



# SUNBRIDGE GROUP LIMITED

## Sunbridge finishes 2014 with strong revenue in December quarter

- Sunbridge books solid revenue of A\$21.36 million for December quarter
- Company begins 2015 with strong balance sheet and cash on hand of A\$29 million
- New Office and Warehouse in Jinjiang near completion – retail store now operational
- Company continues to grow number of self-owned stores to increase visibility and boost margins
- PANDIST brand wins multiple awards at Asian Brand Forum, Managing Director also honoured

**Melbourne & Jinjiang, 30 January 2015: Sunbridge Group Ltd (ASX: SBB) (Sunbridge, the Company)** is pleased to confirm its continued strong trading performance for the period ended 31 December 2014, and update shareholders on its operations in China.

### Financial Results

Sunbridge recorded revenue of approximately A\$21 million for the December 2014 quarter, an encouraging result given prevailing market conditions in China and the highly competitive sector in which it operates.

The Company is also pleased that it has finished the year of 2014 with a strong balance sheet, and with a positive operating cash flow of approximately A\$3.48 million for the quarter.

Sunbridge, which reports on a calendar year (CY) basis, is confident that these results will greatly assist in delivering a solid full year outcome, especially given the Company's strong revenue and NPAT results in the first half (A\$43.8 million and A\$6.75 million respectively), as reported to shareholders on 23 September 2014.

The Company enters 2015 well placed to build on the platform of growth it has created by expanding its distribution network and self-owned retail outlets (as outlined below), and with cash on hand of just over A\$29 million.

### Operational Update

As reported to shareholders on 22 October 2014, Sunbridge is now in the final stages of completing its new corporate building and warehouse in Jinjiang. The project is well advanced, with its showcase retail outlet on the ground floor now operational.

The Company had identified the need for this facility, which will double its warehouse capacity, due to the continued growth it is currently achieving for its PANDIST and *Aguseadan* brands in China. The Company is also establishing an online presence for its brands which will require improved warehousing and logistics.

Sunbridge has also been proactive in executing its strategy to increase the number of self-owned and operated retail outlets, increasing this number from 24 to 71 during the quarter. Many of these outlets are stand-alone retail displays strategically located within major department stores across China, which provides greater exposure to consumers and better return on investment capital through higher sales.

In addition to this, the Company has invested approximately A\$6.9 million on renovations in many of its 352 authorised retail outlets, and a further approximately A\$2.3 million to buy back and acquire the franchise rights of high profile outlets that are performing well. These figures comprise the total of approximately A\$9.18 million as stated at point 1.9 (c) in the Appendix 4C that was released by Sunbridge on 29 January 2015.



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Sunbridge is confident that through these initiatives it will further raise the profile of its brands, while increasing sales and improving margins, and also further enhance its position as a leading menswear company in China.

A major highlight for Sunbridge during the December quarter was the awards its PANDIST brand received at the prestigious Asian Brand Forum held in Shenzhen, at which Managing Director, Mr Xu Jia Yin, was also honoured with an award.

In a major win for Sunbridge its PANDIST brand was named as one of China's Top 500 most influential. The brand was also amongst only a select few that were recognized for having an international perspective, a promising sign for the Company. In addition, PANDIST was named as one of the Top 10 Brands with potential for growth.

Sunbridge's Managing Director, Mr Xu Jia Yin, was also recognised and honoured for his contribution by being named as one of China's Top 10 most influential brand leaders.

### **Board Changes**

As communicated to shareholders on 31 December 2014, Sunbridge appointed Mr Benny Yubin Qiu as a non-executive director, following the resignation of Mr Andrew Plympton (as announced on 30 December 2014).

The Board acknowledges Mr Plympton for his contribution to Sunbridge and wishes him well in any future endeavours.

Mr Qiu brings a wealth of experience to this role, with over 30 years' experience in corporate finance and business management across a diverse range of international businesses. He is currently an executive director of Sydney-based AAI Capital, a corporate advisory firm providing corporate strategy and M&A advice to cross-border transactions within the Asia-Pacific region.

Mr Qiu holds a Bachelor of Science (China), Graduate Diploma of Applied Finance (Australia) and Master of International Business Management (New Zealand). He has been a fellow member of Financial Services Institute of Australasia (FINSIA) since 2004.

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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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