



江南布衣
JIANGNANBUYI

JNBY DESIGN LIMITED (Stock Code: 03306)

2023/24 INTERIM REPORT



This interim report is printed on environmental paper



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COMPANY INTRODUCTION

INFORMATION ON JNBY GROUP

JNBY Design Limited (the “**Company**”) and its subsidiaries (the “**Group**” or “**we**”) are an influential designer brand fashion house based in China. We design, promote and sell contemporary apparel, footwear and accessories as well as household products. As at December 31, 2023, our brand portfolio comprises a number of brands in three stages — the Mature brand, namely JNBY, three Younger brands, namely (i) CROQUIS (速寫), (ii) jnby by JNBY and (iii) LESS, as well as various Emerging brands, such as POMME DE TERRE (蓬馬) and JNBYHOME, each targeting at a distinct customer segment and having a uniquely defined design identity based on our Group’s universal brand philosophy — “Just Naturally Be Yourself”.

Our products target at middle- and upper-income customers who seek to express their individuality through fashionable products. Our broad range of product offering and brand portfolio create a lifestyle ecosystem that enables us to address our customers’ needs at different stages and scenarios of their lives, which in turn allows us to build a large, diversified and loyal customer base. We started our business in 1994 by selling women’s apparel. According to a survey conducted by CIC^(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 +” multi-brand collection stores to provide consumers with more value-added services.

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

Note: China Insights Consultancy Limited, the industry consultant

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

NON-EXECUTIVE DIRECTOR Mr. Wei Zhe

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

BOARD COMMITTEES

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

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

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

JOINT COMPANY SECRETARIES Ms. Qian Xiaoping
Ms. Ng Sau Mei (FCG, HKFCG)

AUTHORIZED REPRESENTATIVES Mr. Wu Jian
Ms. Ng Sau Mei

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P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

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PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 9, 22/F, Seapower Tower
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Tsim Sha Tsui
Kowloon
Hong Kong, PRC

AUDITOR

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

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
Hong Kong, PRC

PRINCIPAL BANKS

Bank of Hangzhou,
Guanxiangkou Branch

COMPANY'S WEBSITE

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

STOCK CODE

3306

LISTING DATE

October 31, 2016

FINANCIAL SUMMARY

For the six months ended December 31,	2023 (RMB'000)	2022 (RMB'000)	Increase (%)
Financial Summary			
Revenue	2,975,542	2,360,020	26.1
Gross profit	1,947,734	1,526,220	27.6
Operating profit	803,080	517,310	55.2
Net profit	574,113	371,711	54.5
Net cash flows from operating activities	1,059,711	387,430	173.5
	(RMB)	(RMB)	(%)
Basic earnings per share	1.14	0.74	54.1
Diluted earnings per share	1.11	0.74	50.0
	(Percentage)	(Percentage)	(Percentage point(s))
Financial Ratios			
Gross profit margin	65.5	64.7	0.8
Operating profit ratio	27.0	21.9	5.1
Net profit margin	19.3	15.8	3.5

	As of December 31, 2023	As of December 31, 2022
Liquidity Ratios		
Trade receivables turnover days	10.4	10.4
Trade and bills payables turnover days	50.8	61.3
Capital Ratios		
Debt to assets ratio ⁽¹⁾	49.8%	56.1%

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

MANAGEMENT DISCUSSION AND ANALYSIS

REVENUE

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

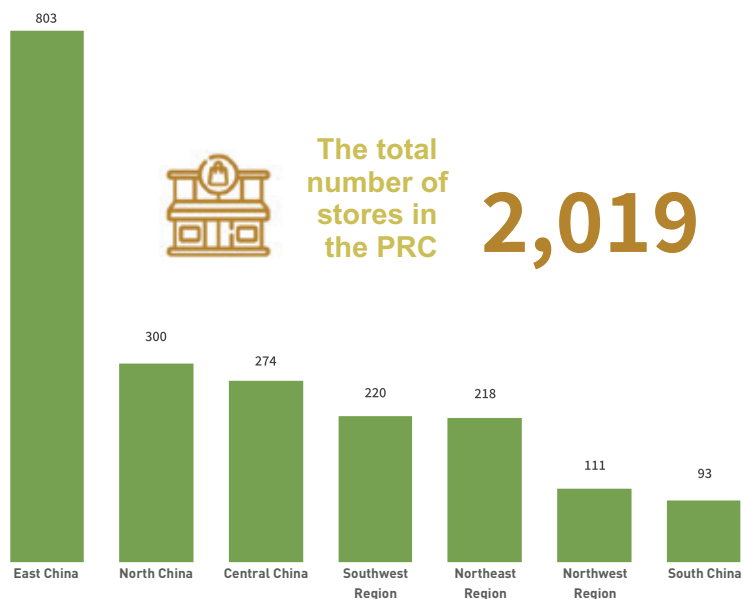
The total revenue for the six months ended December 31, 2023 amounted to RMB2,975.5 million, an increase of 26.1% or RMB615.5 million as compared with RMB2,360.0 million for the six months ended December 31, 2022. The increase in revenue was mainly due to the increase in same store sales of offline shops, the growth in the sales of online channels and the increase in the scale of offline stores.

The total number of our standalone retail stores around the world increased from 1,990 as of June 30, 2023 to 2,036 as of December 31, 2023. Including standalone offline stores abroad, our sales network has covered all provinces, autonomous regions and municipalities in Mainland China and across nine other countries and regions around the world. The tables below set forth the information on the number of our standalone retail stores around the world by different brands and "JNBY Group +" multi-brand collection stores, respectively:

	As of December 31, 2023	As of June 30, 2023
Number of our standalone retail stores around the world by different brands		
Mature Brand:		
JNBY	935	921
Subtotal	935	921
Younger Brands:		
CROQUIS (速寫)	311	300
jnby by JNBY	497	486
LESS	235	233
Subtotal	1,043	1,019
Emerging Brands:		
Other brands	38	31
Subtotal	38	31
"JNBY Group +" multi-brand collection stores	20	19
Total	2,036	1,990
Number and geographic distribution of our standalone retail stores by sales channels		
Mainland China		
Self-operated stores	549	564
Distributor-operated stores	1,464	1,402
Outside Mainland China		
Self-operated stores	1	1
Distributor-operated stores	22	23
Total	2,036	1,990

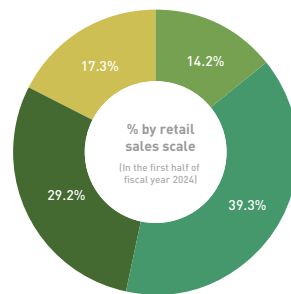
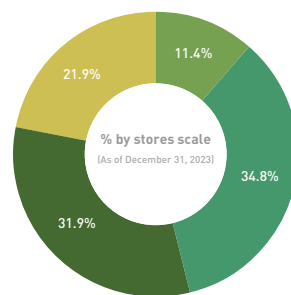
As of December 31, 2023, the total number of our standalone retail stores in countries and regions all over the world (excluding points of sale) was 2,036, and the following charts show the geographic distribution of our retail stores (including standalone distributor-operated and self-operated stores) across Mainland China, Hong Kong China and Taiwan China region as well as the distribution of our stores and retail sales by city tiers across Mainland China respectively:

Total number and geographic distribution of stores across Mainland China, Hong Kong China and Taiwan China region



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

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



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

SAME STORE SALES GROWTH OF OFFLINE SHOPS

In the first half of fiscal year 2024, the offline customer traffic recovered as China's economy fully resumed normal operation. Against the backdrop of various uncertainties such as continuous changes in the retail environment and consumer behavioral habits, we have provided consumers with more value-added services by continuously launching new consumption scenarios or products such as "Box Project (不止盒子)" and "JNBY Group +" multi-brand collection stores, while gradually upgrading the store image of each brand in order to provide customers with more comfortable shopping experience. Same store sales of offline retail shops for the first half of fiscal year 2024 recorded an increase of 23.9%, which was mainly due to the following reasons:

- (i) Benefiting from the Group's increased strategic investment in store image upgrading and visual development for each brand, the Group has successfully created a number of "JNBY Group +" multi-brand collection stores, fully accessible by its fans and further enhancing the quality of store services;
- (ii) The incremental retail sales generated by the inventory sharing and allocation system was RMB596.8 million for the first half of fiscal year 2024, representing an increase of 48.7% as compared with RMB401.2 million for the first half of fiscal year 2023; and
- (iii) The sales contributed by digital and smart retail channels including "Box Project (不止盒子)", "WeChat Mall (微商城)" and "Diversified Social E-commerce (多元化社交電商)" was mostly reflected in same store sales growth of offline shops due to continuous empowerment of Internet+ mindsets and technologies.

MEMBERS-RELATED DATA

As of December 31, 2023, the Group had over 7.4 million membership accounts (without duplication) (as of June 30, 2023: over 6.9 million). During the first half of fiscal year 2024, the retail sales contributed by the members of the Group accounted for over 80% of our total retail sales.

In 2023, the number of active members accounts of the Group^(Note 1) (without duplication) was over 550,000 (2022: over 420,000), and the number of active members accounts was significantly higher than that in 2022.

In 2023, the number of membership accounts with annual purchases totaling over RMB5,000 was over 300,000 (2022: over 220,000), and the retail sales contributed by those membership accounts reached RMB4.33 billion (2022: RMB2.93 billion), accounting for over 60% of the total retail sales from offline channels. The membership accounts with annual purchases totaling over RMB5,000 and their retail sales in 2023 were higher than that of 2022, mainly due to the results of the Group's initiatives to continue to strengthen its brand equity and refine its membership operation.

Note 1: Active members accounts are membership accounts associated with at least two purchases for a period of any 180 consecutive days within the last 12 months.

REVENUE BY BRAND

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

	For the six months ended December 31,					
	2023		2022		Increase	
	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)
Mature Brand:						
JNBY	1,699,763	57.1	1,371,130	58.1	328,633	24.0
Subtotal	1,699,763	57.1	1,371,130	58.1	328,633	24.0
Younger Brands:						
CROQUIS (速寫)	413,017	13.9	352,433	14.9	60,584	17.2
jnby by JNBY	478,838	16.1	351,426	14.9	127,412	36.3
LESS	335,950	11.3	242,539	10.3	93,411	38.5
Subtotal	1,227,805	41.3	946,398	40.1	281,407	29.7
Emerging Brands:						
Other brands	47,974	1.6	42,492	1.8	5,482	12.9
Subtotal	47,974	1.6	42,492	1.8	5,482	12.9
Total revenue⁽¹⁾	2,975,542	100.0	2,360,020	100.0	615,522	26.1

Note:

(1) Includes revenue recorded by "JNBY Group +" multi-brand collection stores of RMB137.8 million.

For the first half of fiscal year 2024, the revenue of the Group increased. Revenue generated from the Group's Mature brand with a history of approximately 30 years, JNBY brand, representing an increase of 24.0% or RMB328.6 million. For the Younger brands portfolio, it consists of brands which were successively launched from 2005 to 2011, namely CROQUIS (速寫), jnby by JNBY and LESS. Revenue generated from the Younger brands portfolio increased by 29.7% in total. For the Emerging brands portfolio, it consists of various new brands, such as POMME DE TERRE (蓬馬) and JNBYHOME. Revenue from the Emerging brands portfolio totaling RMB48.0 million was recorded, showing an aggregate of 1.6% of 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,					
	2023		2022		Increase	
	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)
Offline channels	2,442,038	82.1	1,930,520	81.8	511,518	26.5
Self-operated stores	1,183,734	39.8	865,986	36.7	317,748	36.7
Distributor-operated stores ⁽¹⁾	1,258,304	42.3	1,064,534	45.1	193,770	18.2
Online channels	533,504	17.9	429,500	18.2	104,004	24.2
Total revenue	2,975,542	100.0	2,360,020	100.0	615,522	26.1

Note:

(1) Includes stores operated by overseas customers.

In the first half of fiscal year 2024, revenue generated through both our online and offline channels increased as compared with that in the first half of fiscal year 2023, of which revenue generated through our offline channels increased by 26.5% and the revenue generated through our online channels increased by 24.2%.

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 of our total revenue, for the half years indicated:

	For the six months ended December 31,					
	2023		2022		Increase/(Decrease)	
	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)
Mainland China	2,959,050	99.4	2,338,498	99.1	620,552	26.5
Outside Mainland China ⁽¹⁾	16,492	0.6	21,522	0.9	(5,030)	(23.4)
Total revenue	2,975,542	100.0	2,360,020	100.0	615,522	26.1

Note:

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

GROSS PROFIT AND GROSS PROFIT MARGIN

The Group's gross profit increased by 27.6% from RMB1,526.2 million for the first half of fiscal year 2023 to RMB1,947.7 million for the first half of fiscal year 2024, which was mainly attributable to the increase in revenue.

The Group's overall gross profit margin increased from 64.7% for the first half of fiscal year 2023 to 65.5% for the first half of fiscal year 2024, which was mainly attributable to the enhancement of the Group's comprehensive brand equity.

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

	For the six months ended December 31,					
	2023		2022		Increase	
	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)
Mature Brand:						
JNBY	1,138,451	67.0	909,568	66.3	228,883	25.2
Subtotal	1,138,451	67.0	909,568	66.3	228,883	25.2
Younger Brands:						
CROQUIS (速寫)	270,789	65.6	225,305	63.9	45,484	20.2
jnby by JNBY	283,588	59.2	205,989	58.6	77,599	37.7
LESS	233,218	69.4	164,560	67.8	68,658	41.7
Subtotal	787,595	64.1	595,854	63.0	191,741	32.2
Emerging Brands:						
Other brands	21,688	45.2	20,798	48.9	890	4.3
Subtotal	21,688	45.2	20,798	48.9	890	4.3
Total	1,947,734	65.5	1,526,220	64.7	421,514	27.6

	For the six months ended December 31,					
	2023		2022		Increase	
	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)
Offline channels	1,615,694	66.2	1,264,721	65.5	350,973	27.8
Self-operated stores	867,459	73.3	630,671	72.8	236,788	37.5
Distributor-operated stores	748,235	59.5	634,050	59.6	114,185	18.0
Online channels	332,040	62.2	261,499	60.9	70,541	27.0
Total	1,947,734	65.5	1,526,220	64.7	421,514	27.6

SELLING AND MARKETING EXPENSES AND ADMINISTRATIVE EXPENSES

In the first half of fiscal year 2024, selling and marketing expenses were RMB926.3 million (the first half of fiscal year 2023: RMB817.5 million), which primarily consist of: (i) workforce contracting expenses; (ii) promotion and marketing expenses; (iii) depreciation and amortisation; and (iv) expenses relating to short-term leases and variable lease payments. In percentage terms, the selling and marketing expenses accounted for 31.1% of our revenue in the first half of fiscal year 2024 (the first half of fiscal year 2023: 34.6%). The decrease in the expense ratio as compared to the first half of fiscal year 2023 was mainly attributable to the increase in the overall revenue and the improvement of operating efficiency. The administrative expenses for the first half of fiscal year 2024 were RMB246.0 million (the first half of fiscal year 2023: RMB211.7 million), which primarily consist of: (i) employee benefit expenses; (ii) depreciation and amortisation; and (iii) workforce contracting expenses. In particular, the expenses incurred by the product design and research and development department amounted to RMB98.9 million (the first half of fiscal year 2023: RMB79.2 million). In percentage terms, administrative expenses accounted for 8.3% of our revenue in the first half of fiscal year 2024 (the first half of fiscal year 2023: 9.0%).

FINANCE INCOME, NET

The Group's finance income, net for the first half of fiscal year 2024 was net gain of RMB4.7 million (the first half of fiscal year 2023: finance income, net was net loss of RMB2.8 million).

NET PROFIT AND NET PROFIT MARGIN

Due to the above-mentioned factors, net profit for the first half of fiscal year 2024 was RMB574.1 million, representing an increase of 54.5% or RMB202.4 million as compared with RMB371.7 million for the first half of fiscal year 2023. Net profit margin increased from 15.8% for the first half of fiscal year 2023 to 19.3% for the first half of fiscal year 2024.

CAPITAL EXPENDITURE

The Group's capital expenditure mainly consists of payments for property, plant and equipment, intangible assets and decoration of office building and our self-operated stores. The Company's capital expenditure for the first half of fiscal year 2024 was RMB48.0 million (the first half of fiscal year 2023: RMB69.0 million).

PROFIT BEFORE INCOME TAX

The Group's profit before income tax increased by 57.0% from RMB514.5 million for the first half of fiscal year 2023 to RMB807.8 million for the first half of fiscal year 2024. The increase in 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 at December 31, 2023, the Group's cash and cash equivalents were RMB1,093.3 million (June 30, 2023: RMB525.1 million), of which 93.6% was denominated in RMB, 5.7% in HK\$ and 0.7% in other currencies. Net cash inflow from operating activities in the first half of fiscal year 2024 was RMB1,059.7 million, an increase of 173.5% as compared with RMB387.4 million in the first half of fiscal year 2023.

SIGNIFICANT INVESTMENT EVENTS

Subscription of Financial Products

On October 18, 2023, JNBY Finery Co., Ltd. ("JNBY Finery"), a subsidiary of the Company, subscribed for the financial products of China CITIC Bank with a principal of RMB20,000,000. The subscription mentioned above does not constitute a notifiable transaction of the Company.

On October 19, 2023, JNBY Finery subscribed for the short-term financial products of China CITIC Bank with a principal of RMB20,000,000. The subscription mentioned above does not constitute a notifiable transaction of the Company.

INVESTMENT FUNDS

On October 25, 2023, the Group made capital contributions of RMB1,500,000 to subscribe for a venture capital fund as a limited partner with a total capital commitment of RMB30,000,000. As of December 31, 2023, the Group made capital contributions of RMB6,000,000 to the fund. The subscription mentioned above does not constitute a notifiable transaction of the Company.

EQUITY INVESTMENT

As of December 31, 2023, the Group did not have any significant equity investment transaction.

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 (the "Board") of directors (the "Directors") of the Company considered that the Group's exposure to the fluctuations of the exchange rate was insignificant and did not resort to any financial instrument to hedge the currency risks.

HUMAN RESOURCES

The number of the Group's employees increased to 1,551 as of December 31, 2023 (June 30, 2023: 1,508). The total staff costs for the first half of fiscal year 2024 (including basic salaries and allowances, social security insurance, bonuses and share-based compensation expenses) were RMB231.9 million (the first half of fiscal year 2023: RMB201.9 million), representing 7.8% of our revenue (the first half of fiscal year 2023: 8.6%).

PLEDGE OF ASSETS

As at December 31, 2023, the Group did not have any secured bank borrowings.

CONTINGENT LIABILITIES

As at December 31, 2023, the Group did not have any material contingent liabilities.

EVENTS AFTER THE BALANCE SHEET DATE

Pursuant to a resolution of the Board on February 27, 2024, the payments of an interim dividend of HK\$0.46 (approximately RMB0.42) per ordinary share and a special interim dividend of HK\$0.39 (approximately RMB0.36) per ordinary share were approved.

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

OUTLOOK

With the full resumption of normalized economic and social operations coupled with the implementation of policies to stabilize growth and expand domestic demand have taken effect, China's economy has stabilized and improved, and the domestic demand market gradually rebounded, creating new opportunities for high-quality development of enterprises, and China continues to serve as the driving force for global consumption growth. We have also observed that the group of people who pursue distinguished lifestyles continues expanding. As the demand of customers for personalized and fashionable products continues to rise and the younger consumers' preference for products and brands with strong brand awareness is increasing, the segmented market where the designer brands operate has great potential. In addition, consumers are rapidly shifting from traditional retail to diversified emerging consumption scenarios, during which brands they trust more are preferred, therefore, the segmented market where the designer brands operate has shown a competitive trend of inclining to the leading brands.

As an influential designer brand fashion group in China, benefiting from the diversified designer brand portfolio and sound operational management, we remain confident about our future. Based on sufficient cash flow, we continue to strengthen and enhance our position as an influential designer brand fashion group based in China, and we are committed to pursuing the following strategies thus to nurture the "JNBY" lifestyle ecosystem we advocate:

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

INTERIM DIVIDEND

The Board declared the payment of an interim dividend of HK\$0.46 per ordinary share (equivalent to approximately RMB0.42 per ordinary share) for the six months ended December 31, 2023. Such interim dividend is expected to be paid on April 19, 2024 to the shareholders of the Company (the "Shareholders") whose names appear on the Company's register of members on April 12, 2024.

SPECIAL INTERIM DIVIDEND

In addition to the declaration of the interim dividend, the Board is pleased to announce that, having considered the financial and cash flow position of the Group and to reward the Shareholders in recognition of their support to the Group, which is celebrating its 30th anniversary, the Board has resolved to approve the declaration and the payment of a special interim dividend of HK\$0.39 per ordinary share (equivalent to approximately RMB0.36 per ordinary share). Such special interim dividend is expected to be paid on April 19, 2024 to the Shareholders whose names appear on the Company's register of members on April 12, 2024.

CLOSURE OF REGISTER OF MEMBERS

In order to determine the identity of members who are eligible for receiving the interim dividend and the special interim dividend, the register of members of the Company will be closed from April 11, 2024 to April 12, 2024 (both days inclusive), during which period no share transfer will be registered. In order to be eligible for receiving the interim dividend and the special 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 10, 2024.

CORPORATE GOVERNANCE PRACTICES

CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining a high standard of corporate governance to safeguard the interests of its Shareholders and enhance its value and accountability. The Company has adopted the Corporate Governance Code (the “**CG Code**”) contained in Appendix C1 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, 2023. 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 C3 to the Listing Rules as its own code of conduct regarding Directors’ securities transactions. Specific enquiry has been made to all Directors and each of the Directors has confirmed that he/she has complied with the required standards as set out in the Model Code during the six months ended December 31, 2023.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the six months ended December 31, 2023, 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, 2023.

CHANGES OF INFORMATION IN RELATION TO THE DIRECTORS

Mr. Lam Yiu Por has served as an independent non-executive director of Xiamen Yan Palace Bird’s Nest Industry Co., Ltd., a company listed on Main Board of the Stock Exchange (stock code: 01497) since 20 November 2023.

Save as disclosed above, 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 2022/23 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, 2023, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Name of Directors	Nature of Interests	Number of Shares	Percentage of Shareholding in the Company (%)	Long Position/ Short Position/ Lending Pool
Mr. Wu Jian ⁽¹⁾	Founder of a discretionary trust; Beneficiary of a trust; Spouse interest	318,458,000	61.39	Long position
Ms. Li Lin ⁽²⁾	Founder of a discretionary trust; Beneficiary of a trust; Interest in a controlled corporation; Spouse interest	318,458,000	61.39	Long position
Ms. Wu Huating ⁽³⁾	Beneficial owner; Beneficiary of a trust	9,694,000	1.87	Long position

Notes:

- (1) Wu Family Capital Limited, a company wholly owned by the Wu Family Trust, directly holds the entire issued share capital of Ninth Capital Limited which in turn holds 154,477,000 shares of the Company. The Wu Family Trust is a discretionary trust established by Mr. Wu Jian (as the settlor), and its discretionary beneficiaries include Mr. Wu Jian, Ms. Li Lin and their children. Ms. Li Lin is beneficially interested in the entire issued share capital of Ninth Investment Limited and Kaleidoscope World Limited, which in turn holds 154,781,000 shares and 9,200,000 shares of the Company, respectively. Pursuant to the SFO, Mr. Wu Jian, as the spouse of Ms. Li Lin, is deemed to be interested in the same number of shares in which Ms. Li Lin is interested. Accordingly, Mr. Wu Jian is deemed to be interested in the 154,477,000 shares, 154,781,000 shares and 9,200,000 shares held by Ninth Capital Limited, Ninth Investment Limited and Kaleidoscope World Limited, respectively.
- (2) Li Family Capital Limited, a company wholly owned by the Li Family Trust, directly holds the entire issued share capital of Ninth Investment Limited which in turn holds 154,781,000 shares of the Company. The Li Family Trust is a discretionary trust established by Ms. Li Lin (as the settlor), and its discretionary beneficiaries include Ms. Li Lin, Mr. Wu Jian and their children. Ms. Li Lin is beneficially interested in the entire issued share capital of Kaleidoscope World Limited which in turn holds 9,200,000 shares of the Company. Mr. Wu Jian is beneficially interested in the entire issued share capital of Ninth Capital Limited which in turn holds 154,477,000 shares of the Company. 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. Accordingly, Ms. Li Lin was deemed to be interested in the 154,781,000 shares, 9,200,000 shares and 154,477,000 shares held by Ninth Investment Limited, Kaleidoscope World Limited and Ninth Capital Limited, respectively.
- (3) Ms. Wu Huating is interested in (i) 5,444,000 shares of the Company held by her and (ii) restricted share units ("RSUs") representing 4,250,000 shares of the Company that were granted to her pursuant to the RSU Scheme, which are subject to the vesting schedule and performance targets or review.

Save as disclosed above, as at December 31, 2023, none of the Directors or the chief executive of the Company had or was deemed to have any interest or short position in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or required to be recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As at December 31, 2023, as far as the Directors are aware, the following persons (other than the Directors and chief executives of the Company) had interests or short positions in the shares or underlying shares of the Company which were required to be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, and which were required to be entered in the register maintained by the Company pursuant to Section 336 of the SFO:

Name of Shareholders	Nature of Interests	Number of Shares	Percentage of Shareholding in the Company (%)	Long Position/Short Position/Lending Pool
Cititrust Private Trust (Cayman) Limited ^{(1),(2)}	Trustee	309,258,000	59.62	Long position
Li Family Capital Limited ⁽¹⁾	Interest in a controlled corporation	154,781,000	29.84	Long position
Ninth Investment Limited ⁽¹⁾	Beneficial owner	154,781,000	29.84	Long position
Wu Family Capital Limited ⁽²⁾	Interest in a controlled corporation	154,477,000	29.78	Long position
Ninth Capital Limited ⁽²⁾	Beneficial owner	154,477,000	29.78	Long position

Notes:

- (1) 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. Cititrust Private Trust (Cayman) Limited, as the trustee of the Li Family Trust, holds the entire issued share capital of Li Family Capital Limited. Li Family Capital Limited holds the entire issued share capital of Ninth Investment Limited. Ninth Investment Limited holds 154,781,000 shares of the Company. The Li Family Trust is a discretionary trust established by Ms. Li Lin (as the settlor), and its discretionary beneficiaries are Ms. Li Lin, Mr. Wu Jian and their children. Accordingly, each of Ms. Li Lin, Cititrust Private Trust (Cayman) Limited and Li Family Capital Limited is deemed to be interested in the 154,781,000 shares of the Company held by Ninth Investment Limited.
- (2) As at the date of this interim report, to the best knowledge of the Directors, Ninth Capital Limited holds 154,477,000 shares of the Company, representing approximately 29.78% of the issued shares of the Company. Cititrust Private Trust (Cayman) Limited, as the trustee of the Wu Family Trust, holds the entire issued share capital of Wu Family Capital Limited. Wu Family Capital Limited holds the entire issued share capital of Ninth Capital Limited. Ninth Capital Limited holds 154,477,000 shares of the Company. The Wu Family Trust is a discretionary trust established by Mr. Wu Jian (as the settlor), and its discretionary beneficiaries are Mr. Wu Jian, Ms. Li Lin and their children. Accordingly, each of Mr. Wu Jian, Cititrust Private Trust (Cayman) Limited and Wu Family Capital Limited is deemed to be interested in the 154,477,000 shares of the Company held by Ninth Capital Limited.

Save as disclosed above, as at December 31, 2023, the Directors were not aware of any persons (who were not Directors or chief executives of the Company) who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this interim report, at no time during the six months ended December 31, 2023 was the Company or its subsidiaries a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debentures of the Company or any other body corporate or had exercised any such right.

RESTRICTED SHARE UNIT SCHEME

We have adopted the RSU Scheme in order to incentivize senior management, designers and key employees for their contribution to 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 70,000,000 shares, i.e., 13.5% of the issued shares of the Company, and is valid for a period to June 30, 2029, with the remaining period of about 5 years and 3 months. The RSU Scheme was approved and adopted by the Board on May 16, 2014, and amended on February 3, 2018, May 14, 2018, May 8, 2019 and August 30, 2022, a summary of principal terms of which is set out in "Statutory and General Information — D. Share Incentive Scheme — 1. RSU Scheme" in Appendix IV of the prospectus of the Company dated October 19, 2016, and the Company's announcements dated February 3, 2018, May 14, 2018, May 8, 2019 and August 30, 2022.

OUTSTANDING RSUs

Prior to the Company's shares listed on the Main Board of the Stock Exchange, RSUs in respect of an aggregate of 11,776,040 shares of the Company, representing approximately 2.27% of the issued shares of the Company as at December 31, 2023, had been granted to 89 RSU participants of the Group 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 fourteen vesting schedules under the RSU Scheme as at December 31, 2023:

	Date of Grant	Purchase Price (HK\$)	Vesting Schedule
1	(i) June 30, 2014 (ii) July 23, 2014 (iii) November 20, 2014	Nil Nil Nil	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	Nil Nil Nil Nil	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	Nil Nil	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	Nil	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	Nil Nil	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	3.20 3.20 Nil	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	3.20 3.20 Nil	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	3.20	the RSU participants shall vest as to 1/3, 1/3 and 1/3 prior to August 31, 2021, 2022 and 2023, respectively
9	(i) May 8, 2019 (ii) July 9, 2019 (iii) October 17, 2019	3.20 Nil 3.20	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	Nil	the RSU participants shall vest as to 50% and 50% prior to August 31, 2020 and 2021, respectively
11	October 17, 2019	3.20	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
12	October 29, 2021	3.20	the RSU participants shall vest as to 25%, 25%, 25% and 25% prior to August 31, 2022, 2023, 2024 and 2025, respectively
13	August 30, 2022	3.20	the RSU participants shall vest as to 25%, 25%, 25% and 25% prior to August 31, 2023, 2024, 2025 and 2026, respectively
14	September 7, 2023	3.20	the RSU participants shall vest as to 25%, 25%, 25% and 25% prior to August 30, 2024, 2025, 2026 and 2027, 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, 2023, 9,930,000 RSUs have been granted. None of the shares have been forfeited or cancelled. As at December 31, 2023, there were a total of 30,628,722 RSUs outstanding.

The following is a summary table showing details of the RSUs granted under the RSU Scheme as at December 31, 2023. As of December 31, 2023, a total of 17,775,000 RSUs, representing 17,775,000 shares, were granted to the connected persons of the Company, among which 15,000,000 RSUs (of which 5,000,000 RSUs were cancelled) were granted to a Director.

Number of Shares Represented by RSUs	Date of Grant	As at July 1, 2023 Outstanding	Six months ended December 31, 2023				As at December 31, 2023
			Granted	Exercised	Lapsed	Forfeited	Outstanding
9,764,560	June 30, 2014	4,653,716	—	68,500	—	—	4,585,216
711,480	November 20, 2014	6	—	—	—	—	6
500,000	December 7, 2015	100,000	—	—	—	—	100,000
680,000	February 25, 2017	530,000	—	290,000	—	—	240,000
15,000,000	February 3, 2018	1,845,000	—	832,900	—	—	1,012,100
1,240,000	May 14, 2018	160,000	—	30,000	—	—	130,000
180,000	August 28, 2018	140,000	—	—	—	—	140,000
10,000,000	May 8, 2019	2,000,000	—	1,000,000	—	—	1,000,000
492,500	July 9, 2019	184,000	—	120,000	—	—	64,000
2,755,000	October 17, 2019	288,900	—	121,500	—	—	167,400
11,980,000	October 29, 2021	9,225,000	—	2,640,500	—	—	6,584,500
8,990,000	August 30, 2022	7,760,000	—	1,084,500	—	—	6,675,500
9,930,000	September 7, 2023	—	9,930,000	—	—	—	9,930,000
Total		26,886,622	9,930,000	6,187,900	—	—	30,628,722

The weighted average closing price of the shares immediately before the dates on which the RSUs were exercised in the six months ended December 31, 2023 was approximately HK\$9.69.

EXPECTED RETENTION RATE OF GRANTEEES

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

+ FINANCIAL SECTION +

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Board of Directors of JNBY Design Limited

(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 19 to 40, which comprises the interim condensed consolidated balance sheet of JNBY Design Limited (the "Company") and its subsidiaries (together, the "Group") as at 31 December 2023 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 selected 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" issued by the Hong Kong Institute of Certified Public Accountants. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

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

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 27 February 2024

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 December 2023

	Note	Unaudited Six months ended 31 December	
		2023 RMB'000	2022 RMB'000
Revenue	6	2,975,542	2,360,020
Cost of sales	7	(1,027,808)	(833,800)
Gross profit		1,947,734	1,526,220
Selling and marketing expenses	7	(926,300)	(817,470)
Administrative expenses	7	(245,972)	(210,951)
Provision for impairment on financial assets	7	(3,989)	(755)
Other income and gains, net	8	31,607	20,266
Operating profit		803,080	517,310
Finance income	9	24,951	19,907
Finance costs	9	(20,217)	(22,670)
Finance income/(costs), net		4,734	(2,763)
Profit before income tax		807,814	514,547
Income tax expense	10	(233,701)	(142,836)
Profit for the period		574,113	371,711
Currency translation differences			
<i>Items that may not be reclassified to profit or loss</i>		2,707	8,297
<i>Items that may be reclassified to profit or loss</i>		306	(4,206)
Other comprehensive income		3,013	4,091
Total comprehensive income for the period		577,126	375,802
Profit attributable to:			
Shareholders of the Company		574,121	371,716
Non-controlling interests		(8)	(5)
		574,113	371,711
Total comprehensive income attributable to:			
Shareholders of the Company		577,135	375,808
Non-controlling interests		(9)	(6)
		577,126	375,802
Earnings per share (expressed in RMB per share)			
— Basic	11	1.14	0.74
— Diluted	11	1.11	0.74

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

CONDENSED CONSOLIDATED BALANCE SHEET

As at 31 December 2023

	Note	Unaudited 31 December 2023 RMB'000	Audited 30 June 2023 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	13	448,859	463,151
Right-of-use assets	14	698,749	769,585
Intangible assets	15	21,552	20,460
Prepayments, deposits and other assets	19	24,411	16,838
Amounts due from a related party	32(b)	—	107,839
Financial assets at fair value through profit or loss	20	212,012	210,911
Deferred income tax assets	16	270,880	254,397
Total non-current assets		1,676,463	1,843,181
Current assets			
Inventories	17	750,928	790,334
Trade receivables	18	219,341	125,429
Prepayments, deposits and other assets	19	262,812	290,617
Amounts due from related parties	32(b)	113,430	1,477
Financial assets at fair value through profit or loss	20	40,278	—
Term deposits with initial term over 3 months	21	369,923	488,251
Restricted cash	22	3,010	1,391
Cash and cash equivalents	22	1,093,255	525,147
Total current assets		2,852,977	2,222,646
Total assets		4,529,440	4,065,827
LIABILITIES			
Non-current liabilities			
Lease liabilities	30	191,297	219,546
Accruals and other current liabilities	28	—	495
Amounts due to related parties	32(b)	250,258	243,161
Deferred income tax liabilities	16	22,994	5,317
Total non-current liabilities		464,549	468,519
Current liabilities			
Trade and bills payables	26	344,310	236,399
Lease liabilities	30	198,328	214,571
Contract liabilities	27	360,856	368,876
Accruals and other current liabilities	28	752,792	640,322
Amounts due to related parties	32(b)	48,938	49,138
Borrowings	29	—	99,514
Current income tax liabilities		87,739	6,965
Total current liabilities		1,792,963	1,615,785
Total liabilities		2,257,512	2,084,304
Net assets		2,271,928	1,981,523

CONDENSED CONSOLIDATED BALANCE SHEET

As at 31 December 2023

	Note	Unaudited 31 December 2023 RMB'000	Audited 30 June 2023 RMB'000
EQUITY			
Equity attributable to shareholders of the Company			
Share capital	23	4,622	4,622
Shares held for restricted share unit ("RSU") scheme	23	(88,462)	(137,541)
Share premium	23	509,351	507,820
Other reserves	24	242,496	253,981
Retained earnings		1,603,971	1,352,682
Equity attributable to shareholders of the Company		2,271,978	1,981,564
Non-controlling interests		(50)	(41)
Total equity		2,271,928	1,981,523

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

This unaudited condensed consolidated interim financial information on pages 19 to 40 were approved by the board of directors on 27 February 2024 and were signed on its behalf.

Wu Jian

Director

Li Lin

Director

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2023

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

	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 2023		4,622	507,820	(137,541)	253,981	1,352,682	1,981,564	(41)	1,981,523
Comprehensive income									
Profit for the period		—	—	—	—	574,121	574,121	(8)	574,113
Other comprehensive income									
Currency translation differences	24	—	—	—	3,014	—	3,014	(1)	3,013
Total comprehensive income		—	—	—	3,014	574,121	577,135	(9)	577,126
Transactions with shareholders									
Profit appropriations to statutory reserves	24	—	—	—	241	(241)	—	—	—
Share-based compensation	25	—	—	—	17,887	—	17,887	—	17,887
Transfer and exercise of RSUs	24	—	1,531	49,079	(32,627)	—	17,983	—	17,983
Dividend	12	—	—	—	—	(322,591)	(322,591)	—	(322,591)
Total transactions with shareholders		—	1,531	49,079	(14,499)	(322,832)	(286,721)	—	(286,721)
Balance at 31 December 2023		4,622	509,351	(88,462)	242,496	1,603,971	2,271,978	(50)	2,271,928

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2023

	Note	Unaudited	
		Six months ended 31 December	
		2023	2022
		RMB'000	RMB'000
Cash flows from operating activities			
Cash generated from operations		1,187,793	566,525
Income tax paid		(128,082)	(179,095)
Net cash generated from operating activities		1,059,711	387,430
Cash flows from investing activities			
Purchase of property, plant and equipment		(45,340)	(66,323)
Purchase of intangible assets		(2,645)	(2,651)
Proceeds from disposals of property, plant and equipment		161	225
Investment income received from financial products issued by commercial banks		—	219
Interest received		20,368	17,572
Payment of term deposits with initial term over 3 months		(422,910)	(252,767)
Payment of financial products issued by commercial banks		(40,000)	(90,000)
Payment of investment for a private company	20	—	(19,325)
Proceeds from withdrawal of term deposits with initial term over 3 months		541,595	400,000
Proceeds from redemption of financial products issued by commercial banks		—	30,000
Purchase of venture capital funds	20	(1,500)	(4,500)
Dividends received from venture capital funds	20	263	674
Net cash generated from investing activities		49,992	13,124
Cash flows from financing activities			
Proceeds from borrowings		149,060	197,873
Repayments of borrowings		(250,000)	(150,000)
Dividends paid	12	(322,591)	(259,004)
Proceeds from exercise of RSUs		17,983	13,681
Payment for repurchase of treasury shares		—	(6,404)
Repayments of lease liabilities		(136,096)	(134,373)
Net cash used in financing activities		(541,644)	(338,227)
Net increase in cash and cash equivalents			
Cash and cash equivalents at beginning of the period	22	525,147	591,746
Exchange gain on cash and cash equivalents		49	3,714
Cash and cash equivalents at end of the period	22	1,093,255	657,787

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. GENERAL INFORMATION

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

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

The Company completed its initial public offering and listed its shares on the Main Board of The Stock Exchange of Hong Kong Limited on 31 October 2016 (the “**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 for issue on 27 February 2024.

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 2023 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 2023 as set out in the annual report dated 7 September 2023, 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 2023 as described in those annual financial statements except that income tax is accrued using the tax rate that would be applicable to expected total annual earnings and the adoption of new and amended standards as set out below.

- (i) The following new standards and amendments to standards and interpretations are effective for the interim period beginning 1 July 2023.
- HKFRS 17 Insurance Contracts
 - Disclosure of Accounting Policies — Amendments to HKAS 1 and HKFRS Practice Statement 2
 - Definition of Accounting Estimates — Amendments to HKAS 8
 - International Tax Reform — Pillar Two Model Rules — Amendments to HKAS 12
 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction — Amendments to HKAS 12

3. ACCOUNTING POLICIES (Continued)

There are no new standards or amendments to standards that are effective for the first time for this interim period that could be expected to have a material impact on the Group.

- (ii) The following new standards and amendments to standards and interpretations have been issued but are not effective for the interim period beginning 1 July 2023 and have not been early adopted by the Group.

	Effective Date
Classification of Liabilities as current or non-current — Amendments to HKAS 1	1 January 2024
Non-current liabilities with covenants — Amendments to HKAS 1	1 January 2024
Lease liability in sale and leaseback — amendments to HKFRS 16	1 January 2024
Supplier Finance Arrangements — Amendments to HKAS 7 and HKFRS 7	1 January 2024
Sale or contribution of assets between an investor and its associate or joint venture — Amendments to HKFRS 10 and HKAS 28	To be determined
Hong Kong Interpretation 5 (Revised) Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause (HK Int 5 (Revised))	1 January 2024

Certain new accounting standards and interpretations have been published that are not mandatory for the 31 December 2023 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 2023.

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 2023.

There have been no changes in the risk management policies since 30 June 2023.

5. FINANCIAL RISK MANAGEMENT (Continued)

5.2 Fair value estimation

(i) Fair value hierarchy

(a) Financial instruments in level 1

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

(b) Financial instruments in level 2

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

(c) Financial instruments in level 3

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities and for instruments where ESG risk gives rise to a significant unobservable adjustment.

Specific valuation techniques used to value financial instruments include:

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

The following table presents the Group's assets that are measured at fair value as at 31 December 2023.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets at fair value through profit or loss				
— Venture capital funds	—	—	181,976	181,976
— Financial products of commercial banks	—	—	40,278	40,278
— Investment for a private company	—	—	30,036	30,036
	—	—	252,290	252,290

The following table presents the Group's assets that are measured at fair value as at 30 June 2023.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets at fair value through profit or loss				
— Venture capital funds	—	—	180,875	180,875
— Investment for a private company	—	—	30,036	30,036
	—	—	210,911	210,911

The Group further assessed the need for transfers between levels in the hierarchy given the changes in economic conditions and considering whether a lack of observable information existed for factors relevant to the value of certain instruments. There were no transfers among level 1, 2 and 3 for recurring fair value measurements during the period.

As at 31 December and 30 June 2023, the Group has no liabilities that are measured at fair value.

5. FINANCIAL RISK MANAGEMENT (Continued)

5.2 Fair value estimation (Continued)

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

The following table presents the changes in level 3 instruments for the six months ended 31 Dec 2023:

	Venture capital funds	Financial products of commercial banks	Investment for a private company	Total
Opening balance as at 30 June 2023	180,875	—	30,036	210,911
Acquisitions	1,500	40,000	—	41,500
Dividends received	(263)	—	—	(263)
Net fair value gain recognised under “other income and gains, net”	(4)	278	—	274
Currency translation difference	(132)	—	—	(132)
Closing balance as at 31 December 2023	181,976	40,278	30,036	252,290
Opening balance as at 30 June 2022	158,840	—	10,000	168,840
Acquisitions	4,500	90,000	19,325	113,825
Disposals	—	(30,219)	—	(30,219)
Dividends received	(674)	—	—	(674)
Net fair value gain recognised under “other income and gains, net”	6,969	354	—	7,323
Currency translation difference	4,823	—	—	4,823
Closing balance as at 31 December 2022	174,458	60,135	29,325	263,918

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

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

- Deposits and other receivables
- Trade receivables
- Amounts due from related parties
- Term deposits with initial term over 3 months
- Cash and cash equivalents
- Restricted cash
- 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 representing CROQUIS (速寫), jnby by JNBY and LESS, and emerging brands representing POMME DE TERRE (蓬馬), JNBYHOME, etc.

6. SEGMENT INFORMATION (Continued)

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

	Six months ended 31 December 2023			
	Mature brand	Younger brands	Emerging brands	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Revenue				
Mainland China	1,687,258	1,224,028	47,764	2,959,050
Outside mainland China	12,505	3,777	210	16,492
Revenue from external customers	1,699,763	1,227,805	47,974	2,975,542
Segment gross profit	1,138,451	787,595	21,688	1,947,734
Segment operating profit	716,858	376,487	2,885	1,096,230
Unallocated selling and marketing expenses, administrative expenses and net impairment losses on financial assets				(324,757)
Other income and gains, net				31,607
Total operating profit				803,080

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

7. EXPENSES BY NATURE

	Six months ended 31 December	
	2023 RMB'000	2022 RMB'000
Cost of inventories sold	950,230	760,786
Workforce contracting expenses	243,616	198,173
Employee benefit expenses (including share-based compensation expenses)	231,882	201,875
Promotion and marketing expenses	191,294	199,353
Depreciation and amortisation (Notes 13, 14 & 15)		
— Right-of-use assets	151,710	141,013
— Property, plant and equipment	63,038	55,284
— Intangible assets	1,553	2,055
Expenses relating to short-term leases and variable lease payments	158,940	115,718
Commission expenses to online platforms	41,199	33,063
Transportation and warehouse expenses	31,583	27,440
Taxes and other surcharges	28,515	18,187
Provision for inventories (Note 17)	28,569	37,547
Utilities charges and office expenses	26,468	24,670
Materials for apparel samples	13,915	14,380
Entertainment and travelling expenses	12,884	8,594
Other professional service expenses	10,145	11,191
Provision for impairment losses on financial assets	3,989	755
Auditors' remuneration	1,200	1,350
Others	13,339	11,542
Total cost of sales, selling and marketing expenses, net impairment losses on financial assets and administrative expenses	2,204,069	1,862,976

8. OTHER INCOME AND GAINS, NET

	Six months ended 31 December	
	2023 RMB'000	2022 RMB'000
Government grants(i)	28,227	10,936
Interest income from loans to a related party (Note 32)	2,311	2,362
Fair value gains of financial products (Note 20)	278	354
Fair value (losses)/gains of venture capital funds (Note 20)	(4)	6,969
Losses on disposal of property, plant and equipment	(245)	(179)
Donations	(1,101)	(236)
Others	2,141	60
	31,607	20,266

- (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, NET

	Six months ended 31 December	
	2023 RMB'000	2022 RMB'000
Finance income		
Interest income on cash and cash equivalents and term deposits with initial term over 3 months	21,835	15,128
Net foreign exchange gains on financing activities	3,116	4,779
	24,951	19,907
Finance costs		
Interest expenses on lease liabilities	(18,791)	(20,868)
Interest expenses on bank borrowings (Note 29)	(1,426)	(1,802)
	(20,217)	(22,670)
Finance income/(costs), net	4,734	(2,763)

10. INCOME TAX EXPENSE

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Company Law of Cayman Islands and, accordingly, is exempted from payment of Cayman Islands income tax.

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 years presented.

Enterprises incorporated in the PRC are generally subject to income tax rates of 25% throughout the years presented except for enterprises with approval for preferential rate.

	Six months ended 31 December	
	2023 RMB'000	2022 RMB'000
Current income tax expense		
— Enterprise income tax expense	217,507	132,992
Deferred income tax expense (Note 16)	16,194	9,844
	233,701	142,836

Income tax expense is recognised based on management's estimate of weighted average annual income tax rate expected for the full financial year. The estimated effective tax rate used for the Group is 28.9% (six months ended 31 December 2022: 27.8%).

11. EARNINGS PER SHARE

(a) Basic

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

	Six months ended 31 December	
	2023 RMB'000	2022 RMB'000
Profit attributable to shareholders of the Company	574,121	371,716
Weighted average number of ordinary shares in issue excluding shares held under the RSU scheme in issue (thousands of shares)	505,179	499,826
Basic earnings per share (expressed in RMB per share)	1.14	0.74

(b) Diluted

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

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

	Six months ended 31 December	
	2023 RMB'000	2022 RMB'000
Profit attributable to shareholders of the Company	574,121	371,716
Weighted average number of ordinary shares in issue excluding shares held under the RSU scheme in issue (thousands of shares)	505,179	499,826
Adjustments for share based compensation — RSUs (thousands of shares)	10,521	4,557
Weighted average number of ordinary shares for the calculation of diluted EPS (thousands of shares)	515,700	504,383
Diluted earnings per share (expressed in RMB per share)	1.11	0.74

12. DIVIDENDS

Pursuant to the shareholders' resolution on 26 October 2023, a final dividend of RMB322,591,350 were paid during the six months ended 31 December 2023 (six months ended 31 December 2022: a final dividend of RMB259,004,000).

Pursuant to a resolution of the Board on 27 February 2024, the payments of an interim dividend of HK\$0.46 (approximately RMB0.42) per ordinary share and a special interim dividend of HK\$0.39 (approximately RMB0.36) per ordinary share were approved. The interim dividend and special interim dividend are not reflected as payables in this interim financial information as they were approved after 31 December 2023.

13. PROPERTY, PLANT AND EQUIPMENT

	Office equipment and others RMB'000	Machinery RMB'000	Motor vehicles RMB'000	Leasehold improvements RMB'000	Buildings RMB'000	Total RMB'000
Six months ended 31 December 2023						
Opening net book value as at 1 July 2023	28,665	63,924	4,548	173,140	192,874	463,151
Additions	4,206	1,674	654	42,923	—	49,457
Depreciation	(5,565)	(4,656)	(584)	(47,320)	(4,913)	(63,038)
Currency translation differences	(3)	—	—	—	(302)	(305)
Disposals	(291)	(102)	(13)	—	—	(406)
Closing net book value	27,012	60,840	4,605	168,743	187,659	448,859
As at 31 December 2023						
Cost	74,259	95,846	10,585	345,117	232,940	758,747
Accumulated depreciation	(47,247)	(35,006)	(5,980)	(176,374)	(45,281)	(309,888)
Net book value	27,012	60,840	4,605	168,743	187,659	448,859

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

14. RIGHT-OF-USE ASSETS

	Offices RMB'000	Rented premises for stores RMB'000	Land use right RMB'000	Total RMB'000
Six months ended 31 December 2023				
Opening net book value as at 1 July 2023	325,570	420,168	23,847	769,585
Additions	—	81,748	—	81,748
Early termination	—	(874)	—	(874)
Depreciation and amortisation	(26,040)	(125,391)	(279)	(151,710)
Closing net book value as at 31 December 2023	299,530	375,651	23,568	698,749
Six months ended 31 December 2022				
Opening net book value as at 1 July 2022	374,123	321,246	24,405	719,774
Additions	845	230,979	—	231,824
Early termination	(295)	(959)	—	(1,254)
Depreciation and amortisation	(25,721)	(115,013)	(279)	(141,013)
Modification (i)	—	(12,077)	—	(12,077)
Closing net book value as at 31 December 2022	348,952	424,176	24,126	797,254

- (i) The Group chose to record the rent concessions occurring as a direct consequence of the COVID-19 pandemic as lease modifications. The rent concessions represented reduced lease payments and there was no substantive change to other terms and conditions of the lease. No rent concession has been received during the six months ended 31 December 2023, while rent concessions approximately RMB12,077,000 have been accounted for as lease modification by decreasing the lease liabilities and making a corresponding adjustment to the right-of-use asset during the six months ended 31 December 2022.

15. INTANGIBLE ASSETS

	Computer software RMB'000	Others RMB'000	Total RMB'000
Six months ended 31 December 2023			
Opening net book value as at 1 July 2023	20,336	124	20,460
Additions	2,645	—	2,645
Amortisation charge	(1,543)	(10)	(1,553)
Closing net book value as at 31 December 2023	21,438	114	21,552
As at 31 December 2023			
Cost	39,103	244	39,347
Accumulated amortisation	(17,665)	(130)	(17,795)
Net book value	21,438	114	21,552
Six months ended 31 December 2022			
Opening net book value as at 1 July 2022	18,567	144	18,711
Additions	2,651	—	2,651
Amortisation charge	(2,045)	(10)	(2,055)
Closing net book value as at 31 December 2022	19,173	134	19,307
As at 31 December 2022			
Cost	32,447	244	32,691
Accumulated amortisation	(13,274)	(110)	(13,384)
Net book value	19,173	134	19,307

16. DEFERRED INCOME TAX

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

	As at 31 December 2023 RMB'000	As at 30 June 2023 RMB'000
Total deferred tax assets	439,675	446,793
Set-off of deferred tax assets pursuant to set-off provisions (a)	(168,795)	(192,396)
Net deferred tax assets	270,880	254,397
Deferred income tax assets:		
— to be recovered after 12 months	165,891	168,133
— to be recovered within 12 months	104,989	86,264
	270,880	254,397
Total deferred tax liabilities	191,789	197,713
Set-off of deferred tax liabilities pursuant to set-off provisions (a)	(168,795)	(192,396)
Net deferred tax liabilities (b)	22,994	5,317
Deferred income tax liabilities:		
— to be settled within 12 months	22,994	5,317
	247,886	249,080

- (a) 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.
- (b) As at 31 December 2023, the provisions of RMB22,994,000 (30 June 2023: RMB5,317,000) represented provision for withholding income tax were made for the planned profit distribution of the PRC subsidiaries which will be settled within one year.

17. INVENTORIES

	As at 31 December 2023 RMB'000	As at 30 June 2023 RMB'000
Finished goods	1,204,721	1,179,752
Commissioned processing materials	116,708	158,051
Raw materials	30,165	35,631
	1,351,594	1,373,434
Less: provision	(600,666)	(583,100)
	750,928	790,334

Movements of provision for inventories are as follows:

	Six months ended 31 December	
	2023 RMB'000	2022 RMB'000
Opening balance as at 1 July	583,100	533,908
Addition of provision for inventories to net realisable value included in "cost of sales" (Note 7)	28,569	37,547
Release of provision upon sales of inventories written down in prior years	(11,003)	(13,599)
Closing balance as at 31 December	600,666	557,856

18. TRADE RECEIVABLES

	As at 31 December 2023 RMB'000	As at 30 June 2023 RMB'000
Trade receivables	242,521	144,721
Less: provision for impairment	(23,180)	(19,292)
	219,341	125,429

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

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

	As at 31 December 2023 RMB'000	As at 30 June 2023 RMB'000
Within 3 months	215,473	123,044
3 months to 6 months	6,763	4,467
6 months to 1 year	4,566	799
1 year to 2 years	1,261	3,277
More than 2 years	14,458	13,134
	242,521	144,721

19. PREPAYMENTS, DEPOSITS AND OTHER ASSETS

	As at 31 December 2023 RMB'000	As at 30 June 2023 RMB'000
Long-term prepayments		
Long-term prepaid expenses	24,411	16,838
Current assets		
Deposits and other receivables	132,351	122,780
Right of goods return	85,024	58,406
Prepayment to suppliers	22,584	52,926
Prepaid expenses	21,522	18,881
Value added tax recoverable	1,159	13,888
Staff advances	172	83
Prepaid income tax	—	23,653
	262,812	290,617
	287,223	307,455

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December 2023 RMB'000	As at 30 June 2023 RMB'000
Included in non-current assets		
Venture capital funds (a)	181,976	180,875
Investment in a private company (b)	30,036	30,036
	212,012	210,911
Included in current assets		
Financial products of commercial banks (c)	40,278	—

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

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

(a) (Continued)

As at 31 December 2023, the Group has made capital contributions into three venture capital funds, among which two venture capital funds are related parties of Mr. Wei Zhe, the non-executive director of the Group. The Group has made capital contributions of RMB51,000,000 and has uncalled commitments of RMB9,000,000 in accordance with the subscription agreements (Note 31).

The Group signed the subscription agreements of another venture capital fund as a limited partner for a total capital commitment of RMB30,000,000, the Group made capital contributions of RMB6,000,000 and has uncalled commitments of RMB24,000,000 in accordance with the subscription agreements (Note 31).

- (b) The Group acquired 16.5% equity interests of Hangzhou Jiasheng Catering Management Co., Ltd. As the Group has preferential rights over Hangzhou Jiasheng Catering Management Co., Ltd., it is accounted for as financial assets at fair value through profit or losses.
- (c) This represents the Group's financial products of commercial bank with expected return rate of 3.4% per annum and maturity period within 1 year. The financial products of commercial bank are offered by a reputable financial institution in the Mainland China.

21. TERM DEPOSITS WITH INITIAL TERM OVER 3 MONTHS

	As at 31 December 2023 RMB'000	As at 30 June 2023 RMB'000
Term deposits	369,923	488,251

The effective interest rate for the term deposits of the Group with initial term over 3 months for the six months ended 31 December 2023 was 4.62% per annum (30 June 2023: 3.89%).

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 2023 RMB'000	As at 30 June 2023 RMB'000
Cash at bank and on hand	1,093,255	525,147
Restricted cash	3,010	1,391

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 2023	1,000,000,000	518,750,000	4,622	507,820	(137,541)	374,901
Transfer and exercise of RSUs	—	—	—	1,531	49,079	50,610
As at 31 December 2023	1,000,000,000	518,750,000	4,622	509,351	(88,462)	425,511

	Number of shares authorised	Number of shares issued	Share capital RMB'000	Share premium RMB'000	Shares held for RSU scheme RMB'000	Subtotal RMB'000
As at 1 July 2022	1,000,000,000	518,750,000	4,622	508,254	(180,244)	332,632
Transfer and exercise of RSUs	—	—	—	70	40,705	40,775
Purchase of ordinary shares for RSU scheme (a)	—	—	—	—	(6,404)	(6,404)
As at 31 December 2022	1,000,000,000	518,750,000	4,622	508,324	(145,943)	367,003

- (a) During the six months ended 31 December 2022, the Company repurchased 1,032,000 of its own shares through the trustee of the RSU scheme at a total consideration of HK\$7,169,000 (approximately RMB6,404,000). As at 31 December 2023, there were 10,882,028 (30 June 2023: 16,739,000) shares held through the trustee of the RSU scheme.

24. OTHER RESERVES

	Statutory reserves	Share-based compensation reserve	Currency translation differences	Merger reserve (b)	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 July 2023	157,505	106,105	(8,030)	(1,599)	253,981
Appropriation to statutory reserves (a)	241	—	—	—	241
Share based compensation (Note 25)	—	17,887	—	—	17,887
Currency translation differences	—	—	3,014	—	3,014
Transfer and exercise of RSUs	—	(32,627)	—	—	(32,627)
As at 31 December 2023	157,746	91,365	(5,016)	(1,599)	242,496
As at 1 July 2022	157,260	102,340	(29,138)	(1,599)	228,863
Appropriation to statutory reserves (a)	249	—	—	—	249
Share based compensation (Note 25)	—	17,604	—	—	17,604
Currency translation differences	—	—	4,092	—	4,092
Transfer and exercise of RSUs	—	(27,094)	—	—	(27,094)
As at 31 December 2022	157,509	92,850	(25,046)	(1,599)	223,714

- (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, to the statutory surplus reserve fund before distributing any dividends. The statutory surplus reserve fund can be used to offset accumulated losses, if any, and may be converted into paid-in capital. For the six months ended 31 December 2023 and 2022, approximately RMB241,000 and RMB249,000 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. RSUs vest gradually after the selected participants complete their service period of typically four years from the grant date. The selected participants are required to pay the exercise price, if any, upon satisfaction of terms and conditions set out in the relevant grant letter when they decide to exercise the RSUs. The participants are only entitled for the shares to be transferred to their account upon paying the exercise price, if any. During the six months ended 31 December 2023, share based compensation expenses of RMB17,887,000 were recognised by the Group (during the six months ended 31 December 2022: RMB17,604,000).

Movements in the number of outstanding RSUs are as follows:

	Period ended 31 December 2023		Period ended 31 December 2022	
	Weighted average exercise price per RSU	Number of outstanding RSUs	Weighted average exercise price per RSU	Number of outstanding RSUs
Opening balance	HK\$3.19	21,494,900	HK\$3.19	20,656,400
Granted (a)	HK\$3.20	9,930,000	HK\$3.20	8,990,000
Forfeited	—	—	HK\$3.20	(1,477,500)
Exercised	HK\$3.34	(5,857,400)	HK\$3.25	(4,778,500)
Ending balance	HK\$3.16	25,567,500	HK\$3.18	23,390,400

The fair value of RSUs was calculated based on the fair value of underlying ordinary shares as at the grant date. Upon the consummation of the IPO, the fair value of the underlying ordinary shares was calculated based on the closing price of shares immediately before the date of the grant date.

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

On 7 September 2023, the Board resolved to grant 9,930,000 RSUs to 37 selected grantees under the share award schemes. Pursuant to the vesting schedule, 25% of the RSUs granted shall be vested prior to 31 August 2024, 2025, 2026 and 2027, respectively. The grantees are required to pay HK\$3.2 per share for the exercise of RSUs upon satisfaction of terms and conditions.

25. SHARE-BASED PAYMENTS (Continued)

- (b) The Group is required to estimate the forfeiture rate in order to determine the amount of share-based compensation expenses charged to the consolidated statement of comprehensive income. As at 31 December 2023, the expected forfeiture rate was estimated at 3% (30 June 2023: 3%).

26. TRADE AND BILLS PAYABLES

	As at 31 December 2023 RMB'000	As at 30 June 2023 RMB'000
Trade payables	334,611	232,094
Bills payables	9,699	4,305
	344,310	236,399

Ageing analysis of trade payables based on date of goods received as at 31 December 2023 and 30 June 2023 was as follows:

	As at 31 December 2023 RMB'000	As at 30 June 2023 RMB'000
Within 6 months	333,936	229,211
6 months to 1 year	138	2,096
Over 1 year	537	787
	334,611	232,094

27. CONTRACT LIABILITIES

	As at 31 December 2023 RMB'000	As at 30 June 2023 RMB'000
Advances from distributors	327,136	339,732
Customer loyalty programme	33,720	29,144
Total current contract liabilities	360,856	368,876

28. ACCRUALS AND OTHER CURRENT LIABILITIES

	As at 31 December 2023 RMB'000	As at 30 June 2023 RMB'000
Non-current liabilities		
Payables for property, plant and equipment	—	495
Current liabilities		
Provisions for sales returns	245,663	166,891
Payroll and welfare payables	104,642	131,380
Provisions for sales rebates	100,742	72,002
Value-added and other taxes payables	64,275	49,465
Workforce contracting payables	55,911	34,250
Deposits received from suppliers (a)	47,763	49,764
Payables for leasehold improvements	42,971	38,563
Distribution deposits (b)	34,379	30,808
Accrued marketing and promotion expense	7,135	29,590
Rentals	3,832	1,775
Payables for property, plant and equipment	3,748	3,544
Others	41,731	32,290
	752,792	640,322
	752,792	640,817

- (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 2023 RMB'000	As at 30 June 2023 RMB'000
Short-term borrowings	—	99,514

As at 30 June 2023, the bills receivables 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 2023, such balance was settled.

30. LEASE LIABILITIES

	As at 31 December 2023 RMB'000	As at 30 June 2023 RMB'000
Lease liabilities		
Current	198,328	214,571
Non-current	191,297	219,546
	389,625	434,117

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 2023, the Group's capital commitments primarily relate to uncalled capital contribution obligation for the venture capital funds (Note 20) and investment commitments in a private company. Total capital commitments contracted but not yet reflected amounted to RMB37,267,318 (30 June 2023: RMB34,500,000).

(b) Operating lease commitments

As at 31 December 2023, lease commitments for the Group for leases not yet commenced or short-term leases are as follows:

	As at 31 December 2023 RMB'000	As at 30 June 2023 RMB'000
Within 1 year	26,379	19,271

32. RELATED-PARTY TRANSACTIONS

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

Name	Relationship with the Group
Li Lin	One of the controlling shareholders
Wu Jian	One of the controlling shareholders
Hangzhou Huikang Industrial Co., Ltd.	Controlled by the controlling shareholders
Hangzhou Shangwei Apparel Co., Ltd.	Controlled by the controlling shareholders
Hangzhou JNBY Finery Co., Ltd.	Controlled by the controlling shareholders
Huizhan Technology (Hangzhou) Co., Ltd	Controlled by the controlling shareholders
Hangzhou O6Eli Commercial Operation Management Co., Ltd.	Controlled by the controlling shareholders

32. RELATED-PARTY TRANSACTIONS (Continued)

(a) Significant transactions with related parties

Saved as disclosed in note 20, the Group had the following significant transactions with related parties, which are all continuing connected transactions except for loan arrangements (Note 32 (vi)) as disclosed below.

	Six months ended 31 December	
	2023 RMB'000	2022 RMB'000
(i) Processing fee charged by a related party		
Hangzhou Shangwei Apparel Co., Ltd.	13,667	12,128
(ii) Framework sample apparel manufacturing charged by a related party		
Hangzhou JNBY Finery Co., Ltd.	17,670	14,836
(iii) Operating lease expenses charged by a related party		
Huizhan Technology (Hangzhou) Co., Ltd.	2,753	2,580
Hangzhou OōEli Commercial Operation Management Co., Ltd.	155	—
	2,908	2,580
(iv) Utilities charged by related parties		
Hangzhou OōEli Commercial Operation Management Co., Ltd.	1,117	1,173
(v) Concession fees charged by a related party		
Huizhan Technology (Hangzhou) Co., Ltd.	1,285	892

	Six months ended 31 December	
	2023 RMB'000	2022 RMB'000
(vi) Interest income from loan granted to a related party		
Huizhan Technology (Hangzhou) Co., Ltd.	2,311	2,362
(vii) Key management compensation		
Basic salaries and allowances	12,046	11,621
Share-based compensation	9,776	10,059
Discretionary bonuses	4,258	4,418
Other benefits including pension	488	547
	26,568	26,645

32. RELATED-PARTY TRANSACTIONS (Continued)

(b) Balances with related parties

	As at 31 December 2023 RMB'000	As at 30 June 2023 RMB'000
Due from related parties		
Current — Trade receivables:		
— Huizhan Technology (Hangzhou) Co., Ltd	3,280	1,477
Current — loan to a related party:		
— Huizhan Technology (Hangzhou) Co., Ltd (i)	110,150	—
Non-current — loan to a related party:		
— Huizhan Technology (Hangzhou) Co., Ltd (i)	—	107,839
	113,430	109,316

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

Due to related parties		
Trade payables:		
— Hangzhou Shangwei Apparel Co., Ltd.	3,387	5,741
Other payables:		
— Hangzhou JNBY Finery Co., Ltd.	4,584	3,200
— Huizhan Technology (Hangzhou) Co., Ltd	106	139
	4,690	3,339
Current lease liabilities:		
— Huizhan Technology (Hangzhou) Co., Ltd (ii)	37,736	36,769
— Hangzhou OōEli Commercial Operation Management Co., Ltd. (ii)	3,107	3,279
— Hangzhou Huikang Industrial Co., Ltd.	18	10
	40,861	40,058
Amounts due to related parties in current portion	48,938	49,138

	As at 31 December 2023 RMB'000	As at 30 June 2023 RMB'000
Non-current lease liabilities:		
— Huizhan Technology (Hangzhou) Co., Ltd (ii)	234,704	228,984
— Hangzhou OōEli Commercial Operation Management Co., Ltd. (ii)	15,554	14,177
	250,258	243,161
	299,196	292,299

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