

江南布衣⁺

JNBY DESIGN LIMITED (Stock Code: 03306)

2020/21 INTERIM REPORT



This interim report is printed on environmental paper





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COMPANY INTRODUCTION

INFORMATION ON JNBY GROUP

We are a leading designer brand fashion house based in China. According to the information provided by CIC^[Note], in 2020, 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, 2020, 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 2016–2019, we further launched various Emerging brands, such as POMME DE TERRE (蓬馬) and JNBYHOME, so that our product mixes could be more diversified and segmented and we could cover consumers of most age groups. Meanwhile, we have launched such new consumption scenarios or products as “Box Project” and “JNBY Group +” member collection stores to provide consumers with more value-added services.

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

Note: China Insights Consultancy Limited, the industry consultant

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

NON-EXECUTIVE DIRECTOR Mr. Wei Zhe

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

BOARD COMMITTEES

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

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

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

**JOINT COMPANY
SECRETARIES** Ms. Qian Xiaoping
(appointed on February 25, 2021)
Ms. Ng Sau Mei (FCG, FCS)

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

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

HEADQUARTERS Building 2-6, 06ELi,
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Xihu District
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PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

AUDITOR

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

THE CAYMAN ISLANDS PRINCIPAL REGISTRAR AND TRANSFER OFFICE

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

HONG KONG SHARE REGISTRAR

Link Market Services (Hong Kong)
Pty Limited
Suite 1601, 16/F., Central Tower
28 Queen's Road Central
Central
Hong Kong

PRINCIPAL BANKS

Bank of Hangzhou,
Guanxiangkou Branch
Huaxia Bank, Heping Branch

COMPANY'S WEBSITE

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

STOCK CODE

3306

LISTING DATE

October 31, 2016

FINANCIAL SUMMARY

For the six months ended December 31,	2020 RMB'000	2019 RMB'000	Increase %
Financial summary			
Revenue	2,314,663	2,135,468	8.4%
Gross profit	1,425,152	1,334,671	6.8%
Operating profit	641,928	599,308	7.1%
Net profit	463,533	429,884	7.8%
Net cash flows from operating activities	1,114,352	653,679	70.5%
Basic earnings per share (RMB)	0.93	0.84	
Diluted earnings per share (RMB)	0.93	0.84	
Financial Ratios			
Gross profit margin	61.6%	62.5%	
Operating profit ratio	27.7%	28.1%	
Net profit margin	20.0%	20.1%	

	As of December 31, 2020	As of December 31, 2019
Liquidity Ratios		
Trade receivables turnover days	11.7	14.5
Trade and bills payables turnover days	46.9	53.6
Capital Ratios		
Debt to assets ratio ⁽¹⁾	56.1%	47.1%

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

MANAGEMENT DISCUSSION AND ANALYSIS

REVENUE

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

The total revenue for the six months ended December 31, 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:

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

Number and geographic distribution of our retail stores by sales channels		As of December 31, 2020	As of June 30, 2020
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		1,931	1,855

SAME STORE SALES GROWTH OF OFFLINE SHOPS

Although the customer traffic of our offline shops experienced fluctuation affected by the epidemic preventive and control measures implemented in various places since the outbreak of the coronavirus epidemic in early 2020, we have provided consumers with more value-added services by proactively launching and upgrading new consumption scenarios or products such as “Box Project” and “JNBY Group +” member 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 2021 recorded an increase of 12.6%, which was mainly due to the facts that:

- i. both the discount made to new products and the associated purchase rate were improved, which was benefited from the Group’s increased strategic investments in store image and vision development, the launch of brand new store image of JNBY Group + and comprehensive improvement in the fans’ full access to the products and service quality;
- ii. the growth in GMV through all emerging channels including “Box Project” and Wechat mall nearly doubled due to continuous utilization of Internet+ mindsets and technologies;
- iii. the incremental retail sales generated by the inventory sharing and allocation system was RMB531.5 million, representing an increase of 29.0% as compared with RMB412.0 million for the first half of fiscal year 2020.

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^(note 1) (without duplication) was over 410,000 (2019: over 470,000), among these membership accounts, the number of WeChat active members accounts^(note 2) (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	1,318,569	57.0%	1,218,416	57.1%	100,153	8.2%
Subtotal	1,318,569	57.0%	1,218,416	57.1%	100,153	8.2%
Younger Brands:						
CROQUIS (速寫)	389,893	16.8%	376,329	17.6%	13,564	3.6%
jnby by JNBY	357,143	15.4%	329,701	15.4%	27,442	8.3%
less	203,885	8.8%	161,767	7.6%	42,118	26.0%
Subtotal	950,921	41.0%	867,797	40.6%	83,124	9.6%
Emerging Brands:						
POMME DE TERRE (蓬馬)	26,837	1.2%	27,001	1.3%	(164)	(0.6%)
JNBYHOME	12,751	0.6%	6,998	0.3%	5,753	82.2%
Others	5,585	0.2%	15,256	0.7%	(9,671)	(63.4%)
Subtotal	45,173	2.0%	49,255	2.3%	(4,082)	(8.3%)
Total revenue ⁽¹⁾	2,314,663	100.0%	2,135,468	100.0%	179,195	8.4%

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	
	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)
Offline channels						
Self-operated stores	959,700	41.5%	850,223	39.9%	109,477	12.9%
Distributor-operated stores ⁽¹⁾	1,021,582	44.1%	1,010,868	47.3%	10,714	1.1%
Online channels	328,791	14.2%	271,537	12.7%	57,254	21.1%
Other channels	4,590	0.2%	2,840	0.1%	1,750	61.6%
Total revenue	2,314,663	100.0%	2,135,468	100.0%	179,195	8.4%

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	
	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)
Mainland China	2,297,109	99.2%	2,121,092	99.3%	176,017	8.3%
Outside Mainland China ⁽¹⁾	17,554	0.8%	14,376	0.7%	3,178	22.1%
Total revenue	2,314,663	100.0%	2,135,468	100.0%	179,195	8.4%

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

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

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	As at
		December 31, 2020	December 31, 2020	December 31, 2020
	The actual	The actual	The actual	Proceeds amount
	used amount	used amount	used amount	(RMB million)
	(RMB million)	(RMB million)	(RMB million)	(RMB million)
To strengthen our omni-channel interactive platform	167.4	167.4	—	—
To expand our product offering and brand portfolio	179.3	142.6	11.3	36.7
To establish a new logistics center	220.1	220.1	—	—
For general purposes	29.8	29.8	—	—
Total	596.6	559.9	11.3	36.7

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

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 of the Company 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, 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 (“**RSU**”) 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 RSU 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.

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 2019/20 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, 2020, 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 Director	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	318,881,000	61.47	Long position
Ms. Li Lin ⁽²⁾	Founder of a discretionary trust; Beneficiary of a trust; Spouse interest	318,881,000	61.47	Long position
Ms. Wu Huating ⁽³⁾	Beneficial owner; Beneficiary of a trust	5,020,000	0.97	Long position

Notes:

- (1) Ahead Global Holdings Limited, a company indirectly wholly owned by the Wu Family Trust, directly holds the entire issued share capital of Ninth Capital Limited which in turn holds 152,100,000 shares of the Company. The Wu Family Trust is a discretionary trust established by Mr. Wu Jian (as the settlor), and its discretionary beneficiaries include Mr. Wu Jian, Ms. Li Lin, their children and the W&L Trust. The W&L Trust is a discretionary trust established by Mr. Wu Jian and Ms. Li Lin (both as the settlors), and its discretionary beneficiaries are Mr. Wu Jian, Ms. Li Lin and their children. Ms. Li Lin is beneficially interested in the entire issued share capital of Ninth Investment Limited which in turn holds 154,781,000 shares of the Company. Pursuant to the Li Personal Trust, the Li Personal Trust Nominee holds 12,000,000 shares as the nominee of The Core Trust Company Limited. The Li Personal Trust Nominee is wholly owned by The Core Trust Company Limited in his capacity as the nominee of the Li Personal Trust, and Ms. Li Lin is the settlor of the Li Personal Trust. Accordingly, Mr. Wu Jian was deemed to be interested in the 152,100,000 shares, 154,781,000 shares and 12,000,000 shares held by Ninth Capital Limited, Ninth Investment Limited and the Li Personal Trust Nominee, respectively. Pursuant to the SFO, Mr. Wu Jian, as the spouse of Ms. Li Lin, was deemed to be interested in the same number of shares in which Ms. Li Lin is interested.
- (2) Puheng Limited, a company indirectly wholly owned by the Li Family Trust, directly holds the entire issued share capital of Ninth Investment Limited which in turn holds 154,781,000 shares of the Company. The Li Family Trust is a discretionary trust established by Ms. Li Lin (as the settlor), and its discretionary beneficiaries include Ms. Li Lin, Mr. Wu Jian, their children and the W&L Trust. The W&L Trust is a discretionary trust established by Mr. Wu Jian and Ms. Li Lin (both as the settlors), and its discretionary beneficiaries are Mr. Wu Jian, Ms. Li Lin and their children. Pursuant to the Li Personal Trust, the Li Personal Trust Nominee holds 12,000,000 shares as the nominee of The Core Trust Company Limited. The Li Personal Trust Nominee is wholly owned by The Core Trust Company Limited in his capacity as the nominee of the Li Personal Trust, and Ms. Li Lin is the settlor of the Li Personal Trust. Mr. Wu Jian is beneficially interested in the entire issued share capital of Ninth Capital Limited which in turn holds 152,100,000 shares of the Company. Accordingly, Ms. Li Lin was deemed to be interested in the 154,781,000 shares, 12,000,000 shares and 152,100,000 shares held by Ninth Investment Limited, the Li Personal Trust Nominee and Ninth Capital Limited, respectively. Pursuant to the SFO, Ms. Li Lin, as the spouse of Mr. Wu Jian, was deemed to be interested in the same number of shares in which Mr. Wu Jian is interested.
- (3) Ms. Wu Huating is interested in (i) 20,000 shares of the Company held by her and (ii) RSUs representing 5,000,000 shares of the Company that were granted to her pursuant to the RSU Scheme, which are subject to the vesting schedule and performance targets or review.

Save as disclosed above, as at December 31, 2020, 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, 2020, 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	306,881,000	59.16	Long position
Ahead Global Holdings Limited ⁽¹⁾	Interest in a controlled corporation	152,100,000	29.32	Long position
Li Family Limited ⁽²⁾	Interest in a controlled corporation	154,781,000	29.84	Long position
Ninth Capital Limited ⁽¹⁾	Beneficial owner	152,100,000	29.32	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	306,881,000	59.16	Long position
Serangoon Limited ^{(1), (2)}	Nominee for another person	306,881,000	59.16	Long position
Wu Family Limited ⁽¹⁾	Interest in a controlled corporation	152,100,000	29.32	Long position
TCT (BVI) Limited ⁽³⁾	Trustee	39,695,100	7.65	Long position
The Core Trust Company Limited ⁽³⁾	Trustee	39,695,100	7.65	Long position
Energetic Design Limited ⁽⁴⁾	Nominee for another person	27,695,100	5.34	Long position

Notes:

- (1) As at the date of this Interim Report, to the best knowledge of the Directors, Ninth Capital Limited holds 152,100,000 shares of the Company, representing approximately 29.32% of the issued shares of the Company. Credit Suisse Trust Limited, as the trustee of the Wu Family Trust, holds the entire issued share capital of Wu Family Limited through its nominee companies Seletar Limited and Serangoon Limited. Wu Family Limited holds the entire issued share capital of Ahead Global Holdings Limited which in turn holds the entire issued share capital of Ninth Capital Limited. Ninth Capital Limited holds 152,100,000 shares of the Company. The Wu Family Trust is a discretionary trust established by Mr. Wu Jian (as the settlor), and its discretionary beneficiaries are Mr. Wu Jian, Ms. Li Lin, their children and the W&L Trust. The W&L Trust is a discretionary trust established by Mr. Wu Jian and Ms. Li Lin (both as settlors), and its discretionary beneficiaries are Mr. Wu Jian, Ms. Li Lin and their children. Accordingly, each of Mr. Wu Jian, Credit Suisse Trust Limited, Seletar Limited, Serangoon Limited, Wu Family Limited and Ahead Global Holdings Limited is deemed to be interested in the 152,100,000 shares of the Company held by Ninth Capital Limited.
- (2) As at the date of this Interim Report, to the best knowledge of the Directors, Ninth Investment Limited holds 154,781,000 shares of the Company, representing approximately 29.84% of the issued shares of the Company. Credit Suisse Trust Limited, as the trustee of the Li Family Trust, holds the entire issued share capital of Li Family Limited through its nominee companies Seletar Limited and Serangoon Limited. Li Family Limited holds the entire issued share capital of Puheng Limited, which in turn holds the entire issued share capital of Ninth Investment Limited. Ninth Investment Limited holds 154,781,000 shares of the Company. The Li Family Trust is a discretionary trust established by Ms. Li Lin (as the settlor), and its discretionary beneficiaries are Ms. Li Lin, Mr. Wu Jian, their children and the W&L Trust. The W&L Trust is a discretionary trust established by Mr. Wu Jian and Ms. Li Lin (both as settlors), and its discretionary beneficiaries are Mr. Wu Jian, Ms. Li Lin and their children. Accordingly, each of Ms. Li Lin, Credit Suisse Trust Limited, Seletar Limited, Serangoon Limited, Li Family Limited and Puheng Limited is deemed to be interested in the 154,781,000 shares of the Company held by Ninth Investment Limited.
- (3) TCT (BVI) Limited is the wholly-owned subsidiary of The Core Trust Company Limited. Such 39,695,100 shares represent the same batch of shares.
- (4) Energetic Design Limited is the wholly-owned subsidiary of TCT (BVI) Limited. Accordingly, TCT (BVI) Limited is deemed to be interested in the 27,695,100 shares held by Energetic Design Limited.

Save as disclosed above, as at December 31, 2020, the Directors were not aware of any persons (who were not Directors or chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this Interim Report, at no time during the six months ended December 31, 2020 was the Company or its subsidiaries a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

RESTRICTED SHARE UNIT SCHEME

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

OUTSTANDING RSUs

Prior to the Company's shares listed on the Main Board of the Stock Exchange, RSUs in respect of an aggregate of 11,776,040 shares of the Company, representing approximately 2.27% of the issued shares of the Company as at December 31, 2020, had been granted to 89 RSU participants pursuant to the RSU Scheme. We have appointed The Core Trust Company Limited as the trustee to assist with the administration and vesting of RSUs granted pursuant to the RSU Scheme.

There are eleven vesting schedules under the RSU Scheme:

	Date of Grant	Vesting Schedule
1	(i) June 30, 2014 (ii) July 23, 2014 (iii) November 20, 2014	the RSU participants shall vest 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	the RSU participants shall vest 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	the RSU participants shall vest as to 25%, 25%, 25% and 25% prior to August 31, 2017, 2018, 2019 and 2020, respectively
4	December 7, 2015	the RSU participants shall vest 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	the RSU participants shall vest 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	the RSU participants shall vest 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	the RSU participants shall vest as to 25%, 25%, 25% and 25% prior to August 31, 2020, 2021, 2022 and 2023, respectively
8	February 3, 2018	the RSU participants shall vest 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	the RSU participants shall vest as to 20%, 20%, 20%, 20% and 20% prior to August 31, 2020, 2021, 2022, 2023 and 2024, respectively
10	July 9, 2019	the RSU participants shall vest as to 50% and 50% prior to August 31, 2020 and 2021, respectively
11	October 17, 2019	the RSU participants shall vest as to 15.6%, 21.1%, 21.1%, 21.1% and 21.1% prior to August 31, 2020, 2021, 2022, 2023 and 2024, respectively

Unless the Company shall otherwise determine and so notify the RSU participants in writing, the RSU participants shall vest following their respective vesting schedules described above.

During the six months ended December 31, 2020, no RSUs have been granted, forfeited or cancelled. As at December 31, 2020, there were a total of 18,482,622 RSUs outstanding.

The following is a summary table showing details of the RSUs granted under the RSU Scheme as at December 31, 2020. As of December 31, 2020, a total of 11,275,000 RSUs, representing 11,275,000 shares, were granted to the connected persons of the Company, among which 10,000,000 RSUs were granted to a Director.

Shares Represented by RSUs	Date of Grant	As at	For the six months ended December 31, 2020				As at
		July 1, 2020 Outstanding	Granted	Exercised	Cancelled	Forfeited	December 31, 2020 Outstanding
9,764,560	June 30, 2014	6,741,241	—	218,400	—	—	6,522,841
711,480	November 20, 2014	6	—	—	—	—	6
10,000	March 9, 2015	2,500	—	—	—	—	2,500
280,000	September 10, 2015	500	—	—	—	—	500
50,000	November 23, 2015	21,875	—	2,000	—	—	19,875
500,000	December 7, 2015	150,000	—	50,000	—	—	100,000
80,000	December 15, 2016	20,000	—	20,000	—	—	—
680,000	February 25, 2017	588,000	—	—	—	—	588,000
30,000	August 29, 2017	15,000	—	7,500	—	—	7,500
15,000,000	February 3, 2018	5,565,000	—	702,100	—	—	4,862,900
1,240,000	May 14, 2018	320,000	—	—	—	—	320,000
180,000	August 28, 2018	140,000	—	—	—	—	140,000
10,000,000	May 8, 2019	5,000,000	—	—	—	—	5,000,000
492,500	July 9, 2019	292,500	—	11,000	—	—	281,500
2,755,000	October 17, 2019	670,000	—	33,000	—	—	637,000
Total		19,526,622	—	1,044,000	—	—	18,482,622

Note:

- (1) On June 30, 2020, the Board resolved to adjust the exercise prices of the RSUs granted on February 3, 2018, May 14, 2018, August 28, 2018, May 8, 2019, July 9, 2019 and October 17, 2019 from HK\$11.60, HK\$10.00 and HK\$8.70 per share to HK\$3.20 per share, and also to cancel 50% of the shares that have not been vested, i.e. an aggregate of 10,265,000 shares.

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, 2020 was approximately HK\$8.32.

EXPECTED RETENTION RATE OF GRANTEES

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

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

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

INTRODUCTION

We have reviewed the interim financial information set out on pages 21 to 38, which comprises the interim condensed consolidated balance sheet of JNBY Design Limited (the "Company") and its subsidiaries (together, the "Group") as at 31 December 2020 and the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

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

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 25 February 2021

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 December 2020

	Note	Unaudited Six months ended 31 December	
		2020 RMB'000	2019 RMB'000
Revenue	6	2,314,663	2,135,468
Cost of sales	7	(889,511)	(800,797)
Gross profit		1,425,152	1,334,671
Selling and marketing expenses	7	(671,246)	(642,279)
Administrative expenses	7	(139,889)	(144,337)
Other income and gains, net	8	27,911	51,253
Operating profit		641,928	599,308
Finance income	9	13,043	10,401
Finance costs	9	(12,395)	(10,330)
Finance income, net		648	71
Profit before income tax		642,576	599,379
Income tax expense	10	(179,043)	(169,495)
Profit for the period		463,533	429,884
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Currency translation differences	24	(32,373)	1,448
Total comprehensive income for the period		431,160	431,332
Profit attributable to:			
Shareholders of the Company		463,536	429,886
Non-controlling interests		(3)	(2)
		463,533	429,884
Total comprehensive income attributable to:			
Shareholders of the Company		431,163	431,334
Non-controlling interests		(3)	(2)
		431,160	431,332
Earnings per share (expressed in RMB per share)			
— Basic	11	0.93	0.84
— Diluted	11	0.93	0.84

The notes on pages 25 to 38 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED BALANCE SHEET

AS at 31 December 2020

	Note	Unaudited 31 December 2020 RMB'000	Audited 30 June 2020 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	13	376,139	324,120
Right-of-use assets	14	534,670	196,144
Intangible assets	15	15,309	13,597
Prepayments, deposits and other assets	19	9,072	8,387
Deferred income tax assets	16	207,065	185,823
Total non-current assets		1,142,255	728,071
Current assets			
Inventories	17	772,675	904,122
Trade receivables	18	204,368	97,413
Prepayments, deposits and other assets	19	216,700	253,057
Financial assets at fair value through profit or loss	20	91,663	263,091
Term deposits with initial term over 3 months	21	521,307	246,320
Restricted cash	22	5,440	5,463
Cash and cash equivalents	22	893,304	336,672
Total current assets		2,705,457	2,106,138
Total assets		3,847,712	2,834,209
LIABILITIES			
Non-current liabilities			
Lease liabilities	30	109,855	65,860
Accruals and other current liabilities	28	8,415	6,977
Amounts due to related parties	32(b)	230,335	4,113
Deferred income tax liabilities	16	18,116	14,561
Total non-current liabilities		366,721	91,511
Current liabilities			
Trade and bills payables	26	281,494	181,788
Lease liabilities	30	119,570	116,858
Contract liabilities	27	272,339	326,541
Accruals and other current liabilities	28	717,927	429,107
Amounts due to related parties	32(b)	36,289	8,589
Borrowings	29	192,976	187,683
Current income tax liabilities		170,803	6,220
Total current liabilities		1,791,398	1,256,786
Total liabilities		2,158,119	1,348,297
Net assets		1,689,593	1,485,912
EQUITY			
Equity attributable to shareholders of the Company			
Share capital	23	4,622	4,622
Shares held for restricted share units ("RSU") scheme	23	(169,966)	(172,414)
Share premium	23	667,083	665,520
Other reserves	24	192,312	222,095
Retained earnings		995,560	766,104
Equity attributable to shareholders of the Company		1,689,611	1,485,927
Non-controlling interests		(18)	(15)
Total equity		1,689,593	1,485,912

The notes on pages 25 to 38 form an integral part of this condensed consolidated interim financial information.

Wu Jian
Director

Li Lin
Director

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2020

	Note	Unaudited							Total equity RMB'000
		Attributable to shareholders of the Company						Non- controlling interests 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 2019		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)
Adjusted balance as at 1 July 2019		4,622	657,376	(78,646)	183,130	639,564	1,406,046	(5)	1,406,041
Comprehensive income									
Profit for the period		—	—	—	—	429,886	429,886	(2)	429,884
Other comprehensive income									
Currency translation differences	24	—	—	—	1,448	—	1,448	—	1,448
Total comprehensive income		—	—	—	1,448	429,886	431,334	(2)	431,332
Transactions with shareholders									
Profit appropriations to statutory reserves	24	—	—	—	580	(580)	—	—	—
Liquidation of a subsidiary		—	—	—	(243)	243	—	—	—
Share-based compensation	25	—	—	—	9,841	—	9,841	—	9,841
Purchase ordinary shares for RSU scheme	23	—	—	(3,075)	—	—	(3,075)	—	(3,075)
Vest of RSUs	24	—	8,676	—	(8,676)	—	—	—	—
Transfer and exercise of RSUs	23	—	(532)	1,467	—	—	935	—	935
Dividend	12	—	—	—	—	(219,798)	(219,798)	—	(219,798)
Total transactions with Shareholders		—	8,144	(1,608)	1,502	(220,135)	(212,097)	—	(212,097)
Balance at 31 December 2019		4,622	665,520	(80,254)	186,080	849,315	1,625,283	(7)	1,625,276

	Note	Unaudited							Total equity RMB'000
		Attributable to shareholders of the Company						Non- controlling interests 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 2020		4,622	665,520	(172,414)	222,095	766,104	1,485,927	(15)	1,485,912
Comprehensive income									
Profit for the period		—	—	—	—	463,536	463,536	(3)	463,533
Other comprehensive income									
Currency translation differences	24	—	—	—	(32,373)	—	(32,373)	—	(32,373)
Total comprehensive income		—	—	—	(32,373)	463,536	431,163	(3)	431,160
Transactions with shareholders									
Profit appropriations to statutory reserves	24	—	—	—	32	(32)	—	—	—
Share-based compensation	25	—	—	—	8,261	—	8,261	—	8,261
Purchase ordinary shares for RSU scheme	23	—	—	(3,748)	—	—	(3,748)	—	(3,748)
Vest of RSUs	24	—	5,703	—	(5,703)	—	—	—	—
Transfer and exercise of RSUs	23	—	(4,140)	6,196	—	—	2,056	—	2,056
Dividend	12	—	—	—	—	(234,048)	(234,048)	—	(234,048)
Total transactions with Shareholders		—	1,563	2,448	2,590	(234,080)	(227,479)	—	(227,479)
Balance at 31 December 2020		4,622	667,083	(169,966)	192,312	995,560	1,689,611	(18)	1,689,593

The notes on pages 25 to 38 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2020

	Note	Unaudited	
		Six months ended 31 December	
		2020	2019
		RMB'000	RMB'000
Cash flows from operating activities			
Cash generated from operations		1,134,523	762,714
Income tax paid		(20,171)	(109,035)
Net cash generated from operating activities		1,114,352	653,679
Cash flows from investing activities			
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		210,000	—
Net cash used in investing activities		(178,682)	(224,968)
Cash flows from financing activities			
Proceeds from borrowings		142,038	126,997
Repayments of borrowings		(140,000)	(40,000)
Dividends paid	12	(234,048)	(219,798)
Payment for repurchase of treasury shares		(3,748)	(3,075)
Repayments of lease liabilities		(136,345)	(99,550)
Net cash used in financing activities		(372,103)	(235,426)
Net increase in cash and cash equivalents			
Cash and cash equivalents at beginning of the period	22	336,672	216,465
Exchange (loss)/gains on cash and cash equivalents		(6,935)	830
Cash and cash equivalents at end of the period	22	893,304	410,580

The notes on pages 25 to 38 form an integral part of this condensed consolidated interim financial information.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. GENERAL INFORMATION

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

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

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

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

	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 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. 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 2020.

There have been no changes in the risk management policies since 30 June 2020.

5.2 Fair value estimation

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

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

The following table presents the Group's assets that are measured at fair value as at 31 December 2020.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets at fair value through profit or loss				
— financial products of commercial banks	—	91,663	—	91,663

The following table presents the Group's assets that are measured at fair value as at 30 June 2020.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets at fair value through profit or loss				
— financial products of commercial banks	—	110,416	—	110,416

As at 31 December 2020 and 30 June 2020, the Group has no liabilities that are measured at fair value.

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

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

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

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

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

7. EXPENSES BY NATURE

	Six months ended 31 December	
	2020 RMB'000	2019 RMB'000
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 (Notes 13,14 &15)	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 (Note 17)	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
Total cost of sales, selling and marketing expenses and administrative expenses	1,700,646	1,587,413

8. OTHER INCOME AND GAINS, NET

	Six months ended 31 December	
	2020 RMB'000	2019 RMB'000
Other income		
Government grants(i)	25,266	50,098
Other gains		
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	218	548
	2,645	1,155
	27,911	51,253

- (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.

9. FINANCE INCOME AND COSTS

	Six months ended 31 December	
	2020 RMB'000	2019 RMB'000
Finance income		
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	2,624	1,460
	13,043	10,401
Finance costs		
Interest on lease liabilities	(9,140)	(7,327)
Discount charges of bills receivables (Note 29)	(3,255)	(3,003)
	(12,395)	(10,330)
Finance income — net	648	71

10. 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 RMB'000	2019 RMB'000
Current income tax expense		
— Enterprise income tax expense	183,231	186,128
Deferred income tax expense (Note 16)	(4,188)	(16,633)
	179,043	169,495

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%).

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

(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	
	2020 RMB'000	2019 RMB'000
Profit attributable to shareholders of the Company	463,536	429,886
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)	23	2,595
Weighted average number of ordinary shares for the calculation of diluted EPS (thousands of shares)	499,500	513,420
Diluted earnings per share (expressed in RMB per share)	0.93	0.84

12. 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.

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 of Logistics center RMB'000	Total RMB'000
Six months ended 31 December 2020							
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	30,333	52,066	1,829	103,809	—	188,102	376,139
As at 31 December 2020							
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	30,333	52,066	1,829	103,809	—	188,102	376,139
Six months ended 31 December 2019							
Opening net book value as at 1 July 2019	17,716	28,742	1,410	38,584	493	192,353	279,298
Additions	5,808	31,022	—	16,027	17,037	9,476	79,370
Transfer from Construction-in-progress	—	—	—	493	(493)	—	—
Depreciation	(2,634)	(2,018)	(154)	(23,094)	—	(4,471)	(32,371)
Disposals	(448)	(51)	(26)	—	—	—	(525)
Closing net book value	20,442	57,695	1,230	32,010	17,037	197,358	325,772
As at 31 December 2019							
Cost	42,944	62,591	5,545	135,702	17,037	203,339	467,158
Accumulated depreciation	(22,502)	(4,896)	(4,315)	(103,692)	—	(5,981)	(141,386)
Net book value	20,442	57,695	1,230	32,010	17,037	197,358	325,772

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 2020			
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	(87,238)	(279)	(87,517)
Closing net book value as at 31 December 2020	509,428	25,242	534,670
Six months ended			
31 December 2019			
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	(92,894)	(279)	(93,173)
Closing net book value as at 31 December 2019	247,225	25,800	273,025

- (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 (Note 32).

15. INTANGIBLE ASSETS

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

16. DEFERRED INCOME TAX

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

	As at	
	31 December 2020 RMB'000	30 June 2020 RMB'000
Total deferred tax assets	444,681	228,479
Set-off of deferred tax assets pursuant to set-off provisions	(237,616)	(42,656)
Net deferred tax assets	207,065	185,823
Deferred income tax assets:		
— to be recovered after 12 months	123,371	122,679
— to be recovered within 12 months	83,694	63,144
	207,065	185,823
Total deferred tax liabilities	255,732	57,217
Set-off of deferred tax liabilities pursuant to set-off provisions	(237,616)	(42,656)
Net deferred tax liabilities	18,116	14,561
Deferred income tax liabilities:		
— to be settled within 12 months	18,116	14,561

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

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

	Six months ended 31 December	
	2020 RMB'000	2019 RMB'000
Opening balance as at 1 July	185,823	129,976
Credited in the consolidated statements of comprehensive income	21,242	32,795
Closing balance as at 31 December	207,065	162,771

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

	Six months ended 31 December	
	2020 RMB'000	2019 RMB'000
Opening balance as at 1 July	14,561	13,105
Debited in the consolidated statements of comprehensive income (i)	17,055	16,162
Settled within current tax liabilities	(13,500)	(12,000)
Closing balance as at 31 December	18,116	17,267

- (i) As at 31 December 2020, the provisions of RMB18,116,000 (30 June 2020: RMB14,561,000) 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 2020 RMB'000	30 June 2020 RMB'000
Finished goods	1,115,620	1,154,040
Commissioned processing materials	112,501	163,089
Raw materials	27,684	39,651
Less: provision	(483,130)	(452,658)
	772,675	904,122

Movements of provision for inventories are as follows:

	Six months ended 31 December	
	2020 RMB'000	2019 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 7)	77,259	49,062
Release of provision upon sales of inventories written down in prior years	(46,787)	(11,918)
Closing balance as at 31 December	483,130	332,681

18. TRADE RECEIVABLES

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

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 2020 RMB'000	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	11,700	11,739
	228,574	127,117

19. PREPAYMENTS, DEPOSITS AND OTHER ASSETS

	As at 31 December 2020 RMB'000	As at 30 June 2020 RMB'000
Long-term prepayments		
Long-term prepaid expenses	9,072	8,387
Current assets		
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	—	11,975
	216,700	253,057
	225,772	261,444

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December 2020 RMB'000	As at 30 June 2020 RMB'000
Included in current assets		
Wealth management products	91,663	263,091

This represents the Group's wealth management products with interest rates ranging from 3.2% to 3.6% per annum and maturity period within 1 year. These wealth management products are offered by large state-owned or reputable financial institutions in the Mainland China.

21. TERM DEPOSITS WITH INITIAL TERM OVER 3 MONTHS

	As at 31 December 2020 RMB'000	As at 30 June 2020 RMB'000
Term deposits	521,307	246,320

The effective interest rate for the term deposits of the Group with initial term over 3 months for the six months ended 31 December 2020 was 2.17% per annum (year ended 30 June 2020: 2.53%).

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 2020 RMB'000	As at 30 June 2020 RMB'000
Cash at bank and on hand	893,304	336,672
Restricted cash	5,440	5,463

Restricted cash represents guarantee deposits pledged to bank for issuance of bills payables.

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 2020	1,000,000,000	518,750,000	4,622	665,520	(172,414)	497,728
Vest of RSUs	—	—	—	5,703	—	5,703
Transfer and exercise of RSUs	—	—	—	(4,140)	6,196	2,056
Purchase of ordinary shares for RSU scheme (a)	—	—	—	—	(3,748)	(3,748)
As at 31 December 2020	1,000,000,000	518,750,000	4,622	667,083	(169,966)	501,739

	Number of shares authorised	Number of shares issued	Share capital RMB'000	Share premium RMB'000	Shares held for RSU scheme RMB'000	Subtotal RMB'000
As at 1 July 2019	1,000,000,000	518,750,000	4,622	657,376	(78,646)	583,352
Vest of RSUs	—	—	—	8,676	—	8,676
Transfer and exercise of RSUs	—	—	—	(532)	1,467	935
Purchase of ordinary shares for RSU scheme (a)	—	—	—	—	(3,075)	(3,075)
As at 31 December 2019	1,000,000,000	518,750,000	4,622	665,520	(80,254)	589,888

- (a) During the period, the Group purchased 507,000 of its own shares through the trustee of the RSU scheme at a total consideration of HK\$4,453,430 (approximately RMB3,748,184). As at 31 December 2020, there were 19,324,000 shares (30 June 2020: approximately 19,971,000) 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 2020	155,048	54,496	14,150	(1,599)	222,095
Appropriation to statutory reserves (a)	32	—	—	—	32
Share based compensation (Note 25)	—	8,261	—	—	8,261
Currency translation differences	—	—	(32,373)	—	(32,373)
Vest of RSUs	—	(5,703)	—	—	(5,703)
As at 31 December 2020	155,080	57,054	(18,223)	(1,599)	192,312
As at 1 July 2019	154,678	24,562	5,489	(1,599)	183,130
Appropriation to statutory reserves (a)	580	—	—	—	580
Liquidation of a subsidiary	(243)	—	—	—	(243)
Share based compensation (Note 25)	—	9,841	—	—	9,841
Currency translation differences	—	—	1,448	—	1,448
Vest of RSUs	—	(8,676)	—	—	(8,676)
As at 31 December 2019	155,015	25,727	6,937	(1,599)	186,080

- (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 2020 and 2019, approximately RMB32,000 and RMB580,000 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.

Movements in the number of outstanding RSUs are as follows:

	Period ended 31 December 2020		Period ended 31 December 2019	
	Weighted average exercise price per RSU	Number of RSUs	Weighted average exercise price per RSU	Number of RSUs
Opening unvested balance (a)	HK\$2.99	10,961,500	HK\$9.29	23,441,887
Granted	—	—	HK\$9.40	3,247,500
Forfeited	—	—	HK\$8.38	(1,163,125)
Vested	HK\$2.69	(2,628,250)	HK\$5.29	(2,729,762)
Ending unvested balance	HK\$3.08	8,333,250	HK\$9.83	22,796,500
Exercised	HK\$2.25	1,044,000	HK\$3.15	331,900
Exercisable at balance sheet date	HK\$1.79	10,149,372	HK\$1.64	8,826,622

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

- (a) On 30 June 2020, the Board resolved to adjust exercise prices of 10,265,000 unvested RSUs from either HK\$11.6 per share, HK\$10.0 per share or HK\$8.7 per share to HK\$3.2 per share, and also to cancel 10,265,000 unvested RSUs which was treated as an acceleration of vesting. The Group has accounted for the incremental fair value from the date of modification until the date when the modified equity instruments vest.
- (b) The weighted average closing price of the shares immediately before the dates on which the RSUs were exercised during the six months ended 31 December 2020 was HK\$8.32 (six months ended 31 December 2019: HK\$10.80).
- (c) 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 2020, the expected forfeiture rate was estimated at 3% (31 December 2019: 3%).

26. TRADE AND BILLS PAYABLES

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

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 RMB'000	As at 30 June 2020 RMB'000
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
	267,895	168,131

27. CONTRACT LIABILITIES

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

28. ACCRUALS AND OTHER CURRENT LIABILITIES

	As at 31 December 2020 RMB'000	As at 30 June 2020 RMB'000
Non-current liabilities		
Payables for guarantee deposits	8,415	6,977
Current liabilities		
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	31,298	16,181
	717,927	429,107

- (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 2020 RMB'000	As at 30 June 2020 RMB'000
Short-term borrowings	192,976	187,683

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%).

30. LEASE LIABILITIES

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

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 2020, the capital expenditure contracted but not provided for amounted to nil (30 June 2020: RMB31,648,000).

(b) Operating lease commitments

	As at 31 December 2020 RMB'000	As at 30 June 2020 RMB'000
No later than 1 year	34,363	31,378

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
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
Hangzhou New Shangwei Finery Co., Ltd.	Controlled by the controlling shareholders
Huizhan Technology (Hangzhou) Co., Ltd	Controlled by the controlling shareholders

32. RELATED-PARTY TRANSACTIONS (continued)

(a) Significant transactions with related parties

The Group had the following significant transactions with related parties, which are all continuing connected transactions except for purchase of right-of-use assets under lease agreements(Note 32(a)(v)) as disclosed below.

	Six months ended 31 December	
	2020 RMB'000	2019 RMB'000
(i) Processing fee charged by a related party		
Hangzhou Shangwei Apparel Co., Ltd.	12,475	15,461
(ii) Framework sample apparel manufacturing charged by a related party		
Hangzhou JNBY Finery Co., Ltd.	16,448	17,695
(iii) Operating lease expenses charged by related parties		
Hangzhou Huikang Industrial Co., Ltd.	546	5,690
Li Ming	112	112
Huizhan Technology (Hangzhou) Co., Ltd	81	—
Wu Jian	67	390
	806	6,192
(iv) Concession fees charged by a related party		
Huizhan Technology (Hangzhou) Co., Ltd	603	—
(v) Purchase of right-of-use assets under lease agreements		
Huizhan Technology (Hangzhou) Co., Ltd (Note 14)	286,460	—
Hangzhou Huikang Industrial Co., Ltd.	2,805	2,283
Hangzhou JNBY Finery Co., Ltd.	—	5,578
Wu Jian	—	2,236
	289,265	10,097
(vi) Key management compensation		
Details of compensation paid or payable to key management of the Group are as follows:		
Basic salaries and allowances	6,994	4,424
Share-based compensation	6,337	7,474
Discretionary bonuses	2,933	4,220
Other benefits including pension	284	258
	16,548	16,376

(b) Balances with related parties

	As at 31 December 2020 RMB'000	As at 30 June 2020 RMB'000
Due to related parties		
Trade payables:		
— Hangzhou Shangwei Apparel Co., Ltd.	4,345	3,606
— Hangzhou JNBY Finery Co., Ltd.	545	448
	4,890	4,054
Other payables:		
— Hangzhou JNBY Finery Co., Ltd.	5,172	4,217
Current lease liabilities:		
— Huizhan Technology (Hangzhou) Co., Ltd	23,337	—
— Hangzhou Huikang Industrial Co., Ltd.	2,351	—
— Wu Jian	433	162
— Hangzhou JNBY Finery Co., Ltd.	106	156
	26,227	318
Current amounts due to related parties	36,289	8,589
Non-current lease liabilities:		
— Huizhan Technology (Hangzhou) Co., Ltd (Note 14)	229,656	—
— Hangzhou Huikang Industrial Co., Ltd.	624	667
— Hangzhou JNBY Finery Co., Ltd.	55	2,686
— Wu Jian	—	760
	230,335	4,113
	266,624	12,702