



**Sunbridge Group Limited and its Controlled Entities**

Level 31, 120 Collins Street, Melbourne, Vic 3000

T: +613 9225 5077 F: +613 9225 5050

[www.sunbridge.com.au](http://www.sunbridge.com.au)

**ASX ANNOUNCEMENT**

**30 August 2016**

ASX Market Announcements Office  
ASX Limited  
20 Bridge Street  
SYDNEY NSW 2000

**By electronic lodgement**

**Appendix 4D and Half-year Financial Report**

Sunbridge Group Limited (ASX: SBB) lodges the attached Appendix 4D and the half-year Financial Report for the period ended 30 June 2016.

This document contains all the half-year information required by ASX LR 4.2A. The information enclosed should be read in conjunction with the most recent annual financial report.

**Sunbridge Group Limited Communications and Investor Relations:**

<http://www.sunbridge.com.au>



**SUNBRIDGE GROUP LIMITED**  
and its controlled entities

ABN 40 163 886 020

**HALF-YEAR FINANCIAL REPORT**  
Incorporating the requirements of Appendix 4D

30 JUNE 2016

# Appendix 4D

## 1. Company Details

Name of Entity

Sunbridge Group Limited

ABN

40 163 886 020

Half year ended ("current period")

30 June 2016

Half year ended ("previous period")

30 June 2015

## 2. Results for announcement to the market

|   |                     |                             |                      |
|---|---------------------|-----------------------------|----------------------|
| \$  |                     |                             |                      |
| 2.1 Revenues from continuing operations   | Down                | 12% to                      | 32,172,028           |
| 2.2 Profit / (loss) from continuing operations after tax attributable to members  | Up                  | 44% to                      | 2,902,445            |
| 2.3 Net profit / (loss) for the period attributable to members  | Up                  | 44% to                      | 2,902,445            |
| 2.4 Dividends   | Amount per security | Franked amount per security |                      |
| Interim dividend declared   | N/A                 | N/A                         |                      |
| 2.5 Record date for determining entitlements to the dividend  | N/A                 |                             |                      |
| 2.6 Brief explanation of any of the figures in 2.1 to 2.4 above necessary to enable figures to be understood  |                     |                             |                      |
| The 12% decrease above is due to the decrease in revenue in China-based subsidiaries. An increase of 44% in profit is the result of an once off renovation expense of \$2.6 million incurred in the prior year. |                     |                             |                      |
| Revenue in RMB:   |                     |                             |                      |
| Period  | HY 2015             | HY 2016                     | Change in percentage |
| Amount  | 176,144,205         | 154,185,455                 | (12.47%)             |
| The RMB to AUD exchange rates used in translation are as follows:   |                     |                             |                      |
| Period  | HY 2015             | HY 2016                     | Change in percentage |
| Average exchange rates RMB to AUD   | 0.2087              | 0.2088                      | 0.05%                |

|  |              |              |
|--|--------------|--------------|
| <b>3. Net tangible assets per security</b>       | 30 June 2015 | 30 June 2016 |
| Net tangible asset backing per ordinary security | 12.24 cents  | 13.68 cents  |

#### 4. Details of entities over which control has been gained or lost

##### 4.1. Control gained over entities

|     |
|-----|
| N/A |
|-----|

##### 4.2. Control lost over entities

|     |
|-----|
| N/A |
|-----|

#### 5. Dividends

##### Individual dividends per security

|                                       | Date dividend is payable | Amount per security | Franked amount per security at 30% tax | Amount per security of foreign source dividend |
|---------------------------------------|--------------------------|---------------------|--|--|
| <b>Interim dividend:</b> Current year | N/A                      | N/A                 | N/A                                    | N/A  |
| Previous year                         | N/A                      | N/A                 | N/A                                    | N/A  |

#### 6. Dividend reinvestment plans

The dividend or distribution plans shown below are in operation.

|  |     |
|--|-----|
| N/A  |     |
| The last date(s) for receipt of election notices for the dividend or distribution plans. | N/A |

#### 7. Details of associates and joint entities

|     |
|-----|
| N/A |
|-----|

**8. Foreign entities**

For foreign entities, details of origin of accounting standards used in compiling the report.

PRC GAAP and Chinese Accounting Standards are adapted for subsidiaries and converted to IFRS

**9. If the accounts are subject to audit dispute or qualification, details are described below.**

N/A

Sign here:



Director

Date:

30 August 2016

Print Name:

Benny Yubin Qiu

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## Sunbridge Group Limited and its Controlled Entities

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# Directors' Report

The Directors of Sunbridge Group Limited ('Sunbridge' or 'the Company') present their Report together with the financial statements of the Consolidated Entity, being Sunbridge and its Controlled Entities ('the Group') for the half-year ended 30 June 2016.

### Director details

The following persons were Directors of Sunbridge during or since the end of the financial half-year:

- **Mr Jiayin Xu** (appointed on 22 May 2013)
- **Mr Ting Jiang** (appointed on 22 May 2013 / resigned on 27 January 2016)
- **Mr Wayne V Reid** (appointed on 2 July 2013 / resigned on 18 July 2016)
- **Mr Benny Yubin Qiu** (appointed as Director on 30 December 2014 / appointed as Chairman on 18 July 2016)
- **Dr Shirley Ze Yu** (appointed on 18 July 2016)
- **Prof. Qiangnan Liu** (appointed on 2 July 2013)

### Company secretary

Mr Chow Yee Koh has previously held senior positions with a number of professional accounting firms and has a degree in Accounting and Finance.

### Review of operations and financial results

#### Commentary on Half-year Results

Through this report, the Board seeks to provide an update to its Shareholders and the market on the results achieved for the first half of 2016 financial year (ended 30 June 2016). It should be noted that the Group's financial year runs from January to December each year.

The Sunbridge Group realised an after tax profit of \$2.90 million for the half year ended 30 June 2016 financial year which represents an increase of 44% on the previous comparative period. The Company's cash and cash equivalents reserves remain strong at \$33.7 million.

#### Corporate Results Summary

For the first half year of 2016, the Sunbridge Group, through its wholly owned China-based subsidiaries, recognised:

- As one of China's leading brands in menswear, Sunbridge continues to maintain its market share despite the impact of a softer Chinese economy on luxury consumption, and stronger global competitive pressure. Sunbridge's gross margin holding steady at 35% (2015: 35%).

- 2016 half year result shows a 44% increase in earnings per share, generating a strong operating result in a slowing economic environment in China.
- The Group maintains a strong cash position of \$33.7 million, to allow for further online and offline domestic and global expansion opportunities.
- The Group's direct stores generated total revenues of \$8.6 million, a slight decrease from the first half year of 2015's revenues of \$9.1 million due to the competitive menswear market, especially the online stores emerging in recent years.
- Group NPBT of \$3.96 million for the half year 2016, an increase of 40% over the previous comparative period NPBT of \$2.83 million;
- Group NPAT of \$2.90 million. An increase of 44% over the previous comparative period NPAT of \$2.02 million;
- Group revenue for the first half year (excluding interest received) slid to \$32.2 million compared to 2015 first half year's revenue of \$36.8 million, attributable to a softer macro economy in China and pricing discount to promote new online sales.
- Foreign exchange translation loss impacting on comprehensive income of \$2.8 million;

The result of the decrease in Group revenue for the first half year of 2016 is in line with the expectation of a newly adopted comprehensive online sales strategy with initial online price promotion, and softer traditional offline sales affected by the softer economic growth environment in China.

The Sunbridge Group is excited about the operational progress made during the first half year of 2016, which realised:

- Optimisation of product lines. The Group has upgraded its fashion designs with more in-house and independent designers. New R&D in the design concepts will be employed with more focus on functionality and components of information technology, coupled with traditional clothing technology.
- Expansion of distribution channel. In the second quarter of 2016, the Group invested \$220,000 into online sales promotion. In the next half year of 2016, the Group will continue to develop a comprehensive online-offline product sales network, corresponding to more product innovation tailored to shopping tastes of online customers.



# Directors' Report

A copy of the Auditor's Independence Declaration as required under s307C of the *Corporations Act 2001* is included on page 4 of this financial report and forms part of this Directors Report.

Signed in accordance with a resolution of the Directors.

A handwritten signature in black ink, appearing to read 'Benny Qiu', with a stylized flourish at the end.

Benny Yubin Qiu  
Chairman

30 August 2016

Level 1,  
67 Greenhill Rd  
Wayville SA 5034

Correspondence to:  
GPO Box 1270  
Adelaide SA 5001

T 61 8 8372 6666  
F 61 8 8372 6677  
E [info.sa@au.gt.com](mailto:info.sa@au.gt.com)  
W [www.grantthornton.com.au](http://www.grantthornton.com.au)

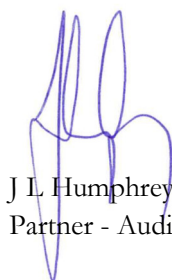
**AUDITOR'S INDEPENDENCE DECLARATION  
TO THE DIRECTORS OF SUNBRIDGE GROUP LIMITED**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Sunbridge Group Limited for the half-year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been:

- a No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b No contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



J L Humphrey  
Partner - Audit & Assurance

Adelaide, 30 August 2016

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## Sunbridge Group Limited and its Controlled Entities

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# Consolidated Statement of Profit or Loss and Other Comprehensive Income

## For the half-year ended 30 June 2016

|   | Notes | 30-Jun-2016<br>\$ | 30-Jun-2015<br>\$ |
|---|-------|-------------------|-------------------|
| Revenue   | 6     | 32,172,028        | 36,761,295        |
| Cost of sales   |       | (20,972,777)      | (23,719,462)      |
| <b>Gross profit</b>   |       | <b>11,199,251</b> | <b>13,041,833</b> |
| Other income  |       | 47,991            | 60,768            |
| <b>Less expenses:</b>   |       |                   |                   |
| Marketing expense   |       | (1,433,481)       | (1,076,892)       |
| Direct store expense  |       | (2,493,525)       | (2,927,890)       |
| Amortisation and impairment expenses for direct store franchise rights                | 9     | (536,977)         | (832,009)         |
| Wholesaler commission   |       | (343,436)         | (408,608)         |
| Franchise store owner renovation support expense                                      |       | -                 | (2,629,411)       |
| Stock impairment expense  |       | (38,051)          | -                 |
| Other operating expenses  |       | (1,040,301)       | (1,019,152)       |
| Administration expenses   |       | (1,403,192)       | (1,345,195)       |
| Finance costs   |       | (2,417)           | (33,054)          |
| <b>Profit before tax</b>  |       | <b>3,955,862</b>  | <b>2,830,390</b>  |
| Income tax expense  |       | (1,053,417)       | (812,692)         |
| <b>Profit for the period attributable to owners of the period</b>                     |       | <b>2,902,445</b>  | <b>2,017,698</b>  |
| <b>Other comprehensive income:</b>  |       |                   |                   |
| Items that may subsequently be reclassified to profit or loss:                        |       |                   |                   |
| Exchange differences on translating foreign operations                                |       | (2,767,684)       | 3,856,030         |
| <b>Total comprehensive income for the period attributable to owners of the parent</b> |       | <b>134,761</b>    | <b>5,873,728</b>  |
| <b>Earnings per share on profit attributable to members</b>                           |       |                   |                   |
| Diluted earnings per share (cents)  | 7     | 0.62              | 0.43              |
| Basic earnings per share (cents)  | 7     | 0.62              | 0.43              |

The accompanying notes form part of these financial statements.

# Consolidated Statement of Financial Position

**As at 30 June 2016**

|                                     | Notes | 30-Jun-2016<br>\$ | 31-Dec-2015<br>\$ |
|-------------------------------------|-------|-------------------|-------------------|
| <b>Assets</b>                       |       |                   |                   |
| <b>Current</b>                      |       |                   |                   |
| Cash and cash equivalents           |       | 33,660,458        | 30,530,267        |
| Trade and other receivables         |       | 12,127,999        | 14,029,850        |
| Security deposits paid to suppliers |       | 2,104,558         | 2,239,413         |
| Inventories                         | 11    | 8,636,967         | 8,405,408         |
| <b>Total current assets</b>         |       | <b>56,529,982</b> | <b>55,204,938</b> |
| <b>Non-current</b>                  |       |                   |                   |
| Property, plant and equipment       | 8     | 7,998,396         | 8,341,028         |
| Intangible assets                   | 9     | 1,364,358         | 1,967,672         |
| Deferred tax assets                 |       | 1,077,896         | 1,740,177         |
| <b>Total non-current assets</b>     |       | <b>10,440,650</b> | <b>12,048,877</b> |
| <b>Total assets</b>                 |       | <b>66,970,632</b> | <b>67,253,815</b> |
| <b>Liabilities</b>                  |       |                   |                   |
| <b>Current</b>                      |       |                   |                   |
| Trade and other payables            |       | 3,878,848         | 4,137,255         |
| Current tax liabilities             |       | 2,846             | 162,383           |
| <b>Total liabilities</b>            |       | <b>3,881,694</b>  | <b>4,299,638</b>  |
| <b>Net assets</b>                   |       | <b>63,088,938</b> | <b>62,954,177</b> |
| <b>Equity</b>                       |       |                   |                   |
| Share capital                       | 10    | 12,495,825        | 12,495,825        |
| Other Reserves                      |       | 6,771,262         | 6,771,262         |
| Foreign Translation Reserve         |       | 8,024,026         | 10,791,710        |
| Retained earnings                   |       | 35,797,825        | 32,895,380        |
| <b>Total equity</b>                 |       | <b>63,088,938</b> | <b>62,954,177</b> |

The accompanying notes form part of these financial statements.

# Consolidated Statement of Changes in Equity

## For the half-year ended 30 June 2016

|   | Share<br>Capital  | Retained<br>Earnings | Foreign<br>Exchange<br>Reserve | Other<br>Reserve | Total             |
|---|-------------------|----------------------|--------------------------------|------------------|-------------------|
|   | \$                | \$                   | \$                             | \$               | \$                |
| Balance at 1 January 2016                                   | 12,495,825        | 32,895,380           | 10,791,710                     | 6,771,262        | 62,954,177        |
| Profit for the period                                       | -                 | 2,902,445            | -                              | -                | 2,902,445         |
| Other comprehensive income                                  | -                 | -                    | (2,767,684)                    | -                | (2,767,684)       |
| <b>Total comprehensive income for the period (subtotal)</b> | <b>-</b>          | <b>2,902,445</b>     | <b>(2,767,684)</b>             | <b>-</b>         | <b>134,761</b>    |
| <b>Balance at 30 June 2016</b>                              | <b>12,495,825</b> | <b>35,797,825</b>    | <b>8,024,026</b>               | <b>6,771,262</b> | <b>63,088,938</b> |

## For the half-year ended 30 June 2015

|  | Share<br>Capital  | Retained<br>Earnings | Foreign<br>Exchange<br>Reserve | Other<br>Reserve | Total             |
|--|-------------------|----------------------|--------------------------------|------------------|-------------------|
|  | \$                | \$                   | \$                             | \$               | \$                |
| Balance at 1 January 2015                                    | 12,495,825        | 29,003,427           | 7,150,083                      | 6,771,262        | 55,420,597        |
| <b>Transactions with owners in their capacity as owners:</b> |                   |                      |                                |                  |                   |
| Profit for the period  | -                 | 2,017,698            | -                              | -                | 2,017,698         |
| Other comprehensive income for the period                    | -                 | -                    | 3,856,030                      | -                | 3,856,030         |
| <b>Total comprehensive income for the period (subtotal)</b>  | <b>-</b>          | <b>2,017,698</b>     | <b>3,856,030</b>               | <b>-</b>         | <b>5,873,728</b>  |
| <b>Balance at 30 June 2015</b>                               | <b>12,495,825</b> | <b>31,021,125</b>    | <b>11,006,113</b>              | <b>6,771,262</b> | <b>61,294,325</b> |

The accompanying notes form part of these financial statements.

# Consolidated Statement of Cash Flows

**For the half-year ended 30 June 2016**

|   | Notes | 30-Jun-2016<br>\$ | 30-Jun-2015<br>\$  |
|---|-------|-------------------|--------------------|
| <b>Cash flows from operating activities</b>   |       |                   |                    |
| Receipts from customers   |       | 33,461,565        | 38,677,000         |
| Payments to suppliers, employees and others   |       | (28,035,192)      | (31,847,742)       |
| Interest received   |       | 47,991            | 60,768             |
| Finance costs   |       | (2,417)           | (33,054)           |
| Income tax paid   |       | (689,188)         | (2,094,453)        |
| <b>Net cash flows from operating activities</b>                                       |       | <b>4,782,759</b>  | <b>4,762,519</b>   |
| <b>Cash flows from investing activities</b>   |       |                   |                    |
| Purchase of property, plant and equipment   |       | (482,167)         | (2,128,280)        |
| <b>Net cash flows from investing activities</b>                                       |       | <b>(482,167)</b>  | <b>(2,128,280)</b> |
| <b>Cash flows from financing activities</b>   |       |                   |                    |
| Receipt / (Repayment) of related party loan   |       | 230,000           | (955,193)          |
| Repayment of borrowings   |       | -                 | (3,100,100)        |
| <b>Net cash flows from financing activities</b>                                       |       | <b>230,000</b>    | <b>(4,055,293)</b> |
| <b>Net increase/decrease in cash held</b>   |       | <b>4,530,592</b>  | <b>(1,421,054)</b> |
| <b>Cash at the beginning of the period</b>  |       | <b>30,530,267</b> | <b>29,320,103</b>  |
| Effects of movements in foreign exchange rates on cash holdings in foreign currencies |       | (1,400,401)       | 1,927,358          |
| <b>Cash at the end of the period</b>  |       | <b>33,660,458</b> | <b>29,826,407</b>  |

The accompanying notes form part of these financial statements.

# Notes to the Condensed Interim Consolidated Financial Statements

## **1. Nature of operations**

The principal activity of Sunbridge Group Limited and subsidiaries' ('the Group') was the sale of the menswear.

The Group operates in two operating segments being the wholesale of clothing apparel to franchised distributors and retail sales of clothing apparel by company owned stores. The Group currently operates in one geographical segment, being the People's Republic of China.

There were no other significant changes in the nature of the consolidated Group's principal activities during the half year of 2016.

## **2. General information and basis of preparation**

The condensed interim consolidated financial statements ('the interim financial statements') of the Group are for the six (6) months ended 30 June 2016 and are presented in Australian dollars (\$AUD), which is the functional currency of the Parent Company. These general purpose interim financial statements have been prepared in accordance with the requirements of the Corporations Act 2001 and AASB 134 Interim Financial Reporting. They do not include all of the information required in annual financial statements in accordance with Australian Accounting Standards, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2015 and any public announcements made by the Group during the half-year in accordance with continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the Corporations Act 2001.

The interim financial statements have been approved and authorised for issue by the Board of Directors on 30 August 2016.

## **3. Significant accounting policies**

The interim financial statements have been prepared in accordance with the same accounting policies adopted in the Group's last annual financial statements for the year ended 31 December 2015.

The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these interim financial statements.

## **4. Estimates**

When preparing the interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's last annual financial statements for the year ended 31 December 2015. The only exception is the estimate of the provision for income taxes which is determined in the interim financial statements using the estimated average annual effective income tax rate applied to the pre-tax income of the interim period.

## 5. Significant events and transactions

There are no significant events or transaction during the period under review other than those disclosed in the interim financial statements.

## 6. Segment reporting

The Group has identified its operating segments based on the internal reports that are reviewed and used by the board of directors and management (chief operating decision maker) in assessing performance and determining the allocation of resources.

The following operating segments have been noted:

- Wholesale of clothing apparel to franchised distributors; and
- Retail sales of clothing apparel by company owned stores.

During the six month period ended 30 June 2016, there have been no changes from prior periods in the measurement methods used to determine operating segments and reported segment profit or loss.

The revenues and profit generated by each of the Group's operating segments and segment assets are summarised as follows:

|                                    | Wholesale  | Retail Sales | Unallocated | Total      |
|------------------------------------|------------|--------------|-------------|------------|
| 6 months to 30-Jun-2016            | \$         | \$           | \$          | \$         |
| Segment revenues                   | 23,609,367 | 8,562,661    | -           | 32,172,028 |
| Segment results (Profit after tax) | 2,206,543  | 906,540      | (210,638)   | 2,902,445  |

|                                    | Wholesale  | Retail Sales | Unallocated | Total      |
|------------------------------------|------------|--------------|-------------|------------|
| 6 months to 30-Jun-2015            | \$         | \$           | \$          | \$         |
| Segment revenues                   | 27,664,651 | 9,096,644    | -           | 36,761,295 |
| Segment results (Profit after tax) | 767,132    | 1,513,837    | (263,271)   | 2,017,698  |

|                                  | Wholesale  | Retail Sales | Unallocated | Total      |
|----------------------------------|------------|--------------|-------------|------------|
|                                  | \$         | \$           | \$          | \$         |
| <b>Total segment assets</b>      |            |              |             |            |
| 30 June 2016                     | 27,806,584 | 5,482,374    | 33,681,674  | 66,970,632 |
| 30 June 2015                     | 33,351,921 | 3,551,147    | 29,903,604  | 66,806,672 |
| <b>Total segment liabilities</b> |            |              |             |            |
| 30 June 2016                     | 2,985,668  | 273,980      | 622,046     | 3,881,694  |
| 30 June 2015                     | 4,307,065  | 368,342      | 836,940     | 5,512,347  |



## 7. Earnings per share

Both the basic and diluted earnings per share have been calculated using the profit attributable to shareholders of the Parent Company (Sunbridge) as the numerator, i.e. no adjustments to profits were necessary during the six (6) months period to 30 June 2016.

The number of ordinary shares used in the calculation of the diluted earnings per share is the same as the number used in the calculation of basic earnings per share, as options are not considered to be dilutive.

|   | 6 months to<br>30-Jun-2016 | 6 months to<br>30-Jun-2015 |
|---|----------------------------|----------------------------|
| Profit used to calculate basic and dilutive EPS                 | \$2,902,445                | \$2,017,698                |
| Weighted average number of shares used in basic and diluted EPS | 471,738,000                | 471,738,000                |

## 8. Property, plant and equipment

The following tables show the movements in property, plant and equipment:

|                                 | Office<br>equipment<br>\$ | Direct store<br>equipment<br>\$ | Land and<br>Buildings<br>\$ | Vehicle<br>\$   | Total<br>\$        |
|---------------------------------|---------------------------|---------------------------------|-----------------------------|-----------------|--------------------|
| <b>Cost</b>                     |                           |                                 |                             |                 |                    |
| <b>At 1 January 2016</b>        | <b>209,893</b>            | <b>1,742,082</b>                | <b>7,535,797</b>            | <b>116,823</b>  | <b>9,604,595</b>   |
| Additions                       | 19,363                    | 428,792                         | 34,011                      | -               | 482,166            |
| Transfers                       | -                         | -                               | -                           | -               | -                  |
| Exchange differences            | (9,448)                   | (86,718)                        | (318,763)                   | (4,925)         | (419,854)          |
| <b>At 30 June 2016</b>          | <b>219,808</b>            | <b>2,084,156</b>                | <b>7,251,045</b>            | <b>111,898</b>  | <b>9,666,907</b>   |
| <b>Accumulated Depreciation</b> |                           |                                 |                             |                 |                    |
| <b>At 1 January 2016</b>        | <b>(60,089)</b>           | <b>(649,585)</b>                | <b>(516,899)</b>            | <b>(36,994)</b> | <b>(1,263,567)</b> |
| Depreciation for the period     | (17,445)                  | (305,354)                       | (131,771)                   | (18,283)        | (472,853)          |
| Exchange differences            | 3,073                     | 36,837                          | 25,871                      | 2,128           | 67,909             |
| <b>At 30 June 2016</b>          | <b>(74,461)</b>           | <b>(918,102)</b>                | <b>(622,799)</b>            | <b>(53,149)</b> | <b>(1,668,511)</b> |
| <b>Net book value</b>           |                           |                                 |                             |                 |                    |
| <b>At 30 June 2016</b>          | <b>145,347</b>            | <b>1,166,054</b>                | <b>6,628,246</b>            | <b>58,749</b>   | <b>7,998,396</b>   |
| <b>At 31 December 2015</b>      | <b>149,804</b>            | <b>1,092,497</b>                | <b>7,018,898</b>            | <b>79,829</b>   | <b>8,341,028</b>   |
| <b>Carrying amounts</b>         |                           |                                 |                             |                 |                    |
| <b>At 1 January 2016</b>        | <b>98,179</b>             | <b>1,144,033</b>                | <b>7,018,987</b>            | <b>79,829</b>   | <b>8,341,028</b>   |
| Additions                       | 19,363                    | 428,792                         | 34,011                      | -               | 482,166            |
| Depreciation expenses           | (17,445)                  | (305,354)                       | (131,771)                   | (18,283)        | (472,853)          |
| Exchange differences            | (4,198)                   | (52,053)                        | (292,896)                   | (2,798)         | (351,945)          |
| Transfers                       | -                         | -                               | -                           | -               | -                  |
| <b>At 30 June 2016</b>          | <b>95,899</b>             | <b>1,215,418</b>                | <b>6,628,331</b>            | <b>58,748</b>   | <b>7,998,396</b>   |

|                                 | Office<br>equipment<br>\$ | Direct store<br>equipment<br>\$ | Land and<br>Buildings<br>\$ | Vehicle<br>\$   | Construction<br>in progress<br>\$ | Total<br>\$      |
|---------------------------------|---------------------------|---------------------------------|-----------------------------|-----------------|-----------------------------------|------------------|
| <b>Cost</b>                     |                           |                                 |                             |                 |                                   |                  |
| <b>At 1 January 2015</b>        | <b>35,271</b>             | <b>1,529,876</b>                | <b>3,166,836</b>            | <b>110,349</b>  | <b>2,034,185</b>                  | <b>6,876,516</b> |
| Additions                       | 170,591                   | -                               | 12,522                      | -               | 1,945,167                         | 2,128,280        |
| Transfers                       | -                         | -                               | 4,074,228                   | -               | (4,074,228)                       | -                |
| Exchange differences            | 6,716                     | 110,483                         | 328,566                     | 7,969           | 94,876                            | 548,610          |
| <b>At 30 June 2015</b>          | <b>212,578</b>            | <b>1,640,359</b>                | <b>7,582,152</b>            | <b>118,317</b>  | <b>-</b>                          | <b>9,553,406</b> |
| <b>Accumulated Depreciation</b> |                           |                                 |                             |                 |                                   |                  |
| <b>At 1 January 2015</b>        | <b>(31,949)</b>           | <b>(120,150)</b>                | <b>(285,015)</b>            | <b>-</b>        | <b>-</b>                          | <b>(437,114)</b> |
| Depreciation for the period     | (8,922)                   | (227,726)                       | (81,824)                    | (18,287)        | -                                 | (336,759)        |
| Exchange differences            | (2,525)                   | (14,242)                        | (22,583)                    | (447)           | -                                 | (39,797)         |
| <b>At 30 June 2015</b>          | <b>(43,396)</b>           | <b>(362,118)</b>                | <b>(389,422)</b>            | <b>(18,734)</b> | <b>-</b>                          | <b>(813,670)</b> |
| <b>Net book value</b>           |                           |                                 |                             |                 |                                   |                  |
| <b>At 30 June 2015</b>          | <b>169,182</b>            | <b>1,278,241</b>                | <b>7,192,730</b>            | <b>99,583</b>   | <b>-</b>                          | <b>8,739,736</b> |
| <b>At 31 December 2014</b>      | <b>3,322</b>              | <b>1,409,726</b>                | <b>2,881,821</b>            | <b>110,349</b>  | <b>2,034,185</b>                  | <b>6,439,403</b> |
| <b>Carrying amounts</b>         |                           |                                 |                             |                 |                                   |                  |
| <b>At 1 January 2015</b>        | <b>3,322</b>              | <b>1,409,726</b>                | <b>2,881,821</b>            | <b>110,349</b>  | <b>2,034,185</b>                  | <b>6,439,403</b> |
| Additions                       | 170,591                   | -                               | 12,522                      | -               | 1,945,167                         | 2,128,280        |
| Depreciation expenses           | (8,922)                   | (227,726)                       | (81,824)                    | (18,287)        | -                                 | (336,759)        |
| Exchange differences            | 4,191                     | 96,241                          | 305,983                     | 7,522           | 94,875                            | 508,812          |
| Transfers                       | -                         | -                               | 4,074,228                   | -               | (4,074,228)                       | -                |
| <b>At 30 June 2015</b>          | <b>169,182</b>            | <b>1,278,241</b>                | <b>7,192,730</b>            | <b>99,583</b>   | <b>-</b>                          | <b>8,739,736</b> |

## 9. Intangible assets

Intangible assets include franchising rights and software and their movements are summarised as follows:

|                                     | Franchising<br>Rights<br>\$ | Software<br>\$  | Total<br>\$        |
|-------------------------------------|-----------------------------|-----------------|--------------------|
| <b>Gross carrying amount</b>        |                             |                 |                    |
| <b>Balance at 1 January 2016</b>    | <b>4,138,613</b>            | <b>71,352</b>   | <b>4,209,965</b>   |
| Currency translation differences    | (174,483)                   | (3,008)         | (177,491)          |
| <b>Balance at 30 June 2016</b>      | <b>3,964,130</b>            | <b>68,344</b>   | <b>4,032,474</b>   |
| <b>Amortisation and impairment</b>  |                             |                 |                    |
| <b>Balance at 1 January 2016</b>    | <b>(2,170,941)</b>          | <b>(71,352)</b> | <b>(2,242,293)</b> |
| Amortisation                        | (536,977)                   | -               | (536,977)          |
| Currency translation differences    | 108,146                     | 3,008           | 111,154            |
| <b>Balance at 30 June 2016</b>      | <b>(2,599,772)</b>          | <b>(68,344)</b> | <b>(2,668,116)</b> |
| <b>Carrying amount 30 June 2016</b> | <b>1,364,358</b>            | <b>-</b>        | <b>1,364,358</b>   |

|   | Franchising<br>Rights | Software        | Total              |
|---|-----------------------|-----------------|--------------------|
|   | \$                    | \$              | \$                 |
| <b>Gross carrying amount</b>            |                       |                 |                    |
| <b>Balance at 1 January 2015</b>        | <b>4,974,614</b>      | <b>67,397</b>   | <b>5,042,011</b>   |
| Termination of franchising right        | (1,141,782)           | -               | (1,141,782)        |
| Currency translation differences        | 305,781               | 3,955           | 309,736            |
| <b>Balance at 31 December 2015</b>      | <b>4,138,613</b>      | <b>71,352</b>   | <b>4,209,965</b>   |
| <b>Amortisation and impairment</b>      |                       |                 |                    |
| <b>Balance at 1 January 2015</b>        | <b>(867,690)</b>      | <b>(58,995)</b> | <b>(926,685)</b>   |
| Amortisation                            | (1,267,739)           | (9,029)         | (1,276,768)        |
| Currency translation differences        | (35,512)              | (3,328)         | (38,840)           |
| <b>Balance at 31 December 2015</b>      | <b>(2,170,941)</b>    | <b>(71,352)</b> | <b>(2,242,293)</b> |
| <b>Carrying amount 31 December 2015</b> | <b>1,967,672</b>      | <b>-</b>        | <b>1,967,672</b>   |

The cost of the acquisition of franchise rights are recognised as intangible assets and are amortised over the estimated useful life. The direct stores are amortised over a 3 year period.

## 10. Share capital

|                               | 6 months to<br>30-Jun-2016 |                   | Year to<br>31-Dec-2015 |                   |
|-------------------------------|----------------------------|-------------------|------------------------|-------------------|
|                               | Number of<br>shares        | Balance           | Number of<br>shares    | Balance           |
| Shares issued and fully paid: |                            |                   |                        |                   |
| Beginning of the period       | 471,738,000                | 12,495,825        | 471,738,000            | 12,495,825        |
| <b>End of the period</b>      | <b>471,738,000</b>         | <b>12,495,825</b> | <b>471,738,000</b>     | <b>12,495,825</b> |



## Sunbridge Group Limited and its Controlled Entities

Level 31, 120 Collins Street, Melbourne, Vic 3000

T: +613 9225 5077 F: +613 9225 5050

www.sunbridge.com.au

### 11. Inventories

Inventories consist of the following:

|   | 6 months to<br>30-Jun-2016 | Year to<br>31-Dec-2015 |
|---|----------------------------|------------------------|
|   | \$                         | \$                     |
| <b>Current</b>                          |                            |                        |
| <b>Inventory recognised at cost</b>     | 8,961,000                  | 8,705,207              |
| <b>Provision for stock obsolescence</b> | (324,033)                  | (299,799)              |
| <b>Net inventory</b>                    | <b>8,636,967</b>           | <b>8,405,408</b>       |

Inventories are valued at the lower of cost and net realisable value. Inventory includes various forms of clothing apparel items held for sale. Inventory has been determined to be valued at the lower of cost and net realisable value at reporting date.

Reconciliation of provision for stock obsolescence:

|  | 6 months to<br>30-Jun-2016 | Year to<br>31-Dec-2015 |
|--|----------------------------|------------------------|
|  | \$                         | \$                     |
| <b>Opening provision</b>                   | 299,799                    | -                      |
| <b>Provision arising during the period</b> | 38,051                     | 303,492                |
| <b>foreign exchange effect</b>             | (13,817)                   | (3,693)                |
| <b>Closing provision</b>                   | <b>324,033</b>             | <b>299,799</b>         |

### 12. Dividends

During the first six (6) months of 2016, no dividend payment was made to its equity shareholders (first six (6) months of 2015: nil).

### 13. Contingent liabilities

The Group has no contingent liabilities as at 30 June 2016.

### 14. Capital and leasing commitments

Direct store commitment

|                                 | 30-Jun-2016<br>\$ | 30-June-2015<br>\$ |
|---------------------------------|-------------------|--------------------|
| Direct store commitment         |                   |                    |
| - Not later than 12 months      | 221,974           | 175,474            |
| - Between 12 months and 5 years | 87,964            | 212,280            |
| - Greater than 5 years          | -                 | -                  |
| <b>Total</b>                    | <b>309,938</b>    | <b>387,754</b>     |

Direct store commitment consists of future contracted lease payment and monthly shopping mall store management fee.



## Sunbridge Group Limited and its Controlled Entities

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### Advertising commitments

The Consolidated Group has advertising commitments at 30 June 2016 as follow:

|                                 | 30-Jun-2016<br>\$ | 30-June-2015<br>\$ |
|---------------------------------|-------------------|--------------------|
| Advertising commitment          |                   |                    |
| - Not later than 12 months      | 2,011,283         | 113,343            |
| - Between 12 months and 5 years | -                 | -                  |
| - Greater than 5 years          | -                 | -                  |
| <b>Total</b>                    | <b>2,011,283</b>  | <b>113,343</b>     |

Advertising commitment relates to contracted future payment for advertising fee.

### 15. Fair value measurement

The Group does not hold any financial assets or liabilities carried at fair value as at 30 June 2016. All financial assets and liabilities are carried at amortised cost.

The carrying amounts of current receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities approximates the carrying amount as the impact of discounting is not significant.

### 16. Events after the reporting date

After the reporting date, no material events occurred which had a significant impact on our results of operations, financial position and net assets.

### 17. Related party transaction

During the period Mr Jiayin Xu (Director) advanced funds (\$23,000) to the company to meet certain operating and administrative expenses in Australia. The total outstanding at 30 June 2016 is \$550,000.

The transactions between the related parties are on normal commercial terms and conditions, no more favourable than to those to other parties unless otherwise stated.

# Directors' Declaration

In the opinion of the Directors of Sunbridge Group Limited:

- a. The consolidated financial statements and notes of Sunbridge Group Limited are in accordance with the *Corporations Act 2001*, including:
  - i. Giving a true and fair view of its financial position as at 30 June 2016 and of its performance for the half-year ended on that date; and
  - ii. Complying with Accounting Standard AASB 134 *Interim Financial Reporting*; and
- b. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:



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Director  
Benny Yubin Qiu

Dated on 30 August 2016

Level 1,  
67 Greenhill Rd  
Wayville SA 5034

Correspondence to:  
GPO Box 1270  
Adelaide SA 5001

T 61 8 8372 6666  
F 61 8 8372 6677  
E [info.sa@au.gt.com](mailto:info.sa@au.gt.com)  
W [www.grantthornton.com.au](http://www.grantthornton.com.au)

## **INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF SUNBRIDGE GROUP LIMITED**

We have reviewed the accompanying half-year financial report of Sunbridge Group Limited ("Company"), which comprises the consolidated financial statements being the statement of financial position as at 30 June 2016, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising other explanatory information and the directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

### **Directors' responsibility for the half-year financial report**

The directors of Sunbridge Group Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such controls as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

### **Auditor's responsibility**

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Sunbridge Group Limited consolidated entity's financial position as at 30 June 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Sunbridge Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Independence**

In conducting our review, we complied with the independence requirements of the Corporations Act 2001.

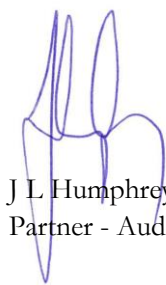
**Conclusion**

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Sunbridge Group Limited is not in accordance with the Corporations Act 2001, including:

- a giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



J L Humphrey  
Partner - Audit & Assurance

Adelaide, 30 August 2016