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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2024

INTERIM RESULTS

The board (the "Board") of directors (the "Directors") of C.banner International Holdings Limited (the "Company" or "C.banner") is pleased to announce the unaudited interim condensed consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 June 2024 (the "Reporting Period") together with comparative figures for the corresponding period in 2023, are as follows:

FINANCIAL HIGHLIGHTS

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Revenue	**720,643**	787,909
Gross profit	**419,946**	461,179
Profit before income tax	**68,897**	68,627
Income tax expenses	**(16,303)**	(23,471)
Profit for the period	**52,594**	45,156
Profit/(loss) for the period attributable to:		
Owners of the Company	**52,414**	45,442
Non-controlling interests	**180**	(286)
	52,594	45,156
Earnings per share		
– Basic *(RMB cents)*	**2.52**	2.19
– Diluted *(RMB cents)*	**2.52**	2.19

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2024

		Six months ended 30 June	
	Notes	**2024**	2023
		RMB'000	*RMB'000*
		(unaudited)	(unaudited)
Revenue	*5*	**720,643**	787,909
Cost of sales		**(300,697)**	(326,730)
Gross profit		**419,946**	461,179
Other income and other gains and losses	*6*	**55,549**	32,648
Distribution and selling expenses		**(346,574)**	(372,543)
Administrative and general expenses		**(59,512)**	(51,550)
Share of loss of an associate		**–**	(38)
Finance costs	*7*	**(512)**	(1,069)
Profit before income tax		**68,897**	68,627
Income tax expenses	*8*	**(16,303)**	(23,471)
Profit for the period		**52,594**	45,156
Other comprehensive (expenses)/income:			
Items that will not be reclassified to profit or loss:			
Fair value changes of equity investments at fair value through other comprehensive income		**(8,377)**	1,755
Other comprehensive (expenses)/income for the period		**(8,377)**	1,755
Total comprehensive income for the period		**44,217**	46,911

	Notes	Six months ended 30 June **2024** *RMB'000* **(unaudited)**	2023 *RMB'000* (unaudited)
Profit/(loss) for the period attributable to:			
Owners of the Company		**52,414**	45,442
Non-controlling interests		**180**	(286)
		52,594	45,156
Total comprehensive income/(expenses) attributable to:			
Owners of the Company		**44,037**	47,197
Non-controlling interests		**180**	(286)
		44,217	46,911
Earnings per share	*10*		
– Basic *(RMB cents)*		**2.52**	2.19
– Diluted *(RMB cents)*		**2.52**	2.19

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2024

	Notes	**30 June 2024** ***RMB'000*** **(unaudited)**	31 December 2023 *RMB'000* (audited)
Non-current assets			
Property, plant and equipment		**166,092**	157,442
Right-of-use assets		**75,124**	79,954
Other intangible assets		**8,001**	10,597
Goodwill		**5,725**	5,725
Equity investments at fair value through other comprehensive income ("FVTOCI")		**19,530**	27,907
Deferred tax assets		**30,303**	34,812
Long-term deposits, other receivables and prepayments	*12*	**17,358**	14,945
		322,133	331,382
Current assets			
Inventories		**327,515**	333,985
Trade receivables	*11*	**198,930**	167,612
Other receivables and prepayments	*12*	**253,141**	253,090
Current tax assets		**1,919**	10
Bank balances and cash		**646,257**	663,455
		1,427,762	1,418,152
Current liabilities			
Trade payables	*13*	**120,386**	135,399
Other payables		**108,295**	147,447
Contract liabilities		**35,160**	30,189
Lease liabilities		**14,160**	14,697
Current tax liabilities		**31,169**	23,391
Dividend payables		**251,004**	–
		560,174	351,123
Net current assets		**867,588**	1,067,029
Total assets less current liabilities		**1,189,721**	1,398,411

	30 June 2024 *RMB'000* (unaudited)	31 December 2023 *RMB'000* (audited)
Non-current liabilities		
Lease liabilities	**4,638**	6,541
Net assets	**1,185,083**	1,391,870
Capital and reserves		
Share capital	**209,097**	209,097
Reserves	**966,569**	1,173,536
Total equity attributable to owners of the Company	**1,175,666**	1,382,633
Non-controlling interests	**9,417**	9,237
Total equity	**1,185,083**	1,391,870

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Equity attributable to owners of the Company								
	Share capital	Share premium	PRC statutory reserve	FVTOCI reserve	Contributed Surplus	Retained profits	Sub-total	Non-controlling interests	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at 1 January 2023 (audited)	209,097	646,042	176,493	4,700	–	328,615	1,364,947	9,113	1,374,060
Total comprehensive income/(expenses) for the period (unaudited)	–	–	–	1,755	–	45,442	47,197	(286)	46,911
Transfer (unaudited)	–	–	4,589	–	–	(4,589)	–	–	–
At 30 June 2023 (unaudited)	209,097	646,042	181,082	6,455	–	369,468	1,412,144	8,827	1,420,971
Balance at 1 January 2024 (audited)	**209,097**	**646,042**	**180,653**	**1,556**	–	**345,285**	**1,382,633**	**9,237**	**1,391,870**
Total comprehensive (expenses)/income for the period (unaudited)	**–**	**–**	**–**	**(8,377)**	–	**52,414**	**44,037**	**180**	**44,217**
Share premium cancellation (unaudited) *(Note)*	**–**	**(646,042)**	**–**	**–**	**646,042**	**–**	**–**	**–**	**–**
Proposed special dividend (unaudited) *(Note 9)*	**–**	**–**	**–**	**–**	**(65,056)**	**(185,948)**	**(251,004)**	**–**	**(251,004)**
Transfer (unaudited)	**–**	**–**	**4,432**	**–**	**–**	**(4,432)**	**–**	**–**	**–**
At 30 June 2024 (unaudited)	**209,097**	**–**	**185,085**	**(6,821)**	**580,986**	**207,319**	**1,175,666**	**9,417**	**1,185,083**

Note:

The cancellation of share premium of RMB646,042,000 was approved at the Company's special general meeting on 27 June 2024. As a result, the share premium of RMB646,042,000 was transferred to contributed surplus.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

1. GENERAL INFORMATION

C.banner International Holdings Limited (the "Company") was incorporated in 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 Suite 1503, Level 15, Admiralty Centre Tower 1, 18 Harcourt Road, Admiralty, 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 and associate 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 condensed consolidated financial statements are presented in Renminbi ("RMB"), which is the functional currency of the Company.

2. BASIS OF PREPARATION

These condensed consolidated financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34 "Interim Financial Reporting" issued by the International Accounting Standards Board ("IASB") and the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange.

These condensed consolidated financial statements should be read in conjunction with the 2023 annual financial statements of the Group. The accounting policies and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2023 of the Group.

3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current period, the Group has adopted all the new and revised International Financial Reporting Standards ("IFRSs") issued by the IASB that are relevant to its operations and effective for its accounting period beginning on 1 January 2024. IFRSs comprise IFRS; 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 period and prior years.

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

4. OPERATING SEGMENT INFORMATION

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Segment revenue		
Retail and wholesale of shoes		
– external sales	**612,389**	697,092
– inter-segment sales	**10**	19
Contract manufacturing of shoes		
– external sales	**72,398**	63,037
Retail of toys		
– external sales	**35,856**	27,780
Segment revenue	**720,653**	787,928
Eliminations	**(10)**	(19)
Group revenue	**720,643**	787,909
Segment results		
Retail and wholesale of shoes	**71,646**	68,146
Contract manufacturing of shoes	**(726)**	(482)
Retail of toys	**329**	317
	71,249	67,981
Finance costs	**(512)**	(1,069)
Net foreign exchange (loss)/gain	**(1,840)**	1,753
Share of loss of an associate	**–**	(38)
Profit before income tax	**68,897**	68,627
Income tax expenses	**(16,303)**	(23,471)
Profit for the period	**52,594**	45,156

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

	30 June 2024	31 December 2023
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Segment assets		
Retail and wholesale of shoes	**2,271,072**	2,265,596
Contract manufacturing of shoes	**179,847**	151,477
Retail of toys	**18,694**	19,679
Total segment assets	**2,469,613**	2,436,752
Eliminations	**(771,471)**	(749,947)
Unallocated	**51,753**	62,729
Total consolidated assets	**1,749,895**	1,749,534
Segment liabilities		
Retail and wholesale of shoes	**301,534**	382,412
Contract manufacturing of shoes	**712,456**	660,243
Retail of toys	**41,403**	40,416
Total segment liabilities	**1,055,393**	1,083,071
Dividend payables	**251,004**	–
Eliminations	**(772,754)**	(748,798)
Unallocated	**31,169**	23,391
Total consolidated liabilities	**564,812**	357,664

5. REVENUE

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Retail and wholesale of shoes	**612,389**	697,092
Contract manufacturing of shoes	**72,398**	63,037
Retail of toys	**35,856**	27,780
Total revenue	**720,643**	787,909

Disaggregation of revenue from contracts with customers:

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Geographical markets		
The People's Republic of China (the "PRC")	**649,276**	725,490
The United States of America	**71,367**	62,419
Total	**720,643**	787,909
Major products/service		
Retail and wholesale of branded fashion footwear	**612,389**	697,092
Contract manufacturing of footwear	**72,398**	63,037
Retail of toys	**35,856**	27,780
Total	**720,643**	787,909
Timing of revenue recognition		
At a point in time	**720,643**	787,909

6. OTHER INCOME AND OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Other income		
Government grants	**33,383**	21,544
Interest income on bank deposits	**6,155**	4,095
Interest income of trade debts *(Note 12)*	**3,940**	4,526
Interest income on other financial assets	**–**	26
Gain on disposal of property, plant and equipment	**21**	2
Royalties fee income	**10,169**	6,613
Others	**3,834**	3,937
	57,502	40,743
Other gains and losses		
Net foreign exchange (loss)/gain	**(1,840)**	1,753
Impairment provision in respect of trade receivables	**(113)**	(527)
Loss on modification of trade debts *(Note 12)*	**–**	(9,321)
	(1,953)	(8,095)
Total other income and other gains and losses	**55,549**	32,648

7. FINANCE COSTS

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Leases interests	**512**	1,069

8. INCOME TAX EXPENSES

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Current tax – PRC Enterprise Income Tax		
Provision for the period	**11,793**	37
Current tax – PRC withholding tax	**–**	4,588
Deferred tax	**4,510**	18,846
Income tax expenses	**16,303**	23,471

The Group is not subject to taxation in Bermuda and the British Virgin Islands ("BVI").

No provision for Hong Kong Profits Tax is required since the Group has no assessable profit in Hong Kong during the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

PRC Enterprise Income Tax has been provided at a rate of 25% on the estimated assessable profit during the six months ended 30 June 2024 (six months ended 30 June 2023: 25%).

Under the relevant tax law and implementation regulations in the PRC, withholding income tax is applicable to dividends payable to investors that are "non-PRC tax resident enterprises", which do not have an establishment or place of business in the PRC, or which have such establishment or place of business but the relevant income is not effectively connected with the establishment or place of business, to the extent such dividends have their sources within the PRC. Under such circumstances, dividends distributed from the PRC subsidiaries to non-PRC tax resident group entities in Hong Kong shall be subject to the withholding tax at 5% or 10%. Dividend distributed from a PRC subsidiary to a non-PRC tax resident group entity in the BVI shall be subject to the withholding tax at 10%.

9. DIVIDENDS

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Special dividend approved of HK$0.13 (approximate to RMB0.12) per ordinary share	**251,004**	–

The special dividend of HK$0.13 (equivalent to approximately RMB0.12) per share total of HK$270,010,000 (equivalent to approximately RMB251,004,000) was approved at the Company's special general meeting on 27 June 2024, in which HK$268,060,000 and HK$1,950,000 were paid on 18 July 2024 and 22 July 2024 respectively.

10. EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share attributable to owners of the Company is based on the profit for the period attributable to owners of the Company of approximately RMB52,414,000 (six months ended 30 June 2023: approximately RMB45,442,000) and the weighted average number of ordinary shares of 2,077,000,000 (six months ended 30 June 2023: 2,077,000,000) in issue during the period.

Diluted earnings per share

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

11. 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 of the Company. The Group would also allow longer credit period for certain customers with long-term relationship.

	30 June 2024	31 December 2023
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Trade receivables	**200,548**	169,117
Provision for loss allowance	**(1,618)**	(1,505)
	198,930	167,612

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

	30 June 2024	31 December 2023
	RMB'000	*RMB'000*
	(unaudited)	(audited)
0 to 60 days	**181,785**	153,816
61 to 180 days	**16,043**	11,412
181 days to 1 year	**477**	599
Over 1 year	**625**	1,785
	198,930	167,612

12. OTHER RECEIVABLES AND PREPAYMENTS

	Note	**30 June 2024**	31 December 2023
		RMB'000	*RMB'000*
		(unaudited)	(audited)
Non-current assets			
Long-term deposits		**15,290**	12,724
Prepayments		**2,068**	2,221
		17,358	14,945
Current assets			
Prepayments		**21,155**	22,844
Trade debts due from a former subsidiary	*(i)*	**214,939**	210,999
Value-added tax receivable		**500**	1,093
Interest receivables		**75**	–
Others		**16,472**	18,154
		253,141	253,090
Total		**270,499**	268,035

Note:

(i) On 18 June 2020, the Group entered into an obligations and debts framework agreement ("Obligations and Debts Framework Agreement") with Mayflower (Nanjing) Enterprise Limited ("Nanjing Mayflower"), a former subsidiary of the Group.

On 31 July 2020, the Group disposed 100% equity interest in Nanjing Mayflower. Nanjing Mayflower owed various members of the Group the trade debts ("Trade Debts"), being certain intra-group debts which had arisen in the ordinary course of business over the years.

Pursuant to the Obligations and Debts Framework Agreement, Nanjing Mayflower shall settle the Trade Debts during the two years from 31 May 2020 ("the Trade Debts Settlement Period").

The Trade Debts will be settled during the Trade Debts Settlement Period in the following manner:

(a) Nanjing Mayflower would lease certain of its immovable property to the Group to offset part of the Trade Debts with the rents payable;

(b) Should the Trade Debts not being fully settled in the above manner within the two-year period, the Nanjing Mayflower shall pay a sum equivalent to the remaining Trade Debts to the Group upon the expiry of the two-year period.

On 10 March 2022, the Group signed an extension agreement with Nanjing Mayflower, pursuant to which the repayment date of the Trade Debts is extended to 31 May 2023.

On 10 February 2023, the Group further signed an extension agreement with Nanjing Mayflower, pursuant to which the repayment date of the Trade Debts is extended to 31 May 2024.

On 11 June 2024, the Company issued an announcement in relation to the default of repayment for trade debt due from Nanjing Mayflower, pursuant to which Nanjing Mayflower failed to repay the remaining balance of the Trade Debts as at 31 May 2024 and has defaulted under the Obligations and Debts Framework Agreement.

As at 30 June 2024, the Trade Debts due from the Nanjing Mayflower with carrying amount of RMB214,939,000 (31 December 2023: RMB210,999,000) are secured by the Nanjing Mayflower's land use rights and buildings as collateral with a fair value of approximately RMB158,700,000 (31 December 2023: approximately RMB158,700,000) in total.

The Group has been actively discussing and negotiating with Nanjing Mayflower for repayment plan with Nanjing Mayflower. No legal binding agreement has been reached up to date of this announcement. The Group would continue to negotiate with Nanjing Mayflower for the repayment of the Trade Debts in additionally has been seeking PRC legal advice on further actions the Group may take, including but not limited to enforcing the rights over the property mortgages under the Obligations and Debts Framework Agreement. Considering that the Trade Debts is defaulted and the above mentioned measures on recovering the Trade Debts are in progress, the directors of the Company is of the view that it is pre-mature to conclude the recoverabilities of the Trade Debts.

13. TRADE PAYABLES

	30 June 2024	31 December 2023
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Trade payables	**120,386**	135,399

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

	30 June 2024	31 December 2023
	RMB'000	*RMB'000*
	(unaudited)	(audited)
0 to 90 days	**115,666**	130,267
91 to 180 days	**284**	105
181 days to 1 year	**151**	308
Over 1 year	**4,285**	4,719
	120,386	135,399

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

Looking back on the first half of 2024, the global economic outlook improved slightly, but the external environment become more complex, severe and uncertain, so we still need to remain cautiously optimistic. The World Bank raised its global economic growth forecast for 2024 to 2.6%, an increase of 0.2 percentage point from the 2.4% forecast in January this year. At the same time, the World Bank is also relatively optimistic about China's prospects, increasing its economic growth forecast for China in 2024 to 4.8% from 4.5% in January. The increase in growth rate is due to the economic policies provided by China to maintain stable growth.

In the first half of 2024, the uncertainty of the global political and economic situation increased significantly, and the continued deepening of domestic structural adjustments brought new challenges to economic development. However, factors such as the continued release of macro policy effects, the recovery of external demand, and the accelerated development of new productive forces also formed new support. China's economic indicators in the first half of the year showed a steady recovery. The National Bureau of Statistics of China announced that the gross domestic product in the first half of 2024 was RMB61,683.6 billion, representing a year-on-year increase of 5.0%. However, China's economy still faces many challenges, including weak domestic and foreign demand, a multi-year real estate downturn and geopolitical tensions. Overall, China's economy continues to recover despite many challenges, showing overall stability, structural optimization, and quality improvement.

In the first half of 2024, China's consumer market showed strong recovery momentum. According to the National Bureau of Statistics of China, the total retail sales of consumer goods from January to June 2024 reached RMB23.6 trillion, representing a year-on-year increase of 3.7%. Among them, the total retail sales of consumer goods in June was RMB4.07 trillion, representing a year-on-year increase of 2.0%. The above data not only provides support for China's economic recovery, but also reveals multiple consumption trends and market changes.

The Ministry of Commerce of China has actively taken various measures to promote consumption upgrading and implement the old-for-new policy with the "Consumption Promotion Year" series of activities as the core. The state's measures have effectively promoted the steady growth of goods and services and created new consumption hot spots. National policies are expected to boost market confidence and stimulate more significant economic growth in the third and fourth quarters. With the implementation of support policies and the introduction of more stimulus measures, China's consumption is expected to rebound as the business environment improves. We believe the fundamentals of China's long-term economic growth have not changed, and China's consumer market and economic performance will gradually recover.

In order to mitigate the economic challenges in the first half of 2024 and improve the difficult business environment, the Company remains unremitting in its restructuring work. The Company has taken effective measures to make full use of the Company's competitiveness and brand value to maintain sustainable growth and respond quickly to risks in emerging markets. Building on its solid foundation, the Company prioritizes stability while pursuing future growth.

Operational Performance

The Company's key strategies in recent years are to continue to implement restructuring measures, improve the efficiency of distribution channels, strengthen the implementation of a new retail business matrix that integrates online and offline, implement refined operations, and establish a clearer online business to reach our target customers more effectively. The Group slightly adjusted its strategy in the first half of this year and further streamlined its stores to avoid generating a large amount of inventory, striving to maintain stable performance and solid market position.

In the first half of the year, the Company's total number of retail outlets slightly decreased. As at end of June 2024, the Company's total number of retail outlets was 1,047, representing a net decrease of 14 outlets since the beginning of the year. The number of proprietary shoe retail outlets was 862, representing a net decrease of 13 outlets since the beginning of the year, while the number of third-party retail outlets was 185, representing a net decrease of 1 outlet.

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

	C.banner		EBLAN		MIO		Natursun		
Distribution Regions	**Proprietary outlets**	**Third-party outlets**	**Proprietary outlets**	**Third-party outlets**	**Proprietary outlets**	**Third-party outlets**	**Proprietary outlets**	**Third-party outlets**	**Total**
Northeast region	82	14	24	–	12	12	–	–	144
Northern China	96	67	15	–	15	26	6	–	225
Eastern China	162	33	41	–	57	4	32	1	330
Shanghai area	75	–	–	–	11	–	9	–	95
Southern China	86	6	–	–	11	–	1	–	104
Western China	102	17	3	1	17	4	5	–	149
Total	**603**	**137**	**83**	**1**	**123**	**46**	**53**	**1**	**1,047**

Notes:

(1) Northeast region includes Jilin province, Liaoning province, Heilongjiang province and Hulunbuir City in Inner Mongolia Autonomous Region;

(2) Northern China includes Beijing, Tianjin, Inner Mongolia Autonomous Region (except Hulunbuir City), Hebei Province, Shanxi Province, Henan Province and Shandong Province;

(3) Eastern China includes Jiangsu Province, Anhui Province and Hubei Province;

(4) Shanghai area includes Shanghai City and Zhejiang Province;

(5) Southern China includes Hunan Province, Jiangxi Province, Fujian Province, Guangdong Province, Hainan Province and Guangxi Autonomous Region; and

(6) Western China includes Shaanxi Province, Qinghai Province, Gansu Province, Xinjiang Autonomous Region and Ningxia Autonomous Region, Sichuan Province, Guizhou Province, Yunnan Province, Chongqing City and Tibet Autonomous Region.

Continue to improve retail operation capabilities and channel efficiency

During the Reporting Period, we continued to optimize the Group's retail network. Recalibrating the retail network and establishing an online business remained top priorities during the Reporting Period. In the second half of the year, the Company will continue to optimize distribution channels and focus on improving same-store growth.

The Company's offline sales network ecosystem consists of outlets (factory direct sales stores), shopping malls and department stores. At present, outlets are significantly more efficient than department stores and shopping malls and can make a significant contribution to the Company's profits. In the second half of the year, the Company will continue to expand the number of outlet stores. Approximately 100 existing stores have adopted this model, and this model has proven to be successful in improving operational efficiency.

As shopping malls gain popularity among consumers, this is also the key development of the Group in the future. However, the requirements for products, brand awareness, and recognition among young people are relatively high. The Group will consider opening multi-brand store in shopping malls to offer various brands and enhance the richness of the products. The Company believes that multi-brand stores can simultaneously meet the core needs of consumers, shopping malls and brands, and will inject new impetus into physical commerce.

In terms of the restructuring plan, the Company will strategically close more unprofitable stores in the second half of the year, but still ensure that market share is not affected.

In the future, the Group will continue to improve single store efficiency and inventory control, and strive to increase same-store sales growth of each offline store. As the Company continues to implement restructuring measures across its store network, we believe that ongoing distribution network evaluation will provide a comprehensive view of business operations to achieve the best balance between cost control, revenue sources, brand awareness and market share.

Increase marketing efforts on high-traffic social media platforms

New technologies such as big data and artificial intelligence have given rise to new consumption scenarios, and new consumption models such as live streaming and instant delivery are constantly emerging. In the first half of 2024, e-commerce also continued its growth trend. According to data from the National Bureau of Statistics of China, from January to June 2024, national online retail sales were RMB7.0991 billion, representing a year-on-year increase of 9.8%. With the popularity of the live broadcast e-commerce industry, the Ministry of Commerce focuses on monitoring the statistics of this industry. Online retail sales of physical goods were RMB5,959.6 billion, an increase of 8.8%, accounting for 25.3% of the total retail sales of consumer goods.

To stand out and connect with young consumers, brands must choose the right social media platforms carefully and take advantage of their innovative features designed to increase consumer engagement. In recent years, the popularity of WeChat mini programs has grown significantly. The Group believes that "data-driven and refined operations improve performance". "Accuracy" is the decisive key factor in precision operations so that the Company can achieve accurate, effective and direct hits. Additionally, synergy awareness is crucial. Private domain traffic strategy must combine industry characteristics and the brand's own situation, and set different goals at different stages.

The Group's official WeChat account is widely popular, mainly due to the excellent performance of C.banner's official WeChat account. It provides functions such as new best-selling products and VIP inquiries, and sends pictures and articles about product promotion or brand activity information at a fixed time every week. Many consumers have developed the habit of reading about the latest promotions sent by Wechat. The Group will continue to strengthen WeChat operations and maintain fan loyalty.

Due to the popularity of C.banner's WeChat official account, the Group has also established a micro-mall. After viewing the new pictures and text of C.banner shoes on the WeChat official account, customers are directly diverted to C.banner Micro Mall to purchase shoes, which helps increase product sales. In addition, customers can also search for nearby stores on the WeChat official account to facilitate offline shopping and create a good shopping experience.

Online and offline omni-channel layout

In recent years, China's live broadcast e-commerce has developed rapidly. From the number of platforms to the number of employees, from participating industries to product categories, from the number of live broadcasts to the sales amount, it has shown rapid growth momentum and strong vitality. As a new business model in the Internet era, live streaming has emerged strongly and has become a unique landscape in China's economic development.

The Company believes that live streaming e-commerce is a modern hybrid model that combines face-to-face and online shopping and continues to exert a positive advertising effect. We always capture multimedia market opportunities. Combined with the ability to instantly purchase featured products and participate in live broadcasts through chat or interactive buttons, live streaming e-commerce is revolutionizing the retail industry. Although live streaming e-commerce has existed in China for a long time, consumers still prioritize live streaming to keep up with market trends. Although short-form videos offer a great market opportunity to a large consumer base, live e-commerce is still the most ideal choice for online shopping. Therefore, the Company actively participates in the development of e-commerce platforms and attempts to develop interest-based e-commerce platforms, especially on grass-growing platforms such as Xiaohongshu and Dewu.com.

Key opinion leader ("KOL") marketing remains one of the successful strategies to which we take reference. In addition to working with first-tier anchors, we are also looking to expand our cooperation with second-tier anchors. We cooperate with popular KOLs because they are an important channel that directly connects our brand with potential target audiences. KOLs can help the Group attract attention to our products and increase brand awareness, thereby increasing sales. In addition, the Company has also established a professional team to provide support for live streaming e-commerce. The team is actively involved in planning and producing live event content, including product mashups, storylines, scripts, and anchors or influencers.

C.banner brand live broadcast will be launched from three directions: creating live broadcasts with teaching objectives, integrating video account product sales, and joint live broadcast activities. In addition to dedicated cloud live broadcasts and video account live broadcasts, joint live broadcasts will also be conducted at the headquarters and branches.

The Company has opened self-operated flagship stores on Tmall, JD.com, Pinduoduo, Vipshop, Douyin and other platforms. In addition, we authorize other online stores to sell our products. The Group is increasing its marketing efforts on high-traffic social media platforms to enhance brand awareness and build customer loyalty.

Currently, we are targeting the middle-class consumer class to improve quality and cost-effectiveness. Although online live streaming is very popular, the return rate of live streaming sales is currently relatively high, increasing the risk of inventory pressure. Therefore, we are looking for better optimization methods to solve this situation. Overall, we still believe that live streaming e-commerce can provide consumers with the most fashionable online and offline shopping methods.

Optimize research and development ("R&D") and continue product innovation

C.banner is a fashion brand rich in culture and romance. Its design style is fashionable, simple, comfortable and dynamic, closely following the world's fashion trends. The products are fashionable and of high quality. Both design and material selection fully embody the brand concept of "caring for women, creating harmony and high-quality life", and are deeply loved by Chinese urban women.

Keeping pace with technological innovation and development is an important factor for the Company to maintain a sustainable business model. C.banner's ability to produce and apply innovative designs, materials and production processes is key to distinguishing itself from other market players. The Group designs for different scenarios and manages styles meticulously.

China's footwear industry attaches great importance to the comfort of footwear. Functional shoes have become mainstream products and are well received by the market. In the past few years, sports and leisure continued to be favored by fashion leaders, A-list celebrities and fashionistas. Typical shoppers for casual shoes tend to be between the ages of 18 and 45 and are self-seeking students or office workers. In addition, this group has higher requirements than ordinary brand consumers, and we also endeavor to make further attempts and explorations in sports and leisure shoes. C.banner continues to focus on comfort and unique design, which has cultivated its loyal customer base. We focus on award-winning product design based primarily on public aesthetics to enhance product marketability.

Our noiseless step shoe technology has been fully upgraded, and so far, C.banner has released its Generation V noiseless step shoes. The core patented technologies of noiseless step shoes include double-density silent and noiseless technology, newly upgraded heel and ankle care designs made of soft elastic materials, high-energy soft core pressure-reducing cotton, and newly upgraded massage points. By continuously upgrading noiseless step shoe technology and combining elegant design with oriental aesthetics, we strive to provide customers with a comfortable experience and create a refined and quiet lifestyle.

We have the knowledge and antenna for modern production, sophisticated design, appropriate technology and shoemaking techniques. Our manufacturing processes remain flexible and can be adapted to changing customer preferences. We employ a coordinated team of designers, modelers and shoe technicians to ensure efficient and high-quality product development. Big data extracted from our rich customer database can further empower product upgrades.

The Group will continue to actively explore cooperation opportunities with designers, develop more cost-effective original footwear products, attract young and high-spending groups, and maintain the relevance of its brand to achieve long-term stable growth.

Improve efficiency and provide better services

The Company aims to increase efficiency, support sales growth with high-quality products and improve inventory turnover, while also improving service. To this end, the Company has made adjustments based on changes in customer consumption habits. In the past, we focused on the life cycle of the product, but now we focus more on the lifetime value of the customer.

C.banner cultivates "friendship with customers" and enhances customer interaction and loyalty through a series of refined operations such as managing customer assets, focusing on customer consumption scenarios, and personalized shopping guides. We also optimize tags to eliminate redundancy, emphasize content marketing and enhance consumer stickiness. At the same time, in addition to developing accounts such as Douyin and Xiaohongshu, the Company has also cooperated with Tencent Smart Retail and Alibaba New Retail to expand omni-channel integrated operations. We also combine different consumption scenarios of customer portraits to attract traffic on different platforms.

Refined management is the cornerstone of sustainable development

In the increasingly competitive women's shoe market, excellence in financial management is essential. The Group's financial management adopts the vertical centralized management model of the headquarters. The financial personnel of C.banner's subsidiaries and branches are all vertically centralized managed by the headquarters financial center; secondly, the information technology department is integrated into the financial management system and is managed by the chief financial officer. The retail business applies the business information system (PS system) to strengthen the management of the business information system, which helps improve the Company's business operation efficiency and directly improves the Company's financial management level.

At the same time, the Group actively develops and applies new systems, including accounting systems, business information systems, financial budget systems, human resources management systems, OA systems and internal communication systems, laying the foundation for the Company's healthy development.

Refined management is the cornerstone of financial work and a solid foundation for the Company's healthy and long-term development. We have appropriate management and control, such as scientific ordering and replenishment, timely follow-up of accounts receivable, adequate inventory management, and strong cash flow management. Lean financial management has always been the focus of C.banner's daily financial management, which is mainly reflected in the refinement of accounting and management. The refinement of accounting is mainly reflected in the efficiency accounting to stores, sales indicators to clerks, and cost indicators to single items, ensuring that profit and loss data and analysis are supported, which can provide strong support for management of the Company; while management refinement is mainly reflected in control over costs and expenses, and coordination among routine business operations.

The Group attaches great importance to internal audit. We established an internal audit department before the listing to strengthen the supervision of the Company's daily operations and financial management. At present, this department is still the core department of the Company. Under the leadership of the Company's audit committee, the internal audit department promotes the improvement of the Company's financial management level.

Outlook

Entering 2024, the market is cautious about the global economic outlook. The International Monetary Fund (IMF) released the latest "World Economic Outlook Report" on the 16th July, raising its global economic growth forecast in 2024 to 3.2%, and raising China's economic growth forecast for this year and next. It is estimated that China's economic performance this year will be in line with the target level set by the central government due to the rebound in private consumption and strong exports in the first quarter. However, it is believed that the latest data released reflected weak domestic demand and economic growth may rely on external demand. In general, economic risks and opportunities coexist in the future, but recent risks have become more prominent, including the risk of upward inflation, renewed trade tensions, and geopolitical uncertainty.

Calculations based on the latest economic forecast data from the International Monetary Fund (IMF) show that from 2024 to 2029, China will account for about 21% of new global economic activities. China will be the largest contributor to global economic growth in the next five years. We believe that China can still perform well and maintain steady growth.

Shoes are a necessity in people's lives. The industry is expected to grow to US$445 billion by 2024. From the perspective of market structure, the global footwear market is mainly dominated by sports shoes and leather shoes. In recent years, China's sports shoes and apparel market has maintained a sustained growth trend. As Chinese footwear and apparel brands appear on the stage of international fashion weeks and the national trend culture becomes popular, China's sports shoes and apparel industry has set off a "national trend craze", and domestic brands have begun to rise one after another.

As consumers' identification with local culture gradually increases, the application of national style in shoes and clothing design is becoming more and more widespread, and is well received by the market. This not only satisfies consumers' demands for personalized pursuits, but also brings new opportunities for differentiated competition for brands and enhances the influence of local brands in the international market. Looking to the future, the in-depth integration and innovation of national fashion elements will become a key factor in promoting the continued rise of China's footwear and apparel market, heralding the rise of domestic brands under the "national fashion craze" and the huge potential of the market.

As the requirements of consumers for design, quality and comfort are getting higher and higher, the diversified needs of consumers have driven footwear manufacturers to continue to innovate, whether in the selection of materials, the application of production technology, or the development of design concepts. The updates reflect the rapid development of this industry.

At the same time, the concepts of environmental protection and sustainable development are increasingly accepted and practiced by companies in the industry, which not only responds to global environmental protection trends, but also satisfies consumers' pursuit of green and healthy lifestyles. The Group believes that specialized division of labor is an inevitable trend in market development. C.banner will focus on building brand value, product design and marketing system construction, and rely on professional technology to produce shoes.

While continuing to improve the functionality of footwear, the Group also continues to enhance the fashionability, trendiness and R&D innovation of styles, pursuing the integration of functionality and fashion trends to make the wearing scenarios of footwear more diverse. The Group is favored by the market for its elegance, charm and fashionable brand value, and operates a number of its own brands, including g "C.banner", "EBLAN", "MIO", "BADGLEY MISCHKA" and "Natursun". In order to maintain the brand vitality, the Group continuously launches new series to enrich and diversify its product portfolio and reshape its image to meet the changing needs of target consumers.

C.banner attaches great importance to refined operations under the three-dimensional coordinates of members, communities, and live broadcasts. The Company has established a private domain traffic pool with independent private domain traffic control and direct access to customers, which has become an inevitable choice for brands. At the same time, through channels such as mini program malls, mini program live broadcasts, and private domain traffic operations, digital management of existing stores is implemented to provide consumers with full-scenario and omni-channel services.

C.banner attaches great importance to the growth of effective members. In daily operations, in order to allow shopping guides to pay more attention to in-store consumers and potential consumers, C.banner positions itself as a mini program mall to create an omni-channel shopping experience that seamlessly connects online and offline for users; it also regularly holds online shopping in sub-stores. VIP activities include online invitations and offline experiences by shopping guides to increase member activity and repurchase rates.

As a mid-to-high-end shoe brand, C.banner has formed its own market logic in terms of customer contact, relationship maintenance, strengthening of repurchase and member conversion, and conducted refined operations through store linkage, mini program live broadcast, WeChat community, member marketing and other channels, in order to improve user coverage and conversion rate.

In the future, C.banner will continue to carry out digital-driven precision marketing and explore a unique private traffic development path through a rich and multi-dimensional operating model. The supply chain has been significantly adjusted and optimized, and the two major bases in the south and north have been basically completed, providing stable, independent and controllable guarantee for our future development. The Company will further review and reform its supply chain system to improve product quality and work closely with external supply chains to ensure the smoothness and flexibility of the supply chain system. Although the Company's operating conditions and financial performance are under pressure, the Company has successfully responded to these challenges and strives to seek breakthroughs by quickly responding to market changes, timely adjusting market strategies and leveraging its resource advantages.

Looking forward to the future, the Company will continue to focus on strengthening its main business, optimizing online and offline experiences, refining operations, and further enhancing its competitiveness. No matter how complex and changeable the external environment is, the Group will continue to work hard for the long-term development of the Company and create value for the Company's shareholders.

FINANCIAL REVIEW

For the six months ended 30 June 2024, the Group's total revenue amounted to RMB720.6 million, decreased by 8.5% as compared to the same period of last year. Profit for the period amounted to RMB52.6 million, increased by 16.4% to RMB7.4 million as compared to the same period of last year.

Revenue

For the six months ended 30 June 2024, the Group's revenue decreased by 8.5% to RMB720.6 million, compared to RMB787.9 million in the same period of last year due to a decrease in revenue from the retail and wholesale.

The Group's revenue comprises income from retail and wholesale of shoes ("Retail and Wholesale"), contract manufacturing of shoes ("Contract Manufacturing") and retail of toys ("Retail of Toys"). The revenue distribution of Retail and Wholesale, Contract Manufacturing and Retail of Toys is set out as follows:

	Six months ended 30 June				
	2024		2023		
	RMB'000	***% of Total Revenue***	*RMB'000*	*% of Total Revenue*	*% of Growth*
Retail and Wholesale	**612,389**	**85.0**	697,092	88.5	(12.2)
Contract Manufacturing	**72,398**	**10.0**	63,037	8.0	14.9
Retail of Toys	**35,856**	**5.0**	27,780	3.5	29.1
Total	**720,643**	**100**	787,909	100	(8.5)

Profitability

For the six months ended 30 June 2024, the Group's gross profit decreased by 9.0% to RMB419.9 million, representing a decrease of RMB41.3 million from RMB461.2 million in the same period of last year. As of 30 June 2024, the gross profit margin was 58.3%, decreased by 0.2 percentage point compared to 58.5% in the same period of last year.

For the six months ended 30 June 2024, the Group's distribution and selling expenses reached RMB346.6 million, representing a decrease of RMB25.9 million or decreased by 7.0% from the same period of last year, primarily due to a corresponding decrease in channel expenses and sales commissions as a result of decrease in revenue from Retail and Wholesale. Distribution and selling expenses accounted for 48.1% of revenue from continuing operations, compared to 47.3% in the same period of last year.

For the six months ended 30 June 2024, the Group's administrative and general expenses amounted to RMB59.5 million, representing an increase of RMB7.9 million or 15.3% from the same period of last year, primarily due to amortization of decoration expenses incurred for new production and R&D bases put into operation in the second half of last year and the beginning of the year. Administrative and general expenses accounted for 8.3% of revenue, compared to 6.5% in the same period of last year.

For the six months ended 30 June 2024, the Group's other income and expenses and other gains and losses recorded a net gain of RMB55.5 million, compared to a net gain of RMB32.6 million in the same period of last year. Other income mainly comes from government grants, royalties fee income and interest income on bank deposits.

For the six months ended 30 June 2024, the Group recorded finance costs of RMB0.5 million, compared to RMB1.1 million in the same period of last year. The Group's finance costs are rental interests.

For the six months ended 30 June 2024, the Group's income tax expense decreased by approximately RMB7.2 million or 30.6% to RMB16.3 million, compared to RMB23.5 million in the same period of last year.

For the six months ended 30 June 2024, profit attributable to equity holder of the Company recorded a profit of RMB52.4 million, increased by RMB7.0 million compared to the same period of last year.

Current Assets and Financial Resources

As of 30 June 2024, the Group had bank balances and cash of RMB646.3 million (31 December 2023: RMB663.5 million).

For the six months ended 30 June 2024, net cash generated from operating activities was RMB26.7 million, representing a decrease of RMB76.3 million as compared to net cash generated from operating activities of RMB103.0 million in the same period of last year.

For the six months ended 30 June 2024, net cash used in investing activities was RMB32.9 million, mainly incurred from acquisition of equipment and investment in new bases, compared to net cash used in investing activities of RMB1.4 million during the same period of last year.

For the six months ended 30 June 2024, net cash outflows from financing activities was RMB11.0 million, while net cash outflows from financing activities in the same period of last year was RMB15.8 million.

As of 30 June 2024, the net current assets of the Group were RMB867.6 million, compared with RMB1,067.0 million as of 31 December 2023, representing a net decrease of RMB199.4 million or 18.7%.

Pledge of Asset

As of 31 December 2023 and 30 June 2024, the Group had no pledged assets.

Contingent Liabilities

The Group did not have any substantial or contingent liabilities as of 30 June 2024.

Capital Commitments

As of 30 June 2024, the Group's capital commitments in respect of new factories that have been contracted but not yet provided in the condensed consolidated financial statements were RMB0.7 million, while capital commitments as of 31 December 2023 were RMB1.4 million. As of 30 June 2024 and 31 December 2023, the Group had no capital commitments in respect of intangible assets that have been contracted but not yet provided in the condensed consolidated financial statements.

Foreign Exchange Risk Management

The Group's sales are mainly denominated in RMB, while its Contract Manufacturing is mainly denominated in USD. The Contract Manufacturing accounted for 10.0% 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 six months ended 30 June 2024, the Group recorded a RMB1.8 million loss from currency exchange, compared to RMB1.8 million gain in the same period of last year. The Group did not hold any derivative instruments for hedging against foreign exchange risk.

Future Plans for Material Investment or Capital Assets

Save as disclosed in this announcement, as of 30 June 2024, the Group had no concrete plans to acquire any material investment or capital assets other than in the Group's ordinary course of business.

Human Resources

As of 30 June 2024, the Group had 4,659 employees (31 December 2023: 4,594 employees). In order to retain top-notched talents, the Group offers competitive remuneration packages, including mandatory pension funds, insurance and medical benefits. In addition, the Group pays discretionary bonuses to qualified employees with reference to overall business performance and their individual work performance.

SIGNIFICANT SUBSEQUENT EVENTS

There was no significant event taken place subsequent to the end of the six months ended 30 June 2024.

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers under Appendix C3 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange").

Specific enquiry has been made of all the Directors and the Directors have confirmed that they had complied with such code of conduct throughout the six months ended 30 June 2024.

CORPORATE GOVERNANCE

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of shareholders of the Company 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 C1 to the Listing Rules for the six months ended 30 June 2024. The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

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

For the six months ended 30 June 2024, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sale of treasury share, if any).

AUDIT COMMITTEE

The audit committee of the Company had reviewed together with the management of the Company the accounting principles and policies adopted by the Group and the unaudited interim condensed consolidated results for the six months ended 30 June 2024.

PUBLICATION OF THE UNAUDITED INTERIM CONDENSED CONSOLIDATED RESULTS AND 2024 INTERIM REPORT ON THE WEBSITES OF THE HONG KONG STOCK EXCHANGE AND THE COMPANY

This interim results announcement is published on the websites of the Hong Kong Stock Exchange and the Company, and the 2024 interim report containing all the information required by the Listing Rules will be sent to the shareholders of the Company and published on the respective websites of the Hong Kong Stock Exchange and the Company in due course.

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

PRC, 29 August 2024

As at the date of this announcement, the executive Directors are Mr. CHEN Yixi, Mr. YUAN Zhenhua, Mr. WU Weiming and Mr. ZHANG Baojun; the non-executive Director is Ms. CHENG Xuanxuan; and the independent non-executive Directors are Mr. KWONG Wai Sun Wilson, Mr. XU Chengming and Mr. ZHENG Hongliang.