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# 江南布衣<sup>+</sup> JNBY GROUP

JNBY Design Limited

江南布衣有限公司

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

**(Stock Code: 3306)**

## INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED DECEMBER 31, 2020

### FINANCIAL HIGHLIGHTS

- The total revenue of the Group for the six months ended December 31, 2020 (the “**first half of fiscal year 2021**”) amounted to RMB2,314.7 million, an increase of 8.4% or RMB179.2 million as compared with RMB2,135.5 million for the six months ended December 31, 2019 (the “**first half of fiscal year 2020**”). The net profit for the first half of fiscal year 2021 amounted to RMB463.5 million, an increase of 7.8% or RMB33.6 million as compared with RMB429.9 million for the first half of fiscal year 2020. Net cash inflow from operating activities in the first half of fiscal year 2021 was RMB1,114.4 million, an increase of 70.5% or RMB460.7 million as compared with RMB653.7 million for the first half of fiscal year 2020.
- As at December 31, 2020, the brand portfolio of the Group includes multiple brands in three stages, namely (i) Mature brand, (ii) Younger brands and (iii) Emerging brands. The total number of our retail stores around the world increased from 1,855 as of June 30, 2020 to 1,931 as of December 31, 2020. Our sales network has covered all provinces, autonomous regions and municipalities in Mainland China and across ten other countries and regions around the world. In the first half of fiscal year 2021, the Group’s same store sales growth of offline shops was 12.6%, and same store sales growth of offline shops for the first half of fiscal year 2020 was 0.5%.
- As of December 31, 2020, the Group had over 4.5 million membership accounts (without duplication) (as of June 30, 2020: over 4.2 million), including our more than 4.1 million subscribers (without duplication) on the WeChat platform (as of June 30, 2020: over 3.7 million), with the Group’s digital members on the WeChat platform accounting for over 90%. The retail sales contributed by the members of the Group accounted for approximately 70% of our total retail sales for the first half of fiscal year 2021.
- The Board declared the payment of an interim dividend of HK\$0.39 per ordinary share (equivalent to approximately RMB0.33 per ordinary share) for the six months ended December 31, 2020.

The board (the “**Board**”) of directors (the “**Directors**”) of JNBY Design Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (the “**Group**”) for the six months ended December 31, 2020, together with the comparative figures for the corresponding period of the previous fiscal year, as follows:

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

*For the six months ended December 31, 2020*

		<b>Unaudited</b>	
		<b>Six months ended</b>	
		<b>December 31,</b>	
		<b>2020</b>	<b>2019</b>
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	5	2,314,663	2,135,468
Cost of sales	6	<u>(889,511)</u>	<u>(800,797)</u>
<b>Gross profit</b>		<u>1,425,152</u>	<u>1,334,671</u>
Selling and marketing expenses	6	(671,246)	(642,279)
Administrative expenses	6	(139,889)	(144,337)
Other income and gains, net	7	<u>27,911</u>	<u>51,253</u>
<b>Operating profit</b>		<u>641,928</u>	<u>599,308</u>
Finance income	8	13,043	10,401
Finance costs	8	<u>(12,395)</u>	<u>(10,330)</u>
Finance income, net		<u>648</u>	<u>71</u>
<b>Profit before income tax</b>		<u>642,576</u>	<u>599,379</u>
Income tax expense	9	<u>(179,043)</u>	<u>(169,495)</u>
<b>Profit for the period</b>		<u>463,533</u>	<u>429,884</u>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Currency translation differences		<u>(32,373)</u>	<u>1,448</u>
<b>Total comprehensive income for the period</b>		<u><u>431,160</u></u>	<u><u>431,332</u></u>

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
(CONTINUED)**

*For the six months ended December 31, 2020*

		<b>Unaudited</b>	
		<b>Six months ended</b>	
		<b>December 31,</b>	
		<b>2020</b>	2019
	<i>Note</i>	<b>RMB'000</b>	<b>RMB'000</b>
<b>Profit attributable to:</b>			
Shareholders of the Company		<b>463,536</b>	429,886
Non-controlling interests		<u>(3)</u>	<u>(2)</u>
		<b><u>463,533</u></b>	<b><u>429,884</u></b>
<b>Total comprehensive income attributable to:</b>			
Shareholders of the Company		<b>431,163</b>	431,334
Non-controlling interests		<u>(3)</u>	<u>(2)</u>
		<b><u>431,160</u></b>	<b><u>431,332</u></b>
<b>Earnings per share (expressed in RMB per share)</b>			
— Basic	<i>10 (a)</i>	<b><u>0.93</u></b>	<u>0.84</u>
— Diluted	<i>10 (b)</i>	<b><u>0.93</u></b>	<u>0.84</u>

## CONDENSED CONSOLIDATED BALANCE SHEET

As at December 31, 2020

		Unaudited December 31, 2020 RMB'000	Audited June 30, 2020 RMB'000
	Note		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	12	376,139	324,120
Right-of-use assets	13	534,670	196,144
Intangible assets	14	15,309	13,597
Prepayments, deposits and other assets	17	9,072	8,387
Deferred income tax assets		<u>207,065</u>	<u>185,823</u>
<b>Total non-current assets</b>		<u><b>1,142,255</b></u>	<u>728,071</u>
<b>Current assets</b>			
Inventories	15	772,675	904,122
Trade receivables	16	204,368	97,413
Prepayments, deposits and other assets	17	216,700	253,057
Financial assets at fair value through profit or loss		91,663	263,091
Term deposits with initial term over 3 months		521,307	246,320
Restricted cash		5,440	5,463
Cash and cash equivalents		<u>893,304</u>	<u>336,672</u>
<b>Total current assets</b>		<u><b>2,705,457</b></u>	<u>2,106,138</u>
<b>Total assets</b>		<u><b>3,847,712</b></u>	<u><b>2,834,209</b></u>

## CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)

As at December 31, 2020

		Unaudited December 31, 2020 RMB'000	Audited June 30, 2020 RMB'000
	Note		
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities	21	109,855	65,860
Accruals and other current liabilities	20	8,415	6,977
Amounts due to related parties		230,335	4,113
Deferred income tax liabilities		18,116	14,561
		<u>366,721</u>	<u>91,511</u>
<b>Total non-current liabilities</b>			
<b>Current liabilities</b>			
Trade and bills payables	18	281,494	181,788
Lease liabilities	21	119,570	116,858
Contract liabilities	19	272,339	326,541
Accruals and other current liabilities	20	717,927	429,107
Amounts due to related parties		36,289	8,589
Borrowings		192,976	187,683
Current income tax liabilities		170,803	6,220
		<u>1,791,398</u>	<u>1,256,786</u>
<b>Total current liabilities</b>			
<b>Total liabilities</b>			
		<u>2,158,119</u>	<u>1,348,297</u>
<b>Net assets</b>			
		<u>1,689,593</u>	<u>1,485,912</u>
<b>EQUITY</b>			
<b>Equity attributable to shareholders of the Company</b>			
Share capital		4,622	4,622
Shares held for restricted share units (“RSU”) scheme		(169,966)	(172,414)
Share premium		667,083	665,520
Other reserves		192,312	222,095
Retained earnings		995,560	766,104
		<u>1,689,611</u>	<u>1,485,927</u>
Equity attributable to shareholders of the Company		1,689,611	1,485,927
Non-controlling interests		(18)	(15)
		<u>(18)</u>	<u>(15)</u>
<b>Total equity</b>			
		<u>1,689,593</u>	<u>1,485,912</u>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended December 31, 2020

	Unaudited								
	Attributable to shareholders of the Company							Non-controlling interests	Total equity
	Note	Share capital	Share premium	Shares held for RSU scheme	Other reserves	Retained earnings	Total		
RMB'000		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		
<b>Balance at 1 July 2019</b>		4,622	657,376	(78,646)	183,130	644,599	1,411,081	(5)	1,411,076
Change in accounting policy		—	—	—	—	(5,035)	(5,035)	—	(5,035)
<b>Adjusted balance as at 1 July 2019</b>		<u>4,622</u>	<u>657,376</u>	<u>(78,646)</u>	<u>183,130</u>	<u>639,564</u>	<u>1,406,046</u>	<u>(5)</u>	<u>1,406,041</u>
<b>Comprehensive income</b>									
Profit for the period		—	—	—	—	429,886	429,886	(2)	429,884
<b>Other comprehensive income</b>									
Currency translation differences		—	—	—	1,448	—	1,448	—	1,448
<b>Total comprehensive income</b>		<u>—</u>	<u>—</u>	<u>—</u>	<u>1,448</u>	<u>429,886</u>	<u>431,334</u>	<u>(2)</u>	<u>431,332</u>
<b>Transactions with shareholders</b>									
Profit appropriations to statutory reserves		—	—	—	580	(580)	—	—	—
Liquidation of a subsidiary		—	—	—	(243)	243	—	—	—
Share-based compensation		—	—	—	9,841	—	9,841	—	9,841
Purchase ordinary shares for RSU scheme		—	—	(3,075)	—	—	(3,075)	—	(3,075)
Vest of RSUs		—	8,676	—	(8,676)	—	—	—	—
Transfer and exercise of RSUs		—	(532)	1,467	—	—	935	—	935
Dividend	11	—	—	—	—	(219,798)	(219,798)	—	(219,798)
<b>Total transactions with Shareholders</b>		<u>—</u>	<u>8,144</u>	<u>(1,608)</u>	<u>1,502</u>	<u>(220,135)</u>	<u>(212,097)</u>	<u>—</u>	<u>(212,097)</u>
<b>Balance at 31 December 2019</b>		<u>4,622</u>	<u>665,520</u>	<u>(80,254)</u>	<u>186,080</u>	<u>849,315</u>	<u>1,625,283</u>	<u>(7)</u>	<u>1,625,276</u>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
(CONTINUED)**

*For the six months ended December 31, 2020*

		Unaudited							
		Attributable to shareholders of the Company							
Note	Share capital <i>RMB'000</i>	Share premium <i>RMB'000</i>	Shares held	Other reserves <i>RMB'000</i>	Retained earnings <i>RMB'000</i>	Total <i>RMB'000</i>	Non-controlling interests <i>RMB'000</i>	Total equity <i>RMB'000</i>	
			for RSU scheme <i>RMB'000</i>						
	<b>Balance at 1 July 2020</b>	4,622	665,520	(172,414)	222,095	766,104	1,485,927	(15)	1,485,912
	<b>Comprehensive income</b>								
	Profit for the period	—	—	—	—	463,536	463,536	(3)	463,533
	<b>Other comprehensive income</b>								
	Currency translation differences	—	—	—	(32,373)	—	(32,373)	—	(32,373)
	<b>Total comprehensive income</b>	—	—	—	(32,373)	463,536	431,163	(3)	431,160
	<b>Transactions with shareholders</b>								
	Profit appropriations to statutory reserves	—	—	—	32	(32)	—	—	—
	Share-based compensation	—	—	—	8,261	—	8,261	—	8,261
	Purchase ordinary shares for RSU scheme	—	—	(3,748)	—	—	(3,748)	—	(3,748)
	Vest of RSUs	—	5,703	—	(5,703)	—	—	—	—
	Transfer and exercise of RSUs	—	(4,140)	6,196	—	—	2,056	—	2,056
	Dividend	—	—	—	—	(234,048)	(234,048)	—	(234,048)
	<b>Total transactions with Shareholders</b>	—	1,563	2,448	2,590	(234,080)	(227,479)	—	(227,479)
	<b>Balance at 31 December 2020</b>	<u>4,622</u>	<u>667,083</u>	<u>(169,966)</u>	<u>192,312</u>	<u>995,560</u>	<u>1,689,611</u>	<u>(18)</u>	<u>1,689,593</u>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended December 31, 2020

	Unaudited	
	Six months ended	
	December 31,	
	2020	2019
<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Cash flows from operating activities</b>		
Cash generated from operations	1,134,523	762,714
Income tax paid	<u>(20,171)</u>	<u>(109,035)</u>
<b>Net cash generated from operating activities</b>	<u>1,114,352</u>	<u>653,679</u>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(68,664)	(83,552)
Purchase of intangible assets	(2,844)	(2,122)
Proceeds from disposals of property, plant and equipment	283	421
Investment income received from financial products issued by commercial banks	4,293	—
Interest received	9,310	8,922
Purchase of term deposits with initial term over 3 months	(731,000)	(726,603)
Purchase of financial products issued by commercial banks	(40,000)	(110,000)
Proceeds from disposal of term deposits with initial term over 3 months	439,940	687,966
Proceeds from disposal of financial products issued by commercial banks	<u>210,000</u>	<u>—</u>
<b>Net cash used in investing activities</b>	<u>(178,682)</u>	<u>(224,968)</u>

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)***For the six months ended December 31, 2020*

	<b>Unaudited</b>	
	<b>Six months ended</b>	
	<b>December 31,</b>	
	<b>2020</b>	<b>2019</b>
<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	<b>142,038</b>	126,997
Repayments of borrowings	<b>(140,000)</b>	(40,000)
Dividends paid	<i>11</i> <b>(234,048)</b>	(219,798)
Payment for repurchase of treasury shares	<b>(3,748)</b>	(3,075)
Repayments of lease liabilities	<b>(136,345)</b>	(99,550)
	<u><b>(372,103)</b></u>	<u>(235,426)</u>
<b>Net cash used in financing activities</b>		
	<b>563,567</b>	193,285
<b>Net increase in cash and cash equivalents</b>		
Cash and cash equivalents at beginning of the period	<b>336,672</b>	216,465
Exchange (loss)/gains on cash and cash equivalents	<b>(6,935)</b>	830
	<u><b>893,304</b></u>	<u>410,580</u>
<b>Cash and cash equivalents at end of the period</b>		

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

*For the six months ended December 31, 2020*

## 1. GENERAL INFORMATION

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

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

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

This condensed consolidated interim financial information is presented in Renminbi (“**RMB**”), unless otherwise stated. This condensed consolidated interim financial information was approved by the board of directors of the Company for issue on 25 February 2021.

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 2020 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 2020 as set out in the annual report dated 26 August 2020, 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 2020 as described in those annual financial statements except that income tax is accrued using the tax rate that would be applicable to expected total annual earnings and the adoption of new and amended standards as set out below.

- (i) The following new standards and amendments to standards and interpretations are effective for annual periods beginning 1 July 2020.
  - Amendments to HKAS 1 and HKAS 8 “Definition of Material”
  - Amendments to HKFRS 3 “Definition of a Business”
  - Revised Conceptual framework for Financial Reporting
  - Interest Rate Benchmark Reform — amendments to HKFRS 9, HKAS 39 and HKFRS 7
  - Amendments to HKFRS 16. “COVID-19-Related Rent Concessions”

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 2020 and have not been early adopted by the Group.

	<b>Effective Date</b>
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 HKFRS 3 “Reference to the Conceptual Framework”	1 January 2022
Annual Improvements to HKFRS Standards 2018–2020	1 January 2022
Amendments to HKAS 37 “Onerous Contracts — Cost of Fulfilling a Contract”	1 January 2022
Amendments to HKAS 1 “Classification of Liabilities as Current or Non-current”	1 January 2023
Amendments to HKAS 16 “Property, Plant and Equipment: Proceeds before intended use”	1 January 2022

Certain new accounting standards and interpretations have been published that are not mandatory for the 31 December 2020 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 2020.

#### **5. SEGMENT INFORMATION**

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

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

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

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

	Six months ended 31 December 2020			
	Mature brand <i>RMB'000</i>	Younger brands <i>RMB'000</i>	Emerging brands <i>RMB'000</i>	Total <i>RMB'000</i>
Revenue				
Mainland China	1,306,052	945,971	45,086	2,297,109
Outside Mainland China	<u>12,517</u>	<u>4,950</u>	<u>87</u>	<u>17,554</u>
Revenue from external customers	<u>1,318,569</u>	<u>950,921</u>	<u>45,173</u>	<u>2,314,663</u>
Segment gross profit	<u>826,509</u>	<u>583,825</u>	<u>14,818</u>	<u>1,425,152</u>
Segment operating profit/(loss)	<u>520,855</u>	<u>306,998</u>	<u>(4,598)</u>	<u>823,255</u>
Unallocated selling and marketing expenses and administrative expenses				<u>(209,238)</u>
Other income and gains, net				<u>27,911</u>
Total operating profit				<u><u>641,928</u></u>

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

## 6. EXPENSES BY NATURE

	Six months ended 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Cost of inventories sold	795,159	735,186
Expenses relating to short-term leases and variable lease payments	169,897	166,760
Workforce contracting expenses	164,057	164,646
Employee benefit expenses (including share-based compensation expenses)	158,741	132,540
Depreciation and amortisation ( <i>Notes 12, 13 &amp; 14</i> )	118,133	126,312
— Right-of-use assets	87,517	93,173
— Property, plant and equipment	29,484	32,371
— Intangible assets	1,132	768
Promotion and marketing expenses	91,482	80,534
Provision for inventories ( <i>Note 15</i> )	77,259	49,062
Utilities charges and office expenses	26,002	25,570
Transportation and warehouse expenses	25,822	21,271
Commission expenses to online platforms	24,376	21,025
Taxes and other surcharges	17,682	17,097
Consumables and service fee for apparel design	12,218	16,622
Other professional service expenses	6,337	9,623
Entertainment and travelling expenses	5,673	9,716
Auditors' remuneration	1,200	1,200
(Reversal)/provision of impairment losses of trade receivables	(5,481)	922
Others	12,089	9,327
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Total cost of sales, selling and marketing expenses and administrative expenses	<b>1,700,646</b>	<b>1,587,413</b>
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## 7. OTHER INCOME AND GAINS, NET

	Six months ended 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Other income</b>		
Government grants (i)	<u>25,266</u>	<u>50,098</u>
<b>Other gains</b>		
Net fair value gains on financial assets at fair value through profit or loss	2,865	416
Foreign exchange (loss)/gains	(160)	295
Losses on disposal of property, plant and equipment	(278)	(104)
Others	<u>218</u>	<u>548</u>
	<u>2,645</u>	<u>1,155</u>
	<u><u>27,911</u></u>	<u><u>51,253</u></u>

- (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.

## 8. FINANCE INCOME AND COSTS

	Six months ended 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Finance income</b>		
Interest income on cash and cash equivalents, restricted cash and term deposits with initial term over 3 months	10,419	8,941
Net foreign exchange gains on financing activities	<u>2,624</u>	<u>1,460</u>
	<u>13,043</u>	<u>10,401</u>
<b>Finance costs</b>		
Interest on lease liabilities	(9,140)	(7,327)
Discount charges of bills receivables	<u>(3,255)</u>	<u>(3,003)</u>
	<u>(12,395)</u>	<u>(10,330)</u>
Finance income — net	<u><u>648</u></u>	<u><u>71</u></u>

## 9. INCOME TAX EXPENSE

The Group is not subject to taxation in the Cayman Islands. Entities incorporated in Hong Kong 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. The companies established and operated in the PRC are subject to PRC Enterprise Income Tax (“EIT”) at a rate of 25% (2019: 25%).

	Six months ended 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Current income tax expense		
— Enterprise income tax expense	183,231	186,128
Deferred income tax expense	(4,188)	(16,633)
	<u>179,043</u>	<u>169,495</u>

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 27.9% (six months ended 31 December 2019: 28.3%).

## 10. EARNINGS PER SHARE

### (a) Basic

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

	Six months ended 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Profit attributable to shareholders of the Company	<u>463,536</u>	<u>429,886</u>
Weighted average number of ordinary shares in issue excluding shares held under the RSU scheme in issue (thousands of shares)	<u>499,477</u>	<u>510,825</u>
Basic earnings per share (expressed in RMB per share)	<u>0.93</u>	<u>0.84</u>

**(b) Diluted**

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

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

	<b>Six months ended 31 December</b>	
	<b>2020</b>	<b>2019</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Profit attributable to shareholders of the Company	<u>463,536</u>	<u>429,886</u>
Weighted average number of ordinary shares in issue excluding shares held under the RSU scheme in issue (thousands of shares)	499,477	510,825
Adjustments for share based compensation — RSUs (thousands of shares)	<u>23</u>	<u>2,595</u>
Weighted average number of ordinary shares for the calculation of diluted EPS (thousands of shares)	<u>499,500</u>	<u>513,420</u>
Diluted earnings per share (expressed in RMB per share)	<u><u>0.93</u></u>	<u><u>0.84</u></u>

**11. DIVIDENDS**

Pursuant to the shareholders' resolution on 15 October 2020, a dividend of RMB234,048,000 relating to the year ended 30 June 2020 was paid during the six months ended 31 December 2020 (six months ended 31 December 2019: RMB219,798,000).

Pursuant to a resolution of the board of directors on 25 February 2021, an interim dividend for the six months ended 31 December 2020 of HK\$0.39 (equivalent to approximately RMB0.33) per ordinary share totaling approximately RMB164,811,000 was approved. These financial statements do not reflect this dividend payable.

## 12. PROPERTY, PLANT AND EQUIPMENT

	Office equipment and others <i>RMB'000</i>	Machinery <i>RMB'000</i>	Motor vehicles <i>RMB'000</i>	Leasehold improvements <i>RMB'000</i>	Construction- in-progress <i>RMB'000</i>	Buildings of Logistics center <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Six months ended 31 December 2020</b>							
Opening net book value							
as at 1 July 2020	19,478	52,356	1,057	24,384	34,069	192,776	324,120
Additions	13,837	3,225	1,014	20,107	43,881	—	82,064
Transfer from construction-in-progress	—	—	—	77,950	(77,950)	—	—
Depreciation	(2,631)	(3,330)	(217)	(18,632)	—	(4,674)	(29,484)
Disposals	(351)	(185)	(25)	—	—	—	(561)
Closing net book value	<u>30,333</u>	<u>52,066</u>	<u>1,829</u>	<u>103,809</u>	<u>—</u>	<u>188,102</u>	<u>376,139</u>
<b>As at 31 December 2020</b>							
Cost	53,759	63,189	6,307	225,401	—	203,861	552,517
Accumulated depreciation	(23,426)	(11,123)	(4,478)	(121,592)	—	(15,759)	(176,378)
Net book value	<u>30,333</u>	<u>52,066</u>	<u>1,829</u>	<u>103,809</u>	<u>—</u>	<u>188,102</u>	<u>376,139</u>
<b>Six months ended 31 December 2019</b>							
Opening net book value							
as at 1 July 2019	17,716	28,742	1,410	38,584	493	192,353	279,298
Additions	5,808	31,022	—	16,027	17,037	9,476	79,370
Transfer from construction-in-progress	—	—	—	493	(493)	—	—
Depreciation	(2,634)	(2,018)	(154)	(23,094)	—	(4,471)	(32,371)
Disposals	(448)	(51)	(26)	—	—	—	(525)
Closing net book value	<u>20,442</u>	<u>57,695</u>	<u>1,230</u>	<u>32,010</u>	<u>17,037</u>	<u>197,358</u>	<u>325,772</u>
<b>As at 31 December 2019</b>							
Cost	42,944	62,591	5,545	135,702	17,037	203,339	467,158
Accumulated depreciation	(22,502)	(4,896)	(4,315)	(103,692)	—	(5,981)	(141,386)
Net book value	<u>20,442</u>	<u>57,695</u>	<u>1,230</u>	<u>32,010</u>	<u>17,037</u>	<u>197,358</u>	<u>325,772</u>

### 13. RIGHT-OF-USE ASSETS

	<b>Rented premises for stores and offices</b>	<b>Land use right</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Six months ended 31 December 2020</b>			
Opening net book value as at 1 July 2020 (a)	170,623	25,521	196,144
Additions (b)	428,106	—	428,106
Disposals	(2,063)	—	(2,063)
Depreciation and amortisation	<u>(87,238)</u>	<u>(279)</u>	<u>(87,517)</u>
Closing net book value as at 31 December 2020	<u><u>509,428</u></u>	<u><u>25,242</u></u>	<u><u>534,670</u></u>
<b>Six months ended 31 December 2019</b>			
Opening net book value as at 1 July 2019	251,218	26,079	277,297
Additions	107,706	—	107,706
Disposals	(18,805)	—	(18,805)
Depreciation and amortisation	<u>(92,894)</u>	<u>(279)</u>	<u>(93,173)</u>
Closing net book value as at 31 December 2019	<u><u>247,225</u></u>	<u><u>25,800</u></u>	<u><u>273,025</u></u>

- (a) 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 30 June 2020 and there was no substantive change to other terms and conditions of the lease. Rent concessions totalling approximately RMB16,000,000 have been accounted for as lease modification, resulted in a remeasurement of the lease liability and a corresponding adjustment to the right-of-use asset, of which approximately RMB4,280,000 was realised during the six months ended 31 December 2020.
- (b) For the relocation of the headquarters, the Group entered into several leases with Huizhan Technology (Hangzhou) Co., Ltd., a related party of the Group. The Group leased premises mainly for office building for lease terms of 26 months and 33 months commencing from 1 October 2020 with extension options. The Group has an option to renew the lease agreements with the lessor six months before the lease expiry based on the then market rent. The total lease payments are amounted to approximately RMB40,000,000 per annum.

Extension options for the above 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. As a result, RMB286,460,000 right-of-use assets was recorded for the related-party transactions.

#### 14. INTANGIBLE ASSETS

	<b>Computer software</b> <i>RMB'000</i>	<b>Others</b> <i>RMB'000</i>	<b>Total</b> <i>RMB'000</i>
<b>Six months ended 31 December 2020</b>			
Opening net book value as at 1 July 2020	13,376	221	13,597
Additions	2,844	—	2,844
Amortisation charge	<u>(1,107)</u>	<u>(25)</u>	<u>(1,132)</u>
Closing net book value as at 31 December 2020	<u>15,113</u>	<u>196</u>	<u>15,309</u>
<b>As at 31 December 2020</b>			
Cost	22,710	244	22,954
Accumulated amortisation	<u>(7,597)</u>	<u>(48)</u>	<u>(7,645)</u>
Net book value	<u>15,113</u>	<u>196</u>	<u>15,309</u>
<b>Six months ended 31 December 2019</b>			
Opening net book value as at 1 July 2019	11,539	72	11,611
Additions	2,122	—	2,122
Amortisation charge	<u>(764)</u>	<u>(4)</u>	<u>(768)</u>
Closing net book value as at 31 December 2019	<u>12,897</u>	<u>68</u>	<u>12,965</u>
<b>As at 31 December 2019</b>			
Cost	18,366	85	18,451
Accumulated amortisation	<u>(5,469)</u>	<u>(17)</u>	<u>(5,486)</u>
Net book value	<u>12,897</u>	<u>68</u>	<u>12,965</u>

#### 15. INVENTORIES

	<b>As at 31 December 2020</b> <i>RMB'000</i>	<b>As at 30 June 2020</b> <i>RMB'000</i>
Finished goods	1,115,620	1,154,040
Commissioned processing materials	112,501	163,089
Raw materials	27,684	39,651
Less: provision	<u>(483,130)</u>	<u>(452,658)</u>
	<u>772,675</u>	<u>904,122</u>

Movements of provision for inventories are as follows:

	<b>Six months ended 31 December</b>	
	<b>2020</b>	2019
	<b>RMB'000</b>	RMB'000
Opening balance as at 1 July	452,658	295,537
Addition of provision for inventories to net realisable value included in “cost of sales” (Note 6)	77,259	49,062
Release of provision upon sales of inventories written down in prior years	<u>(46,787)</u>	<u>(11,918)</u>
Closing balance as at 31 December	<u><b>483,130</b></u>	<u>332,681</u>

#### 16. TRADE RECEIVABLES

	<b>As at 31 December 2020 RMB'000</b>	As at 30 June 2020 RMB'000
Trade receivables	228,574	127,117
Less: provision for impairment	<u>(24,206)</u>	<u>(29,704)</u>
	<u><b>204,368</b></u>	<u>97,413</u>

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:

	<b>As at 31 December 2020 RMB'000</b>	As at 30 June 2020 RMB'000
Within 3 months	200,370	94,034
3 months to 6 months	8,048	7,159
6 months to 1 year	3,241	10,192
1 year to 2 years	5,215	3,993
more than 2 years	<u>11,700</u>	<u>11,739</u>
	<u><b>228,574</b></u>	<u>127,117</u>

## 17. PREPAYMENTS, DEPOSITS AND OTHER ASSETS

	As at 31 December 2020 <i>RMB'000</i>	As at 30 June 2020 <i>RMB'000</i>
<b>Long-term prepayments</b>		
Long-term prepaid expenses	<u>9,072</u>	<u>8,387</u>
<b>Current assets</b>		
Deposits and other receivables	90,675	94,802
Right of goods return	88,567	52,957
Prepayment to suppliers	19,644	57,703
Prepaid expenses	11,516	12,251
Interest receivables	2,870	1,761
Receivables for exercise of RSUs	2,056	—
Value added tax recoverable	1,299	21,538
Staff advances	73	70
Prepaid income tax	<u>—</u>	<u>11,975</u>
	<u>216,700</u>	<u>253,057</u>
	<u>225,772</u>	<u>261,444</u>

## 18. TRADE AND BILLS PAYABLES

	As at 31 December 2020 <i>RMB'000</i>	As at 30 June 2020 <i>RMB'000</i>
Trade payables	267,895	168,131
Bills payables	<u>13,599</u>	<u>13,657</u>
	<u>281,494</u>	<u>181,788</u>

Ageing analysis of trade payables based on date of goods received as at 31 December 2020 and 30 June 2020 was as follows:

	As at 31 December 2020 <i>RMB'000</i>	As at 30 June 2020 <i>RMB'000</i>
Within 6 months	262,416	162,284
6 months to 1 year	2,970	4,690
1 to 2 years	1,640	278
2 to 3 years	869	879
	<u>267,895</u>	<u>168,131</u>

#### 19. CONTRACT LIABILITIES

	As at 31 December 2020 <i>RMB'000</i>	As at 30 June 2020 <i>RMB'000</i>
Advances from distributors	251,390	310,819
Customer loyalty programme	20,949	15,722
	<u>272,339</u>	<u>326,541</u>

## 20. ACCRUALS AND OTHER CURRENT LIABILITIES

	As at 31 December 2020 <i>RMB'000</i>	As at 30 June 2020 <i>RMB'000</i>
<b>Non-current liabilities</b>		
Payables for guarantee deposits	<u>8,415</u>	<u>6,977</u>
<b>Current liabilities</b>		
Provisions for sales returns	234,137	136,830
Value-added tax and other taxes payables	153,274	40,596
Payroll and welfare payables	85,705	83,675
Provisions for sales rebates	67,449	35,283
Workforce contracting payables	35,549	20,686
Deposits received from suppliers (a)	34,000	24,950
Distribution deposits (b)	32,506	34,076
Payables for leasehold improvements	32,049	2,280
Rentals	5,399	6,635
Accrued marketing and promotions expenses	4,096	7,642
Payables for property, plant and equipment	2,465	20,273
Others	<u>31,298</u>	<u>16,181</u>
	<u>717,927</u>	<u>429,107</u>

- (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.

## 21. LEASE LIABILITIES

	As at 31 December 2020 <i>RMB'000</i>	As at 30 June 2020 <i>RMB'000</i>
Total lease liabilities	229,425	182,718
Less: current portion	<u>119,570</u>	<u>116,858</u>
Non-current portion	<u>109,855</u>	<u>65,860</u>

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

## 22. BORROWINGS

	<b>As at 31 December 2020 RMB'000</b>	<b>As at 30 June 2020 RMB'000</b>
Short-term borrowings	<b><u>192,976</u></b>	<b><u>187,683</u></b>

As at 31 December 2020, the bills receivables, amounting to RMB196,000,000, 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 2020, the average discounted rate was 2.72% per annum (year ended 30 June 2020: 3.04%).

## MANAGEMENT DISCUSSION AND ANALYSIS

### Revenue

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

The total revenue for the six months ended December 31, 2020 amounted to RMB2,314.7 million, an increase of 8.4% or RMB179.2 million as compared with RMB2,135.5 million for the six months ended December 31, 2019. The increase in the revenue was mainly attributable to the upgrading of the Group's retail network and the continuous growth of our revenue from online channels.

The total number of our standalone retail stores around the world increased from 1,855 as of June 30, 2020 to 1,931 as of December 31, 2020. Including standalone offline stores abroad, our sales network has covered all provinces, autonomous regions and municipalities in Mainland China and across 10 other countries and regions around the world. The tables below set forth the information on the number of our standalone retail stores around the world by different brands and "JNBY Group +" member collection stores, respectively:

<b>Number of our standalone retail stores around the world by different brands</b>	<b>As of December 31, 2020</b>	<b>As of June 30, 2020</b>
Mature Brand		
JNBY	<u>914</u>	<u>881</u>
Subtotal	<u>914</u>	<u>881</u>
Younger Brands		
CROQUIS (速寫)	331	315
jnby by JNBY	462	436
less	<u>188</u>	<u>186</u>
Subtotal	<u>981</u>	<u>937</u>
Emerging Brands		
POMME DE TERRE (蓬馬)	33	30
JNBYHOME	—	—
Others	<u>1</u>	<u>5</u>
Subtotal	<u>34</u>	<u>35</u>
"JNBY Group +" member collection stores	<u>2</u>	<u>2</u>
<b>Total</b>	<b><u>1,931</u></b>	<b><u>1,855</u></b>

As of December 31, 2020	As of June 30, 2020
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**Number and geographic distribution of our retail stores by sales channels**

**Mainland China**

Self-operated stores	543	539
Distributor-operated stores	1,357	1,284

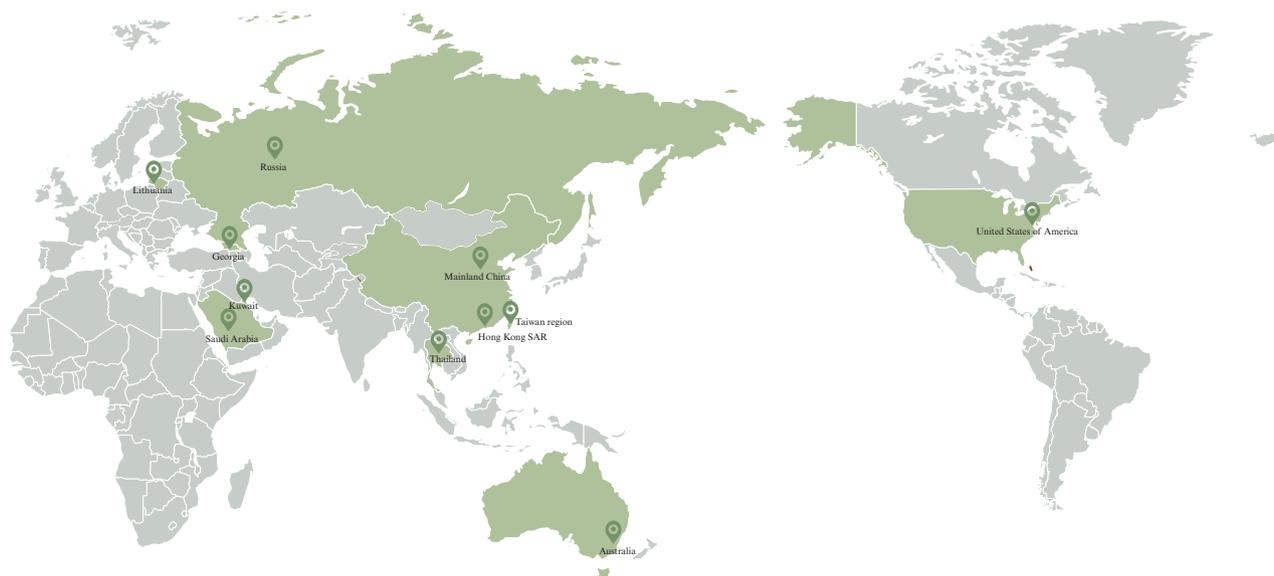
**Outside Mainland China**

Self-operated stores	1	3
Distributor-operated stores	30	29

**Total**

<b>1,931</b>	<b>1,855</b>
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The following maps and chart show the retail network distribution of our standalone retail stores in countries and regions all over the world (excluding points of sale), the geographic distribution of our retail stores (including standalone distributor-operated and self-operated stores) across Mainland China, Hong Kong and Taiwan as well as the distribution of our stores by city tiers across Mainland China as of December 31, 2020 respectively:





## Members-related data

- As of December 31, 2020, the Group had over 4.5 million membership accounts (without duplication) (as of June 30, 2020: over 4.2 million), including our more than 4.1 million subscribers (without duplication) on the WeChat platform (as of June 30, 2020: over 3.7 million). The proportion of the Group's digital members on the WeChat platform further went up to over 91% (as of June 30, 2020: over 89%). During the first half of fiscal year 2021, the retail sales contributed by the members of the Group maintained stable, accounting for approximately 70% of our total retail sales.
- In 2020, the number of active members accounts of the Group<sup>(note 1)</sup> (without duplication) was over 410,000 (2019: over 470,000), among these membership accounts, the number of WeChat active members accounts<sup>(note 2)</sup> (without duplication) was over 400,000 (2019: over 450,000).
- In 2020, the number of membership accounts with annual purchases totaling over RMB5,000 was over 180,000 (2019: over 210,000), and the retail sales contributed by those membership accounts has reached RMB2.2 billion (2019: RMB2.5 billion), accounting for over 40% to the total retail sales from offline channels. Among these membership accounts, the number of subscribers on our WeChat platform with annual purchases totaling over RMB5,000 was over 180,000 for 2020 (2019: over 200,000). In 2020, the number of active members accounts, the number of WeChat active members accounts and the number of membership accounts with purchases totaling over RMB5,000 all decreased as compared with that of 2019, which was mainly arising from the great impact of the outbreak of the epidemic in the first half of 2020 on retail industry.

*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,					
	2020		2019		Increase/(Decrease)	
	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)
Mature Brand:						
JNBY	<u>1,318,569</u>	<u>57.0%</u>	<u>1,218,416</u>	<u>57.1%</u>	<u>100,153</u>	<u>8.2%</u>
Subtotal	<u>1,318,569</u>	<u>57.0%</u>	<u>1,218,416</u>	<u>57.1%</u>	<u>100,153</u>	<u>8.2%</u>
Younger Brands:						
CROQUIS (速寫)	<u>389,893</u>	<u>16.8%</u>	<u>376,329</u>	<u>17.6%</u>	<u>13,564</u>	<u>3.6%</u>
jnby by JNBY	<u>357,143</u>	<u>15.4%</u>	<u>329,701</u>	<u>15.4%</u>	<u>27,442</u>	<u>8.3%</u>
less	<u>203,885</u>	<u>8.8%</u>	<u>161,767</u>	<u>7.6%</u>	<u>42,118</u>	<u>26.0%</u>
Subtotal	<u>950,921</u>	<u>41.0%</u>	<u>867,797</u>	<u>40.6%</u>	<u>83,124</u>	<u>9.6%</u>
Emerging Brands:						
POMME DE TERRE (蓬馬)	<u>26,837</u>	<u>1.2%</u>	<u>27,001</u>	<u>1.3%</u>	<u>(164)</u>	<u>(0.6%)</u>
JNBYHOME	<u>12,751</u>	<u>0.6%</u>	<u>6,998</u>	<u>0.3%</u>	<u>5,753</u>	<u>82.2%</u>
Others	<u>5,585</u>	<u>0.2%</u>	<u>15,256</u>	<u>0.7%</u>	<u>(9,671)</u>	<u>(63.4%)</u>
Subtotal	<u>45,173</u>	<u>2.0%</u>	<u>49,255</u>	<u>2.3%</u>	<u>(4,082)</u>	<u>(8.3%)</u>
Total revenue <sup>(1)</sup>	<u><u>2,314,663</u></u>	<u><u>100.0%</u></u>	<u><u>2,135,468</u></u>	<u><u>100.0%</u></u>	<u><u>179,195</u></u>	<u><u>8.4%</u></u>

Note:

(1) Includes revenue recorded by “JNBY Group +” member collection stores of RMB8.4 million.

For the first half of fiscal year 2021, terminal retail sales picked up in a rapid manner benefiting from the relatively stable epidemic prevention and control in China and boosted by the cold weather, thus the revenue of the Group has shown an increasing trend. Revenue generated from the Group’s Mature brand with a history over 20 years, JNBY brand, continued to grow, representing an increase of 8.2% or RMB100.2 million. For the Younger brands portfolio, it consists of brands which were successively launched from 2005 to 2011, namely CROQUIS (速寫), jnby by JNBY and less. Revenue generated from Younger brands portfolio maintained growth, with a total growth rate reached 9.6%. For Emerging brands portfolio, it consists of various new brands, such as

POMME DE TERRE (蓬馬) and JNBYHOME. Revenue from Emerging brands portfolio totaling of RMB45.2 million were recorded, showing an aggregate of 2.0% 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,					
	2020		2019		Increase	
	<i>RMB'000</i>	(%)	<i>RMB'000</i>	(%)	<i>RMB'000</i>	(%)
<b>Offline channels</b>						
Self-operated stores	<b>959,700</b>	<b>41.5%</b>	850,223	39.9%	109,477	12.9%
Distributor-operated stores <sup>(1)</sup>	<b>1,021,582</b>	<b>44.1%</b>	1,010,868	47.3%	10,714	1.1%
<b>Online channels</b>	<b>328,791</b>	<b>14.2%</b>	271,537	12.7%	57,254	21.1%
<b>Other channels</b>	<b>4,590</b>	<b>0.2%</b>	2,840	0.1%	1,750	61.6%
<b>Total revenue</b>	<b><u>2,314,663</u></b>	<b><u>100.0%</u></b>	<b><u>2,135,468</u></b>	<b><u>100.0%</u></b>	<b><u>179,195</u></b>	<b><u>8.4%</u></b>

Note:

(1) Includes stores operated by overseas customers.

In the first half of fiscal year 2021, absolute amounts of revenue generated from sales through our offline and online channels continued to increase as compared with that in the first half of fiscal year 2020. Benefiting from the rapid recovery of sales through our offline channel and the fact that more and more customers get used to shopping on various e-commerce platforms in the process of normalized epidemic prevention and control, revenues generated from sales through our online channels, as a percentage of our total revenue, has increased from 12.7% for the first half of fiscal year 2020 to 14.2% for the first half of fiscal year 2021, which has driven the increase in the overall revenue of the Group.

## Revenue by geographical distribution

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

	For the six months ended December 31,					
	2020		2019		Increase	
	<i>RMB'000</i>	<i>(%)</i>	<i>RMB'000</i>	<i>(%)</i>	<i>RMB'000</i>	<i>(%)</i>
Mainland China	<b>2,297,109</b>	<b>99.2%</b>	2,121,092	99.3%	176,017	8.3%
Outside Mainland China <sup>(1)</sup>	<b>17,554</b>	<b>0.8%</b>	14,376	0.7%	3,178	22.1%
Total revenue	<b><u>2,314,663</u></b>	<b><u>100.0%</u></b>	<b><u>2,135,468</u></b>	<b><u>100.0%</u></b>	<b><u>179,195</u></b>	<b><u>8.4%</u></b>

*Note:*

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

In the first half of fiscal year 2021, the absolute amounts of revenue generated from sales in Mainland China areas continued to increase as compared with that in the first half of fiscal year 2020.

## Gross profit and gross profit margin

The Group's gross profit increased by 6.8% from RMB1,334.7 million for the first half of fiscal year 2020 to RMB1,425.2 million for the first half of fiscal year 2021, which was mainly attributable to the increase in revenue scale.

The Group's overall gross profit margin decreased from 62.5% for the first half of fiscal year 2020 to 61.6% for the first half of fiscal year 2021, which was mainly attributable to the change in sold product mix.

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

	For the six months ended December 31,					
	2020		2019		Increase/(Decrease)	
	<i>RMB'000</i>	(%)	<i>RMB'000</i>	(%)	<i>RMB'000</i>	(%)
Mature Brand:						
JNBY	<u>826,509</u>	<u>62.7%</u>	<u>766,327</u>	<u>62.9%</u>	<u>60,182</u>	<u>7.9%</u>
Subtotal	<u>826,509</u>	<u>62.7%</u>	<u>766,327</u>	<u>62.9%</u>	<u>60,182</u>	<u>7.9%</u>
Younger Brands:						
CROQUIS (速寫)	<u>235,674</u>	<u>60.4%</u>	<u>241,798</u>	<u>64.3%</u>	<u>(6,124)</u>	<u>(2.5%)</u>
jnby by JNBY	<u>215,022</u>	<u>60.2%</u>	<u>200,521</u>	<u>60.8%</u>	<u>14,501</u>	<u>7.2%</u>
less	<u>133,129</u>	<u>65.3%</u>	<u>105,533</u>	<u>65.2%</u>	<u>27,596</u>	<u>26.1%</u>
Subtotal	<u>583,825</u>	<u>61.4%</u>	<u>547,852</u>	<u>63.1%</u>	<u>35,973</u>	<u>6.6%</u>
Emerging Brands:						
POMME DE TERRE (蓬馬)	<u>7,163</u>	<u>26.7%</u>	<u>13,314</u>	<u>49.3%</u>	<u>(6,151)</u>	<u>(46.2%)</u>
JNBYHOME	<u>4,549</u>	<u>35.7%</u>	<u>1,986</u>	<u>28.4%</u>	<u>2,563</u>	<u>129.1%</u>
Others	<u>3,106</u>	<u>55.6%</u>	<u>5,192</u>	<u>34.0%</u>	<u>(2,086)</u>	<u>(40.2%)</u>
Subtotal	<u>14,818</u>	<u>32.8%</u>	<u>20,492</u>	<u>41.6%</u>	<u>(5,674)</u>	<u>(27.7%)</u>
Total	<u><u>1,425,152</u></u>	<u><u>61.6%</u></u>	<u><u>1,334,671</u></u>	<u><u>62.5%</u></u>	<u><u>90,481</u></u>	<u><u>6.8%</u></u>

	For the six months ended December 31,					
	2020		2019		Increase	
	<i>RMB'000</i>	(%)	<i>RMB'000</i>	(%)	<i>RMB'000</i>	(%)
<b>Offline channels</b>	<b>1,231,236</b>	<b>62.1%</b>	1,171,256	62.9%	59,980	5.12%
Self-operated stores	<b>660,475</b>	<b>68.8%</b>	605,598	71.2%	54,877	9.1%
Distributor-operated stores	<b>570,761</b>	<b>55.9%</b>	565,658	56.0%	5,103	0.9%
<b>Online channels</b>	<b>190,512</b>	<b>57.9%</b>	161,126	59.3%	29,386	18.2%
<b>Other channels</b>	<b>3,404</b>	<b>74.2%</b>	2,289	80.6%	1,115	48.7%
<b>Total</b>	<b><u>1,425,152</u></b>	<b><u>61.6%</u></b>	<b><u>1,334,671</u></b>	<b><u>62.5%</u></b>	<b><u>90,481</u></b>	<b><u>6.8%</u></b>

### Selling and marketing expenses and administrative expenses

In the first half of fiscal year 2021, selling and marketing expenses were RMB671.2 million (the first half of fiscal year 2020: RMB642.3 million), which primarily consist of: (i) expenses relating to short-term leases and variable lease payments; (ii) the amortisation of right-of-use assets; (iii) our service outsourcing expenses; and (iv) our employee benefit expenses. In percentage terms, the selling and marketing expenses accounted for 29.0% of our revenue in the first half of fiscal year 2021 (the first half of fiscal year 2020: 30.1%), the decrease in the expense ratio as compared to the first half of fiscal year 2020 was mainly attributable to improved efficiency in store operations. The administrative expenses for the first half of fiscal year 2021 were RMB139.9 million (the first half of fiscal year 2020: RMB144.3 million) which, among others, primarily consist of: (i) employee benefit expenses; (ii) product development outsourcing fees; and (iii) professional service expenses. In percentage terms, administrative expenses accounted for 6.0% of our revenue in the first half of fiscal year 2021 (the first half of fiscal year 2020: 6.8%), the decrease in expenses was mainly due to the improved management efficiency in the middle and back offices.

### Finance income, net

The Group's finance income, net for the first half of fiscal year 2021 was net gain of RMB0.6 million (the first half of fiscal year 2020: financial income, net was net gain of RMB0.1 million). The increase in financial income, net was mainly due to the increase of wealth management products income.

### **Net profit and net profit margin**

Due to the above-mentioned factors, net profit for the first half of fiscal year 2021 was RMB463.5 million, representing an increase of 7.8% or RMB33.6 million as compared with RMB429.9 million for the first half of fiscal year 2020. Net profit margin decreased from 20.1% for the first half of fiscal year 2020 to 20.0% for the first half of fiscal year 2021.

### **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 2021 was RMB71.5 million (the first half of fiscal year 2020: RMB85.7 million).

### **Profit before income tax**

The Group's profit before income tax increased by 7.2%, from RMB599.4 million for the first half of fiscal year 2020 to RMB642.6 million for the first half of fiscal year 2021. The increase in the profit before income tax was mainly due to the increase in the Group's operating profit.

### **Financial position**

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

As of December 31, 2020, the Group's cash and cash equivalents were RMB893.3 million (June 30, 2020: RMB336.7 million), of which 92.8% was denominated in RMB, 1.2% in US dollars and 6.0% in other currencies. Net cash inflow from operating activities in the first half of fiscal year 2021 was RMB1,114.4 million, an increase of 70.5% as compared with RMB653.7 million in the first half of fiscal year 2020.

As at December 31, 2020, our short-term bank loans amounted to RMB193.0 million, representing (i) our short-term loans of RMB49.6 million borrowed from Industrial and Commercial Bank of China on April 26, 2020, (ii) our short-term loans of RMB49.4 million borrowed from Industrial and Commercial Bank of China on July 8, 2020, (iii) our short-term loans of RMB49.2 million borrowed from Industrial and Commercial Bank of China on August 11, 2020, and (iv) our short-term loans of RMB44.8 million borrowed from Industrial and Commercial Bank of China on November 20, 2020.

## **Significant investment event**

### ***Subscription of financial products***

On September 29, 2020, JNBY Finery Co., Ltd., a subsidiary of the Company, subscribed for the short-term financial products of Hangzhou United Bank with a principal of RMB40,000,000. The subscription mentioned above does not constitute a notifiable transaction of the Company.

### **Exposure to fluctuations in exchange rates**

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

### **Human resources**

The number of the Group's employees decreased to 1,037 as of December 31, 2020 (June 30, 2020: 1,128). The total staff costs for the first half of fiscal year 2021 (including basic salaries and allowances, social security insurance, discretionary bonuses and share-based compensation expenses) were RMB158.7 million (the first half of fiscal year 2020: RMB132.5 million), representing 6.9% of our revenue (the first half of fiscal year 2020: 6.2%).

### **Pledge of assets**

As at December 31, 2020, the Group did not have any secured bank borrowings.

### **Contingent liabilities**

As at December 31, 2020, the Group did not have any material contingent liabilities.

## OUTLOOK

Since the outbreak of novel coronavirus (COVID-19) pneumonia epidemic (the “**Epidemic**”) in early 2020, various provinces and cities in Mainland China launched the first-level response to significant public health emergencies and adopted kinds of stringent measures to curb the spread of the Epidemic. The sudden outbreak of the Epidemic and its severity were unexpected to people all around the world. However, as the implementation of Epidemic prevention and control measures gets normalized and the post-epidemic economy in China and people’s consumption capacity gradually pick up, the apparel industry and the segmented market where the designer brands operate are not only suffering unprecedented challenges, but also breeding valuable opportunities. Meanwhile, with consumption upgrade and a younger consumer base, the demand of people who pursue distinguished lifestyles for personalized and fashionable products continues to rise, while the segmented market where the designer brands operate is going through restructuring, thus creating a strong-get-stronger competition landscape.

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

- To continue to attract and cultivate new JNBY fans through further optimization of designer brand portfolio and product offerings by way of self-incubation or mergers, through constant 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, to increase our strategic investments in store vision and image development, to optimize our omni-channel interactive platform and supply chain management capability, as well as to be capable to establish an appropriate scaled operation in each sub-segment;
- To enhance fans’ experience by persisting fans economy strategy as the core, encouraging operational innovation, constantly creating and providing scenarios for value-added services and customer touchpoints to our fans.

## USE OF PROCEEDS FROM LISTING

The Company's net proceeds from listing were approximately HK\$684.0 million (equivalent to approximately RMB596.6 million), after deduction of underwriting fees and related expenses. As of December 31, 2020, the proceeds amounting to a total of RMB559.9 million have been used. These proceeds shown as following have been used for the purposes as stated in the prospectus (the "Prospectus") of the Company dated October 19, 2016.

Item	The planned use of proceeds (RMB million)	As at	For the six	As at
		December 31, 2020	months ended December 31, 2020	December 31, 2020
		The actual used amount (RMB million)	The actual used amount (RMB million)	Proceeds amount (RMB million)
To strengthen our omni-channel interactive platform	167.4	167.4	—	—
To expand our product offering and brand portfolio	179.3	142.6	11.3	36.7
To establish a new logistics center	220.1	220.1	—	—
For general purposes	29.8	29.8	—	—
Total	<u>596.6</u>	<u>559.9</u>	<u>11.3</u>	<u>36.7</u>

As at December 31, 2020, the balance of proceeds of approximately RMB36.7 million would continue to be used for the purposes as stated in the Prospectus. It is also expected to be fully utilised within next 12 months. Taking into account that the Company has no material acquisition plan currently, a degree of uncertainties will be involved in the actual useful life of certain of our proceeds from our listing.

## INTERIM DIVIDEND

The Board declared the payment of an interim dividend of HK\$0.39 per ordinary share (equivalent to approximately RMB0.33 per ordinary share) for the six months ended December 31, 2020. The above interim dividend is expected to be paid on April 20, 2021 to the shareholders of the Company (the "Shareholders") whose names appear on the Company's register of members on April 9, 2021.

## **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 8, 2021 to April 9, 2021 (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 7, 2021.

## **CORPORATE GOVERNANCE PRACTICES**

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

The Company has complied with all applicable code provisions under the CG Code during the six months ended December 31, 2020. 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 the code of conduct regarding Directors' securities transactions. Having made specific enquiry to the Directors, all the Directors have confirmed that they have complied with the required standards as set out in the Model Code during the six months ended December 31, 2020.

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

During the six months ended December 31, 2020, save as the trustee of the Restricted Share Unit Scheme purchased a total of 507,000 shares of the Company with approximately HK\$4.4 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, 2020.

## PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND THE INTERIM REPORT

This interim results announcement has been published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and that of the Company ([www.jnbygroup.com](http://www.jnbygroup.com)), and the interim report of the Company for the six months ended December 31, 2020 containing all the information required by the Listing Rules will be dispatched to the Shareholders and published on the aforesaid websites in due course.

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

Hong Kong, February 25, 2021

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