ordinary shares of USD0.015 each			
Authorised:			
At 1 January 2018 and 31 December 2018, 1 January 2019 and 31 December 2019		20,000,000,000	300,000
Issued and fully paid:			
At 1 January 2018 and 31 December 2018, 1 January 2019 and 31 December 2019		2,077,000,000	31,155

	Amount *RMB'000*
At 1 January 2018 and 31 December 2018, 1 January 2019 and 31 December 2019	209,097

Note

During the year ended 31 December 2019 and 2018, the Company did not repurchase any shares through the Hong Kong Stock Exchange.

15. DISPOSAL OF SUBSIDIARIES

On 9 May 2019, the Company entered into a sale and purchase agreement with Reliance Brands Limited to dispose 100% equity interest of Hamleys Global Holdings Limited (the "Disposal") at a consideration of GBP34,293,436 (equivalent to approximately RMB293,963,000).

The Disposal was completed on 16 July 2019. Upon completion of the Disposal, Hamleys Global Holdings Limited ceased to be subsidiaries of the Company and their results, assets and liabilities and cash flows ceased to be consolidated to that of the Group since then. A loss on disposal of RMB62,154,000 was recognised upon the completion, being calculated as follows:

	RMB'000
Net assets at the date of disposal were as follows:	
Property, plant and equipment	36,792
Right of use assets	775,800
Other intangible assets	641,688
Deferred tax assets	17,292
Inventories	73,854
Trade receivables	16,150
Other receivables and prepayments	20,796
Bank balances and cash	7,004
Trade payables	(39,480)
Other payables	(333,779)
Lease liabilities	(783,686)
Provisions	(532)
Bank overdrafts	(31,409)
Current tax liabilities	(650)
Deferred tax liabilities	(116,804)
	283,036
Release of foreign currency translation reserve	43,565
Non-controlling interests	6,708
Direct cost to the disposal	22,808
Loss on disposal of subsidiaries	(62,154)
Total consideration – satisfied by cash	293,963
Net cash inflow arising on disposal:	
Cash consideration received	293,963
Cash paid for direct cost	(22,808)
Cash and cash equivalents and bank overdrafts disposed of	24,405
	295,560

MANAGEMENT DISCUSSION & ANALYSIS

Business Overview

In 2019, global growth recorded its weakest pace since the global financial crisis a decade ago. Rising trade barriers and associated uncertainty weighed on business sentiment and activity worldwide. The World Bank expected the global growth to recover to 2.5% in 2020 – up slightly from the post-crisis low of 2.4% registered in 2019 amid weakening trade and investment. Facing a complex external environment, the Chinese government has been undergoing economic and financial measures to stimulate domestic consumption which has become an important economic growth driver. This presented challenges and opportunities to the footwear industry. In response to the changing consumer behaviour and market trends, the Company has adopted a business diversification strategy to mitigate adverse effects while leveraging its brand and resource advantage to capture growth opportunities.

E-commerce has become an important growth accelerator for the economy. According to a study conducted by Shopify Plus, worldwide revenue for the e-commerce fashion industry is expected to rise to US$712.9 billion by 2022. In China, the online retail sales of physical goods in the first eleven months of 2019 grew by 19.7% year-on-year, accounting for approximately 20% of the total retail sales of consumer goods. While China's 855 million digital consumers represent one of the biggest prizes for both global and domestic marketer, an increasingly crowded marketplace has led to fierce competition between brands. The rising sophistication of Chinese consumers is also requiring a digitally-fuelled strategy to capture the next wave of market growth. This may include a digitally-powered physical retail innovation to tap into omnichannel behaviour; monetizing social attention and engaging with consumers through direct-to-consumer channels; identifying the next pocket of customer growth in the lower-tier cities; fine-tuning the levers of consumer influence, the KOLs; and the use of data-enabled pricing, sales events, and promotions.

At the same time, the footwear market in China is seeing a shifting trend toward athleisure and sneakers which continue to grab higher consumers' attention than other categories. According to a recent research, the global athleisure market size was valued at US$155.2 billion in 2018 and is expected to reach US$257.1 billion by 2026, registering a CAGR of 6.7% from 2019 to 2026. While all segments within the footwear market are growing by more than 10% between 2018 and 2023, the athletic footwear segment shows the highest growth potential and is expected to increase by 46%, reaching US$89 billion in 2023, according to another study. In China, revenue in this segment is expected to amount to US$10.6 billion in 2020, and become the world's second-largest market after the United States, growing at a CAGR of 10% between 2020 and 2023. With streetwear and athleisure are steadily on the rise in China, many are putting their money towards one prized fashion accessory in particular: the sneaker. The 400 million Chinese millennials are set to constitute up to 69% of this market segment by 2021. Despite the current size and increasing importance of China's sports footwear and apparel retail market, China still lags behind other major developed economies in per capita annual consumption. The segment continues to show very promising potential.

Tapping into the Market

The Company strategically identified athleisure as a rising market trend early, and has been directing increased resources to tap into the promising market opportunity. Following years of high-speed growth, the high-tier footwear market in China has become mature and crowded with industry players. In view of the keen competition, the Company has adopted a development strategy that aims at lower-tier markets which have been growing at a considerable speed. Over the years, the Company has successfully established a sturdy reputation for quality products with innovative design. While the sophisticated consumers are becoming more concerned in cost-performance, the Company has adopted the strategy by shifting the focus to consumers with a more modest background but still has ample consumption power by offering products with an affordable and attractive price tag.

These measures were part of the swift response to the fast-changing market leveraging the Company's robust brand and national retail coverage advantage. The Company has successfully dodged substantial loss to the business amongst the complex macro environment. The nurturing of the growing consumer base will also empower the Company to generate high profits again once the consumer market has recovered from the economic slowdown.

The Company continues to foster its industry leadership with a sophisticated and fashionable brand image. The longstanding reputation as a leading international integrated retailer and manufacturer of mid to high-end women's footwear in China is a valuable asset that lays a solid foundation for sustainable growth. It allows the Company to retain a trustworthy brand value among consumers in spite of adverse market conditions. The Company will continue to bring innovative footwear design to the market, keep up with trends and offer an edgy, fresh portfolio.

Re-centering Our Business to Reinforce Market Visibility

The Company has established market leadership in the women's footwear industry in China, contributed by the immense effort spent since its establishment. It has always been the Company's major business, the most valuable asset that led to our success. As part of the refocusing strategy, the Company decided to seek disposal of its toys business (Hamleys Global Holdings Limited) in late 2018, and the disposal has been completed as indicated in the announcement dated 16 July 2019.

Following the disposal, the resources invested by the Company in the Hamleys business has been released. The Company is a well-established and reputable retailer in the market, and it has re-focused on its self-developed brands, namely "C.banner", "EBLAN", "sundance", "MIO", "BADGLEY MISCHKA" and "natursun". The Company is now standing in a stronger position to direct the resources in strengthening its core business of manufacturing and selling mid-to-premium women's footwear. It demonstrated the Company's unassailable and long-term commitment to its core business, as well as reassuring its leading position in the market. The disposal will also enable us to deploy the resources necessary for enhancing our role as OEM or ODM manufacturer for international shoe companies.

The Company intends to continue to operate the Hamleys stores that had opened in the PRC on a franchise basis, as agreed between the Company and the purchaser of the Hamleys business. After the disposal, the footwear business generated a revenue of RMB1,836.9 million, representing 85.1% of the Company's total revenue (including continuing operations and discontinued operations) during the year ended 31 December 2019, whilst the revenue on retail of toys contributed only 14.9% (RMB320.6 million) of the total revenue. The footwear business has again comprised the major contributor to the Company's principal business.

As part of our business strategies, the Company will continue to optimise and expand its extensive shoes retail network with an effort of expanding e-commerce sales channels and realising growth through the seamless sales system. Increased operating capital will also allow the Company to allocate more resources in diverse sales and joint promotions to stimulate inventory turnover and boost sales revenue.

In the year under review, the Group recorded a net reduction of 203 proprietary shoes retail outlets and 48 third-party shoe retail outlets respectively. As at 31 December 2019, the Group operated a network of 1,214 proprietary retail outlets and 245 third-party retail outlets across China, maintaining a strong presence in 31 provinces, municipalities and autonomous regions. In response to the changing consumption mode and habit, the Group further optimised its retail networks comprising both online and offline stores. We strategically cooperated with retailers such as department stores, shopping malls and outlets of varying scale to increase market presence and coverage, and strived to enhance same store sales growth of each offline store whilst actively promoting online sales.

The following table shows the Group's geographic distribution of shoes outlets:

	C.banner		EBLAN		Sundance	MIO		Badgley Mischka	Natursun	Licensed Brands	
Distribution Regions	**Proprietary outlets**	**Third-party outlets**	**Proprietary outlets**	**Third-party outlets**	**Proprietary outlets**	**Proprietary outlets**	**Third-party outlets**	**Proprietary outlets**	**Proprietary outlets**	**Proprietary outlets**	**Total**
Northeast	93	20	45	5	4	16	10	–	2	2	197
Beijing	39	11	16	1	5	2	1	1	6	–	82
Tianjin	70	65	24	–	–	9	–	–	6	1	175
Northwest	68	49	28	5	–	–	32	1	5	–	188
Central China	30	8	2	–	1	5	–	1	–	–	47
Eastern China	152	22	61	1	9	43	1	2	33	1	325
Zhejiang	71	–	12	–	2	6	–	–	7	–	98
Shanghai	54	–	12	–	–	7	–	2	16	1	92
Southwest	85	2	20	1	–	12	5	1	–	–	126
Southern China	92	6	10	–	–	14	–	1	4	2	129
Total	754	183	230	13	21	114	49	9	79	7	1,459

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.

Enhancing E-commerce Presence to Drive O2O Business Development

Driven by digitalization, the development of the omnichannel and new customer requirements, trade, and retail have undergone profound changes in recent years. Using online resources to reach more consumers while providing a comprehensive offline experience will allow the Company to stand out from the competition in the industry.

We adopt a forward-thinking approach to engage our customers and to integrate products into the overall customer experience—which includes not only shopping but learning about a product, using it and recommending it. With big data, multi-dimensional digital marketing can help increase the monetization rate of advertisements as well as the conversion rate of the online and offline merchants with the platforms. These will enable the Company to identify trends and continue to create products that speak to particular groups of consumers. Led by experienced management team, we are able to take advantage of retailing's new realities, and making those operations more efficient in the process. We will use real, comprehensive and timely understanding of consumers to optimise research and development, new design and the supply chains by adapting to shorter cycles while engaging with consumers directly in the product development process.

In the year under review, the Company continued to deploy resources in implementing creative online marketing strategies that is engaging and enhancing the overall consumption experience. The Company's official WeChat account, for example, is an effective and matured platform through which we speak to our customers directly with informative and interesting marketing messages such as the latest fashion trend, new product launch, and brand promotion feeds. The Company's online flagship stores on various popular E-commerce platforms are also generating a steady income for the Company.

The Company's extensive geographical network of retail outlets, comprising self-developed and licensed brand stores spreading across China's first, second and third-tier cities, give us a robust reach to customers offline. Integrated into the omnichannel, store renovations, VIP shopping schemes, sales promotions, outdoor advertisements, as well as product catalogues and brochures were among the tools to increase brand visibility, maintain consumer loyalty, and more importantly, enhance the shopping experience in the offline context.

Apart from optimizing the Company's online and offline retail channels, the Company also seeks out strategic cooperation opportunities with third party retailers in order to maximise its market share and presence.

All these new developments continue to shape the brand's DNA in innovation and resilience and reinforcing its core competitiveness. These will also enable our continued adjustment of the product portfolio in accordance with the changing market trends, and empower us to strive and excel amid challenge.

FINANCIAL REVIEW

For the year ended 31 December 2019, the Group's total revenue decreased by 26.2% to RMB2,157.5 million, compared to the same period of last year. Gross profit from continuing operations decreased by 14.9% to RMB1,159.1 million. (Loss)/profit for the year from continuing operations recorded a loss of RMB205.3 million, compared to a loss of RMB93.4 million in the same period of last year.

Revenue

For the year ended 31 December 2019, the Group's total revenue decreased by 26.2% to RMB2,157.5 million, compared to RMB2,923.7 million for the same period of last year.

The Group's revenue from continuing operations decreased by 18.6% to RMB1,935.5 million as compared to the same period of last year.

The Group's revenue mix comprises income from retail and wholesale of shoes ("Retail and Wholesale"), contract manufacturing of shoes ("Contract Manufacturing") and retail of toys. For the year ended 31 December 2019, revenue from retail of toys amounted to RMB320.6 million. The revenue distribution of Retail and Wholesale, Contract Manufacturing and retail of toys is set our as follows:

	For the year ended 31 December				
	2019		2018		
	RMB ('000)	**% of Total Revenue**	RMB ('000)	% of Total Revenue	% Growth
Retail and Wholesale	**1,625,685**	**75.3**	2,048,973	70.1	–20.7
Contract Manufacturing	**211,226**	**9.8**	229,104	7.8	–7.8
Retail of Toys	**320,618**	**14.9**	645,582	22.1	–50.3
Total	**2,157,529**	**100**	2,923,659	100	–26.2

The decrease in Retail and Wholesale is mainly attributable to the decrease in same store sales of shoes as compared with last year and the closure of inefficient shoes outlets; the decrease in Contract Manufacturing is mainly attributable to the reorganisation of the Group's OEM production lines; the decrease in retail of toys is mainly due to the disposal of the overseas business of Hamleys in July 2019.

Profitability

For the year ended 31 December 2019, the gross profit from continuing operations decreased by 14.9% to RMB1,159.1 million, the gross profit margin was 59.9%, an increase of 2.6 percentage points from 57.3% in last year.

For the year ended 31 December 2019, distribution and selling expenses from continuing operations reached RMB1,033.5 million, a decrease of 19.5%, compared to expenses of RMB1,283.1 million last year. Distribution and selling expenses from continuing operations accounted for 53.4% of revenue from continuing operations, compared to 54.0% in last year.

For the year ended 31 December 2019, administrative and general expenses from continuing operations amounted to RMB147.7 million, a increase of RMB39.9 million compared to the same period of last year. Administrative and general expenses accounted for 7.6% of revenue from continuing operations, compared to 4.5% in last year.

For the year ended 31 December 2019, the Group's other income and expenses and other gains and losses from continuing operations recorded a net loss of RMB45.8 million as compared to a net profit of RMB34.6 million last year. Other income and expenses and other gains and losses mainly included impairment of property, plant and equipment and other intangible assets, government subsidies, interest income on bank deposits and net foreign exchange gain. The decrease was mainly attributable to the impairment of property, plant and equipment and other intangible assets.

For the year ended 31 December 2019, the Group recorded finance costs of RMB19.6 million, compared to RMB51.8 million last year. The decrease was mainly attributable to the decrease in bank borrowings.

For the year ended 31 December 2019, the Group's income tax expense from continuing operations increased by RMB72.3 million to RMB114.7 million, compared to an expense of RMB42.4 million last year. The increase was mostly attributable to the charge-back of deferred tax.

For the year ended 31 December 2019, the Group recorded loss attributable to owners of the Company of RMB209.5 million from continuing operations, as compared to approximately RMB95.0 million recorded in 2018.

Liquidity, Financial Resources and Capital Structure

During the year, the Group adopted prudent treasury policies in managing cash resources and bank borrowings. As at 31 December 2019, the Group had cash and cash equivalents of RMB401.1 million (2018: RMB314.2 million).The total bank borrowings of the Group as at 31 December 2019 were RMB0 (2018: RMB303.2 million).

According to the Group's current level of cash balances, working resources and banking facilities, the Board is confident that the Group has sufficient resources to meet its future business expansion.

Gearing ratio

The Group's gearing ratio, computed by dividing total loans and borrowings by total assets, was 0.0% as at 31 December 2019 compared with 11.7% as at 31 December 2018.

Capital structure

The Group's operations were financed mainly by shareholder's equity, bank facilities available to the Group and internal resources. The Group will continue to adopt its treasury policy of placing its cash and cash equivalent as interest bearing deposits. The Group's loans and cash and cash equivalents were mainly denominated in Renminbi, Hong Kong dollars, GBP and U.S. dollars. As of 31 December 2019, the Group had no bank borrowings denominated in foreign currency.

Pledge of Asset

As of 31 December 2019, bills payables of RMB20,000,000 were pledged by bank deposits of RMB20,000,000.

Contingent Liabilities

The Group did not have any substantial or contingent liabilities as of 31 December 2019.

Foreign Exchange Risk Management

The Group's sales are mainly denominated in RMB, while its Contract Manufacturing is mainly denominated in USD and its retail of toys is mainly denominated in GBP. The Contract Manufacturing accounted for 9.8% of total revenue, while the retail of toys accounted for 14.9% of total revenue. Nevertheless, the Board will keep monitoring the impact of the exchange rate on our business closely and take appropriate measures to mitigate the impact where necessary.

For the year ended 31 December 2019, the Group recorded a RMB1.1 million gain from currency exchange, compared to a RMB1.8 million loss last year. The Group did not hold any derivative instruments for hedging against foreign exchange risk.

Human Resources

As of 31 December 2019, the Group had 7,459 employees (31 December 2018: 9,268 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 Directors do not recommend the payment of final dividend for the year ended 31 December 2019 (2018: nil).

Events After the Reporting Period

After the outbreak of novel coronavirus in mainland China, the Chinese government decisively adopted joint prevention, control and isolation measures. The suspension of business and work and shutdowns in multiple cities across China has had a huge impact on production and the daily lives and consumption of citizens. Thanks to the joint efforts of the government and the people, the epidemic in the Mainland was brought under control in early March. Companies began to resume business with social activities gradually returning to normal, and the stores of the Group also resumed full operation. However, the epidemic began to spread worldwide at the same time. Affected by the epidemic, some customers canceled their orders in the Group's factory in Dongguan City, Guangdong. The overall business outlook of the Group for 2020 is put to the test.

As at the date of this announcement, the Group has been working to assess the financial impact of the epidemic on the 2020 consolidated financial statements. The Group will continue to pay close attention to the epidemic situation and related developments and take timely measures to reduce the impact on the Group's operations.

In addition, on 20 January 2020, the Company completed the acquisition of 28% equity interest in Mega Brilliant International Limited ("Mega Brilliant") from the sellers at total consideration of approximately RMB59.7 million, after which the Company indirectly holds 79% of the issued share capital of Mega Brilliant.

Outlook

Looking ahead to 2020, the global economy is still facing various uncertain factors. The signing of the first phase of a trade agreement between China and the United States is giving ease to the trade conflict, but the world's economy lacks a strong driving force to grow. At home in China, the economy is undergoing a structural transformation that will bring along both change and opportunity.

Since its inception, the footwear business has always been the Company's core business and strength. This gives us a robust advantage to minimise business risks with our strategy of refocusing on its footwear operation and latching onto new growth engines, aiming at generating new values from existing resources.

Over the years, the Company has established an image of premium product. Our ability to deliver exceptional consumption experience through a comprehensive and complementary online and offline retail network is a core strength for it to course through the challenging market environment. We will leverage the online-offline synergy to maximise the potentials of its online business and direct online traffic to offline stores, meanwhile converting offline shoppers into online buying force, in order to accelerate growth and boost sales.

Marketing efforts will also be devoted to both online and offline communication channels to enhance brand visibility and awareness. We will employ a robust in-store display strategy to generate a strong desire to buy, in a more consumer-centric way so that products will be set up to please consumers helping them make purchasing decisions quickly. A more personalised consumption experience to consumers will help maintain customer loyalty.

Today the fashion and footwear industries have become more data-driven than ever. We are partnering with Aliyun of Alibaba Group in revamping an all-new IT system that will unify and centralise the data generated and collected across different departments and functions. This system, expected to launch soon, is redesigned to comprise eight major centres and built with Aliyun's most advanced technology architecture. It signifies our unwavering effort in elevating the efficiency of an omnichannel operation and the strategy in keeping ourselves abreast of the latest technology advantage that further empowers the digitalization of our operation and competitiveness differentiation.

In the future, the Company will continue to build its global brand image through the implementation of various branding strategies, retail network expansion, implementation of marketing strategies, and operation efficiency enhancements to sail through adverse market conditions.

The Company's global branding strategy is diligently crafted to increase its brand popularity in both Greater China and overseas markets. It will pave the way for the Company to continue to explore new potential licensed brands and further extend our product offering. Introducing new distribution channels to achieve horizontal expansion and market share increment, as well as new partnerships and product launch, will allow the Company to maximise its market share in the industry. Further optimization of offline sales and distribution network to enhance individual store efficiency and shopping experience, as well as actively developing its online business and platforms will continue to drive the Company's sales performance.

The disposal of the Hamleys overseas business demonstrated the Company's perennial commitment in our core footwear business. Now we are refocused, and more determined than ever to withstand adverse environment and challenge and continue to foster our market leadership with market insights and extensive experience in supply chain management. The Company will continue to explore new growth drivers that can unleash our resources advantage and potential, leading us to a new page in the women's footwear industry.

CLOSURE OF THE REGISTER OF MEMBERS

In order to determine the identity of the shareholders of the Company who are entitled to attend the forthcoming annual general meeting of the Company to be held on Monday, 29 June 2020, the register of members of the Company will be closed from Tuesday, 23 June 2020 to Monday, 29 June 2020, both days inclusive, during which period no transfer of share will be registered. All transfers accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong before 4:30 p.m. on Monday, 22 June 2020.

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. 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 2019. The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

AUDIT COMMITTEE

The Audit Committee had reviewed together with the Board the accounting standards and practices adopted by the Group and the audited consolidated financial statements for the year ended 31 December 2019 contained herein.

SCOPE OF WORK OF ZHONGHUI ANDA CPA LIMITED

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 2019 as set out in the preliminary announcement have been agreed by the Group's auditors, ZHONGHUI ANDA CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2019. The work performed by ZHONGHUI ANDA CPA Limited 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 ZHONGHUI ANDA CPA Limited on the preliminary announcement.

MODEL CODE FOR SECURITIESTRANSACTIONS

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 theDirectors has confirmed that he has complied with the required standards as set out in the Model Code during the year ended 31 December 2019.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 2019, 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 ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This audited annual results announcement is published on the websites of the Stock Exchange at www.hkexnews.hk and the Company at www.cbanner.com.cn.

DELAY IN DESPATCH OF 2019 ANNUAL REPORT

Due to restrictions in force in parts of China to combat the outbreak of COVID-19, the audit of the financial statements of the Group for the year ended 31 December 2019 has been affected. The publication and despatch of the annual report for the year 2019 (the "Annual Report") will hence be delayed and the Company will not be able to despatch the Annual Report on or before 30 April 2020 according to Rule 13.46(2)(a) of the Listing Rules.

However, in accordance with the FURTHER GUIDANCE ON THE JOINT STATEMENT IN RELATION TO RESULTS ANNOUNCEMENTS IN LIGHT OF THE COVID-19 PANDEMIC released on 16 March 2020 ("Further Guidance") by The Securities and Futures Commission and the Stock Exchange, an issuer may defer the publication of the Annual Report initially for up to 60 days from the date of the Further Guidance if, among other things, on or before 31 March 2020, the issuer has published its preliminary results without its auditors' agreement pursuant to the relevant joint statement released on 4 February 2020. Taking into account of the progress of the preparation of the Audited Annual Results and the Annual Report, the Company expects to despatch the Annual Report to the shareholders of the Company on 15 May 2020.

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

PRC, 28 April 2020

As at the date of this announcement, the executive Directors are Mr. CHEN Yixi, Mr. HUO Li, Mr. YUAN Zhenhua, Mr. WAN Xianghua and Mr. WU Weiming; the non-executive Director is Mr. MIAO Bingwen; and the independent non-executive Directors are Mr. KWONG Wai Sun Wilson, Mr. LI Xindan and Mr. ZHENG Hongliang.