



# SUNBRIDGE GROUP LIMITED

## Sunbridge operation updates

- September 2015 quarter revenue of \$17.86 million in line with expectations – YTD earnings as at September 2015 is \$56.20 million
- Company maintains strong balance sheet with cash on hand of \$33.32 million as at 30 September 2015
- Ongoing focus on controlling costs & overheads achieves surplus of \$2.05 million for period ending September 2015
- Online sales commence with Pandist range now available online through leading ecommerce platforms Tmall and ICBC mall
- Pandist honoured with multiple awards, named as one of China's top 3 menswear brands

**Sydney & Jinjiang, 25 November 2015: Sunbridge Group Ltd (ASX: SBB) (Sunbridge, the Company)** is pleased to release the following updates.

### **Financial Results**

The Sunbridge Group recorded revenue of \$17.86 million for the September 2015 quarter, a pleasing result given the current economic conditions in China and the competitive sector in which it operates.

While this result represents a decrease on revenue for the previous corresponding period (September quarter 2014 \$19.61 million), it is in line with expectations and brings year to date earnings for the Company at September 2015 to \$56.20 million (it should be noted that Sunbridge reports on a calendar year basis).

The Company is also greatly encouraged that its ongoing focus on controlling expenses and lowering its cost base has delivered a positive cash flow result of \$2.05 million for the September 2015 period, which has assisted to maintain a strong balance sheet and healthy cash reserves of \$33.32 million as at 30 September 2015. This represents a significant increase in cash on hand at the end of the previous quarter (\$29.75 million) and was also aided by a foreign currency transaction gain (\$1.52 million).

### **Operational Update**

#### ***Online Initiative***

A major achievement for Sunbridge during the quarter was the establishment of two online retail platforms for the Company's PANDIST brand, which has been a major focus for the Company during the period.

The PANDIST range is now available through China's popular Tmall retail website (<https://pandist.tmall.com/>) which is owned and operated by the high profile Alibaba Group and utilised by many prominent global brands to sell to consumers here. Tmall provides a platform that allows businesses to set up a virtual 'shopfront' to sell their wares.

The PANDIST range is also now available to consumers via the ICBC online mall, an off-shoot of the Industrial and Commercial Bank of China which has taken the decision to enter the growing ecommerce sector. The range of PANDIST products available at the ICBC mall, including some of the new autumn/winter range, can be viewed at: <http://mall.icbc.com.cn/shop/index.jhtml?shopId=013896&themeld=000149>.



Sunbridge will focus on actively promoting these new online retail outlets. The Company is confident that by doing so it may leverage the growing trend towards ecommerce in China and create a third sales platform in addition to those already established through its self-owned stores and wholesale distributors.

### ***Store Openings & Closings***

In line with its strategy to maintain and grow visibility and market share for its brands, Sunbridge opened four new self-owned outlets in key locations, focussing on the province of Fujian. The first and second of these were opened during August 2015 with Zhongminbaihui department stores, located in Hui An city and Xiamen city.

The Zhongminbaihui department store chain is a network of several large department stores in key locations across Fujian that are owned or operated by the Zhongmin Baihui Retail Group, established in 1997 and now listed on the Singapore stock exchange. The Zhongmin Group has plans to significantly expand its store numbers in Fujian and beyond in the near term, hence Sunbridge feels that this ongoing relationship will be extremely beneficial for the Company.

In September, Sunbridge opened two additional outlets in other department stores, one within the Longyanlinfeng store in Longyan city, and the other self-owned store in the Jinjiang SM Laiya department store, located in the landmark Luoshanfupu SM International Mall in the city of Jinjiang, a 'super mall' that is renowned as a mecca for shoppers in the region.

As previously communicated to shareholders, Sunbridge believes that securing strategic outlets in high profile, high traffic large department stores such as these is a cost effective way to maintain and grow its presence in a competitive market place such as China.

During the period, five of the Company's department store outlets (Qingdao City Licang Wanda, Qingdao City CBD Wanda, Quanzhou Wanda, Jiangyinchengjiang Wanda, Yongchun Guotai) were closed down due to redevelopment of the departmental stores.

Through the execution of its expansion strategy, the Sunbridge Group has a distribution network of 405 sales outlets in China's major cities and key locations, of which 69 are self-owned retail outlets.

### ***Marketing***

Sunbridge carried out a number of exciting new marketing initiatives during the quarter, a notable one being the PANDIST male model competition which commenced in August. To enter the competition, customers participate by submitting a photo of themselves wearing apparel from the PANDIST range, which is then uploaded to a website on which members of the public may vote for their favourite model. The competition is proving to be very popular and has gained excellent recognition and publicity for the brand.

Coinciding with the Mid-Autumn Festival and National Day celebrations in China during September, the Company undertook promotional activities in its retail outlets to align with these major events. Traditional mooncakes and other promotional gifts were distributed, which were received very favourably by customers and once again greatly enhanced the image of the Company and its brands.



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## ***Awards***

Sunbridge is greatly encouraged by the latest honour received by its PANDIST brand, which was recently placed among the top three menswear labels in the brand channel awards organised by China's leading apparel brand website [www.china-ef.com](http://www.china-ef.com). A total of 117 brands participated in the competition, which was run over five days with ranking determined by online voting, with over 180,000 votes and 1.66 million site visits.

This latest success comes after PANDIST was recognised as China's most competitive brand in the China Excellence Brand Awards, and also as the leading apparel brand by the Asia Brand Award committee in May 2015.

## ***Product Range***

The Company is constantly expanding and enhancing its range of quality menswear to reflect current trends and the seasonal nature of the garment industry. Recent additions to the PANDIST range include the new autumn/winter season's range of Italian style gentleman's suits, a men's jacket, a range of long sleeved round neck t-shirts, a range of long sleeved shirts and Italian style trousers. This new product range is proving to be very popular with customers (please see link to ICBC mall above to view).

## ***Acquisition / Expansion***

The Sunbridge Group continues to assess potential investment opportunities that might allow the Group to expand its operations and fast track its growth through a number of different initiatives. However, the Company intends to proceed with caution, especially in the current uncertain economic climate, and will keep shareholders updated in this regard as and when it is able to do so.

## **Managing Director & CEO Commentary**

Commenting on the Company's September quarter results, Sunbridge Managing Director and CEO, Mr Xu Jia Yin, stated: "In the current economic environment in China, our focus is on steady progress and risk prevention in order to achieve healthy and sustainable growth and development."

"I am pleased to report that the marketing initiatives we have undertaken during the period have resulted in good brand recognition and traction, and this has certainly had a positive impact on our sales."

"The launch of the PANDIST brand onto two major online retail channels is also an exciting development, and we certainly intend to drive this in the current quarter and beyond in order to create a third revenue platform."

"While we continue to maintain a cautious and responsible fiscal approach, we still have a focus on product development and innovation. Accordingly, we are currently collaborating with a leading manufacturer to develop functional 'smart' apparels, as we see definite synergies and growth potential here."

"We hope to launch the first of these innovative products soon, and we anticipate that this will enhance our product range and boost our sales. I look forward to updating shareholders further on this initiative and on our operations in the coming months."

– ENDS –



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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.