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# 江南布衣<sup>+</sup> JNBY GROUP

**JNBY Design Limited**

**江南布衣有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 3306)**

## **ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED JUNE 30, 2020**

### **HIGHLIGHTS OF ANNUAL RESULTS**

- The total revenue of the Group for the year ended June 30, 2020 (“**Fiscal Year 2020**”) amounted to RMB3,099.4 million, a decrease of 7.7% or RMB258.7 million as compared with RMB3,358.2 million for the year ended June 30, 2019 (“**Fiscal Year 2019**”). The net profit for Fiscal Year 2020 amounted to RMB346.7 million, a decrease of 28.5% or RMB138.1 million as compared with RMB484.8 million for Fiscal Year 2019. As of June 30, 2020, the sum of the Group’s cash and cash equivalents, term deposits with initial term over three months and financial assets at fair value through profit or loss, net of bank loans, exceeded RMB600 million.
- As of June 30, 2020, the brand portfolio of the Group includes multiple brands in three stages, namely (i) Mature brand, (ii) Younger brands and (iii) Emerging brands. The total number of our retail stores around the world decreased from 2,018 as of June 30, 2019 to 1,855 as of June 30, 2020. Our sales network has covered all provinces, autonomous regions and municipalities in mainland China and across ten other countries and regions around the world.

- As of June 30, 2020, the Group had over 4.2 million membership accounts (without duplication) including our more than 3.7 million subscribers (without duplication) on the WeChat platform. The retail sales contributed by our members accounted for around 70% of our total retail sales for Fiscal Year 2020. The number of Active Members accounts of the Group for Fiscal Year 2020 (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) was over 430,000, and the number of membership accounts with annual purchases totaling over RMB5,000 was over 179,000 for Fiscal Year 2020, thereby contributing retail sales amounting to RMB2.1 billion, or over 40% of our total retail sales.
- The board of directors has recommended the payment of a final dividend of HK\$0.54 per ordinary share (equivalent to approximately RMB0.50 per ordinary share) for the year ended June 30, 2020, representing a total payout of HK\$280.1 million, accounting for 75% of the net profit of the Group for Fiscal Year 2020.

## **CONSOLIDATED ANNUAL RESULTS**

The board of directors (the “**Board**”) of JNBY Design Limited (the “**Company**”) is pleased to announce the audited consolidated results of our Company and its subsidiaries (the “**Group**”) for the year ended June 30, 2020, together with the comparative figures for the year ended June 30, 2019, as follows:

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<i>Note</i>	Year ended 30 June	
		2020	2019
		<i>RMB'000</i>	<i>RMB'000</i>
Revenue	5	3,099,431	3,358,168
Cost of sales	6	<u>(1,249,776)</u>	<u>(1,302,109)</u>
<b>Gross profit</b>		<u>1,849,655</u>	<u>2,056,059</u>
Selling and marketing expenses	6	(1,145,015)	(1,170,274)
Administrative expenses	6	(275,762)	(301,578)
Net impairment losses on financial assets	6	(10,372)	—
Other income and gains, net	7	<u>66,499</u>	<u>60,766</u>
<b>Operating profit</b>		<u>485,005</u>	<u>644,973</u>
Finance income	8	17,686	18,322
Finance costs	8	<u>(16,296)</u>	<u>—</u>
Finance income, net		<u>1,390</u>	<u>18,322</u>
<b>Profit before income tax</b>		<u>486,395</u>	<u>663,295</u>
Income tax expense	9	<u>(139,697)</u>	<u>(178,516)</u>
<b>Profit for the year</b>		<u>346,698</u>	<u>484,779</u>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified to profit or loss:</i>			
Currency translation differences		<u>8,661</u>	<u>13,800</u>
<b>Total comprehensive income for the year</b>		<u>355,359</u>	<u>498,579</u>
<b>Profit attributable to:</b>			
— Shareholders of the Company		346,708	484,787
— Non-controlling interests		<u>(10)</u>	<u>(8)</u>
<b>Total comprehensive income attributable to:</b>			
— Shareholders of the Company		355,369	498,587
— Non-controlling interests		<u>(10)</u>	<u>(8)</u>
<b>Earnings per share (expressed in RMB per share)</b>			
— Basic	10	<u>0.68</u>	<u>0.95</u>
— Diluted	10	<u>0.67</u>	<u>0.94</u>

## CONSOLIDATED BALANCE SHEET

		As at 30 June	
		2020	2019
	<i>Note</i>	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	<i>12</i>	<b>324,120</b>	279,298
Right-of-use assets	<i>14</i>	<b>196,144</b>	—
Land use right	<i>14</i>	—	26,079
Intangible assets	<i>13</i>	<b>13,597</b>	11,611
Prepayments, deposits and other assets	<i>17</i>	<b>8,387</b>	10,223
Deferred income tax assets		<b>185,823</b>	128,298
		<hr/>	<hr/>
Total non-current assets		<b>728,071</b>	455,509
		<hr/>	<hr/>
<b>Current assets</b>			
Inventories	<i>15</i>	<b>904,122</b>	859,739
Trade receivables	<i>16</i>	<b>97,413</b>	115,431
Prepayments, deposits and other assets	<i>17</i>	<b>253,057</b>	287,559
Amounts due from related parties		—	6,980
Financial assets at fair value through profit or loss		<b>263,091</b>	—
Term deposits with initial term over 3 months		<b>246,320</b>	341,324
Restricted cash		<b>5,463</b>	1,945
Cash and cash equivalents		<b>336,672</b>	216,465
		<hr/>	<hr/>
Total current assets		<b>2,106,138</b>	1,829,443
		<hr/>	<hr/>
<b>Total assets</b>		<b>2,834,209</b>	2,284,952
		<hr/> <hr/>	<hr/> <hr/>

		<b>As at 30 June</b>	
		<b>2020</b>	2019
	<i>Note</i>	<b>RMB'000</b>	<i>RMB'000</i>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities	<i>14</i>	<b>65,860</b>	—
Accruals and other current liabilities		<b>6,977</b>	—
Amounts due to related parties		<b>4,113</b>	—
Deferred income tax liabilities		<b>14,561</b>	13,105
		<u>91,511</u>	<u>13,105</u>
Total non-current liabilities		<b>91,511</b>	13,105
<b>Current liabilities</b>			
Trade and bills payables	<i>18</i>	<b>181,788</b>	201,788
Lease liabilities	<i>14</i>	<b>116,858</b>	—
Contract liabilities		<b>326,541</b>	289,990
Accruals and other current liabilities	<i>19</i>	<b>429,107</b>	355,003
Amounts due to related parties		<b>8,589</b>	9,097
Borrowings		<b>187,683</b>	—
Current income tax liabilities		<b>6,220</b>	4,893
		<u>1,256,786</u>	<u>860,771</u>
Total current liabilities		<b>1,256,786</b>	860,771
<b>Total liabilities</b>		<b><u>1,348,297</u></b>	<b><u>873,876</u></b>
<b>Net assets</b>		<b><u>1,485,912</u></b>	<b><u>1,411,076</u></b>
<b>EQUITY</b>			
<b>Equity attributable to shareholders of the Company</b>			
Share capital		<b>4,622</b>	4,622
Shares held for restricted share units (“RSU”) scheme		<b>(172,414)</b>	(78,646)
Share premium		<b>665,520</b>	657,376
Other reserves		<b>222,095</b>	183,130
Retained earnings		<b>766,104</b>	644,599
		<u>1,485,927</u>	<u>1,411,081</u>
Equity attributable to shareholders of the Company		<b>1,485,927</b>	1,411,081
Non-controlling interests		<b>(15)</b>	(5)
		<u>(15)</u>	<u>(5)</u>
<b>Total equity</b>		<b><u>1,485,912</u></b>	<b><u>1,411,076</u></b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to shareholders of the Company						Non- controlling Interests	Total equity
	Share capital	Share Premium	Shares held for RSU Scheme	Other reserves	Retained earnings	Total		
<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Balance at 1 July 2018</b>	<u>4,622</u>	<u>647,739</u>	<u>(30,623)</u>	<u>153,631</u>	<u>512,510</u>	<u>—</u>	<u>1,287,879</u>	
<b>Comprehensive income</b>								
Profit for the year	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>484,787</u>	<u>(8)</u>	<u>484,779</u>	
<b>Other comprehensive income:</b>								
Currency translation differences	<u>—</u>	<u>—</u>	<u>—</u>	<u>13,800</u>	<u>—</u>	<u>—</u>	<u>13,800</u>	
<b>Total comprehensive income</b>	<u>—</u>	<u>—</u>	<u>—</u>	<u>13,800</u>	<u>484,787</u>	<u>(8)</u>	<u>498,579</u>	
<b>Transactions with shareholders</b>								
Non-controlling interest on capital injection of subsidiaries	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>3</u>	<u>3</u>	
Profit appropriations to statutory reserves	<u>—</u>	<u>—</u>	<u>—</u>	<u>10,769</u>	<u>(10,769)</u>	<u>—</u>	<u>—</u>	
Dividend	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(341,929)</u>	<u>—</u>	<u>(341,929)</u>	
Share-based compensation	<u>—</u>	<u>—</u>	<u>—</u>	<u>14,592</u>	<u>—</u>	<u>—</u>	<u>14,592</u>	
Purchase ordinary shares for RSU scheme	<u>—</u>	<u>—</u>	<u>(48,048)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(48,048)</u>	
Vest and transfer of RSUs	<u>—</u>	<u>9,637</u>	<u>25</u>	<u>(9,662)</u>	<u>—</u>	<u>—</u>	<u>—</u>	
<b>Total transactions with shareholders</b>	<u>—</u>	<u>9,637</u>	<u>(48,023)</u>	<u>15,699</u>	<u>(352,698)</u>	<u>3</u>	<u>(375,382)</u>	
<b>Balance at 30 June 2019</b>	<u><u>4,622</u></u>	<u><u>657,376</u></u>	<u><u>(78,646)</u></u>	<u><u>183,130</u></u>	<u><u>644,599</u></u>	<u><u>(5)</u></u>	<u><u>1,411,076</u></u>	

Attributable to shareholders of the Company							
	Share capital	Share Premium	Shares held for RSU Scheme	Other reserves	Retained earnings	Non-controlling Interests	Total equity
Note	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Balance at 30 June 2019</b>	<u>4,622</u>	<u>657,376</u>	<u>(78,646)</u>	<u>183,130</u>	<u>644,599</u>	<u>(5)</u>	<u>1,411,076</u>
Change in accounting policy	—	—	—	—	(5,035)	—	(5,035)
<b>Restated total equity at 1 July 2019</b>	<u>4,622</u>	<u>657,376</u>	<u>(78,646)</u>	<u>183,130</u>	<u>639,564</u>	<u>(5)</u>	<u>1,406,041</u>
<b>Comprehensive income</b>							
Profit for the year	—	—	—	—	<u>346,708</u>	<u>(10)</u>	<u>346,698</u>
<b>Other comprehensive Income:</b>							
Currency translation differences	—	—	—	<u>8,661</u>	—	—	<u>8,661</u>
<b>Total comprehensive income</b>	—	—	—	<u>8,661</u>	<u>346,708</u>	<u>(10)</u>	<u>355,359</u>
<b>Transactions with shareholders</b>							
Profit appropriations to statutory reserves	—	—	—	<u>666</u>	<u>(666)</u>	—	—
Liquidation of subsidiaries	—	—	—	<u>(296)</u>	<u>296</u>	—	—
Dividend	—	—	—	—	<u>(219,798)</u>	—	<u>(219,798)</u>
Share-based compensation	—	—	—	<u>38,610</u>	—	—	<u>38,610</u>
Purchase ordinary shares for RSU scheme	—	—	<u>(95,235)</u>	—	—	—	<u>(95,235)</u>
Vest and transfer of RSUs	—	<u>8,144</u>	<u>1,467</u>	<u>(8,676)</u>	—	—	<u>935</u>
<b>Total transactions with shareholders</b>	—	<u>8,144</u>	<u>(93,768)</u>	<u>30,304</u>	<u>(220,168)</u>	—	<u>(275,488)</u>
<b>Balance at 30 June 2020</b>	<u>4,622</u>	<u>665,520</u>	<u>(172,414)</u>	<u>222,095</u>	<u>766,104</u>	<u>(15)</u>	<u>1,485,912</u>

## CONSOLIDATED STATEMENT OF CASH FLOWS

	Year ended 30 June	
	2020	2019
	<i>Note</i> <b>RMB'000</b>	<b>RMB'000</b>
<b>Cash flows from operating activities</b>		
Cash generated from operations	873,503	537,643
Income tax paid	(204,736)	(202,031)
<b>Net cash generated from operating activities</b>	<b>668,767</b>	<b>335,612</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(117,182)	(159,561)
Purchase of intangible assets	(3,781)	(4,128)
Proceeds from disposals of property, plant and equipment	420	604
Proceeds from disposal of a land use right	—	27,858
Investment income received from financial products issued by commercial banks	1,250	1,837
Interest received	17,198	21,050
Payment of term deposits with initial term over 3 months	(1,146,241)	(1,447,959)
Proceeds from disposal of term deposits with initial term over 3 months	1,251,563	1,443,055
Payment of financial products issued by commercial banks	(380,000)	(80,000)
Proceeds from redemption of financial products issued by commercial banks	120,000	130,000
<b>Net cash used in investing activities</b>	<b>(256,773)</b>	<b>(67,244)</b>
<b>Cash flows from financing activities</b>		
Proceeds from capital injection of non-controlling interests	—	3
Proceeds from exercise of RSUs	935	—
Proceeds from borrowings	224,641	—
Repayments of borrowings	(40,000)	—
Payment of lease liabilities	(164,947)	—
Dividends paid	(219,798)	(341,929)
Payment for repurchase of treasury shares	(95,235)	(48,048)
<b>Net cash used in financing activities</b>	<b>(294,404)</b>	<b>(389,974)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>117,590</b>	<b>(121,606)</b>
Cash and cash equivalents at beginning of the year	216,465	333,405
Exchange gains on cash and cash equivalents	2,617	4,666
<b>Cash and cash equivalents at end of the year</b>	<b>336,672</b>	<b>216,465</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 30 June 2020*

### 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 (the “**Board**”) 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 consolidated financial statements are presented in Renminbi (“**RMB**”), unless otherwise stated.

These consolidated financial statements of the Group have been approved for issue by the Board on 26 August 2020.

### 2. BASIS OF PREPARATION

The consolidated financial statements of the Group has been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by HKICPA as set out below. The consolidated financial statements has been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss, which have been measured at fair value.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies.

### 3. CHANGES IN ACCOUNTING POLICIES

This note explains the impact of the adoption of HKFRS 16 Leases on the Group's consolidated financial statements.

The Group has adopted HKFRS 16 retrospectively from 1 July 2019, but has not restated the comparative for the last year, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening consolidated statement of financial position on 1 July 2019.

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 at 1 July 2019. The lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 ranged from 5.23% and 5.39%.

#### (a) Practical expedients applied

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

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review — there were no onerous contracts as at 1 July 2019
- accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- using 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 and Interpretation 4 Determining whether an Arrangement contains a Lease.

(b) Measurement of lease liabilities

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

(c) Measurement of right-of-use assets

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:

	<b>30 June 2020</b> <i>RMB'000</i>	1 July 2019 <i>RMB'000</i>
Retail shops and offices	<b>170,623</b>	251,218
Land use right	<u><b>25,521</b></u>	<u>26,079</u>
Total right-of-use assets	<u><u><b>196,144</b></u></u>	<u><u>277,297</u></u>

**(d) Adjustments recognised in the balance sheet on 1 July 2019**

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

	30 June 2019 As originally presented <i>RMB'000</i>	HKFRS 16 <i>RMB'000</i>	1 July 2019 Restated <i>RMB'000</i>
<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

#### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

##### (a) Net realisable value of inventories

Net realisable value of inventory is the estimated selling price in the ordinary course of business, less estimated costs of completion and applicable variable selling and marketing expenses.

The Group assesses the net realizable value of the inventories as well as the required amount of impairment of inventory provision at each balance sheet date, which involves significant judgment on determination of the estimated residual value of the inventory based on the Group's marketing and retail pricing strategy, sales forecast of each product collection, and the price markdown necessary to sell off-season products at certain stage of the product lifecycle based on the general historical pattern on a season-by-season basis. The Group performs regular check on the physical conditions of inventories and assesses possible write-down for any damaged inventories at each balance sheet date.

These key estimates are based on the current market condition and the historical experience of selling products of similar nature, which are reassessed at each balance sheet date as they could change significantly as a result of changes in customer taste and competitor actions in response to severe industry cycle.

##### (b) Income taxes and deferred income tax

The Group is subject to income taxes in a number of jurisdictions. Significant judgement is required in determining the provision for income taxes in various jurisdictions. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences and tax losses are recognised when management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. When the expectation is different from the original estimate, such differences will impact the recognition of deferred income tax assets and taxation charges in the period in which such estimate is changed.

**(c) Right of return**

The Group offers right of return to distributors and end customers. The Group management estimates the amount of returns associated with sales in a specific period, which are deducted from the total revenue arising from such sales. Historical experience is used to estimate and provide for the returns, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. Management believes that the Group has processed sufficient historical experience and patterns to estimate sales returns based on different customer profiles, e.g. distributors, offline retail customers, online retail customers, etc. Such estimates are performed on a periodic basis taking into account the competitive landscape, world fashion trend, and changes in customer taste.

**(d) Membership-based customer loyalty program**

The Group offers a membership-based customer loyalty program, under which customers who joined the membership are able to accumulate reward points through purchases of goods and could redeem these reward points for vouchers entitling discount on a subsequent purchase. The Group accrues for contract liability as members accumulate points based on the estimated standalone selling price of the points expected to be redeemed. When members redeem awards, the accrued contract liability is reduced correspondingly.

**(e) Fair value of share-based compensation expenses**

The Group awarded RSUs under the scheme to eligible senior management and employees, and used the fair value of underlying ordinary shares to determine the total fair value of the RSUs awarded.

The fair values of RSUs granted are measured on the respective grant dates based on the fair value of the underlying shares. In addition, the Group is required to estimate the expected percentage of grantees that will remain in employment with the Group. The Group only recognises an expense for those RSUs expected to vest over the vesting period during which the grantees become unconditionally entitled to these share-based awards. Changes in these estimates and assumptions could have a material effect on the determination of the fair value of the RSUs and the amount of such share-based awards expected to become vested, which may in turn significantly impact the determination of the share-based compensation expenses.

The fair value of the RSUs at the time of grant is to be expensed over the vesting period of these share-based awards based on an accelerated graded attribution approach. Under the accelerated graded attribution approach, each vesting installment of a graded vesting award is treated as a separate share-based award, which means that each vesting installment will be separately measured and attributed to expense, resulting in accelerated recognition of share-based compensation expenses.

Based on the fair value of the share-based awards, the expected turnover rate of grantees and the probability that the performance conditions for vesting would be met, the corresponding share-based compensation expenses recognised by the Group in respect of their services rendered for the year ended 30 June 2020 was RMB38,610,000 (2019: RMB14,592,000).

**(f) Determination of 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 following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate);
- If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate);
- Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

Potential future cash outflows have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated).

The lease term is reassessed if any option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised 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. 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.

	Year ended 30 June 2020			
	Mature brand	Younger	Emerging	Total
	<i>RMB'000</i>	<i>brands</i>	<i>brands</i>	<i>RMB'000</i>
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue				
Mainland China	1,745,062	1,256,621	75,378	3,077,061
Outside mainland China	16,440	5,907	23	22,370
Revenue from external customers	1,761,502	1,262,528	75,401	3,099,431
Segment gross profit	1,076,764	758,322	14,569	1,849,655
Segment operating profit/(loss)	564,871	288,199	(54,127)	798,943
Unallocated selling and marketing expenses, administrative expenses and net impairment losses on financial assets				(380,437)
Other income and gains, net				66,499
Total operating profit				485,005



	Year ended 30 June 2019			
	Mature brand	Younger	Emerging	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue				
Mainland China	1,857,972	1,396,585	71,264	3,325,821
Outside mainland China	<u>21,148</u>	<u>11,040</u>	<u>159</u>	<u>32,347</u>
Revenue from external customers	<u>1,879,120</u>	<u>1,407,625</u>	<u>71,423</u>	<u>3,358,168</u>
Segment gross profit	<u>1,164,043</u>	<u>862,861</u>	<u>29,155</u>	<u>2,056,059</u>
Segment operating profit/(loss)	<u>628,641</u>	<u>378,955</u>	<u>(62,489)</u>	<u>945,107</u>
Unallocated selling and marketing expenses and administrative expenses				<u>(360,900)</u>
Other income and gains, net				<u>60,766</u>
Total operating profit				<u><u>644,973</u></u>

## 6. EXPENSES BY NATURE

	Year ended 30 June	
	2020	2019
	RMB'000	RMB'000
Cost of inventories sold	1,052,228	1,161,567
Workforce contracting expenses	297,870	297,575
Expenses relating to short-term leases and variable lease payments	273,281	—
Employee benefit expenses (including share-based compensation expenses)	271,006	239,035
Depreciation and amortisation ( <i>Notes 12, 13 &amp; 14</i> )	240,164	48,187
— Right-of-use assets	177,397	—
— Property, plant and equipment	60,972	46,069
— Intangible assets	1,795	1,323
— Land use right	—	795
Provision for inventories ( <i>Note 15</i> )	176,594	118,748
Promotion and marketing expense	143,400	147,640
Utilities charges and office expenses	46,373	45,419
Commission expenses to online platforms	35,689	33,021
Transportation and warehouse expense	34,053	58,754
Apparel design fee	32,680	48,446
Stamp duty, property tax and other surcharges	21,899	22,874
Other professional service expenses	12,773	20,988
Entertainment and travelling expenses	12,252	22,992
Net impairment losses on financial assets	10,372	7,685
Auditors' remuneration	2,400	2,700
Operating lease	—	279,703
Concession fees paid and payable to department stores and shopping malls	—	200,501
Others	17,891	18,126
	<hr/>	<hr/>
Total cost of sales, selling and marketing expenses, net impairment losses on financial assets and administrative expenses	<b>2,680,925</b>	<b>2,773,961</b>

## 7. OTHER INCOME AND GAINS, NET

	Year ended 30 June	
	2020	2019
	RMB'000	RMB'000
Government grants	57,885	44,072
Fair value gains	4,341	1,837
VAT exemption benefits for small-scale VAT taxpayer	1,396	—
Gains on disposal of right-of-use assets	837	—
Losses on disposal of property, plant and equipment	(386)	(96)
Provision for impairment of leasehold improvements ( <i>Note 12</i> )	(890)	—
Reversal of provision in association with idle land	—	6,915
Gain on disposal of idle land	—	6,410
Foreign exchange gains	—	24
Others	3,316	1,604
	<u>66,499</u>	<u>60,766</u>

## 8. FINANCE INCOME, NET

	Year ended 30 June	
	2020	2019
	RMB'000	RMB'000
Finance income		
Interest income on cash and cash equivalents, restricted cash and term deposits with initial term over 3 months	17,387	17,072
Net foreign exchange gains on financing activities	299	1,250
	<u>17,686</u>	<u>18,322</u>
Finance costs		
Interest expenses on lease liabilities	(13,254)	—
Interest expenses on bank borrowings	(3,042)	—
	<u>(16,296)</u>	<u>—</u>
Finance income, net	<u>1,390</u>	<u>18,322</u>

## 9. TAX EXPENSE

### (a) Income tax expense

The income tax expense of the Group for the years ended 30 June 2020 and 2019 are analysed as follows:

	Year ended 30 June	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Current income tax expense		
— Enterprise income tax expense	<b>182,088</b>	178,379
Deferred income tax (benefit)/charge	<b>(42,391)</b>	137
	<u><b>139,697</b></u>	<u>178,516</u>

### (b) Numerical reconciliation of income tax expense to prima facie tax payable

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the effective tax rate applicable to profits of the companies comprising the Group as follows:

	Year ended 30 June	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Profit before income tax	<u><b>486,395</b></u>	<u>663,295</u>
Tax calculated at domestic tax rate applicable to profits in PRC (25%)	<b>121,599</b>	165,824
Preferential income tax benefits	<b>(2,905)</b>	—
Different tax jurisdiction	<b>533</b>	215
PRC withholding income tax on the retained earnings intended to be distributed	<b>13,456</b>	17,564
Tax losses for which no deferred income tax asset was recognised	<b>2,032</b>	1,563
Tax differences related to the RSUs	<b>4,868</b>	(7,398)
Expenses not deductible for tax purpose	<b>114</b>	748
Income tax expense	<u><b>139,697</b></u>	<u>178,516</u>
Effective tax rate	<u><b>28.72%</b></u>	<u>26.91%</u>

## 10. 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 the years presented.

	Year ended 30 June	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Profit attributable to shareholders of the Company	346,708	484,787
Weighted average number of ordinary shares in issue excluding shares held under the RSU scheme in issue (thousands of shares)	<u>508,953</u>	<u>510,917</u>
Basic earnings per share (expressed in RMB per share)	<u><u>0.68</u></u>	<u><u>0.95</u></u>

### (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 RSUs are assumed to have been fully vested and released from restrictions with no significant impact on earnings.

	Year ended 30 June	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Profit attributable to shareholders of the Company	<u>346,708</u>	<u>484,787</u>
Weighted average number of ordinary shares in issue excluding shares held under the RSU scheme in issue (thousands of shares)	508,953	510,917
Adjustments for share based compensation — RSUs (thousands of shares)	<u>4,709</u>	<u>5,103</u>
Weighted average number of ordinary shares for the calculation of diluted EPS (thousands of shares)	<u>513,662</u>	<u>516,020</u>
Diluted earnings per share (expressed in RMB per share)	<u><u>0.67</u></u>	<u><u>0.94</u></u>

## 11. DIVIDENDS

	Year ended 30 June	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Dividends paid by the Company	<u>219,798</u>	<u>341,929</u>

A dividend of RMB219,798,000 that related to the year ended 30 June 2019 was paid during the year ended 30 June 2020 (A dividend of RMB199,070,000 that related to the year ended 30 June 2018 and an interim dividend of RMB142,859,000 that related to the six months ended December 31, 2018 were paid during the year ended 30 June 2019).

A dividend in respect of the year ended 30 June 2020 of RMB0.50 per share, totaling approximately RMB249,390,000, has been proposed by the Board and is to be approved by the annual general meeting on 13 October 2020. These financial statements do not reflect this dividend payable.

## 12. PROPERTY, PLANT AND EQUIPMENT

	Office equipment and others <i>RMB'000</i>	Machinery <i>RMB'000</i>	Motor vehicles <i>RMB'000</i>	Leasehold improvements <i>RMB'000</i>	Construction- in-progress <i>RMB'000</i>	Buildings of Logistics center <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Year ended 30 June 2019</b>							
Opening net book value	9,631	9,918	1,595	28,795	91,579	—	141,518
Additions	13,043	20,214	122	48,393	102,777	—	184,549
Transfer from Construction- in-progress	—	—	—	—	(193,863)	193,863	—
Depreciation	(4,637)	(1,389)	(297)	(38,236)	—	(1,510)	(46,069)
Disposals	(321)	(1)	(10)	(368)	—	—	(700)
Closing net book value	<u>17,716</u>	<u>28,742</u>	<u>1,410</u>	<u>38,584</u>	<u>493</u>	<u>192,353</u>	<u>279,298</u>
<b>As at 30 June 2019</b>							
Cost	38,358	31,653	5,728	137,784	493	193,863	407,879
Accumulated depreciation	(20,642)	(2,911)	(4,318)	(99,200)	—	(1,510)	(128,581)
Net book value	<u>17,716</u>	<u>28,742</u>	<u>1,410</u>	<u>38,584</u>	<u>493</u>	<u>192,353</u>	<u>279,298</u>
<b>Year ended 30 June 2020</b>							
Opening net book value	17,716	28,742	1,410	38,584	493	192,353	279,298
Additions	8,279	28,742	—	24,420	36,051	9,998	107,490
Transfer from Construction- in-progress	—	—	—	2,475	(2,475)	—	—
Depreciation	(5,778)	(5,106)	(308)	(40,205)	—	(9,575)	(60,972)
Disposals	(739)	(22)	(45)	—	—	—	(806)
Impairment	—	—	—	(890)	—	—	(890)
Closing net book value	<u>19,478</u>	<u>52,356</u>	<u>1,057</u>	<u>24,384</u>	<u>34,069</u>	<u>192,776</u>	<u>324,120</u>
<b>As at 30 June 2020</b>							
Cost	41,522	60,341	5,543	136,213	34,069	203,861	481,549
Accumulated depreciation	(22,044)	(7,985)	(4,486)	(110,939)	—	(11,085)	(156,539)
Impairment	—	—	—	(890)	—	—	(890)
Net book value	<u>19,478</u>	<u>52,356</u>	<u>1,057</u>	<u>24,384</u>	<u>34,069</u>	<u>192,776</u>	<u>324,120</u>

### 13. INTANGIBLE ASSETS

	<b>Computer software RMB'000</b>	<b>Others RMB'000</b>	<b>Total RMB'000</b>
<b>Year ended 30 June 2019</b>			
Opening net book value	8,725	81	8,806
Additions	4,128	—	4,128
Amortisation charge	<u>(1,314)</u>	<u>(9)</u>	<u>(1,323)</u>
Closing net book value	<u>11,539</u>	<u>72</u>	<u>11,611</u>
<b>As at 30 June 2019</b>			
Cost	16,244	85	16,329
Accumulated amortisation	<u>(4,705)</u>	<u>(13)</u>	<u>(4,718)</u>
Net book value	<u>11,539</u>	<u>72</u>	<u>11,611</u>
<b>Year ended 30 June 2020</b>			
Opening net book value	<b>11,539</b>	<b>72</b>	<b>11,611</b>
Additions	<b>3,622</b>	<b>159</b>	<b>3,781</b>
Amortisation charge	<u>(1,785)</u>	<u>(10)</u>	<u>(1,795)</u>
Closing net book value	<u>13,376</u>	<u>221</u>	<u>13,597</u>
<b>As at 30 June 2020</b>			
Cost	<b>19,866</b>	<b>244</b>	<b>20,110</b>
Accumulated amortisation	<u>(6,490)</u>	<u>(23)</u>	<u>(6,513)</u>
Net book value	<u>13,376</u>	<u>221</u>	<u>13,597</u>



## 14. LEASES

### (a) Amounts recognised in the consolidated balance sheet

The balance sheet shows the following amounts relating to leases:

#### *Right-of-use assets*

	<b>Rented premises for stores and offices RMB'000</b>	<b>Land use right RMB'000</b>	<b>Total RMB'000</b>
Year ended 30 June 2020			
Opening net book value as at 1 July 2019	251,218	26,079	277,297
Additions	140,539	—	140,539
Disposals	(28,296)	—	(28,296)
Depreciation and amortisation	(176,839)	(558)	(177,397)
Modification (i)	(15,999)	—	(15,999)
	<u>170,623</u>	<u>25,521</u>	<u>196,144</u>
Year ended 30 June 2019			
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	—	(795)	(795)
	<u>—</u>	<u>26,079</u>	<u>26,079</u>

***Lease liabilities***

	<b>2020</b> <b><i>RMB'000</i></b>
<b>As at 30 June 2019, as previously presented</b>	—
Effect on adoption of HKFRS 16	<u>243,435</u>
As at 1 July 2019, as adjusted	243,435
Lease payment	(164,947)
Interest expenses	13,254
Additions	140,539
Modification (i)	(15,999)
Disposal	<u>(29,133)</u>
	187,149
Less: lease liabilities due to related parties	<u>(4,431)</u>
As at 30 June 2020	<u><u>182,718</u></u>

- (i) The Group chose to record the rent concession occurring as a direct consequence of the COVID-19 pandemic is a lease modification. Changes in the consideration for the leases, resulted in a remeasurement of the lease liability and a corresponding adjustment to the right-of-use asset.

	<b>As at 30 June</b> <b>2020</b> <b><i>RMB'000</i></b>	As at 30 June 2019 <i>RMB'000</i>
Lease liabilities		
Current	<b>116,858</b>	160,679
Non-current	<u>65,860</u>	<u>82,756</u>
	<u><u>182,718</u></u>	<u><u>243,435</u></u>

**(b) Amounts recognised in the consolidated statement of profit or loss**

The consolidated statement of profit or loss shows the following amounts relating to the leases which are not capitalised in accordance with HKFRS 16:

	Year ended 30 June	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Expense relating to short-term leases	76,803	—
Expense relating to variable lease payments not included in lease liabilities	<u>196,478</u>	<u>—</u>
	<u><u>273,281</u></u>	<u><u>—</u></u>

The total cash outflow for leases in 2020 was RMB164,947,000.

**(c) The Group's leasing activities**

The Group leases various offices and retail stores. Rental contracts are typically made for fixed periods of 3 months to 6 years, but may have extension options as described below. 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 other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

**(d) Variable lease payments**

Some leases contain variable payment terms that are linked to sales generated from a store. Variable payment terms are used for a variety of reasons, including minimising the fixed costs base for newly established stores. Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

**(e) Extension and termination options**

Extension and termination options are included in a number of property and equipment leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations.

## 15. INVENTORIES

	As at June 30	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Finished goods	1,154,040	912,601
Raw materials	39,651	41,467
Commissioned processing materials	163,089	201,208
	<u>1,356,780</u>	<u>1,155,276</u>
Less: provision	<u>(452,658)</u>	<u>(295,537)</u>
	<u><u>904,122</u></u>	<u><u>859,739</u></u>

Movements of provision for inventories are analysed as follows:

	Year ended 30 June	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Beginning of the year	295,537	233,231
Addition of provision for inventories to net realisable value included in "cost of sales" ( <i>Note 6</i> )	176,594	118,748
Release of provision upon sales of inventories written down in prior years	<u>(19,473)</u>	<u>(56,442)</u>
End of the year	<u><u>452,658</u></u>	<u><u>295,537</u></u>

## 16. TRADE RECEIVABLES

	As at 30 June	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables	127,117	141,416
Less: provision for impairment	<u>(29,704)</u>	<u>(25,985)</u>
	<u>97,413</u>	<u>115,431</u>

The trade receivables are mainly due from the department stores where the Group operates its own retail outlets. General credit term offered to such department stores is 45 to 90 days from the date of the invoice issued by the Group.

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

	As at 30 June	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Within 3 months	94,034	113,725
3 months to 6 months	7,159	7,466
6 months to 1 year	10,192	3,673
1 year to 2 years	3,993	12,384
More than 2 years	<u>11,739</u>	<u>4,168</u>
	<u>127,117</u>	<u>141,416</u>

## 17. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 30 June	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Long-term prepayments</b>		
Long-term prepaid expenses	<u>8,387</u>	<u>10,223</u>
<b>Current assets</b>		
Deposits and other receivables	94,802	109,596
Prepayment to suppliers	57,703	75,214
Right of goods return	52,957	45,264
Value added tax recoverable	21,538	20,954
Prepaid expenses	12,251	34,932
Prepaid income tax	11,975	—
Interest receivables	1,761	1,572
Staff advances	<u>70</u>	<u>27</u>
	<u>253,057</u>	<u>287,559</u>
	<u><u>261,444</u></u>	<u><u>297,782</u></u>

## 18. TRADE AND BILLS PAYABLES

	As at 30 June	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables (a)	168,131	196,925
Bills payables	<u>13,657</u>	<u>4,863</u>
	<u><u>181,788</u></u>	<u><u>201,788</u></u>

(a) Ageing analysis of trade payables based on invoices was as follows:

	As at 30 June	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Within 6 months	162,284	192,654
6 months to 1 year	4,690	3,236
1 to 2 years	278	556
2 to 3 years	<u>879</u>	<u>479</u>
	<u><u>168,131</u></u>	<u><u>196,925</u></u>

## 19. ACCRUALS AND OTHER CURRENT LIABILITIES

	As at 30 June	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Non-current liabilities</b>		
Payables for property, plant and equipment	<u>6,977</u>	<u>—</u>
<b>Current liabilities</b>		
Provisions for sales returns	136,830	104,677
Payroll and welfare payables	83,675	86,150
Value-added and other taxes payables	40,596	1,357
Provisions for sales rebates	35,283	42,205
Distribution deposits (a)	34,076	37,013
Deposits received from suppliers (b)	24,950	—
Workforce contracting payables	20,686	23,311
Payables for property, plant and equipment	20,273	30,716
Accrued marketing and promotions expenses	7,642	4,047
Rentals	6,635	4,478
Payables for leasehold improvements	2,280	8,506
Others	<u>16,181</u>	<u>12,543</u>
	<u>429,107</u>	<u>355,003</u>
	<u><u>436,084</u></u>	<u><u>355,003</u></u>

- (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 would be refunded to the distributors when their distribution relationship with the Group was terminated.
- (b) Deposits received from suppliers represent non-interest bearing deposits received from third-party suppliers for quality assurance.

## 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 Fiscal Year 2020 amounted to RMB3,099.4 million, a decrease of 7.7% or RMB258.7 million as compared with RMB3,358.2 million for Fiscal Year 2019. The decrease in the revenue was mainly due to the outbreak of the coronavirus epidemic in early 2020 and the overall weather conditions in 2019, and the total number of our retail stores around the world decreased from 2,018 as of June 30, 2019 to 1,855 as of June 30, 2020.

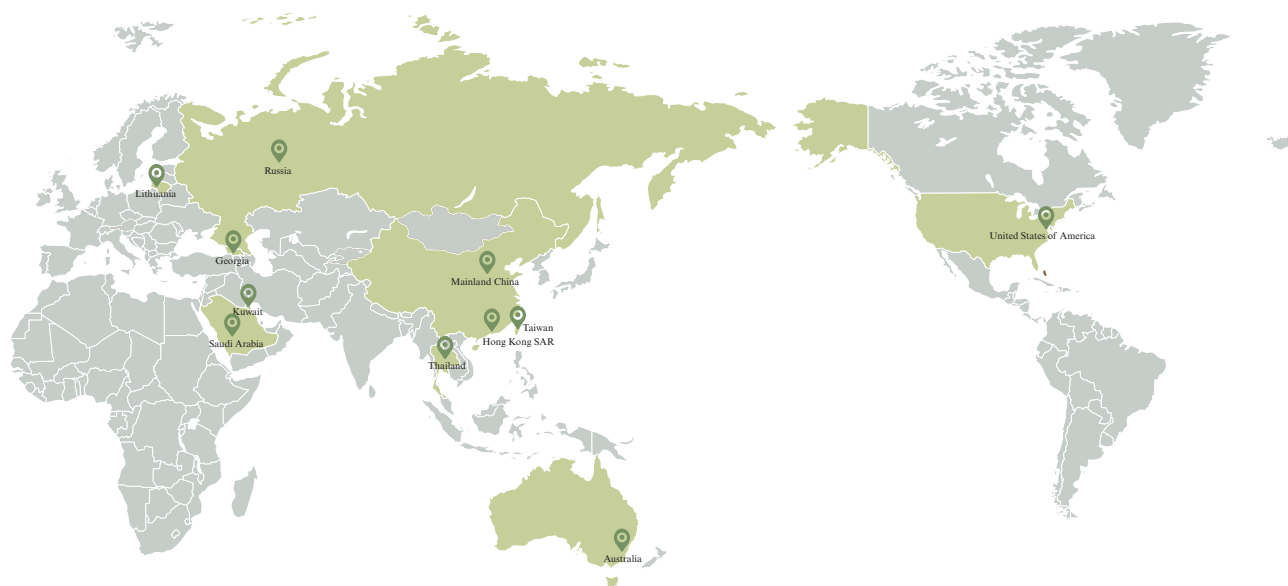


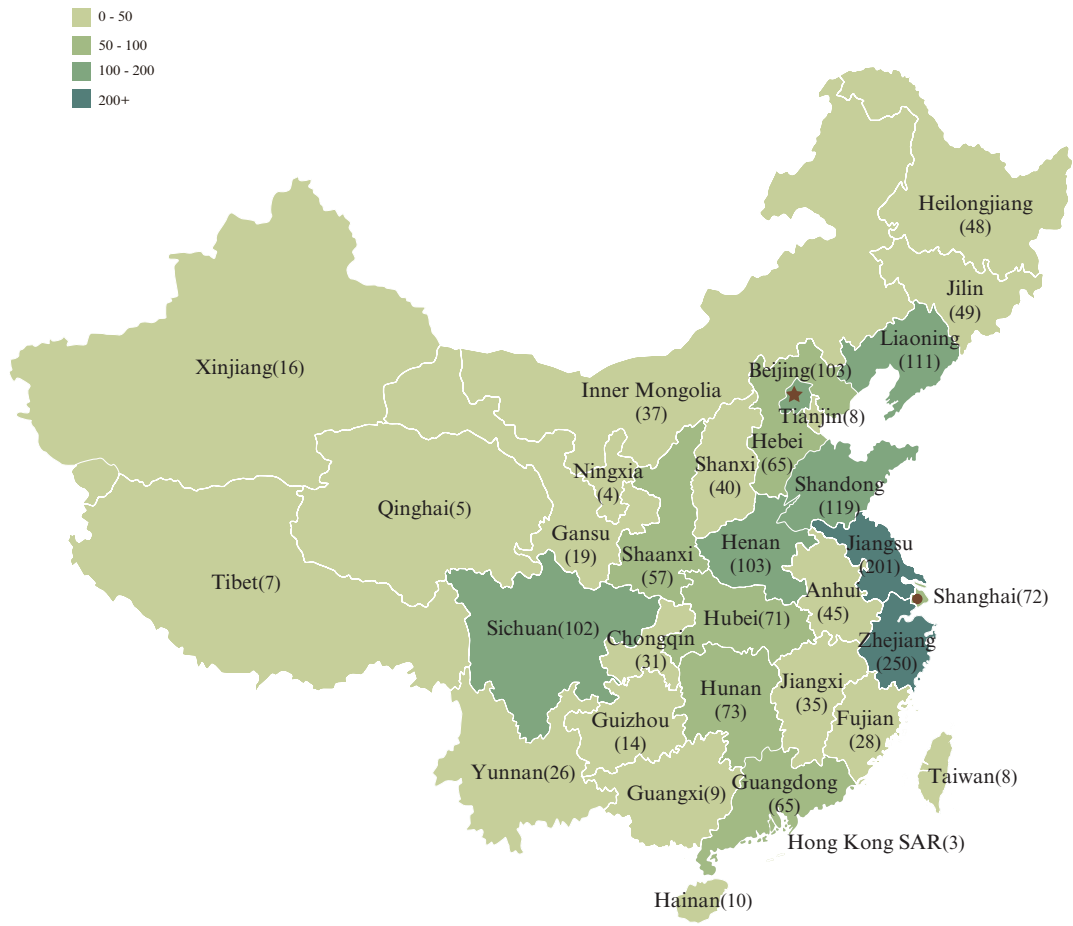
Including standalone offline stores abroad, our sales network has covered all provinces, autonomous regions and municipalities in Mainland China and across 10 other countries and regions around the world. The tables below set forth the information on the number of our standalone retail stores around the world by different brands and “JNBY Group +” member collection stores, respectively:

<b>Number of our standalone retail stores around the world by different brands</b>	<b>As of June 30, 2020</b>	As of June 30, 2019
Mature Brand JNBY	<u>881</u>	<u>884</u>
Subtotal	<u>881</u>	<u>884</u>
Younger Brands		
CROQUIS (速寫)	315	338
jnby by JNBY	436	514
less	<u>186</u>	<u>186</u>
Subtotal	<u>937</u>	<u>1,038</u>
Emerging Brands		
POMME DE TERRE (蓬馬)	30	59
JNBYHOME	—	—
Others	<u>5</u>	<u>37</u>
Subtotal	<u>35</u>	<u>96</u>
“JNBY Group +” member collection stores	<u>2</u>	<u>—</u>
<b>Total</b>	<b><u><u>1,855</u></u></b>	<b><u><u>2,018</u></u></b>

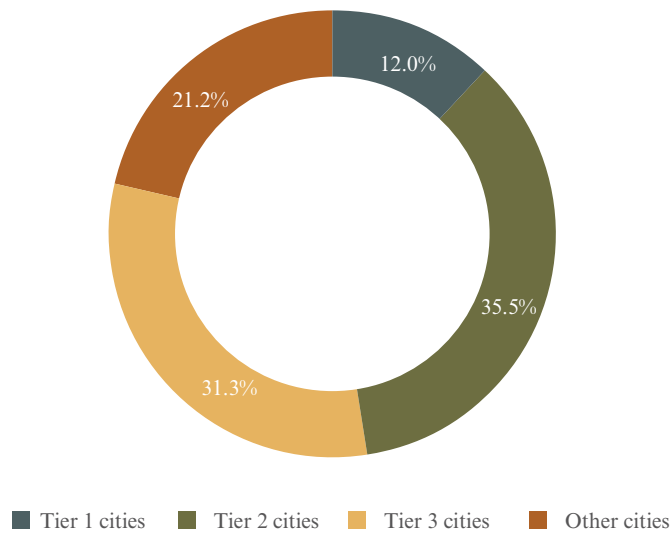
<b>Number and geographic distribution of our retail stores by sales channels</b>	<b>As of June 30, 2020</b>	<b>As of June 30, 2019</b>
<b>Mainland China</b>		
Self-operated stores	539	574
Distributor-operated stores	1,284	1,397
<b>Outside Mainland China</b>		
Self-operated stores	3	4
Distributor-operated stores	29	43
<b>Total</b>	<b>1,855</b>	<b>2,018</b>

The following maps and chart show the retail network distribution of our standalone retail stores in countries and regions all over the world (excluding points of sale), the geographic distribution of our retail stores (including standalone distributor-operated and self-operated stores) across Mainland China, Hong Kong and Taiwan as well as the distribution of our stores by city tiers across Mainland China as of June 30, 2020 respectively:





**Number of stores by city tiers across Mainland China**  
(As at June 30, 2020)



## Same store sales growth of offline shops

Since the outbreak of the coronavirus epidemic in early 2020, the customer traffic of our offline shops dropped sharply. Although we continued to launch new consumption scenarios or products such as “Box Project” and “JNBY Group +” member collection stores to provide consumers with more value-added services, same store sales of offline retail shops for Fiscal Year 2020 recorded a decrease of 4.9%, which was mainly due to:

- (i) the slowdown in the growth of the number of new members and the declining member activity as a result of the epidemic
  - As of June 30, 2020, we had over 4.2 million membership accounts (without duplication) (as of June 30, 2019: over 3.6 million), including more than 3.7 million subscribers (without duplication) on our WeChat platform (as of June 30, 2019: over 3.1 million). During the Fiscal Year 2020, the retail sales contributed by the members of the Group maintained stable, accounting for approximately 70% of our total retail sales.
  - The number of active members accounts (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) decreased from over 450,000 for Fiscal Year 2019 to over 430,000 for Fiscal Year 2020, and the number of WeChat active members accounts (WeChat active members accounts are active members who are also the subscribers of our WeChat platform, without duplication) decreased from over 430,000 for Fiscal Year 2019 to over 420,000 for Fiscal Year 2020. The number of membership accounts with annual purchases totaling over RMB5,000 decreased from over 203,000 for Fiscal Year 2019 to over 179,000 for Fiscal Year 2020, and the retail sales contributed by those membership accounts has reached RMB2.1 billion (Fiscal Year 2019: RMB2.4 billion), still accounting for over 40% to the 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 decreased from over 199,000 for Fiscal Year 2019 to over 177,000 for Fiscal Year 2020.
- (ii) as a result of customer traffic, the incremental retail sales generated by the inventory sharing and allocation system was RMB688.9 million in Fiscal Year 2020, representing a decrease of 11.3% as compared with RMB776.2 million in Fiscal Year 2019.
- (iii) the retail sales contributed by the off-store sales via “Box Project” and WeChat Mall amounted to RMB97.5 million in Fiscal Year 2020.

## 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 years indicated:

	For the year ended June 30,					
	2020		2019		Increase/(Decrease)	
	<i>RMB'000</i>	(%)	<i>RMB'000</i>	(%)	<i>RMB'000</i>	(%)
Mature Brand:						
JNBY	<u>1,761,502</u>	<u>56.9%</u>	<u>1,879,120</u>	<u>56.0%</u>	<u>(117,618)</u>	<u>(6.3%)</u>
Subtotal	<u>1,761,502</u>	<u>56.9%</u>	<u>1,879,120</u>	<u>56.0%</u>	<u>(117,618)</u>	<u>(6.3%)</u>
Younger Brands:						
CROQUIS (速寫)	<u>557,320</u>	<u>18.0%</u>	<u>644,654</u>	<u>19.2%</u>	<u>(87,334)</u>	<u>(13.5%)</u>
jnby by JNBY	<u>444,290</u>	<u>14.3%</u>	<u>476,009</u>	<u>14.2%</u>	<u>(31,719)</u>	<u>(6.7%)</u>
less	<u>260,918</u>	<u>8.4%</u>	<u>286,962</u>	<u>8.5%</u>	<u>(26,044)</u>	<u>(9.1%)</u>
Subtotal	<u>1,262,528</u>	<u>40.7%</u>	<u>1,407,625</u>	<u>41.9%</u>	<u>(145,097)</u>	<u>(10.3%)</u>
Emerging Brands:						
POMME DE TERRE (蓬馬)	<u>38,787</u>	<u>1.3%</u>	<u>45,993</u>	<u>1.4%</u>	<u>(7,206)</u>	<u>(15.7%)</u>
JNBYHOME	<u>13,844</u>	<u>0.4%</u>	<u>10,915</u>	<u>0.3%</u>	<u>2,929</u>	<u>26.8%</u>
Others	<u>22,770</u>	<u>0.7%</u>	<u>14,515</u>	<u>0.4%</u>	<u>8,255</u>	<u>56.9%</u>
Subtotal	<u>75,401</u>	<u>2.4%</u>	<u>71,423</u>	<u>2.1%</u>	<u>3,978</u>	<u>5.6%</u>
<b>Total revenue<sup>(1)</sup></b>	<b><u>3,099,431</u></b>	<b><u>100.0%</u></b>	<b><u>3,358,168</u></b>	<b><u>100.0%</u></b>	<b><u>(258,737)</u></b>	<b><u>(7.7%)</u></b>

Note:

(1) Includes revenue recorded by “JNBY Group +” member collection stores of RMB4.2 million.

For Fiscal Year 2020, the revenue of the Group decreased due to declined customer traffic as a result of the impact of the epidemic and overall climate factors. Revenue generated from the Group’s Mature brand with a history over 20 years, JNBY brand, decreased by 6.3% or RMB117.6 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 decreased by 10.3% in total. For Emerging brands portfolio, it consists of various new brands, such as POMME DE TERRE (蓬馬) and JNBYHOME, showing an aggregate of 2.4% 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 years indicated:

	For the year ended June 30,					
	2020		2019		Increase/(Decrease)	
	<i>RMB'000</i>	(%)	<i>RMB'000</i>	(%)	<i>RMB'000</i>	(%)
<b>Offline channels</b>						
Self-operated stores	1,353,916	43.6%	1,489,413	44.3%	(135,497)	(9.1%)
Distributor-operated stores <sup>(1)</sup>	1,276,362	41.2%	1,470,094	43.8%	(193,732)	(13.2%)
<b>Online channels</b>	464,078	15.0%	393,186	11.7%	70,892	18.0%
<b>Other channels</b>	5,075	0.2%	5,475	0.2%	(400)	(7.3%)
<b>Total revenue</b>	<u>3,099,431</u>	<u>100.0%</u>	<u>3,358,168</u>	<u>100.0%</u>	<u>(258,737)</u>	<u>(7.7%)</u>

Notes:

(1) Includes stores operated by overseas customers.

Due to the impact of the epidemic, customer traffic declined. In Fiscal Year 2020, absolute amounts of revenue generated from sales through our offline channels decreased as compared with that in Fiscal Year 2019. Revenues generated from sales through our online channels has increased by 18.0% compared with that in Fiscal Year 2019, and its percentage of our total revenue has also increased from 11.7% in Fiscal Year 2019 to 15.0% in Fiscal Year 2020.

## 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 years indicated:

	For the year ended June 30,					
	2020		2019		Decrease	
	<i>RMB'000</i>	(%)	<i>RMB'000</i>	(%)	<i>RMB'000</i>	(%)
Mainland China	<b>3,077,061</b>	<b>99.3%</b>	3,325,822	99.0%	(248,761)	(7.5%)
Outside Mainland China <sup>(1)</sup>	<u>22,370</u>	<u>0.7%</u>	<u>32,346</u>	<u>1.0%</u>	<u>(9,976)</u>	<u>(30.8%)</u>
<b>Total revenue</b>	<b><u>3,099,431</u></b>	<b><u>100.0%</u></b>	<b><u>3,358,168</u></b>	<b><u>100.0%</u></b>	<b><u>(258,737)</u></b>	<b><u>(7.7%)</u></b>

*Note:*

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

## Gross profit and gross profit margin

The Group's gross profit decreased by 10.0% from RMB2,056.1 million for Fiscal Year 2019 to RMB1,849.7 million for Fiscal Year 2020.

The Group's overall gross profit margin decreased from 61.2% for Fiscal Year 2019 to 59.7% for Fiscal Year 2020, which was mainly attributable to the change in sold product mix.

The following table sets forth a breakdown of our gross profit and gross profit margin of products by each brand and each sales channel:

	For the year ended June 30,					
	2020		2019		Decrease	
	<i>RMB'000</i>	(%)	<i>RMB'000</i>	(%)	<i>RMB'000</i>	(%)
Mature Brand:						
JNBY	<u>1,076,764</u>	<u>61.1%</u>	<u>1,164,043</u>	<u>61.9%</u>	<u>(87,279)</u>	<u>(7.5%)</u>
Subtotal	<u>1,076,764</u>	<u>61.1%</u>	<u>1,164,043</u>	<u>61.9%</u>	<u>(87,279)</u>	<u>(7.5%)</u>
Younger Brands:						
CROQUIS (速寫)	<u>344,618</u>	<u>61.8%</u>	<u>413,535</u>	<u>64.1%</u>	<u>(68,917)</u>	<u>(16.7%)</u>
jnby by JNBY	<u>251,902</u>	<u>56.7%</u>	<u>259,065</u>	<u>54.4%</u>	<u>(7,163)</u>	<u>(2.8%)</u>
less	<u>161,802</u>	<u>62.0%</u>	<u>190,261</u>	<u>66.3%</u>	<u>(28,459)</u>	<u>(15.0%)</u>
Subtotal	<u>758,322</u>	<u>60.1%</u>	<u>862,861</u>	<u>61.3%</u>	<u>(104,539)</u>	<u>(12.1%)</u>
Emerging Brands:						
POMME DE TERRE (蓬馬)	<u>13,967</u>	<u>36.0%</u>	<u>20,882</u>	<u>45.4%</u>	<u>(6,915)</u>	<u>(33.1%)</u>
JNBYHOME	<u>2,902</u>	<u>21.0%</u>	<u>4,258</u>	<u>39.0%</u>	<u>(1,356)</u>	<u>(31.8%)</u>
Others	<u>(2,300)</u>	<u>(10.1%)</u>	<u>4,015</u>	<u>27.7%</u>	<u>(6,315)</u>	<u>(157.3%)</u>
Subtotal	<u>14,569</u>	<u>19.3%</u>	<u>29,155</u>	<u>40.8%</u>	<u>(14,586)</u>	<u>(50.0%)</u>
<b>Total</b>	<u><u>1,849,655</u></u>	<u><u>59.7%</u></u>	<u><u>2,056,059</u></u>	<u><u>61.2%</u></u>	<u><u>(206,404)</u></u>	<u><u>(10.0%)</u></u>



	For the year ended June 30,					
	2020		2019		Increase/(Decrease)	
	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)
<b>Offline channels</b>						
Self-operated stores	928,723	68.6%	1,055,654	70.9%	(126,931)	(12.0%)
Distributor-operated stores	651,157	51.5%	767,681	52.2%	(116,524)	(15.2%)
<b>Online channels</b>	265,993	55.9%	228,409	58.1%	37,584	16.5%
<b>Other channels</b>	3,782	74.5%	4,315	78.8%	(533)	(12.4%)
<b>Total</b>	<b>1,849,655</b>	<b>59.7%</b>	<b>2,056,059</b>	<b>61.2%</b>	<b>(206,404)</b>	<b>(10.0%)</b>

### Selling and marketing expenses and administrative expenses

In Fiscal Year 2020, selling and marketing expenses were RMB1,145.0 million (Fiscal Year 2019: RMB1,170.3 million), which primarily consist of: (i) expenses relating to short-term leases and variable lease payments; (ii) the amortisation of right-of-use assets; (iii) our service outsourcing expenses; and (iv) our employee benefit expenses. In percentage terms, the selling and marketing expenses accounted for 36.9% of our revenue in Fiscal Year 2020 (Fiscal Year 2019: 34.8%), the increase in the expense ratio as compared to the previous year mainly attributable to lower revenue. The administrative expenses for Fiscal Year 2020 were RMB275.8 million (Fiscal Year 2019: RMB301.6 million) which, among others, primarily consist of: (i) employee benefit expenses; (ii) product development outsourcing fees; and (iii) professional service expenses. In percentage terms, administrative expenses accounted for 8.9% of our revenue in Fiscal Year 2020 (Fiscal Year 2019: 9.0%).

### Finance income, net

The Group's finance income, net for Fiscal Year 2020 was RMB1.4 million (Fiscal Year 2019: financial income, net of RMB18.3 million). The decrease in financial income, net was mainly due to the impact of reclassification as a result of the implementation of HKFRS 16 "Leases".

### Net profit and net profit margin

Due to the above-mentioned factors, net profit for Fiscal Year 2020 was RMB346.7 million, representing a decrease of 28.5% or RMB138.1 million as compared with RMB484.8 million for Fiscal Year 2019. Net profit margin decreased from 14.4% for Fiscal Year 2019 to 11.2% for Fiscal Year 2020.

## **Capital expenditure**

The Group's capital expenditure mainly consists of payments for construction of our logistic center, property, plant and equipment, intangible assets and decoration of office building and our self-operated stores. The Company's capital expenditure for Fiscal Year 2020 was RMB121.0 million (Fiscal Year 2019: RMB163.7 million).

## **Profit before income tax**

The Group's profit before income tax decreased by 26.7%, from RMB663.3 million for Fiscal Year 2019 to RMB486.4 million for Fiscal Year 2020. The decrease in the profit before income tax was mainly due to the decrease 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 June 30, 2020, the Group's cash and cash equivalents were RMB336.7 million (June 30, 2019: RMB216.5 million), of which 68.1% was denominated in RMB, 17.8% in US dollars and 14.1% in other currencies. Net cash inflow from operating activities in Fiscal Year 2020 was RMB668.8 million, an increase of 99.3% as compared with RMB335.6 million in Fiscal Year 2019.

As at June 30, 2020, our short-term bank loans amounted to RMB187.7 million, representing (i) our short-term loans of RMB39.3 million borrowed from Bank of Hangzhou on November 7, 2019, (ii) our short-term loans of RMB49.2 million borrowed from Bank of Ningbo on December 10, 2019, (iii) our short-term loans of RMB49.4 million borrowed from China Merchants Bank on January 7, 2020, and (iv) our short-term loans of RMB49.8 million borrowed from Industrial and Commercial Bank of China on April 26, 2020. 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 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.

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

On January 7, 2020, JNBY Finery subscribed for the short-term financial products of China Merchants Bank with a principal of RMB50,000,000. The subscription mentioned above does not constitute a notifiable transaction of the Company.

On March 5, 2020, JNBY Finery subscribed for the short-term financial products of Huaxia Bank with a principal of RMB50,000,000. The subscription mentioned above does not constitute a notifiable transaction of the Company.

On March 24, 2020, 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.

On April 15, 2020, JNBY Finery subscribed for the short-term financial products of Bank of Hangzhou with a principal of RMB50,000,000. The subscription mentioned above does not constitute a notifiable transaction of the Company.

On April 29, 2020, JNBY Finery subscribed for the short-term financial products of Hua Xia Bank with a principal of RMB50,000,000. The subscription mentioned above does not constitute a notifiable transaction of the Company.

On May 13, 2020, JNBY Finery subscribed for the short-term financial products of Agricultural Bank of China with a principal of RMB30,000,000. 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 1,128 as of June 30, 2020 (June 30, 2019: 1,267). The total staff costs for Fiscal Year 2020 (including basic salaries and allowances, social security insurance, discretionary bonuses and share-based compensation expenses) were RMB271.0 million (Fiscal Year 2019: RMB239.0 million), representing 8.7% of our revenue (Fiscal Year 2019: 7.1%).

#### **Events after the balance sheet date**

The Group has no significant events after the reporting period and up to the date of this report.

## Pledge of assets

As at June 30, 2020, the Group did not have any secured bank borrowings.

## Contingent liabilities

As at June 30, 2020, the Group did not have any material contingent liabilities.

## 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 June 30, 2020, the proceeds amounting to a total of RMB548.6 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 year	As at
		June 30, 2020	ended	June 30, 2020
		The actual used	June 30, 2020	As at
		The actual used	The actual used	June 30, 2020
		amount	amount	Proceeds Amount
		(RMB million)	(RMB million)	(RMB million)
To strengthen our omni-channel interactive platform	167.4	167.4	—	—
To expand our product offering and brand portfolio	179.3	131.3	23.7	48.0
To establish a new logistics center	220.1	220.1	—	—
For general purposes	29.8	29.8	—	—
Total	<u>596.6</u>	<u>548.6</u>	<u>23.7</u>	<u>48.0</u>

As at June 30, 2020, the balance of proceeds of approximately RMB48.0 million would continue to be used for the purposes as stated in the Prospectus. It is also expected to be fully utilised within next 12 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.

## OUTLOOK

With the slowdown of the China's economic growth in recent years, the growth in consumption also decelerated, which has posed a greater challenge to the apparel industry. Meanwhile, with consumption upgrade and a younger consumer base, the demand of people who pursue distinguished lifestyles for personalized and fashionable products continues to rise and becomes more segmented, and the competition in the segmented market where the designer brands operate is intensifying. Since the outbreak of novel coronavirus (COVID-19) pneumonia epidemic (the "Epidemic") in early 2020, various provinces and cities in Mainland China launched the first-level response to significant public health emergencies and adopted kinds of stringent measures to curb the spread of the Epidemic. The unexpected outbreak of the Epidemic and the extent of its severity have brought unprecedented challenges to the apparel industry and the segmented market where the designer brands operate.

Despite unoptimistic recovery after the Epidemic, as the leading designer brand fashion group in China, benefiting from the diversified designer brand portfolio and sound operation management, we remain full confidence towards our future. Based on sufficient cash flow, 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 investment in enhancement of design 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 operational innovation, to continue in creating and providing scenarios for value-added services and customer touchpoints to our fans.

## FINAL DIVIDEND

The Board has recommended the payment of a final dividend of HK\$0.54 per ordinary share (equivalent to approximately RMB0.50 per ordinary share) for the year ended June 30, 2020, representing a total payout of HK\$280.1 million.

This proposed final dividend is subject to the approval of the shareholders of the Company (the "**Shareholders**") at the annual general meeting (the "**AGM**") to be held on October 13, 2020, and will be paid on October 28, 2020 to those Shareholders whose names appear on the Company's register of members on October 19, 2020.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed for the following periods:

- (a) For the purpose of determining shareholders who are entitled to attend and vote at the forthcoming annual general meeting AGM to be held on Tuesday, 13 October 2020, the register of members will be closed on Thursday, 8 October 2020 to Tuesday, 13 October 2020, both days inclusive. In order to qualify for attending and voting at the AGM, all transfer documents should be lodged for registration with the Company's branch share registrar in Hong Kong, Link Market Services (Hong Kong) Pty Limited situated at Suite 1601, 16/F, Central Tower, 28 Queen's Road Central, Hong Kong not later than 4:30 p.m. on Wednesday, 7 October 2020.
- (b) For the purpose of determining shareholders who qualify for the final dividend, the register of members will be closed on Monday, 19 October 2020. In order to qualify for the final dividend, all transfer documents should be lodged for registration with the Company's branch share registrar in Hong Kong, Link Market Services (Hong Kong) Pty Limited situated at Suite 1601, 16/F, Central Tower, 28 Queen's Road Central, Hong Kong not later than 4:30 p.m. on Friday, 16 October 2020.

## **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 Fiscal Year 2020 except for the disclosures in this annual results announcement. 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 Issuers (the "**Model Code**") set out in Appendix 10 to the Listing Rules as its own 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 Fiscal Year 2020.

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

During Fiscal Year 2020, save as the trustee of the Restricted Share Unit Scheme purchased a total of 14,159,000 shares of the Company with HK\$105.2 million at the Stock Exchange pursuant to rules of the Restricted Share Unit 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 Audit Committee of the Company (the “**Audit Committee**”) has, together with the senior management and the external auditor of the Company, reviewed the accounting principles and practices adopted by the Group as well as the audited consolidated financial statements of the Group for the Fiscal Year 2020.

## **AUDITOR'S PROCEDURES PERFORMED ON THIS RESULTS ANNOUNCEMENT**

The figures in respect of the Group's consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows and the related notes thereto for the year ended 30 June 2020 as set out in the preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

**PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND THE ANNUAL REPORT FOR FISCAL YEAR 2020 ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY**

This annual results announcement has been published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and that of the Company ([www.jnbygroup.com](http://www.jnbygroup.com)), and the annual report for Fiscal Year 2020 containing all the information required by the Listing Rules will be dispatched to the Shareholders and published on the aforesaid websites of the Stock Exchange and the Company in due course.

By Order of the Board of  
**JNBY Design Limited**  
**Wu Jian**  
*Chairman and Executive Director*

Hong Kong, August 26, 2020

*As at the date of this announcement, the executive directors are Mr. Wu Jian, Ms. Li Lin and Ms. Wu Huating; the non-executive director is Mr. Wei Zhe; and the independent non-executive directors are Mr. Lam Yiu Por, Ms. Han Min and Mr. Hu Huanxin.*