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C.banner International Holdings Limited

千百度國際控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1028)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2023

INTERIM RESULTS

The board (the “Board”) of directors (the “Directors”) of C.banner International Holdings Limited (the “Company” or “C.banner”) is pleased to announce the unaudited interim condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 June 2023 (the “Reporting Period”) together with comparative figures for the corresponding period in 2022, are as follows:

FINANCIAL HIGHLIGHTS

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Revenue	787,909	715,141
Gross profit	461,179	405,673
Profit before income tax	68,627	25,805
Income tax expenses	(23,471)	(1,821)
Profit for the period	45,156	23,984
Profit/(loss) for the period attributable to:		
Owners of the Company	45,442	24,162
Non-controlling interests	(286)	(178)
	<u>45,156</u>	<u>23,984</u>
Earnings per share		
–Basic (RMB cents)	<u>2.19</u>	<u>1.16</u>
–Diluted (RMB cents)	<u>2.19</u>	<u>1.16</u>

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**
FOR THE SIX MONTHS ENDED 30 JUNE 2023

	<i>Notes</i>	Six months ended 30 June	
		2023	2022
		RMB'000	RMB'000
		(unaudited)	(unaudited)
Revenue	5	787,909	715,141
Cost of sales		<u>(326,730)</u>	<u>(309,468)</u>
Gross profit		461,179	405,673
Other income and expenses and other gains and losses	6	32,648	27,499
Distribution and selling expenses		(372,543)	(355,147)
Administrative and general expenses		(51,550)	(50,850)
Share of loss of an associate		(38)	–
Share of profit of joint ventures		–	22
Finance costs	7	<u>(1,069)</u>	<u>(1,392)</u>
Profit before income tax		68,627	25,805
Income tax expenses	8	<u>(23,471)</u>	<u>(1,821)</u>
Profit for the period		<u>45,156</u>	<u>23,984</u>
Other comprehensive income:			
<i>Items that will not be reclassified to profit or loss:</i>			
Fair value changes of equity investments at fair value through other comprehensive income		<u>1,755</u>	–
Other comprehensive income for the period		<u>1,755</u>	–
Total comprehensive income for the period		<u>46,911</u>	<u>23,984</u>

		Six months ended 30 June	
	<i>Note</i>	2023	2022
		<i>RMB'000</i>	<i>RMB'000</i>
		(unaudited)	(unaudited)
Profit/(loss) for the period attributable to:			
Owners of the Company		45,442	24,162
Non-controlling interests		(286)	(178)
		<u>45,156</u>	<u>23,984</u>
Total comprehensive income/(expenses) attributable to:			
Owners of the Company		47,197	24,162
Non-controlling interests		(286)	(178)
		<u>46,911</u>	<u>23,984</u>
Earnings per share			
	<i>10</i>		
– Basic (<i>RMB cents</i>)		<u>2.19</u>	<u>1.16</u>
– Diluted (<i>RMB cents</i>)		<u>2.19</u>	<u>1.16</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	<i>Notes</i>	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (audited)
Non-current assets			
Property, plant and equipment		137,854	148,528
Right-of-use assets		73,970	77,658
Other intangible assets		13,793	15,050
Goodwill		5,725	5,725
Interest in an associate		234	272
Interest in joint ventures		6,648	6,648
Equity investments at fair value through other comprehensive income (“FVTOCI”)		32,806	31,051
Deferred tax assets		43,541	62,387
Long-term deposits, other receivables and prepayments	<i>12</i>	43,972	250,211
		358,543	597,530
Current assets			
Inventories		384,486	457,265
Trade receivables	<i>11</i>	198,983	135,510
Other receivables and prepayments	<i>12</i>	243,499	31,601
Current tax assets		–	447
Bank balances and cash		582,173	496,252
		1,409,141	1,121,075
Current liabilities			
Trade and bills payables	<i>13</i>	128,339	125,362
Other payables		138,426	142,887
Contract liabilities		25,340	24,723
Lease liabilities		18,856	17,464
Current tax liabilities		11,540	6,941
		322,501	317,377
Net current assets		1,086,640	803,698
Total assets less current liabilities		1,445,183	1,401,228

	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (audited)
Non-current liabilities		
Lease liabilities	<u>24,212</u>	<u>27,168</u>
Net assets	<u>1,420,971</u>	<u>1,374,060</u>
Capital and reserves		
Share capital	209,097	209,097
Reserves	<u>1,203,047</u>	<u>1,155,850</u>
Total equity attributable to owners of the Company	1,412,144	1,364,947
Non-controlling interests	<u>8,827</u>	<u>9,113</u>
Total equity	<u>1,420,971</u>	<u>1,374,060</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Equity attributable to owners of the Company						Non-controlling interests	Total equity
	Share capital	Share premium	PRC statutory reserve	FVTOCI reserve	Accumulated profits	Sub-total		
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Balance at 1 January 2022 (audited)	<u>209,097</u>	<u>646,042</u>	<u>176,127</u>	<u>–</u>	<u>314,192</u>	<u>1,345,458</u>	<u>9,136</u>	<u>1,354,594</u>
Total comprehensive income/(expenses) for the period (unaudited)	–	–	–	–	24,162	24,162	(178)	23,984
Transfer (unaudited)	–	–	333	–	(333)	–	–	–
At 30 June 2022 (unaudited)	<u>209,097</u>	<u>646,042</u>	<u>176,460</u>	<u>–</u>	<u>338,021</u>	<u>1,369,620</u>	<u>8,958</u>	<u>1,378,578</u>
Balance at 1 January 2023 (audited)	<u>209,097</u>	<u>646,042</u>	<u>176,493</u>	<u>4,700</u>	<u>328,615</u>	<u>1,364,947</u>	<u>9,113</u>	<u>1,374,060</u>
Total comprehensive income/(expenses) for the period (unaudited)	–	–	–	1,755	45,442	47,197	(286)	46,911
Transfer (unaudited)	–	–	4,589	–	(4,589)	–	–	–
At 30 June 2023 (unaudited)	<u>209,097</u>	<u>646,042</u>	<u>181,082</u>	<u>6,455</u>	<u>369,468</u>	<u>1,412,144</u>	<u>8,827</u>	<u>1,420,971</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

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

2. BASIS OF PREPARATION

These condensed consolidated financial statements have been prepared in accordance with International Accounting Standards (“IAS”) 34 “Interim Financial Reporting” issued by the International Accounting Standards Board (“IASB”) and the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange.

These condensed consolidated financial statements should be read in conjunction with the 2022 annual financial statements of the Group. The accounting policies and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2022 of the Group.

3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current period, the Group has adopted all the new and revised International Financial Reporting Standards (“IFRSs”) issued by the IASB that are relevant to its operations and effective for its accounting period beginning on 1 January 2023. IFRSs comprise IFRS; 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 period and prior years.

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

4. OPERATING SEGMENT INFORMATION

	Six months ended 30 June	
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Segment revenue		
Retail and wholesale of shoes		
– external sales	697,092	596,874
– inter-segment sales	19	–
Contract manufacturing of shoes		
– external sales	63,037	101,731
Retail of toys		
– external sales	27,780	16,536
	<u>787,928</u>	<u>715,141</u>
Segment revenue	787,928	715,141
Eliminations	(19)	–
	<u>787,909</u>	<u>715,141</u>
Segment results		
Retail and wholesale of shoes	68,146	11,894
Contract manufacturing of shoes	(482)	7,773
Retail of toys	317	2,788
	<u>67,981</u>	<u>22,455</u>
Finance costs	(1,069)	(1,392)
Net foreign exchange gain	1,753	4,720
Share of loss of an associate	(38)	–
Share of profit of joint ventures	–	22
	<u>68,627</u>	<u>25,805</u>
Income tax expenses	(23,471)	(1,821)
	<u>45,156</u>	<u>23,984</u>

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

	30 June 2023	31 December 2022
	RMB'000	RMB'000
	(unaudited)	(audited)
Segment assets		
Retail and wholesale of shoes	1,850,982	1,780,938
Contract manufacturing of shoes	101,993	103,767
Retail of toys	21,154	19,876
	<hr/>	<hr/>
Total segment assets	1,974,129	1,904,581
Eliminations	(289,675)	(286,781)
Unallocated	83,230	100,805
	<hr/>	<hr/>
Total consolidated assets	1,767,684	1,718,605
	<hr/> <hr/>	<hr/> <hr/>
Segment liabilities		
Retail and wholesale of shoes	279,983	280,340
Contract manufacturing of shoes	227,539	227,875
Retail of toys	29,372	29,206
	<hr/>	<hr/>
Total segment liabilities	536,894	537,421
Eliminations	(201,721)	(199,817)
Unallocated	11,540	6,941
	<hr/>	<hr/>
Total consolidated liabilities	346,713	344,545
	<hr/> <hr/>	<hr/> <hr/>
5. REVENUE		
	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Retail and wholesale of shoes	697,092	596,874
Contract manufacturing of shoes	63,037	101,731
Retail of toys	27,780	16,536
	<hr/>	<hr/>
Total revenue	787,909	715,141
	<hr/> <hr/>	<hr/> <hr/>

Disaggregation of revenue from contracts with customers:

	Six months ended 30 June	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Geographical markets		
The People's Republic of China (the "PRC")	725,490	613,497
The United States of America	62,419	101,644
	<u>787,909</u>	<u>715,141</u>
Total	<u><u>787,909</u></u>	<u><u>715,141</u></u>
Major products/service		
Retail and wholesale of branded fashion footwear	697,092	596,874
Contract manufacturing of footwear	63,037	101,731
Retail of toys	27,780	16,536
	<u>787,909</u>	<u>715,141</u>
Total	<u><u>787,909</u></u>	<u><u>715,141</u></u>
Timing of revenue recognition		
At a point in time	787,909	715,141
	<u><u>787,909</u></u>	<u><u>715,141</u></u>

6. OTHER INCOME AND EXPENSES AND OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Other income		
Government grants	14,544	8,362
Government rewards	7,000	–
Interest income on bank deposits	4,095	3,716
Interest income of long-term trade debts (<i>Note 12</i>)	4,526	3,207
Interest income on other financial assets	26	25
Gain on disposal of property, plant and equipment	2	21
Service fee income	–	457
Royalties fee income	6,613	4,319
Others	3,937	3,165
	<u>40,743</u>	<u>23,272</u>
Other gains and losses		
Net foreign exchange gain	1,753	4,720
Impairment provision in respect of trade receivables	(527)	(676)
Loss on modification of right-of-use assets and lease liabilities	–	(28)
Gain on disposal of financial assets	–	211
Loss on modification of long-term trade debts (<i>Note 12</i>)	(9,321)	–
	<u>(8,095)</u>	<u>4,227</u>
Total other income and expenses and other gains and losses	<u><u>32,648</u></u>	<u><u>27,499</u></u>

7. FINANCE COSTS

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Leases interests	<u>1,069</u>	<u>1,392</u>

8. INCOME TAX

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Current tax – PRC Enterprise Income Tax		
Provision for the period	37	24
Over-provision in prior periods	<u>–</u>	<u>(1,498)</u>
	37	(1,474)
Current tax – PRC withholding tax	4,588	–
Deferred tax	<u>18,846</u>	<u>3,295</u>
Income tax expenses	<u>23,471</u>	<u>1,821</u>

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

No provision for Hong Kong Profits Tax is required since the Group has no assessable profit in Hong Kong during the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

PRC Enterprise Income Tax has been provided at a rate of 25% on the estimated assessable profit during the six months ended 30 June 2023 (six months ended 30 June 2022: 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%. Dividend distributed from a PRC subsidiary to a non-PRC tax resident group entity in the BVI shall be subject to the withholding tax at 10%.

9. DIVIDENDS

The directors of the Company did not recommend the payment of any dividend for the six months ended 30 June 2023 and 2022.

10. 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 period attributable to owners of the Company of approximately RMB45,442,000 (six months ended 30 June 2022: approximately RMB24,162,000) and the weighted average number of ordinary shares of 2,077,000,000 (six months ended 30 June 2022: 2,077,000,000) in issue during the period.

Diluted earnings per share

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

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 of the Company. The Group would also allow longer credit period for certain customers with long-term relationship.

	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (audited)
Trade receivables	200,552	136,552
Provision for loss allowance	(1,569)	(1,042)
	<u>198,983</u>	<u>135,510</u>

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

	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (audited)
0 to 60 days	134,955	105,282
61 to 180 days	60,842	25,220
181 days to 1 year	1,297	2,748
Over 1 year	1,889	2,260
	<u>198,983</u>	<u>135,510</u>

12. OTHER RECEIVABLES AND PREPAYMENTS

	Note	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (audited)
Non-current assets			
Long-term deposits		12,093	11,843
Prepayments		2,527	2,527
Trade debts due from a former subsidiary	(i)	–	207,421
Prepayments for acquisition of intangible assets		<u>29,352</u>	<u>28,420</u>
		<u>43,972</u>	<u>250,211</u>
Current assets			
Prepayments		17,663	12,302
Trade debts due from a former subsidiary	(i)	206,774	4,255
Value-added tax receivable		237	550
Interest receivables		1,286	632
Others		<u>17,539</u>	<u>13,862</u>
		<u>243,499</u>	<u>31,601</u>
Total		<u><u>287,471</u></u>	<u><u>281,812</u></u>

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”).

As at 30 June 2023, the Trade Debts will 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 February 2023, the Group signed an extension agreement with Nanjing Mayflower, pursuant to which the repayment date of the Trade Debts is extended to 31 May 2024.

As at 30 June 2023, the Trade Debts due from the Nanjing Mayflower with carrying amount of RMB206,774,000 (31 December 2022: RMB211,676,000) are secured by the Nanjing Mayflower’s land use rights and buildings as collateral with a fair value of approximately RMB170,600,000 (31 December 2022: approximately RMB170,600,000) in total.

13. TRADE AND BILLS PAYABLES

	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (audited)
Trade payables	128,339	125,310
Bills payables	—	52
	<u>128,339</u>	<u>125,362</u>

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

	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (audited)
0 to 90 days	122,042	118,134
91 to 180 days	10	1,135
181 days to 1 year	762	590
Over 1 year	5,525	5,451
	<u>128,339</u>	<u>125,310</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

The global economy is predicted to remain subdued for 2023 as countries continue to face a variety of challenges. According to the World Bank, global growth is slowing significantly because of elevated inflation, higher interest rates, reduced investment, and disruptions caused by the Russia/Ukraine conflict. Furthermore, the World Bank forecasts a decline in global economic growth from 3.1% in 2022 to 2.1% in 2023. However, the World Bank has a more optimistic outlook for China, raising its prediction for China's economic growth to 5.6% this year, up by 1.3% from its January forecast. The increase in growth is attributed to China's economic policies to maintain stable growth.

China's economic indicators for the first half of 2023 showed a steady post-COVID recovery. According to statistics from the National Bureau of Statistics, China's GDP exceeded its annual target of 5%, as it grew 5.5% year-on-year in the first half of 2023, with GDP having reached RMB59.3 trillion. However, China's economy still faces numerous challenges including weak domestic and external demand, a multi-year property downturn, and geopolitical tensions.

In the first half of 2023, total retail sales of consumer goods were RMB22,758.8 billion with a year-on-year increase of 8.2%. Yet, in July, retail sales growth of 2.5% year-on-year was lower than expected, according to the National Bureau of Statistics. In the face of weakening domestic and external demand, China is stepping up policy support, including cutting key interest rates. The policy measures are expected to boost market confidence and spur more pronounced growth in the third and fourth quarters.

The momentum in consumer consumption which appeared after China reopened its economy has begun to slow down, weighing on economic recovery. However, with support policies in place and more stimulus on the horizon, Chinese consumption is expected to rebound as the business environment improves. We believe that with continued support from the Central government, the fundamentals of China's long-term economic growth remain unchanged, and China's consumer market and economic performance will gradually recover.

To mitigate the prolonged economic challenges and difficult business environment in the first half of 2023, the Company remained persistent in its reorganization efforts. Diligent measures were adopted to capitalize on the Company's competitiveness and brand values to maintain sustainable growth and rapidly respond to emerging market risks. Leveraging its solid foundation, the Company is prioritizing stability while pursuing future progress.

Operational Performance

The Company's pivotal strategy in recent years has been to optimize the Company's retail network. We are readjusting our offline retail store network and establishing a more visible online presence to reach our target customers more effectively. As the Company continues to review consumer habits and behaviours, which varies at local, regional and national levels, it is also diligently examining store performance to enhance overall distribution channel efficiency.

In the first half of the year, the Company's total number of retail outlets slightly decreased. As at end of June 2023, the Company's total number of retail outlets was 1,070, representing a net decrease of 19 outlets since the beginning of the year. The number of proprietary shoe retail outlets was 888, representing a net decrease of 17 outlets since the beginning of the year, while the number of third-party retail outlets was 182, representing a net decrease of 2 outlets.

As a result of the restructuring made over the previous years, the number of stores with unsatisfactory performance in the first half of the year decreased significantly as compared with that in the same period of last year, while the same-store sales of footwear proprietary retail outlets experienced remarkable growth, with net profit surpassing RMB45 million for the first half of the year. To maintain the Company's solid market position, market share, and sales volume, the number of retail outlets will not change significantly in the second half of the year.

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

Distribution Regions	C.banner		EBLAN		MIO		Natursun	Badgley Mischka	Total
	Proprietary retail outlets	Third-party retail outlets	Proprietary retail outlets	Third-party retail outlets	Proprietary retail outlets	Third-party retail outlets	Proprietary retail outlets	Proprietary retail outlets	
Northeast	78	17	23	-	13	12	-	-	143
Northern China	93	67	19	-	17	24	6	-	226
Eastern China	165	30	46	-	53	4	33	1	332
Shanghai	81	1	1	-	13	-	12	2	110
Southern China	88	6	1	-	10	-	2	-	107
Western China	100	17	9	1	17	3	5	-	152
Total	605	138	99	1	123	43	58	3	1,070

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), Hebei Province, Shanxi Province, Henan Province and Shandong Province;
- (3) Eastern China includes Jiangsu Province, Anhui Province and Hubei Province;
- (4) Shanghai 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.

Continuously Increasing Efficiency in Distributions Channels

In response to the dynamic market environment and diverse customer tastes, the Group made timely and appropriate strategic adjustments to refine its operation to improve its supply chain system, retail network and enhance the brand's benefits. During the Reporting Period, the Group also continued to optimize brand licensing business and online sales management, enhancing its role as a leading retailer of mid-to-premium women's footwear in China.

During the Reporting Period, the Company adjusted its retail network and optimized its online business, in order to enhance the overall retail network. We continued to fortify our offline distribution channel of the respective brands with an emphasis on strengthening our retail presence. The Company's offline sales network ecosystem is comprised of outlets, shopping malls and department stores. For each commercial model, we adopted a differentiation approach to enhance sales rates, minimize inventory rates and increase profit.

Shopping malls are sweeping through major cities in China as they gain consumer popularity. However, with high operating expenses, it is difficult for shopping mall stores to generate a profit. The Company is exploring a more effective operation and profit model, in order to improve the profitability at shopping mall stores.

Outlets (factory direct-sale stores) (奥特莱斯店) are comparatively more efficient than department stores and shopping malls and are able to substantially contribute to the Company's profit. The Company is one of the first companies in the industry to try and adopt the outlets model, and the number of existing stores adopting this model is more than 100, which has proven to be successful in delivering greater operational efficiency. The Company will continue to expand the number of outlets in the second half of the year.

Additionally, with the Chinese government eliminating all pandemic prevention measures, channel structure and quality are expected to significantly improve. Subsequently, it is believed that the Company's performance will further recover in the second half of the year.

After completing the restructuring of branches in the previous two years, the Group was able to efficiently streamline and flatten its organizational structure, while maintaining its strong management of the operational team. In the first half of this year, almost all branches significantly contributed to overall growth and profitability.

Stepping up Marketing Efforts on High-traffic Social Media Platforms

China's online retail sales steadily grew in the first half of 2023, driven by the increasing popularity and momentum of livestreaming e-commerce, according to the Ministry of Commerce. From January to June 2023, online retail sales nationwide hit RMB7.16 trillion, up 13.1% year on year, according to the National Bureau of Statistics. With the popularity of the livestreaming e-commerce industry, the Ministry of Commerce's focus is on monitoring the industry's statistical data. Its data showed that RMB1.27 trillion worth of merchandise was sold in the first half of the year during 110 million sessions of livestreaming shows, with 70 million types of products being advertised.

To stand out and establish connections with younger consumers, it is important for brands to carefully select the right social media platforms and to fully utilize their innovative features designed to improve consumer engagement. In recent years, WeChat mini programs have experienced significant growth in popularity. The Group believes that both “Data-driven and Refined operations improve business results”. The Company included the popular WeChat mini programs in its operations to elevate its presence in terms of “people”, “goods” and “scenarios”, and boost overall sales performance.

The Group has taken several steps to promote its participation in the WeChat mini-program. It provides exclusive training for Company operations and shopper’s guide to improve sales skills and personnel knowledge. For incentives and tracking, the Group regularly provides TOP shopper’s guide incentives for staff and encourages them to obtain high benchmarks and share experiences.

For products, the Group implements regional inventory, regional linkage, activity synchronization, and inventory sharing through the WeChat mini program. The Group also implements innovative strategies to improve the branch’s commodity operation capabilities.

For scenarios, the Group tailored the WeChat mini-program main page, formulated the standards of the page of branches, and improved the page vision of branches through page patrol inspection checklist, thereby increasing the interaction rate with customers. The Group also increased the frequency of omni-channel activities and improved the micro-malls’ performance through cooperating with shopping malls and other party’s communities.

The Group’s official WeChat account enjoys immense popularity, mainly because C.Banner’s official WeChat account is extremely well-run. It offers functions such as new blockbusters and VIP inquiries and posts pictures and texts about product promotion or brand event information at a fixed time every week. Many consumers have developed a habit of reading the latest promotion. The Group will continue to strengthen its WeChat operations and maintain its fans’ loyalty.

Because of the popularity of C.banner’s WeChat official account, the Group also established a micro-mall. After viewing new pictures and texts of C.banner’s footwear on the WeChat official account, customers are directly diverted to the C.banner’s micro-mall to buy the footwear, which helps increase product sales. On top of that, customers can also search for nearby stores on WeChat official account, making it convenient for consumers to buy offline and creating a positive shopping experience.

Seizing Huge E-commerce & Live-Stream Shopping Opportunities

Social commerce utilizes social networking platforms to connect merchants, influencers and potential consumers. Undoubtedly, this is leading the future of China’s e-commerce, including the fashion and apparel industry.

As the Company consistently seeks to innovate and expand its reach to targeted customers, it is allocating more resources to livestreaming e-commerce operations. In 2021, the Company began to collaborate with first-tier KOLs and in 2022, it extended its collaboration to second-tier e-commerce livestreamers. Moreover, the Company has established a professional team to provide livestreaming e-commerce support. The team is closely involved in the planning and developing of content for livestreaming events, including product mix-and-match, storylines, scripts, and hosts or influencers.

Despite livestreamers' popularity, there is a shortfall in the return rate across the livestreaming e-commerce market. While expanding its footprint, the Company will closely monitor and control the inventory risk arising from this innovative sales channel. As Chinese consumers increasingly shift away from traditional mass media and look to mobile devices for information and entertainment, livestreaming is expected to remain influential in e-commerce. The Company views livestreaming e-commerce as a modern hybrid of in-person and online shopping and one that has continued to exhibit a positive advertising effect.

C.banner's brand live broadcast will be carried out in three directions, including creating live broadcast with the goal of teaching, integrating video account product sales, and offering joint live broadcast activities. Joint live broadcasts are held at the headquarters and branch offices in addition to special cloud live broadcast, and live video account broadcast.

In the first half of the year, C.banner brand live broadcast's GMV has grown, with increasing net sales and offline sales. The Group's live broadcast business is expanding significantly, and the private domain live broadcast links offline drainage. The WeChat video account started broadcasting in May this year, and has experienced steady traffic growth during the account maintenance period. The Group pays full effort to building a perfect live broadcast team, combining products and sales, and strengthening all channels online and offline. The Group also empowers the branches' live broadcast business and runs through the live broadcast.

The Company opened its proprietary flagship stores on Tmall, JD.com, Pinduoduo, Vipshop, and Tik Tok (Douyin) etc. Additionally, we authorized other online stores to sell our products. The Group is stepping up its marketing efforts on high-traffic social media platforms to boost its brand awareness and build its customer loyalty. Through actively implementing innovative sales and marketing strategies, the Group is expanding its customer base while promoting the its sustainable development.

Refining Operations and Increasing Private Traffic

From the Company's private traffic operations last year, we learned the importance of refining operations. Being "precise" is the decisive key to refining operations so that the Company achieves precise, effective, and direct hit. Additionally, it is important to have a sense of rhythm. The private traffic strategy must combine the industry's characteristics and the situation of the brand itself to formulate different goals at different stages.

C.banner's overall private traffic strategy is based on "the headquarters emphasize content, and the shopper's guide enforces execution". The headquarters execute from several aspects, including a membership plan, content marketing, mall planning, organizing regular training, and refining operations while also reducing the branch's front-line operational process as much as possible. The main duty of the branch can be summarized in two actions: recruiting fans and implementing various plans formulated by the headquarters. The shopper's guide only undertakes one-click forwarding and customer service tasks. The other tasks are done by the headquarters.

Another factor of C.banner's successful operation is its focus on directly operated stores. The Company has created a comprehensive shopper's guide training mechanism and reward mechanism. C.banner's shopper's guide is not only a sales person, but also a "friend" who provides members with fashion, inspiration, life and emotional exchanges, as well as discounts.

For private traffic, industry attributes are considered first. The footwear industry has innate store advantages in terms of private domain operations. Based on nearly 900 offline direct-operated stores and the online and offline omni-channel integrated operation model, the Company directly guides and executes operations from top to bottom.

C.banner is a brand with medium order value and medium frequency consumption. From an operational point of view, we focus on customer purchase cycles, encouraging the desire to purchase, and family consumption expansion. In the operation process, information access is mainly about introducing brands and outfit content. During the training process, we also emphasize the prohibition of excessive sales information and redundant information to harass members.

In addition, due to the shopper's guide high turnover rate in the footwear and apparel industry, it is necessary to have a strong content system from headquarters to ensure consistency with new and old shopper's guides.

C.banner's private traffic is expanding throughout the whole domain, and two connections were established. One is the connection between Corporate WeChat, Youzan Mini Program, and membership system and the other is the connection of all platform members.

In regard to establishing a universal data platform, C.banner enforces strict requirements throughout its operations, in which data interoperability, privacy and security are guaranteed. Consumers' information security is top priority through all phases. All consumers' contracts are systematized and the Company works meticulously to avoid any possibility of leakage of consumers' information.

Improving Efficiency and Providing Better Services

The Company aims to improve efficiency, support greater sales with quality products and improve inventory turnover, while also to enhance service. To this end, the Company has made adjustments according to the changes in customers' consumption habits. In the past, we focused on the product life cycle, but now we pay more attention to the customers' life cycle value. The Company has been focusing on the following two directions.

C.banner enhanced customers' interaction and loyalty through a series of refined operations and cultivating "friendship with customers" by managing customers' assets, focusing on customer consumption scenarios, and personalizing the shopper's guide. We also refined labels to remove redundancy, emphasize content marketing and enhance consumer stickiness.

Concurrently, the Company cooperated with Tencent Smart Retail and Ali New Retail to expand its omni-channel integrated operations, in addition to developing Douyin, and Xiaohongshu accounts etc. We also attracted customers from different platforms according to customers' portraits in different consumption scenarios.

In regard to our operations, we enhanced our front line staff (the shopper's guide) efficiency by providing them with important training. For example, we focused on improving shopper's guides per capita sales efficiency, evaluating same-store sales growth ratio, and assessing membership sales cycle. For instance, we established a shopper's guide for the "532 operation model", which refers to 50% of content, 30% of brands and 20% of transactions.

Improving the Supply Chain System

While the Company carried out promotions for older-style shoes in order to increase sales revenue and reduce inventory, the inventory turnover days declined significantly from last year. Going forward, the Group will continue to tightly control inventory, accelerate inventory turnover, and strive to further reduce inventory turnover days.

With a focus on product quality, effective inventory management and production cost control, the Company will continue to examine and identify shortfalls within the current practice and reform the supply chain system to increase efficiency. Facing intensifying market competition, the Group also invested more in research and development (“R&D”), and strengthened the linkage between R&D, factories and markets, improved the response efficiency, and actively introduced new suppliers. R&D personnel visited the factory to understand the production process and workflow so that they can better combine design style and production process, while implementing the design concepts. The Company’s information system responds instantly based on the best-selling styles, to yield higher orders and quickly replenish inventory. Additionally, suppliers swiftly adjust according to the quality, price and delivery speed of products.

We work closely with external supply chain partners to ensure our supply chain system operation remains sustainable. Moreover, the Group continues to improve the stores’ operational efficiencies by strengthening unprofitable stores. As a critical part of business operations, the Company has further improved the traditional supply chain system by reforming and upgrading the seasonal fair model where most orders are traditionally placed. In addition to bulk orders and purchases, small-batch production allows an accelerated response to ongoing market changes.

Streamlining R&D Resources for Product Upgrades

With the goal of fulfilling the desires of our largest target customers, the Company strengthened product research and development via experimenting with artificial intelligence, and CHATGPT technology. The Company is able to adjust its product strategy as needed. We increased the design of casual shoes due to reduced demand for summer sandals. The Company also increased the development of different stylish winter boots, to adjust to the lifestyle changes, especially the air-conditioned environment that is available everywhere nowadays.

The technology for our noiseless step shoes has been fully upgraded and C.banner’s noiseless step shoes IV obtained a utility model patent certificate. The core patented technology of the noiseless step shoes includes the double-density silent noiseless technology, the newly upgraded heel and ankle care design made of soft elastic materials, the high-energy soft-core pressure-relieving cotton, and the newly upgraded massage focus. Through continuously upgrading the noiseless step shoes technology combined with the elegant design of oriental aesthetics, we strive to provide customers with a comfortable experience for a refined and quiet lifestyle.

We have mastered the knowledge and acumen in modern production, fabulous designs, befitting technologies, and shoe-making skills. Our manufacturing process stays agile and is easily adjusted based on changing customer preferences. We have employed a well-coordinated team of designers, models and shoe technicians to ensure efficient and high-quality product development. Big data obtained from our ample customer database further empowers product upgrades.

Synergized Brand Strategy and Strengthened Brand Building

With the consumer fashion market continuously expanding, people are paying more and more attention to individual needs and quality in terms of fashion. During the Reporting Period, the Group continued to focus on strengthening its multi-brand footwear consumable goods business. As a leading and well-established footwear group in China, the Company has built up a proprietary brand portfolio comprising “C.banner”, “EBLAN”, “MIO”, “BADGLEY MISCHKA” and “Naturesun”.

Under the multi-brand strategy, C.banner offers distinct characteristics to meet the needs of different customers. For example, for C.banner’s main target group, office ladies, it focuses on elegance and fashion. The fashion DNA elements of “MIO” make it possible to be a part of the first echelon of fashion brands, attracting young customers’ attention. “Naturesun”’s emphasis is on comfort and fashion. It is the shoe that matches with party-dresses and wedding banquets.

The portfolio denotes our reputation in quality shoe manufacturing and our outstanding product design capabilities with a focus on style, comfort, and marketability. The multiple-brand strategy allows the Company to offer consumers a variety of choices and swiftly evolve with market trends. As a leading fashion brand, C.banner always follows the latest fashion trends and continues to innovate as it breaks through traditional constraints in design to satisfy modern women’s desire for fashion. Whether they are casual shoes that are comfortable in any environment or elegant and noble dress shoes, the Company can meet our consumers’ different needs.

Quality assurance is the first priority for C.banner women’s shoes. Our products are made of high-quality raw materials and based on strict production technology. We are committed to providing customers with durable and comfortable shoes. By strictly monitoring each production stage and quality inspection, C.banner ensures that every pair of shoe is made with excellent quality and attention to detail.

C.banner women’s shoes covers a variety of styles, including trendy fashion, business formal wear, leisure and comfort, providing consumers with a wide range of choices. Whether you are a young and fashionable woman or a professional woman, C.banner can satisfy your pursuit for the perfect shoes.

C.banner provides comprehensive support for entrepreneurs and business partners including store location selection, store decoration, product supply chain management, and marketing promotion. C.banner headquarters also provide professional guidance and comprehensive training to help entrepreneurs achieve success.

FINANCIAL REVIEW

For the six months ended 30 June 2023, the Group's total revenue amounted to RMB787.9 million, increased by 10.2% as compared with that in the same period of last year. Profit for the period amounted to RMB45.2 million, increased by 88.3% from RMB24.0 million in the same period of last year.

Revenue

For the six months ended 30 June 2023, the Group's revenue increased by 10.2% to RMB787.9 million, compared to RMB715.1 million in the same period of last year. The increase in revenue was mainly due to the increase in revenue from retail and wholesale business.

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 ("Retail of Toys"). The revenue distribution of Retail and Wholesale, Contract Manufacturing and Retail of Toys is set out as follows:

	2023		2022		% of Growth
	RMB'000	% of Total Revenue	RMB'000	% of Total Revenue	
Retail and Wholesale	697,092	88.5	596,874	83.5	16.8
Contract Manufacturing	63,037	8.0	101,731	14.2	(38.0)
Retail of Toys	27,780	3.5	16,536	2.3	68.0
Total	<u>787,909</u>	<u>100</u>	<u>715,141</u>	<u>100</u>	<u>10.2</u>

Profitability

For the six months ended 30 June 2023, the Group's gross profit increased by 13.7% to RMB461.2 million, representing an increase of RMB55.5 million from RMB405.7 million in the same period of last year. As of 30 June 2023, the gross profit margin was 58.5%, increased by 1.8 percentage point compared to 56.7% in the same period of last year. The increase was mainly due to the increase in the proportion of revenue from Retail and Wholesale business with higher gross profit margin to total revenue.

For the six months ended 30 June 2023, the Group's distribution and selling expenses reached RMB372.5 million, representing an increase of RMB17.4 million or 4.9% from that in the same period of last year. Distribution and selling expenses accounted for 47.3% of revenue, compared to 49.7% in the same period of last year. The decrease was mainly due to the increase in the Group's total revenue.

For the six months ended 30 June 2023, the Group's administrative and general expenses amounted to RMB51.6 million, representing an increase of RMB0.7 million or 1.4% from that in the same period of last year. Administrative and general expenses accounted for 6.5% of revenue compared to 7.1% in the same period of last year.

For the six months ended 30 June 2023, the Group's other income and expenses and other gains and losses recorded a net gain of RMB32.6 million, compared to a net gain of RMB27.5 million in the same period of last year. Other income mainly comes from government grants, royalties fee income and interest income on bank deposits.

For the six months ended 30 June 2023, the Group recorded finance costs of RMB1.1 million, compared to RMB1.4 million in the same period of last year.

For the six months ended 30 June 2023, the Group's income tax expense increased by approximately RMB21.7 million to RMB23.5 million, compared to RMB1.8 million in the same period of last year. The increase was mostly attributed to the increase in assessable profit and the increase in recognition of deferred tax.

For the six months ended 30 June 2023, profit attributable to owners of the Company recorded a profit of RMB45.4 million, increased by RMB21.2 million compared to that in the same period of last year.

Current Assets and Financial Resources

As of 30 June 2023, the Group had bank balances and cash of RMB582.2 million (31 December 2022: RMB496.3 million).

For the six months ended 30 June 2023, net cash generated from operating activities was RMB103.0 million, representing an increase of RMB66.6 million as compared to net cash generated from operating activities of RMB36.4 million in the same period of last year.

For the six months ended 30 June 2023, net cash used in investing activities was RMB1.4 million, compared to net cash used in investing activities of RMB8.0 million during the same period of last year. The outflow was primarily due to the acquisition of property, plant and equipment, which was partially offset by cash inflow from the interests of bank deposits.

For the six months ended 30 June 2023, net cash outflows from financing activities was RMB15.8 million, while net cash outflows from financing activities in the same period of last year was RMB16.1 million.

As of 30 June 2023, the net current assets of the Group were RMB1,086.6 million, compared with RMB803.7 million as of 31 December 2022, representing a net increase of RMB282.9 million or 35.2%.

Pledge of Asset

As of 31 December 2022 and 30 June 2023, the Group had no pledged assets.

Contingent Liabilities

The Group did not have any substantial or contingent liabilities as of 30 June 2023.

Capital Commitments

As of 30 June 2023, the Group's capital commitments in respect of new factories that have been contracted but not yet provided in the condensed consolidated financial statements were RMB3.6 million, while the capital commitments were RMB4.5 million as of 31 December 2022. As of 31 December 2022 and 30 June 2023, there were no capital commitments of the Group in respect of intangible assets that have been contracted but not yet provided in the condensed consolidated financial statements.

Foreign Exchange Risk Management

The Group's sales are mainly denominated in RMB, while its Contract Manufacturing is mainly denominated in USD. The Contract Manufacturing accounted for 8.0% of total revenue. Nevertheless, the Board will keep monitoring the impact of the exchange rate on our business closely and take appropriate measures to mitigate the impact where necessary.

For the six months ended 30 June 2023, the Group recorded a gain of RMB1.8 million from currency exchange, compared to a gain of RMB4.7 million in the same period of last year. The Group did not hold any derivative instruments for hedging against foreign exchange risk.

Future Plans for Material Investment or Capital Assets

Save as disclosed in this announcement, as of 30 June 2023, the Group had no concrete plans to acquire any material investment or capital assets other than in the Group's ordinary course of business.

Human Resources

As of 30 June 2023, the Group had 4,755 employees (31 December 2022: 4,788 employees). In order to retain top-notch talents, the Group offers competitive remuneration packages, including mandatory pension funds, insurance and medical benefits. In addition, the Group pays discretionary bonuses to qualified employees with reference to overall business performance and their individual work performance.

OUTLOOK

In the first half of 2023, as the impact of the pandemic significantly subsided and China deployed economic stabilization policies, China's economy began to recover with production and demand improving, employment and prices generally stabilizing, and market confidence and expectations significantly strengthening. Looking to the future, while challenges continue to weigh on the economy, we believe China's recovery will remain resilient.

As the economic environment improves and consumers' confidence further increases, China's footwear industry will usher in new development opportunities. With access to a variety of sales channels including online retail, demand for footwear products will gradually pick up. According to Euromonitor, the market size of China's footwear industry is forecast to grow at an annual growth rate of 4.4% from 2023 to 2028. By 2028, the market size of China's footwear industry is expected to be RMB611.9 billion.

The Group remains confident in China's consumer market long-term development as China enters a new post-epidemic era with production and daily life returning to normal along with overall consumer market gradually resuming. However, the macro environment continues to face a variety of pressures. Therefore, the Group will continue to be vigilant as it leverages its competitive strengths and inherited advantages obtained over decades to navigate through challenges and opportunities.

Building a leading brand group in mid-to-premium ladies' footwear in the PRC, the Group upholds a diversified brand strategy and product portfolio with its broad footwear offerings that target a variety of market segments. The Group is popular for its brand value being elegant, charming and fashionable. It also operates several self-developed brands including "C.banner", "EBLAN", "MIO", "BADGLEY MISCHKA" and "Naturesun".

Over the years, we have created a reliable sound reputation, identity, and strong corporate image through consistently providing excellent quality and fashionable styles. Our belief is to maintain our competitive edge by creating awareness while offering positive rewards to customers to build brand loyalty. During the Reporting Period, the Group continued to focus on strengthening its multi-brand footwear business. It also adopted a multiple-brand strategy that can better target and easily adjust to varying consumer preferences and market trends.

With early identification of the athleisure market as a rising trend, the Group's diversified branding strategy and preceding reputation, it has been able to catch and ride this trend, effectively broadening its customer base to the younger generation, and in turn, its market share. Also, with an in-depth understanding of consumers' preferences, the Group's new collections with original designs received enthusiastic responses during Reporting Period. The Group will continue to provide excellent quality and affordable footwear products with original designs to attract the new generation of consumers.

The Group launched a new collection featuring high quality and reasonably priced footwear with unique, youthful, and stylish designs in the Reporting Period, such as the noiseless step shoes, which received a positive market response. With the aim of tapping into the young consumer market, the Group will allocate more resources to strengthen its design and marketing teams' ability to stay ahead of market trends, and to enhance product R&D capability so as to launch collections that resonate with the young generation.

As the young generation prefers to shop on-line, building our online presence is important to grow and expand our customer base. Riding on the dynamic e-commerce trend, the Group is implementing marketing campaigns on social media platforms to promote its various series of collections, which has received a positive market response and boosted sales. To seize the expanding e-commerce opportunities, the Company is expanding its exceptional online and offline shopping experience for consumers.

We integrated our resources and operations across various business units, further reallocated resources and manpower to optimize our online platform and expanded online channels to adapt to online shoppers' new habits. Going forward, the Group will continue to ramp up its online presence by implementing innovative sales techniques and integrating new marketing strategies on social media platforms to establish greater customer engagement and seize market share. Meanwhile, the Group will closely monitor the market situation and prudently expand its network to tap into opportunities for sustainable growth.

To maintain the Group's sustainable development, we are taking a cautious view on the market outlook and making timely and appropriate adjustments to the business model to enhance operations while staying closely with market trends. The Group is also improving supply chain management, R&D, product design, choice of materials and inventory production process in addition to logistics management. We will also further streamline our organisational structure, monitor store performance and improve quality control to better fulfil consumers' demands. Lastly, C.banner will continue to search for the best method to deliver the most cost-effective products for its customers.

Looking ahead, as uncertainty continues to cloud the economic outlook, we remain measured in terms of the recovery. Although COVID-19 seriously affected China's growth last year, the solid fundamentals of China's sound long-term economic growth still exists. The lifting of China's pandemic controls is set to shore up growth with the expansion of consumption scenarios. However, the macro environment remains unstable and unpredictable and China's economic recovery still faces different challenges and uncertainties.

The Group remains well-positioned and well-prepared to realize the potential of its business model in the post-pandemic era. Capitalizing on the consumption recovery, the Group is stepping up its efforts to expand its online and offline networks and seize market share. At the same time, the Group will continue to optimise its business model in response to the ever-changing consumer preferences and the evolving market situation, so as to pave the way for sustainable growth and consolidate market leadership in China.

No matter how complex and unstable the situation may be, the Group will remain persistent and pragmatic, as it continues to strive for the Company's long-term development and create value for the shareholders of the Company.

SIGNIFICANT SUBSEQUENT EVENTS

There was no significant event taken place subsequent to the end of the six months ended 30 June 2023.

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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 10 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange").

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 six months ended 30 June 2023.

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. The Company has complied with all applicable code provisions under the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules for the six months ended 30 June 2023. The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

For the six months ended 30 June 2023, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

The audit committee of the Company had reviewed together with the management of the Company and auditor the accounting principles and policies adopted by the Group and the unaudited interim condensed consolidated results for the six months ended 30 June 2023.

PUBLICATION OF THE UNAUDITED INTERIM CONDENSED CONSOLIDATED RESULTS AND 2023 INTERIM REPORT ON THE WEBSITES OF THE HONG KONG STOCK EXCHANGE AND THE COMPANY

This interim results announcement is published on the websites of the Hong Kong Stock Exchange and the Company, and the 2023 interim report containing all the information required by the Listing Rules will be dispatched to the shareholders of the Company and published on the respective websites of the Hong Kong Stock Exchange and the Company in due course.

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

PRC, 30 August 2023

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 Mr. MIAO Bingwen; and the independent non-executive Directors are Mr. KWONG Wai Sun Wilson, Mr. XU Chengming and Mr. ZHENG Hongliang.