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 2020

FINANCIAL HIGHLIGHTS

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
CONTINUING OPERATIONS		
Revenue	**1,539,368**	1,935,538
Gross profit	**860,668**	1,159,086
Profit/(loss) before income tax	**14,813**	(90,567)
Income tax expenses	**(9,208)**	(114,709)
Profit/(loss) for the year from continuing operations	**5,605**	(205,276)
DISCONTINUED OPERATION		
Loss for the year from discontinued operation	**–**	(102,159)
Profit/(loss) for the year	**5,605**	(307,435)
Profit/(loss) for the year attributable to Owners of the Company		
Profit/(loss) from continuing operations	**6,179**	(209,493)
Loss from discontinued operation	**–**	(101,987)
	6,179	(311,480)

	%	%
Gross profit margin from continuing operations	**55.9**	59.9
Operation profit/(loss) margin from continuing operations	**1.0**	(4.7)
Net profit/(loss) margin attributable to owners of the Company from continuing operations	**0.4**	(10.8)
Earnings/(loss) per share		
Basic and diluted earnings/(loss) per share (RMB cents)		
– From continuing and discontinued operations	**0.30**	(15.11)
– From continuing operations	**0.30**	(10.16)

EXTRACT OF 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 2020.

Qualified Opinion

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standard Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Qualified Opinion

Corresponding figures

1) *Hamleys Global Holdings Limited and its subsidiaries (collectively known as the "Disposal Group")*

   We were unable to obtain sufficient appropriate audit evidence to satisfy ourselves concerning the balance of the Disposal Group, disposed during the year ended 31 December 2019. As the balances of the Disposal Group as at 1 January 2019 significantly affected the determination of the Group's performance for the year ended 31 December 2019, we were unable to determine whether adjustments to the Group's loss and loss for the year from discontinued operation of RMB102,159,000 might be necessary for the year ended 31 December 2019.

2) *Toys segment*

   We are unable to obtain sufficient appropriate audit evidence to satisfy ourselves on the recoverability of the property, plant and equipment, intangible assets and prepayment for rental expenses (collectively known as "Toys Assets") as at 31 December 2018, in particular, based on the business results of the Toys segment. Consequently, we are unable to determine whether any adjustments in respect of the net carrying values of the Group's Toys Assets and provision on onerous contract of rental agreement at 31 December 2018 are necessary.

For the year ended 31 December 2019, the Group recorded the following depreciation, amortisation, written off and impairment loss. We have not yet obtained sufficient and appropriate audit evidence to satisfy ourselves as to these depreciation, amortisation, written off and impairment loss, and whether these depreciation, amortisation, written off and impairment loss should be recognised in the year ended 31 December 2019 or 31 December 2018.

	RMB'000
Depreciation of right-of-use assets	20,510
Depreciation of property, plant and equipment	7,045
Amortisation of other intangible assets	1,944
Written off of property, plant and equipment	12,446
Impairment loss on prepayment	10,000
Impairment loss on right-of-use assets	4,804
Impairment loss on property, plant and equipment	53,247
Impairment loss on other intangible assets	910

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 2019, and the related disclosures thereof in the consolidated financial statements.

The board (the "Board") of directors (the "Directors") of C.banner International Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2020 together with the comparative figures for the year ended 31 December 2019 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

	Notes	**2020**	2019
		RMB'000	*RMB'000*
CONTINUING OPERATIONS			
Revenue	*4*	**1,539,368**	1,935,538
Cost of sales		**(678,700)**	(776,452)
Gross profit		**860,668**	1,159,086
Other income and expenses and other gains and losses	*5*	**75,832**	(45,840)
Distribution and selling expenses		**(801,778)**	(1,033,471)
Administrative and general expenses		**(137,344)**	(147,724)
Share of profit of an associate		**–**	1,651
Share of loss of joint ventures		**(837)**	(4,713)
Finance costs		**(5,274)**	(19,556)
Gain on disposal of subsidiaries	*13*	**23,546**	–
Profit/(loss) before income tax		**14,813**	(90,567)
Income tax expenses	*6*	**(9,208)**	(114,709)
Profit/(loss) for the year from continuing operations	*7*	**5,605**	(205,276)
DISCONTINUED OPERATION			
Loss for the year from discontinued operation		**–**	(102,159)
Profit/(loss) for the year		**5,605**	(307,435)

	Notes	2020 RMB'000	2019 RMB'000
Other comprehensive income:			
Items that may be reclassified to profit or loss:			
Exchange differences reclassified to profit or loss on disposal of subsidiaries		**–**	43,565
Exchange differences on translation of foreign operations		**–**	2,938
Share of other comprehensive income of an associate		**–**	20
		–	46,523
Items that will not be reclassified to profit or loss:			
Fair value changes of equity investments at fair value through other comprehensive income		**–**	(20,000)
Other comprehensive income for the year		**–**	26,523
Total comprehensive income/(expenses) for the year		**5,605**	(280,912)
Profit/(loss) for the year attributable to:			
Owners of the Company			
Profit/(loss) from continuing operations		**6,179**	(209,493)
Loss from discontinued operation		**–**	(101,987)
		6,179	(311,480)
Non-controlling interests			
(Loss)/profit from continuing operations		**(574)**	4,217
Loss from discontinued operation		**–**	(172)
		(574)	4,045
Total comprehensive income/(expenses) attributable to:			
Owners of the Company		**6,179**	(284,957)
Non-controlling interests		**(574)**	4,045
		5,605	(280,912)

	Notes	2020	2019
Earnings/(loss) per share	*9*		
From continuing and discontinued operations			
– Basic (RMB cents)		**0.30**	(15.11)
– Diluted (RMB cents)		**0.30**	(15.11)
From continuing operations			
– Basic (RMB cents)		**0.30**	(10.16)
– Diluted (RMB cents)		**0.30**	(10.16)
From discontinued operations			
– Basic (RMB cents)		**–**	(4.95)
– Diluted (RMB cents)		**–**	(4.95)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Notes	**2020**	2019
		RMB'000	*RMB'000*
Non-current assets			
Property, plant and equipment		**64,608**	160,993
Right-of-use assets		**117,880**	152,289
Other intangible assets		**23,439**	11,455
Goodwill		**5,725**	5,725
Interest in an associate		**–**	–
Interest in joint ventures		**6,473**	7,310
Equity investments at fair value through other comprehensive income		**–**	20,000
Deferred tax assets		**53,884**	59,103
Long-term deposits, other receivables and prepayments		**176,131**	28,520
		448,140	445,395
Current assets			
Inventories		**336,813**	510,578
Trade receivables	*10*	**202,787**	286,940
Other receivables and prepayments		**228,005**	84,992
Current tax assets		**681**	3,619
Financial assets at fair value through profit or loss		**–**	65,300
Pledged bank deposits		**–**	20,000
Bank balances and cash		**546,391**	401,057
		1,314,677	1,372,486
Current liabilities			
Trade and bills payables	*11*	**183,344**	127,206
Other payables		**148,125**	132,232
Contract liabilities		**21,506**	26,932
Lease liabilities		**22,812**	40,645
Current tax liabilities		**10,590**	6,709
		386,377	333,724
Net current assets		**928,300**	1,038,762
Total assets less current liabilities		**1,376,440**	1,484,157

	Notes	**2020**	2019
		RMB'000	*RMB'000*
Non-current liabilities			
Lease liabilities		**49,162**	83,887
Net assets		**1,327,278**	1,400,270
Capital and reserves			
Share capital	*12*	**209,097**	209,097
Reserves		**1,108,864**	1,120,714
Total equity attributable to owners of the Company		**1,317,961**	1,329,811
Non-controlling interests		**9,317**	70,459
Total equity		**1,327,278**	1,400,270

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

1. GENERAL INFORMATION

C.banner International Holdings Limited (the "Company") was incorporated in the 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 Unit 2904, 29th Floor, Far East Finance Centre, 16 Harcourt Road, 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 INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standard Board ("IASB") that are relevant to its operations and effective for its accounting year beginning on 1 January 2020. IFRSs comprise International Financial Reporting Standards ("IFRS"); International Accounting Standards ("IAS"); and Interpretations. The adoption of these new and revised IFRSs 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 early applied any new or revised IFRSs that is not yet effective for the current accounting period, except for the amendment to IFRS 16 "COVID-19-Related Rent Concessions". Impact on the application of the amendment to IFRS 16 is summarised below.

Amendment to IFRS 16 "COVID-19-Related Rent Concessions"

IFRS 16 was amended to provide a practical expedient to lessees in accounting for rent concessions arising as a result of the COVID-19 pandemic, by including an additional practical expedient in IFRS 16 that permits entities to elect not to account for rent concessions as modifications. The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 pandemic and only if all of the following criteria are satisfied:

(a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

(b) the reduction in lease payments affects only payments originally due on or before 30 June 2021; and

(c) there is no substantive change to other terms and conditions of the lease.

Rent concessions that satisfy these criteria may be accounted for in accordance with this practical expedient, which means the lessees do not need to assess whether the rent concession meets the definition of lease modification. Lessees shall apply other requirements of IFRS 16 in accounting for the rent concession.

Accounting for rent concessions as lease modifications would have resulted in the Group remeasuring the lease liability to reflect the revised consideration using a revised discount rate, with the effect of the change in the lease liability recorded against the right-of-use asset. By applying the practical expedient, the Group is not required to determine a revised discount rate and the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

The Group has elected to utilise the practical expedient for all rent concessions that meet the criteria. In accordance with the transitional provisions, the Group has applied the amendment retrospectively, and has not restated prior period figure. As the rent concessions have arisen during the current financial period, there is no retrospective adjustment to opening balance of retained earnings at 1 January 2020 on initial application of the amendment.

The application of the new or revised IFRSs that have been issued but are not yet effective and have not been early adopted by the Group will not have material impact on the consolidated financial statements of the Group.

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 loss on disposal of subsidiaries, gain on deemed disposal of an associate, impairment of an associate and joint ventures, share of profit/(loss) of an associate and joint ventures, finance costs and income tax expense. Segment assets do not include interest in an associate, deferred tax assets, current tax assets, interests in joint ventures, financial assets at fair value through profit or loss, and other unallocated head office and corporate assets. Segment liabilities do not include deferred tax liabilities and 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:

	2020		2019		
	Continuing operations ***RMB'000***	**Total** ***RMB'000***	Continuing operations *RMB'000*	Discontinued operations *RMB'000*	Total *RMB'000*
Segment revenue					
Retail and wholesale of shoes					
– external sales	**1,379,398**	**1,379,398**	1,625,685	–	1,625,685
– inter-segment sales	**1,609**	**1,609**	–	–	–
Contract manufacturing of shoes					
– external sales	**112,198**	**112,198**	211,226	–	211,226
– inter-segment sales	**33,666**	**33,666**	112	–	112
Retail of toys					
– external sales	**47,772**	**47,772**	98,627	221,991	320,618
Segment revenue	**1,574,643**	**1,574,643**	1,935,650	221,991	2,157,641
Eliminations	**(35,275)**	**(35,275)**	(112)	–	(112)
Group revenue	**1,539,368**	**1,539,368**	1,935,538	221,991	2,157,529
Segment results					
Retail and wholesale of shoes	**2,989**	**2,989**	70,520	–	70,520
Less: Written off of other intangible assets	**(18)**	**(18)**	–	–	–
	2,971	**2,971**	70,520	–	70,520
Contract manufacturing of shoes	**(9,773)**	**(9,773)**	1,674	–	1,674
Retail of toys	**4,238**	**4,238**	(19,609)	(26,060)	(45,669)
Less: Written off of property, plant and equipment	**–**	**–**	(12,446)	–	(12,446)
Written off of other intangible assets	**(58)**	**(58)**	–	–	–
Impairment loss on long-term deposit	**–**	**–**	(1,200)	–	(1,200)
Impairment loss on prepayment	**–**	**–**	(10,000)	–	(10,000)
Impairment on right-of-use assets	**–**	**–**	(4,804)	–	(4,804)
Impairment on property, plant and equipment	**–**	**–**	(53,247)	–	(53,247)
Impairment loss on other intangible assets	**–**	**–**	(32,689)	–	(32,689)
	4,180	**4,180**	(133,995)	(26,060)	(160,055)
	(2,622)	**(2,622)**	(61,801)	(26,060)	(87,861)

	2020		2019		
	Continuing operations	**Total**	Continuing operations	Discontinued operations	Total
	RMB'000	***RMB'000***	*RMB'000*	*RMB'000*	*RMB'000*
Gain/(loss) on disposal of subsidiaries	**23,546**	**23,546**	–	(62,154)	(62,154)
Gain on deemed disposal of an associate	**–**	**–**	1,008	–	1,008
Impairment loss on an associate	**–**	**–**	(2,375)	–	(2,375)
Impairment loss on joint ventures	**–**	**–**	(4,781)	–	(4,781)
Finance costs	**(5,274)**	**(5,274)**	(19,556)	(21,140)	(40,696)
Share of profit of associate	**–**	**–**	1,651	–	1,651
Share of loss of joint ventures	**(837)**	**(837)**	(4,713)	–	(4,713)
Profit/(loss) before income tax	**14,813**	**14,813**	(90,567)	(109,354)	(199,921)
Income tax expense	**(9,208)**	**(9,208)**	(114,709)	7,195	(107,514)
Net profit/(loss) for the year	**5,605**	**5,605**	(205,276)	(102,159)	(307,435)

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

	2020	2019
	RMB'000	*RMB'000*
Segment assets		
Retail and wholesale of shoes	**1,782,968**	1,773,392
Contract manufacturing of shoes	**164,215**	119,151
Retail of toys	**17,142**	79,614
Total segment assets	**1,964,325**	1,972,157
Eliminations	**(262,546)**	(309,607)
Unallocated	**61,038**	155,331
Total consolidated assets	**1,762,817**	1,817,881
Segment liabilities		
Retail and wholesale of shoes	**352,930**	209,657
Contract manufacturing of shoes	**235,355**	229,992
Retail of toys	**98,948**	285,442
Total segment liabilities	**687,233**	725,091
Eliminations	**(262,284)**	(314,189)
Unallocated	**10,590**	6,709
Total consolidated liabilities	**435,539**	417,611

Other segment information

	Continuing operations			
	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 2020				
Depreciation of property, plant and equipment	**40,973**	**1,562**	**101**	**42,636**
Depreciation of right-of-use assets	**21,971**	**9,091**	**8,399**	**39,461**
Amortisation of other intangible assets	**2,439**	**–**	**201**	**2,640**
(Reversal of)/write-down of inventories to net realisable value	**(2,826)**	**807**	**–**	**(2,019)**
Purchase of property, plant and equipment	**54,546**	**378**	**–**	**54,924**
Purchase of intangible assets	**16,473**	**–**	**11**	**16,484**
Reversal of impairment provision in respect of trade receivables	**(5,515)**	**–**	**–**	**(5,515)**
Gain on modification of right-of-use assets and lease liabilities	**(867)**	**–**	**(10,941)**	**(11,808)**
Gain on concession of lease payment	**(214)**	**–**	**(5,894)**	**(6,108)**
Written off of other intangible assets	**18**	**–**	**58**	**76**
Interest income on bank deposits	**(7,567)**	**(61)**	**(9)**	**(7,637)**
Interest income on other financial assets	**(106)**	**–**	**–**	**(106)**

	Continuing operations			Discontinued operations	
	Retail and wholesale of shoes *RMB'000*	Contract manufacturing of shoes *RMB'000*	Retail of toys *RMB'000*	Retail of toys *RMB'000*	Total *RMB'000*
For the year ended 31 December 2019					
Depreciation of property, plant and equipment	61,909	1,113	7,045	12,758	82,825
Depreciation of right-of-use assets	20,597	8,122	20,510	14,490	63,719
Amortisation of other intangible assets	1,594	–	1,944	5,671	9,209
(Reversal of)/write-down of inventories to net realisable value	(21,998)	309	–	18,469	(3,220)
Purchase of property, plant and equipment	91,863	2,255	72	3,260	97,450
Purchase of intangible assets	642	–	34,537	4,340	39,519
Reversal of impairment provision in respect of trade receivables	(13,445)	–	–	–	(13,445)
Impairment loss on long-term deposit	–	–	1,200	–	1,200
Impairment loss on prepayment	–	–	10,000	–	10,000
Impairment loss on right-of-use assets	–	–	4,804	–	4,804
Impairment loss on property, plant and equipment	–	–	53,247	–	53,247
Impairment loss on other intangible assets	–	–	32,689	–	32,689
Written off of property, plant and equipment	–	–	12,446	–	12,446
Interest income on bank deposits	(4,462)	(63)	(30)	–	(4,555)
Interest income on other financial assets	(2,750)	–	–	–	(2,750)

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	
	2020	2019
	RMB'000	*RMB'000*
The PRC	**1,428,442**	1,724,312
The United States of America	**110,926**	211,226
Discontinued operations	**–**	221,991
Total	**1,539,368**	2,157,529

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

4. REVENUE

	2020	2019
	RMB'000	*RMB'000*
Retail and wholesale of shoes	**1,379,398**	1,625,685
Contract manufacturing of shoes	**112,198**	211,226
Retail of toys	**47,772**	320,618
Total revenue	**1,539,368**	2,157,529
Representing		
Continuing operations	**1,539,368**	1,935,538
Discontinued operations	**–**	221,991
	1,539,368	2,157,529

Disaggregation of revenue from contracts with customers:

	2020	2019
	RMB'000	*RMB'000*
Geographical markets		
The PRC	**1,428,442**	1,724,312
The United States of America	**110,926**	211,226
United Kingdom of Great Britain and Northern Ireland	**–**	176,939
Other countries	**–**	45,052
Total	**1,539,368**	2,157,529
Major products/services		
Retail and wholesale of shoes	**1,379,398**	1,625,685
Contract manufacturing of shoes	**112,198**	211,226
Retail of toys	**47,772**	320,618
Total	**1,539,368**	2,157,529
Timing of revenue recognition		
At a point in time	**1,539,368**	2,157,529

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 ("OEM") or original design manufacturer ("ODM") to provide products and services 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 programme

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 EXPENSES AND OTHER GAINS AND LOSSES

	Notes	**2020**	2019
		RMB'000	*RMB'000*
Other income			
Government grants	*(i)*	**29,788**	43,530
Interest income on bank deposits		**7,637**	4,555
Interest income on other financial assets		**106**	2,750
Gain on disposal of property, plant and equipment		**177**	1,064
Interest income on long-term trade debts		**3,023**	–
Service fee income from a former subsidiary	*(ii)*	**6,861**	–
Others		**10,182**	7,711
		57,774	59,610
Other gains and losses			
Net foreign exchange (loss)/gain		**(5,373)**	1,142
Reversal of impairment provision in respect of trade receivables		**5,515**	13,445
Gain on deemed disposal of an associate		**–**	1,008
Impairment loss on property, plant and equipment		**–**	(53,247)
Impairment loss on long-term deposit		**–**	(1,200)
Impairment loss on prepayment		**–**	(10,000)
Impairment loss on right-of-use assets		**–**	(4,804)
Impairment loss on other intangible assets		**–**	(32,689)
Impairment loss on joint ventures		**–**	(4,781)
Impairment loss on an associate		**–**	(2,375)
Gain on modification of right-of-use assets and lease liabilities	*(iii)*	**11,808**	1,719
Gain on concession of lease payment	*(iv)*	**6,108**	–
Written off of property, plant and equipment		**–**	(12,446)
		18,058	(104,228)
Total other income and expenses and other gains and losses		**75,832**	(44,618)
Representing			
Continuing operations		**75,832**	(45,840)
Discontinued operations		**–**	1,222
		75,832	(44,618)

Notes:

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

(ii) The amount represented the service fee income based on 5% of sale proceeds charged for inventories sold on behalf of a former subsidiary.

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

(iv) The amount mainly represented the concession of lease payment resulted from COVID-19.

6. INCOME TAX

	2020	2019
	RMB'000	*RMB'000*
Current tax – PRC Enterprise Income Tax		
Provision for the year	**30,294**	72,473
Over-provision in prior years	**(3,467)**	(7,986)
	26,827	64,487
Current tax – PRC withholding tax	**8,913**	2,375
Current tax – United Kingdom Corporation Tax		
Provision for the year	**–**	507
Deferred tax	**(26,532)**	40,145
Income tax expenses	**9,208**	107,514
Representing		
Continuing operations	**9,208**	114,709
Discontinued operations	**–**	(7,195)
	9,208	107,514

7. PROFIT/LOSS FOR THE YEAR FROM CONTINUING OPERATIONS

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

	2020	2019
	RMB'000	*RMB'000*
Depreciation of property, plant and equipment	**42,636**	70,067
Depreciation of right-of-use assets	**39,461**	49,229
Amortisation of other intangible assets	**2,640**	3,538
Directors' emoluments	**9,904**	6,447
Auditors' remuneration	**1,830**	1,100
Cost of inventories sold	**678,700**	776,452
Reversal of write-down of inventories to net realisable value (included in cost of inventories sold)	**(2,019)**	(21,689)
Reversal of impairment provision in respect of trade receivables	**(5,515)**	(13,445)
Share-based payment expenses	**2,530**	–
Impairment loss on property, plant and equipment	**–**	53,247
Impairment loss on long-term deposit	**–**	1,200
Impairment loss on prepayment	**–**	10,000
Impairment loss on right-of-use assets	**–**	4,804
Impairment loss on other intangible assets	**–**	32,689
Impairment loss on an associate	**–**	2,375
Impairment loss on joint ventures	**–**	4,781
Written off of property, plant and equipment	**–**	12,446
Written off of other intangible assets	**76**	–
Employee benefits expenses		
– Salaries, bonus and allowances	**328,042**	454,885
– Retirement benefits scheme contributions	**21,853**	71,576
	349,895	526,461

8. DIVIDENDS

The directors of the Company did not recommend the payment of any dividend for the years ended 31 December 2020 and 2019.

9. EARNINGS/(LOSS) PER SHARE

From continuing and discontinued operations

Basic earnings/(loss) 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 RMB6,179,000 (2019: loss approximately RMB311,480,000) and the weighted average number of ordinary shares (deducted shares held under the share award scheme of 2,286,000 (2019: 15,874,000)) of 2,061,765,000 (2019: 2,061,126,000) in issue during the year.

Diluted earnings/(loss) per share

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

From continuing operations

Basic earnings/(loss) per share

The calculation of basic earnings per share from continuing operations attributable to owners of the Company is based on the profit for the year from continuing operations attributable to owners of the Company of approximately RMB6,179,000 (2019: loss approximately RMB209,493,000) and the weighted average number of ordinary shares (deducted shares held under the share award scheme of 2,286,000 (2019: 15,874,000)) of 2,061,765,000 (2019: 2,061,126,000) in issue during the year.

Diluted earnings/(loss) per share

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

From discontinued operations

Basic earnings/(loss) per share

The calculation of basic earnings per share from discontinued operations attributable to owners of the Company is based on the profit for the year from discontinued operations attributable to owners of the Company of approximately RMB Nil (2019: loss approximately RMB101,987,000) and the weighted average number of ordinary shares (deducted shares held under the share award scheme of 2,286,000 (2019: 15,874,000)) of 2,061,765,000 (2019: 2,061,126,000) in issue during the year.

Diluted earnings/(loss) per share

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

10. 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.

	2020	2019
	RMB'000	*RMB'000*
Trade receivables	**204,400**	295,473
Provision for loss allowance	**(1,613)**	(8,533)
	202,787	286,940

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

	2020	2019
	RMB'000	*RMB'000*
0 to 60 days	**181,084**	198,623
61 to 180 days	**20,483**	54,133
181 days to 1 year	**805**	4,203
Over 1 year	**415**	29,981
	202,787	286,940

Reconciliation of loss allowance for trade receivables:

	2020	2019
	RMB'000	*RMB'000*
At the beginning of year	**8,533**	21,978
Decrease in loss allowance for the year	**(5,515)**	(13,445)
Disposal of subsidiaries	**(1,405)**	–
At the end of year	**1,613**	8,533

11. TRADE AND BILLS PAYABLES

	2020	2019
	RMB'000	*RMB'000*
Trade payables	**183,344**	107,206
Bills payables	**–**	20,000
	183,344	127,206

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

	2020	2019
	RMB'000	*RMB'000*
0 to 90 days	**171,079**	104,329
91 to 180 days	**8,355**	1,987
181 days to 1 year	**2,784**	677
Over 1 year	**1,126**	213
	183,344	107,206

As at 31 December 2019, bills payables of RMB20,000,000 are secured by bank deposits of RMB20,000,000.

12 SHARE CAPITAL

	Number of shares	**Amount**
		USD'000
Ordinary shares of USD0.015 each		
Authorised:		
At 1 January 2019, 31 December 2019, 1 January 2020 and 31 December 2020	20,000,000,000	300,000
Issued and fully paid:		
At 1 January 2019, 31 December 2019, 1 January 2020 and 31 December 2020	2,077,000,000	31,155

	Amount
	RMB'000
At 1 January 2019, 31 December 2019, 1 January 2020 and 31 December 2020	209,097

During the year ended 31 December 2020 and 2019, the Company did not repurchase any shares through the Stock Exchange.

13. DISPOSAL OF SUBSIDIARIES

On 18 June 2020, the Company entered into a sale and purchase agreement with Huaxin Ventures Limited to dispose 100% equity interest of Allied Great International Holdings Limited (the "AG Disposal") at a consideration of RMB5,000,000.

The AG Disposal was completed on 31 July 2020. Upon completion of the AG Disposal, Allied Great International Holdings Limited ceased to be subsidiaries of the Company and their results, assets and liabilities and cash flows ceased to be consolidated to that of the Group since then. A gain on disposal of RMB23,546,000 was recognised upon the completion, being calculated as follows:

	RMB'000
Net liabilities at the date of disposal were as follows:	
Property, plant and equipment	103,002
Right-of-use assets	13,247
Other intangible assets	1,784
Deferred tax assets	31,751
Long-term deposits and prepayments	4,724
Inventories	206,600
Trade receivables	20,573
Other receivables and prepayments	99,779
Bank balances and cash	5,561
Trade payables	(860)
Other payables	(14,289)
Lease liabilities	(770)
Trade debts due to the Group	(505,030)
	(33,928)
Direct cost to the disposal	1,699
Loss on initial recognition of long-term trade debts	13,683
Gain on disposal of subsidiaries	23,546
Total consideration – satisfied by cash	5,000
Net cash outflow arising on disposal:	
Cash consideration received	5,000
Cash paid for direct cost	(1,699)
Cash and cash equivalents disposed of	(5,561)
	(2,260)

MANAGEMENT DISCUSSION AND ANALYSIS

Business Overview

The COVID-19 pandemic spread around the world with alarming speed since first emerging at end of 2019, infecting millions and bringing economic activity to a near-standstill. Countries immediately responded by imposing tight social restrictions in an effort to halt the spread of the virus. As the health and human toll grows, the economic damage was already evident and represented the largest economic shock the world has experienced in decades. According to the World Bank, the global economy contracted 4.3%, resulting in the deepest global recession in decades. In response to the economic uncertainly, few customers of the Company cancelled orders at the Group's factory in Dongguan City, Guangdong during the first quarter. However, as of early March 2020 operations fully resumed as the Group began receiving new orders from the existing and new business partners.

Despite the unprecedented challenges, the Chinese government's quick actions were able to get the pandemic under control. Additionally, it implemented effective fiscal and monetary policy to stimulate the economy and social development in an effort to restore growth. In January 2021, China reported 2.3% GDP growth for 2020, a stronger-than-expected number that reflected a V-shaped recovery from a pandemic-induced economic slump that is still devastating most of the world's economies. The IMF's latest World Economic Outlook stated that China is the only G20 economy to post GDP growth for the year. China was the first country to go under a lockdown in 2020 and its recovery is underpinned by gains in industrial production, investment and exports, specifically during the final months of the year.

Retail sales, despite severely contracting in the beginning of 2020, rebounded to a 4.6% increase year on year in December. For the full year 2020, retail sales declined 3.9%, with sales in catering services dipping almost 17%. In contrast, online retail sales grew 10.9% due to the COVID-19 restrictions requiring limited social interaction. Online retail sales of physical goods reached RMB9,759 billion, an increase of 14.8%, accounting for 24.9% of the total retail sales of social consumer goods. Online retail sales for the physical goods three categories: food, clothing and consumer goods, increased by 30.6%, 5.8% and 16.2% respectively.

In response to the challenges and the adverse business environment, the Group further pushed forward its strategy in forging an exceptional online and offline shopping experience for consumers. It integrated its resources and operation across various business units, reallocated more resources and manpower to optimize its online platform and expanded its online channels to adapt to online shoppers' new habits and preferences arising from the pandemic. This strategic adjustment proved efficient as the impact brought by the temporary closure of its physical stores was mitigated.

Exploring Innovative Branding Strategy to Enhance Competitive Edge

Over the years, the Company established a robust reputation for providing quality products that are elegant, charming and fashionable. After launching the first self-developed "C.banner" brand, the Company gradually launched brands like "EBLAN", "Sundance", "MIO", "BADGLEY MISCHKA" and "Natursun". By implementing its multi-brand strategy with C.banner as a core, the Company was able to unleash the synergy among all its brands. C.banner has established strong brand value and broad recognition for its premium quality in business and business casual footwear with a loyal customer base. In order to further strengthen the brand's influence and better inform customers about C.banner, we have taken steps to enhance our brand building efforts. The Company's media department contracted with high profile celebrities to enhance its media opportunities and brand positioning. We increased our products' exposure through product placements with celebrities and movie scenes to showcase the latest C.banner's design concept to our customers. Our brand operation department is responsible for the whole process supervision and selection planning. We also promoted our online segment on social media platforms in combination with brand promotion activities and live recommendations.

The Company boasts a sophisticated and fashionable brand image as a leading international integrated retailer and branded group of mid to medium women's footwear in China. Leveraging on its reputation to strengthen customer relationships and market position, the Company stays competitive among consumers interested in fashion and elegance. C.banner is dedicated to building its global position as an international retail group with an innovative and integrated retail platform.

Re-centering Business to Strengthen Leading Position in Footwear

The Company has established a market leadership position in China's women's footwear industry. This segment has always been the Company's core business and most valuable asset that fuels our success.

Following the Group's disposal of Hamleys Global Holdings Limited and its subsidiaries in July 2019, the Group's toys retail business is solely operated through its three Hamleys store franchises in the PRC. As a result of the COVID-19 outbreak which deterred parents from bringing their children to shopping malls, revenue from these three Hamleys stores in 2020 saw a year-on-year decrease of 51.6%. The Group also acts as an OEM or ODM manufacturer for international shoes companies in export markets. Due to the COVID-19 outbreak which caused a widespread suspension of business operations first in the PRC and then in the USA and globally, revenue from the Group's footwear contract manufacturing business decrease of 46.9% year-on-year in 2020.

During the year under review, the Group recorded a net reduction of 169 proprietary shoes retail outlets and 48 third-party shoe retail outlets, respectively. As at 31 December 2020, the Group operated a network of 1,045 proprietary retail outlets and 197 third-party retail outlets across China, maintaining a strong presence in 31 provinces, municipalities and autonomous regions across the country. In response to changing consumer patterns and habits rising from life adjusting to COVID-19, the Group further optimised its retail networks comprising both online and offline stores. The Company strategically cooperated with retailers such as department stores, shopping malls and outlets of varying scale to increase its market presence and coverage as well as enhance offline store's same-store sales growth whilst actively promoting 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	MIO Proprietary outlets	MIO Third-party outlets	Natursun Proprietary outlets	Badgley Mischka Proprietary outlets	Sundance Proprietary outlets	Licensed Brands Proprietary outlets	Total
Northeast	79	18	42	–	16	10	–	–	–	1	166
Northern China	106	79	39	–	14	22	14	–	1	–	275
Eastern China	178	26	56	1	53	1	36	3	–	1	355
Shanghai	88	–	13	–	8	–	16	2	–	1	128
Southern China	99	10	9	–	13	–	3	–	–	2	136
Western China	108	13	30	3	11	14	2	1	–	–	182
Total	658	146	189	4	115	47	71	6	1	5	1,242

Notes:

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

(2) North China includes Beijing, Tianjin, Inner Mongolia Autonomous Region (except Hulunbuir), 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.

Leveraging the Power of E-Commerce Business

Due to pandemic prevention and controls restricting social activities, a new "stay-at-home" economy emerged during the year. Both food and daily commodities categories showed a significant growth, while the "footwear" category recorded a slight growth. Revenue from the Group's footwear retail and wholesale business in 2020 recorded a year-on-year decrease of 15.1%, primarily due to the COVID-19 outbreak in the PRC. During the year under review, the Company strategically leveraged its online sales channels on platforms such as vip.com (唯品會), Tmall (天貓) and WeChat (微信) to offset the closure of physical stores. The president of the Company also did a live stream to sell products for the first time which overwhelmingly received positive feedback. It is encouraging that revenue from online sales channels recorded a year-on-year increase of 61.4% as a result of the Group's aggressive online promotion initiatives and the nationwide shift of retail activities from offline to online during the COVID-19 pandemic.

Regarding offline channels, the Company has been strengthening its cooperative relationship with department stores, shopping malls and outlets to foster existing distribution channels. As part of the strategy to streamline operations and control costs, directly-operated stores are becoming more optimised with loss-making stores being reviewed and closed as needed.

Improving Customer Satisfaction to Enhance Customer Retention

Customers' love and support is the driving force for the Company's development. In order to deliver products tailored to the customers' diverse requirements, the Group established research and development ("R&D") teams. In-house training is provided to our staff to ensure that they have strong sense and connection to the latest market trends. In addition, the Company continues to collect, analyse and draw on a wealth of sales data to get the latest fashion insights and provide quality and trendy products to our customers.

In order to further improve customer satisfaction, this year we invited loyal customers to participate in our new product development. We obtained customer feedback from offline stores and major online sales platforms. We also arranged special personnel to collect usage feedback and understand customer expectations. Our designers took the initiative to communicate with customers to learn about their actual needs so that they could design more comfortable and stylish products for them. While satisfying customers, we are also increasing sales thus creating win-win situation between customers and the Company.

Enhancing Productivity and Logistics Efficiency

The Group adopted advanced designs and technology to simplify production process and improve production efficiency. This also reduces unnecessary waste of resources while ensuring product quality and meeting consumers' variable and diverse needs along with promoting sustainable and efficient development of the business operations.

Furthermore, the R&D department basically completed the deployment and application of the ERP system in the Company's subordinate factories which significantly increased the utilisation efficiency of resources. While maintaining the products' high quality, it has also increased production lines' diversity and flexibility.

Productivity improved mainly from the following three aspects:

Closed-loop production line

All forming lines in Xuzhou factory were upgraded and modified to small closed-loop lines. The number of employees in a single production line was reduced from 55 to 28. Other factories are gradually completing the production line transformation.

Optimise production methods

Flexible production modes and methods were adopted, saving 20% to 30% of production capacity.

Intelligent production

Intelligent production of each factory was further improved. Thanks to the efficient material utilisation of imported advanced equipment, production efficiency was significantly enhanced.

In order to enhance logistics efficiency, the Company continued to improve the construction of the warehouses at the regional centre level. The routes from the subordinate factory warehouses to regional centre warehouses were also rationally adjusted. Moreover, the Company optimised the Warehouse Management System based on the experience of the previous year. The upgraded system is expected to further improve the efficiency of warehouse operations.

Optimizing Organisational Structure

In a fast-changing business environment, efficiency creates value. One of the most effective method to increase efficiency is to optimize the organizational structure by flatten it out in an effort to greatly reduce the cost and time for internal discussion and approval. In 2020, after diligently reviewing its organisational structure, the Company consolidated ten distribution regions into six at the regional level and greatly increased employees' level of responsibility in the organization. The removal of excess layers of management improved the coordination and speed of communication between employees and encouraged an easier decision-making process among employees.

Acquisition of Further Interest in Mega Brilliant International Limited

On 17 January 2020, the Company announced the acquisition of 28% of the issued share capital of Mega Brilliant International Limited ("Mega Brilliant"), a non wholly-owned subsidiary of the Company, for a total cash consideration of RMB59,717,391. Mega Brilliant is the holding company of Jiangsu Mega Shoes Co., Ltd. ("Jiangsu Mega"), which is principally engaged in the manufacture and sale of branded fashion footwear and related materials.

Following the acquisition, it is expected that the previous distributorships between the sellers' affiliated footwear distributors and Jiangsu Mega will not be renewed. As a result, Jiangsu Mega will be able to regain its distribution rights in the regions concerned, thereby allowing the Group to centralise and streamline the operation and management of its footwear retail business.

Moreover, with the decrease in shareholding of Mega Brilliant's minority shareholders from 49% to 21% following the acquisition, the portion of Mega Brilliant's profit or loss attributable to non-controlling interests will diminish. From the perspective of the Group's consolidated financial statements, provided that Mega Brilliant continues to generate a profit, the acquisition is expected to result in an increase in profit (or a decrease in the loss) attributable to owners of the Company in the future. The acquisition was completed on 20 January 2020. Upon the completion, the Company indirectly holds 79% of the issued share capital of Mega Brilliant.

Disposal of Allied Great International Holdings Limited

On 18 June 2020, the Company announced the disposal of the entire issued share capital of Allied Great International Holdings Limited ("Allied Great"), then a wholly-owned subsidiary of the Company, to Huaxin Ventures Limited for a cash consideration of RMB5,000,000. Allied Great is the holding company of Mayflower (Nanjing) Enterprise Limited ("Nanjing Mayflower"), which is principally engaged in manufacturing and retail sales of footwear mainly in Nanjing. As at the completion date of the disposal, certain trade debts of RMB505,030,000 was payable by Nanjing Mayflower to various members of the Group.

Following the disposal, the Group is concentrating its production activities in Xuzhou (as opposed to both Nanjing and Xuzhou previously), thereby saving costs on internal governance as it improves logistics by running production facilities in one locality instead of two. The Group will also save costs on storage of the excess inventories and avoid potential future costs of having to recognize obsolete inventory. This is in line with the adjustments to the Group's organisational structure described above, which will allow the Group to take advantage of the lower operating costs in Xuzhou.

Moreover, the settlement of the trade debts by Nanjing Mayflower pursuant to the Obligations and Debts Framework Agreement will lead to a gradual improvement in the Group's cash position, while the transfer of certain shoe trademarks to the Company pursuant to the trademark transfer agreement will allow the Group to continue to operate its self-developed brands. As such, the disposal will not pose any material adverse impact on the Group's existing footwear businesses.

The disposal of the entire issued share capital of Allied Great described above was completed on 31 July 2020. Upon completion, the Company no longer holds any direct or indirect interest in Allied Great and Nanjing Mayflower.

FINANCIAL REVIEW

For the year ended 31 December 2020, the Group's total revenue decreased by 28.7% to RMB1,539.4 million, compared to the same period of last year. Gross profit from continuing operations decreased by 25.8% to RMB860.7 million. During the year, the continuing operations recorded a profit of RMB5.6 million, compared to a loss of RMB205.3 million in the same period of last year.

Revenue

For the year ended 31 December 2020, the Group's total revenue decreased by 28.7% to RMB1,539.4 million, compared to RMB2,157.5 million for the same period of last year.

The Group's revenue from continuing operations decreased by 20.5% from RMB1,935.5 million for the same period of last 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				
	2020		2019		
	RMB ('000)	***% of Total Revenue***	*RMB ('000)*	*% of Total Revenue*	*% Growth*
Retail and Wholesale	**1,379,398**	**89.6**	1,625,685	75.3	-15.1
Contract Manufacturing	**112,198**	**7.3**	211,226	9.8	-46.9
Retail of Toys	**47,772**	**3.1**	320,618	14.9	-85.1
Total	**1,539,368**	**100**	2,157,529	100	-28.7

Profitability

For the year ended 31 December 2020, the gross profit from continuing operations decreased by 25.8% to RMB860.7 million, the gross profit margin was 55.9%, a decrease of 4.0 percentage points from 59.9% in last year.

For the year ended 31 December 2020, distribution and selling expenses from continuing operations reached RMB801.8 million, a decrease of 22.4%, compared to expenses of RMB1,033.5 million last year. Distribution and selling expenses from continuing operations accounted for 52.1% of revenue from continuing operations, compared to 53.4% in last year.

For the year ended 31 December 2020, administrative and general expenses from continuing operations amounted to RMB137.3 million, a decrease of RMB10.4 million compared to the same period of last year. Administrative and general expenses accounted for 8.9% of revenue from continuing operations, compared to 7.6% in last year.

For the year ended 31 December 2020, the Group's other income and expenses and other gains and losses from continuing operations recorded a net profit of RMB75.8 million as compared to a net loss of RMB45.8 million last year. Other income and expenses and other gains and losses mainly included impairment of property, plant and equipment and other intangible assets, government subsidies, interest income on bank deposits and net foreign exchange gain. The increase was mainly attributable to the impairment losses of property, plant and equipment and other intangible assets in 2019.

For the year ended 31 December 2020, the Group recorded finance costs of RMB5.3 million, compared to RMB19.6 million last year. The decrease was mainly attributable to the repayment of borrowings and the decrease in right-of-use assets.

For the year ended 31 December 2020, the Group's income tax expense from continuing operations decreased by RMB105.5 million to RMB9.2 million, compared to an expense of RMB114.7 million last year. The decrease was mostly attributable to the reversal of deferred tax in 2019. For the year ended 31 December 2020, the Group recorded profit attributable to owners of the Company of RMB6.2 million from continuing operations, as compared to the loss of approximately RMB209.5 million recorded in 2019.

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 2020, the Group had cash and cash equivalents of RMB546.4 million (2019: RMB401.1 million).

As at 31 December 2020 and 31 December 2019, 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 2020 and 31 December 2019, 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 2020, the Group had no bank borrowings denominated in foreign currency.

Pledge of Asset

As of 31 December 2020, the Group had no pledge of assets.

Contingent Liabilities

The Group did not have any substantial or contingent liabilities as of 31 December 2020.

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 7.3% 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 2020, the Group recorded a RMB5.4 million loss from currency exchange, compared to a RMB1.1 million gain last year. The Group did not hold any derivative instruments for hedging against foreign exchange risk.

Human Resources

As of 31 December 2020, the Group had 5,876 employees (31 December 2019: 7,459 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 2020 (2019: nil).

Events after the Reporting Period

There were no significant events after 31 December 2020 and up to the date of this results announcement.

Outlook

In the later part of 2020, China was able to get the pandemic under control and progressively restore social and economic order. However, by the beginning of 2021, in some of China provinces and other countries, COVID-19 re-emerged bringing back new social distancing measures. The global situation is expected to be further aggravated as relations between China and the United States intensify with political and economic sanctions implemented by both countries. It is very likely that in the foreseeable future, the pandemic prevention and control will be normalized and the global economy will continue to face many subsequent challenges.

Low-efficient stores will be closed gradually in the coming year after deliberate consieration. On the one hand, the Company expects offline sales to gradually recover as the COVID-19 pandemic subsides and the sales performance of each store will be increased. The Company will strengthen its relationships with high profile celebrities as it seeks new media opportunities to strengthen brand awareness. On the other hand, the Company intends to conduct further cooperation with online platform such as vip.com (唯品會) and other parties to continue expanding its online sales channels and make full use of the advantages provided by the platforms to achieve over-expected performance. The online sales will be also supported by unleashing the power of live streaming, which is gain more and more popularity. It will also leverage online-offline synergy to maximise the potential of the online business and consolidate offline shoppers into online buying force with the goal to accelerate growth and boost sales in 2021. Regarding the OEM business, the management expects it will continue to suffer from the serious COVID-19 situation in America and Europe.

After the Company's tremendous efforts in implementing re-centering strategy in the past several years, divestiture of other business has been gradually realized. To achieve rapid development in the main business of the Company, further reform of the operation system and company structure will be conducted. With more resources tipping towards the main business, the upgrade of the overall structure and system and innovative and effective publicity plan in the coming year, the sales volume of the brand of C.banner is expected to make a breakthrough.

The Company values talents and will continue to attract more talents with attractive benefits to optimize the knowledge structure of the management. The key management will move southwards to the frontline with Guangzhou as center to better manage the business and explore more business opportunities. The research center in Guangzhou has been transformed to meet the changes brought by COVID-19.

The management has well realized that supply chain management is an integral part for the business and is essential to company success and customer satisfaction. The current ever-changing market not only requires fast response on making decision but also the supply chain management. On the one hand, the Company will further review and reform the supply chain system to enhance the product quality; on the other hand, closer cooperation will be made with external supply chains to smoothen and strengthen supply chain system. Another focus in the coming year is the enhancement of offline operation efficiency with an aim of fortifying the Company's capability of discovering, cultivating and operating top-selling products to achieve a satisfactory business performance. In addition, the Company will further use advanced designs and technology to simplify the production process, improve production efficiency, and meet the variable and various customers' demands.

The COVID-19 outbreak has affected the whole world. Though the operating condition and financial performance of the Company were under pressure, the Company confronted these challenges by swiftly responding to the changing market conditions, promptly adjusting the strategies and leveraging resource advantages in a bid to minimize the impact of the COVID-19 pandemic. Looking ahead, the Company will stay focused on strengthening the core business and optimizing online and offline experience in an effort to further enhance the competitiveness, hence maintaining stable and sustainable growth and creating increased shareholder value.

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 Monday, 28 June 2021, the register of members of the Company will be closed from Wednesday, 23 June 2021 to Monday, 28 June 2021, 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 Tuesday, 22 June 2021.

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. 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 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") for the year ended 31 December 2020. The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

AUDIT COMMITTEE

The Audit Committee had reviewed together with the Board and external auditor the accounting standards and practices adopted by the Group and the audited consolidated financial statements for the year ended 31 December 2020.

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 2020 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 in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by ZHONGHUI ANDA CPA Limited on this announcement.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries of all the Directors, each of the Directors has confirmed that he has complied with the required standards as set out in the Model Code during the year ended 31 December 2020.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 2020, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

PUBLICATION OF THE AUDITED CONSOLIDATED ANNUAL RESULTS AND 2020 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 2020 Annual Report containing all the information required by the Listing Rules will be dispatched to the shareholders of the Company and published on the respective websites of the Stock Exchange and the Company in due course.

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

Hong Kong, 29 March 2021

As at the date of this announcement, the executive Directors are Mr. CHEN Yixi, Mr. YUAN Zhenhua, Mr. WAN Xianghua and Mr. WU Weiming; 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.