

Press Release
For Immediate Release

C.banner International Holdings Limited 千百度國際控股有限公司

C.banner Announces 2012 Annual Results
Revenue Surges 19.0% to RMB2,432.2 Million
Profit Attributable to Owners of the Company Rises 8.0% to RMB313.5 Million

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Implementing Multi-brand Strategy
Expanding Market Share in PRC's Middle-to-high-end Footwear Product Market

Financial Highlights (For the year ended 31 December)			
	2012 (RMB Million)	2011 (RMB Million)	Change
Revenue	2,432.2	2,043.7	+19.0%
Gross profit	1,539.5	1,298.3	+18.6%
Gross profit margin (%)	63.3%	63.5%	-0.2pts.
Operating profit	435.3	405.4	+7.4%
Profit attributable to owners of the Company	313.5	290.2	+8.0%
Net profit margin (%)	12.9%	14.2%	-1.3pts.
Basic earnings per share* (RMB cents)	15.68	16.28	-3.7%

Note: The calculation of the basic earnings per share attributable to owners of the Company for the year ended 31 December 2012 is based on the earning of RMB313.5 million and weighted average number of ordinary shares of 2,000 million shares.

(25 March 2013, Hong Kong) **C.banner International Holdings Limited** (“C.banner” or the “Company”, together with its subsidiaries, the “Group”, stock code: 1028), the second largest retailer of middle-to-high-end women’s formal and leisure footwear in the PRC, today announced its annual results for the year ended 31 December 2012 (“year under review”).

Despite challenging operating environment, C.banner achieved steady growth of the financial performance during the year under review. In the fiscal year 2012, the Group’s total revenue from continuing operations rose 19.0% to RMB2,432.2 million. The growth in revenue was attributable to the Group’s retail outlet expansion strategy and higher same-store sales. Gross profit rose 18.6% to RMB1,539.5 million. Profit attributable to owners of the company from continuing operations rose 8.0% to RMB313.5 million. Gross profit margin and net profit margin were 63.3% and 12.9% respectively. Basic earnings per share amounted to RMB15.68 cents. The Board of Directors proposed a dividend payout of RMB0.044 per share for the year ended 31 December 2012.

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Mr. Chen Yixi, Chairman of C.banner said, “2012 was a year of challenge and growth for the Group. China’s economic growth slowed markedly in response to a number of external pressures, this in turn affected domestic consumer confidence and the expansion of China’s retail sector. However, as a result of our robust corporate strategy, we continued to preside over a rapidly growing women’s footwear retail business in spite of these macroeconomic challenges, thus achieved a steady business growth in the fiscal year of 2012.”

During the year under review, contributions from retail and wholesaling operations year-on-year increased 23.1% to RMB2,224.7 million of overall revenue. The contribution from retail and wholesale rose to 91.5% as a proportion of revenue compared to 88.5% last year, while the proportion of revenue attributable to contract manufacturing fell to 8.5%. The decline in contract manufacturing was mainly due to the Group scaling back its OEM manufacturing capacity in order to allocate more capacity for its proprietary-brand products.

During the year under review, the Group added a net total of 245 proprietary outlets and 173 third-party outlets. As of 31 December 2012, the Group operated a total of 2,166 stores, including 1,556 proprietary outlets and 610 third-party outlets across PRC, maintaining a strong presence in over 31 provinces, municipalities and autonomous regions. Sales volume during the year was in line with expectations, with same-store sales growing by 6.27% during the year, as the Group continued to improve the operation efficiency and layout of its stores to retain and win new customers.

The Group continued to add more retail brands during the year, in order to enter new product markets, diversify its footwear offerings and broaden its customer base. It launched a new self-developed brand, MIO, in the first half of the year. Targeting the premium end of the market, MIO offers a range of trendy and high-quality women’s footwear, retailing at between RMB800 and RMB3,000 per pair. As of 31 December 2012, MIO was available at 23 of the Group’s proprietary outlets and 113 third-party outlets.

The Group continued to invest in maintaining separate design teams for each of its self-developed brands throughout the year, ensuring that each brand’s products remain fresh and in line with the latest fashion trends, as well as maintaining their own distinctive look and character. The Group continued to scale back its OEM business in order to allocate more manufacturing capability for its proprietary brands. It also acquired a 51% stake in Mega Brilliant International Limited (“Mega Brilliant”), a designer and outsourcing and sale of leather products, in the first half of 2012 in order to expand its women’s footwear operations.

The Group attracted strategic investments from three leading private equity investors in the first half of 2012, in recognition of its impressive growth record. The three firms, China Consumer Capital Fund, L.P., China Champion Holdings Limited (an investment vehicle owned by funds advised by CVC Capital Partner) and MousseDragon, L.P. subscribed for a collective RMB189.0 million worth of convertible bonds issued by the Company. The proceeds from convertible bonds issue are used for general working capital and new initiatives for the Company and its subsidiaries. The introduction of strategic investors is to improve the Group’s retail operational capabilities expand brand portfolio and explore potential mergers and acquisitions or corporation opportunities in the footwear industry.

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In 2013, the Group will continue to implement multi-brand strategy, in order to expand its share in PRC's middle-to-high-end footwear product market through increasing the sale of its proprietary brands and cooperating with other brands. As domestic consumer wealth increases, the Group plans to open at least 200 proprietary outlets and at least 100 third-party outlets in 2013, primarily in PRC's third and fourth-tier cities, in order to grow market share. In addition, the Group will work with third-parties to create an online platform for the electronic sale of its products to further expand its customer base. The Group will maintain the existing production capacity for its OEM business in 2013. At the same time, the Group will capture better returns by optimizing the product mix towards high-end brands.

Mr. Chen concluded, "Looking forward, 2013 will be another challenging year with slow global economic recovery likely to remain a dampener on Chinese consumer confidence. However, the Group is still reasonably confident about the outlook for the Company as PRC's growing economy and ongoing rural urbanization policy continues to create new markets for footwear products. We will continue to diversify our product offering to meet customers' needs, at the same time to seek opportunities to grow our business through selective acquisitions as well as providing high quality footwear to our customers. The Group is committed to continuously maintaining its leading position in the women's footwear market in the PRC, thus creating genuine shareholder value in the future."

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About C.banner International Holdings Limited

C.banner International Holdings Limited is the second largest retailer of middle-to-high-end women's formal and leisure footwear in the PRC, and is engaged in the manufacturing and sales of women's footwear with various designs. The Group manages four self-developed brands, namely "C.banner", "EBLAN", "sundance" and "MIO", as well as licensed brand "naturalizer", and distributes "ASH" and "JC" brand products, through an extensive distribution and retail network in the PRC. C.banner's self-developed brands and licensed brands products are mainly distributed through department stores and independent retail stores in different cities, ranging from first-tier to third-tier cities in the PRC. Furthermore, the Company acts as an OEM or ODM manufacturer for international shoes companies dealing in export markets.

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