



SUNBRIDGE GROUP LIMITED

Sunbridge grows company-owned store network to 63

- Acquires 39 additional stores & outlets – up from 24 previously
- Significant geographic store expansion into new cities in Mainland China
- Total investment of \$3.45 million
- On track to achieve target of 70 self-owned stores & outlets by end of calendar 2014
- Increase in self-owned retail outlets will improve brand visibility and margins
- Sunbridge well placed with strong balance sheet and cash on hand of over \$35 million

Melbourne & Jinjiang, 01 December 2014: Sunbridge Group Ltd (ASX: SBB) (Sunbridge, the Company) is pleased to confirm that it has increased the number of self-owned stores and outlets in China from 24 to 63. This number is in line with the Company's stated goal of boosting the number of self-owned stores and outlets to 70 by the end of calendar 2014.

As well as acquiring new retail stores, a large number of Sunbridge's latest outlets are stand-alone retail displays strategically located within major department stores across China. This strategy has been executed to leverage off the exposure gained by having a presence in these department stores, and also to deliver the best return on the investment of capital through delivering higher sales revenue.

Sunbridge has made a total investment of circa \$3.45 million to secure these additional 39 stores and department store displays, which is less than the \$4 million budgeted. The investment is likely to increase this quarter as the company acquires additional standalone stores and displays from franchise owners and department stores. Sunbridge now has additional stores and displays in Shanghai, Chongqing, Jiangsu, Anhui, Sichuan, Henan, Jiangxi and Guangdong.

Sunbridge had a strong cash balance of \$35 million as at 30 September 2014, which has been driven by steady sales from the company's two brands, PANDIST and *Agueseadan*. This strong cash balance gives the company the increased financial flexibility to repay some short term debt facilities, continue to acquire franchise-owned stores and outlets, and construct new standalone retail stores. Sunbridge also continues its focus on managing overheads and lowering its cost base to maintain and strengthen margins.



Some of Sunbridge's self-owned retail outlets that are strategically located within major department stores in China



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Sunbridge's Managing Director Xu Jia Yin commented: "We continue to focus on increasing our company-owned store and sales network. Having 63 stores and outlets under direct ownership is not enough. We intend to grow this number further, firstly achieving our target of 70 store by the end of this calendar year, then planning for our next round of acquisitions."

"We are taking a measured and strategic approach to this program, and in the first instance, acquiring lower cost department store outlets so we preserve our strong cash position. Through this strategy, we intend to further enhance Sunbridge's profile as a leading distributor and retailer of men's fashion in the growing Chinese market."

"With a strong balance sheet and over \$35 million cash on hand, we now have the flexibility to pursue growth in a bold manner to further build on the success we have had with our brands in China so we can deliver maximum value for our shareholders."

Sunbridge expects to update shareholders on other growth initiatives in the coming weeks.

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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 "*A. gueseadan* 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.