

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

C.BANNER Announces 2012 Interim Results
Revenue Increases 21.8% to RMB1,130.4 Million
Profit Attributable to Owners of the Company Surges 7.2% to RM140.0 Million

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Striving to maintain and enhance the leading position as one of the largest retailers of mid-to-premium women's footwear in China

Financial Highlights (For the six months ended 30 June)			
	2012 (RMB Million)	2011 (RMB Million)	Change
Revenue	1,130.4	928.0	+21.8%
Gross profit	705.8	578.1	+22.1%
Gross profit margin (%)	62.4%	62.3%	+0.1pts
Operating profit	189.9	180.5	+5.2%
Profit attributable to owners of the Company	140.0	130.6	+7.2%
Net profit margin (%)	12.4%	14.1%	-1.7pts.
Basic earnings per share* (RMB cents)	7.00	7.69	-9.0%

Note: The calculation of the basic earnings per share attributable to owners of the Company for the six months ended 30 June 2012 is based on the earning of RMB140.0 million and weighted average number of ordinary shares of 2,008.5 million shares. The calculation of the basic earnings per share attributable to owners of the Company for the six months ended 30 June 2011 is based on the earning of RMB130.6 million and weighted average number of ordinary shares of 1,700.0 million shares.

[23 August 2012, 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 mid-to-premium women's formal and casual footwear in China, today announced its interim results for the six months ended 30 June 2012 (“period under review”).

C.BANNER recorded satisfactory results during the period under review. For the six months ended 30 June 2012, the Group's revenue rose 21.8% to RMB1,130.4 million. Gross profit rose 22.1% to RMB705.8 million. Profit attributable to owners of the company surged 7.2% to RMB140.0 million. Gross profit margin and net profit margin were 62.4% and 12.4% respectively. Basic earnings per share amounted to RMB7.00 cents. The Company does not recommend the payment of an interim dividend for the six months ended 30 June 2012.

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Mr. Chen Yixi, Chairman of C.BANNER said, “In the first half of 2012, the global economy continued to experience volatility and influence the growth of Chinese economy, resulting in a slower growth in China’s retail sector. However, the growth in women’s footwear segment remained vibrant. The Group achieved a steady business growth in the first half of 2012. We continued to focus on expanding our network of proprietary retail stores as well as third-party outlets and increase the proportion of the retail business with higher profit margin. Our multi-brand strategy could adequately meet the market demand. The newly launched brands “sundance” and “MIO” will help consolidate the retail and wholesale business, maintaining and enhancing our leading position as one of the largest retailers of mid-to-premium women’s footwear in China.”

During the period under review, the Group’s gross profit margin increased to 62.4%, an increase of 1.0 percentage points comparing with the corresponding period last year. The increase was due to a greater contribution from the retail and wholesale of high-end shoes and effective cost control. Revenue generated from retail and wholesale continued to be the Group’s key growth driver, increased 26.2% to RMB1,032.0 million and accounting for approximately 91.3% of the Group’s total revenue. The revenue generated from contract manufacturing decreased 10.8% to RMB98.4 million, accounting for approximately 8.7% of the Group’s total revenue, mainly because the Group reallocated contract production lines and transferred part of the production capacity to produce its self-developed brands.

During the period under review, the Group continued to open more proprietary outlets in department stores and expand its wholesale network in order to increase revenue. As of 30 June 2012, the Group operated a total of 1,964 stores, including 1,449 proprietary outlets and 515 third-party outlets. During the period under review, the Group added a net total of 138 proprietary outlets and 78 third-party outlets. Due to the slowing down of Chinese economy, the sales growth of the Group during the period under review was in line with market expectation. The Group achieved same-store sales growth of 6.4% during the first half of 2012.

In recognition of the Group’s direction and strategies, during the period under review, the Group attracted strategic investments from three leading private equity investors. The three firms, China Consumer Capital Fund L.P., China Champion Holdings Limited and MousseDragon, L.P. have subscribed for a collective RMB189.0 million worth of convertible bonds issued by the Group. In addition, the Group took 51% stake in Mega Brilliant International Limited (“Mega Brilliant”) during the period in order to continue the expansion of its women’s footwear operations. Based in the Mainland China, Mega Brilliant engages in the design, outsourcing and sale of leather products and textiles.

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During the second half of the year, the Group will continue to pursue a multi-brand strategy, while also enhancing the quality and efficiency of its outlets and raising the standard of its products. The Group will further grow the value of each of its brands by opening new stores and expanding their online presence. In the second half of 2012, the Group plans to open around 100 proprietary outlets and around 50 third-party retail outlets, while continuing to work with third-party providers to create an online platform to sell its products. In addition, the Group plans to better manage its inventory level in order to improve efficiency and reduce the number of inventory turnover days to a reasonable level. On the manufacturing side, the Group will continue to scale back its OEM business during the second half of the year in order to allocate more capacity for its proprietary products. It also aims to increase the number of production lines to 16, growing the Group's total manufacturing capacity to 7.2 million pairs of shoes by the end of 2012. The Group will also proactively consider selective acquisitions or other forms of co-operation in order to further expand its brand portfolio and market share.

Looking ahead, **Mr. Chen** concluded, "Despite uncertainties in the global and Chinese economies, the Group remains committed to further growing its market share in China, maintaining healthy sales levels. We will develop new brands either independently or through joint-ventures or other forms of cooperation with international brands, in order to maintain our growth momentum. The Group is committed to continuously expanding its business and 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 (formerly known as "Hongguo International Holdings Limited") is the second largest retailer of mid-to-premium women's formal and casual footwear in China, and is engaged in the manufacturing and sales of women's footwear with various designs. The Group manages five self-developed brands, namely "C.banner", "EBLAN", "FABIOLA", "sundance" and "MIO", as well as licensed brand "naturalizer", through an extensive distribution and retail network in mainland China. 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 China. Furthermore, the Company also acts as an OEM or ODM manufacturer for international shoes companies dealing in export markets.

Issued by **Porda Havas International Finance Communications Group** for and on behalf of **C.banner International Holdings Limited**. For further information, please contact:

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