



江南布衣
JIANGNANBUYI

JNBY DESIGN LIMITED (Stock Code: 03306)

2022/23 INTERIM REPORT



This interim report is printed on environmental paper





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COMPANY INTRODUCTION

INFORMATION ON JNBY GROUP

We are an influential designer brand fashion house based in China. According to the information provided by CIC^[Note], in 2022, 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, 2022, 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 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^[Note], 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 to 2019, we further launched various Emerging brands, include 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 or products as “Box Project” (不止盒子) and “JNBY Group +” multi-brand 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. Qian Xiaoping
Ms. Ng Sau Mei (FCG, HKFCG)

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 Building 2-6, OōELi
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Xihu District
Hangzhou, Zhejiang Province
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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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

Link Market Services (Hong Kong) Pty Limited
Suite 1601, 16/F., Central Tower
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Hong Kong

PRINCIPAL BANKS

Bank of Hangzhou, Guanxiangkou Branch
Huaxia Bank, Heping Branch

COMPANY'S WEBSITE

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

STOCK CODE

3306

LISTING DATE

October 31, 2016

FINANCIAL SUMMARY

For the six months ended December 31,	2022 RMB'000	2021 RMB'000	Increase/ (Decrease) %
Financial Summary			
Revenue	2,360,020	2,484,680	(5.0)%
Gross profit	1,526,220	1,573,804	(3.0)%
Operating profit	517,310	613,759	(15.7)%
Net profit	371,711	443,833	(16.2)%
Net cash flows from operating activities	387,430	772,820	(49.9)%
Basic earnings per share (RMB)	0.74	0.89	
Diluted earnings per share (RMB)	0.74	0.88	
Financial Ratios			
Gross profit margin	64.7%	63.3%	
Operating profit ratio	21.9%	24.7%	
Net profit margin	15.8%	17.9%	
Liquidity Ratios			
Trade receivables turnover days		10.4	11.6
Trade and bills payables turnover days		61.3	60.7
Capital Ratios			
Debt to assets ratio ⁽¹⁾		56.1%	58.9%

Note 1: Debt to assets ratio = total debts/total assets

MANAGEMENT DISCUSSION AND ANALYSIS

REVENUE

We derive our revenue primarily from sales of our products to distributors as well as sales of our products 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, 2022 amounted to RMB2,360.0 million, a decrease of 5.0% or RMB124.7 million as compared with RMB2,484.7 million for the six months ended December 31, 2021. The decrease in the revenue was mainly attributable to the material impact of the recurring pandemic on the whole retail environment.

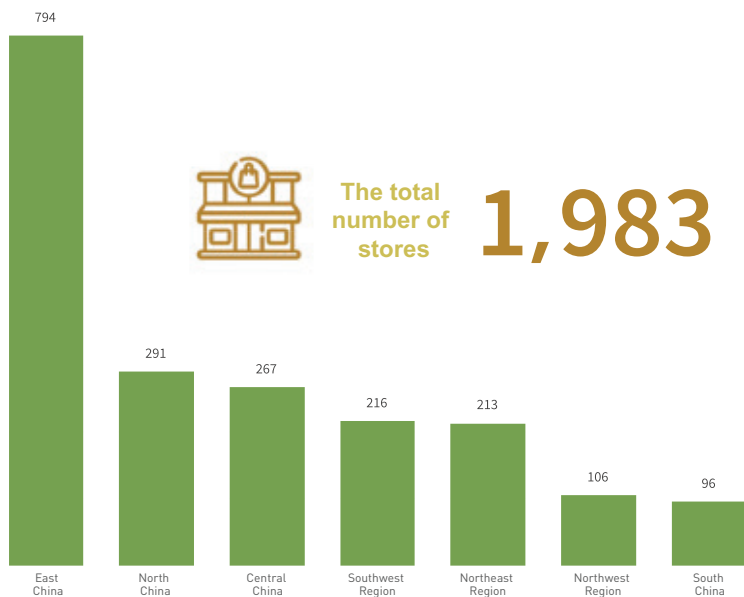
The total number of our standalone retail stores around the world increased from 1,956 as of June 30, 2022 to 2,004 as of December 31, 2022. Including standalone offline stores abroad, our sales network has covered all provinces, autonomous regions and municipalities in Mainland China and across ten 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 +" multi-brand collection stores, respectively:

Number of our standalone retail stores around the world by different brands	As of December 31, 2022	As of June 30, 2022
Mature Brand		
JNBY	932	921
Subtotal	932	921
Younger Brands		
CROQUIS (速寫)	314	313
jnby by JNBY	486	471
LESS	220	204
Subtotal	1,020	988
Emerging Brands		
Other brands	36	35
Subtotal	36	35
"JNBY Group +" multi-brand collection stores	16	12
Total	2,004	1,956
Number and geographic distribution of our retail stores by sales channels		
Mainland China		
Self-operated stores	571	551
Distributor-operated stores	1,407	1,381
Outside Mainland China		
Self-operated stores	1	1
Distributor-operated stores	25	23
Total	2,004	1,956

As of December 31, 2022, the total number of our standalone retail stores in countries and regions all over the world (excluding points of sale) was 2,004, and the following charts show the geographic distribution of our retail stores (including standalone distributor-operated and self-operated stores) across China as well as the distribution of our stores and retail sales by city tiers across Mainland China respectively:

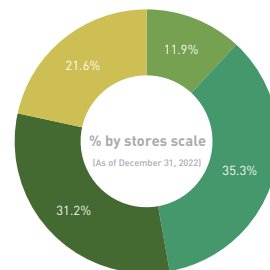
Total number and geographic distribution of stores across China

(As of December 31, 2022)

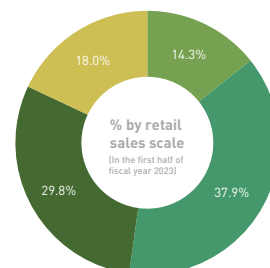


Distribution of stores and retail sales by city tiers across Mainland China

Retail sales scale in tier 1 and tier 2 cities accounted for > 50%



Retail sales scale in tier 1 and tier 2 cities accounted for > 50%



■ Tier 1 cities ■ Tier 2 cities ■ Tier 3 cities ■ Tier 4 & other cities

SAME STORE SALES GROWTH OF OFFLINE SHOPS

In the first half of fiscal year 2023, the customer traffic of our offline shops recorded a significant decline affected by the pandemic preventive and control measures implemented in various places, as the pandemic recurring and spread rapidly across China. Although we have provided consumers with more value-added services by continuously launching new consumption scenarios or products such as “Box Project (不止盒子)” and “JNBY Group +” multi-brand collection stores, while gradually upgrading the store image of all brands in order to provide customers with more comfortable shopping experience, same store sales of offline retail shops for the first half of fiscal year 2023 recorded a decrease of 3.9%, which was mainly due to the facts that:

- (i) the substantial decrease in customer traffic as a result of the pandemic;
- (ii) as a result of customer traffic, the incremental retail sales generated by the inventory sharing and allocation system was RMB401.2 million for the first half of fiscal year 2023, representing a decrease of 21.3% as compared with RMB509.6 million for the first half of fiscal year 2022; and
- (iii) the Gross Merchandise Volume (GMV) through social retail channels including “Box Project (不止盒子)”, “WeChat Mall (微商城)” and “Diversified Social E-commerce (多元化社交電商)” reached RMB543.2 million in the first half of fiscal year 2023, representing an increase of 42.8% as compared to RMB380.0 million for the first half of fiscal year 2022 due to continuous utilization of Internet+ mindsets and technologies. Most off-store sales were reflected in same store sales growth of offline shops, which are still insufficient to cover for the significant decline in customer traffic of our offline shops.

MEMBERS-RELATED DATA

As of December 31, 2022, the Group had over 6.4 million membership accounts (without duplication) (as of June 30, 2022: over 5.9 million), including our more than 6.1 million subscribers (without duplication) on the WeChat platform (as of June 30, 2022: over 5.6 million). The proportion of the Group’s digital members on the WeChat platform remained stable, being over 90% (as of June 30, 2022: over 90%). During the first half of fiscal year 2023, the retail sales contributed by the members of the Group accounted for over 80% of our total retail sales.

In 2022, the number of active members accounts of the Group^[Note 1] (without duplication) was over 420,000 (2021: over 410,000), among these membership accounts, the number of WeChat active members accounts^[Note 2] (without duplication) was over 410,000 (2021: over 400,000). In 2022, the number of active members accounts and the number of WeChat active members accounts were slightly higher than that in 2021.

In 2022, the number of membership accounts with annual purchases totaling over RMB5,000 was over 220,000 (2021: over 200,000), and the retail sales contributed by those membership accounts has reached RMB2.93 billion (2021: RMB2.64 billion), accounting for over 50% to the total retail sales from offline channels. Among these membership accounts, the number of subscribers with annual purchases totaling over RMB5,000 and the retail sales in 2022 was higher than that of 2021, mainly due to the initial results of the Group’s initiatives to continue to strengthen its brand equity and refine its member operation.

Note 1: 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.

Note 2: WeChat active members accounts are active members who are also the subscribers of our WeChat platform.

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,					
	2022		2021		Increase/(Decrease)	
	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)
Mature Brand:						
JNBY	1,371,130	58.1%	1,439,864	57.9%	(68,734)	(4.8)%
Subtotal	1,371,130	58.1%	1,439,864	57.9%	(68,734)	(4.8)%
Younger Brands:						
CROQUIS (速寫)	352,433	14.9%	389,111	15.7%	(36,678)	(9.4)%
jnby by JNBY	351,426	14.9%	354,643	14.3%	(3,217)	(0.9)%
LESS	242,539	10.3%	258,373	10.4%	(15,834)	(6.1)%
Subtotal	946,398	40.1%	1,002,127	40.4%	(55,729)	(5.6)%
Emerging Brands:						
Other brands	42,492	1.8%	42,689	1.7%	(197)	(0.5)%
Subtotal	42,492	1.8%	42,689	1.7%	(197)	(0.5)%
Total revenue ⁽¹⁾	2,360,020	100.0%	2,484,680	100.0%	(124,660)	(5.0)%

Note:

(1) Includes revenue recorded by "JNBY Group +" multi-brand collection stores of RMB74.5 million.

For the first half of fiscal year 2023, the revenue of the Group has declined due to the adverse impact of the recurring pandemic on the retail environment. Revenue generated from the Group's Mature brand with a history over 25 years, JNBY brand, representing a decrease of 4.8% or RMB68.7 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 declined by 5.6% in total. 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 RMB42.5 million were recorded, showing an aggregate of 1.8% to the total revenue.

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,					
	2022		2021		Increase/(Decrease)	
	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)
Offline channels	1,930,520	81.8%	2,120,502	85.3%	(189,982)	(9.0)%
Self-operated stores	865,986	36.7%	978,906	39.4%	(112,920)	(11.5)%
Distributor-operated stores ⁽¹⁾	1,064,534	45.1%	1,141,596	45.9%	(77,062)	(6.8)%
Online channels	429,500	18.2%	364,178	14.7%	65,322	17.9%
Total revenue	2,360,020	100.0%	2,484,680	100.0%	(124,660)	(5.0)%

Note:

(1) Includes stores operated by overseas customers.

In the first half of fiscal year 2023, revenue generated from sales through our offline channels declined as compared with that in the first half of fiscal year 2022. While the revenue generated from sales through our online channels continued to increase, as a percentage of our total revenue, has increased from 14.7% for the first half of fiscal year 2022 to 18.2% for the first half of fiscal year 2023.

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,					
	2022		2021		Increase/(Decrease)	
	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)
Mainland China	2,338,498	99.1%	2,466,076	99.3%	(127,578)	(5.2)%
Outside Mainland China ⁽¹⁾	21,522	0.9%	18,604	0.7%	2,918	15.7%
Total revenue	2,360,020	100.0%	2,484,680	100.0%	(124,660)	(5.0)%

Note:

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

GROSS PROFIT AND GROSS PROFIT MARGIN

The Group's gross profit decreased by 3.0% from RMB1,573.8 million for the first half of fiscal year 2022 to RMB1,526.2 million for the first half of fiscal year 2023, which was mainly attributable to the decrease in revenue.

The Group's overall gross profit margin increased from 63.3% for the first half of fiscal year 2022 to 64.7% for the first half of fiscal year 2023, which was mainly attributable to the enhancement of the Group's comprehensive brand equity.

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 six months ended December 31,					
	2022		2021		Increase/(Decrease)	
	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)
Mature Brand:						
JNBY	909,568	66.3%	922,994	64.1%	(13,426)	(1.5)%
Subtotal	909,568	66.3%	922,994	64.1%	(13,426)	(1.5)%
Younger Brands:						
CROQUIS (速寫)	225,305	63.9%	245,877	63.2%	(20,572)	(8.4)%
jnby by JNBY	205,989	58.6%	212,017	59.8%	(6,028)	(2.8)%
LESS	164,560	67.8%	172,257	66.7%	(7,697)	(4.5)%
Subtotal	595,854	63.0%	630,151	62.9%	(34,297)	(5.4)%
Emerging Brands:						
Other brands	20,798	48.9%	20,659	48.4%	139	0.7%
Subtotal	20,798	48.9%	20,659	48.4%	139	0.7%
Total	1,526,220	64.7%	1,573,804	63.3%	(47,584)	(3.0)%

	For the six months ended December 31,					
	2022		2021		Increase/(Decrease)	
	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)
Offline channels	1,264,721	65.5%	1,358,668	64.1%	(93,947)	(6.9)%
Self-operated stores	630,671	72.8%	695,294	71.0%	(64,623)	(9.3)%
Distributor-operated stores	634,050	59.6%	663,374	58.1%	(29,324)	(4.4)%
Online channels	261,499	60.9%	215,136	59.1%	46,363	21.6%
Total	1,526,220	64.7%	1,573,804	63.3%	(47,584)	(3.0)%

SELLING AND MARKETING EXPENSES AND ADMINISTRATIVE EXPENSES

In the first half of fiscal year 2023, selling and marketing expenses were RMB817.5 million (the first half of fiscal year 2022: RMB797.9 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 34.6% of our revenue in the first half of fiscal year 2023 (the first half of fiscal year 2022: 32.1%). The increase in the expense ratio as compared to the first half of fiscal year 2022 was mainly attributable to (i) the Group's increased marketing expenses to improve brand power; and (ii) the decreased revenue of offline shops under the impact of the pandemic with relatively stable fixed expenses such as shop rent and employee compensation. The administrative expenses for the first half of fiscal year 2023 were RMB211.7 million (the first half of fiscal year 2022: RMB190.6 million) which, among others, primarily consist of: (i) employee benefit expenses; (ii) product development outsourcing fees; and (iii) professional service expenses. In particular, the expenses incurred by the product design and R&D department amounted to RMB79.2 million (the first half of fiscal year 2022: RMB70.6 million). In percentage terms, administrative expenses accounted for 9.0% of our revenue in the first half of fiscal year 2023 (the first half of fiscal year 2022: 7.7%).

FINANCE INCOME, NET

The Group's finance income, net for the first half of fiscal year 2023 was net loss of RMB2.8 million (the first half of fiscal year 2022: financial income, net was net gain of RMB0.8 million).

NET PROFIT AND NET PROFIT MARGIN

Due to the above-mentioned factors, net profit for the first half of fiscal year 2023 was RMB371.7 million, representing a decrease of 16.2% or RMB72.1 million as compared with RMB443.8 million for the first half of fiscal year 2022. Net profit margin decreased from 17.9% for the first half of fiscal year 2022 to 15.8% for the first half of fiscal year 2023.

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 our self-operated stores. The Company's capital expenditure for the first half of fiscal year 2023 was RMB69.0 million (the first half of fiscal year 2022: RMB79.5 million).

PROFIT BEFORE INCOME TAX

The Group's profit before income tax decreased by 16.3%, from RMB614.6 million for the first half of fiscal year 2022 to RMB514.5 million for the first half of fiscal year 2023. 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 December 31, 2022, the Group's cash and cash equivalents were RMB657.8 million (June 30, 2022: RMB591.7 million), of which 86.4% was denominated in RMB, 0.6% in US dollars and 13.0% in other currencies. Net cash inflow from operating activities in the first half of fiscal year 2023 was RMB387.4 million, a decrease of 49.9% as compared with RMB772.8 million in the first half of fiscal year 2022.

As of December 31, 2022, our short-term bank loans amounted to RMB198.5 million, representing (i) our short-term loans of RMB49.7 million borrowed from Industrial and Commercial Bank of China on May 17, 2022, (ii) our short-term loans of RMB49.7 million borrowed from Industrial and Commercial Bank of China on September 22, 2022, (iii) our short-term loans of RMB49.8 million borrowed from Bank of Hangzhou on October 8, 2022, and (iv) our short-term loans of RMB49.3 million borrowed from Bank of Ningbo on November 2, 2022.

SIGNIFICANT INVESTMENT EVENTS

Subscription of financial products

On August 23, 2022, JNBY Finery Co., Ltd. ("JNBY Finery"), a subsidiary of the Company, subscribed for the short-term financial products of China Merchants Bank with a principal of RMB30,000,000. The subscription mentioned above does not constitute a notifiable transaction of the Company.

On November 28, 2022, JNBY Finery subscribed for the short-term financial products of China Merchants Bank with a principal of RMB30,000,000. The subscription mentioned above does not constitute a notifiable transaction of the Company.

On December 15, 2022, JNBY Finery subscribed for the short-term financial products of China Merchants Bank with a principal of RMB30,000,000. The subscription mentioned above does not constitute a notifiable transaction of the Company.

INVESTMENT FUNDS

On July 13, 2022, the Group made capital contributions of RMB4,500,000 to subscribe for a venture capital fund as a limited partner with a total capital commitment of RMB30,000,000. The subscription mentioned above does not constitute a notifiable transaction of the Company.

EQUITY INVESTMENT

On August 23, 2022, the Group signed an equity investment agreement with Hangzhou Jiasheng Catering Management Co., Ltd. (杭州嘉笙餐飲管理有限公司) to acquire 16.5% of its equity with a total capital commitment of RMB29,325,000. For the six months ended December 31, 2022, the Group has made the capital contributions in full. The equity investment 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 increased to 1,516 as of December 31, 2022 (June 30, 2022: 1,497). The total staff costs for the first half of fiscal year 2023 (including basic salaries and allowances, social security insurance, discretionary bonuses and share-based compensation expenses) were RMB201.9 million (the first half of fiscal year 2022: RMB175.5 million), representing 8.6% of our revenue (the first half of fiscal year 2022: 7.1%).

PLEDGE OF ASSETS

As of December 31, 2022, the Group did not have any secured bank borrowings.

CONTINGENT LIABILITIES

As of December 31, 2022, the Group did not have any material contingent liabilities.

EVENTS AFTER THE BALANCE SHEET DATE

Pursuant to a resolution of the board of directors on 27 February 2023, an interim dividend of HK\$0.30 (approximately RMB0.27) per ordinary share was approved.

Except for the events as described above, the Group has no significant events after the balance sheet date and up to the date of this interim report.

OUTLOOK

In the post-pandemic era, China will continue to serve as the driving force for global consumption growth with its reopening. With consumption upgrade and a younger consumer base, the number of people who pursue distinguished lifestyles increases rapidly. As the demand of consumers for personalized and fashionable products continues to rise and the younger consumers' favorability for products and brands with strong brand awareness is increasing, the segmented market where the designer brands operate has great potential. In addition, the pandemic not only speeds up the shift of customers from traditional retail sales to diversified new consumption scenarios, but also makes the customers turn to brands which are relatively more trustworthy, therefore, the segmented market where the designer brands operate is showing a competitive trend of inclining to the leading brands.

As an influential 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 strengthen and enhance our position as an influential 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 continue to attract and cultivate new JNBY fans through further optimizing designer brand portfolio and product offerings by way of self-incubation or mergers, through comprehensive enhancement of forward-looking design and R&D capabilities as well as through continuous strengthening of brand influence;
- Adopting internet thinking and technology to further enhance our domestic and foreign retail network, increase our strategic investments in store visual merchandising and image development and proactively plan for new consumption scenarios such as diversified social channels/retail, in order to optimize our omni-channel interactive marketing platform and intelligent quick response supply chain management capability, as well as being capable to establish an appropriate scaled operation in each sub-segment;
- To enhance fans' experience in diversified omni-channel retail network by adhering to the strategy with data as the driver, technology as the carrier and fans economy as the core, encouraging operational innovation, constantly creating and providing scenarios for value-added services and customer touchpoints to our fans;
- To establish a corporate governance structure integrated with Environment, Social and Governance ("ESG") to facilitate the implementation of ESG practices and gradually fulfill its commitment in the ESG sector in 2025, thus ensuring the sustainable, healthy and high-quality development of the Company's business in a long run.

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, 2022, these proceeds had been fully used for the purposes as stated in the prospectus of the Company dated October 19, 2016.

INTERIM DIVIDEND

The Board declared the payment of an interim dividend of HK\$0.30 per ordinary share (equivalent to approximately RMB0.27 per ordinary share) for the six months ended December 31, 2022. The above interim dividend is expected to be paid on April 20, 2023 to the shareholders of the Company (the "Shareholders") whose names appear on the Company's register of members on April 12, 2023.

CLOSURE OF REGISTER OF MEMBERS

In order to determine the identity of members who are eligible for receiving the interim dividend, the register of members of the Company will be closed from April 11, 2023 to April 12, 2023 (both days inclusive), during which period no share transfer will be registered. In order to be eligible for receiving the interim dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Link Market Services (Hong Kong) Pty Limited, at Suite 1601, 16/F., Central Tower, 28 Queen's Road Central, Hong Kong, for registration not later than 4:30 p.m. on April 6, 2023.

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 (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, 2022. The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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 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, 2022.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the six months ended December 31, 2022, save as the trustee of the Restricted Share Unit Scheme purchased a total of 1,032,000 shares of the Company with approximately HK\$7.1 million at the Stock Exchange pursuant to the rules of the Restricted Share Unit Scheme and the 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 management and the external auditor of the Company, has reviewed the Group’s unaudited condensed interim results for the six months ended December 31, 2022.

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 the Company’s 2021/22 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, 2022, the interests and short positions of the Directors and 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 ⁽¹⁾	Founder of a discretionary trust; Beneficiary of a trust; Spouse interest	320,681,000	61.82	Long position
Ms. Li Lin ⁽²⁾	Founder of a discretionary trust; Beneficiary of a trust; Spouse interest	320,681,000	61.82	Long position
Ms. Wu Huating ⁽³⁾	Beneficial owner; Beneficiary of a trust	9,194,000	1.77	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 154,100,000 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 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 11,800,000 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 its 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 is deemed to be interested in the 154,100,000 shares, 154,781,000 shares and 11,800,000 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, is 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 and their children. Pursuant to the Li Personal Trust, the Li Personal Trust Nominee holds 11,800,000 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 its 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 154,100,000 shares of the Company. Accordingly, Ms. Li Lin is deemed to be interested in the 154,781,000 shares, 11,800,000 shares and 154,100,000 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, is 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) 3,944,000 shares of the Company held by her and (ii) restricted share units ("RSUs") representing 5,250,000 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, 2022, none of the Directors or 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, 2022, as far as the Directors are aware, the following persons (other than the Directors and chief executive 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 ^{(1), (2)}	Trustee	308,881,000	59.54	Long position
Ahead Global Holdings Limited ⁽¹⁾	Interest in a controlled corporation	154,100,000	29.71	Long position
Li Family Limited ⁽²⁾	Interest in a controlled corporation	154,781,000	29.84	Long position
Ninth Capital Limited ⁽¹⁾	Beneficial owner	154,100,000	29.71	Long position
Ninth Investment Limited ⁽²⁾	Beneficial owner	154,781,000	29.84	Long position
Puheng Limited ⁽²⁾	Interest in a controlled corporation	154,781,000	29.84	Long position
Seletar Limited ^{(1), (2)}	Nominee for another person	308,881,000	59.54	Long position
Serangoon Limited ^{(1), (2)}	Nominee for another person	308,881,000	59.54	Long position
Wu Family Limited ⁽¹⁾	Interest in a controlled corporation	154,100,000	29.71	Long position
TCT (BVI) Limited ⁽³⁾	Trustee	35,408,600	6.83	Long position
The Core Trust Company Limited ⁽³⁾	Trustee	35,408,600	6.83	Long position

Notes:

- (1) As at the date of this interim report, to the best knowledge of the Directors, Ninth Capital Limited holds 154,100,000 shares of the Company, representing approximately 29.71% 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 154,100,000 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 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 154,100,000 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 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 35,408,600 shares represent the same batch of shares.

Save as disclosed above, as at December 31, 2022, 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 disclosed in this interim report, at no time during the six months ended December 31, 2022 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 debentures 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 the Group and to attract and retain suitable personnel to enhance the development of the Group. The total number of shares under the RSU Scheme does not exceed 70,000,000 shares and is valid for a period up to June 30, 2029, with the remaining period of about 6 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, May 8, 2019 and August 30, 2022, 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 of the Company dated October 19, 2016, and the Company's announcements dated February 3, 2018, May 14, 2018, May 8, 2019 and August 30, 2022.

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, 2022, 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.

As at December 31, 2022, there are thirteen vesting schedules under the RSU Scheme:

	Date of Grant	Vesting Schedule
1	(i) June 30, 2014 (ii) July 23, 2014 (iii) November 20, 2014	Vesting as to 20%, 20%, 30% and 30% prior to August 31, 2015, 2016, 2017 and 2018, respectively
2	(i) May 16, 2014 (ii) December 1, 2014 (iii) March 9, 2015 (iv) September 10, 2015	Vesting as to 25%, 25%, 25% and 25% prior to August 31, 2016, 2017, 2018 and 2019, respectively
3	(i) November 23, 2015 (ii) December 15, 2016	Vesting as to 25%, 25%, 25% and 25% prior to August 31, 2017, 2018, 2019 and 2020, respectively
4	December 7, 2015	Vesting as to 20%, 20%, 30% and 30% prior to August 31, 2017, 2018, 2019 and 2020, respectively
5	(i) February 25, 2017 (ii) August 29, 2017	Vesting as to 25%, 25%, 25% and 25% prior to August 31, 2018, 2019, 2020 and 2021, respectively
6	(i) February 3, 2018 (ii) May 14, 2018 (iii) August 28, 2018	Vesting as to 20%, 20%, 20%, 20% and 20% prior to August 31, 2019, 2020, 2021, 2022 and 2023, respectively
7	(i) February 3, 2018 (ii) May 14, 2018 (iii) October 17, 2019	Vesting as to 25%, 25%, 25% and 25% prior to August 31, 2020, 2021, 2022 and 2023, respectively
8	February 3, 2018	Vesting as to 1/3, 1/3 and 1/3 on August 31, 2021, 2022 and 2023, respectively
9	(i) May 8, 2019 (ii) July 9, 2019 (iii) October 17, 2019	Vesting as to 20%, 20%, 20%, 20% and 20% prior to August 31, 2020, 2021, 2022, 2023 and 2024, respectively
10	July 9, 2019	Vesting as to 50% and 50% prior to August 31, 2020 and 2021, respectively
11	October 17, 2019	Vesting as to 15.6%, 21.1%, 21.1%, 21.1% and 21.1% prior to August 31, 2020, 2021, 2022, 2023 and 2024, respectively
12	October 29, 2021	Vesting as to 25%, 25%, 25% and 25% prior to August 31, 2022, 2023, 2024 and 2025, respectively
13	August 30, 2022	Vesting as to 25%, 25%, 25% and 25% prior to August 31, 2023, 2024, 2025 and 2026, 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, 2022, 8,990,000 RSUs have been granted, 1,477,500 RSUs were forfeited or cancelled. As at December 31, 2022, there were a total of 29,278,622 RSUs outstanding.

The following is a summary table showing details of the RSUs granted under the RSU Scheme as at December 31, 2022. As of December 31, 2022, a total of 16,275,000 RSUs, representing 16,275,000 shares, were granted to the connected persons of the Company, among which 14,000,000 RSUs (of which 5,000,000 RSUs were cancelled) were granted to a Director.

Shares Represented by RSUs	Date of Grant	As at	During the six months ended December 31, 2022				As at
		July 1, 2022 Outstanding	Granted	Exercised	Cancelled	Forfeited	December 31, 2022 Outstanding
9,764,560	June 30, 2014	5,151,216	—	1,000	—	—	5,150,216
711,480	November 20, 2014	6	—	—	—	—	6
500,000	December 7, 2015	100,000	—	—	—	—	100,000
680,000	February 25, 2017	558,000	—	28,000	—	—	530,000
15,000,000	February 3, 2018	3,472,500	—	467,500	—	400,000	2,605,000
1,240,000	May 14, 2018	160,000	—	—	—	—	160,000
180,000	August 28, 2018	140,000	—	—	—	—	140,000
10,000,000	May 8, 2019	5,000,000	—	3,000,000	—	—	2,000,000
492,500	July 9, 2019	264,000	—	—	—	80,000	184,000
2,755,000	October 17, 2019	419,900	—	131,000	—	—	288,900
11,980,000	October 29, 2021	11,280,000	—	1,152,000	—	427,500	9,700,500
8,990,000	August 30, 2022	—	8,990,000	—	—	570,000	8,420,000
Total		26,545,622	8,990,000	4,779,500	—	1,477,500	29,278,622

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, 2022 was approximately HK\$8.51.

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.

+ FINANCIAL SECTION +

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 40, which comprises the interim condensed consolidated balance sheet of JNBY Design Limited (the "Company") and its subsidiaries (together, the "Group") as at 31 December 2022 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 notes, comprising significant accounting policies and other explanatory information. 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, 27 February 2023

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 December 2022

	Note	Unaudited Six months ended 31 December	
		2022 RMB'000	2021 RMB'000
Revenue	6	2,360,020	2,484,680
Cost of sales	7	(833,800)	(910,876)
Gross profit		1,526,220	1,573,804
Selling and marketing expenses	7	(817,470)	(797,892)
Administrative expenses	7	(210,951)	(189,492)
Provision for impairment on financial assets	7	(755)	(1,146)
Other income and gains, net	8	20,266	28,485
Operating profit		517,310	613,759
Finance income	9	19,907	20,438
Finance costs	9	(22,670)	(19,595)
Finance (costs)/income, net		(2,763)	843
Profit before income tax		514,547	614,602
Income tax expense	10	(142,836)	(170,769)
Profit for the period		371,711	443,833
Other comprehensive income			
<i>Items that may not be reclassified subsequently to profit or loss:</i>			
Currency translation differences	24	4,091	(9,633)
Total comprehensive income for the period		375,802	434,200
Profit attributable to:			
Shareholders of the Company		371,716	443,836
Non-controlling interests		(5)	(3)
		371,711	443,833
Total comprehensive income attributable to:			
Shareholders of the Company		375,808	434,203
Non-controlling interests		(6)	(3)
		375,802	434,200
Earnings per share (expressed in RMB per share)			
— Basic	11	0.74	0.89
— Diluted	11	0.74	0.88

The notes on pages 24 to 40 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED BALANCE SHEET

As at 31 December 2022

	Note	Unaudited 31 December 2022 RMB'000	Audited 30 June 2022 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	13	455,588	451,041
Right-of-use assets	14	797,254	719,774
Intangible assets	15	19,307	18,711
Prepayments, deposits and other assets	19	17,633	15,683
Amounts due from a related party	32(b)	105,611	103,249
Financial assets at fair value through profit or loss	20	203,783	168,840
Deferred income tax assets	16	250,727	242,849
Total non-current assets		1,849,903	1,720,147
Current assets			
Inventories	17	917,554	828,823
Trade receivables	18	169,647	103,682
Prepayments, deposits and other assets	19	268,043	268,685
Amounts due from related parties	32(b)	2,056	2,356
Financial assets at fair value through profit or loss	20	60,135	—
Term deposits with initial term over 3 months	21	234,282	384,396
Cash and cash equivalents	22	657,787	591,746
Total current assets		2,309,504	2,179,688
Total assets		4,159,407	3,899,835
LIABILITIES			
Non-current liabilities			
Lease liabilities	30	218,806	168,059
Accruals and other current liabilities	28	1,955	4,579
Amounts due to related parties	32(b)	283,051	281,249
Deferred income tax liabilities	16	14,919	12,197
Total non-current liabilities		518,731	466,084
Current liabilities			
Trade and bills payables	26	279,071	289,211
Lease liabilities	30	221,881	174,599
Contract liabilities	27	313,583	300,250
Accruals and other current liabilities	28	707,658	714,705
Amounts due to related parties	32(b)	60,777	57,531
Borrowings	29	198,543	148,868
Current income tax liabilities		32,519	63,622
Total current liabilities		1,814,032	1,748,786
Total liabilities		2,332,763	2,214,870
Net assets		1,826,644	1,684,965

CONDENSED CONSOLIDATED BALANCE SHEET

As at 31 December 2022

	Note	Unaudited 31 December 2022 RMB'000	Audited 30 June 2022 RMB'000
EQUITY			
Equity attributable to shareholders of the Company			
Share capital	23	4,622	4,622
Shares held for restricted share units ("RSU") scheme	23	(145,943)	(180,244)
Share premium	23	508,324	508,254
Other reserves	24	223,714	228,863
Retained earnings		1,235,962	1,123,499
Equity attributable to shareholders of the Company		1,826,679	1,684,994
Non-controlling interests		(35)	(29)
Total equity		1,826,644	1,684,965

The notes on pages 24 to 40 form an integral part of this condensed consolidated interim financial information.

This unaudited condensed consolidated interim financial information on pages 19 to 40 were approved by the board of directors on 27 February 2023 and were signed on its behalf.

Wu Jian

Director

Li Lin

Director

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2022

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			
Balance at 1 July 2021	4,622	668,308	[164,430]	192,057	1,015,715	1,716,272	[21]	1,716,251	
Comprehensive income									
Profit for the period	—	—	—	—	443,836	443,836	[3]	443,833	
Other comprehensive income									
Currency translation differences	24	—	—	[9,633]	—	[9,633]	—	[9,633]	
Total comprehensive income	—	—	—	[9,633]	443,836	434,203	[3]	434,200	
Transactions with shareholders									
Profit appropriations to statutory reserves	24	—	—	316	[316]	—	—	—	
Share-based compensation	25	—	—	17,107	—	17,107	—	17,107	
Purchase of ordinary shares for RSU scheme	23	—	[16,318]	—	—	[16,318]	—	[16,318]	
Transfer and exercise of RSUs	24	—	2,798	6,140	[5,784]	3,154	—	3,154	
Dividend	12	—	[161,458]	—	[298,155]	[459,613]	—	[459,613]	
Total transactions with Shareholders	—	[158,660]	[10,178]	11,639	[298,471]	[455,670]	—	[455,670]	
Balance at 31 December 2021	4,622	509,648	[174,608]	194,063	1,161,080	1,694,805	[24]	1,694,781	

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			
Balance at 1 July 2022	4,622	508,254	[180,244]	228,863	1,123,499	1,684,994	[29]	1,684,965	
Comprehensive income									
Profit for the period	—	—	—	—	371,716	371,716	[5]	371,711	
Other comprehensive income									
Currency translation differences	24	—	—	4,092	—	4,092	[1]	4,091	
Total comprehensive income	—	—	—	4,092	371,716	375,808	[6]	375,802	
Transactions with shareholders									
Profit appropriations to statutory reserves	24	—	—	249	[249]	—	—	—	
Share-based compensation	25	—	—	17,604	—	17,604	—	17,604	
Purchase of ordinary shares for RSU scheme	23	—	[6,404]	—	—	[6,404]	—	[6,404]	
Transfer and exercise of RSUs	24	—	40,705	[27,094]	—	13,681	—	13,681	
Dividend	12	—	—	—	[259,004]	[259,004]	—	[259,004]	
Total transactions with Shareholders	—	70	34,301	[9,241]	[259,253]	[234,123]	—	[234,123]	
Balance at 31 December 2022	4,622	508,324	[145,943]	223,714	1,235,962	1,826,679	[35]	1,826,644	

The notes on pages 24 to 40 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2022

	Note	Unaudited	
		Six months ended 31 December	
		2022	2021
		RMB'000	RMB'000
Cash flows from operating activities			
Cash generated from operations		566,525	855,134
Income tax paid		(179,095)	(82,314)
Net cash generated from operating activities		387,430	772,820
Cash flows from investing activities			
Purchase of property, plant and equipment		(66,323)	(77,630)
Purchase of intangible assets		(2,651)	(1,906)
Proceeds from disposals of property, plant and equipment		225	115
Investment income received from financial products issued by commercial banks		219	556
Interest received		17,572	19,597
Payment of term deposits with initial term over 3 months		(252,767)	(462,708)
Payment of financial products issued by commercial banks		(90,000)	(70,000)
Payment of investment for a private company	20	(19,325)	—
Loans granted to a related party	32(a)	—	(150,000)
Proceeds from withdrawal of term deposits with initial term over 3 months		400,000	800,837
Loan repayments received from a related party	32(a)	—	50,000
Proceeds from redemption of financial products issued by commercial banks		30,000	171,520
Purchase of venture capital funds	20	(4,500)	(41,036)
Dividends received from venture capital funds		674	—
Net cash generated from investing activities		13,124	239,345
Cash flows from financing activities			
Proceeds from borrowings		197,873	48,822
Repayments of borrowings		(150,000)	(146,000)
Dividends paid	12	(259,004)	(459,613)
Proceeds from exercise of RSUs		13,681	3,154
Payment for repurchase of treasury shares		(6,404)	(16,318)
Repayments of lease liabilities		(134,373)	(137,009)
Net cash used in financing activities		(338,227)	(706,964)
Net increase in cash and cash equivalents		62,327	305,201
Cash and cash equivalents at beginning of the period	22	591,746	549,012
Exchange gain/(loss) on cash and cash equivalents		3,714	(1,033)
Cash and cash equivalents at end of the period	22	657,787	853,180

The notes on pages 24 to 40 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 27 February 2023.

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 2022 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 2022 as set out in the annual report dated 30 August 2022, 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 2022 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 the interim period beginning 1 July 2022.
- Amendments to HKAS 16 “Property, Plant and Equipment: Proceeds before intended use”
 - Amendments to HKFRS 16 (March 2021) “Covid-19 Related Rent Concessions beyond 30 June 2021”
 - Amendments to HKFRS 3 “Reference to the Conceptual Framework”
 - Amendments to HKAS 37 “Onerous Contracts — Cost of Fulfilling a Contract”
 - Standards 2018–2020 “Annual Improvements to HKFRS”
 - Revised Accounting Guideline 5 “Merger Accounting for Common Control Combinations”

3. ACCOUNTING POLICIES (Continued)

There are no 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 2022 and have not been early adopted by the Group.

	Effective Date
HKFRS 17 "Insurance Contracts"	1 January 2023
Amendments to HKFRS 10 and HKAS 28 "Sale or contribution of assets between an investor and its associate or joint venture"	To be determined
Amendments to HKAS 1 and HKFRS Practice Statement 2 "Disclosure of Accounting Policies"	1 January 2023
Amendments to HKAS 8 "Definition of Accounting Estimates"	1 January 2023
Amendments to HKAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	1 January 2023
Amendments to HKAS 1 "Classification of Liabilities as Current or Non-current"	1 January 2023
Hong Kong Interpretation 5 (2020) Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause (HK Int 5 (2020))	1 January 2023

Certain new accounting standards and interpretations have been published that are not mandatory for the 31 December 2022 reporting period and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

4. 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 2022.

5. FINANCIAL RISK MANAGEMENT

5.1 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 does 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 2022.

There have been no changes in the risk management policies since 30 June 2022.

5. FINANCIAL RISK MANAGEMENT (Continued)

5.2 Fair value estimation

(i) Fair value hierarchy

(a) Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily DAX, FTSE 100 and Dow Jones equity investments classified as trading securities or financial assets at fair value through profit or loss.

(b) Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

(c) Financial instruments in level 3

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

The following table presents the Group's assets that are measured at fair value as at 31 December 2022.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets at fair value through profit or loss				
— venture capital funds	—	—	174,458	174,458
— financial products of commercial banks	—	—	60,135	60,135
— investment for a private company	—	—	29,325	29,325
	—	—	263,918	263,918

The following table presents the Group's assets that are measured at fair value as at 30 June 2022.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets at fair value through profit or loss				
— venture capital funds	—	—	158,840	158,840
— investment for a private company	—	—	10,000	10,000
	—	—	168,840	168,840

There were no transfers among level 1, 2 and 3 for recurring fair value measurements during the period.

As at 31 December and 30 June 2022, the Group has no liabilities that are measured at fair value.

5. FINANCIAL RISK MANAGEMENT (Continued)

5.2 Fair value estimation (Continued)

(ii) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 instruments for the six months ended 31 December 2022:

	Venture capital funds	Financial products of commercial banks	Investment for a private company	Total
Opening balance as at 30 June 2022	158,840	—	10,000	168,840
Acquisitions	4,500	90,000	19,325	113,825
Disposals	—	(30,219)	—	(30,219)
Dividends received	(674)	—	—	(674)
Net fair value gain recognised in consolidated statements of comprehensive income under "other income and gains, net"	6,969	354	—	7,323
Currency translation difference	4,823	—	—	4,823
Closing balance as at 31 December 2022	174,458	60,135	29,325	263,918
Net unrealised gain for the period included in consolidated statements of comprehensive income for assets held at the period end	19,796	354	—	20,150

5.3 Fair value of financial assets and liabilities measured at amortised cost

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
- Cash and cash equivalents
- Trade and bills payables
- Accruals and other current liabilities
- Amounts due to related parties
- Borrowings

6. 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.

6. SEGMENT INFORMATION (Continued)

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

	Six months ended 31 December 2022			
	Mature brand	Younger brands	Emerging brands	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Revenue				
Mainland China	1,354,387	942,126	41,985	2,338,498
Outside mainland China	16,743	4,272	507	21,522
Revenue from external customers	1,371,130	946,398	42,492	2,360,020
Segment gross profit	909,568	595,854	20,798	1,526,220
Segment operating profit/(loss)	540,878	242,577	(2,119)	781,336
Unallocated selling and marketing expenses and administrative expenses				(284,292)
Other income and gains, net				20,266
Total operating profit				517,310

	Six months ended 31 December 2021			
	Mature brand	Younger brands	Emerging brands	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Revenue				
Mainland China	1,425,218	998,341	42,517	2,466,076
Outside mainland China	14,646	3,786	172	18,604
Revenue from external customers	1,439,864	1,002,127	42,689	2,484,680
Segment gross profit	922,994	630,151	20,659	1,573,804
Segment operating profit/(loss)	571,292	293,885	(584)	864,593
Unallocated selling and marketing expenses and administrative expenses				(279,319)
Other income and gains, net				28,485
Total operating profit				613,759

7. EXPENSES BY NATURE

	Six months ended 31 December	
	2022 RMB'000	2021 RMB'000
Cost of inventories sold	760,786	834,343
Employee benefit expenses (including share-based compensation expenses)	201,875	175,522
Workforce contracting expenses	198,173	198,425
Promotion and marketing expenses	199,353	185,053
Depreciation and amortisation (Notes 13, 14 & 15)		
— Right-of-use assets	141,013	109,718
— Property, plant and equipment	55,284	40,324
— Intangible assets	2,055	1,215
Expenses relating to short-term leases and variable lease payments	115,718	161,124
Provision for inventories (Note 17)	37,547	42,431
Commission expenses to online platforms	33,063	26,853
Transportation and warehouse expenses	27,440	27,500
Utilities charges and office expenses	24,670	27,621
Taxes and other surcharges	18,187	20,095
Consumables and service fee for apparel design	14,380	13,704
Other professional service expenses	11,191	10,868
Entertainment and travelling expenses	8,594	7,504
Auditors' remuneration	1,350	1,350
Provision for impairment losses on financial assets	755	1,146
Others	11,542	14,610
Total cost of sales, selling and marketing expenses and administrative expenses	1,862,976	1,899,406

8. OTHER INCOME AND GAINS, NET

	Six months ended 31 December	
	2022 RMB'000	2021 RMB'000
Other income		
Government grants(i)	10,936	21,180
Other gains		
Fair value gains of venture capital funds (Note 20)	6,969	5,817
Interest income from loans to a related party (Note 32)	2,362	1,900
Fair value gains of financial products(ii)	354	556
Losses on disposal of property, plant and equipment	(179)	(478)
Donations	(236)	(1,249)
Others	60	759
	9,330	7,305
	20,266	28,485

- (i) Government grants during the six months presented are primarily financial subsidies received from local governments in the PRC. There are no unfulfilled conditions or contingencies relating to such income.
- (ii) Fair value gains represent fair value gains from the Group's investment in financial products issued by commercial banks (Note 20).

9. FINANCE (COSTS)/INCOME, NET

	Six months ended 31 December	
	2022 RMB'000	2021 RMB'000
Finance income		
Interest income on cash and cash equivalents and term deposits with initial term over 3 months	15,128	16,845
Net foreign exchange gains on financing activities	4,779	3,593
	19,907	20,438
Finance costs		
Interest on lease liabilities	(20,868)	(17,083)
Discount charges of bills receivables (Note 29)	(1,802)	(2,512)
	(22,670)	(19,595)
Finance (costs)/income — net	(2,763)	843

10. INCOME TAX EXPENSE

The Group is not subject to taxation in the Cayman Islands. Entities incorporated in Hong Kong, China are subject to Hong Kong profits tax at a rate of 8.25% on assessable profits up to HK\$2,000,000 and 16.5% on any part of assessable profits over HK\$2,000,000 for the periods presented. Entities established and operated in the PRC are subject to PRC Enterprise Income Tax ("EIT") at a rate of 25% (2021: 25%).

	Six months ended 31 December	
	2022 RMB'000	2021 RMB'000
Current income tax expense		
— Enterprise income tax expense	132,992	185,341
Deferred income tax expense (Note 16)	9,844	(14,572)
	142,836	170,769

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 27.8% (six months ended 31 December 2021: 27.8%).

11. 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	
	2022 RMB'000	2021 RMB'000
Profit attributable to shareholders of the Company	371,716	443,836
Weighted average number of ordinary shares in issue excluding shares held under the RSU scheme in issue (thousands of shares)	499,826	498,406
Basic earnings per share (expressed in RMB per share)	0.74	0.89

11. EARNINGS PER SHARE (Continued)

(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	
	2022 RMB'000	2021 RMB'000
Profit attributable to shareholders of the Company	371,716	443,836
Weighted average number of ordinary shares in issue excluding shares held under the RSU scheme in issue (thousands of shares)	499,826	498,406
Adjustments for share based compensation — RSUs (thousands of shares)	4,557	7,864
Weighted average number of ordinary shares for the calculation of diluted EPS (thousands of shares)	504,383	506,270
Diluted earnings per share (expressed in RMB per share)	0.74	0.88

12. DIVIDENDS

Pursuant to the shareholders' resolution on 21 October 2022, a final dividend of RMB259,004,000 were paid during the six months ended 31 December 2022 (six months ended 31 December 2021: a final dividend of RMB298,155,000 and a special dividend of RMB161,458,000).

Pursuant to a resolution of the board of directors on 27 February 2023, an interim dividend of HK\$0.30 (approximately RMB0.27) per ordinary share totaling approximately RMB135,278,000 was approved. This interim dividend is not reflected as a payable in this interim financial information as it was approved after 31 December 2022.

13. 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 RMB'000	Total RMB'000
Six months ended 31 December 2022							
Opening net book value as at 1 July 2022	30,601	67,840	4,651	162,410	—	185,539	451,041
Additions	4,966	4,679	—	50,590	—	—	60,235
Depreciation	(5,453)	(4,497)	(508)	(40,088)	—	(4,738)	(55,284)
Disposals	(188)	(216)	—	—	—	—	(404)
Closing net book value	29,926	67,806	4,143	172,912	—	180,801	455,588
As at 31 December 2022							
Cost	67,539	93,697	10,275	323,212	—	215,543	710,266
Accumulated depreciation	(37,613)	(25,891)	(6,132)	(150,300)	—	(34,742)	(254,678)
Net book value	29,926	67,806	4,143	172,912	—	180,801	455,588

	Office equipment and others RMB'000	Machinery RMB'000	Motor vehicles RMB'000	Leasehold improvements RMB'000	Construction- in-progress RMB'000	Buildings RMB'000	Total RMB'000
Six months ended 31 December 2021							
Opening net book value as at 1 July 2021	29,909	53,650	2,618	126,299	103	185,720	398,299
Additions	6,991	11,740	2,731	54,869	790	625	77,746
Transfer from construction-in-progress	—	—	—	—	(893)	893	—
Depreciation	(4,951)	(3,421)	(376)	(26,612)	—	(4,964)	(40,324)
Disposals	(500)	(93)	—	—	—	—	(593)
Closing net book value	31,449	61,876	4,973	154,556	—	182,274	435,128
As at 31 December 2021							
Cost	61,707	79,365	10,058	297,037	—	207,703	655,870
Accumulated depreciation	(30,258)	(17,489)	(5,085)	(142,481)	—	(25,429)	(220,742)
Net book value	31,449	61,876	4,973	154,556	—	182,274	435,128

14. RIGHT-OF-USE ASSETS

	Rented premises for stores and offices RMB'000	Land use right RMB'000	Total RMB'000
Six months ended 31 December 2022			
Opening net book value as at 1 July 2022	695,369	24,405	719,774
Additions	231,824	—	231,824
Early termination	(1,254)	—	(1,254)
Depreciation and amortisation	(140,734)	(279)	(141,013)
Modification (i)	(12,077)	—	(12,077)
Closing net book value as at 31 December 2022	773,128	24,126	797,254
Six months ended 31 December 2021			
Opening net book value as at 1 July 2021	615,105	24,963	640,068
Additions	168,229	—	168,229
Early termination	(1,417)	—	(1,417)
Depreciation and amortisation	(109,439)	(279)	(109,718)
Closing net book value as at 31 December 2021	672,478	24,684	697,162

- (i) The Group chose to record the rent concessions occurring as a direct consequence of the COVID-19 pandemic as lease modifications. The rent concessions represented reduced lease payments due on or before 31 December 2022 and there was no substantive change to other terms and conditions of the lease. Rent concessions approximately RMB12,077,000 (six months ended 31 December 2021: nil) have been accounted for as lease modification by decreasing the lease liabilities and making a corresponding adjustment to the right-of-use asset.

15. INTANGIBLE ASSETS

	Computer software RMB'000	Others RMB'000	Total RMB'000
Six months ended 31 December 2022			
Opening net book value as at 1 July 2022	18,567	144	18,711
Additions	2,651	—	2,651
Amortisation charge	(2,045)	(10)	(2,055)
Closing net book value as at 31 December 2022	19,173	134	19,307
As at 31 December 2022			
Cost	32,447	244	32,691
Accumulated amortisation	(13,274)	(110)	(13,384)
Net book value	19,173	134	19,307
Six months ended 31 December 2021			
Opening net book value as at 1 July 2021	15,527	171	15,698
Additions	1,906	—	1,906
Amortisation charge	(1,198)	(17)	(1,215)
Closing net book value as at 31 December 2021	16,235	154	16,389
As at 31 December 2021			
Cost	26,153	244	26,397
Accumulated amortisation	(9,918)	(90)	(10,008)
Net book value	16,235	154	16,389

16. DEFERRED INCOME TAX

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

	As at 31 December 2022 RMB'000	As at 30 June 2022 RMB'000
Total deferred tax assets	444,009	422,793
Set-off of deferred tax assets pursuant to set-off provisions	(193,282)	(179,944)
Net deferred tax assets	250,727	242,849
Deferred income tax assets:		
— to be recovered after 12 months	148,045	147,277
— to be recovered within 12 months	102,682	95,572
	250,727	242,849
Total deferred tax liabilities	208,201	192,141
Set-off of deferred tax liabilities pursuant to set-off provisions	(193,282)	(179,944)
Net deferred tax liabilities(i)	14,919	12,197
Deferred income tax liabilities:		
— to be settled within 12 months	14,919	12,197

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.

- (i) As at 31 December 2022, the provisions of RMB14,919,000 (30 June 2022: RMB12,197,000) represented provision for withholding income tax of 5% made for the planned profit distribution of the PRC subsidiaries which will be settled within one year.

17. INVENTORIES

	As at 31 December 2022 RMB'000	As at 30 June 2022 RMB'000
Finished goods	1,325,826	1,154,093
Commissioned processing materials	109,552	175,321
Raw materials	40,032	33,317
Less: provision	(557,856)	(533,908)
	917,554	828,823

Movements of provision for inventories are as follows:

	Six months ended 31 December	
	2022 RMB'000	2021 RMB'000
Opening balance as at 1 July	533,908	502,201
Addition of provision for inventories to net realisable value included in "cost of sales" (Note 7)	37,547	42,431
Release of provision upon sales of inventories written down in prior years	(13,599)	(61,862)
Closing balance as at 31 December	557,856	482,770

18. TRADE RECEIVABLES

	As at 31 December 2022 RMB'000	As at 30 June 2022 RMB'000
Trade receivables	191,855	128,739
Less: provision for impairment	(22,208)	(25,057)
	169,647	103,682

The trade receivables are mainly related to sales through retail stores within department stores and shopping malls, and are generally received 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 2022 RMB'000	As at 30 June 2022 RMB'000
Within 3 months	160,598	100,083
3 months to 6 months	12,397	7,173
6 months to 1 year	3,215	2,974
1 year to 2 years	666	740
more than 2 years	14,979	17,769
	191,855	128,739

19. PREPAYMENTS, DEPOSITS AND OTHER ASSETS

	As at 31 December 2022 RMB'000	As at 30 June 2022 RMB'000
Long-term prepayments		
Long-term prepaid expenses	17,633	15,683
Current assets		
Deposits and other receivables	115,651	107,221
Right of goods return	97,682	85,547
Prepayment to suppliers	26,676	52,199
Prepaid expenses	24,196	18,168
Value added tax recoverable	3,663	5,464
Staff advances	175	86
	268,043	268,685
	285,676	284,368

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December 2022 RMB'000	As at 30 June 2022 RMB'000
Included in non-current assets		
Venture capital funds (a)	174,458	158,840
Investment in a private company	29,325	10,000
	203,783	168,840
Included in current assets		
Financial products of commercial banks (b)	60,135	—

- (a) This represents the Group's investments in venture capital funds as a limited partner. The nature and purpose of the venture capital funds is to achieve investment appreciation and ultimately realise the investment income through equity and equity-related investments in companies with investment value and development potential. These vehicles are financed through issuing units to investors. The Group subscribed for certain interests as passive investors in the fund. The Group's maximum exposure to loss is limited to the carrying amount of the interests held by the Group.

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

(a) (Continued)

As at 31 December 2022, the Group has made capital contributions of RMB51,000,000 into two venture capital funds, both of which are related parties of Mr. Wei Zhe, the non-executive director of the Group. The Group has uncalled commitments of RMB9,000,000 in accordance with the subscription agreements (Note 31).

(b) This represents the Group's financial products of commercial bank with expected return rate of 1.7%–3.1% per annum and maturity period within 1 year. The financial products of commercial bank are offered by a reputable financial institution in the Mainland China.

21. TERM DEPOSITS WITH INITIAL TERM OVER 3 MONTHS

	As at 31 December 2022 RMB'000	As at 30 June 2022 RMB'000
Term deposits	234,282	384,396

The effective interest rate for the term deposits of the Group with initial term over 3 months for the six months ended 31 December 2022 was 3.04% per annum (30 June 2022: 3.17%).

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.

22. CASH AND BANK BALANCE

	As at 31 December 2022 RMB'000	As at 30 June 2022 RMB'000
Cash at bank and on hand	657,787	591,746

23. 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 2022	1,000,000,000	518,750,000	4,622	508,254	(180,244)	332,632
Transfer and exercise of RSUs	—	—	—	70	40,705	40,775
Purchase of ordinary shares for RSU scheme (a)	—	—	—	—	(6,404)	(6,404)
As at 31 December 2022	1,000,000,000	518,750,000	4,622	508,324	(145,943)	367,003

	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 2021	1,000,000,000	518,750,000	4,622	668,308	(164,430)	508,500
Transfer and exercise of RSUs	—	—	—	2,798	6,140	8,938
Dividend (Note 12)	—	—	—	(161,458)	—	(161,458)
Purchase of ordinary shares for RSU scheme (a)	—	—	—	—	(16,318)	(16,318)
As at 31 December 2021	1,000,000,000	518,750,000	4,622	509,648	(174,608)	339,662

(a) During the period, the Group purchased 1,032,000 of its own shares through the trustee of the RSU scheme at a total consideration of HK\$7,169,000 (approximately RMB6,404,000). As at 31 December 2022, there were 17,720,000 (30 June 2022: 21,466,000) shares held through the trustee of the RSU scheme.

24. 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
As at 1 July 2022	157,260	102,340	(29,138)	(1,599)	228,863
Appropriation to statutory reserves(a)	249	—	—	—	249
Share based compensation (Note 25)	—	17,604	—	—	17,604
Currency translation differences	—	—	4,092	—	4,092
Vest of RSUs	—	(27,094)	—	—	(27,094)
As at 31 December 2022	157,509	92,850	(25,046)	(1,599)	223,714
As at 1 July 2021	156,791	62,615	(25,750)	(1,599)	192,057
Appropriation to statutory reserves(a)	316	—	—	—	316
Share based compensation (Note 25)	—	17,107	—	—	17,107
Currency translation differences	—	—	(9,633)	—	(9,633)
Vest of RSUs	—	(5,784)	—	—	(5,784)
As at 31 December 2021	157,107	73,938	(35,383)	(1,599)	194,063

- (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. When the balance of the statutory surplus reserve fund reaches 50% of the registered capital of the PRC operating entities, any further appropriation is at the discretion of shareholders. 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 2022 and 2021, approximately RMB249,000 and RMB316,000 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.

25. 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. During the six months ended 31 December, share based compensation expenses of RMB17,604,000 were recognised by the Group (RMB17,107,000 for the six months ended 31 December 2021).

Movements in the number of outstanding RSUs are as follows:

	Period ended 31 December 2022		Period ended 31 December 2021	
	Weighted average exercise price per RSU	Number of RSUs	Weighted average exercise price per RSU	Number of RSUs
Opening unvested balance	HK\$3.19	17,072,999	HK\$3.08	8,333,250
Granted(a)	HK\$3.20	8,990,000	HK\$3.20	11,980,000
Forfeited	HK\$3.20	(1,477,500)	—	(12,000)
Vested	HK\$3.18	(5,140,500)	HK\$2.83	(2,503,251)
Ending unvested balance	HK\$3.19	19,444,999	HK\$3.19	17,797,999

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

- (a) On 30 August 2022, the Board resolved to grant 8,990,000 RSUs to 43 selected grantees under the share award schemes. Pursuant to the vesting schedule, 25% of the RSUs granted shall be vested prior to 31 August 2023, 2024, 2025 and 2026, respectively. The grantees are required to pay HK\$3.2 per share for the exercise of RSUs upon satisfaction of terms and conditions.
- (b) 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 2022, the expected forfeiture rate was estimated at 3% (30 June 2022: 3%).

26. TRADE AND BILLS PAYABLES

	As at 31 December 2022 RMB'000	As at 30 June 2022 RMB'000
Trade payables	272,226	289,211
Bills payables	6,845	—
	279,071	289,211

Ageing analysis of trade payables based on date of goods received as at 31 December 2022 and 30 June 2022 was as follows:

	As at 31 December 2022 RMB'000	As at 30 June 2022 RMB'000
Within 6 months	270,050	282,792
6 months to 1 year	526	5,046
1 to 2 years	748	483
2 to 3 years	902	890
	272,226	289,211

27. CONTRACT LIABILITIES

	As at 31 December 2022 RMB'000	As at 30 June 2022 RMB'000
Advances from distributors	293,320	281,512
Customer loyalty programme	20,263	18,738
Contract liabilities	313,583	300,250

28. ACCRUALS AND OTHER CURRENT LIABILITIES

	As at 31 December 2022 RMB'000	As at 30 June 2022 RMB'000
Non-current liabilities		
Payables for guarantee deposits	1,955	4,579
Current liabilities		
Provisions for sales returns	273,392	258,551
Payroll and welfare payables	84,425	96,668
Provisions for sales rebates	75,034	70,089
Value-added tax and other taxes payables	52,507	52,374
Deposits received from suppliers (a)	50,293	48,853
Payables for leasehold improvements	48,814	50,052
Workforce contracting payables	39,019	29,691
Distribution deposits (b)	30,533	30,966
Accruals for marketing and promotions	21,591	16,601
Rentals	3,431	9,512
Payables for property, plant and equipment	4,496	6,722
Others	24,123	44,626
	707,658	714,705
	709,613	719,284

- (a) Deposits received from suppliers represent non-interest bearing deposits received from third-party suppliers for quality assurance.
- (b) 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 2022 RMB'000	As at 30 June 2022 RMB'000
Short-term borrowings	198,543	148,868

As at 31 December 2022, the bills receivables, amounting to RMB200,000,000, issued by a subsidiary to another subsidiary 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 2022, the average discounted rate was 1.70% per annum (30 June 2022: 2.57%).

30. LEASE LIABILITIES

	As at 31 December 2022 RMB'000	As at 30 June 2022 RMB'000
Total lease liabilities	440,687	342,658
Less: current portion	221,881	174,599
Non-current portion	218,806	168,059

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

31. COMMITMENTS

(a) Capital commitments

As at 31 December 2022, the capital expenditure contracted but not provided for amounted to RMB34,500,000 (30 June 2022: RMB9,000,000).

(b) Operating lease commitments

As at 31 December 2022, lease commitments for the Group for leases not yet commenced or short-term leases are as follows:

	As at 31 December 2022 RMB'000	As at 30 June 2022 RMB'000
No later than 1 year	25,162	13,506

32. RELATED-PARTY TRANSACTIONS

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

Name	Relationship with the Group
Li Lin	One of the controlling shareholders
Wu Jian	One of the controlling shareholders
Li Ming	Close family of the controlling shareholders
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
Huizhan Technology (Hangzhou) Co., Ltd	Controlled by the controlling shareholders
Hangzhou OōEli Commercial Operation Management Co., Ltd.	Controlled by the controlling shareholders

32. RELATED-PARTY TRANSACTIONS (Continued)

(a) Significant transactions with related parties

Saved as disclosed in note 20, the Group had the following significant transactions with related parties, which are all continuing connected transactions except for utilities charged (Note 32(iv)), and loan arrangements (Note 32 (vii)(viii)(ix)) as disclosed below.

	Six months ended 31 December	
	2022 RMB'000	2021 RMB'000
(ii) Processing fee charged by a related party		
Hangzhou Shangwei Apparel Co., Ltd.	12,128	15,724
(iii) Framework sample apparel manufacturing charged by a related party		
Hangzhou JNBY Finery Co., Ltd.	14,836	19,832
(iii) Operating lease expenses charged by related parties		
Huizhan Technology (Hangzhou) Co., Ltd	2,580	161
(iv) Utilities charged by related parties		
Hangzhou O6Eli Commercial Operation Management Co., Ltd.	1,173	—
Huizhan Technology (Hangzhou) Co., Ltd	—	861
	1,173	861
(v) Sale of goods to a related party		
Huizhan Technology (Hangzhou) Co., Ltd	57	—
(vi) Concession fees charged by a related party		
Huizhan Technology (Hangzhou) Co., Ltd	892	997
(vii) Loan granted to a related party		
Huizhan Technology (Hangzhou) Co., Ltd	—	150,000

	Six months ended 31 December	
	2022 RMB'000	2021 RMB'000
(viii) Loan repayment from a related party		
Huizhan Technology (Hangzhou) Co., Ltd	—	50,000
(ix) Interest income from loan granted to a related party		
Huizhan Technology (Hangzhou) Co., Ltd	2,362	1,900

(x) Key management compensation

Details of compensation paid or payable to key management of the Group are as follows:

	Six months ended 31 December	
	2022 RMB'000	2021 RMB'000
Basic salaries and allowances	11,621	11,407
Share-based compensation	10,059	11,368
Discretionary bonuses	4,418	4,350
Other benefits including pension	547	432
	26,645	27,557

32. RELATED-PARTY TRANSACTIONS (Continued)

(b) Balances with related parties

	As at 31 December 2022 RMB'000	As at 30 June 2022 RMB'000
Due from related parties		
Current — Trade receivables:		
— Huizhan Technology (Hangzhou) Co., Ltd	2,056	2,356
Non-current — loan to a related party:		
— Huizhan Technology (Hangzhou) Co., Ltd (i)	105,611	103,249
	107,667	105,605

- (i) The Group provided a loan to Huizhan Technology (Hangzhou) Co., Ltd. with an interest rate of 4.90% per annum. The outstanding loan amount together with the interest will be due on 30 June 2024, which is guaranteed by Mr. Wu Jian and Ms. Li Lin.

	As at 31 December 2022 RMB'000	As at 30 June 2022 RMB'000
Due to related parties		
Trade payables:		
— Hangzhou Shangwei Apparel Co., Ltd.	6,192	8,710
Other payables:		
— Hangzhou JNBY Finery Co., Ltd.	3,822	3,175
— Huizhan Technology (Hangzhou) Co., Ltd	175	175
	3,997	3,350
Current lease liabilities:		
— Huizhan Technology (Hangzhou) Co., Ltd (ii)	44,297	43,067
— Hangzhou OōEli Commercial Operation Management Co., Ltd. (ii)	3,533	—
— Hangzhou Huikang Industrial Co., Ltd.	2,758	2,404
	50,588	45,471
Amounts due to related parties in current portion	60,777	57,531

	As at 31 December 2022 RMB'000	As at 30 June 2022 RMB'000
Non-current lease liabilities:		
— Huizhan Technology (Hangzhou) Co., Ltd (ii)	266,925	279,744
— Hangzhou OōEli Commercial Operation Management Co., Ltd. (ii)	15,778	—
— Hangzhou Huikang Industrial Co., Ltd.	348	1,505
	283,051	281,249
	343,828	338,780

- (ii) The Group leased premises mainly for office building from Huizhan Technology (Hangzhou) Co., Ltd and Hangzhou OōEli Commercial Operation Management Co., Ltd. with extension options. The Group has an option to renew the lease agreements with the lessors six months before the lease expiry based on the then market rent. Extension options for the lease arrangements are included in the lease term because the leases are reasonably certain to be extended to ten years taking into consideration of the significant leasehold improvements, historical lease durations and the costs and business disruption required to replace the leased assets.