

# 江南布衣<sup>+</sup>

JNBY DESIGN LIMITED (Stock Code: 03306)

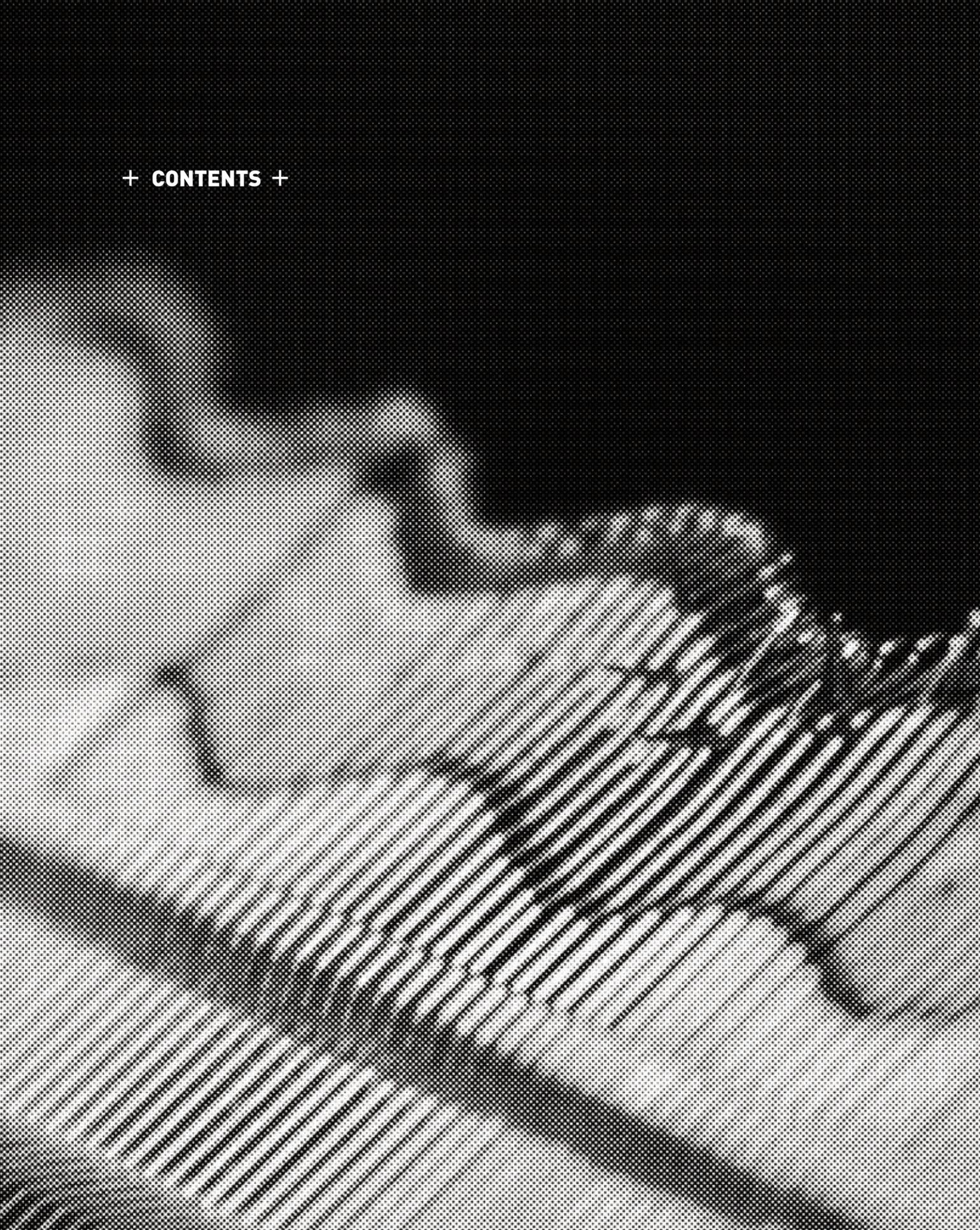
## 2019/20 INTERIM REPORT



This interim report is printed on environmental paper



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## COMPANY INTRODUCTION

### INFORMATION ON JNBY

We are a leading designer brand fashion house based in China. According to the information provided by CIC <sup>(Note)</sup>, in 2018, we ranked the first in the Chinese designer brand fashion industry in terms of total retail sales. We design, promote and sell contemporary apparel, footwear and accessories as well as household products. As at December 31, 2019, our brand portfolio comprises a number of brands in three stages— the Mature brand namely JNBY, three Younger brands, namely (i) CROQUIS (速寫), (ii) jnby by JNBY and (iii) less, as well as various Emerging brands, such as POMME DE TERRE (蓬馬) and JNBYHOME, each targeting at a distinct customer segment and having a uniquely defined design identity based on our Group’s universal brand philosophy — “Just Naturally Be Yourself”.

Our products target at middle- and upper-income customers who seek to express their individuality through fashionable products. Our broad range of product offering and brand portfolio create a lifestyle ecosystem that enables us to address our customers’ needs at different stages and scenarios of their lives, which in turn allows us to build a large, diversified and loyal customer base. We started our business in 1994 by selling women’s apparel. According to a survey conducted by CIC <sup>(Note)</sup>, our Mature brand, JNBY, is considered the most unique and recognizable women’s apparel designer brand in China, ranks the first in terms of brand awareness and enjoys the highest brand loyalty in terms of the number of customers with repeated purchases among top 10 women’s apparel designer brands in China. We expanded our brand portfolio between 2005 and 2011 to include CROQUIS (速寫), jnby by JNBY and less. During 2016–2019, we further launched various Emerging brands, such as POMME DE TERRE (蓬馬) and JNBYHOME, so that our product mixes could be more diversified and segmented and we could cover consumers of most age groups. Meanwhile, we have launched such new consumption scenarios as “Box Project” and “JNBY Group +” member collection stores to provide consumers with more value-added services.

Taking into account our customers’ purchasing patterns and information needs, we have established an omni-channel interactive platform comprising physical retail stores, online platforms and WeChat-based social media interactive marketing service platform, with each component playing a critical role in attracting fans and transforming our potential fans into loyal fans. We aim to build up a “JNBY Fans Economy” strategy, which is based on a community of fans whose purchases are driven by their affinity to the lifestyle we aim to promote.

Note: China Insights Consultancy Limited, the industry consultant

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

**EXECUTIVE DIRECTORS** Mr. Wu Jian (*Chairman*)  
Ms. Li Lin  
Ms. Wu Huating

**NON-EXECUTIVE DIRECTOR** Mr. Wei Zhe

**INDEPENDENT  
NON-EXECUTIVE DIRECTORS** Mr. Lam Yiu Por  
Ms. Han Min  
Mr. Hu Huanxin

### BOARD COMMITTEES

**AUDIT COMMITTEE** Mr. Lam Yiu Por (*Chairman*)  
Ms. Han Min  
Mr. Hu Huanxin

**REMUNERATION COMMITTEE** Mr. Hu Huanxin (*Chairman*)  
Mr. Wu Jian  
Mr. Lam Yiu Por

**NOMINATION COMMITTEE** Mr. Wu Jian (*Chairman*)  
Mr. Hu Huanxin  
Ms. Han Min

**JOINT COMPANY  
SECRETARIES** Ms. Wang Minyuan  
Ms. Ng Sau Mei (FCIS, FCS)

**AUTHORIZED  
REPRESENTATIVES** Mr. Wu Jian  
Ms. Ng Sau Mei

**REGISTERED OFFICE** Cricket Square, Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

**HEADQUARTERS** 3/F, Blue Ocean Times Building  
No. 39 Yile Road, Xihu District  
Hangzhou, Zhejiang Province  
PRC

### PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 709, 7/F, Lippo Sun Plaza  
28 Canton Road  
Tsim Sha Tsui  
Kowloon  
Hong Kong

### AUDITOR

PricewaterhouseCoopers  
Certified Public Accountants  
22/F Prince's Building  
Central  
Hong Kong

### THE CAYMAN ISLANDS PRINCIPAL REGISTRAR AND TRANSFER OFFICE

Codan Trust Company  
(Cayman) Limited  
Cricket Square, Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

### HONG KONG SHARE REGISTRAR

Tricor Investor Services Limited  
Level 54, Hopewell Centre  
183 Queen's Road East  
Hong Kong

### PRINCIPAL BANKS

Bank of Hangzhou,  
Guanxiangkou Branch  
Huaxia Bank, Heping Branch

### COMPANY'S WEBSITE

<http://www.jnbygroup.com/>

### STOCK CODE

3306

### LISTING DATE

October 31, 2016

## FINANCIAL SUMMARY

For the six months ended December 31,	2019 RMB'000	2018 RMB'000	Increase %
Financial summary			
Revenue	<b>2,135,468</b>	2,027,349	5.3%
Gross profit	<b>1,334,671</b>	1,244,197	7.3%
Operating profit	<b>599,308</b>	525,038	14.1%
Net profit	<b>429,884</b>	380,874	12.9%
Net cash flows generated from operating activities	<b>653,679</b>	372,751	75.4%
Basic earnings per share (RMB)	<b>0.84</b>	0.74	
Diluted earnings per share (RMB)	<b>0.84</b>	0.74	
Financial Ratios			
Gross profit margin	<b>62.5%</b>	61.4%	
Operating profit ratio	<b>28.1%</b>	25.9%	
Net profit margin	<b>20.1%</b>	18.8%	

	As of December 31, 2019	As of December 31, 2018
Liquidity Ratios		
Trade receivables turnover days	<b>14.5</b>	13.7
Trade and bills payables turnover days	<b>53.6</b>	58.1
Capital Ratios		
Debt to assets ratio <sup>(1)</sup>	<b>47.1%</b>	43.0%

Note 1: Debt to assets ratio = Total liabilities/Total assets

## MANAGEMENT DISCUSSION AND ANALYSIS

### REVENUE

We derive our revenue primarily from sales of our products to distributors and to end-customers in our self-operated stores and through online channels. Our revenue is stated net of sales rebate, sales returns and value added taxes.

The total revenue for the six months ended December 31, 2019 amounted to RMB2,135.5 million, an increase of 5.3% or RMB108.2 million as compared with RMB2,027.3 million for the six months ended December 31, 2018. The increase in the revenue was mainly attributable to the upgrading of the Group's retail network and the continuous growth of our revenue from online channels.

Certain brands recorded unsatisfactory performance due to overall weather conditions, and the total number of our standalone retail stores around the world decreased from 2,018 as of June 30, 2019 to 1,993 as of December 31, 2019.

Including points of sale abroad, our sales network has covered all provinces, autonomous regions and municipalities in Mainland China and across 26 other countries and regions around the world. The tables below set forth the information on the number of our standalone retail stores around the world by different brands and the number and geographic distribution of those standalone retail stores by sales channels, respectively:

Number of our standalone retail stores around the world by different brands		As of December 31, 2019	As of June 30, 2019
Mature Brand	JNBY	932	884
	Subtotal	932	884
Younger Brands	CROQUIS (速寫)	332	338
	jnby by JNBY	480	514
	less	196	186
	Subtotal	1,008	1,038
Emerging Brands	POMME DE TERRE (蓬馬)	40	59
	JNBYHOME	—	—
	SAMO	2	10
	REVERB	7	23
	LASU MIN SOLA	2	4
	A PERSONAL NOTE 73	2	—
	Subtotal	53	96
<b>Total</b>		<b>1,993</b>	<b>2,018</b>

Number and geographic distribution of our standalone retail stores by sales channels		As of December 31, 2019	As of June 30, 2019
<b>Mainland China</b>			
	Self-operated stores	568	574
	Distributor-operated stores	1,380	1,397
<b>Hong Kong, Taiwan region and other overseas countries and regions</b>			
	Self-operated stores	3	4
	Distributor-operated stores	42	43
<b>Total</b>		<b>1,993</b>	<b>2,018</b>



## SAME STORE SALES GROWTH OF OFFLINE SHOPS

Same store sales growth rate was 0.5% for the first half of fiscal year 2020, the slowdown was mainly due to the slower growth in the number of our members and the relatively stable inventory sharing allocation scale.

- (1) As of December 31, 2019, we had over 3.9 million membership accounts (without duplication) (as of June 30, 2019: over 3.6 million), including more than 3.5 million subscribers (without duplication) on our WeChat platform (as of June 30, 2019: over 3.1 million). For the first half of fiscal year 2020, the retail sales contributed by the members of the Group accounted for approximately 70% of our total retail sales.
- (2) The number of active members accounts of the Group (active members accounts are membership accounts associated with at least two purchases for a period of any 180 consecutive days within the last 12 months, without duplication) increased from over 390,000 as of 2018 to over 470,000 for 2019, and the number of WeChat active members accounts (WeChat active members accounts are active members subscribed to our WeChat platform, without duplication) increased from over 370,000 for 2018 to over 450,000 for 2019.
- (3) The number of membership accounts with annual purchases totaling over RMB5,000 in 2019 increased from over 180,000 for 2018 to over 210,000 for 2019, thereby contributing retail sales amounting to RMB2.50 billion (2018: RMB2.17 billion), accounting for over 40% of total retail sales from offline channels, among these membership accounts, the number of subscribers on our WeChat platform with annual purchases totaling over RMB5,000 in 2019 increased from over 170,000 for 2018 to over 200,000 for 2019. Driven by our social media omni-channel interactive platform, especially on WeChat, the loyalty of our fans maintained stable growth.
- (4) The incremental retail sales generated by the inventory sharing and allocation system was RMB412.0 million in the first half of fiscal year 2020 (the first half of fiscal year 2019: RMB402.2 million).

## REVENUE BY BRANDS

The following table sets forth a breakdown of our revenue by brands, each expressed in the absolute amount and as a percentage to our total revenue, for the half-years indicated:

	For the six months ended December 31,					
	2019		2018		Increase	
	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)
Mature Brand:						
JNBY	1,218,416	57.1%	1,155,890	57.0%	62,526	5.4%
Subtotal	1,218,416	57.1%	1,155,890	57.0%	62,526	5.4%
Younger Brands:						
CROQUIS (速寫)	376,329	17.6%	402,050	19.8%	(25,721)	(6.4%)
jnby by JNBY	329,701	15.4%	285,071	14.1%	44,630	15.7%
less	161,767	7.6%	150,827	7.4%	10,940	7.3%
Subtotal	867,797	40.6%	837,948	41.3%	29,849	3.6%
Emerging Brands:						
POMME DE TERRE (蓬馬)	27,001	1.3%	23,969	1.3%	3,032	12.6%
JNBYHOME	6,998	0.3%	4,944	0.2%	2,054	41.5%
SAMO	3,747	0.2%	1,913	0.1%	1,834	95.9%
REVERB	7,341	0.3%	2,555	0.1%	4,786	187.3%
A PERSONAL						
NOTE 73	2,034	0.1%	—	—	2,034	N/A
Others	2,134	0.1%	130	0.0%	2,004	1541.5%
Subtotal	49,255	2.3%	33,511	1.7%	15,744	47.0%
Total revenue	2,135,468	100.0%	2,027,349	100.0%	108,119	5.3%

For the first half of fiscal year 2020, despite challenging terminal retail sales due to overall weather conditions, the revenue of the Group has still shown an increasing trend. Revenue generated from the Group's Mature brand with a history over 20 years, JNBY brand, continued to grow, representing an increase of 5.4% or RMB62.5 million. For the Younger brands portfolio, it consists of brands which were successively launched from 2005 to 2011, namely CROQUIS (速寫), jnby by JNBY and less. Revenue generated from Younger brands portfolio maintained growth, with a total growth rate reached 3.6%. For Emerging brands portfolio, it consists of various new brands, such as POMME DE TERRE (蓬馬) and JNBYHOME. Revenue from Emerging brands portfolio totaling of RMB49.3 million were recorded, showing an aggregate of 2.3% to the total revenue. A stable increasing trend in such percentage is recorded.

## REVENUE BY SALES CHANNELS

We sell our products through an extensive network of offline retail stores (consisting of self-operated stores and distributor-operated stores) and online channels. The following table sets out a breakdown of our revenue by sales channels, each expressed as an absolute amount and as a percentage of our total revenue, for the half-years indicated:

	For the six months ended December 31,					
	2019		2018		Increase	
	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)
Offline channels						
Self-operated stores <sup>(2)</sup>	850,223	39.9%	819,259	40.4%	30,964	3.8%
Distributor-operated stores <sup>(1)</sup>	1,010,868	47.3%	985,512	48.6%	25,356	2.6%
Online channels	271,537	12.7%	220,261	10.9%	51,276	23.3%
Other channels <sup>(2)</sup>	2,840	0.1%	2,317	0.1%	523	22.6%
Total revenue	2,135,468	100.0%	2,027,349	100.0%	108,119	5.3%

Notes:

- (1) Includes stores operated by overseas customers.
- (2) Includes revenue recorded by Box Project of RMB6.4 million.

In the first half of fiscal year 2020, absolute amounts of revenue generated from sales through our offline and online channels continued to increase as compared with that in the first half of fiscal year 2019. Benefiting from the increase in the number of people with high fashion sense consuming on each e-commerce platform, the in-season products retail sales through our online channels accounted for more than 20% of total online retail sales. Meanwhile, revenues generated from sales through our online channels, as a percentage of our total revenue, has increased from 10.9% for the first half of fiscal year 2019 to 12.7% for the first half of fiscal year 2020, represented a growth rate over 20%, which has driven the increase in the overall revenue of the Group.

## REVENUE BY GEOGRAPHICAL DISTRIBUTION

The following table sets forth a breakdown of our revenue by geographical distribution, each expressed in an absolute amount and as a percentage to our total revenue, for the half-years indicated:

	For the six months ended December 31,					
	2019		2018		Increase	
	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)
Mainland China	2,121,092	99.3%	2,009,728	99.1%	111,364	5.5%
Non-Mainland China <sup>(1)</sup>	14,376	0.7%	17,621	0.9%	(3,245)	(18.4%)
<b>Total revenue</b>	<b>2,135,468</b>	<b>100.0%</b>	<b>2,027,349</b>	<b>100.0%</b>	<b>108,119</b>	<b>5.3%</b>

Note:

(1) Hong Kong, Taiwan region and other overseas countries and regions.

In the first half of fiscal year 2020, the absolute amounts of revenue generated from sales in Mainland China areas continued to increase as compared with that in the first half of fiscal year 2019.

## GROSS PROFIT AND GROSS PROFIT MARGIN

The Group's gross profit increased by 7.3% from RMB1,244.2 million for the first half of fiscal year 2019 to RMB1,334.7 million for the first half of fiscal year 2020, which was primarily attributable to slight increase of the Group's overall gross profit margin as well as growth of revenue from online channels.

The Group's overall gross profit margin increased from 61.4% for the first half of fiscal year 2019 to 62.5% for the first half of fiscal year 2020, which was mainly attributed to higher gross profit margin of distribution channels.

	For the six months ended December 31,									
	2019		Gross profit		2018		Gross profit		Increase	
	Gross Profit	Percentage	Gross profit margin	Gross Profit	Percentage	Gross profit margin	Gross Profit	Percentage	Gross Profit	Percentage
	RMB'000	(%)	(%)	RMB'000	(%)	(%)	RMB'000	(%)	RMB'000	(%)
<b>Offline channels</b>	<b>1,171,256</b>	<b>87.7%</b>	<b>62.9%</b>	<b>1,108,454</b>	<b>89.1%</b>	<b>61.4%</b>	<b>62,802</b>	<b>5.7%</b>		
Self-operated stores	605,598	45.4%	71.2%	593,220	47.7%	72.4%	12,378	2.1%		
Distributor-operated stores	565,658	42.3%	56.0%	515,234	41.4%	52.3%	50,424	9.8%		
<b>Online channels</b>	<b>161,126</b>	<b>12.1%</b>	<b>59.3%</b>	<b>133,917</b>	<b>10.8%</b>	<b>60.8%</b>	<b>27,209</b>	<b>20.3%</b>		
<b>Other channels</b>	<b>2,289</b>	<b>0.2%</b>	<b>80.6%</b>	<b>1,826</b>	<b>0.1%</b>	<b>78.8%</b>	<b>463</b>	<b>25.4%</b>		
<b>Total</b>	<b>1,334,671</b>	<b>100.0%</b>	<b>62.5%</b>	<b>1,244,197</b>	<b>100.0%</b>	<b>61.4%</b>	<b>90,474</b>	<b>7.3%</b>		

## SELLING AND MARKETING EXPENSES AND ADMINISTRATIVE EXPENSES

In the first half of fiscal year 2020, selling and marketing expenses were RMB642.3 million (the first half of fiscal year 2019: RMB604.7 million), which primarily consist of: (i) the operating lease rental related to the leasing of self-operated stores and offices; (ii) our concession fees payable to department stores; (iii) our service outsourcing expenses; and (iv) our employee benefit expenses. In percentage terms, the selling and marketing expenses accounted for 30.1% of our revenue in the first half of fiscal year 2020 (the first half of fiscal year 2019: 29.8%), the slight increase in the expenses as compared to the first half of fiscal year 2019 mainly attributable to slower same store sales growth rate. The administrative expenses for the first half of fiscal year 2020 were RMB144.3 million (the first half of fiscal year 2019: RMB158.9 million) which, among others, primarily consist of: (i) employee benefit expenses, including emoluments of the directors of the Company (the "Directors"); (ii) product development outsourcing fees; and (iii) professional service expenses. In percentage terms, administrative expenses accounted for 6.8% of our revenue in the first half of fiscal year 2020 (the first half of fiscal year 2019: 7.8%), representing a decrease in the expenses related to design and research and development as compared with that for the corresponding period of the previous year.

## FINANCE INCOME, NET

The Group's net finance income for the first half of fiscal year 2020 was net income of RMB0.1 million (the first half of fiscal year 2019: net income of net financial income of RMB9.4 million). The decrease in net financial income was mainly due to the impact of reclassification as a result of the implementation of HKFRS 16 "Leases".

## PROFIT AND NET PROFIT MARGIN, NET

Due to the above-mentioned factors, net profit for the first half of fiscal year 2020 was RMB429.9 million, representing an increase of 12.9% or RMB49.0 million as compared with RMB380.9 million for the first half of fiscal year 2019. Net profit margin increased from 18.8% for the first half of fiscal year 2019 to 20.1% for the first half of fiscal year 2020.

## CAPITAL EXPENDITURE

The Group's capital expenditure mainly consists of payments for construction of our logistic base, property, plant and equipment, intangible assets and decoration of our self-operated stores. The Company's capital expenditure for the first half of fiscal year 2020 was RMB85.7 million (the first half of fiscal year 2019: RMB87.7 million).

## PROFIT BEFORE INCOME TAX

The Group's profit before income tax increased by 12.1%, from RMB534.5 million for the first half of fiscal year 2019 to RMB599.4 million for the first half of fiscal year 2020. The increase in the profit before income tax was mainly due to the increase in the Group's operating profit.

## FINANCIAL POSITION

The Group generally finances its operations with internally generated cash flows and banking facilities provided by the banks.

As of December 31, 2019, the Group's cash and cash equivalents were RMB410.6 million (June 30, 2019: RMB216.5 million), of which 86.8% was denominated in RMB, 3.0% in US dollars and 10.2% in other currencies. Net cash inflow from operating activities in the first half of fiscal year 2020 was RMB653.7 million, an increase of 75.3% as compared with RMB372.8 million in the first half of fiscal year 2019.

As at 31 December, 2019, our short-term bank loans amounted to RMB90.0 million, representing (i) our short-term loans of RMB40.0 million borrowed from Bank of Hangzhou on November 7, 2019 at a rate of 3.1% per annum, and (ii) our short-term loans of RMB50.0 million borrowed from Bank of Ningbo on December 10, 2019 at a rate of 2.95% per annum. The above short-term borrowings were utilized to supplement the Group's funds and enhance the usage efficiency of our own funds.

## SIGNIFICANT INVESTMENT EVENT

### SUBSCRIPTION OF FINANCIAL PRODUCTS

On November 6, 2019, JNBY Finery Co., Ltd. ("JNBY Finery"), a subsidiary of the Company, subscribed for the short-term financial products of Bank of Hangzhou with a principal of RMB40,000,000. The subscription mentioned above does not constitute a notifiable transaction of the Company.

On December 20, 2019, JNBY Finery subscribed for the short-term financial products of Hua Xia Bank with a principal of RMB30,000,000. The subscription mentioned above does not constitute a notifiable transaction of the Company.

On November 25, 2019, JNBY Finery subscribed for the short-term financial products of China Merchants Bank with a principal of RMB40,000,000. The subscription mentioned above does not constitute a notifiable transaction of the Company.

## EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

The Group operated mainly in the PRC with most of its transactions settled in RMB. As a result, the Board considered that the Group's exposure to the fluctuations of the exchange rate was insignificant and did not resort to any financial instrument to hedge the currency risks.

## HUMAN RESOURCES

The number of the Group's employees decreased to 1,183 as of December 31, 2019 (June 30, 2019: 1,267). The total staff costs for the first half of fiscal year 2020 (including basic salaries and allowances, social security insurance, discretionary bonuses and share-based compensation expenses) were RMB132.5 million (first half of fiscal year 2019: RMB124.1 million), representing 6.2% of our revenue (first half of fiscal year 2019: 6.1%).

## PLEDGE OF ASSETS

As at December 31, 2019, the Group did not have any secured bank borrowings.

## CONTINGENT LIABILITIES

As at December 31, 2019, the Group did not have any material contingent liabilities.

## OUTLOOK

With the slowdown of the China's economy in recent years, the growth in consumption also decelerated, which has posed a greater challenge to the apparel industry. Meanwhile, there is a rapid increase in the number of people who pursue distinguished lifestyles. Consumers are increasingly craving for products that can represent their personality. Therefore, the segment of designer brands still has tremendous potential. As consumers become younger, their demand for personalized and fashionable products continues to increase, the designer brand market is becoming more and more segmented and its competition is intensifying as well.

As the leading designer brand fashion group in China, benefiting from the diversified brand portfolio matrix and sound operation management, we remain full confidence towards our future. We will continue to maintain and strengthen our position as a leading designer brand fashion house based in China, and we are committed to pursuing the following strategies thus to nurture the JNBY lifestyle ecosystem we advocate:

- To constantly attract and cultivate new JNBY fans through brand portfolios optimization and by further enhancement of design innovation and R&D capabilities;
- Adopting internet thinking and technology to further enhance our domestic and foreign retail network, to increase our strategic investments in store vision and image development, to optimize our omni-channel interactive platform and supply chain management capability, as well as to be capable to establish an appropriate scaled operation in each sub-segment;
- To enhance fans experience by persisting fans economy strategy as the core, encouraging retail operational innovation, to continue in creating and providing scenarios for value-added services and customer touchpoints to our fans.

## USE OF PROCEEDS FROM LISTING

The Company's net proceeds from listing were approximately HK\$684.0 million (equivalent to approximately RMB596.6 million), after deduction of underwriting fees and related expenses. As of December 31, 2019, the proceeds amounting to a total of RMB541.4 million have been used. These proceeds shown as following have been used for the purposes as stated in the prospectus (the "**Prospectus**") of the Company dated October 19, 2016.

Item	The planned use of proceeds (RMB million)	As at	For the	As at
		December 31, 2019	six months ended	December 31, 2019
		The actual used amount (RMB million)	The actual used amount (RMB million)	December 31, 2019 Proceeds amount (RMB million)
To strengthen our omni-channel interactive platform	167.4	167.4	—	—
To expand our product offering and brand portfolio	179.3	124.1	16.5	55.2
To establish a new logistics center	220.1	220.1	—	—
For general purposes	29.8	29.8	—	—
<b>Total</b>	<b>596.6</b>	<b>541.4</b>	<b>16.5</b>	<b>55.2</b>

As at December 31, 2019, the balance of proceeds of approximately RMB55.2 million would continue to be used for the purposes as stated in the Prospectus. It is also expected to be fully utilised within next 18 months. Taking into account that the Company has no material acquisition plan currently, a degree of uncertainties will be involved in the actual useful life of certain of our proceeds from our listing.

## INTERIM DIVIDEND

The Board did not declare any interim dividend for the six months ended December 31, 2019.

## CORPORATE GOVERNANCE PRACTICES

### CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining a high standard of corporate governance to safeguard the interests of its shareholders and enhance its value and accountability. The Company has adopted the Corporate Governance Code and Corporate Governance Report (the “**CG Code**”) contained in Appendix 14 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) as its own corporate governance code.

The Company has complied with all applicable code provisions under the CG Code during the six months ended December 31, 2019. The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

### MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuer (the “**Model Code**”) set out in Appendix 10 of the Listing Rules as the code of conduct regarding Directors’ securities transactions. Specific enquiry has been made to all the Directors and each of the Directors has confirmed that he/she has complied with the required standards as set out in the Model Code during the six months ended December 31, 2019.

### PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the six months ended December 31, 2019, save as the trustee of the RSU Scheme purchased a total of 300,000 shares of the Company with approximately HK\$3.4 million at the Stock Exchange pursuant to rules of the RSU Scheme and terms of the trust in order to grant shares to selected participants, none of the Company or any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities.

### AUDIT COMMITTEE

The Board has established an audit committee (the “**Audit Committee**”), which comprised three independent non-executive Directors, namely Mr. Lam Yiu Por (Chairman), Ms. Han Min and Mr. Hu Huanxin. The primary duties of the Audit Committee are to review and supervise the financial reporting procedures and internal control of the Company.

The Audit Committee, together with the senior management and the external auditors of the Company, has reviewed the Group’s unaudited condensed interim results for the six months ended December 31, 2019.

### CHANGES OF INFORMATION IN RELATION TO THE DIRECTORS

There was no change to any information in relation to any Director required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules from the date of 2018/19 Annual Report and up to the date of this Interim Report.

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at December 31, 2019, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Name of Directors	Nature of Interests	Number of Shares	Percentage of Shareholding in the Company (%)	Long Position/Short Position/Lending Pool
Mr. Wu Jian <sup>(1)</sup>	Founder of a discretionary trust; Beneficiary of a trust; Spouse interest	318,881,000	61.47	Long position
Ms. Li Lin <sup>(2)</sup>	Founder of a discretionary trust; Beneficiary of a trust; Spouse interest	318,881,000	61.47	Long position
Ms. Wu Huating <sup>(3)</sup>	Beneficial owner; Beneficiary of a trust	10,020,000	1.93	Long position

### Notes:

- (1) Ahead Global Holdings Limited, a company indirectly wholly owned by the Wu Family Trust, directly holds the entire issued share capital of Ninth Capital Limited which in turn holds 152,100,000 shares of the Company. The Wu Family Trust is a discretionary trust established by Mr. Wu Jian (as the settlor), and its discretionary beneficiaries include Mr. Wu Jian, Ms. Li Lin, their children and the W&L Trust. The W&L Trust is a discretionary trust established by Mr. Wu Jian and Ms. Li Lin (both as the settlors), and its discretionary beneficiaries are Mr. Wu Jian, Ms. Li Lin and their children. Ms. Li Lin is beneficially interested in the entire issued share capital of Ninth Investment Limited which in turn holds 154,781,000 shares of the Company. Pursuant to the Li Personal Trust, the Li Personal Trust Nominee holds 12,000,000 shares as the nominee of The Core Trust Company Limited. The Li Personal Trust Nominee is wholly owned by The Core Trust Company Limited in his capacity as the nominee of the Li Personal Trust, and Ms. Li Lin is the settlor of the Li Personal Trust. Accordingly, Mr. Wu Jian was deemed to be interested in the 152,100,000 shares, 154,781,000 shares and 12,000,000 shares held by Ninth Capital Limited, Ninth Investment Limited and the Li Personal Trust Nominee, respectively. Pursuant to the SFO, Mr. Wu Jian, as the spouse of Ms. Li Lin, was deemed to be interested in the same number of shares in which Ms. Li Lin is interested.
- (2) Puheng Limited, a company indirectly wholly owned by the Li Family Trust, directly holds the entire issued share capital of Ninth Investment Limited which in turn holds 154,781,000 shares of the Company. The Li Family Trust is a discretionary trust established by Ms. Li Lin (as the settlor), and its discretionary beneficiaries include Ms. Li Lin, Mr. Wu Jian, their children and the W&L Trust. The W&L Trust is a discretionary trust established by Mr. Wu Jian and Ms. Li Lin (both as the settlors), and its discretionary beneficiaries are Mr. Wu Jian, Ms. Li Lin and their children. Pursuant to the Li Personal Trust, the Li Personal Trust Nominee holds 12,000,000 shares as the nominee of The Core Trust Company Limited. The Li Personal Trust Nominee is wholly owned by The Core Trust Company Limited in his capacity as the nominee of the Li Personal Trust, and Ms. Li Lin is the settlor of the Li Personal Trust. Mr. Wu Jian is beneficially interested in the entire issued share capital of Ninth Capital Limited which in turn holds 152,100,000 shares of the Company. Accordingly, Ms. Li Lin was deemed to be interested in the 154,781,000 shares, 12,000,000 shares and 152,100,000 shares held by Ninth Investment Limited, the Li Personal Trust Nominee and Ninth Capital Limited, respectively. Pursuant to the SFO, Ms. Li Lin, as the spouse of Mr. Wu Jian, was deemed to be interested in the same number of shares in which Mr. Wu Jian is interested.
- (3) Ms. Wu Huating is interested in (i) 20,000 shares of the Company held by her and (ii) restricted share units ("RSUs") representing 10,000,000 shares of the Company that were granted to her pursuant to the RSU Scheme, which are subject to the vesting schedule and performance targets or review.

Save as disclosed above, as at December 31, 2019, none of the Directors or the chief executive of the Company had or was deemed to have any interest or short position in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or required to be recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at December 31, 2019, as far as the Directors are aware, the following persons (other than the Directors and chief executives of the Company) had interests or short positions in the shares or underlying shares of the Company which were required to be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, and which were required to be entered in the register maintained by the Company pursuant to Section 336 of the SFO:

Name of Shareholders	Nature of Interests	Number of Shares	Percentage of Shareholding in the Company [%]	Long Position/ Short Position/ Lending Pool
Credit Suisse Trust Limited <sup>(1), (2)</sup>	Trustee	306,881,000	59.16	Long position
Ahead Global Holdings Limited <sup>(1)</sup>	Interest in a controlled corporation	152,100,000	29.32	Long position
Li Family Limited <sup>(2)</sup>	Interest in a controlled corporation	154,781,000	29.84	Long position
Ninth Capital Limited <sup>(1)</sup>	Beneficial owner	152,100,000	29.32	Long position
Ninth Investment Limited <sup>(2)</sup>	Beneficial owner	154,781,000	29.84	Long position
Puheng Limited <sup>(2)</sup>	Interest in a controlled corporation	154,781,000	29.84	Long position
Seletar Limited <sup>(1), (2)</sup>	Nominee for another person	306,881,000	59.16	Long position
Serangoon Limited <sup>(1), (2)</sup>	Nominee for another person	306,881,000	59.16	Long position
Wu Family Limited <sup>(1)</sup>	Interest in a controlled corporation	152,100,000	29.32	Long position
TCT (BVI) Limited <sup>(3)</sup>	Trustee	26,012,500	5.01	Long position
The Core Trust Company Limited <sup>(3)</sup>	Trustee	26,012,500	5.01	Long position

Notes:

(1) As at the date of this Interim Report, to the best knowledge of the Directors, Ninth Capital Limited holds 152,100,000 shares of the Company, representing approximately 29.32% of the issued shares of the Company. Credit Suisse Trust Limited, as the trustee of the Wu Family Trust, holds the entire issued share capital of Wu Family Limited through its nominee companies Seletar Limited and Serangoon Limited. Wu Family Limited holds the entire issued share capital of Ahead Global Holdings Limited which in turn holds the entire issued share capital of Ninth Capital Limited. Ninth Capital Limited holds 152,100,000 shares of the Company. The Wu Family Trust is a discretionary trust established by Mr. Wu Jian (as the settlor), and its discretionary beneficiaries are Mr. Wu Jian, Ms. Li Lin, their children and the W&L Trust. The W&L Trust is a discretionary trust established by Mr. Wu Jian and Ms. Li Lin (both as settlors), and its discretionary beneficiaries are Mr. Wu Jian, Ms. Li Lin and their children. Accordingly, each of Mr. Wu Jian, Credit Suisse Trust Limited, Seletar Limited, Serangoon Limited, Wu Family Limited and Ahead Global Holdings Limited is deemed to be interested in the 152,100,000 shares of the Company held by Ninth Capital Limited.

(2) As at the date of this Interim Report, to the best knowledge of the Directors, Ninth Investment Limited holds 154,781,000 shares of the Company, representing approximately 29.84% of the issued shares of the Company. Credit Suisse Trust Limited, as the trustee of the Li Family Trust, holds the entire issued share capital of Li Family Limited through its nominee companies Seletar Limited and Serangoon Limited. Li Family Limited holds the entire issued share capital of Puheng Limited, which in turn holds the entire issued share capital of Ninth Investment Limited. Ninth Investment Limited holds 154,781,000 shares of the Company. The Li Family Trust is a discretionary trust established by Ms. Li Lin (as the settlor), and its discretionary beneficiaries are Ms. Li Lin, Mr. Wu Jian, their children and the W&L Trust. The W&L Trust is a discretionary trust established by Mr. Wu Jian and Ms. Li Lin (both as settlors), and its discretionary beneficiaries are Mr. Wu Jian, Ms. Li Lin and their children. Accordingly, each of Ms. Li Lin, Credit Suisse Trust Limited, Seletar Limited, Serangoon Limited, Li Family Limited and Puheng Limited is deemed to be interested in the 154,781,000 shares of the Company held by Ninth Investment Limited.

(3) TCT (BVI) Limited is the wholly-owned subsidiary of The Core Trust Company Limited. Such 26,012,500 shares represent the same batch of shares.

Save as disclosed above, as at December 31, 2019, the Directors were not aware of any persons (who were not Directors or chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

## DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this Interim Report, at no time during the six months ended December 31, 2019 was the Company or its subsidiaries a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

## RESTRICTED SHARE UNIT SCHEME

We have adopted the RSU Scheme in order to incentivize senior management, designers and key employees for their contribution to our Group and to attract and retain suitable personnel to enhance the development of our Group. The total number of shares under the RSU Scheme does not exceed 40,000,000 shares and is valid for a period to June 30, 2029, with the remaining period of about 9 years and 3 months. The RSU Scheme was approved and adopted by the Board on May 16, 2014, and amended on February 3, 2018, May 14, 2018 and May 8, 2019, a summary of principal terms of which is set out in "Statutory and General Information — D. Share Incentive Scheme — 1. RSU Scheme" in Appendix IV of the Prospectus, and the Company's announcements dated February 3, 2018, May 14, 2018 and May 8, 2019.

## OUTSTANDING RSUs

Prior to the Company's shares listed on the Main Board of the Stock Exchange, RSUs in respect of an aggregate of 11,776,040 shares of the Company, representing approximately 2.27% of the issued shares of the Company as at December 31, 2019, had been granted to 89 RSU participants pursuant to the RSU Scheme. We have appointed The Core Trust Company Limited as the trustee to assist with the administration and vesting of RSUs granted pursuant to the RSU Scheme.

There are eleven vesting schedules under the RSU Scheme: (i) the RSU participants shall vest as to 20%, 20%, 30% and 30% prior to August 31, 2015, 2016, 2017 and 2018, respectively; (ii) the RSU participants shall vest as to 25%, 25%, 25% and 25% prior to August 31, 2016, 2017, 2018 and 2019, respectively; (iii) the RSU participants shall vest as to 25%, 25%, 25% and 25% prior to August 31, 2017, 2018, 2019 and 2020, respectively; (iv) the RSU participants shall vest as to 20%, 20%, 30% and 30% prior to August 31, 2017, 2018, 2019 and 2020, respectively; (v) the RSU participants shall vest as to 25%, 25%, 25% and 25% prior to August 31, 2018, 2019, 2020 and 2021; (vi) the RSU participants shall vest as to 20%, 20%, 20%, 20% and 20% prior to August 31, 2019, 2020, 2021, 2022 and 2023, respectively; (vii) the RSU participants shall vest as to 25%, 25%, 25% and 25% prior to August 31, 2020, 2021, 2022 and 2023, respectively; (viii) the RSU participants shall vest as to 1/3, 1/3 and 1/3 prior to August 31, 2021, 2022 and 2023, respectively; (ix) the RSU participants shall vest as to 20%, 20%, 20%, 20% and 20% prior to August 31, 2020, 2021, 2022, 2023 and 2024, respectively; (x) the RSU participants shall vest as to 50% and 50% prior to August 31, 2020 and 2021, respectively; and (xi) the RSU participants shall vest as to 15.6%, 21.1%, 21.1%, 21.1% and 21.1% prior to August 31, 2020, 2021, 2022, 2023 and 2024, respectively. Unless the Company shall otherwise determine and so notify the RSU participants in writing, the RSU participants shall vest following their respective vesting schedules described above.

During the six months ended December 31, 2019, 3,247,500 RSUs have been granted, 1,163,125 RSUs have been forfeited and cancelled. As at December 31, 2019, there were a total of 31,623,122 RSUs outstanding.

The following is a summary table showing details of the RSUs granted under the RSU Scheme as at December 31, 2019. As of December 31, 2019, a total of 11,875,000 RSUs, representing 11,875,000 shares, were granted to the connected persons of the Company, among which 10,000,000 RSUs were granted to a Director.

Shares Represented by RSUs	Date of Grant	As at	For the six months ended December 31, 2019				As at
		July 1, 2019 Outstanding	Granted	Exercised	Lapsed	Forfeited	December 31, 2019 Outstanding
9,764,560	June 30, 2014	7,010,241	—	147,500	—	25,000	<b>6,837,741</b>
711,480	November 20, 2014	406	—	400	—	—	<b>6</b>
10,000	March 9, 2015	2,500	—	—	—	—	<b>2,500</b>
280,000	September 10, 2015	70,000	—	56,500	—	—	<b>13,500</b>
50,000	November 23, 2015	50,000	—	—	—	3,125	<b>46,875</b>
500,000	December 7, 2015	300,000	—	—	—	—	<b>300,000</b>
80,000	December 15, 2016	40,000	—	—	—	—	<b>40,000</b>
680,000	February 25, 2017	605,000	—	—	—	15,000	<b>590,000</b>
30,000	August 29, 2017	22,500	—	7,500	—	—	<b>15,000</b>
15,000,000	February 3, 2018	10,350,000	—	120,000	—	440,000	<b>9,790,000</b>
1,240,000	May 14, 2018	1,240,000	—	—	—	680,000	<b>560,000</b>
180,000	August 28, 2018	180,000	—	—	—	—	<b>180,000</b>
10,000,000	May 8, 2019	10,000,000	—	—	—	—	<b>10,000,000</b>
492,500	July 9, 2019	—	492,500	—	—	—	<b>492,500</b>
2,755,000	October 17, 2019	—	2,755,000	—	—	—	<b>2,755,000</b>
<b>Total</b>		<b>29,870,647</b>	<b>3,247,500</b>	<b>331,900</b>	<b>—</b>	<b>1,163,125</b>	<b>31,623,122</b>

## Notes:

- (1) On October 17, 2019, the Board resolved to adjust the exercise price of the RSUs that were granted on May 8, 2019 from HK\$15.34 per share to HK\$11.60 per share.
- (2) The closing price of the shares immediately before the date on which the RSUs were granted on July 9, 2019 was HK\$14.08.
- (3) The closing price of the shares immediately before the date on which the RSUs were granted on October 17, 2019 was HK\$11.60.

The weighted average closing price of the shares immediately before the dates on which the RSUs were exercised during the six months ended December 31, 2019 was approximately HK\$10.8.

## EXPECTED RETENTION RATE OF GRANTEEES

The Group estimates the expected yearly percentage of grantees that will stay within the Group at the end of vesting periods of RSUs in order to determine the amount of share-based compensation expenses charged to the condensed consolidated statement of comprehensive income.



## REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

**TO THE BOARD OF DIRECTORS OF JNBY Design Limited**  
(incorporated in the Cayman Islands with limited liability)

### INTRODUCTION

We have reviewed the interim financial information set out on pages 19 to 38, which comprises the interim condensed consolidated balance sheet of JNBY Design Limited (the "Company") and its subsidiaries (together, the "Group") as at 31 December 2019 and the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, 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 Hong Kong Standards on Auditing 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.

### CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

**PricewaterhouseCoopers**  
Certified Public Accountants

Hong Kong, 25 February 2020

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 December 2019

	Note	Unaudited Six months ended 31 December	
		2019 RMB'000	2018 RMB'000
Revenue	7	2,135,468	2,027,349
Cost of sales	8	(800,797)	(783,152)
<b>Gross profit</b>		<b>1,334,671</b>	<b>1,244,197</b>
Selling and marketing expenses	8	(642,279)	(604,741)
Administrative expenses	8	(144,337)	(158,865)
Other income and gains, net	9	51,253	44,447
<b>Operating profit</b>		<b>599,308</b>	<b>525,038</b>
Finance income, net	10	71	9,442
<b>Profit before income tax</b>		<b>599,379</b>	<b>534,480</b>
Income tax expense	11	(169,495)	(153,606)
<b>Profit for the period</b>		<b>429,884</b>	<b>380,874</b>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Currency translation differences		1,448	10,701
<b>Total comprehensive income for the period</b>		<b>431,332</b>	<b>391,575</b>
<b>Profit attributable to:</b>			
Shareholders of the Company		429,886	380,874
Non-controlling interests		(2)	—
		<b>429,884</b>	<b>380,874</b>
<b>Total comprehensive income attributable to:</b>			
Shareholders of the Company		431,334	391,575
Non-controlling interests		(2)	—
		<b>431,332</b>	<b>391,575</b>
<b>Earnings per share (expressed in RMB per share)</b>			
— Basic	12	0.84	0.74
— Diluted	12	0.84	0.74

The notes on pages 23 to 38 form an integral part of this condensed consolidated interim financial information.

## CONDENSED CONSOLIDATED BALANCE SHEET

As at 31 December 2019

	Note	Unaudited 31 December 2019 RMB'000	Audited 30 June 2019 RMB'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	14	325,772	279,298
Right-of-use assets	15	273,025	—
Land use right		—	26,079
Intangible assets	16	12,965	11,611
Prepayments, deposits and other receivables	20	7,263	10,223
Deferred income tax assets	17	162,771	128,298
<b>Total non-current assets</b>		<b>781,796</b>	<b>455,509</b>
<b>Current assets</b>			
Inventories	18	908,056	859,739
Trade receivables	19	229,616	115,431
Prepayments, deposits and other receivables	20	242,263	287,559
Amounts due from related parties	32(b)	3,544	6,980
Financial assets at fair value through profit or loss ("FVPL")	21	110,416	—
Term deposits with initial term over 3 months	22	385,462	341,324
Restricted cash	23	210	1,945
Cash and cash equivalents	23	410,580	216,465
<b>Total current assets</b>		<b>2,290,147</b>	<b>1,829,443</b>
<b>Total assets</b>		<b>3,071,943</b>	<b>2,284,952</b>
<b>EQUITY</b>			
<b>Equity attributable to shareholders of the Company</b>			
Share capital	24	4,622	4,622
Share premium	24	665,520	657,376
Shares held for restricted share units ("RSU") scheme	24	(80,254)	(78,646)
Other reserves	25	186,080	183,130
Retained earnings		849,315	644,599
Equity attributable to shareholders of the Company		1,625,283	1,411,081
Non-controlling interests		(7)	(5)
<b>Total equity</b>		<b>1,625,276</b>	<b>1,411,076</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities	30	91,116	—
Deferred income tax liabilities	17	17,267	13,105
<b>Total non-current liabilities</b>		<b>108,383</b>	<b>13,105</b>
<b>Current liabilities</b>			
Trade and bills payables	27	274,761	201,788
Lease liabilities	30	141,084	—
Contract liabilities	28	220,960	289,990
Accruals and other current liabilities	28	500,117	355,003
Amounts due to related parties	32(b)	17,376	9,097
Borrowings	29	90,000	—
Current income tax liabilities		93,986	4,893
<b>Total current liabilities</b>		<b>1,338,284</b>	<b>860,771</b>
<b>Total liabilities</b>		<b>1,446,667</b>	<b>873,876</b>
<b>Total equity and liabilities</b>		<b>3,071,943</b>	<b>2,284,952</b>

The notes on pages 23 to 38 form an integral part of this condensed consolidated interim financial information.

Wu Jian  
Director

Li Lin  
Director

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2019

	Note	Unaudited							
		Attributable to shareholders of the Company						Non-controlling interests RMB'000	Total equity RMB'000
		Share capital RMB'000	Share premium RMB'000	Shares held for RSU scheme RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total RMB'000		
<b>Balance at 1 July 2018</b>		4,622	647,739	(30,623)	153,631	512,510	1,287,879	—	1,287,879
<b>Comprehensive income</b>									
Profit for the period		—	—	—	—	380,874	380,874	—	380,874
<b>Other comprehensive income</b>									
Currency translation differences	25	—	—	—	10,701	—	10,701	—	10,701
<b>Total comprehensive income</b>		—	—	—	10,701	380,874	391,575	—	391,575
<b>Transactions with shareholders</b>									
Non-controlling interest on capital injection to a subsidiary		—	—	—	—	—	—	2	2
Profit appropriations to statutory reserves	25	—	—	—	9,839	(9,839)	—	—	—
Share-based compensation	26	—	—	—	9,623	—	9,623	—	9,623
Purchase ordinary shares for RSU scheme	24	—	—	(44,236)	—	—	(44,236)	—	(44,236)
Vest and transfer of RSUs	25	—	9,637	25	(9,662)	—	—	—	—
Dividend	13	—	—	—	—	(199,070)	(199,070)	—	(199,070)
<b>Total transactions with Shareholders</b>		—	9,637	(44,211)	9,800	(208,909)	(233,683)	2	(233,681)
<b>Balance at 31 December 2018</b>		4,622	657,376	(74,834)	174,132	684,475	1,445,771	2	1,445,773

	Note	Unaudited							
		Attributable to shareholders of the Company						Non-controlling interests RMB'000	Total equity RMB'000
		Share capital RMB'000	Share premium RMB'000	Shares held for RSU scheme RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total RMB'000		
<b>Balance at 1 July 2019</b>		4,622	657,376	(78,646)	183,130	644,599	1,411,081	(5)	1,411,076
Change in accounting policy	4	—	—	—	—	(5,035)	(5,035)	—	(5,035)
<b>Adjusted balance as at 1 July 2019</b>		4,622	657,376	(78,646)	183,130	639,564	1,406,046	(5)	1,406,041
<b>Comprehensive income</b>									
Profit for the period		—	—	—	—	429,886	429,886	(2)	429,884
<b>Other comprehensive income</b>									
Currency translation differences	25	—	—	—	1,448	—	1,448	—	1,448
<b>Total comprehensive income</b>		—	—	—	1,448	429,886	431,334	(2)	431,332
<b>Transactions with shareholders</b>									
Profit appropriations to statutory reserves	25	—	—	—	580	(580)	—	—	—
Liquidation of a subsidiary		—	—	—	(243)	243	—	—	—
Share-based compensation	26	—	—	—	9,841	—	9,841	—	9,841
Purchase ordinary shares for RSU scheme	24	—	—	(3,075)	—	—	(3,075)	—	(3,075)
Vest and transfer of RSUs	25	—	8,144	1,467	(8,676)	—	935	—	935
Dividend	13	—	—	—	—	(219,798)	(219,798)	—	(219,798)
<b>Total transactions with Shareholders</b>		—	8,144	(1,608)	1,502	(220,135)	(212,097)	—	(212,097)
<b>Balance at 31 December 2019</b>		4,622	665,520	(80,254)	186,080	849,315	1,625,283	(7)	1,625,276

The notes on pages 23 to 38 form an integral part of this condensed consolidated interim financial information.

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2019

	Note	Unaudited	
		Six months ended 31 December	
		2019 RMB'000	2018 RMB'000
<b>Cash flows from operating activities</b>			
Cash generated from operations		<b>762,714</b>	452,250
Income tax paid		<b>(109,035)</b>	(79,499)
<b>Net cash generated from operating activities</b>		<b>653,679</b>	372,751
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		<b>(83,552)</b>	(84,334)
Purchase of intangible assets		<b>(2,122)</b>	(3,319)
Proceeds from disposals of property, plant and equipment		<b>421</b>	603
Investment income received from financial products issued by commercial banks		<b>—</b>	571
Interest received		<b>8,922</b>	12,621
Payment of term deposits with initial term over 3 months		<b>(726,603)</b>	(817,174)
Payment of financial products issued by commercial banks		<b>(110,000)</b>	(40,000)
Proceeds from disposal of term deposits with initial term over 3 months		<b>687,966</b>	785,576
Proceeds from disposal of financial products issued by commercial banks		<b>—</b>	50,000
Others		<b>—</b>	(7,575)
<b>Net cash used in investing activities</b>		<b>(224,968)</b>	(103,031)
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		<b>126,997</b>	—
Repayments of borrowings		<b>(40,000)</b>	—
Dividends paid	13	<b>(219,798)</b>	(199,070)
Proceeds from capital injection of non-controlling interests		<b>—</b>	2
Payment for repurchase of treasury shares		<b>(3,075)</b>	(44,236)
Repayments of lease liabilities		<b>(99,550)</b>	—
<b>Net cash used in financing activities</b>		<b>(235,426)</b>	(243,304)
<b>Net increase in cash and cash equivalents</b>		<b>193,285</b>	26,416
Cash and cash equivalents at beginning of the period	23	<b>216,465</b>	333,405
Exchange gains on cash and cash equivalents		<b>830</b>	2,523
<b>Cash and cash equivalents at end of the period</b>	23	<b>410,580</b>	362,344

The notes on pages 23 to 38 form an integral part of this condensed consolidated interim financial information.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 1. GENERAL INFORMATION

JNBY Design Limited (the “**Company**”) was incorporated in the Cayman Islands on 26 November 2012 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company’s registered office is Cricket Square, Hutchins Drive P.O. Box, 2681, Grand Cayman KY1-1111, Cayman Islands. Pursuant to the resolution passed by the board of directors on 8 June 2016, the Company changed its name from Croquis Investment Limited to the present one.

The Company and its subsidiaries (collectively, the “**Group**”) are primarily engaged in the design, marketing and sales of fashion apparel, accessory products and household goods in the People’s Republic of China (the “**PRC**”) and overseas.

The Company completed its initial public offering and listed its shares on the Main Board of The Stock Exchange of Hong Kong Limited on 31 October 2016 (the “**Listing**”).

This condensed consolidated interim financial information is presented in Renminbi (“**RMB**”), unless otherwise stated. This condensed consolidated interim financial information was approved by the board of directors of the Company for issue on 25 February 2020.

This condensed consolidated interim financial information has not been audited.

### 2. BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 31 December 2019 has been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34, ‘Interim financial reporting’. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 30 June 2019 as set out in the annual report dated 27 August 2019, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”).

### 3. ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual financial statements for the year ended 30 June 2019 as described in those annual financial statements except that income tax is accrued using the tax rate that would be applicable to expected total annual earnings and the adoption of new and amended standards as set out below.

- (i) The following new standards and amendments to standards and interpretations are effective for annual periods beginning 1 July 2019.
  - HKFRS 16 “Leases”
  - HK(IFRIC)-Int 23 “Uncertainty over Income Tax Treatments”
  - Amendments to HKFRS 9 “Prepayment Features with Negative Compensation”
  - Amendments to HKAS 28 “Long-term Interests in Associates and Joint Ventures”
  - Annual Improvements to HKFRS Standards 2015–2017 Cycle
  - Amendments to HKAS 19 “Plan Amendment, Curtailment or Settlement”

The impact of the adoption of HKFRS 16 “Leases” is disclosed in Note 4 below. Apart from HKFRS 16 as mentioned above, there are no other new standards or amendments to standards that are effective for the first time for this interim period that could be expected to have a material impact on the Group.

- (ii) The following new standards and amendments to standards and interpretations have been issued but are not effective for the interim period beginning 1 July 2019 and have not been early adopted by the Group.

	Effective Date
Amendments to HKAS 1 and HKAS 8 “Definition of Material”	1 January 2020
Amendments to HKFRS 3 “Definition of a Business”	1 January 2020
Revised Conceptual framework for Financial Reporting	1 January 2020
HKFRS 17 “Insurance Contracts”	1 January 2021

All these new standards and amendments are effective in the financial year beginning on or after 1 July 2020. The Group is in the process of making an assessment of the impact of these new standards and amendments and would not expect material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

## 4. CHANGES IN ACCOUNTING POLICIES

This note explains the impact of the adoption of HKFRS 16, "Leases" on the Group's condensed consolidated interim financial information and also discloses the new accounting policies that have been applied from 1 July 2019.

The Group has adopted HKFRS 16 retrospectively from 1 July 2019, but has not restated comparatives for the prior year, as permitted under the specific transition provisions in the standard. The reclassifications and adjustments arising from the new leasing rules are therefore recognised in the opening condensed consolidated balance sheet on 1 July 2019.

### (i) Adjustments recognised on adoption of HKFRS 16

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of HKAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 July 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 was between 5.23% and 5.39%.

	2019 RMB'000
Operating lease commitments disclosed as at 30 June 2019	448,312
Less: Leases committed but not yet commenced as at 1 July 2019	(172,454)
Opening lease commitments of leases commenced as at 1 July 2019	275,858
Discounted using the lessee's incremental borrowing rate at the date of initial application	267,573
Less: short-term leases not recognised as a liability	(24,138)
<b>Lease liability recognised as at 1 July 2019</b>	<b>243,435</b>
Of which are:	
Current lease liabilities	160,679
Non-current lease liabilities	82,756
	<b>243,435</b>

The associated right-of-use assets were measured on a retrospective basis as if the new rules had always been applied, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated balance sheet as at 30 June 2019.

The recognised right-of-use assets related to the following types of assets:

	31 December 2019 RMB'000	1 July 2019 RMB'000
Retail shops and offices	247,225	251,218
Land use right	25,800	26,079
<b>Total right-of-use assets</b>	<b>273,025</b>	<b>277,297</b>

The change in accounting policy affected the following items in the consolidated balance sheet on 1 July 2019:

	30 June 2019 As originally presented RMB'000	HKFRS 16 RMB'000	1 July 2019 Restated RMB'000
<b>Non-current assets</b>			
Right-of-use assets	—	277,297	277,297
Land use right	26,079	(26,079)	—
Deferred income tax assets	128,298	1,678	129,976
<b>Current assets</b>			
Prepayments, deposits and other assets	287,559	(18,241)	269,318
<b>Non-current liabilities</b>			
Lease liabilities	—	82,756	82,756
<b>Current liabilities</b>			
Accruals and other current liabilities	355,003	(3,745)	351,258
Lease liabilities	—	160,679	160,679
<b>Equity</b>			
Retained earnings	644,599	(5,035)	639,564

### Practical expedients applied

In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- reliance on previous assessments on whether leases are onerous;
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 July 2019 as short-term leases;

## 4. CHANGES IN ACCOUNTING POLICIES (continued)

### (i) Adjustments recognised on adoption of HKFRS 16 (continued)

#### *Practical expedients applied (continued)*

- the exclusion of initial direct costs for the measurement of the right-of-use assets at the date of initial application; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date, the Group relied on its assessment made applying HKAS 17.

### (ii) The Group's leasing activities and how these are accounted for

The Group leases various offices and retail stores. Rental contracts are typically made for fixed periods. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Before adoption of HKFRS 16, leases of premises were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease. Payments made under operating leases were presented as cash flows used in operating activities.

From 1 July 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liabilities and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Cash payments for the lease liabilities were classified as cash flows used in financing activities. Short-term lease payments, payments for leases of low-value assets and variable lease payments that are not included in the measurement of the lease liabilities were presented within operating activities.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;

- variable lease payments that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets consist of rented premises for stores and offices and land use right.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Critical judgements in determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

## 5. ESTIMATES

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation were the same as those that applied to the consolidated financial statements for the year ended 30 June 2019.

## 6. FINANCIAL RISK MANAGEMENT

### 6.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The condensed consolidated interim financial information do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 30 June 2019.

There have been no changes in the risk management policies since 30 June 2019.

### 6.2 Fair value estimation

Financial instruments are carried at fair value by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's assets that are measured at fair value as at 31 December 2019.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets at FVPL — financial products of commercial banks	—	110,416	—	110,416

As at 31 December 2019 and 30 June 2019, the Group has no liabilities that are measured at fair value.

The fair values of the following financial assets and liabilities approximate their carrying amount:

- Deposits and other receivables
- Trade receivables
- Amounts due from related parties
- Term deposits with initial term over 3 months
- Restricted cash
- Cash and cash equivalents
- Trade and bills payables
- Accruals and other current liabilities
- Amounts due to related parties
- Lease liabilities

## 7. SEGMENT INFORMATION

The Group operates as three operating segments. The operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (the "CODM"), the executive directors.

Management has determined the operating segments based on the information reviewed by the CODM for the purposes of allocating resources and assessing performance. The CODM consider the business from product perspective.

The CODM consider the operating segments as follows: mature brand representing JNBY, younger brands portfolio representing CROQUIS (速寫), jnby by JNBY, and less, and emerging brands representing POMME DE TERRE (蓬馬), JNBYHOME, etc.

Management assesses the performance of the operating segments based on operating profit.

	Six months ended 31 December 2019			
	Mature brand RMB'000	Younger brands RMB'000	Emerging brands RMB'000	Total RMB'000
Revenue				
Mainland China	1,207,416	864,436	49,240	2,121,092
Hong Kong, Taiwan region and other overseas countries and regions	11,000	3,361	15	14,376
Revenue from external customers	1,218,416	867,797	49,255	2,135,468
Segment gross profit	766,327	547,852	20,492	1,334,671
Segment operating profit/(loss)	461,927	273,496	(28,281)	707,142
Unallocated selling and marketing expenses and administrative expenses				(159,087)
Other income and gains, net				51,253
Total operating profit				599,308

	Six months ended 31 December 2018			
	Mature brand RMB'000	Younger brands RMB'000	Emerging brands RMB'000	Total RMB'000
Revenue				
Mainland China	1,144,818	831,505	33,405	2,009,728
Hong Kong, Taiwan region and other overseas countries and regions	11,072	6,443	106	17,621
Revenue from external customers	1,155,890	837,948	33,511	2,027,349
Segment gross profit	706,604	521,288	16,305	1,244,197
Segment operating profit/(loss)	420,981	269,967	(16,353)	674,595
Unallocated selling and marketing expenses and administrative expenses				(194,004)
Other income and gains, net				44,447
Total operating profit				525,038

## 8. EXPENSES BY NATURE

	Six months ended 31 December	
	2019 RMB'000	2018 RMB'000
Cost of inventories sold	<b>735,186</b>	717,450
Expenses relating to short-term leases and variable lease payments	<b>166,760</b>	—
Workforce contracting expenses	<b>164,646</b>	149,911
Employee benefit expenses (including share-based compensation expenses)	<b>132,540</b>	124,145
Depreciation and amortisation (Notes 14, 15 & 16)	<b>126,312</b>	19,748
— Right-of-use assets	<b>93,173</b>	—
— Property, plant and equipment	<b>32,371</b>	18,625
— Intangible assets	<b>768</b>	607
— Land use right	—	516
Promotion and marketing expenses	<b>80,534</b>	78,832
Provision for inventories (Note 18)	<b>49,062</b>	49,739
Utilities charges and office expenses	<b>25,570</b>	24,559
Transportation and warehouse expenses	<b>21,271</b>	33,538
Commission expenses to online platforms	<b>21,025</b>	19,252
Taxes and other surcharges	<b>17,097</b>	15,963
Consumables and service fee for apparel design	<b>16,622</b>	24,844
Entertainment and travelling expenses	<b>9,716</b>	13,110
Other professional service expenses	<b>9,623</b>	11,197
Auditors' remuneration	<b>1,200</b>	1,282
Provision for impairment of trade receivables	<b>922</b>	7,755
Operating lease rental	—	135,644
Concession fees payable to department stores	—	110,824
Others	<b>9,327</b>	8,965
Total cost of sales, selling and marketing expenses and administrative expenses	<b>1,587,413</b>	1,546,758

## 9. OTHER INCOME AND GAINS, NET

	Six months ended 31 December	
	2019 RMB'000	2018 RMB'000
Government grants	<b>50,098</b>	36,384
Reversal of provision in association with idle land	—	6,915
Foreign exchange gains	<b>295</b>	91
Investment income	<b>416</b>	571
Losses on disposal of property, plant and equipment	<b>(104)</b>	(31)
Others	<b>548</b>	517
	<b>51,253</b>	44,447

## 10. FINANCE INCOME AND COSTS

	Six months ended 31 December	
	2019 RMB'000	2018 RMB'000
<b>Finance income</b>		
Interest income on cash and cash equivalents, restricted cash and term deposits with initial term over 3 months	<b>8,941</b>	8,958
Net foreign exchange gains on financial assets	<b>1,460</b>	484
	<b>10,401</b>	9,442
<b>Finance costs</b>		
Discount charges of bills receivables	<b>(3,003)</b>	—
Interest on lease liabilities	<b>(7,327)</b>	—
	<b>(10,330)</b>	—
<b>Finance income — net</b>	<b>71</b>	9,442

## 11. INCOME TAX EXPENSE

The Group is not subject to taxation in the Cayman Islands. Hong Kong profits tax has been provided for at a rate of 16.5% (2018: 16.5%) for the period on the estimated assessable profits arising in or derived from Hong Kong. The companies established and operated in the PRC are subject to PRC Enterprise Income Tax ("EIT") at a rate of 25% (2018: 25%) whilst certain subsidiaries of the Company established and operated in the PRC are entitled to a preferential income tax rate as qualified Small and Thin-profit Enterprise.

	Six months ended 31 December	
	2019 RMB'000	2018 RMB'000
Current income tax expense		
— Enterprise income tax expense	<b>186,128</b>	162,469
Deferred income tax expense (Note 17)	<b>(16,633)</b>	(8,863)
	<b>169,495</b>	153,606

Income tax expense is recognised based on management's estimate of weighted average annual income tax rate expected for the full financial year. The estimated effective tax rate used for the Group is 28.3% (six months ended 31 December 2018: 28.7%).

## 12. EARNINGS PER SHARE

### (a) Basic

Basic earnings per share is calculated by dividing the profit attributable to the shareholders of the Company by the weighted average number of ordinary shares in issue excluding shares held under the RSU scheme in issue during each interim period.

	Six months ended 31 December	
	2019 RMB'000	2018 RMB'000
Profit attributable to shareholders of the Company	<b>429,886</b>	380,874
Weighted average number of ordinary shares in issue excluding shares held under the RSU scheme in issue (thousands of shares)	<b>510,825</b>	511,691
Basic earnings per share (expressed in RMB per share)	<b>0.84</b>	0.74

### (b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

The Company has one category of dilutive potential ordinary shares, which is the RSUs granted to employees. The restricted share units are assumed to have been fully vested and released from restrictions with no significant impact on earnings.

	Six months ended 31 December	
	2019 RMB'000	2018 RMB'000
Profit attributable to shareholders of the Company	<b>429,886</b>	380,874
Weighted average number of ordinary shares in issue excluding shares held under the RSU scheme in issue (thousands of shares)	<b>510,825</b>	511,691
Adjustments for share based compensation — RSUs (thousands of shares)	<b>2,595</b>	6,350
Weighted average number of ordinary shares for the calculation of diluted EPS (thousands of shares)	<b>513,420</b>	518,041
Diluted earnings per share (expressed in RMB per share)	<b>0.84</b>	0.74

## 13. DIVIDENDS

Pursuant to the shareholders' resolution on 17 September 2019, a dividend of RMB219,798,000 relating to the year ended 30 June 2019 was paid during the six months ended 31 December 2019 (six months ended 31 December 2018: RMB199,070,000).

## 14. PROPERTY, PLANT AND EQUIPMENT

	Office equipment and others RMB'000	Machinery RMB'000	Motor vehicles RMB'000	Leasehold improvements RMB'000	Construction- in-progress RMB'000	Buildings of Logistics center RMB'000	Total RMB'000
<b>Six months ended 31 December 2019</b>							
Opening net book value as at 1 July 2019	17,716	28,742	1,410	38,584	493	192,353	279,298
Additions	5,808	31,022	—	16,027	17,037	9,476	79,370
Transfer from Construction-in-progress	—	—	—	493	(493)	—	—
Depreciation	(2,634)	(2,018)	(154)	(23,094)	—	(4,471)	(32,371)
Disposals	(448)	(51)	(26)	—	—	—	(525)
Closing net book value	20,442	57,695	1,230	32,010	17,037	197,358	325,772
<b>As at 31 December 2019</b>							
Cost	42,944	62,591	5,545	135,702	17,037	203,339	467,158
Accumulated depreciation	(22,502)	(4,896)	(4,315)	(103,692)	—	(5,981)	(141,386)
Net book value	20,442	57,695	1,230	32,010	17,037	197,358	325,772
<b>Six months ended 31 December 2018</b>							
Opening net book value as at 1 July 2018	9,631	9,918	1,595	28,795	91,579	—	141,518
Additions	3,921	1,296	122	28,878	61,245	—	95,462
Depreciation	(2,168)	(537)	(143)	(15,777)	—	—	(18,625)
Disposals	(156)	—	—	(478)	—	—	(634)
Closing net book value	11,228	10,677	1,574	41,418	152,824	—	217,721
<b>As at 31 December 2018</b>							
Cost	30,233	12,738	5,828	138,187	152,824	—	339,810
Accumulated depreciation	(19,005)	(2,061)	(4,254)	(96,769)	—	—	(122,089)
Net book value	11,228	10,677	1,574	41,418	152,824	—	217,721

## 15. RIGHT-OF-USE ASSETS

	Rented premises for stores and offices RMB'000	Land use right RMB'000	Total RMB'000
<b>Six months ended 31 December 2019</b>			
Opening net book value as at 1 July 2019 (Note 4)	251,218	26,079	277,297
Additions	107,706	—	107,706
Disposals	(18,805)	—	(18,805)
Depreciation and amortisation	(92,894)	(279)	(93,173)
Closing net book value as at 31 December 2019	247,225	25,800	273,025
<b>Six months ended 31 December 2018</b>			
Opening net book value as at 1 July 2018	—	48,322	48,322
Transfer to land for sale	—	(21,448)	(21,448)
Depreciation and amortisation	—	(516)	(516)
Closing net book value as at 31 December 2018	—	26,358	26,358

## 16. INTANGIBLE ASSETS

	Computer software RMB'000	Others RMB'000	Total RMB'000
<b>Six months ended 31 December 2019</b>			
Opening net book value as at 1 July 2019	11,539	72	11,611
Additions	2,122	—	2,122
Amortisation charge	(764)	(4)	(768)
Closing net book value as at 31 December 2019	12,897	68	12,965
<b>As at 31 December 2019</b>			
Cost	18,366	85	18,451
Accumulated amortisation	(5,469)	(17)	(5,486)
Net book value	12,897	68	12,965
<b>Six months ended 31 December 2018</b>			
Opening net book value as at 1 July 2018	8,725	81	8,806
Additions	3,319	—	3,319
Amortisation charge	(602)	(5)	(607)
Closing net book value as at 31 December 2018	11,442	76	11,518
<b>As at 31 December 2018</b>			
Cost	15,435	85	15,520
Accumulated amortisation	(3,993)	(9)	(4,002)
Net book value	11,442	76	11,518

## 17. DEFERRED INCOME TAX

The analysis of deferred income tax assets and deferred income tax liabilities is as follows:

	As at	
	31 December 2019 RMB'000	30 June 2019 RMB'000
Total deferred tax assets	<b>224,577</b>	128,298
Set-off of deferred tax assets pursuant to set-off provisions	<b>(61,806)</b>	—
Net deferred tax assets	<b>162,771</b>	128,298
Deferred income tax assets:		
— to be recovered after 12 months	<b>84,846</b>	74,685
— to be recovered within 12 months	<b>77,925</b>	53,613
	<b>162,771</b>	128,298
Total deferred tax liabilities	<b>79,073</b>	13,105
Set-off of deferred tax liabilities pursuant to set-off provisions	<b>(61,806)</b>	—
Net deferred tax liabilities	<b>17,267</b>	13,105
Deferred income tax liabilities:		
— to be settled within 12 months	<b>17,267</b>	13,105

The deferred tax assets and deferred tax liabilities relating to right-of-use assets and lease liabilities have been offset in the consolidated financial statements.

The gross movement of the deferred income tax assets is as follows:

	Six months ended 31 December	
	2019 RMB'000	2018 RMB'000
Opening balance as at 1 July (Note 4)	<b>129,976</b>	110,871
Credited in the consolidated statements of comprehensive income	<b>32,795</b>	24,563
Closing balance as at 31 December	<b>162,771</b>	135,434

The gross movement of the deferred income tax liabilities is as follows:

	Six months ended 31 December	
	2019 RMB'000	2018 RMB'000
Opening balance as at 1 July	<b>13,105</b>	10,541
Debited in the consolidated statements of comprehensive income	<b>16,162</b>	15,700
Settled within current tax liabilities	<b>(12,000)</b>	(7,000)
Closing balance as at 31 December	<b>17,267</b>	19,241

## 18. INVENTORIES

	As at	
	31 December 2019 RMB'000	30 June 2019 RMB'000
Finished goods	<b>1,094,780</b>	912,601
Raw materials	<b>37,083</b>	41,467
Commissioned processing materials	<b>108,874</b>	201,208
Less: provision	<b>(332,681)</b>	(295,537)
	<b>908,056</b>	859,739

Movements of provision for inventories are as follows:

	Six months ended 31 December	
	2019 RMB'000	2018 RMB'000
Opening balance as at 1 July	<b>295,537</b>	233,231
Addition of provision for inventories to net realisable value included in "cost of sales" (Note 8)	<b>49,062</b>	49,739
Release of provision upon sales of inventories written down in prior years	<b>(11,918)</b>	(28,531)
Closing balance as at 31 December	<b>332,681</b>	254,439

## 19. TRADE RECEIVABLES

	As at 31 December 2019 RMB'000	As at 30 June 2019 RMB'000
Trade receivables	<b>253,976</b>	141,416
Less: provision for impairment	<b>(24,360)</b>	(25,985)
	<b>229,616</b>	115,431

The trade receivables are mainly related to sales through retail stores within department stores and shopping malls, and are generally collectible within 45 to 90 days from the invoice date.

The ageing analysis of gross trade receivables based on invoice date at the respective balance sheet dates was as follows:

	As at 31 December 2019 RMB'000	As at 30 June 2019 RMB'000
Within 3 months	<b>221,904</b>	113,725
3 months to 6 months	<b>14,250</b>	7,466
6 months to 1 year	<b>2,644</b>	3,673
1 year to 2 years	<b>11,921</b>	12,384
more than 2 years	<b>3,257</b>	4,168
	<b>253,976</b>	141,416

## 20. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 31 December 2019 RMB'000	As at 30 June 2019 RMB'000
<b>Long-term prepayments</b>		
Long-term prepaid expenses	<b>7,263</b>	10,223
<b>Current assets</b>		
Deposits and other receivables	<b>101,626</b>	109,596
Right of goods return	<b>94,172</b>	45,264
Prepaid expenses	<b>18,552</b>	34,932
Prepayment to suppliers	<b>17,363</b>	75,214
Value added tax recoverable	<b>8,865</b>	20,954
Interest receivables	<b>1,591</b>	1,572
Staff advances	<b>94</b>	27
	<b>242,263</b>	287,559
	<b>249,526</b>	297,782

## 21. FINANCIAL ASSETS AT FVPL

	As at 31 December 2019 RMB'000	As at 30 June 2019 RMB'000
Financial assets at FVPL	<b>110,416</b>	—

The financial assets at FVPL represented RMB-denominated principal protected financial products of commercial banks with maturity period within 1 year. The fair value of the financial products of commercial banks approximated its carrying amount.

## 22. TERM DEPOSITS WITH INITIAL TERM OVER 3 MONTHS

	As at 31 December 2019 RMB'000	As at 30 June 2019 RMB'000
Term deposits	<b>385,462</b>	341,324

The effective interest rate for the term deposits of the Group with initial term over 3 months for the six months ended 31 December 2019 was 2.79% per annum (year ended 30 June 2019: 2.82%).

Term deposits with initial term over 3 months were neither past due nor impaired. The fair value of these term deposits with initial term over 3 months approximated its carrying amount.

## 23. CASH AND BANK BALANCE

	As at 31 December 2019 RMB'000	As at 30 June 2019 RMB'000
<b>Current</b>		
Cash and cash equivalents	<b>410,580</b>	216,465
Restricted cash	<b>210</b>	1,945
	<b>410,790</b>	218,410

## 24. SHARE CAPITAL, SHARE PREMIUM AND SHARES HELD FOR RSU SCHEME

	Number of shares authorised	Number of shares issued	Share capital RMB'000	Share premium RMB'000	Shares held for RSU scheme RMB'000	Subtotal RMB'000
As at 1 July 2019	<b>1,000,000,000</b>	<b>518,750,000</b>	<b>4,622</b>	<b>657,376</b>	<b>(78,646)</b>	<b>583,352</b>
Vest and transfer of RSU	—	—	—	<b>8,144</b>	<b>1,467</b>	<b>9,611</b>
Purchase of ordinary shares for RSU scheme (a)	—	—	—	—	<b>(3,075)</b>	<b>(3,075)</b>
As at 31 December 2019	<b>1,000,000,000</b>	<b>518,750,000</b>	<b>4,622</b>	<b>665,520</b>	<b>(80,254)</b>	<b>589,888</b>

	Number of shares authorised	Number of shares issued	Share capital RMB'000	Share premium RMB'000	Shares held for RSU scheme RMB'000	Subtotal RMB'000
As at 1 July 2018	1,000,000,000	518,750,000	4,622	647,739	(30,623)	621,738
Vest and transfer of RSU	—	—	—	9,637	25	9,662
Purchase of ordinary shares for RSU scheme (a)	—	—	—	—	(44,236)	(44,236)
As at 31 December 2018	1,000,000,000	518,750,000	4,622	657,376	(74,834)	587,164

- (a) During the period, the Group purchased 300,000 of its own shares through the trustee of the RSU scheme at a total consideration of HK\$3,432,000 (approximately RMB3,075,000). As at 31 December 2019, there were 6,604,000 shares (30 June 2019: approximately 6,424,000) held through the trustee of the RSU scheme.

## 25. OTHER RESERVES

	Statutory reserves	Share-based compensation reserve	Currency translation differences	Merger reserve(b)	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>As at 1 July 2019</b>	<b>154,678</b>	<b>24,562</b>	<b>5,489</b>	<b>(1,599)</b>	<b>183,130</b>
Appropriation to statutory reserves (a)	580	—	—	—	580
Liquidation of a subsidiary	(243)	—	—	—	(243)
Share based compensation (Note 26)	—	9,841	—	—	9,841
Currency translation differences	—	—	1,448	—	1,448
Vest and transfer of RSUs	—	(8,676)	—	—	(8,676)
<b>As at 31 December 2019</b>	<b>155,015</b>	<b>25,727</b>	<b>6,937</b>	<b>(1,599)</b>	<b>186,080</b>
<b>As at 1 July 2018</b>	143,909	19,632	(8,311)	(1,599)	153,631
Appropriation to statutory reserves (a)	9,839	—	—	—	9,839
Share based compensation (Note 26)	—	9,623	—	—	9,623
Currency translation differences	—	—	10,701	—	10,701
Vest and transfer of RSUs	—	(9,662)	—	—	(9,662)
<b>As at 31 December 2018</b>	<b>153,748</b>	<b>19,593</b>	<b>2,390</b>	<b>(1,599)</b>	<b>174,132</b>

- (a) In accordance with the respective articles of association and board resolutions, the subsidiaries of the Group incorporated in the PRC appropriate 10% of the annual net profits as determined under the PRC accounting standards, after offsetting any prior year losses, to the statutory surplus reserve fund before distributing any dividends. The statutory surplus reserve fund can be used to offset accumulated losses, if any, and may be converted into paid-in capital. For the six months ended 31 December 2019 and 2018, approximately RMB580,000 and RMB9,839,000 were appropriated to the statutory surplus reserve fund, respectively.
- (b) During the reorganisation of the Group prior to the IPO, the Group acquired the equity interests of certain Group entities from the controlling shareholders. The difference between the considerations paid and their net assets was recognised as merger reserve.

## 26. SHARE-BASED PAYMENTS

The Company adopted the RSU scheme, under which the board of directors may grant RSUs to any qualifying participants, subject to the terms and conditions stipulated therein.

Movements in the number of outstanding RSUs are as follows:

	Year ended 31 December 2019		Year ended 31 December 2018	
	Weighted average exercise price per RSU	Number of RSUs	Weighted average exercise price per RSU	Number of RSUs
Opening balance	HK\$9.29	23,441,887	HK\$6.66	20,962,442
Granted (a)	HK\$9.40	3,247,500	HK\$4.83	180,000
Forfeited (b)	HK\$8.38	(1,163,125)	—	—
Vested (c)	HK\$5.29	(2,729,762)	—	(3,164,595)
Ending balance	HK\$9.83	22,796,500	HK\$7.81	17,977,847
Exercised	HK\$3.15	331,900	—	862,500
Vested and exercisable at balance sheet date	HK\$1.64	8,826,622	—	6,844,710

The fair value of RSUs was calculated based on the fair value of underlying ordinary shares as at the grant date.

Before the Company consummated its IPO on the Main Board of The Stock Exchange of Hong Kong Limited, the directors used the discounted cash flow method to determine the fair value of the underlying equity of the Group and adopted equity allocation method to determine the fair value of the underlying ordinary share. Key assumptions, such as discount rate and projections of future performance, are required to be determined by the directors with best estimates.

Upon the consummation of the IPO, the fair value of the underlying ordinary shares was based on the closing price of shares immediately before the date on which the RSUs were granted.

## 26. SHARE-BASED PAYMENTS (continued)

- (a) During the six months ended 31 December 2019, 3,247,500 RSUs (six months ended 31 December 2018: 180,000 RSUs) were granted.
- (b) During the six months ended 31 December 2019, 1,163,125 RSUs (six months ended 31 December 2018: Nil) were forfeited as a result of termination of employment of the employees.
- (c) During the six months ended 31 December 2019, 2,729,762 RSUs (six months ended 31 December 2018: 3,164,595 RSUs) were vested.
- (d) The weighted average closing price of the shares immediately before the dates on which the RSUs were exercised during the six months ended 31 December 2019 was HK\$10.80 (six months ended 31 December 2018: HK\$13.40).
- (e) The Group is required to estimate the forfeiture rate in order to determine the amount of share-based compensation expenses charged to the consolidated statement of comprehensive income. As at 31 December 2019, the expected forfeiture rate was estimated at 3% (31 December 2018: 3%).
- (f) On 17 October 2019, the Board resolved to adjust the exercise price of the 10,000,000 RSUs granted to Ms. Wu Huating, an executive director of the Company and the Chief Executive Officer, from HK\$15.34 per share to HK\$11.60 per share. The Group has accounted for the incremental fair value from the date of modification until the date when the modified equity instruments vest. During the six months ended 31 December 2019, incremental fair value of RMB1,345,000 was recorded as share-based compensation expenses.

## 27. TRADE AND BILLS PAYABLES

	As at 31 December 2019 RMB'000	As at 30 June 2019 RMB'000
Trade payables	<b>274,590</b>	196,925
Bills payables	<b>171</b>	4,863
	<b>274,761</b>	201,788

Ageing analysis of trade payables based on date of goods received as at 31 December 2019 and 30 June 2019 was as follows:

	As at 31 December 2019 RMB'000	As at 30 June 2019 RMB'000
Within 6 months	<b>269,481</b>	192,654
6 months to 1 year	<b>3,454</b>	3,236
1 to 2 years	<b>1,156</b>	556
2 to 3 years	<b>499</b>	479
	<b>274,590</b>	196,925

## 28. CONTRACT LIABILITIES, ACCRUALS AND OTHER CURRENT LIABILITIES

	As at 31 December 2019 RMB'000	As at 30 June 2019 RMB'000
Advances from distributors	<b>201,170</b>	275,678
Customer loyalty programme	<b>19,790</b>	14,312
Contract liabilities	<b>220,960</b>	289,990
Provisions for sales returns	<b>218,750</b>	104,677
Payroll and welfare payables	<b>61,295</b>	86,150
Provisions for sales rebates	<b>57,597</b>	42,205
Distribution deposits (a)	<b>36,463</b>	37,013
Payables for property, plant and equipment	<b>35,040</b>	39,222
Value-added tax and other taxes payables	<b>33,266</b>	1,357
Workforce contracting payables	<b>32,655</b>	23,311
Rentals	<b>4,301</b>	4,478
Others	<b>20,750</b>	16,590
	<b>500,117</b>	355,003

## 28. CONTRACT LIABILITIES, ACCRUALS AND OTHER CURRENT LIABILITIES (continued)

- (a) Distribution deposits represent non-interest bearing deposits received from third-party distributors as a condition of engaging in business with the Group for distributing the Group's products in specific geographical areas. Such distribution deposits should be refunded to the distributors when the distribution relationship with the Group is terminated.

## 29. BORROWINGS

	As at 31 December 2019 RMB'000	As at 30 June 2019 RMB'000
Short-term borrowings	90,000	—

As at 31 December 2019, the bills receivables, amounting to RMB90,000,000, issued by one subsidiary to another of the Group for intra-group transaction settlement were discounted to commercial banks with recourse. The directors were of the view that balance under such factoring arrangements were borrowings from banks. As at 31 December 2019, the average discounted rate was 3.04% per annum.

## 30. LEASE LIABILITIES

	As at 31 December 2019 RMB'000	As at 30 June 2019 RMB'000
Total lease liabilities	232,200	—
Less: current portion	141,084	—
Non-current portion	91,116	—

The Group leases various retail shops, offices and land use right. The majority of lease liabilities are denominated in RMB.

## 31. COMMITMENTS

### (a) Capital commitments

As at 31 December 2019, the capital expenditure contracted but not provided for amounted to RMB25,631,000 (30 June 2019: RMB35,484,000).

### (b) Operating lease commitments

	As at 31 December 2019 RMB'000	As at 30 June 2019 RMB'000
No later than 1 year	29,894	208,957
Later than 1 year and no later than 5 years	—	230,517
Later than 5 years	—	8,838
	29,894	448,312

## 32. RELATED-PARTY TRANSACTIONS

The following persons/companies are related parties of the Group that had balances and/or transactions with the Group for all the periods presented.

Name	Relationship with the Group
Wu Jian	One of the controlling shareholders
Li Ming	Former director of the Company
Hangzhou Huikang Industrial Co., Ltd.	Controlled by the controlling shareholders
Hangzhou Shangwei Apparel Co., Ltd.	Controlled by the controlling shareholders
Hangzhou JNBY Finery Co., Ltd.	Controlled by the controlling shareholders
Hangzhou New Shangwei Finery Co., Ltd.	Controlled by the controlling shareholders

## 32. RELATED-PARTY TRANSACTIONS (continued)

### (a) Significant transactions with related parties

The Group had the following significant transactions with related parties:

	Six months ended 31 December	
	2019 RMB'000	2018 RMB'000
(i) Processing fee		
Hangzhou Shangwei Apparel Co., Ltd.	15,461	13,917
Hangzhou New Shangwei Finery Co., Ltd.	—	706
	<b>15,461</b>	<b>14,623</b>
(ii) Framework sample apparel manufacturing		
Hangzhou JNBY Finery Co., Ltd.	17,695	16,354
(iii) Operating lease expenses charged by related parties		
Hangzhou Huikang Industrial Co., Ltd.	5,690	5,548
Wu Jian	390	729
Li Ming	112	107
Hangzhou JNBY Finery Co., Ltd.	—	882
	<b>6,192</b>	<b>7,266</b>
(iv) Purchase of right-of-use assets under lease agreements		
Hangzhou JNBY Finery Co., Ltd.	5,578	—
Hangzhou Huikang Industrial Co., Ltd.	2,283	—
Wu Jian	2,236	—
	<b>10,097</b>	<b>—</b>
(v) Logistics and warehousing expenses charged by a related party		
Hangzhou Huikang Industrial Co., Ltd.	—	16,454
(vi) Key management compensation		
Details of compensation paid or payable to key management of the Group are as follows:		
Basic salaries and allowances	4,424	4,621
Discretionary bonuses	4,220	2,855
Other benefits including pension	258	261
Share-based compensation	7,474	4,388
	<b>16,376</b>	<b>12,125</b>

### (b) Balances with related parties

	As at 31 December 2019 RMB'000	As at 30 June 2019 RMB'000
<b>Due from related parties</b>		
Prepaid operating lease expenses:		
— Hangzhou Huikang Industrial Co., Ltd.	3,485	5,059
— Li Ming	59	—
— Hangzhou JNBY Finery Co., Ltd.	—	972
— Wu Jian	—	949
	<b>3,544</b>	<b>6,980</b>
<b>Due to related parties</b>		
Trade payables:		
— Hangzhou Shangwei Apparel Co., Ltd.	6,028	3,710
— Hangzhou JNBY Finery Co., Ltd.	281	97
	<b>6,309</b>	<b>3,807</b>
Other payables and lease liabilities:		
— Hangzhou JNBY Finery Co., Ltd.	7,862	4,994
— Wu Jian	1,685	—
— Hangzhou Huikang Industrial Co., Ltd.	1,520	—
— Li Ming	—	296
	<b>11,067</b>	<b>5,290</b>
	<b>17,376</b>	<b>9,097</b>

## 33. SUBSEQUENT EVENTS

Since January 2020, the PRC has encountered an outbreak of novel coronavirus, as a result of which, certain measures were undertaken by the PRC government including but not limited to implementation of travel restrictions and extension of national holidays. Pending development of such subsequent non-adjusting event, the Group's financial results may be affected, the extent of which could not be estimated at the date of this report.