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 2019

INTERIM RESULTS

The board (the "Board") of directors (the "Directors") of C.banner International Holdings Limited (the "Company") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 June 2019 together with comparative figures for the corresponding period in 2018, are as follows:

FINANCIAL HIGHLIGHTS

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
		(restated)
Continuing operations		
Revenue	**988,166**	1,234,306
Gross profit	**592,651**	738,810
Profit before income tax	**7,488**	46,785
Income tax expense	**(13,622)**	(34,259)
(Loss)/Profit for the period from continuing operations	**(6,134)**	12,526
Discontinued operations		
Loss for the period from discontinued operations	**(56,197)**	(25,547)
(Loss)/Profit for the period attributable to owners of the Company:		
– from continuing operations	**(6,690)**	11,294
– from discontinued operations	**(56,025)**	(25,391)
	(62,715)	(14,097)
	%	*%*
Gross profit margin from continuing operations	**60.0**	59.9
Operating profit margin from continuing operations	**0.8**	3.8
Net (loss)/profit margin attributable to owners of the Company from continuing operations	**(0.7)**	0.9
(Loss)/Earnings per share		
Basic and diluted (loss)/earnings per share (RMB cents)		
– from continuing operations	**(0.32)**	0.55
– from discontinued operations	**(2.72)**	(1.23)
	(3.04)	(0.68)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Six months ended 30 June 2019 RMB'000 (unaudited)	2018 RMB'000 (unaudited) (restated)
Continuing operations			
Revenue	5	**988,166**	1,234,306
Cost of sales		**(395,515)**	(495,496)
Gross profit		**592,651**	738,810
Other income and expenses and other gains and losses	6	**27,794**	34,421
Distribution and selling expenses		**(528,419)**	(653,908)
Administrative and general expenses		**(63,910)**	(54,001)
Finance costs		**(18,710)**	(39,764)
Share of loss of an associate		**(549)**	(1,324)
Share of loss of joint ventures		**(1,369)**	(1,075)
Gain on disposal of held for sale assets		**–**	23,626
Profit before income tax	7	**7,488**	46,785
Income tax expense	8	**(13,622)**	(34,259)
(Loss)/Profit for the period from continuing operations		**(6,134)**	12,526
Discontinued operations			
Loss for the period from discontinued operations	9	**(56,197)**	(25,547)
Loss for the period		**(62,331)**	(13,021)
Other comprehensive income/(expense), net of tax			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**535**	(1,087)
Share of other comprehensive income of an associate		**19**	–
Other comprehensive income/(expense) for the period, net of tax		**554**	(1,087)
Total comprehensive expense for the period		**(61,777)**	(14,108)

	Note	Six months ended 30 June **2019** ***RMB'000*** **(unaudited)**	2018 *RMB'000* (unaudited) (restated)
(Loss)/Profit for the period attributable to owners of the Company:			
– from continuing operations		**(6,690)**	11,294
– from discontinued operations		**(56,025)**	(25,391)
		(62,715)	(14,097)
Profit/(Loss) for the period attributable to non-controlling interests:			
– from continuing operations		**556**	1,232
– from discontinued operations		**(172)**	(156)
		384	1,076
Loss for the period		**(62,331)**	(13,021)
Total comprehensive (expense)/income for the period attributable to:			
Owners of the Company		**(62,161)**	(15,182)
Non-controlling interests		**384**	1,074
		(61,777)	(14,108)
(Loss)/Earnings per share			
Basic and diluted (loss)/earnings per share (RMB cents)	*11*		
– from continuing operations		**(0.32)**	0.55
– from discontinued operations		**(2.72)**	(1.23)
		(3.04)	(0.68)

Note: The Group has initially applied IFRS 16 as at 1 January 2019, using the modified retrospective approach. Under this approach, comparative information is not restated. See note 3.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**As at 30 June 2019**	As at 31 December 2018
		RMB'000	*RMB'000*
		(unaudited)	(audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**436,897**	259,811
Prepaid lease payments		**12,828**	12,622
Other intangible assets		**11,447**	651,760
Goodwill	*12*	**5,725**	5,725
Interest in an associate		**513**	946
Interest in joint ventures		**11,428**	13,219
Financial asset at fair value through other comprehensive income ("FVOCI")		**40,000**	40,000
Financial asset at fair value through profit or loss ("FVTPL")		**–**	–
Deferred tax assets		**130,118**	117,788
Long-term deposits and prepayment		**27,185**	24,324
		676,141	1,126,195
Current assets			
Inventories		**536,706**	652,043
Trade receivables	*13*	**298,979**	301,487
Other receivables and prepayments		**103,441**	151,076
Interest in joint ventures		**4,731**	4,731
Financial assets at FVTPL		**85,000**	50,000
Bank deposits		**30,000**	–
Bank balances and cash		**164,529**	314,216
		1,223,386	1,473,553
Assets classified as held for sale	*9*	**1,570,789**	–
		2,794,175	1,473,553

	Note	As at 30 June 2019 *RMB'000* (unaudited)	As at 31 December 2018 *RMB'000* (audited)
Current liabilities			
Trade payables	*14*	**116,207**	152,097
Other payables		**204,574**	280,871
Lease liabilities		**37,858**	–
Borrowings	*15*	**258,980**	202,446
Obligations under finance leases – due within one year		–	4,243
Contract liabilities		**29,686**	34,314
Provisions		–	5,998
Bank overdrafts	*15*	–	25,242
Current tax liabilities		**16,336**	14,013
		663,641	719,224
Liabilities directly associated with assets classified as held for sale	*9*	**1,010,738**	–
		1,674,379	719,224
Net current assets		**1,119,796**	754,329
Total assets less current liabilities		**1,795,937**	1,880,524
Non-current liabilities			
Lease liabilities		**180,963**	–
Borrowings	*15*	–	75,495
Obligations under finance leases – due after one year		–	1,740
Contract liabilities		**2,277**	10,932
Deferred tax liabilities		–	117,883
		183,240	206,050
Net assets		**1,612,697**	1,674,474

	Note	As at 30 June 2019 RMB'000 (unaudited)	As at 31 December 2018 RMB'000 (audited)
EQUITY			
Share capital		**209,097**	209,097
Reserves		**1,389,612**	1,405,671
Amounts recognised in other comprehensive expense and accumulated in equity relating to a disposal group classified as held for sale		**(46,102)**	–
Equity attributable to owners of the Company		**1,552,607**	1,614,768
Non-controlling interests		**60,090**	59,706
Total equity		**1,612,697**	1,674,474

Note: The Group has initially applied IFRS 16 as at 1 January 2019, using the modified retrospective approach. Under this approach, comparative information is not restated. See note 3.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company								
	Share capital *RMB'000*	Share premium *RMB'000*	Shares held under the share award scheme *RMB'000*	PRC statutory reserve *RMB'000*	Accumulated profits *RMB'000*	Translation reserve *RMB'000*	Sub-total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
As at 1 January 2018 (audited)	209,097	646,042	(49,986)	272,355	991,828	(37,541)	2,031,795	54,598	2,086,393
(Loss)/Profit for the period	–	–	–	–	(14,097)	–	(14,097)	1,076	(13,021)
Other comprehensive expense for the period:									
Exchange differences on translation of foreign operations	–	–	–	–	–	(1,085)	(1,085)	(2)	(1,087)
Total comprehensive (expense)/income for the period	–	–	–	–	(14,097)	(1,085)	(15,182)	1,074	(14,108)
Disposal of a subsidiary	–	–	–	–	–	–	–	(414)	(414)
As at 30 June 2018 (unaudited)	209,097	646,042	(49,986)	272,355	977,731	(38,626)	2,016,613	55,258	2,071,871

	Attributable to owners of the Company									
	Share capital	Share premium	Shares held under the share award scheme	PRC statutory reserve	Accumulated profits	Translation reserve	Amounts recognised in other comprehensive expense and accumulated in equity relating to a disposal group classified as held-for-sale	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*	*RMB'000*
As at 1 January 2019 (audited)	209,097	646,042	(40,483)	286,768	559,690	(46,346)	–	1,614,768	59,706	1,674,474
(Loss)/Profit for the period	–	–	–	–	**(62,715)**	–	–	**(62,715)**	**384**	**(62,331)**
Other comprehensive income for the period:										
Exchange differences on translation of foreign operations	–	–	–	–	–	–	**535**	**535**	–	**535**
Share of other comprehensive income of an associate	–	–	–	–	–	**19**	–	**19**	–	**19**
Total comprehensive (expense)/income for the period	–	–	–	–	**(62,715)**	**19**	**535**	**(62,161)**	**384**	**(61,777)**
Transfer of reserve relating to a disposal group classified as held for sale	–	–	–	–	–	**46,637**	**(46,637)**	–	–	–
As at 30 June 2019 (unaudited)	**209,097**	**646,042**	**(40,483)**	**286,768**	**496,975**	**310**	**(46,102)**	**1,552,607**	**60,090**	**1,612,697**

Note: The Group has initially applied IFRS 16 as at 1 January 2019, using the modified retrospective approach. Under this approach, comparative information is not restated. See note 3.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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 Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited ("Hong Kong Stock Exchange") on 23 September 2011.

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

2. BASIS OF PREPARATION

The condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" issued by the International Accounting Standards Board ("IASB") as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange.

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

The condensed consolidated interim financial statements do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2018.

The accounting policies and methods of computation used in the preparation of the condensed consolidated interim financial statements are consistent with those used in the Group's annual consolidated financial statements for the year ended 31 December 2018, except for the adoption of the new and amended International Financial Reporting Standards ("IFRSs") and the accounting policies as disclosed in notes 3 and 4.

3. ADOPTION OF NEW AND AMENDED IFRSs

IASB has issued a number of new and amended IFRSs, which are effective for the accounting period beginning on 1 January 2019. The Group has not adopted early any new and amended IFRSs that are relevant to the Group have been issued but are not yet effective for the current accounting period.

IFRS 16	Leases
Amendments to IFRS 9	Prepayment Features with Negative Compensation
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to IFRSs	Annual Improvements to IFRSs 2015-2017 Cycle
IFRIC 23	Uncertainty over Income Tax Treatments

Other than the impact of the adoption of IFRS 16 as noted below, the adoption of the new and amended IFRSs had no material impact on how the results and financial position of the Group for the current and prior accounting periods have been prepared and presented.

3. **ADOPTION OF NEW AND AMENDED IFRSs – continued**

IFRS 16 "Leases"

IFRS 16 "Leases" replaces IAS 17 "Leases" along with three Interpretations (IFRIC 4 "Determining whether an Arrangement contains a Lease", SIC 15 "Operating Leases-Incentives" and SIC 27 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease"). IFRS 16 has been applied using the modified retrospective approach, with the cumulative effect of adopting IFRS 16 being recognised in equity as an adjustment to the opening balance of "Retained profits" for the current period. Prior periods have not been restated.

For contracts in place at the date of initial application, the Group has elected to apply the definition of a lease from IAS 17 and IFRIC 4 and has not applied IFRS 16 to arrangements that were previously not identified as lease under IAS 17 and IFRIC 4. The Group has already recognised the prepaid lease payments for leasehold land where the Group is a lessee. The application of IFRS 16 does not have impact on these assets except for the whole balance is now presented as "Prepaid lease payments" under non-current assets.

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

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

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

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

On transition to IFRS 16, the weighted average incremental borrowing rate applied to lease liabilities recognised under IFRS 16 ranged from 4.38% to 6.26%.

3. ADOPTION OF NEW AND AMENDED IFRSs – continued

The following is a reconciliation of total operating lease commitments as at 31 December 2018 to the lease liabilities recognised as at 1 January 2019:

	RMB'000
Total operating lease commitments disclosed as at 31 December 2018	2,593,226
Recognition exemption:	
– Leases with remaining lease term of less than 12 months	(19,662)
Operating lease liabilities before discounting	2,573,564
Discounting using incremental borrowing rate as at 1 January 2019	(1,565,196)
Finance lease obligations	5,983
Total lease liabilities recognised under IFRS 16 as at 1 January 2019	1,014,351
Classified as:	
Current lease liabilities	49,363
Non-current lease liabilities	964,988
	1,014,351

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

	RMB'000
Increase in right-of-use assets presented in "property plant and equipment"	1,032,532
Increase in prepaid lease payments (non-current assets)	397
Decrease in prepaid lease payments (current assets) presented in "other receivables and prepayments"	(397)
Decrease in prepayments related to previous operating leases presented in "other receivables and prepayments"	(29,604)
Increase in lease liabilities	1,014,351
Decrease in obligations under finance leases – due within one year (current liabilities)	(4,243)
Decrease in obligations under finance leases – due after one year (non-current liabilities)	(1,740)
Decrease in other payables	(5,440)

4. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

Leases (The Group as a lessee)

Applicable from 1 January 2019

For any new contracts entered into on or after 1 January 2019, the Group considers whether a contract is, or contains a lease. A lease is defined as "a contract, or part of a contract, that conveys the right to use an identified asset (the underlying asset) for a period of time in exchange for consideration". To apply this definition, the Group assesses whether the contract meets three key evaluations which are whether:

- the contracts contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;

- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and

- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assesses whether it has the right to direct "how and for what purpose" the asset is used throughout the period of use.

For contracts that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices.

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the condensed consolidated statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the underlying asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any lease incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term unless the Group is reasonably certain to obtain ownership at the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicator exists.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

4. **CHANGES IN SIGNIFICANT ACCOUNTING POLICIES – continued**

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable payments based on an index or rate, and amounts expected to be payable under a residual value guarantee. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payment of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

Subsequent to initial measurement, the liability will be reduced for lease payments made and increased for interest cost on the lease liability. It is remeasured to reflect any reassessment or lease modification, or if there are changes in in-substance fixed payments. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period on which the event or condition that triggers the payment occurs.

When the lease is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these leases are recognised as an expense in profit or loss on a straight-line basis over the lease term. Short-term leases are leases with a lease term of 12 month or less.

On the condensed consolidated statement of financial position, right-of-use assets have been included in property, plant and equipment, the same line as it presents the underlying assets of the same nature that it owns. The prepaid lease payments for leasehold land are presented as "Prepaid lease payments" under non-current assets.

Applicable before 1 January 2019

Leases are classified as finance leases wherever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the condensed consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in according with the Group's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments, including the cost of acquiring land held under operating leases, are recognised as an expense on a straight-line basis over the lease term.

In the event that lease incentives are received to enter into operating lease, such incentives are recognised as a liability. The aggregate benefit of incentive is recognised as a reduction of rental expense over a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

4. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES – continued

Leasehold land and building

When the Group makes payments for a property interest which includes both leasehold land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire property is accounted for as an operating lease. Specifically, the entire consideration (including any lump-sum upfront payments) are allocated between the leasehold land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at initial recognition.

To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the condensed consolidated statements of financial position and is amortised over the lease term on a straight-line basis. Prepaid lease payments which are to be amortised in the next 12 months or less are classified as current assets.

5. REVENUE AND SEGMENT INFORMATION

The Group's operating segments are based on information prepared and reported to the chief operating decision makers, the board of directors of the Company, for the purposes of resource allocation and performance assessment. The Group is organised into three segments, (1) retail and wholesale of branded fashion footwear ("Retail and wholesale of shoes"), (2) contract manufacturing of footwear ("Contract manufacturing of shoes") and (3) retail of toys (note). These segments are the basis on which the Group reports its segment information.

5. REVENUE AND SEGMENT INFORMATION – continued

The Group derives revenue from the transfer of goods at a point in time through different channels were analysed and the following is an analysis of the Group's revenue and results by operating segments for the period:

	Six months ended 30 June 2019		
	Continuing operations *RMB'000* **(unaudited)**	**Discontinued operations** *RMB'000* **(unaudited)**	**Total** *RMB'000* **(unaudited)**
Segment revenue			
Retail and wholesale of shoes			
– external sales	**820,073**	**–**	**820,073**
Contract manufacturing of shoes			
– external sales	**115,818**	**–**	**115,818**
– inter-segment sales	**103,288**	**–**	**103,288**
Retail of toys			
– external sales	**52,275**	**218,869**	**271,144**
Segment revenue	**1,091,454**	**218,869**	**1,310,323**
Eliminations	**(103,288)**	**–**	**(103,288)**
Group revenue	**988,166**	**218,869**	**1,207,035**
Segment results			
Retail and wholesale of shoes	**30,864**	**–**	**30,864**
Contract manufacturing of shoes	**6,574**	**–**	**6,574**
Retail of toys	**(10,086)**	**(31,242)**	**(41,328)**
Less: loss recognised on the remeasurement to fair value	**–**	**(15,265)**	**(15,265)**
	27,352	**(46,507)**	**(19,155)**
Finance costs	**(18,710)**	**(21,140)**	**(39,850)**
Net foreign exchange gains	**764**	**–**	**764**
Share of loss of an associate	**(549)**	**–**	**(549)**
Share of loss of joint ventures	**(1,369)**	**–**	**(1,369)**
Profit/(Loss) before income tax	**7,488**	**(67,647)**	**(60,159)**
Income tax (expense)/credit	**(13,622)**	**11,450**	**(2,172)**
Loss for the period	**(6,134)**	**(56,197)**	**(62,331)**

5. REVENUE AND SEGMENT INFORMATION – continued

	Six months ended 30 June 2018 (restated)		
	Continuing operations	Discontinued operations	Total
	RMB'000	*RMB'000*	*RMB'000*
	(unaudited)	(unaudited)	(unaudited)
Segment revenue			
Retail and wholesale of shoes			
– external sales	1,066,267	–	1,066,267
Contract manufacturing of shoes			
– external sales	108,872	–	108,872
– inter-segment sales	6,667	–	6,667
Retail of toys			
– external sales	59,167	215,668	274,835
Segment revenue	1,240,973	215,668	1,456,641
Eliminations	(6,667)	–	(6,667)
Group revenue	1,234,306	215,668	1,449,974
Segment results			
Retail and wholesale of shoes	88,277	–	88,277
Contract manufacturing of shoes	(7,681)	–	(7,681)
Retail of toys	(24,782)	(27,680)	(52,462)
	55,814	(27,680)	28,134
Gain on disposal of held for sale assets	23,626	–	23,626
Finance costs	(39,764)	(3,617)	(43,381)
Net foreign exchange gains	9,508	398	9,906
Share of loss of an associate	(1,324)	–	(1,324)
Share of loss of joint ventures	(1,075)	–	(1,075)
Profit/(Loss) before income tax	46,785	(30,899)	15,886
Income tax (expense)/credit	(34,259)	5,352	(28,907)
Profit/(Loss) for the period	12,526	(25,547)	(13,021)

Inter-segment sales are charged at prevailing market prices.

5. REVENUE AND SEGMENT INFORMATION – continued

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

	As at 30 June 2019	As at 31 December 2018
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Segment assets		
Retail and wholesale of shoes	**1,951,965**	1,880,784
Contract manufacturing of shoes	**480,674**	440,622
Retail of toys	**343,467**	987,581
Total segment assets	**2,776,106**	3,308,987
Assets classified as held for sale	**1,570,789**	–
Eliminations	**(1,023,368)**	(845,922)
Unallocated	**146,789**	136,683
Total consolidated assets	**3,470,316**	2,599,748
Segment liabilities		
Retail and wholesale of shoes	**271,838**	262,547
Contract manufacturing of shoes	**157,364**	128,087
Retail of toys	**657,144**	917,067
Total segment liabilities	**1,086,346**	1,307,701
Liabilities directly associated with assets classified as held for sale	**1,010,738**	–
Eliminations	**(255,801)**	(514,323)
Unallocated	**16,336**	131,896
Total consolidated liabilities	**1,857,619**	925,274

Note: During the six months ended 30 June 2019, the continuing segment of retail of toys represents the operations in the PRC and the Group's retail of toys operations in the United Kingdom have been classified as discontinued operations (note 9).

6. OTHER INCOME AND EXPENSES AND OTHER GAINS AND LOSSES (RELATING TO CONTINUING OPERATIONS)

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
		(restated)
Other income and expenses		
Government grants	**18,657**	15,478
Interest income on bank deposits	**1,878**	2,382
Interest income on bank wealth management products	**95**	745
Others	**6,400**	6,308
	27,030	24,913
Other gains and losses		
Net foreign exchange gains	**764**	9,508
	27,794	34,421

7. PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS

Profit before income tax is arrived at after charging/(crediting):

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
		(restated)
Depreciation of property, plant and equipment		
– owned assets	**15,487**	16,982
– right-of-use assets	**25,380**	–
Amortisation (included in administrative and general expenses)		
– prepaid lease payments	**192**	192
– other intangible assets	**1,373**	1,575
Total depreciation and amortisation	**42,432**	18,749
Capitalised in inventories	**(4,577)**	(1,767)
	37,855	16,982
Auditor's remuneration	**1,182**	1,443
Cost of inventories recognised as an expense (including allowance for inventories obsolescence)	**158,042**	287,887
Employee benefits expense	**281,672**	298,640

8. INCOME TAX EXPENSE (RELATING TO CONTINUING OPERATIONS)

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
		(restated)
Current tax		
PRC Enterprise Income Tax		
– Current period	**34,475**	43,143
– (Over)/Under-provision in respect of prior periods	**(58)**	683
PRC withholding tax		
– Current period	**2,375**	–
	36,792	43,826
Deferred tax		
– Current period	**(23,170)**	(11,319)
– Under-provision in respect of prior periods	**–**	1,752
	(23,170)	(9,567)
	13,622	34,259

9. DISCONTINUED OPERATIONS/ASSETS CLASSIFIED AS HELD FOR SALE/LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE

On 9 May 2019, the Company and Reliance Brands Limited (the "Purchaser") entered into the sale and purchase agreement, pursuant to which the Company agreed to sell and the Purchaser agreed to purchase the legal and beneficial ownership of the entire issued share capital of Hamleys Global Holdings Limited ("Hamleys UK"). The proposed disposal of Hamleys UK represents a separate geographical area of operations, and therefore is accounted for as discontinued operations under IFRS 5 "Non-current assets held for sale and discontinued operations". The proposed disposal was completed on 16 July 2019.

Analysis of the results, assets and liabilities of Hamleys UK is as follows:

(a) Results

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Revenue	**218,869**	215,668
Cost of sales	**(115,910)**	(95,316)
Gross profit	**102,959**	120,352
Other income and expenses and other gains and losses	**53**	50
Distribution and selling expenses	**(105,054)**	(98,759)
Administrative and general expenses	**(29,200)**	(48,925)
Finance costs	**(21,140)**	(3,617)
Loss recognised on the remeasurement to fair value	**(15,265)**	–
Loss before income tax	**(67,647)**	(30,899)
Income tax credit	**11,450**	5,352
Loss for the period	**(56,197)**	(25,547)

9. DISCONTINUED OPERATIONS/ASSETS CLASSIFIED AS HELD FOR SALE/LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE – continued

(b) The major classes of assets and liabilities

	As at 30 June 2019 *RMB'000* (unaudited)
Non-current assets	
Property, plant and equipment	**812,592**
Other intangible assets	**623,101**
Deferred tax assets	**17,292**
	1,452,985
Current assets	
Inventories	**73,854**
Trade receivables	**16,150**
Other receivables and prepayments	**20,796**
Bank balances and cash	**7,004**
	117,804
Assets classified as held for sale	**1,570,789**
Current liabilities	
Trade payables	**39,480**
Other payables	**41,290**
Lease liabilities	**18,311**
Provisions	**532**
Bank overdrafts	**31,409**
Current tax liabilities	**650**
	131,672
Non-current liabilities	
Lease liabilities	**765,375**
Deferred tax liabilities	**113,691**
	879,066
Liabilities directly associated with assets classified as held for sale	**1,010,738**

10. DIVIDENDS

The Directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 June 2019 and 2018.

11. (LOSS)/EARNINGS PER SHARE

The calculation of basic and diluted (loss)/earnings per share attributable to owners of the Company is based on the following:

	Six months ended 30 June	
	2019	2018
	(unaudited)	(unaudited) (restated)
Number of shares ('000)		
Number of ordinary shares for the purpose of basic and diluted (loss)/earnings per share	**2,061,126**	2,057,400
(Loss)/Earnings (RMB'000)		
(Loss)/Profits for the period from continuing operations attributable to owners of the Company	**(6,690)**	11,294
Loss for the period from discontinued operations attributable to owners of the Company	**(56,025)**	(25,391)
Basic and diluted (loss)/earnings per share (RMB cents)		
– from continuing operations attributable to owners of the Company	**(0.32)**	0.55
– from discontinued operations attributable to owners of the Company	**(2.72)**	(1.23)

There were no dilutive potential ordinary shares during the six months ended 30 June 2019 and 2018 and therefore, diluted (loss)/earnings per share equals to basic (loss)/earnings per share.

12. GOODWILL

	RMB'000
Cost	
As at 1 January 2018	163,995
Exchange adjustment	(2,394)
As at 31 December 2018, 1 January 2019 and 30 June 2019	161,601
Impairment	
As at 1 January 2018	(1,558)
Impairment loss recognised during the year	(154,318)
As at 31 December 2018, 1 January 2019 and 30 June 2019	(155,876)
Carrying amount	
As at 31 December 2018 (audited)	5,725
As at 30 June 2019 (unaudited)	5,725

13. TRADE RECEIVABLES

The Group allows a credit period of 15-60 days for collection of the trade receivables. Certain trade receivables, which are past due, are interest bearing. The Group would also allow longer credit period for certain customers with long-term relationship.

The following is an ageing analysis of trade receivables, presented based on the revenue recognition dates and net of expected credit losses allowance at the end of the reporting period.

	As at 30 June 2019 ***RMB'000*** **(unaudited)**	As at 31 December 2018 *RMB'000* (audited)
0 to 60 days	**236,461**	234,736
61 to 180 days	**53,533**	37,032
181 days to 1 year	**7,333**	12,965
Over 1 year	**1,652**	16,754
	298,979	301,487

14. TRADE PAYABLES

The ageing analysis of trade payables presented based on the invoice dates at the end of the reporting period is as follows:

	As at 30 June 2019	As at 31 December 2018
	RMB'000	*RMB'000*
	(unaudited)	(audited)
0 to 90 days	**108,351**	125,919
91 to 180 days	**5,105**	21,338
181 days to 1 year	**1,461**	4,591
Over 1 year	**1,290**	249
	116,207	152,097

15. BORROWINGS

	As at 30 June 2019	As at 31 December 2018
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Bank loans *(note a)*	**214,210**	233,349
Other borrowing *(note b)*	**44,770**	44,592
Bank overdrafts *(note c)*	**–**	25,242
	258,980	303,183
Unsecured	**64,770**	69,834
Secured	**194,210**	233,349
	258,980	303,183
The carrying amounts of the above borrowings are repayable*		
– within one year	**258,980**	227,688
– within a period of more than one year but not exceeding two years	**–**	75,495
	258,980	303,183
Less: amounts due within one year shown under current liabilities:		
– bank loans	**(214,210)**	(157,854)
– other borrowing	**(44,770)**	(44,592)
– bank overdrafts	**–**	(25,242)
Amounts shown under non-current liabilities	**–**	75,495

* The amounts due are based on scheduled repayment dates as set out in the loan agreements.

15. BORROWINGS – continued

Note:

(a) As at 30 June 2019, the Group's bank loans of RMB194,210,000 (as at 31 December 2018: RMB233,349,000) carried interest at London Interbank Offered Rate ("LIBOR") plus variable rates from 1.4% to 5% per annum (as at 31 December 2018: at LIBOR plus variable rates from 1.4% to 5% per annum). Interest is reset every three months. Details of assets pledged by the Group at the end of the reporting period is set out in note 16. As at 30 June 2019 and 31 December 2018, the bank loans were also guaranteed by Mr. Chen Yixi, Ms. Yuan Yanan, spouse of Mr. Chen Yixi and other third parties.

As at 30 June 2019, the Group's bank loan of RMB20,000,000 (as at 31 December 2018: Nil) carried effective interest rate at 3.6% per annum.

(b) As at 30 June 2019, the Group's other borrowing of RMB44,770,000 (as at 31 December 2018: RMB44,592,000) carried interest rate at 1% per month for the first six months and 1.5% per month afterwards (as at 31 December 2018: 1% per month for the first six months and 1.5% per month afterwards).

As at 30 June 2019 and 31 December 2018, the other borrowing is guaranteed by Mr. Chen Yixi, the Chairman of the Group.

(c) During the six months ended 30 June 2019, the bank overdrafts of RMB31,409,000 were classified as liabilities held for sale (note 9b).

16. PLEDGE OF ASSETS

As at 30 June 2019 and 31 December 2018, the Company's equity interests in the subsidiaries, Mayflower (Nanjing) Enterprise Limited, Dongguan Mayflower Footwear Corporation Limited, Nanjing Soft Garment & Footwear Co., Ltd. and Xuzhou C.banner Shoes Co., Ltd., Hamleys Global Holdings Limited, Hamleys Toys (China) Co., Ltd and Hamleys Toys (Nanjing) Co., Ltd have been pledged to secure the bank loans of the Group (note 15a).

As at 30 June 2019, the bank deposit of RMB20,000,000 (as at 31 December 2018: Nil) was pledged to secure the banking facilities of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In the first half of 2019, consumer sentiment was less than ideal due to the ongoing trade war between China and the United States as well as uncertainties surrounding the United Kingdom's exit from the European Union. The unstable macro environment has brought a hit to the Company's business. The consumer market, however, did reveal several trends and behaviour that could very well become a boost engine for participants in the industry.

E-commerce continues to be an important growth accelerator for the economy, and the market remains positive on its ability in driving the industry forward. According to a study conducted by Shopify Plus, worldwide revenue for the e-commerce fashion industry is expected to rise to USD712.9 billion by 2022, which is moving towards more international consumers. The total number of fashion consumers will reach 1.2 billion by 2020, of which many would be younger consumers aged between 16 to 34 years old, bringing more buying power to the market than before. The same study also showed that e-commerce revenue for shoes achieved steady growth over the past few years, and it is expected to continue to grow and achieve a total revenue of USD135 billion in 2022.

Studies also showed that the market increasingly appreciates individual consideration for the consumer needs of a particular brand and its potential audience, meaning that hosting customised events or producing customised products that are "limited edition" or unique to a particular consumer or group of consumers would be more likely to succeed in the market. Another important growth point would be brand digitalisation. The rapidly developing e-commerce is transforming the retail industry. As a result, the global market, including the China market, is searching for ways to seamlessly and continuously reach a younger audience who regularly shops online. Being able to ride on these trends is the key to navigate through these challenging times.

In particular for the shoes manufacturing industry, athleisure and sneakers continue to grab consumers' attention more than other shoes. According to a luxury e-commerce report, footwear now accounts for nearly half of the revenue in the luxury fashion segment, of which high-end sneakers contributed much of the growth. The sneaker culture, along with other athleisure apparel and accessories, is particularly popular among younger consumers. Coupled with personalised design and the "limited edition" effect, which suits the younger generations' pursuit for uniqueness, the segment continues to show very promising potential.

Adapting to the Market

The Company identified "athleisure" as a rising market trend early and was able to ride on its wave of development by directing more resources to manufacture products that fit the profile. Realising that high tier markets are more mature and hence more saturated than ever over the last few years, the Company has adopted a development strategy aimed at lower tier markets which still holds considerable potential. Over the years, the Company has developed a solid reputation for producing quality products with innovative design. With the added attraction of an affordable price tag, the Company was able to shift its focus to consumers with a more modest background, but still have ample consumption power.

With such mitigating measures in place, the Company has successfully dodged substantial loss to the business amongst the unstable macro environment and is in good position to generate high profits again once the consumer market has recovered from the economic slowdown.

The Company continues to be a leading player in the industry with its sophisticated and fashionable brand image. Its longstanding reputation as a leading international integrated retailer and manufacturer of mid to high end women's footwear in China is a valuable asset that allows it to retain a trustworthy image among consumers despite adverse market conditions. It continues to innovate in footwear design in order to maintain an edgy and fresh portfolio.

Recentering Our Business

The Company has always been a leading retailer in the women's footwear industry since its establishment. It has always been the Company's major business and most valuable asset. Over the last few years, the Company had expanded into other business sectors as a measure to diversify its business, such as the acquisition of the Hamleys business.

Unfortunately, despite the Company's best efforts to consolidate the business, as stated in the announcement dated 14 May 2019, the performance of the Hamleys business has been below expectation. Neither the expected synergy between the Group's core footwear business and the toy business nor the desired diversification of business for the Group was materialised. Increasing concerns about how Brexit will impact the United Kingdom's economy, where the Hamleys business is based out of, pushed the Company to reconsider the benefits of continuing operating the business. In light of the operational difficulties, the uncertain prospect of the Hamleys business and the inability to deliver a successful business diversification, the Company has been seeking to dispose of its toy business since late 2018. The disposal has been completed as indicated in the announcement dated 16 July 2019.

The disposal has released resources invested by the Company in the Hamleys business, meaning that the Company is now standing at a stronger position to focus its resources on developing its core business of manufacturing and selling mid to premium women's footwear. By directing more resources into the business, the Company is restating its long-term commitment to the business and industry, as well as reassuring its leading position in the market.

The Company is a well-established and reputable retailer in the market, and this will allow it to focus on its self-developed brands, namely "C.banner", "EBLAN", "sundance", "MIO", "BADGLEY MISCHKA" and "natursun". Furthermore, the Company will also be able to deploy the necessary resources to enhance its role as OEM or ODM manufacturer for international shoes companies.

The Company intends to continue to operate the Hamleys stores that had opened in the PRC on a franchise basis, as agreed between the Company and the purchaser of the Hamleys business. It is also worthy to note that as disclosed in this announcement, the footwear business generated a revenue of RMB935.9 million, representing 77.5% of the Company's total revenue (including continuing operations and discontinued operations) in the six months ended 30 June 2019, whilst the revenue on retail of toys contributed only 22.5% (RMB271.1 million) of the total revenue. The disposal has not caused a fundamental change in the Company's principal business.

After the disposal, the Company will continue to optimise and expand its extensive shoes retail network, particularly for the purpose of expanding e-commerce sales channels and realising growth through the seamless sales system. Increased operating capital will also allow the Company to launch strategic sales and joint promotions at appropriate times to stimulate inventory turnover and boost sales.

In the first half of 2019, the Group recorded a net reduction of 127 proprietary shoes retail outlets and 23 third-party shoes retail outlets respectively. As of 30 June 2019, the Group oversaw a network of 1,290 proprietary retail outlets and 270 third-party retail outlets across China, maintaining a strong presence in 31 provinces, municipalities and autonomous regions. The Group continued to further optimize its retail networks comprising both online and offline stores and strategically cooperated with retailers such as department stores, shopping malls and outlets to increase market share in order to enhance same store sales growth of each offline store and actively promote online sales.

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

Distribution Regions	C.banner Proprietary outlets	C.banner Third-party outlets	EBLAN Proprietary outlets	EBLAN Third-party outlets	Sundance Proprietary outlets	MIO Proprietary outlets	MIO Third-party outlets	Badgley Mischka Proprietary outlets	Natursun Proprietary outlets	Licensed Brands Proprietary outlets	Total
Northeast	99	22	45	8	7	15	10	–	3	3	**212**
Beijing	36	13	19	2	7	1	3	1	7	1	**90**
Tianjin	73	66	29	–	–	8	–	–	9	1	**186**
Northwest	70	53	30	5	–	–	32	1	6	–	**197**
Central China	33	13	6	–	1	7	–	1	–	–	**61**
Eastern China	156	26	60	1	12	42	1	2	33	2	**335**
Zhejiang	75	1	16	–	3	10	–	–	8	–	**113**
Shanghai	52	–	14	–	–	5	–	2	15	1	**89**
Southwest	91	2	24	1	–	13	6	1	–	–	**138**
Southern China	93	5	17	–	–	14	–	3	5	2	**139**
Total	778	201	260	17	30	115	52	11	86	10	**1,560**

Notes:

(1) Northeast region includes Jilin province, Liaoning province and Heilongjiang province;

(2) Beijing region includes Beijing, Inner Mongolia Autonomous Region, Zhangjiakou city and Qinhuangdao city in Hebei province;

(3) Tianjin region includes Tianjin, Shandong province and Hebei province (except Zhangjiakou city and Qinhuangdao city);

(4) Northwest region includes Shanxi province, Shaanxi province, Qinghai province, Gansu province, Henan province, Xinjiang Autonomous Region and Ningxia Autonomous Region;

(5) Central China region includes Hunan province and Hubei province;

(6) Eastern China region includes Jiangsu province (except Wuxi city and Suzhou city), Anhui province and Jiangxi province;

(7) Zhejiang region includes Zhejiang province and Wuxi city and Suzhou city in Jiangsu province;

(8) Shanghai region includes Shanghai;

(9) Southwest region includes Sichuan province, Guizhou province, Yunnan province, Chongqing city and Tibet Autonomous Region; and

(10) Southern China region includes Guangdong province, Hainan province, Guangxi Autonomous Region and Fujian province.

Enhancing Seamless Sales System to Drive O2O Business Development

Integrated online and offline experience is a key development in the retail industry over the last few years in light of rapid network and technology development. Using online resources to reach more consumers while providing a comprehensive offline experience will allow the Company to stand out from the competition in the industry.

By analysing consumption related data collected from online platforms, the Company was able to identify trends and continue to create products that speak to particular groups of consumers. These data will also inform the Company's team on consumer preference and needs. Led by experienced design directors and design managers, the team could then educate other employees through various in-house training activities, so as to enhance the overall design ability of the Company, and realise visible improvement on all product lines, which will, in turn, reinforce the brand image of the Company.

In the first half of 2019, the Company continued to deploy resources in implementing creative online marketing strategies in order to enhance the overall consumption experience. The Company's official WeChat account has matured and is regularly putting itself forward with creative contents to reach more consumers effectively, conveying informative and interesting marketing messages such as latest fashion trend, product launch and brand promotion feeds. The Company's online flagship stores on E-commerce platforms are also generating steady income for the Company.

To enhance offline consumption experience, the Company continues to offer an extensive geographical network of retail outlets comprised of self-developed and licensed brand stores spread across China's first, second and third-tier cities. Store renovations, VIP shopping schemes, sales promotions, outdoor advertisements, as well as production of product catalogues and brochures were carried out to increase brand visibility and maintain consumer loyalty in the offline context.

Apart optimising the Company's integrated online and offline retail network, the Company also seek out strategic cooperation opportunities with third party retailers in order to maximise its market share and presence.

All these new developments continue to shape the brand's DNA and enhance its core competitiveness, including continued adjustment of the Company's product range according the latest market trends, which is vital in order to strive in challenging times.

FINANCIAL REVIEW

For the six months ended 30 June 2019, the Group's revenue from continuing operations decreased by 19.9% to RMB988.2 million as compared to the same period of last year. (Loss)/Profit for the period from continuing operations recorded a loss of RMB6.1 million, compared to a profit of RMB12.5 million in the same period of last year.

Revenue

For the six months ended 30 June 2019, the Group's total revenue from continuing operations decreased by 19.9% to RMB988.2 million, compared to RMB1,234.3 million in the same period of last year.

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

	For the six months ended 30 June				
	2019		**2018**		
	RMB('000)	*% of Total Revenue*	*RMB('000)*	*% of Total Revenue*	*% of Growth*
Retail and Wholesale	820,073	83.0	1,066,267	86.4	-23.1
Contract Manufacturing	115,818	11.7	108,872	8.8	6.4
Retail of Toys	52,275	5.3	59,167	4.8	-11.6
Total	988,166	100.0	1,234,306	100.0	-19.9

Profitability

For the six months ended 30 June 2019, the Group's gross profit from continuing operations decreased by 19.8% to RMB592.7 million, a decrease of RMB146.1 million from RMB738.8 million in the same period of last year. As of 30 June 2019, the gross profit margin was 60.0%.

For the six months ended 30 June 2019, the Group's distribution and selling expenses from continuing operations reached RMB528.4 million, a decrease of RMB125.5 million or decreased by 19.2% from the same period of last year. Distribution and selling expenses accounted for 53.5% of total revenue, compared to 53.0% in the same period of last year.

For the six months ended 30 June 2019, the Group's administrative and general expenses from continuing operations amounted to RMB63.9 million, an increase of RMB9.9 million or 18.3% from the same period of last year. Administrative and general expenses accounted for 6.5% of the total revenue, compared to 4.4% in the same period of last year.

For the six months ended 30 June 2019, the Group's other income and expenses and other gains and losses from continuing operations recorded a net gain of RMB27.8 million, compared to a net gain of RMB34.4 million in the same period of last year. Other income mainly comes from government grants, foreign exchange gain, and interest income on bank deposits and bank wealth management products.

For the six months ended 30 June 2019, the Group recorded finance costs of RMB18.7 million from continuing operations, decreased by 52.9% from RMB39.8 million the same period of last year.

For the six months ended 30 June 2019, the Group's income tax expense from continuing operations decreased by approximately RMB20.6 million or 60.2% to RMB13.6 million, compared to RMB34.3 million in the same period of last year. The decrease was mostly attributed to the decrease in profit before income tax.

For the six months ended 30 June 2019, profit attributable to equity holder of the Company from continuing operations recorded a loss of RMB6.7 million, decreased by RMB18.0 million compared to the same period of last year.

Liquid Assets and Financial Resources

As of 30 June 2019, the Group had cash and cash equivalents of RMB140.1 million (31 December 2018: RMB289.0 million).

For the six months ended 30 June 2019, net cash inflows from operating activities was RMB13.6 million, a decrease of RMB1.9 million as compared to RMB15.5 million cash inflows in the same period of last year.

For the six months ended 30 June 2019, net cash used in investing activities was RMB75.0 million, compared to net cash generated from investing activities of RMB545.0 million during the same period of last year. The outflow was primarily related to investments in bank wealth management products of RMB47.9 million and placement of bank deposits of RMB30.0 million, which was partially offset by cash inflow from the redemption of investments in bank wealth management products.

For the six months ended 30 June 2019, net cash outflows from financing activities was RMB87.5 million, while net cash outflows from financing activities in the same period of last year was RMB775.9 million.

As at 30 June 2019, the net current assets of the Group were RMB1,119.8 million, compared with RMB754.3 million as at 31 December 2018, representing a net increase of RMB365.5 million or 48.5%.

Pledge of Asset

As at 30 June 2019 and 31 December 2018, the Company's equity interests in the subsidiaries, Mayflower (Nanjing) Enterprise Limited, Dongguan Mayflower Footwear Corporation Limited, Nanjing Soft Garment & Footwear Co., Ltd., Xuzhou C.banner Shoes Co., Ltd., Hamleys Global Holdings Limited, Hamleys Toys (China) Co., Ltd and Hamleys Toys (Nanjing) Co., Ltd. have been pledged to secure the bank loans of the Group.

As at 30 June 2019, the bank deposit of RMB20,000,000 (as at 31 December 2018: Nil) was pledged to secure the banking facilities of the Group.

Capital Commitments

At 30 June 2019 and 31 December 2018, the Group has no capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not 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 and retail of toys in mainly denominated in GBP. The Contract Manufacturing accounted for 9.6% of total revenue, while the retail of toys accounted for 22.5% 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 2019, the Group recorded a RMB764,000 gain from currency exchange from continuing operations, compared to RMB9.5 million in the same period of last year. The Group did not hold any derivative instruments for hedging against foreign exchange risk.

Human Resources

As of 30 June 2019, the Group had 8,633 employees (31 December 2018: 9,268 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.

OUTLOOK

Various uncertainties brought by global instability are expected to cloud the market for the foreseeable future. The effects of trade restrictions between the United States and China is yet to fully surface, and it is hard to predict how long the situation will last at the moment. The impending Brexit and its impact on the global economy is also unclear. As such, the Company intends to find stability and minimise business risks in refocusing on its core footwear business and latch onto new growth engines in the industry in the hopes of generating new values from existing resources.

The Company's ability to deliver premium consumption experience through its comprehensive online and offline retail network is a core strength for it to course through the restless waters. With the online-offline synergy Company intends to continue to develop the potentials of its online business, directing online traffic to offline stores, as well as converting offline shoppers into online community members, in order to accelerate growth and boost sales.

Marketing efforts will also be devoted to both online and offline communication channels to enhance brand visibility and awareness, utilising interactive media as a platform to promote its brands, and as a space to provide personalised consumption experience to consumers, so as to maintain customer loyalty.

The Company will also analyse big data collected through various online and offline platforms in order to continue optimisation of its retail network. The data can be used to identify underperforming stores, thence adopting various measures to save costs and enhance profitability of the Company. These advantages will allow the Company to continue to strengthen its retail network and enrich scenario consumption experience of its physical outlets.

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

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

After the disposal of the Hamleys business, the Company is now refocused and more determined than ever to stand at top of the industry to lead China's footwear industry forward with its market insights and extensive experience in supply chain management. The Company will continue to seek new growth drivers through the market, and remains cautiously positive on the outlook of the women's footwear industry.

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2019 (30 June 2018: Nil).

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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 Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") as its own code of conduct regarding Directors' securities transactions.

The Company confirms that, having made specific enquiry of all the Directors, the Directors have complied with the required standards as set out in the Model Code throughout the six months ended 30 June 2019.

CORPORATE GOVERNANCE

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of shareholders and to enhance corporate value and accountability. The Company has complied with all applicable code provisions under the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules for the six months ended 30 June 2019. 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 2019, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

The Audit Committee had reviewed together with the management of the Company and auditor the accounting principles and policies adopted by the Group and the unaudited interim results for the six months ended 30 June 2019.

PUBLICATION OF THE UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS AND 2019 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 2019 interim 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, 30 August 2019

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