



# SUNBRIDGE GROUP LIMITED

## Sunbridge Confirms Strong Half Year Results

- Group revenue of \$AUD43.8 million for half – up 31% on PCP (\$AUD33.4 million)
- NPAT up 11% to \$AUD6.75 million (\$AUD6.06 million in 2013)
- Company-owned store roll-out continuing – on-track for 60 company-owned stores by year end
- Australian Directors recently completed visit to Sunbridge's headquarter in Jinjiang China
- New sales and marketing office to be established in Xiamen
- Second half sales expected to remain stable
- Balance sheet remains strong – cash and cash equivalents of \$AUD30.5 million

**Melbourne & Jinjiang, 23 September 2014: Sunbridge Group Ltd (ASX: SBB) (Sunbridge, the Company)** is pleased to confirm the strong trading performance for the half year period ended 30 June 2014 and recent operational developments in China.

### Review of Operations and Financial Results

As reported to shareholders on 29 August, Sunbridge Group recorded revenue (excluding interest) of \$AUD43.8 million for the half, up 31% on the previous comparative period in 2013 (\$AUD33.4 million).

The Group's NPAT was \$AUD6.75 million, an increase of 11% on the corresponding half in 2013 (\$AUD6.06 million). The Group finished the half with cash and cash equivalents of \$AUD30.5 million.

Sunbridge has now increased the number of its company-owned retail stores to 24, which strengthened overall revenue performance with a contribution of \$AUD1.8 million, compared to \$AUD0.7 million from five stores in 2013. The company is currently reviewing a number of sites for new company-owned stores and is also assessing several existing distributor-owned retail stores for acquisition. Sunbridge is targeting a company-owned store network of 60 stores by the end of calendar year 2014. This is a key growth driver for Sunbridge as is building a strong online presence.

The Company has been actively building its brand presence in China through strategic advertising, marketing and promotional initiatives. Sunbridge plans to establish a new dedicated sales and marketing office in Xiamen, a major city on the southeast coast of China that has a strong talent pool of sales and marketing executives, and excellent transport infrastructure. This investment in sales and marketing is proving successful, with much greater recognition of the Pandist and Agueseadan brands in China.

Sunbridge's Managing Director Xu Jia Yin commented: "These half year figures are very pleasing as they demonstrate that our brands are growing in popularity with Chinese consumers and are achieving solid sales in the large and competitive Chinese market."

"The investment we have made in growing our retail presence, along with developing and expanding our distribution networks, is now starting to deliver results."

"With a strong balance sheet and solid cash reserves, Sunbridge is well placed to pursue further growth for our shareholders in the second half of 2014, while maintaining our conservative approach to gearing levels."



## SUNBRIDGE GROUP LIMITED

Sunbridge's Australian-based non-executive Directors have recently concluded a site visit to the Jinjiang headquarters to meet Sunbridge management, view operations and retail stores, and review the progress of the construction of the new office building and warehousing facility.

The Directors are pleased to confirm that the offices are in the final stages of fitout and construction of the new warehousing facility is well advanced. When complete, the new office building will include a retail store on the ground floor and offices from level 2 upwards, and the warehousing facilities will be double the size of the existing space and give Sunbridge the necessary capacity for expansion. The cost of this construction has been expensed in the first half.

Sales for the second half are expected to remain stable with margin and sales growth expected. Sunbridge looks forward to updating shareholders on its financial and operational progress in the coming months.

### Half Year Results for the period ended June 30 2014

	30 June 2014 \$	30 June 2013 \$	Increase %
<b>Sales revenue<sup>1</sup></b>	<b>43,815,206</b>	<b>33,396,183</b>	<b>+ 31%</b>
Cost of sales	(29,323,030)	(22,008,062)	
Gross profit	14,492,176	11,388,121	<b>+ 27%</b>
Other revenue	52,626	45,495	
<b>Less expenses:</b>			
Operating expenses	(3,930,868)	(2,336,910)	
Administration expenses	(991,980)	(736,624)	
Finance costs	(282,869)	(227,116)	
<b>Profit before tax</b>	<b>9,339,086</b>	<b>8,132,966</b>	<b>+ 14.8%</b>
Income Tax expense	(2,587,131)	(2,074,486)	
<b>Profit for period</b>	<b>6,751,955</b>	<b>6,058,480</b>	<b>+ 11%</b>

<sup>1</sup>Please read the notes on Segment Reporting (6) in the Director's Report which form part of these financial statements

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Sunbridge Jinjiang head office show room Directors' visit: L to R Mr Wayne Reid (Non-Executive Chairman), Mr Andrew Plympton (Non-Executive Director), Mr Xu Jiayin (Managing Director and CEO), and Mr Ting Jiang (Non-Executive Director)

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### **ABOUT SUNBRIDGE GROUP LIMITED**

**Sunbridge Group Limited (ASX: SBB)** ("Company") is a leading retailer of menswear in the People's Republic of China (PRC). The Group owns and operates the "PANDIST 邦迪.斯顿" and **AGUESEADAN 亚阁.仕丹** brands of menswear, which are targeted at different age group segments of well-groomed upper middle class gentleman. The Group's menswear products range from formal and business wear to casual and sporting apparel, and are currently sold in over 400 retail outlets across the PRC. As an integrated fashion enterprise, the Group is responsible for the design, sourcing and selling of their products. Founded in 1996, the Business has grown rapidly in recent years. The Group's products are sold across an extensive distribution network, covering 28 provinces, autonomous regions and municipalities in the PRC and Hong Kong.

The Group designs all of its clothing through its in-house design team but it outsources all of its production to Original equipment manufacturer (OEM) contractors which are located in the Guangdong and Wenzhou cities, which are well known apparel production hubs in the PRC. The Group believes that its outsourcing of production to third parties enables it to focus its valuable resources on key design, procurement, warehousing and distribution functions giving the Group a competitive edge. Quality is one of the Group's top priorities, and the Group works closely with its OEM contractors to ensure that all of its apparel and accessories meet the high quality standards demanded by its target market.

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