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 2024

ANNUAL RESULTS HIGHLIGHTS

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Revenue	**1,391,552**	1,539,942
Gross profit	**786,889**	871,436
Profit before income tax	**68,400**	95,156
Income tax expenses	**(20,107)**	(74,202)
Profit for the year	**48,293**	20,954
Profit for the year attributable to:		
Owners of the Company	**48,247**	20,830
Non-controlling interests	**46**	124
	48,293	20,954
	%	*%*
Gross profit margin	**56.5**	56.6
Operating profit margin	**4.9**	6.2
Net Profit Margin	**3.5**	1.4
Earnings per share		
– Basic *(RMB cents)*	**2.32**	1.00
– Diluted *(RMB cents)*	**2.32**	1.00

The board (the "Board") of directors (the "Directors") of C.banner International Holdings Limited (the "Company" or "C.banner") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2024 together with the comparative figures for the year ended 31 December 2023 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Notes	**2024**	2023
		RMB'000	*RMB'000*
Revenue	*4*	**1,391,552**	1,539,942
Cost of sales		**(604,663)**	(668,506)
Gross profit		**786,889**	871,436
Other income and other gains and losses	*5*	**82,116**	79,877
Distribution and selling expenses		**(681,688)**	(740,724)
Administrative and general expenses		**(117,902)**	(113,810)
Share of loss of an associate		**–**	(272)
Share of profit of a joint venture		**–**	1,617
Finance costs		**(1,015)**	(2,968)
Profit before income tax		**68,400**	95,156
Income tax expenses	*6*	**(20,107)**	(74,202)
Profit for the year	*7*	**48,293**	20,954
Other comprehensive expenses:			
Item that will not be reclassified to profit or loss:			
Fair value changes of equity investments at fair value through other comprehensive income		**(9,607)**	(3,144)
Other comprehensive expenses for the year		**(9,607)**	(3,144)
Total comprehensive income for the year		**38,686**	17,810

	Notes	2024	2023
		RMB'000	*RMB'000*
Profit for the year attributable to:			
Owners of the Company		**48,247**	20,830
Non-controlling interests		**46**	124
		48,293	20,954
Total comprehensive income attributable to:			
Owners of the Company		**38,640**	17,686
Non-controlling interests		**46**	124
		38,686	17,810
Earnings per share	*9*		
– Basic *(RMB cents)*		**2.32**	1.00
– Diluted *(RMB cents)*		**2.32**	1.00

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	**2024**	2023
		RMB'000	*RMB'000*
Non-current assets			
Property, plant and equipment		**181,449**	157,442
Right-of-use assets		**73,638**	79,954
Other intangible assets		**5,644**	10,597
Goodwill		**5,725**	5,725
Interest in an associate		**–**	–
Interest in a joint venture		**–**	–
Equity investments at fair value through other comprehensive income ("FVTOCI")	*10*	**18,300**	27,907
Deferred tax assets		**31,226**	34,812
Long-term deposits, other receivables and prepayments	*12*	**16,225**	14,945
		332,207	331,382
Current assets			
Inventories		**302,587**	333,985
Trade receivables	*11*	**159,057**	167,612
Other receivables and prepayments	*12*	**257,264**	253,090
Current tax assets		**202**	10
Bank balances and cash		**429,748**	663,455
		1,148,858	1,418,152
Current liabilities			
Trade payables	*13*	**106,443**	135,399
Other payables		**107,697**	147,447
Contract liabilities		**36,065**	30,189
Lease liabilities		**12,221**	14,697
Current tax liabilities		**26,518**	23,391
		288,944	351,123
Net current assets		**859,914**	1,067,029
Total assets less current liabilities		**1,192,121**	1,398,411

	Notes	2024	2023
		RMB'000	*RMB'000*
Non-current liabilities			
Lease liabilities		**7,152**	6,541
Net assets		**1,184,969**	1,391,870
Capital and reserves			
Share capital	*14*	**209,097**	209,097
Reserves		**966,589**	1,173,536
Total equity attributable to owners of the Company		**1,175,686**	1,382,633
Non-controlling interests		**9,283**	9,237
Total equity		**1,184,969**	1,391,870

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

1. GENERAL INFORMATION

C.banner International Holdings Limited (the "Company") was incorporated in Bermuda under the Companies Act as an exempted company with limited liability on 26 April 2002. The address of its registered office is Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM10, Bermuda. The address of its principal place of business is Suite 1503, Level 15, Admiralty Centre Tower 1, 18 Harcourt Road, Admiralty, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

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

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

2. ADOPTION OF NEW AND REVISED IFRS ACCOUNTING STANDARDS

In the current year, the Group has adopted all the new and revised IFRS Accounting Standards issued by the International Accounting Standards Board ("IASB") that are relevant to its operations and effective for its accounting year beginning on 1 January 2024. IFRS Accounting Standards comprise International Financial Reporting Standards ("IFRS"); International Accounting Standards ("IAS"); and Interpretations. The adoption of these new and revised IFRS Accounting Standards did not result in significant changes to the Group's accounting policies, presentation of the Group's consolidated financial statements and amounts reported for the current year and prior years.

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

3. OPERATING 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 has three reportable segments as follows:

– retail and wholesale of branded fashion footwear ("Retail and wholesale of shoes")

– contract manufacturing of footwear ("Contract manufacturing of shoes")

– retail of toys

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

Segment profits or losses do not include share of (loss)/profit of an associate and a joint venture, finance costs and income tax expenses. Segment assets do not include deferred tax assets, current tax assets, and other unallocated head office and corporate assets. Segment liabilities do not include income tax liabilities.

The Group accounts for inter-segment sales and transfers as if the sales or transfers were to third parties, i.e. at current market prices.

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

	2024	2023
	RMB'000	*RMB'000*
Segment revenue		
Retail and wholesale of shoes		
– external sales	**1,150,904**	1,356,413
– inter-segment sales	**10**	–
Contract manufacturing of shoes		
– external sales	**161,483**	123,299
– inter-segment sales	**–**	13
Retail of toys		
– external sales	**79,165**	60,230
Segment revenue	**1,391,562**	1,539,955
Eliminations	**(10)**	(13)
Group revenue	**1,391,552**	1,539,942

	2024	2023
	RMB'000	*RMB'000*
Segment results		
Retail and wholesale of shoes	**68,105**	96,234
Contract manufacturing of shoes	**(279)**	(652)
Retail of toys	**1,589**	1,197
	69,415	96,779
Finance costs	**(1,015)**	(2,968)
Share of loss of an associate	**–**	(272)
Share of profit of a joint venture	**–**	1,617
Profit before income tax	**68,400**	95,156
Income tax expenses	**(20,107)**	(74,202)
Profit for the year	**48,293**	20,954

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

	2024 RMB'000	2023 RMB'000
Segment assets		
Retail and wholesale of shoes	**2,018,743**	2,265,596
Contract manufacturing of shoes	**108,880**	151,477
Retail of toys	**24,061**	19,679
Total segment assets	**2,151,684**	2,436,752
Eliminations	**(720,345)**	(749,947)
Unallocated	**49,726**	62,729
Total consolidated assets	**1,481,065**	1,749,534
Segment liabilities		
Retail and wholesale of shoes	**279,653**	382,412
Contract manufacturing of shoes	**665,102**	660,243
Retail of toys	**45,509**	40,416
Total segment liabilities	**990,264**	1,083,071
Eliminations	**(720,686)**	(748,798)
Unallocated	**26,518**	23,391
Total consolidated liabilities	**296,096**	357,664

Other segment information

	Retail and wholesale of shoes *RMB'000*	Contract manufacturing of shoes *RMB'000*	Retail of toys *RMB'000*	Total *RMB'000*
For the year ended 31 December 2024				
Depreciation of property, plant and equipment	**43,361**	**778**	**599**	**44,738**
Depreciation of right-of-use assets	**21,243**	**4,075**	**–**	**25,318**
Amortisation of other intangible assets	**5,146**	**–**	**85**	**5,231**
(Reversal of write-down)/write-down of inventories to net realisable value	**(1,481)**	**626**	**–**	**(855)**
Purchase of property, plant and equipment	**68,593**	**293**	**–**	**68,886**
Purchase of other intangible assets	**224**	**–**	**54**	**278**
Reversal of expected credit loss on trade receivables	**(1,131)**	**–**	**–**	**(1,131)**
Interest income on bank deposits	**(10,177)**	**(51)**	**(5)**	**(10,233)**
Interest income on other financial assets	**(69)**	**–**	**–**	**(69)**

	Retail and wholesale of shoes *RMB'000*	Contract manufacturing of shoes *RMB'000*	Retail of toys *RMB'000*	Total *RMB'000*
For the year ended 31 December 2023				
Depreciation of property, plant and equipment	35,540	898	937	37,375
Depreciation of right-of-use assets	27,732	4,210	–	31,942
Amortisation of other intangible assets	5,061	–	152	5,213
Write-down/(reversal of write-down) of inventories to net realisable value	4,395	(802)	(1,025)	2,568
Purchase of property, plant and equipment	46,520	296	–	46,816
Purchase of other intangible assets	706	–	54	760
Provision of expected credit loss on trade receivables	463	–	–	463
Gain on early termination of right-of-use assets and lease liabilities	(3,264)	–	–	(3,264)
Interest income on bank deposits	(8,427)	(83)	(4)	(8,514)
Interest income on other financial assets	(48)	–	–	(48)

Geographical information

The Group's operations are mainly located in the People's Republic of China (the "PRC").

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

	Revenue from external customers	
	2024	2023
	RMB'000	*RMB'000*
The PRC	**1,233,006**	1,417,612
The United States of America	**158,546**	122,330
Total	**1,391,552**	1,539,942

There is a customer contributing over 10% of the total sales of the Group during 2024 (2023: Nil).

	2024	2023
	RMB'000	*RMB'000*
Customer A	**157,646**	N/A

4. REVENUE

	2024	2023
	RMB'000	*RMB'000*
Retail and wholesale of shoes	**1,150,904**	1,356,413
Contract manufacturing of shoes	**161,483**	123,299
Retail of toys	**79,165**	60,230
Total revenue	**1,391,552**	1,539,942

Disaggregation of revenue from contracts with customers:

	2024	2023
	RMB'000	*RMB'000*
Geographical markets		
The PRC	**1,233,006**	1,417,612
The United States of America	**158,546**	122,330
Total	**1,391,552**	1,539,942
Major products/service		
Retail and wholesale of shoes	**1,150,904**	1,356,413
Contract manufacturing of shoes	**161,483**	123,299
Retail of toys	**79,165**	60,230
Total	**1,391,552**	1,539,942
Timing of revenue recognition		
At a point in time	**1,391,552**	1,539,942

Retail and wholesale of shoes

The Group manufactures and sells self-developed brands and licensed brands footwear to the customers. Sales are recognised when control of the products has transferred, being when the products are delivered to a customer, there is no unfulfilled obligation that could affect the customer's acceptance of the products and the customer has obtained legal titles to the products.

Wholesale of shoes to customers are normally made with credit terms of 60 to 75 days. For new customers, deposits or cash on delivery may be required. Deposits received are recognised as a contract liability. The Group would also allow longer credit period for certain customers with long term relationship. No credit terms are granted to retail customers. In respect of sales to retail customers made through cooperative stores, credit terms of 30 to 90 days are granted to cooperative stores.

A receivable is recognised when the products are delivered to the customers as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Contract manufacturing of shoes

The Group acts as an original equipment manufacturer or original design manufacturer for international shoes companies dealing in export. Sales are recognised when control of the products has transferred, being when the products are delivered to a customer, there is no unfulfilled obligation that could affect the customer's acceptance of the products and the customer has obtained legal titles to the products.

Wholesale of shoes to customers are normally made with credit terms of 60 days. For new customers, deposits or cash on delivery may be required. Deposits received are recognised as a contract liability.

A receivable is recognised when the products are delivered to the customers as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Retail of toys

The Group sells toys to the customers. Sales are recognised when control of the products has transferred, being when the products are delivered to a customer, there is no unfulfilled obligation that could affect the customer's acceptance of the products and the customer has obtained legal titles to the products. No credit terms are granted to customers.

Customer loyalty programmes

Within its retail segment, the Group operates a loyalty points programme, which allows customers to accumulate points when they purchase products in the Group's retail stores. The customers are entitled to redeem the award credits as cash to be used in future sales upon the fulfilment of certain criteria as set out in the terms and conditions of the Group's customer loyalty programme.

Consideration received for the products sold within the retail segment is allocated between the products sold and the points issued based on the relative stand-alone selling prices of the products sold and the points issued. The stand-alone selling prices of the points are determined by applying the expected cost plus a margin approach. The value allocated to the points issued is deferred and recognised as a contract liability. Such contract liability is recognised as revenue when the points are redeemed or expired.

5. OTHER INCOME AND OTHER GAINS AND LOSSES

	Notes	**2024** **RMB'000**	2023 RMB'000
Other income			
Government grants	*(i)*	**40,731**	41,425
Interest income on bank deposits		**10,233**	8,514
Interest income on other financial assets		**69**	48
Gain on disposal of property, plant and equipment		**10**	240
Inputed interest income on long-term trade debts *(Note 12)*		**3,922**	9,340
Royalties fee income	*(iii)*	**18,079**	14,748
Others		**9,779**	10,241
		82,823	84,556
Other gains and losses			
Net foreign exchange (loss)/gain		**(1,838)**	1,858
Reversal of/(provision of) expected credit loss on trade receivables		**1,131**	(463)
Gain on early termination of right-of-use assets and lease liabilities	*(ii)*	**–**	3,264
Loss on modification of long-term trade debts *(Note 12)*		**–**	(9,338)
		(707)	(4,679)
Total other income and other gains and losses		**82,116**	79,877

Notes:

(i) The amount mainly represented the unconditional subsidies received from the local governments in the PRC where the Group entities were located for encouragement of business development activities in the local area.

(ii) The amount mainly represented the gain on early termination of rental agreements.

(iii) This amount represented the royalties charged for the use of the Group's trademarks in the manufacture and sale of footwear, including men's and women's shoes, children's shoes and leather bags.

6. INCOME TAX EXPENSES

	2024 *RMB'000*	2023 *RMB'000*
Current tax – PRC Enterprise Income Tax		
Provision for the year	**16,322**	284
Under-provision in prior year	**199**	–
	16,521	284
Current tax – PRC withholding tax	**–**	46,343
Deferred tax		
Provision for the year	**3,586**	27,575
Income tax expenses	**20,107**	74,202

Notes:

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

No provision for Hong Kong Profits Tax has been made for the year ended 31 December 2024 and 31 December 2023 as the Group did not generate any assessable profits arising in and derived from Hong Kong in both years.

PRC Enterprise Income Tax has been provided at a rate of 25% on the estimated assessable profit for the year ended 31 December 2024 (2023: 25%).

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

During the year ended 31 December 2023, certain wholly-owned subsidiaries of the Group incorporated in the PRC had declared dividend amounted to RMB463,430,000 in aggregate to the subsidiary of the Group incorporated in Hong Kong. Such dividend is subjected to the withholding tax at 10%. Income tax of RMB46,343,000 in relation to withholding tax had been recognised for the year ended 31 December 2023.

7. PROFIT FOR THE YEAR

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

	2024	2023
	RMB'000	*RMB'000*
Depreciation of property, plant and equipment	**44,738**	37,375
Depreciation of right-of-use assets	**25,318**	31,942
Amortisation of other intangible assets	**5,231**	5,213
Auditors' remuneration	**1,880**	1,880
Cost of inventories sold	**605,518**	665,938
(Reversal of write-down)/write-down of inventories (included in cost of inventories sold)	**(855)**	2,568
(Reversal of)/provision of expected credit loss on trade receivables	**(1,131)**	463
Employee benefits expenses (including directors' emoluments)		
– Salaries, bonus and allowances	**266,577**	283,192
– Retirement benefits scheme contributions	**53,063**	51,633
	319,640	334,825

8. DIVIDENDS

	2024	2023
	RMB'000	*RMB'000*
Special dividend approved of HK$0.13 (approximate to RMB0.12) per ordinary share	**245,587**	–

The special dividend of HK$0.13 (equivalent to approximately RMB0.12) per share total of HK$270,010,000 (equivalent to approximately RMB245,587,000) approved at the Company's special general meeting on 27 June 2024, all were paid out on 22 July 2024.

The directors of the Company did not recommend the payment of final dividend for the years ended 31 December 2024 and 2023.

9. EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share attributable to owners of the Company is based on the profit for the year attributable to owners of the Company of approximately RMB48,247,000 (2023: approximately RMB20,830,000) and the weighted average number of ordinary shares of 2,077,000,000 (2023: 2,077,000,000) in issue during the year.

Diluted earnings per share

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

10. EQUITY INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2024	2023
	RMB'000	*RMB'000*
Unlisted equity investments, at fair value	**18,300**	27,907

The above investments represented investment in Sequoia Biomed Limited which were intended to be held for the medium to long-term on initial recognition. Designation of these investments as equity investments at fair value through other comprehensive income can avoid the volatility of the fair value changes of these investments to the profit or loss.

11. TRADE RECEIVABLES

The Group's trading terms with other customers are mainly on credit. The credit terms generally range from 30 to 90 days. Each customer has a maximum credit limit. For new customers, payment in advance is normally required. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the directors. The Group would also allow longer credit period for certain customers with long term relationship.

	2024	2023
	RMB'000	*RMB'000*
Trade receivables	**159,431**	169,117
Provision for loss allowance	**(374)**	(1,505)
	159,057	167,612

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

	2024	2023
	RMB'000	*RMB'000*
0 to 60 days	**138,020**	153,816
61 to 180 days	**17,094**	11,412
181 days to 1 year	**2,411**	599
Over 1 year	**1,532**	1,785
	159,057	167,612

Reconciliation of loss allowance for trade receivables:

	2024	2023
	RMB'000	*RMB'000*
At the beginning of year	**1,505**	1,042
(Decrease)/increase in loss allowance for the year	**(1,131)**	463
At the end of year	**374**	1,505

The Group applies the simplified approach under IFRS 9 to provide for expected credit losses using the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses also incorporate forward looking information.

	Neither past due nor impaired	**Over 1 day to 1 year past due**	**Over 1 year past due**	**Total**
At 31 December 2024				
Weighted average expected loss rate	**0%**	**0%**	**3%**	**0%**
Receivable amount *(RMB'000)*	**128,480**	**29,487**	**1,464**	**159,431**
Loss allowance *(RMB'000)*	**202**	**135**	**37**	**374**
At 31 December 2023				
Weighted average expected loss rate	1%	2%	5%	1%
Receivable amount *(RMB'000)*	159,305	8,828	984	169,117
Loss allowance *(RMB'000)*	1,319	135	51	1,505

12. OTHER RECEIVABLES AND PREPAYMENTS

	Note	**2024** *RMB'000*	2023 *RMB'000*
Non-current assets			
Long-term deposits		**14,310**	12,724
Prepayments		**1,915**	2,221
		16,225	14,945
Current assets			
Prepayments		**12,991**	22,844
Trade debts due from a former subsidiary	*(i)*	**214,207**	210,999
Value-added tax receivable		**10,725**	1,093
Interest receivables		**189**	–
Others		**19,152**	18,154
		257,264	253,090
Total		**273,489**	268,035

Note:

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

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

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

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

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

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

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

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

On 11 June 2024, the Group issued the announcement about the delinquency issues of relevant trade debt due from Nanjing Mayflower, pursuant to which Nanjing Mayflower failed to repay the remaining balance of the Trade Debts as at 31 May 2024 and has defaulted under the Obligations and Debts Framework Agreement.

Under the Obligation and Debts Framework Agreement, in the event of default, the default interests are carried at 0.1% per day of the principal amount of the Trade Debts.

As at 31 December 2024, the Trade Debts due from the Nanjing Mayflower with carrying amount of RMB214,207,000 (2023: RMB210,999,000) are secured by the Nanjing Mayflower's land use rights and buildings as collateral with a fair value of approximately RMB153,600,000 (2023: approximately RMB158,700,000) in total.

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

13. TRADE PAYABLES

	2024	2023
	RMB'000	*RMB'000*
Trade payables	**106,443**	135,399

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

	2024	2023
	RMB'000	*RMB'000*
0 to 90 days	**101,556**	130,267
91 to 180 days	**486**	105
181 days to 1 year	**225**	308
Over 1 year	**4,176**	4,719
	106,443	135,399

14. SHARE CAPITAL

	Number of shares	Amount *USD'000*
Ordinary shares of USD0.015 each		
Authorised:		
At 1 January 2023 and 31 December 2023, 1 January 2024 and 31 December 2024	20,000,000,000	300,000
Issued and fully paid:		
At 1 January 2023 and 31 December 2023, 1 January 2024 and 31 December 2024	2,077,000,000	31,155

	Amount *RMB'000*
At 1 January 2023 and 31 December 2023, 1 January 2024 and 31 December 2024	209,097

During the year ended 31 December 2024 and 2023, the Company did not repurchase any shares through the Stock Exchange.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Overview

According to the World Bank's latest Global Economic Prospects report, the global economy is expected to maintain its growth of 2.7% in 2025 and 2026. The World Bank also raised its forecast for China's economic growth in 2025 by 0.4 percentage point to 4.5%, while the forecast for 2026 remained unchanged at 4%. However, the World Bank pointed out that there are still downside risks to the economic outlook, including high global policy uncertainty and adverse trade policy shifts, coupled with escalating trade tensions, which hinder global economic growth, while persistent inflation may slow the pace of interest rate cuts. Although the global economy appears to be heading towards a "soft landing", new challenges are imminent, uncertainties are increasing, and countries will continue to face various challenges.

Last year, the Chinese economy demonstrated remarkable resilience and successfully overcame various challenges brought about by a complex internal and external environment. In 2024, China's GDP grew by 5.0%. Under the conditions of increasing external pressure and internal difficulties, China's total economic output in 2024 reached a new level, exceeding RMB130 trillion for the first time, solidifying its position as the world's second-largest economy. From a global perspective, China's economic growth rate of 5% ranked among the top in the world's major economies and continues to be an important source of power for world economic growth.

Data recently released by the National Bureau of Statistics showed that in 2024, China's total retail sales of consumer goods reached RMB48,789.5 billion, representing an increase of 3.5% over the previous year. In 2024, as a series of policies aimed at stimulating domestic demand and promoting consumption gradually took effect, the consumer market achieved steady growth driven by new business formats and new hot spots, while consumer demand for services continued to be released, sales of essential goods and certain upgraded goods performed well, and online consumption maintained rapid growth momentum.

The National Bureau of Statistics stated that in 2025 policies to expand domestic demand and promote consumption will be implemented more intensively, stabilizing and expanding household consumption. In particular since the fourth quarter, the consumer goods trade-in policy has been intensified to boost consumption, and these policies are consistently yielding positive results. Market sales growth has picked up significantly, promoting economic recovery.

Although the consumer market has maintained a steady growth overall, domestic effective demand remains insufficient, residents' consumption capacity and willingness to spend need to be improved, and sales of some commodities and service-related consumption are relatively sluggish. In 2025, as the national economy continues to recover and improve, the income of urban and rural is expected to grow continuously, relevant policies to boost consumption continue to be implemented, new consumption formats and models are gradually cultivated and expanded, and the expansion of the consumer market is expected to be consolidated and strengthened.

There are many favorable conditions to support the sustained growth of consumption in the future, including the continued strengthening of consumption-promoting policies. The Central Economic Work Conference further proposed to expand domestic demand in an all-round way, which will unleash additional policy effects; the employment situation is generally stable, laying the foundation for an increase in residents' income; new consumption scenarios and new business formats continue to expand; China's ultra-large market advantages continue to emerge, with a population base of more than 1.4 billion and rising urbanization levels, indicating that the potential for consumption remains immense.

The government will fully implement the decisions and arrangements set forth by the Central Economic Work Conference, launching special initiatives to boost consumption, promote the increase in income and reduction in burden of low- and middle-income groups, enhance consumption ability, willingness and level, innovate and diversify consumption scenarios, and expand service consumption. We believe that with the government's continued support, China's long-term economic growth fundamentals will not change, and China's consumer market and economic operations will gradually recover.

Facing the current global economic slowdown, the Company is fully prepared to meet the challenges. The Group will continue to focus on the footwear industry, steadily build advantages, and at the same time make every effort to improve operational level and efficiency The Group takes effective measures to fully leverage its competitiveness and brand value to achieve sustainable growth and respond quickly to challenges in emerging markets. With a solid foundation, the Company prioritizes stability as it pursues future growth.

Operational Performance

In the face of the sluggish economic recovery, leveraging the long-standing reputation of the "C.banner" brand, the Group regained momentum quicker than the general market amid a slow consumption recovery, and the Group is pleased with the business performance last year in general. For the twelve months ended 31 December 2024, the Group's total revenue decreased by 9.6% year-on-year, reaching RMB1,391.6 million (2023: RMB1,539.9 million), while the Group's operating profit grew by 131.0% to approximately RMB48.3 million (2023: RMB21.0 million). As the economy slowly rebuilds, the Group's business is poised to sustain healthy development through progressive and steady strides.

Continue to optimize retail network

In recent years, the Company has continued to optimize its retail network, improved the efficiency of its distribution channels, strengthened the implementation of a new retail business matrix that integrates online and offline operations, optimized business operations, and established a clearer online business to more effectively engage with target customers. The Group will further streamline its store networks in 2025 to avoid excessive inventory accumulation, striving to maintain stable performance and consolidate its market position.

During the year under review, the Group recorded a net reduction of 41 proprietary footwear retail outlets and 5 third-party footwear retail outlets, respectively. As of 31 December 2024, the Group operated a network of 834 proprietary retail outlets and 181 third-party retail outlets across China, maintaining a strong presence in 31 provinces, municipalities and autonomous regions.

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

	C.banner		EBLAN		MIO		Natursun		
Distribution Regions	Proprietary outlets	Third-party outlets	Proprietary outlets	Third-party outlets	Proprietary outlets	Third-party outlets	Proprietary outlets	Third-party outlets	Total
Northeast region	81	12	18	1	11	12	1	–	136
Northern China	93	72	14	–	13	26	5	–	223
Eastern China	162	27	38	–	55	3	31	1	317
Shanghai area	70	–	–	–	9	–	9	–	88
Southern China	86	6	–	–	10	–	1	–	103
Western China	102	16	3	1	19	4	3	–	148
Total	594	133	73	2	117	45	50	1	1,015

Notes:

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

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

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

4) Shanghai area includes Shanghai City and Zhejiang Province;

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

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

The Group is exploring profit models for shopping mall stores, which is also one of the key points in the future. There are currently nearly 90 shopping mall stores. We plan to gradually increase the number of shopping mall stores in the future.

Continue to increase distributions channels efficiency

The Company's offline sales network ecosystem includes outlets (factory direct sales stores), shopping malls and department stores. Currently, our store structure is dominated by department stores. We insist on positioning multiple brands in high-quality department stores and adopt a resolute strategy in closing inefficient and loss-making stores, thereby improving the Company's operational efficiency. The Group is steadily and actively developing shopping mall stores and plans to open 20 shopping mall stores in 2025 and strives to have more than 110 shopping mall stores by the end of 2025.

In addition, outlets (factory direct sales stores) are also one of our important sales channels and has proven effective in improving operational efficiency. Outlets contribute significantly to profits, and our Company is one of the first companies in the industry to try and adopt the outlet store model. In the future, the Company will continue to expand the number of outlet stores. Currently, the Company strengthens strategic cooperation with chain groups such as SHANSHAN, SASSEUR, and Bailian. In 2025, the Group plans to open more than 10 new outlet stores.

In the future, the Group will continue to focus on improving single-store efficiency and controlling inventory, and strive to increase same-store sales growth of each offline store. As the Company continues to restructure its store network, we believe that ongoing distribution network assessment can effectively provide a comprehensive view of business operations that can achieve an effective balance among cost control, revenue sources, brand awareness and market share.

Gradually realize digital transformation and upgrading

The white paper titled "The Impact of the Fourth Industrial Revolution on the Supply Chain" released by the World Economic Forum pointed out that digital transformation can reduce costs in the retail industry by 7.8% and increase revenue by 33.3%. The traditional operating model of the footwear and apparel industry often face challenges like high inventory and stock shortages. C.banner has been considering transformation and upgrading. In response to the problems of stock shortages, the data-driven solution provided by Alibaba Cloud's enterprise application center helps the Company establish a unified data business sharing center to achieve unified management of product information, real-time visibility of inventory data, and linkage of multi-brand and multi-channel membership systems.

The Group actively cooperates with external professional teams, and the headquarters takes the lead in initiating digital transformation plans and implements digital transformation step by step to achieve the purpose of improving personnel and inventory efficiency. From a company level, digital transformation is the direction we must adhere to. We must transform from a brand company product-operating to a data-driven customer-operating company. In 2025, we will start AI intelligent training, intelligent outbound calls, and intelligent ordering and replenishment systems, and gradually realize digital transformation and upgrading.

At present, digital transformation has become the consensus across industries, focusing on how to implement it more precisely and deeply. High-level commodity management, supply chain management, membership operations and team management have been developed around the brand's direct-to-consumer retail model. By introducing the Alibaba Cloud cloud platform, the Company's digital capabilities have been greatly improved. This has enabled more precise product-customer matching, effectively addressing the industry-wide issues of high inventory levels and stock shortages. Since the launch of Alibaba Cloud's business platform, C.banner has truly achieved unified management of products, inventory, orders, and membership across multiple brands and channels, and customer satisfaction has significantly improved.

Through data unification and centralized management and control, the Company has established our own business sharing center, laying a solid foundation for Digital C.banner. Through the construction of the middle platform, we will realize omni-channel product sharing, inventory sharing, membership sharing, transaction sharing, and integrate online and offline products, members, and orders, and ultimately achieve omni-channel implementation. The Group has also created a dual financial and business structure to organically combine financial settlement and business documents, so that the business will no longer be complicated by financial settlement requirements.

At the same time, the Company has improved the efficiency of order capture, inventory synchronization, order processing, and report query through the use of Internet middleware technology, thereby improving operational efficiency. In addition, we have streamlined and optimized existing processes, strengthened system strategy automation and workflow approval, to further elevate the standardization and refined management of business operations. The information technology team is empowered through the construction of the Internet middleware platform to enhance its overall comprehensive capabilities management and quickly meet the ever-changing business and market needs.

Coupled with the Company's increasingly clear refined management system and omni-channel closed-loop consumption chain, the Group has witnessed a steady recovery and upward trend in net profit, outperforming the declining results seen across most of its peer. In this footwear competition, the Group has secured a dominant position through exceptional capital management and highly efficient digital operations.

Actively explore the use of AI

The Company uses AI to assist brand market design and planning for its brands to improve personnel efficiency, store efficiency, and inventory efficiency, and better meet the customers' daily and situational needs. The application of AI extends to store operation systems, membership operation systems, cloud warehouse management systems, and transaction management systems. This means that the inventory is reflected in the cloud warehouse. Once a customer places an order, the cloud warehouse consolidates and dispatches shipments to achieve the purpose of sharing inventory and accelerating turnover.

At the same time, with the help of external AI training, AI customer service, data insights and content production systems, the Company achieved omni-channel sales. In 2025, the Company will add 5 more projects to the system development for stores, including a defective product return system, a store inspection template, a backorder shoe management system, a store log, and a display props inventory management system.

C.banner's online store operations face challenges such as insufficient personnel to meet the demand for newly launched products and cycles, the high cost of recruiting and training new artists and operations staff, and the long and inefficient new product launch process. C.banner introduced DeepPaint e-commerce product digitalization solution which proposed the following three solutions:

The DeepPaint system's built-in AI can perform image analysis and intelligent image clipping, and can adapt the size, dimensions, pixels, etc. according to the different image rules of the platform. At the same time, the generation of the details page no longer requires the art department to slice, replace, and generate it one by one. It can be generated with one click using a template through the system background.

Traditionally, new product launches require operations staff personnel to manually input each field one by one. Once a product is launched on multiple platforms, the operations work becomes mechanical, repetitive, and time-consuming, with a large workload. The DeepPaint system supports unified filling and automatic matching of fields on multiple platforms and multiple stores, greatly saving time and labor costs.

DeepPaint e-commerce product generation solution is based on the powerful multi-platform product generation and product image generation capabilities of DeepPaint e-commerce product digitization system, combined with a professional manual operation team, thus achieving an improvement in efficiency dozens of times compared to traditional art outsourcing and internal art operation. While significantly reducing the cost of new product launches for enterprises, we will improve the efficiency and quality of brand launches, rationally allocate personnel division of labor, and enhance the added value of the work of enterprise employees.

Online and offline omni-channel layout

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

The Company believes that live streaming e-commerce is a modern hybrid model that combines face-to-face communication and online shopping and continues to exert a positive advertising effect. We are always looking for opportunities in the multimedia market. Combined with the ability to instantly purchase featured products and participate in live broadcasts through chat or interactive buttons, live streaming e-commerce is revolutionizing the retail industry. Therefore, the Company actively participates in the development of e-commerce platforms and attempts to develop interest e-commerce platforms, especially on grass-growing platforms such as Xiaohongshu and Dewu.com.

The retail branch will strengthen its omni-channel operation capabilities, strengthen Youzan Mall operations, corporate WeChat community marketing, shopping mall online platform (APP, mini-program) cooperation, Douyin sales (live streaming, graphics and text delivery, video delivery, Douyin delivery), Xiaohongshu sales, local life sales (Dianping, Meituan), etc. transform from channel operations to omni-channel operations.

In recent years, WeChat mini programs have become all the rage. The Group believes that "data-driven and refined operations improve performance". As C.banner's official WeChat official account operates well, the Group's official WeChat official account enjoys a high reputation. Many consumers have developed the habit of using WeChat mini programs to stay informed of the latest promotional activities. The Group will continue to strengthen WeChat operations to maintain fan loyalty.

Key opinion leader ("KOL") marketing continues to be one of the successful strategies we refer to. In addition to first-tier anchors, we also cooperate with second-tier anchors. We work with KOLs who have high fan followings because they are important channels that directly connect our brand with potential target audiences. KOLs can help the Group attract attention to our products, increase brand awareness, and thereby increase sales. In addition, the company has also established a professional team to provide support for live streaming e-commerce. The team is actively involved in planning and producing live event content, including product mixes, storylines, scripts, and anchors or influencers.

C.banner will carry out brand live broadcasts in three directions: creating live broadcasts with teaching objectives, integrating video account product sales, and joint live broadcast activities. In addition to dedicated cloud live broadcasts and video account live broadcasts, we will also conduct joint live broadcasts at the headquarters and branches.

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

Currently, we are targeting at the middle-class consumer and improving and products' quality and cost-effectiveness according to their consuming habits. Although online live broadcasts are very popular, the return rate of live broadcast sales is currently relatively high, increasing the inventory pressure. For this reason, we are looking for the best solution to resolve the dilemma. Overall, we still believe that live streaming e-commerce can provide consumers with the most fashionable online and offline shopping methods.

Continuously improve operational capabilities

Our core operational strategies include: core product line strategy, popular product strategy, store product matching strategy, error correction ability, rapid response ability, discount differentiation strategy, etc. With applying these strategies and improving operational capabilities, we can increase gross profit margins and sell-out rates. In 2025, we expect to achieve growth in scale, increase in gross profit, and reduction of inventory.

In the increasingly competitive women's footwear market, excellent financial management is crucial. The Group's financial management adopts the vertical centralized management model of the headquarters. The financial personnel of C.banner's subsidiaries and branches are all vertically and centrally managed by the headquarters financial center; secondly, information technology is connected to the financial management system and is managed by the chief financial officer. Strengthening the management of business information systems in retail business applications will enhance the Company's operational efficiency and directly improve its financial management capabilities.

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

C.banner is a fashion brand rich in culture and romance. The Company currently owns several self-owned brands such as "C.banner", "EBLAN", "MIO", and "Natursun". Each of these brands has its own characteristics, meets the needs of different consumers, and has won wide market recognition for the Company.

C.banner's core product line is classic fashionable formal footwear, which is our DNA, and related product lines will account for about 30%-40%. Fashionable leisure and sports outdoor products will account for 60%-70%. We must closely keep up with the market trends. The Company will make full use of the capabilities in to the R&D and supply chain to improve our rapid response capabilities, and especially emphasize the hot-selling product concept. "MIO" focuses on enhancing quality and fashion trends, while improving its competitiveness and highlighting its cost-effectiveness. "Natursun" adheres to the route of quality and comfort, and will moderately increases its leisure sports product line. "EBLAN" sticks to the youth, leisure and sports route.

Focus on hit styles and make our core products more refined

In 2025, we will focus on hit styles and make our core products more refined. C.banner's design style is fashionable, simple, comfortable and dynamic, keeping up with world fashion trends. The products are fashionable and of high quality. Both the design and material selection fully reflect the brand concept of "caring for women and creating a harmonious and high-quality life" and are deeply loved by Chinese urban women. Keeping up with the pace of technological innovation and development is an important factor for the Company to maintain a sustainable business model.

In order to quickly respond to market demand, new styles are constantly introduced to attract customers and maintain market share. Our company uses AI design tools, which completely changed our view on design and production, and brought new development opportunities to our company.

In the past, we were used to relying on a team of experienced designers to develop new products through their hand-drawn drawings and creativity. However, as market competition intensifies and customer needs diversify, the company realizes that the traditional design process can no longer meet the increasingly accelerated development cycle. AI design technology can bring some improvements to our design process. AI design technology can not only complete tasks quickly, but also help designers generate multiple styles of design plans in a short time through its powerful AI algorithms, dramatically shorten the time from concept to finished product.

AI can improve productivity. In practical applications, AI has had a profound impact on our design and production processes. Previously, designers spent a lot of time completing preliminary designs, which often delayed the entire production cycle. Now, with AI, designers can propose multiple design drafts in a very short time, which not only improves design efficiency, but also reduces the time and cost of repeated modifications.

In addition, AI also helps to better control the production process. By generating designs quickly, we are able to make decisions faster and deliver designs to the production line. This efficient process allows us to respond to market changes more flexibly while reducing inventory pressure and production risks.

Moreover, AI performs extremely well in handling customers' customized needs. In the past, when customers made special design requirements, we usually needed to invest a lot of time in manual design and adjustment. Now, through AI, after customers provide preliminary ideas, multiple design options can be quickly generated for customers to choose and finalize. This not only improves customer satisfaction, but also increases the factory's order volume.

Outlook

As we enter 2025, the market is cautious about the global economic outlook. According to the International Monetary Fund's forecast, the economic growth rate in 2025 will remain at 3.2%. For the global economy, inflation, interest rates and tariffs will bring instability to 2025. In his New Year's address, President Xi Jinping acknowledged the "challenges posed by the uncertainty of the external environment" but said China's economy was on an "upward trajectory". Those efforts are working, according to the World Bank, which at the end of December raised its 2025 economic growth forecast for China to 4.5% from 4.1%. We believe that China can still perform well and maintain growth at a steady pace.

With the upgrade of China's consumption and the increase of residents' disposable income in recent years, the size of the footwear market is expected to maintain a steady growth trend. By 2025, industry revenue is expected to reach $40.54 billion. China's fashion footwear market is currently developing rapidly and continues to meet consumer demand. The market is diversified, innovative and has a rising market size. There will be an extremely broad market space in the future.

China's GDP grew by 5% year-on-year. In 2024, China's total economic output exceeded RMB130 trillion for the first time, and the main goals and tasks of economic and social development were successfully completed. This is a remarkable achievement. It is not easy to achieve a 5% growth despite the increasing external pressure and internal difficulties. This proves that we have grown stronger through trials and tribulations, and we have more reason to be confident in the present and future of China's economy. Therefore, the Group remains confident in the long-term development of China's consumer market. However, the macro environment continues to face various pressures. Therefore, the Group will continue to remain vigilant and leverage its competitive advantages and decades of heritage strengths to meet challenges and opportunities.

With the increase of globalization and market openness, rising labor costs, intensified market competition and increasingly diversified and personalized consumer demands. Footwear companies are facing unprecedented pressure in product design, production processes and marketing. However, the development of digital technologies such as big data, cloud computing, the Internet of Things, and artificial intelligence has brought new opportunities for the transformation and upgrading of footwear companies.

C.banner will actively realize the digital transformation of the enterprise. Through digital empowerment, it can achieve comprehensive improvement in product design, production management, supply chain optimization and marketing, which will not only help the Group improve its competitiveness, but also create new business value and market opportunities for the enterprise. The Group wants to transform from a brand company that manages products to a data company that manages customers. In 2025, we will start with AI intelligent training, intelligent outbound calls, and intelligent ordering and replenishment systems, and gradually realize digital transformation and upgrading.

The Group will use AI to assist in brand market design and planning, improve labor efficiency, store efficiency and product efficiency, and meet customers' daily life and scenario-based needs. AI is used in store operation systems, membership operation systems, cloud warehouse management systems and transaction management system to reflect inventory in cloud warehouses. When customers place orders, cloud warehouses ship goods in a unified manner, achieving the purpose of sharing inventory and accelerating turnover.

The Group attaches great importance to refined operations under the three-dimensional coordinates of membership, community, and live broadcast. Our Company has established a private traffic pool that directly reaches customers and conducts independent private traffic control, which has become an inevitable choice for brands. At the same time, the Company implements digital management of existing stores through channels such as mini program mall, mini program live broadcast, and private domain traffic operation to provide consumers with full-scenario and omni-channel services.

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

C.banner's core operational strategies include: core product line strategy, hot-selling strategy, store-product matching strategy, error correction capability, rapid response capability, discount differentiation strategy, etc. By applying these strategies and improving operational capabilities, we can help increase gross profit margins and sell-out rates. By 2025, we need to achieve growth in scale, increase in gross profit, and reduce inventory.

As people's income level and quality of life improve, functionality, fashion and environmental protection have become important factors for consumers when choosing shoes. Nowadays, people pay more attention to the functionality of shoes. Consumers' preferences and market trends are also changing rapidly. When choosing shoes, they not only consider professional functional requirements, but also pay more and more attention to design aesthetics and fashion elements. C.banner will keep pace with technological innovation and development, which is an important factor for the Company to maintain a sustainable business model. C.banner's ability to produce and apply innovative designs, materials and production processes is the core that distinguishes it from other market players. The Group designs styles for different scenarios and manages them carefully.

In addition to continuously strengthening the functionality of its shoes, C.banner has also continuously enhanced the fashion, trends and R&D innovation of its styles, pursuing the integration of functionality and fashion trends, making the wearing scenarios of shoes more diverse. The Group has always been popular among customers for its brand values of elegance, charm and fashion. It also operates a number of self-developed brands, including "C.banner", "EBLAN", "MIO" and "Natursun".

In the future, C.banner will focus on creating hit products and making our core products more refined. The digital transformation places higher demands on the R&D and procurement center. It is no longer "goods"-oriented as before, but "customer"-centric. It conducts design and production and responds to goods to the market quickly. This is a huge challenge for us. The R&D and Procurement Center will also try to use AI to develop products and improve labor efficiency.

In view of the numerous challenges facing China's economic outlook, the Group will closely monitor market developments, prudently enhance business operations, continue to focus on strengthening its core business, optimize online and offline experiences, refine operations, further enhance competitiveness, and strive to achieve sustainable development of the Group. No matter how complex and changeable the external environment is, the Group will work hard to achieve the long-term development of the Company and create value for the Company's shareholders.

FINANCIAL REVIEW

For the year ended 31 December 2024, the Group's total revenue decreased by 9.6% to RMB1,391.6 million, compared to the same period of last year. Gross profit decreased by 9.7% to RMB786.9 million. The profit reached RMB48.3 million, compared to a profit of RMB21.0 million in the same period of last year, representing an increase of 131.0%.

Revenue

For the year ended 31 December 2024, the Group's total revenue decreased by 9.6% to RMB1,391.6 million, compared to RMB1,539.9 million for the same period of last year. The decrease was mainly attributable to the decrease in revenue from retail and wholesale business, which decreased by RMB205.5 million from RMB1,356.4 million last year to RMB1,150.9 million this year, and the proportion of this business in total revenue decreased from 88.1% last year to 82.7% this year.

The Group's revenue 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 our as follows:

	For the year ended 31 December				
	2024		2023		
	RMB ('000)	***% of Total Revenue***	*RMB ('000)*	*% of Total Revenue*	*% Growth*
Retail and Wholesale	**1,150,904**	**82.7**	1,356,413	88.1	(15.2)
Contract Manufacturing	**161,483**	**11.6**	123,299	8.0	31.0
Retail of Toys	**79,165**	**5.7**	60,230	3.9	31.4
Total	**1,391,552**	**100**	1,539,942	100	(9.6)

Profitability

For the year ended 31 December 2024, the gross profit decreased by 9.7% to RMB786.9 million, the gross profit margin was 56.5%, basically the same as last year. The decrease in gross profit was mainly attributable to lower revenue from retail and wholesale business.

For the year ended 31 December 2024, distribution and selling expenses reached RMB681.7 million, representing a decrease of 8.0% from expenses of RMB740.7 million last year. The decrease in this amount was mainly attributable to the decrease in channel expenses and shopping guide salaries due to the decrease in revenue from the retail and wholesale business. Distribution and selling expenses accounted for 49.0 % of revenue, compared to 48.1% last year.

For the year ended 31 December 2024, administrative and general expenses amounted to RMB117.9 million, representing an increase of RMB4.1 million compared to the same period of last year. Administrative and general expenses accounted for 8.5% of revenue, compared to 7.4% last year. The increase in this ratio was the result of a decrease in overall revenue.

For the year ended 31 December 2024, the Group's other income and expenses and other gains and losses recorded a net profit of RMB82.1 million as compared to a net profit of RMB79.9 million last year. Other income and expenses and other gains and losses mainly included government subsidies, royalties income and interest income on bank deposits.

For the year ended 31 December 2024, the Group recorded finance costs of RMB1.0 million, compared to RMB3.0 million last year. The finance cost represents interest on the lease liability.

For the year ended 31 December 2024, the Group's income tax expense decreased by RMB54.1 million to RMB20.1 million, compared to an expense of RMB74.2 million last year. The decrease was mostly attributable to income tax matters related to withholding tax last year and no such events this year. For the year ended 31 December 2024, the Group recorded profit attributable to owners of the Company of RMB48.3 million, as compared to the profit of approximately RMB21.0 million recorded in 2023.

Liquidity, Financial Resources and Capital Structure

During the year, the Group adopted prudent treasury policies in managing cash resources and bank borrowings. As at 31 December 2024, the Group had cash and cash equivalents of RMB429.7 million (2023: RMB663.5 million).

As at 31 December 2024 and 31 December 2023, the Group had no bank borrowings.

According to the Group's current level of cash balances, working resources and banking facilities, the Board is confident that the Group has sufficient resources to meet its future business expansion.

Gearing ratio

As at 31 December 2024 and 31 December 2023, the Group's gearing ratio, computed by dividing total loans and borrowings by total assets, was 0.0%.

Capital structure

The Group's operations were financed mainly by shareholder's equity, bank facilities available to the Group and internal resources. The Group will continue to adopt its treasury policy of placing its cash and cash equivalent as interest bearing deposits. The Group's loans and cash and cash equivalents were mainly denominated in Renminbi, Hong Kong dollars, GBP and U.S. dollars. As of 31 December 2024, the Group had no bank borrowings denominated in foreign currency.

Pledge of Asset

The Group did not have any pledged assets as at 31 December 2024 (2023: nil)

Contingent Liabilities

The Group did not have any substantial or contingent liabilities as of 31 December 2024.

Foreign Exchange Risk Management

The Group's sales are mainly denominated in RMB, while its Contract Manufacturing is mainly denominated in USD. The Contract Manufacturing accounted for 11.6% 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 year ended 31 December 2024, the Group recorded a RMB1.8 million loss from currency exchange, compared to a RMB1.9 million gain last year. The Group did not hold any derivative instruments for hedging against foreign exchange risk.

Human Resources

As of 31 December 2024, the Group had 4,412 employees (31 December 2023: 4,594 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 Directors do not recommend the payment of final dividend for the year ended 31 December 2024 (2023: nil).

Event after the Reporting Period

Save as disclosed in this announcement, there were no significant events after 31 December 2024 and up to the date of this results announcement.

CLOSURE OF THE REGISTER OF MEMBERS

In order to determine the identity of the shareholders of the Company who are entitled to attend the forthcoming annual general meeting of the Company to be held on Thursday, 26 June 2025, the register of members of the Company will be closed from Monday, 23 June 2025 to Thursday, 26 June 2025, both days inclusive, during which period no transfer of share will be registered. 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 Friday, 20 June 2025.

CORPORATE GOVERNANCE

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of shareholders of the Company and to enhance corporate value and accountability. Save as disclosed below, the Company has complied with all applicable code provisions under the Corporate Governance Code (the "CG Code") as set out in Appendix C1 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") during the year ended 31 December 2024. The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

Pursuant to code provision C.1.6 of the CG Code, non-executive directors should attend the general meetings. Mr. Miao Bingwen and Ms. Cheng Xuanxuan, as the non-executive Directors, didn't attend the Company's annual general meeting and special general meeting both held on 27 June 2024 due to their other business commitments.

AUDIT COMMITTEE

The Company has established an audit committee (the "Audit Committee") with written terms of reference in compliance with the CG Code. The Audit Committee comprises three independent non-executive Directors, namely Mr. Kwong Wai Sun Wilson, Mr. Xu Chengming and Mr. Zheng Hongliang.

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 2024.

EXTRACT OF THE INDEPENDENT AUDITOR'S REPORT

The following is an extract of the independent auditor's report on the Group's consolidated financial statements for the year ended 31 December 2024 which included qualified opinion:

"BASIS FOR QUALIFIED OPINION

As disclosed in note 25 to the consolidated financial statements, as at 31 December 2024, the Group's trade debts due from a former subsidiary (the "Trade Debts") amounted to approximately RMB214,207,000 due on 31 May 2024 were defaulted and have not been settled up to the date of this report. The management is still negotiating with and considering taking any kind of necessary measures with the debtor concerning the repayment. No impairment losses and default interests income on the Trade Debts was recorded in respect of the Trade Debts for the year ended 31 December 2024.

Due to the uncertainties of 1) the delinquency issues of relevant Trade Debts; and 2) uncertainties on the outcome from any kind of necessary measures undertaking by the Group, the management is not able to provide further evidences in justifying the sufficiency, adequacy and extent of the impairment losses being recognised for the year ended 31 December 2024. Accordingly, we are not able to obtain sufficient appropriate audit evidences to ascertain the recoverability of the balance of Trade Debts of approximately RMB214,207,000 as at 31 December 2024. More importantly, there is no other satisfactory audit procedures that we could perform to satisfy ourselves whether the balance of Trade Debts of approximately RMB214,207,000 were fairly stated as at 31 December 2024. Consequently, we are not able to obtain sufficient appropriate audit evidences that no impairment losses and default interests income on the Trade Debts were recognised in profit or loss for the year ended 31 December 2024 and the recoverability of Trade Debts of approximately RMB214,207,000 as at 31 December 2024.

Any adjustments to the figures as described above might have a consequential effect on the Group's consolidated financial performance and consolidated cash flows for the year ended 31 December 2024 and the consolidated financial position of the Group as at 31 December 2024, and the related disclosures thereof in the consolidated financial statements."

THE MANAGEMENT'S POSITION AND ASSESSMENT ON THE QUALIFIED OPINION

The management of the Company (the "Management") has given careful consideration to the qualified opinion of the independent auditor's report (the "Qualified Opinion") and the basis of Qualified Opinion and has had ongoing discussion with the auditor of the Company (the "Auditor") when preparing the Group's consolidated financial statements for the year ended 31 December 2024.

Regarding the Qualified Opinion, the Management understood that the Qualified Opinion was expressed by the Auditor as it was unable to obtain sufficient appropriate audit evidences to ascertain the recoverability of the balance of Trade Debts as at 31 December 2024 and the impairment losses and default interests income on the Trade Debts for the year ended 31 December 2024; and that there are no other satisfactory audit procedures that the Auditor could perform to satisfy itself whether the balance of the Trade Debts as at 31 December 2024 and the impairment losses and default interests income for the year ended 31 December 2024 were fairly stated.

On the recoverability of the Trade Debts, the Management has implemented a multi-faceted recovery strategy, which is ongoing, to address the outstanding Trade Debts:

1. Although no settlement has been made to date, Nanjing Mayflower has acknowledged its obligation, and the Management is pursuing multiple avenues, including legal proceedings and asset enforcement, to recover the outstanding balance of the Trade Debts.

2. The Management has approved the preparation of necessary documentation for potential legal proceedings, which will be initiated without delay should the ongoing negotiations fail to yield a satisfactory resolution.

3. As security for the Trade Debts, the Group holds a mortgage over certain commercial properties mainly located in Nanjing with an estimated market value of approximately RMB153,600,000. While this security does not cover the full amount of the Trade Debts, the Company is prepared to enforce its rights under this security arrangement should repayment not be forthcoming, while simultaneously pursuing additional avenues for the recovery of the remaining balance.

4. The Group is actively seeking advice on other feasible repayment plans, including but not limited to structured repayment plans or other asset transfers for settlement of the Trade Debts.

While the Management acknowledges that there is uncertainty in recoverability, the Management considers that it is premature to recognize impairment losses on the Trade Debts at this stage.

AUDIT COMMITTEE'S VIEW ON THE QUALIFIED OPINION

The Audit Committee has discussed with the Auditor and enquired the Management of their position and the recovery strategy. The Audit Committee reviewed the audit qualifications and understood that the Auditor was unable to obtain sufficient appropriate audit evidences to ascertain the recoverability of the balance of Trade Debts as at 31 December 2024 and the impairment losses and default interests income on the Trade Debts for the year ended 31 December 2024; and that there are no other satisfactory audit procedures that the Auditor could perform to satisfy itself whether the balance of the Trade Debts as at 31 December 2024 and the impairment losses and default interests income for the year ended 31 December 2024 were fairly stated.

Based on the above circumstances, the Audit Committee concurs with the Management's position that it is premature to conclude on the recoverability of the Trade Debts. However, the Committee also acknowledges the Auditor's inability to obtain sufficient evidence to verify the recoverability of the Trade Debts as of 31 December 2024. The Audit Committee will continue to monitor the recovery progress and reassess the situation as necessary.

SCOPE OF WORK OF MESSRS. ZHONGHUI ANDA CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in this announcement have been agreed by the Group's auditor, ZHONGHUI ANDA CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by ZHONGHUI ANDA CPA Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance has been expressed by ZHONGHUI ANDA CPA Limited on this announcement.

MODEL CODE FOR SECURITIES TRANSACTIONS

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

Specific enquiry has been made of all the Directors and the Directors have confirmed that they had complied with such code of conduct throughout the year ended 31 December 2024.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 2024, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares, if any). As at 31 December 2024, the Company did not hold any treasury shares.

PUBLICATION OF THE AUDITED CONSOLIDATED ANNUAL RESULTS AND 2024 ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This annual results announcement is published on the websites of the Stock Exchange at www.hkexnews.hk and the Company at www.cbanner.com.cn, and the 2024 annual report of the Company containing all the information required by the Listing Rules will be sent to the shareholders of the Company and published on the respective websites of the Stock Exchange and the Company in due course.

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

Hong Kong, 27 March 2025

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