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

(Incorporated in Bermuda with limited liability)
(Stock Code: 1028)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2012

ANNUAL RESULTS HIGHLIGHTS

	Year ended 31 December	
	2012	2011
	RMB'000	*RMB'000*
Revenue	**2,432,165**	2,043,696
Gross profit	**1,539,480**	1,298,261
Operating profit	**435,276**	405,377
Income tax expense	**(111,312)**	(115,199)
Net profit attributable to equity holders of the Company	**313,521**	290,178
	%	*%*
Gross profit margin	**63.3**	63.5
Operating profit margin	**17.9**	19.8
Net profit margin	**12.9**	14.2
	RMB cents	*RMB cents*
Earnings per share		
– Basic	**15.68**	16.28
– Diluted	**15.36**	N/A

	31 December 2012	31 December 2011
	RMB'000	*RMB'000*
Balance of cash and bank deposits	**777,061**	503,997
Bank loans	**0**	0
		%
Liquidity ratio	**527.5**	479.7
Gearing ratio	**0.6**	0.9
	Days	*Days*
Average inventory turnover period	**240.9**	238.0
Average receivables turnover period	**43.5**	37.8
Average payable turnover period	**59.5**	81.1

Note: Liquidity ratio = current assets/current liabilities; gearing ratio = notes payable and bank loans/total assets

The board (the "Board") of directors (the "Directors") of C.banner International Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2012 together with the comparative figures for the year ended 31 December 2011 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2012

	NOTES	2012 RMB'000	2011 RMB'000
Revenue	4	**2,432,165**	2,043,696
Cost of sales		**(892,685)**	(745,435)
Gross profit		**1,539,480**	1,298,261
Other income and expenses and other gains and losses	5	**56,600**	2,891
Distribution and selling expenses		**(1,040,475)**	(817,803)
Administrative and general expenses		**(110,996)**	(74,350)
Finance costs		**(7,349)**	(1,568)
Share of losses of joint ventures		**(1,984)**	(2,054)
Profit before tax	6	**435,276**	405,377
Income tax expense	7	**(111,312)**	(115,199)
Net profit for the year		**323,964**	290,178
Net profit and total comprehensive income for the year			
Attributable to owners of the Company		**313,521**	290,178
Non-controlling interests		**10,443**	–
		323,964	290,178
Earnings per share			
– Basic (RMB cents)	8	**15.68**	16.28
– Diluted (RMB cents)	8	**15.36**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2012

	NOTES	2012 RMB'000	2011 RMB'000
Non-current assets			
Property, plant and equipment		**117,971**	109,899
Prepaid lease payments		**14,962**	15,302
Investment properties		**47,000**	46,000
Intangible assets		**3,230**	2,190
Goodwill		**5,725**	–
Interest in joint ventures		**5,213**	6,994
Held-to-maturity investments	9	**33,107**	–
Deferred tax assets		**17,515**	17,256
Long-term deposit		**10,716**	9,464
		255,439	207,105
Current assets			
Inventories		**616,701**	561,840
Trade receivables	11	**336,144**	243,555
Other receivables and prepayments		**59,667**	57,330
Held-to-maturity investments	9	**7,922**	–
Available-for-sale investments	10	**–**	75,611
Other financial assets		**194,085**	67,000
Pledged bank deposits		**13,841**	14,589
Bank balances and cash		**777,061**	503,997
		2,005,421	1,523,922
Current liabilities			
Trade payables	12	**157,224**	133,947
Other payables		**159,784**	114,446
Income tax liabilities		**59,156**	56,616
Deferred revenue		**4,016**	12,672
		380,180	317,681
Net current assets		**1,625,241**	1,206,241
Total assets less current liabilities		**1,880,680**	1,413,346
Non-current liability			
Deferred tax liabilities		**9,820**	9,836
Convertible bonds	13	**132,622**	–
Derivative financial instruments	13	**32,631**	–
		175,073	9,836
Net assets		**1,705,607**	1,403,510
Capital and reserves			
Share capital	14	**202,087**	202,087
Reserves		**1,450,205**	1,201,423
Total equity attributable to owners of the Company		**1,652,292**	1,403,510
Non-controlling interests		**53,315**	–
		1,705,607	1,403,510

1. GENERAL

The Company was incorporated in Bermuda under the Companies Act as an exempted company with limited liability on 26 April 2002. The Company issued a prospectus (the "Prospectus") dated 12 September 2011 in relation to its global offering ("Global Offering") of the Company's shares. The Company's shares were listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") on 23 September 2011 (the "Listing").

Pursuant to a special general meeting dated 1 February 2012, the Company changed its name from Hongguo International Holdings Limited, 鴻國國際控股有限公司 to C.banner International Holdings Limited, 千百度國際控股有限公司.

The Company is an investment holding company and its subsidiaries established in the People's Republic of China ("PRC") are principally engaged in the manufacture and sale of branded fashion footwear.

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

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

In the current year, the Group has applied the following new and revised IFRSs issued by the International Accounting Standard Board ("IASB").

Amendments to IAS 12	Deferred Tax Recovery of Underlying Asset; and
Amendments to IFRS 7	Financial Instruments: Disclosures – Transfers of Financial Assets

New and revised Standards and Interpretations issued but not yet effective

The Group has not early applied the following new and revised International Accounting Standards ("IASs"), IFRSs, amendments and interpretations ("Int") (hereinafter collectively referred to as "new and revised IFRSs") that have been issued but are not yet effective:

Amendments to IFRSs	Annual Improvements to IFRSs 2009-2011 Cycle[1]
Amendments to IFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities[1]
Amendments to IFRS 9 and IFRS 7	Mandatory Effective Date of IFRS 9 and Transition Disclosures[2]
Amendments to IFRS 10, IFRS 11 and IFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance[1]
Amendments to IFRS 10, IFRS 12 and IAS 27	Investment Entities[4]
IFRS 9	Financial Instruments[2]
IFRS 10	Consolidated Financial Statements[1]
IFRS 11	Joint Arrangements[1]
IFRS 12	Disclosure of Interests in Other Entities[1]
IFRS 13	Fair Value Measurement[1]

Amendments to IAS 1	Presentation of Items of Other Comprehensive Income[3]
IAS 19 (Revised 2011)	Employee Benefits[1]
IAS 27 (Revised 2011)	Separate Financial Statements[1]
IAS 28 (Revised 2011)	Investments in Associates and Joint Ventures[1]
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities[4]
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine[1]

[1] Effective for annual periods beginning on or after 1 January 2013
[2] Effective for annual periods beginning on or after 1 January 2015
[3] Effective for annual periods beginning on or after 1 July 2012
[4] Effective for annual periods beginning on or after 1 January 2014

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments and investment properties that are measured at fair value, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The consolidated financial statements have been prepared in accordance with IFRSs. In addition, the consolidated financial statements includes applicable disclosures required by the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "Listing Rules") and by the Hong Kong Companies Ordinance.

4. REVENUE AND SEGMENT INFORMATION

The Group's operating segments are based on information prepared and reported to the chief operating decision makers ("CODM"), the board of directors of the Company, for the purposes of resource allocation and performance assessment. The Group is organised into two segments, retail and wholesale of branded fashion footwear ("Retail and wholesale") and contract manufacturing of footwear ("Contract manufacturing"). These segments are the basis on which the Group reports its segment information.

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

	2012 *RMB'000*	2011 *RMB'000*
Segment revenue		
Retail and wholesale		
– external sales	**2,224,718**	1,807,873
Contract manufacturing		
– external sales	**207,447**	235,823
– inter-segment sales	**44,104**	14,256
Segment revenue	**2,476,269**	2,057,952
Eliminations	**(44,104)**	(14,256)
Group revenue	**2,432,165**	2,043,696
Segment results		
Retail and wholesale	**420,977**	414,303
Contract manufacturing	**16,186**	22,454
	437,163	436,757
Legal and professional fees (note)	**–**	(27,758)
Investment income from held-to-maturity investments	**1,148**	–
Gain from available-for-sale investments	**605**	–
Gain from changes in fair value of derivative financial instruments	**5,693**	–
Finance costs	**(7,349)**	(1,568)
Share of losses of joint ventures	**(1,984)**	(2,054)
Profit before income tax	**435,276**	405,377
Income tax expense	**(111,312)**	(115,199)
Net profit for the year	**323,964**	290,178

Note: The amount mainly represented the unallocated legal, professional and related expenses incurred for the Global Offering.

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 3. Segment results represent the profits earned by each segment and excluding certain legal and professional fees, investment income from held-to-maturity investments, gain from available-for-sale investments, gain from changes in fair value of derivative financial instruments, finance costs, share of losses of joint ventures and income tax expense. This is the measure reported to CODM for the purpose of resource allocation and performance assessment.

Inter-segment sales are charged at prevailing market prices.

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

	2012 *RMB'000*	2011 *RMB'000*
Segment assets		
Retail and wholesale	**2,385,476**	1,621,026
Contract manufacturing	**304,827**	213,072
Total segment assets	**2,690,303**	1,834,098
Eliminations	**(498,925)**	(127,321)
Unallocated	**69,482**	24,250
Total consolidated assets	**2,260,860**	1,731,027
Segment liabilities		
Retail and wholesale	**437,125**	290,401
Contract manufacturing	**215,668**	27,552
Total segment liabilities	**652,793**	317,953
Eliminations	**(272,613)**	(272)
Unallocated	**175,073**	9,836
Total consolidated liabilities	**555,253**	327,517

For the purposes of monitory segment performance and allocating resources between segments, segment assets are allocated to operating segments other than goodwill, interest in joint ventures, held-to-maturity investments and deferred tax assets, while all liabilities are allocated to operating segments other than deferred tax liabilities, convertible bonds and derivative financial instruments.

Other segment information

	Retail and wholesale *RMB'000*	**Contract manufacturing** *RMB'000*	**Total** *RMB'000*
For the year ended 31 December 2012			
Depreciation expense	18,606	2,516	21,122
Amortisation of intangible assets	587	76	663
Amortisation of prepaid lease payments	384	–	384
Allowance for inventory obsolescence	6,205	16	6,221
Purchase of property, plant and equipment	28,443	1,166	29,609
Purchase of intangible assets	947	756	1,703
Proceeds from disposal of property, plant and equipment	1,574	189	1,763
Interest income on bank deposits	(9,903)	(20)	(9,923)
Interest income on other financial assets	(8,975)	–	(8,975)

	Retail and wholesale *RMB'000*	Contract manufacturing *RMB'000*	Total *RMB'000*
For the year ended 31 December 2011			
Depreciation expense	12,782	2,503	15,285
Amortisation of intangible assets	435	–	435
Amortisation of prepaid lease payments	384	–	384
Allowance (reversal) for inventory obsolescence	1,788	(77)	1,711
Purchase of property, plant and equipment	38,227	1,132	39,359
Purchase of intangible assets	811	–	811
Proceeds from disposal of property, plant and equipment	399	53	452
Interest income	(2,503)	(178)	(2,681)

Geographical information

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

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

	Revenue from external customers	
	2012 ***RMB'000***	2011 *RMB'000*
PRC	**2,224,718**	1,807,873
United States of America	**207,447**	235,823
Total	**2,432,165**	2,043,696

	Non-current assets	
	2012 ***RMB'000***	2011 *RMB'000*
PRC	**204,817**	189,849

Note: Non-current assets exclude deferred tax assets and held-to-maturity investments.

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

5. OTHER INCOME AND EXPENSES AND OTHER GAINS AND LOSSES

	2012	2011
	RMB'000	*RMB'000*
Other income		
Government grants *(note 1)*	**23,909**	25,209
Interest income on bank deposits	**9,923**	2,681
Interest income on other financial assets	**8,975**	–
Rental income	**297**	849
Other gains and losses		
Investment income from held-to-maturity investments	**1,148**	–
Gain reclassified from equity to profit or loss on disposal of available-for-sale investments	**605**	–
Gain/(loss) from changes in fair value of investment properties	**1,000**	(69)
Gain from changes in fair value of derivative financial instruments	**5,693**	–
Net foreign exchange (loss)/gains	**(496)**	167
Other expenses		
Legal and professional fees *(note 2)*	**–**	(27,758)
Others	**5,546**	1,812
	56,600	2,891

Note 1: The amount mainly represented the subsidies received from the local governments where the Group entities were located.

Note 2: The amount mainly represented the legal, professional and related expenses incurred for the Global Offering.

6. PROFIT BEFORE TAX

Profit before tax for the year has been arrived at after charging (crediting):

	2012	2011
	RMB'000	*RMB'000*
Depreciation of property, plant and equipment	**21,122**	15,285
Amortisation of lease premium for land use rights	**384**	384
Amortisation of intangible assets	**663**	435
Total depreciation and amortization	**22,169**	16,104
Auditor's remuneration	**1,500**	1,800
Employee benefits expense	**437,840**	333,126
Cost of inventories recognised as an expense (including allowance for inventories obsolescence)	**892,685**	745,435

7. INCOME TAX EXPENSE

	2012	2011
	RMB'000	*RMB'000*
Current tax:		
PRC Enterprise Income Tax ("EIT")	**106,443**	118,933
Hong Kong Profits Tax	**2,086**	–
Withholding tax	**3,041**	494
Under provision of EIT in prior years	**17**	51
Deferred tax credit:		
Current year	**(275)**	(4,279)
	111,312	115,199

The tax charge for the year ended 31 December 2011 can be reconciled to the profit before tax as follows:

	2012	2011
	RMB'000	*RMB'000*
Profit before tax	**435,276**	405,377
Tax at the PRC EIT rate of 25% (2011: 25%)	**108,819**	101,344
Tax effect of share of losses of joint ventures	**445**	314
Tax effect of expenses not deductible for tax purpose	**5,350**	11,419
Tax effect of income not taxable in other jurisdiction	**(2,443)**	(1,217)
Under provision in respect of prior year	**17**	51
Utilization of tax loss previously not recognized	**(2,576)**	–
Effect of different tax rates of group entities operating in jurisdictions other than PRC	**(1,075)**	–
Withholding tax	**2,775**	3,288
Income tax expense for the year	**111,312**	115,199

8. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to owners of the Company for the year is based on the following data:

	2012	2011
	RMB'000	*RMB'000*
Earnings		
Earnings for the purposes of basic earnings per share (profit for the year attributable to equity holders of the Company)	**313,521**	290,178
Effects of dilutive potential ordinary shares:		
Changes in fair value of derivative financial instruments	**(5,693)**	–
Effective interest expense on convertible bonds	**7,349**	–
Earnings for the purposes of diluted earnings per share	**315,177**	–
Number of shares *('000)*		
Number of ordinary shares for the purpose of basic earnings per share	**2,000,000**	1,782,192
Effect of dilutive potential ordinary shares attributable to convertible bonds	**52,474**	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**2,052,474**	1,782,192
Earnings per share *(RMB cents)*		
– Basic	**15.68**	16.28
– Diluted	**15.36**	N/A

9. HELD-TO-MATURITY INVESTMENTS

Held-to-maturity investments comprise:

	2012	2011
	RMB'000	*RMB'000*
Debt securities		
Current portion	**7,922**	–
Non-current portion	**33,107**	–
	41,029	–

As at 31 December 2012, held-to-maturity investments represent debt securities that are issued by listed equities trading in the Hong Kong Stock Exchange and other stock exchanges, and large banks, carrying fixed interest rates at 1.85%-5.75% per annum, and will mature from 26 October 2013 to 14 August 2015. None of these assets has been past due or impaired at the end of the reporting period.

10. AVAILABLE-FOR-SALE INVESTMENTS

	2012	2011
	RMB'000	*RMB'000*
Unlisted investment funds, at fair value	**–**	75,611

As at 31 December 2011, the investment amounts represented units in investment funds managed by an investment fund manager which invested solely in listed equities trading in stock exchanges in Hong Kong, Japan and Taiwan. The investment manager was obliged to purchase from the Group such investment units at the quoted price provided by the investment fund manager which was determined based on the net asset and total units of the investment funds upon request. The fair value of the investment funds was based on unit price quoted by investment fund manager with reference to certain market value statements showing the net asset value of the investment funds at 31 December 2011.

On 28 June 2012, the Company disposed of the investment fund in its entirety and a gain of RMB605,000 was recognised in other income and expenses, other gains and losses during the current year.

11. TRADE RECEIVABLES

	2012	2011
	RMB'000	*RMB'000*
Amounts receivable from sales of goods	**336,144**	243,555

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

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

	2012	2011
	RMB'000	*RMB'000*
0 to 60 days	**271,523**	237,283
61 to 180 days	**52,185**	5,664
181 days to 1 year	**12,128**	565
Over 1 year	**308**	43
Amounts receivable from sales of goods	**336,144**	243,555

12. TRADE PAYABLES

Trade payables comprise amounts outstanding for trade purchases. Payment terms with suppliers are mainly on credit within 90 days from the invoice date. The aging of trade payables presented based on the invoice dates at the end of the reporting period is as follows:

	2012	2011
	RMB'000	*RMB'000*
Age		
0 to 90 days	**153,708**	122,840
91 to 180 days	**3,486**	11,107
181 to 1 year	**8**	–
Over 1 year	**22**	–
	157,224	133,947

13. CONVERTIBLE BONDS

On 15 June 2012, the Company issued zero coupon convertible bonds at par with a par value of RMB5 each for an aggregate principal amount of RMB189,024,000 (the "Bonds") to three independent third parties who were neither connected nor related to the Group (the "Bondholders"). The principal terms of the Bonds are as follows:

(1) Denomination of the Bonds – the Bonds are denominated in RMB

(2) Maturity date – four years from the date of issuance, which is 14 June 2016 (the "Maturity Date")

(3) Interest – the Bonds do not bear any interest

(4) Conversion

a. Conversion Price – the conversion price is Hong Kong dollars ("HK$")2.40 per each new share to be issued upon conversion of the Bonds ("Conversion Shares"), subject to adjustment in accordance with the terms of the Bonds, including consolidation, subdivision or reclassification; making dividend other than in cash or in shares; repurchase of shares; rights issues of shares or options over shares; rights issues of other securities; modification of rights of conversion etc (the "Conversion Price"). The number of Conversion Shares to be issued on conversion shall be calculated on the basis of a fixed conversion rate of HK$1.00 to RMB0.8130.

b. Conversion period – the Bondholders have the right to convert the Bonds into shares of the Company at any time on or after the issue date of the Bonds up to the close of business on the date that is two business days prior to the Maturity Date, or if such Bonds have been called or put for redemption at any time on or after the issue date, then up to the close of business on a date no later than five business days prior to the date fixed for redemption.

c. Rights – the Conversion Shares will rank pari passu in all respects with the shares of the Company then in issue on the relevant conversion date.

(5) Redemption

a. Redemption period – unless previously redeemed, converted or purchased and cancelled, the Company will redeem each Bond on the Maturity Date. The Company and the Bondholder may not redeem the Bonds at its option prior to the Maturity Date.

b. Redemption price – the Bonds will be redeemed at an amount, on Maturity Date, equal to aggregate of the United States dollars ("USD") equivalent of (i) the principal amount of all outstanding Bonds; (ii) any unpaid accrued dividend on the Maturity Date; and (iii) redemption premium.

c. Redemption premium – on the Maturity Date, if the Conversion Price is greater than the average of the volume weighted average price ("VWAP") for the share of the Company for the 60 consecutive trading days ending on the trading day immediately preceding the Maturity Date, then the redemption premium shall be calculated by multiplying (i) the difference between the Conversion Price and the average of the VWAP for the share of the Company for the 60 consecutive trading days ending on the trading day immediately preceding the Maturity Date by (ii) the number of Conversion Shares.

(6) Dividend interest – whenever the Company pays or makes any dividend in cash to the shareholders of the Company, the Bondholders shall be entitled to be paid in respect of that dividend ("Dividend Interest"). Such Dividend Interest shall be calculated by multiplying (i) the amount of dividend per share by (ii) the number of Conversion Shares.

(7) Transferrability – subject to the terms and conditions set out in the Bond subscription agreement, the Bonds and compliance with all applicable laws, rules and regulations, the Bonds and the Conversion Shares are freely transferrable.

(8) Voting – the Bondholders will not be entitled to receive notice of or attend or vote at general meetings of the Company by reason only of being the Bondholders.

(9) Listing – the Bonds will not be listed on the Hong Kong Stock Exchange or any other stock exchange.

(10) Covenants – so long as there are outstanding Bonds, the Company will not create or permit to subsist, and the Company will procure that no subsidiary of the Company will create or permit to subsist, any mortgage, charge, pledge, lien or other form of encumbrance or security interest upon the whole or any part of its undertaking, assets or revenues, present or future, to secure any debt securities or to secure any guarantee of or indemnity in respect of, any debt securities, unless, at the same time or prior thereto, the Company's obligations under the Bonds: (i) are secured equally and rateably therewith or benefit from a guarantee or indemnity in substantially identical terms thereto; or (ii) have the benefit of such other security, guarantee, indemnity or other arrangement as shall be approved by a special resolution of the Bondholders. So long as there are outstanding Bonds, the Company will not, and will procure that its subsidiaries will not, consolidate with, merge or amalgamate into or transfer its assets substantially as an entirety to any corporation or convey or transfer its properties and assets substantially as an entirety to any person.

The Bonds contain three components: liability component, redemption premium derivative component and conversion component. The liability component and redemption premium derivative components are presented as liabilities while the conversion component is presented in equity as convertible bonds equity reserve. The effective interest rate of the liability component is 10.83% per annum. The redemption premium derivative component is measured at fair value with changes in fair value recognised in profit or loss.

The discounted cash flow method was adopted in determining the fair value of the liability component. The discounted cash flow method and the Monte Carlo simulation were adopted in determining the fair value of the redemption premium derivative component. The variables and assumptions used in assessing the fair value of the redemption premium derivative component are based on the management's best estimate. The value of the convertible bonds varies with different variables of certain subjective assumptions. The inputs into the model were as follows:

	15 June 2012	**31 December 2012**
Risk-free interest rate	0.359%	0.188%
Discount rate	10.83%	9.84%
Dividend yield	2.22%	1.83%
Volatility of the Company's share price (with references to historical volatility of the Company and comparable companies' share prices)	35.25%	40.72%
The Company's share price on valuation date	HK$2.36	HK$2.92

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

	Liability component *RMB'000*	**Redemption premium derivative component** *RMB'000*	**Conversion component** *RMB'000*	**Total** *RMB'000*
Convertible bonds:				
At date of issuance	125,273	38,324	25,427	189,024
Effective interest expense charged during the year	7,349	–	–	7,349
Changes on fair value	–	(5,693)	–	(5,693)
As at 31 December 2012	132,622	32,631	25,427	190,680

14. SHARE CAPITAL

	Number of ordinary shares of USD0.015 each	Amount *USD'000*
Authorised:		
At 1 January 2011	800,000,000	12,000
Shares increased *(note 1)*	19,200,000,000	288,000
At 31 December 2011 & 31 December 2012	20,000,000,000	300,000
Issued and fully paid:		
At 1 January 2011	396,868,200	5,953
Shares issued under the Capitalisation Issue *(note 1)*	1,303,131,800	19,547
Shares issued under the Global Offering *(note 2)*	300,000,000	4,500
At 31 December 2011 & 31 December 2012	2,000,000,000	30,000
Shown in the consolidated statement of financial position		
At 31 December 2011 & 31 December 2012		202,087

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

Note 1: Pursuant to written resolution passed on 26 August 2011, the authorised share capital of the company was increased from USD12,000,000 to USD300,000,000 by the creation of an additional 19,200,000,000 shares of USD0.015 each; a sum of USD19,546,977 standing to the credit of the share premium account of the Company was capitalised and applied in paying up in full at par 1,303,131,800 shares of USD0.015 each allotted and issued upon completion of the Listing (the "Capitalisation Issue").

Note 2: On 22 September 2011, the Company issued 300,000,000 new ordinary shares pursuant to the Company's Global Offering at a price of HK$2.3 (equivalent to RMB1.88) per share, details of which are set out in the Company's Prospectus dated 12 September 2011.

15. DIVIDENDS

	2012 ***RMB'000***	2011 *RMB'000*
Dividends recognised as distribution to ordinary shareholders during the year	**86,000**	64,441

In 2012, a dividend to ordinary shareholders of RMB0.043 per share amounting to RMB86,000,000 in aggregate was proposed and paid.

In 2011, a dividend of USD0.0247 per share amounting to USD9,801,000 (equivalent to RMB64,441,000) was proposed and paid to ordinary shareholders.

Also, during the year, dividend to convertible bondholders of RMB0.043 per share amounting to RMB4,166,000 in aggregate was paid.

The final dividend of RMB0.044 (2011: RMB0.043) per share has been proposed by the Company's Directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group operates under a vertically integrated business model, which includes the design and development, outsourcing, manufacturing, marketing, wholesaling and retailing of shoes. It is the second largest retailer of middle-to-high-end women's formal and leisure footwear in the PRC, according to a Euromonitor report.

The Group also acts as an OEM or ODM manufacturer for international shoe companies operating in overseas markets.

The Group manages four self-developed brands – C.banner, EBLAN, sundance and MIO. The Group also sells women shoes through a licensed brand called naturalizer.

During the year under review, the Group has sought to maximize shareholder value through the following initiatives:

Well-established and expanding presence across all major and regional markets

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

Despite the more challenging business environment in 2012, the Group added a net 245 proprietary retail outlets and 173 third-party outlets during the year under review. As of 31 December 2012, it oversaw a network of 1,556 proprietary retail 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 customers.

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

Distribution Regions	C.banner Proprietary outlets	C.banner Third-party outlets	EBLAN Proprietary outlets	EBLAN Third-party outlets	sundance Proprietary outlets	sundance Third-party outlets	MIO Proprietary outlets	MIO Third-party outlets	naturalizer Proprietary outlets	Total
Northeast	100	35	78	15	45	–	–	16	7	296
Beijing	48	14	17	4	14	–	2	7	4	110
Tianjin	81	72	46	19	17	1	6	7	11	260
Northwest	62	79	46	34	10	2	–	44	4	281
Central PRC	45	27	17	9	8	1	–	7	1	115
Eastern PRC	147	55	112	23	44	2	9	–	28	420
Zhejiang	78	18	33	–	11	–	4	2	15	161
Shanghai	60	1	26	–	8	–	2	–	–	97
Southwest	101	23	28	5	13	1	–	16	3	190
Southern PRC	106	42	41	14	14	1	–	14	4	236
Total	**828**	**366**	**444**	**123**	**184**	**8**	**23**	**113**	**77**	**2,166**

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 PRC region includes Hunan province and Hubei province;

(6) Eastern PRC 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 PRC region includes Guangdong province, Hainan province, Guangxi Autonomous Region and Fujian province.

Expansion of brand portfolio

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 also prudently considered opportunities to acquire the trademarks of internationally recognized brands to further diversify its retail offerings, particularly in PRC's first-tier cities, as well as introduce new types of products such as leather goods.

Focus on proprietary brands

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. Based at the Group's research and development centre in Foshan, Guangdong province, each team comprises experienced brand directors, design managers and designers.

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 and textiles, in the first half of 2012 in order to expand its women's footwear operations.

Addition of strategic investors

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 cooperation opportunities in the footwear industry.

Financial Review

For the year ended 31 December 2012, the Group's total revenue from continuing operations rose 19.0% to RMB2,432.2 million, compared to the same period of last year. Operating profit rose 7.4% to RMB435.3 million during the year under review. Profit attributable to owners of the Company from continuing operations increased 8.0% to RMB313.5 million, compared to the same period of last year.

Revenue

For the year ended 31 December 2012, the Group's total revenue from continuing operations rose 19.0% to RMB2,432.2 million, compared to RMB2,043.7 million in the same period of last year. The growth in revenue was attributable to the Group's retail outlet expansion strategy and higher same-store sales. The Group operated a total of 2,166 stores as of 31 December 2012.

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

	For the year ended 31 December				
	2012		2011		
	RMB('000)	**% on Total Revenue**	RMB('000)	% on Total Revenue	Change %
Retail and Wholesaling	**2,224,718**	**91.5**	1,807,873	88.5	+ 23.1
Contract Manufacturing	**207,447**	**8.5**	235,823	11.5	–12.0
Total	**2,432,165**	**100.0**	2,043,696	100.0	+ 19.0

Profitability

The Group's gross profit from continuing operations rose 18.6% to RMB1,539.5 million, an increase of RMB241.2 million compared to RMB1,298.3 million last year. As of 31 December 2012, the gross profit margin from continuing operations was 63.3%, a decrease of 0.2 percentage points from 63.5% in the corresponding period of last year.

Contributions from retail and wholesaling operations year-on-year increased 23.1% to RMB2,224.7 million of overall revenue as of 31 December 2012. 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.

For the year ended 31 December 2012, distribution and selling expenses for continuing operations reached RMB1,040.5 million, an increase of 27.2%, compared to expenses of RMB817.8 million last year. Distribution and selling expenses mainly consisted of concessionaire fees, rental expenses, salaries and commissions of salespersons, renovation expenses for self-owned retail stores, advertising and marketing expenses. Distribution and selling expenses were equivalent to around 42.8% of total revenue, compared to 40.0% in the corresponding period of last year. The increase was primarily due to a rise in concessionaire fees, rental expenses, salaries and commissions of salespersons.

Administrative and general expenses for continuing operations over the year reached RMB111.0 million, an increase of RMB36.6 million compared to the same period of last year. Administrative and general expenses mainly consisted of salaries and benefits for management and executives, rental payment for office premises, depreciation of office equipment and other related administrative expenses. Administrative and general expenses were equivalent to 4.6% of total revenue, compared to 3.6% in the same period of last year. The increase in administrative and general expenses was mainly due to growth of salaries for management and executives and the increased in the cost of intermediaries after the Listing.

Other income and other losses from continuing operations over the year was a net of RMB56.6 million, an increase of RMB53.7 million compared to the same period of last year. This was mainly attributed to legal, professional and related expenses incurred for the Global Offering in 2011.

Finance costs for continuing operations over the year were RMB7.3 million, which was made up of effective interest expenses on convertible bonds.

Income tax expense for continuing operations over the year fell by RMB3.9 million or 3.4% to RMB111.3 million, compared to an expense of RMB115.2 million last year. The Group's effective income tax rate of continuing operations in 2012 was 25.6%, a decrease of 2.8 percentage points compared to an effective tax rate of 28.4% last year.

Profit attributable to owners of the company from continuing operations rose 8.0% to RMB313.5 million, an increase of RMB23.3 million compared to a profit of RMB290.2 million last year.

Liquid Assets, Financial Resources and Capital Expenditure

As of 31 December 2012, the Group had bank balances and cash of RMB777.1 million, compared to RMB504.0 million at the end of last year.

Net cash generated from operating activities was RMB251.4 million, an increase of RMB217.2 million compared to RMB34.2 million as of the end of last year. The increase is primarily attributed to the Group strengthening its management of trade and other receivables.

Inventory rose 9.77% from RMB561.8 million in 2011 to RMB616.7 million in 2012. This was mostly attributable to the net addition of 245 proprietary stores across the Group in 2012 and the launch of the Group's new brand MIO.

The Group recorded a net cash outflow of RMB77.1 million from investing activities for the full year, compared to a net outflow of RMB162.9 million in 2011. The outflow was primarily due to investments in other financial assets of RMB190.0 million and RMB29.6 million in purchases of premises, factories and equipment. The net outflow was partially offset by the proceeds from the disposal of available-for-sale investments of RMB76.2 million and the redemption of investments in other financial assets of RMB67.0 million.

Net cash inflow from financing activities was RMB98.9 million, which consisted of proceeds from the issuing of RMB189 million convertible bonds, and dividend payments of RMB90.2 million.

As of 31 December 2012, the net current assets of the Group were RMB1,625.2 million, compared to RMB1,206.2 million at the end of last year, an increase of 34.7% or RMB419.0 million.

Pledge of Asset

As of 31 December 2012, the Group's pledged bank deposit was RMB13.8 million, compared to RMB14.6 million at the end of the previous year. The decrease is attributable to a decline in the amount of notes payable.

Contingent Liabilities

The Group did not have any substantial or contingent liabilities as of 31 December 2012.

Foreign Exchange Risk Management

The Group's sales were mainly denominated in RMB, while transactions related to its contract manufacturing business were denominated in USD.

As the contract manufacturing business accounted for only 8.5% of total sales as of 31 December 2012, the Board of Directors does not foresee exchange rate fluctuations as having a substantial impact on the Group's business. However, the Board will closely monitor the effects of exchange rates on the contract manufacturing business and mitigate the impact.

For the year ended 31 December 2012, the Group recorded a RMB0.5 million loss from currency exchange, compared to a RMB0.2 million gain in the corresponding period of last year. The Group did not hold any derivative instruments for hedging against foreign exchange risk.

Capital Expenditures

Capital expenditures for the whole year of 2012 were RMB31.3 million which was primarily related to the Group's investment activities. Payments for the acquisition of property, plants and equipment accounted for RMB29.6 million and payments for intangible assets accounted for RMB1.7 million.

Human Resources

As of 31 December 2012, the Group had 11,587 employees (31 December 2011: 10,624 employees). The Group provides its employees with competitive remuneration packages including mandatory pension funds, insurance and medical benefits. In addition, the Group pays discretionary bonuses to qualified employees according to the business performance and their individual work performance.

Dividend

The Board of Directors of the Company has declared an annual dividend of RMB0.044 per share for the year ended 31 December 2012 (2011: RMB0.043).

Outlook

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 China's growing economy and ongoing rural urbanization policy continues to create new markets for footwear products.

The Group will continue to implement multi-brand strategy, in order to expand its market share in PRC's middle-to-high-end footwear product market through increasing the sale of its proprietary brands and cooperating with other brands. The Group will continue to diversify its product offering to meet customers' needs.

As domestic consumer wealth increases, the Group intends to open at least 200 proprietary outlets and at least 100 third-party outlets in the coming year, primarily in PRC's third and fourth-tier cities, in order to grow market share. In addition, it 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.

It will also continue to seek opportunities to grow its business through selective acquisitions, such as its recent purchase of trademark rights, as well as providing high quality footwear to its customers and to generate greater values for its shareholders.

CLOSURE OF THE REGISTER OF MEMBERS

The register of members of the Company will be closed from 25 June 2013 to 28 June 2013, both days inclusive, in order to determine the identity of the shareholders who are entitled to attend the forthcoming annual general meeting to be held on 28 June 2013. 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 24 June 2013.

The register of members of the Company will also be closed from 5 July 2013 to 10 July 2013, both days inclusive, in order to determine the entitlement of the shareholders to the final dividend (if approved by the shareholders). 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 4 July 2013.

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 Code on Corporate Governance Practices (from 1 January 2012 to 31 March 2012) and Corporate Governance Code (from 1 April 2012 to 31 December 2012) (the "CG Code") as set out in Appendix 14 to the Listing Rules for the year ended 31 December 2012. 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 and external auditor the accounting standards and practices adopted by the Group and the audited consolidated financial statements for the year ended 31 December 2012.

CHANGES IN COMPOSITION OF THE BOARD COMMITTEES

To further enhance the corporate governance level, the Board has made the following changes in composition of the board committees of the Company with effect from 25 March 2013:

1. Mr. Zhang Zhiyong, an independent non-executive Director, has been appointed as a member of each of the Audit Committee, Remuneration Committee and Nomination Committee; and

2. Mr. Wu Guangze, a non-executive Director, has been appointed as a member of the Nomination Committee.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having make specific enquiries of all the Directors, each of the Directors has confirmed that he has complied with the required standards as set out in the Model Code during the year ended 31 December 2012.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 2012, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

PUBLICATION OF THE AUDITED CONSOLIDATED ANNUAL RESULTS AND 2012 ANNUAL REPORT ON THE WEBSITES OF THE HONG KONG STOCK EXCHANGE AND THE COMPANY

This annual results announcement is published on the websites of the Hong Kong Stock Exchange and the Company, and the 2012 annual report containing all the information required by the Listing Rules will be dispatched to the shareholders of the Company and published on the respective websites of the Hong Kong Stock Exchange and the Company in due course.

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

PRC, 25 March 2013

As at the date of this announcement, the executive Directors are Mr. CHEN Yixi, Mr. LI Wei, Mr. HUO Li and Mr. XU Tingyu; the non-executive Directors are Mr. MIAO Bingwen, Mr. HO Chi Kit (with Mr. LI Xinhui as his alternate) and Mr. WU Guangze; and the independent non-executive Directors are Mr. KWONG Wai Sun Wilson, Mr. XU Chengming, Mr. LI Xindan and Mr. ZHANG Zhiyong.