江南布衣
JIANGNANBUYI

JNBY DESIGN LIMITED (Stock Code: 03306)

2022/2023 ANNUAL REPORT

This annual report is printed on environmental paper

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INFORMATION ON JNBY GROUP

We are a leading designer brand fashion house based in China. According to the information provided by CIC [Note], in 2019, we ranked the first in the Chinese designer brand fashion industry in terms of total retail sales. We design, promote and sell contemporary apparel, footwear and accessories as well as household products. As at June 30, 2020, our brand portfolio comprises a number of brands in three stages— the Mature brand namely JNBY, three Younger brands, namely (i) CROQUIS (速寫), (ii) jnby by JNBY and (iii)LESS, as well as various Emerging brands, such as POMME DE TERRE (蓬馬) and JNBYHOME, each targeting at a distinct customer segment and having a uniquely defined design identity based on our Group's universal brand philosophy — "Just Naturally Be Yourself".

Our products target at middle- and upper-income customers who seek to express their individuality through fashionable products. Our broad range of product offering and brand portfolio create a lifestyle ecosystem that enables us to address our customers' needs at different stages 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 +" member collection stores to provide consumers with more value-added services.

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

Note: China Insights Consultancy Limited, the industry consultant

JNBY

Year of launch:
1990's
Slogan:
Just Naturally Be Yourself
Target customers:
Modern women between 25 and 40 who are acutely curious and adept at discovering the surprises and poetry in everyday life, and who naturally express these attributes
Design concepts:
Modern, Vitality, Charming and Serenity

jnby by JNBY

Year of launch:
2011
Slogan:
Free imagination
Target customers:
Children between 0 and 10 who are from middle-and upper-class families with certain qualities of life, who are independent and love life
Design concepts:
Freedom, Imagination, Joyful and Sincerity

POMME DE TERRE
蓬马

Year of launch:
2016
Slogan:
Don't be serious
Target customers:
Juveniles between 6 and 14 who are from families pursuing a high quality of life, who are easy and casual, full of curiosity and explorative spirit
Design concepts:
Textured, Exquisite, Easy

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Year of launch:
2019
Slogan:
All about Personality
Target customers:
The young community between 18 and 35 who are with sharp standard and judgement on uniqueness, sense of design and cultural attractiveness
Design concepts:
High street, Individualistic, Chic, Stylish

CROQUIS 速写

Year of launch:
2005
Slogan:
Re-Consider Humorously
Target customers:
Men between 25 and 40 who enjoy dressing

Design concepts:
Elegant, Playful, Contemporary and Textured

LESS

Year of launch:
2011
Slogan:
less is more
Target customers:
A new generation of female professionals between 30 and 45 who are independent, sophisticated,rational, and pursue simple living
Design concepts:
Simplified, Refined, Independent and Rational

JNBYHOME

Year of launch:
2016
Slogan:
Live Lively
Target customers:
People between 20 and 45 who pursue a high quality of life with a proactive and free attitude

Design concepts:
Diversity, Comfort, Individuality, Curiosity

COMPANY INTRODUCTION

INFORMATION ON JNBY GROUP

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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

REGISTERED OFFICE

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

HEADQUARTERS

Building 2-6, O ō ELi
No. 398 Tianmushan Road
Xihu District
Hangzhou, Zhejiang Province, PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 9, 22/F, Seapower Tower
North Tower, Concordia Plaza
1 Science Museum Road
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.com.cn/

STOCK CODE

3306

LISTING DATE

October 31, 2016

FINANCIAL SUMMARY

For the year ended June 30,	2023 RMB'000	2022 RMB'000	Increase %
Financial Summary			
Revenue	**4,465,124**	4,085,868	9.3
Gross profit	**2,916,992**	2,607,370	11.9
Operating profit	**857,898**	775,852	10.6
Net profit	**621,283**	558,873	11.2
Net cash flows from operating activities	**939,119**	852,874	10.1
	(RMB)	(RMB)	(%)
Basic earnings per share	**1.24**	1.12	10.7
Diluted earnings per share	**1.22**	1.10	10.9
	(Percentage)	(Percentage)	(Percentage point(s))
Financial Ratios			
Gross profit margin	**65.3**	63.8	1.5
Operating profit ratio	**19.2**	19.0	0.2
Net profit margin	**13.9**	13.7	0.2

	As at June 30, 2023	As at June 30, 2022
Liquidity Ratios		
Trade receivables turnover days	**9.4**	10.0
Trade and bills payables turnover days	**62.0**	67.4
Inventories turnover days	**190.9**	189.6
Capital Ratios		
Debt to assets ratio[1]	**51.3%**	56.8%

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

CONSOLIDATED RESULTS

For the year ended June 30,	2023 RMB'000	2022 RMB'000	2021 RMB'000	2020 RMB'000	2019 RMB'000
Revenue	**4,465,124**	4,085,868	4,126,225	3,099,431	3,358,168
Gross profit	**2,916,992**	2,607,370	2,597,352	1,849,655	2,056,059
Gross profit margin	**65.3%**	63.8%	62.9%	59.7%	61.2%
Operating profit	**857,898**	775,852	883,861	485,005	644,973
Net profit	**621,283**	558,873	647,195	346,698	484,779
Net profit margin	**13.9%**	13.7%	15.7%	11.2%	14.4%
Profit attributable to the shareholders	**621,292**	558,880	647,201	346,708	484,787
ASSETS					
Non-current assets	**1,843,181**	1,720,147	1,329,688	728,071	455,509
Current assets	**2,222,646**	2,179,688	2,488,955	2,106,138	1,829,443
EQUITY AND LIABILITIES					
Total equity	**1,981,523**	1,684,965	1,716,251	1,485,912	1,411,076
Non-current liabilities	**468,519**	466,084	466,418	91,511	13,105
Current liabilities	**1,615,785**	1,748,786	1,635,974	1,256,786	860,771

CHAIRMAN'S STATEMENT

Dear Shareholders,

Fiscal Year 2022/23 was a year like no other, and the pandemic lingered in many provinces and regions. In the first half of the fiscal year, the customer traffic of our offline shops fluctuated significantly as affected by the pandemic prevention and control measures implemented in various places, and in the second half of the fiscal year, the offline customer traffic began to recover with the reopening of China's economy. Our retail environment faced unprecedented challenges due to various factors including the impact of the pandemic in China and the slowdown in consumption growth.

As we enter 2023, with the full resumption of normalised economic and social operations coupled with the implementation and taking effect of policies to stabilize growth and expand domestic demand, China's economy continues to stabilise and improve, and the domestic demand market gradually rebounds, creating new opportunities for high-quality development of enterprises. The impact of the three-year pandemic not only accelerates the change of business environment and consumer behavior, but also allows consumers to gradually adapt to the new consumption modes and options. Along with consumption recovery and a younger consumer base, the group of people who pursue distinguished lifestyles expands rapidly. 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, the pandemic not only speeds up the shift of customers from traditional retail sales to diversified new consumption scenarios, but also makes the customers turn to brands which are more trustworthy, therefore, the segmented market where the designer brands operate is showing a competitive trend of inclining to the leading brands.

As an influential designer brand fashion group in China, JNBY Design Limited (the "**Company**") and its subsidiaries (the "**Group**") adapts to market changes and seizes market opportunities in an active manner. In addition to further adherence to the strategies of "design-driven", "multi-brand large-scale development" and "fans economy", the Group has further increased investment in brand strength, strengthened the comprehensive capacity building to support the sustainable and large-scale development of multi-brands, and continued to optimize the construction of a fan-focused global retail network. With the valuable experience accumulated in dealing with various uncertainties in the past, we continued to care for employees with a people-oriented approach, focused on optimizing and improving our own edge, continued to comprehensively improve our brand strength and digital and intelligent capabilities, optimized business operation efficiency, strengthened the talent team building, maintained abundant cash flow, recorded steady progress and improved quality for our performance, and continued to deliver solid returns for the shareholders of the Company (the "**Shareholders**").

Thanks to the efforts of all employees, the Group's performance showed great resilience and vitality against the challenging retail environment, cash reserves continued to be healthy and sufficient. Revenue and net profit for the year ended June 30, 2023 ("**Fiscal Year 2023**") amounted to RMB4,465 million and RMB621 million, respectively, increasing by 9.3% and 11.2% as compared with that for the year ended June 30, 2022 ("**Fiscal Year 2022**"), respectively. Meanwhile, the board (the "**Board**") of directors (the "**Directors**") of the Company recommended a final dividend of HK$0.67 per ordinary share, together with an interim dividend of HK$0.30 per ordinary share, the total dividends for the year ended June 30, 2023 amounted to HK$0.97 per ordinary share. Amidst the challenging environment, we constantly dedicate ourselves to achieving quality earnings through operation excellence, so as to create value for Shareholders by emphasizing on Shareholder returns.

With full recovery to normal operation of the economy and society and the gradual implementation of a series of policies to promote consumption, we believe that the trend of consumption growth is expected to continue and the consumption environment will continue to improve, and we remain optimistic about the Group's long-term prospects. Looking forward, we will proactively seek exploration in terms of "art exploration", "humanistic care" and "social responsibility" to promote our healthy and sustainable development, and are committed to becoming a respectable and influential designer brand group. We will continue to focus on our fans base, implement a design and brand-driven strategy, continuously optimize our designer brand portfolio, enhance forward-looking design and research and development capabilities, comprehensively enhance our brand strength, make full use of Internet thinking and technology, continue to enhance our retail network all across China and over the globe, actively deploy the global digital and intelligent retail network, expand new consumption scenarios, optimize the ability of the intelligent responsive supply chain, and constantly create and provide scenarios for value-added services and customer touchpoints to our fans who wish to express their individuality, so as to lead the way in building up a JNBY lifestyle ecosystem. We also believe that with continuously diversified product and brand portfolios, increasingly strong brand strength, a larger diversified loyal fan base and the improvement of comprehensive capabilities to support the sustainable and large-scale development of multiple brands, we can further promote the construction of a design incubation platform, thus lay a foundation for the sustainable long-term healthy and high-quality growth of the Group.

Last but not least, on behalf of the Board, I would like to take this opportunity to express my heartfelt gratitude to all our shareholders, business partners and employees of the Company for their continued support and confidence in the Group. The Group will continue to be committed to its sustainable and sound development, fulfilling its social responsibility and at the same time creating greater value for our fans and the Shareholders.

Wu Jian
Chairman of the Board and Executive Director

Hong Kong, the PRC, September 7, 2023

MANAGEMENT DISCUSSION AND ANALYSIS

REVENUE

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

The total revenue for Fiscal Year 2023 amounted to RMB4,465.1 million, an increase of 9.3% or RMB379.2 million as compared with RMB4,085.9 million for Fiscal Year 2022. The increase in revenue was mainly due to the increase in same store sales of offline shops, the fast growth in the sales of online channels and the increase in the scale of offline stores.

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 June 30, 2023	As of June 30, 2022
Number of our standalone retail stores around the world by brand		
Mature Brand:		
JNBY	**921**	921
Subtotal	**921**	921
Younger Brands:		
CROQUIS (速寫)	**300**	313
jnby by JNBY	**486**	471
LESS	**233**	204
Subtotal	**1,019**	988
Emerging Brands:		
Other brands	**31**	35
Subtotal	**31**	35
"JNBY Group +" multi-brand collection stores	**19**	12
Total	**1,990**	1,956

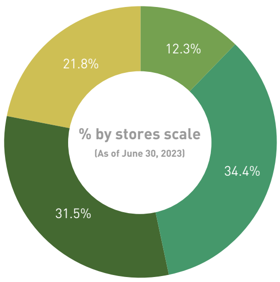
	As of June 30, 2023	As of June 30, 2022
Number and geographic distribution of our standalone retail stores by sales channel		
Mainland China		
Self-operated stores	**564**	551
Distributor-operated stores	**1,402**	1,381
Outside Mainland China		
Self-operated stores	**1**	1
Distributor-operated stores	**23**	23
Total	**1,990**	1,956

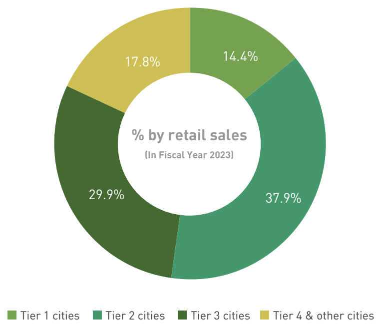
As of June 30, 2023, the total number of our standalone retail stores in countries and regions all over the world (excluding points of sale) was 1,990, and the following charts show the geographic distribution of our retail stores (including standalone distributor-operated and self-operated stores) across 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

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

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





MANAGEMENT DISCUSSION AND ANALYSIS

SAME STORE SALES GROWTH OF OFFLINE SHOPS

In Fiscal Year 2023, the pandemic has lingered in many provinces and regions. In the first half of the fiscal year, the customer traffic of our offline shops fluctuated significantly as affected by the pandemic prevention and control measures implemented in various places, and in the second half of the fiscal year, the offline customer traffic began to recover with the reopening of China's economy. Against the backdrop of various uncertainties, we have provided consumers with more value-added services by actively launching and upgrading emerging consumption scenarios or products such as "Box Project (不止盒子)", "Diversified Social E-commerce (多元化社交電商)" 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 growth of offline retail shops for Fiscal Year 2023 recorded an increase of 9.1%, 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; and

ii. The Gross Merchandise Volume (GMV) through 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)" reached RMB1,107.0 million, representing an increase of over 70.4% as compared to RMB649.4 million for Fiscal Year 2022 with the continuous empowerment of Internet+ mindset and technology. Most of such digital and smart retail sales were reflected in same store sales growth of offline shops, effectively offsetting the significant fluctuation in offline customer traffic.

MEMBERS-RELATED DATA

As of June 30, 2023, the Group had over 6.9 million membership accounts (without duplication) (as of June 30, 2022: over 5.9 million). During Fiscal Year 2023, the retail sales contributed by our members further increased to approximately 80% of our total retail sales.

In Fiscal Year 2023, the number of active members accounts of the Group [note 1] (without duplication) was nearly 510,000 (Fiscal Year 2022: over 420,000). In Fiscal Year 2023, the number of active members accounts continued to increase stably as compared to Fiscal Year 2022.

In Fiscal Year 2023, the number of membership accounts with annual purchases totaling over RMB5,000 was nearly 260,000 (Fiscal Year 2022: over 210,000), and the retail sales contributed by those membership accounts reached RMB3.54 billion (Fiscal Year 2022: RMB2.78 billion), contributing over 60% of the total retail sales from offline channels. In Fiscal Year 2023, members accounts with annual purchases totaling over RMB5,000 increased as compared with that in Fiscal Year 2022, mainly due to the preliminary results of the Group's initiatives to continue to strengthen its brand power and refine membership operation, enabling the loyalty of our top members to continue to increase.

Note 1: Active member 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 to our total revenue, for the years indicated:

	For the year ended June 30,					
	2023		2022		Increase	
	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)
Mature Brand:						
JNBY	**2,513,391**	**56.3%**	2,311,835	56.5%	201,556	8.7%
Subtotal	**2,513,391**	**56.3%**	2,311,835	56.5%	201,556	8.7%
Younger Brands:						
CROQUIS (速寫)	**675,510**	**15.1%**	645,042	15.8%	30,468	4.7%
jnby by JNBY	**664,999**	**14.9%**	592,668	14.5%	72,331	12.2%
LESS	**525,908**	**11.8%**	461,132	11.3%	64,776	14.0%
Subtotal	**1,866,417**	**41.8%**	1,698,842	41.6%	167,575	9.9%
Emerging Brands:						
Other brands	**85,316**	**1.9%**	75,191	1.9%	10,125	13.5%
Subtotal	**85,316**	**1.9%**	75,191	1.9%	10,125	13.5%
Total revenue[1]	**4,465,124**	**100.0%**	4,085,868	100.0%	379,256	9.3%

Note:

(1) Includes revenue recorded by "JNBY Group +" multi-brand collection stores of RMB179.6 million.

For Fiscal Year 2023, the Group's revenue increased despite the significant impact of the lingering pandemic on the whole retail environment. Revenue generated from the Group's mature brand with a history of nearly 30 years, JNBY brand, increased by 8.7% or RMB201.6 million. Revenue generated from the younger brands portfolio, consisting of brands which were successively launched from 2005 to 2011, namely CROQUIS (速寫), jnby by JNBY and LESS, increased by 9.9% aggregately. Revenue from the emerging brands portfolio amounted to RMB85.3 million, accounting for an aggregate of 1.9% of the total revenue.

REVENUE BY SALES CHANNEL

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 channel, each expressed as an absolute amount and as a percentage of our total revenue, for the years indicated:

	For the year ended June 30,					
	2023		2022		Increase	
	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)
Offline channels						
Self-operated stores	**1,854,009**	**41.5%**	1,671,459	40.9%	182,550	10.9%
Distributor-operated stores[1]	**1,759,320**	**39.4%**	1,730,164	42.4%	29,156	1.7%
Online channels	**851,795**	**19.1%**	684,245	16.7%	167,550	24.5%
Total revenue	**4,465,124**	**100.0%**	4,085,868	100.0%	379,256	9.3%

Note:

(1) Include stores operated by overseas customers.

For Fiscal Year 2023, absolute amounts of revenue generated from sales through our offline channels increased as compared with that for Fiscal Year 2022. Revenue generated from sales through our online channels increased by 24.5% compared with that for Fiscal Year 2022 and accounted for 19.1% of our total revenue for Fiscal Year 2023, increasing from 16.7% for Fiscal Year 2022.

REVENUE BY GEOGRAPHICAL DISTRIBUTION

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

	For the year ended June 30,					
	2023		2022		Increase	
	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)
Mainland China	**4,422,596**	**99.0%**	4,049,168	99.1%	373,428	9.2%
Outside Mainland China[1]	**42,528**	**1.0%**	36,700	0.9%	5,828	15.9%
Total revenue	**4,465,124**	**100.0%**	4,085,868	100.0%	379,256	9.3%

Note:

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

GROSS PROFIT AND GROSS PROFIT MARGIN

The Group's gross profit increased by 11.9% from RMB2,607.4 million for Fiscal Year 2022 to RMB2,917.0 million for Fiscal Year 2023.

The Group's overall gross profit margin increased from 63.8% for Fiscal Year 2022 to 65.3% for Fiscal Year 2023, which was mainly attributable to the enhancement of the comprehensive brand power of the Group.

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

	For the year ended June 30,					
	2023		2022		Increase/(Decrease)	
	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)
Mature Brand:						
JNBY	**1,689,045**	**67.2%**	1,490,551	64.5%	198,494	13.3%
Subtotal	**1,689,045**	**67.2%**	1,490,551	64.5%	198,494	13.3%
Younger Brands:						
CROQUIS (速寫)	**437,360**	**64.7%**	412,214	63.9%	25,146	6.1%
jnby by JNBY	**389,731**	**58.6%**	350,985	59.2%	38,746	11.0%
LESS	**361,241**	**68.7%**	310,598	67.4%	50,643	16.3%
Subtotal	**1,188,332**	**63.7%**	1,073,797	63.2%	114,535	10.7%
Emerging Brands:						
Other brands	**39,615**	**46.4%**	43,022	57.2%	(3,407)	(7.9%)
Subtotal	**39,615**	**46.4%**	43,022	57.2%	(3,407)	(7.9%)
Total	**2,916,992**	**65.3%**	2,607,370	63.8%	309,622	11.9%

	For the year ended June 30,					
	2023		2022		Increase	
	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)
Offline channels						
Self-operated stores	**1,357,401**	**73.2%**	1,193,761	71.4%	163,640	13.7%
Distributor-operated stores	**1,036,165**	**58.9%**	1,015,807	58.7%	20,358	2.0%
Online channels	**523,426**	**61.4%**	397,802	58.1%	125,624	31.6%
Total	**2,916,992**	**65.3%**	2,607,370	63.8%	309,622	11.9%

SELLING AND MARKETING EXPENSES AND ADMINISTRATIVE EXPENSES

In Fiscal Year 2023, selling and marketing expenses were RMB1,695.1 million (Fiscal Year 2022: RMB1,511.3 million), which primarily consist of: (i) expenses relating to short-term leases and variable lease payments; (ii) the amortization of right-of-use assets; (iii) our service outsourcing expenses; and (iv) our employee benefit expenses. In percentage terms, the selling and marketing expenses accounted for 38.0% of our revenue in Fiscal Year 2023 (Fiscal Year 2022: 37.0%), the increase in the expense ratio as compared to the previous year was mainly attributable to the increase in the investment in long-term brand power building.

The administrative expenses for Fiscal Year 2023 were RMB445.6 million (Fiscal Year 2022: RMB377.3 million), which primarily consist of: (i) employee benefit expenses; (ii) product development outsourcing fees; and (iii) professional service expenses. In particular, the expenses incurred by the product design and research and development department amounted to RMB168.2 million (Fiscal Year 2022: RMB136.3 million). In percentage terms, administrative expenses accounted for 10.0% of our revenue in Fiscal Year 2023 (Fiscal Year 2022: 9.2%).

FINANCE COSTS, NET

The Group's finance costs, net for Fiscal Year 2023 was RMB7.1 million (Fiscal Year 2022: RMB0.2 million). The increase in financial costs, net was mainly due to the increase of interest expenses on lease liabilities.

NET PROFIT AND NET PROFIT MARGIN

Due to the above-mentioned factors, net profit for Fiscal Year 2023 was RMB621.3 million, representing an increase of 11.2% or RMB62.4 million as compared with RMB558.9 million for Fiscal Year 2022. Net profit margin increased from 13.7% for Fiscal Year 2022 to 13.9% for Fiscal Year 2023.

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 Fiscal Year 2023 was RMB155.4 million (Fiscal Year 2022: RMB140.0 million).

PROFIT BEFORE INCOME TAX

The Group's profit before income tax increased by 9.7% from RMB775.6 million for Fiscal Year 2022 to RMB850.8 million for Fiscal Year 2023. 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 June 30, 2023, the Group's cash and cash equivalents were RMB525.1 million (June 30, 2022: RMB591.7 million), of which 85.8% was denominated in RMB, 2.0% in US dollars and 12.2% in other currencies. Net cash inflow from operating activities in Fiscal Year 2023 was RMB939.1 million, an increase of 10.1% as compared with RMB852.9 million in Fiscal Year 2022.

As at June 30, 2023, our short-term bank loans amounted to RMB99.5 million, representing (i) the short-term loans of RMB49.7 million borrowed from Ningbo Bank on November 2, 2022; and (ii) the short-term loans of RMB49.8 million borrowed from Industrial and Commercial Bank of China on March 9, 2023.

The above short-term borrowings were utilized to supplement the Group's funds and enhance the usage efficiency of our own funds.

SIGNIFICANT INVESTMENT EVENTS

SUBSCRIPTION OF FINANCIAL PRODUCTS

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

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

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

INVESTMENT FUNDS

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

EQUITY INVESTMENT

On August 23, 2022, the Group signed an equity investment agreement with Hangzhou Jiasheng Catering Management Co., Ltd. (杭州嘉笙餐飲管理有限公司) to acquire 16.5% of its equity with a total capital commitment of RMB29,325,000. For the year ended June 30, 2023, the Group has made the capital contributions in full. The equity investment mentioned above does not constitute a notifiable transaction of the Company.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

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

HUMAN RESOURCES

The number of the Group's employees increased to 1,508 as of June 30, 2023 (June 30, 2022: 1,497). The total staff costs for Fiscal Year 2023 (including basic salaries and allowances, social security insurance, discretionary bonuses and share-based compensation expenses) were RMB434.8 million (Fiscal Year 2022: RMB367.5 million), representing 9.7% of our revenue (Fiscal Year 2022: 9.0%).

EVENTS AFTER THE BALANCE SHEET DATE

A final dividend in respect of the year ended June 30, 2023 of HK$0.67 (equivalent to approximately RMB0.63) per ordinary share has been proposed by the Board and is to be approved at the annual general meeting of the Company (the "**AGM**") to be held on October 26, 2023. The financial statements set out in this annual report do not reflect this dividend payable.

Except for the events as described above, there was no other significant event occurred during the period from June 30, 2023 to the approval date of the consolidated financial statements by the Board on September 7, 2023.

PLEDGE OF ASSETS

As at June 30, 2023, the Group did not have any secured bank borrowings.

CONTINGENT LIABILITIES

As at June 30, 2023, the Group did not have any material contingent liabilities.

OUTLOOK

As we entered 2023, with the full resumption of normalized economic and social operations coupled with the implementation and taking effect of policies to stabilize growth and expand domestic demand, China's economy continued to stabilize and improve, and the domestic demand market gradually rebounded, creating new opportunities for high-quality development of enterprises. China continues to serve as the driving force for global consumption growth with its reopening. Along with consumption upgrade and a younger consumer base, the group of people who pursue distinguished lifestyles expands rapidly. 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, the three-year pandemic not only speeds up the shift of customers from traditional retail sales to diversified emerging consumption scenarios, but also makes the customers turn to brands which are more trustworthy, therefore, the segmented market where the designer brands operate is showing a competitive trend of inclining to the leading brands.

As an influential designer brand fashion group in China, benefiting from the diversified designer brand portfolio and sound operational management, we remain full confidence towards 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, continuously our strategic investments in store visual merchandising and image development and proactively plan 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 appropriate scaled operation in each sub-segment;

- to enhance fans' experience in diversified omni-channel retail network by adhering to the strategy with data as the driver, technology as the carrier and fans economy as the core, encouraging operational innovation, constantly creating and providing scenarios for value-added services and customer touchpoints to our fans; 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 a long run.

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

The Board currently consists of 7 Directors, comprising 3 executive Directors, 1 non-executive Director and 3 independent non-executive Directors.

EXECUTIVE DIRECTORS

Mr. Wu Jian (吳健), aged 55, is the co-founder of our Group and an executive Director and the Chairman of our Company. Mr. Wu is primarily responsible for formulating the overall development strategies and overseeing the operation of our Group. Since late 1994, Mr. Wu has been devoted to retailing of Ms. Li Lin's apparel designs and the establishment and development of our Group. With nearly 30 years of experiences of business operation in the apparel industry, Mr. Wu has been the key driver of our business strategies and achievements to date and will continue to oversee the management of our operations and business.

Mr. Wu graduated from Zhejiang University (浙江大學) with a bachelor's degree in refrigeration equipment and cryogenic technology in July 1990. He obtained an Executive Master of Business Administration from Business School of City University of Hong Kong at the end of 2017. Currently he is studying part time programs in Business School of City University of Hong Kong for a Doctoral degree of Business Administration. Mr. Wu is the husband of Ms. Li Lin, our executive Director and chief creative officer, and brother of Ms. Wu Liwen, the general manager of production and purchasing center of our Group.

Ms. Li Lin (李琳), aged 52, is the co-founder of our Group and an executive Director and chief creative officer of our Group. With nearly 30 years of experience in the apparel designing and retailing business, Ms. Li is primarily responsible for the design and innovation of our apparel business. In late 1994, Ms. Li began selling womenswear in Hangzhou, and gradually created and developed her own designs. Ms. Li and Mr. Wu opened their first retail store offering Ms. Li's own designs in 1996, and established Hangzhou JNBY Finery Co., Ltd. ("**Hangzhou JNBY**") in 1997.

Ms. Li has served as a council member of Beijing Ullens Center for Contemporary Art (UCCA) since November 2013. Ms. Li graduated from Zhejiang University (浙江大學) with a bachelor's degree in chemistry in July 1992. Ms. Li is the wife of Mr. Wu Jian, the Chairman of our Group and executive Director.

Ms. Wu Huating (吳華婷), aged 48, is the chief executive officer of the Company and an executive Director. Ms. Wu is primarily responsible for the Group's overall strategy development, business planning and development. Ms. Wu has over 20 years of experience in the operation, management and investment of retail and Internet industries. She was a partner of Vision Knight Capital General Partners Ltd., a private equity investment fund, from 2011 to 2018. Prior to joining Vision Knight Capital General Partners Ltd., Ms. Wu had been employed by Alibaba (China) Network Technology Co., Ltd. and served as senior director since 2006. She was mainly responsible for company brand, business marketing operations as well as marketing channel management, operation and optimization of Internet online marketing. In addition, she served as director of market development for UTStarcom Holdings Corp. from 2002 to 2006. She was also the product manager of Hangzhou Tingyi International Food Co., Ltd. under Ting Hsin International Group from 1998 to the end of 2001.

Ms. Wu graduated from Zhejiang University in 1997 with a bachelor's degree in mechanical engineering. She holds the professional certificate in Project Management Professional (PMP) issued by Project Management Institute (PMI) and the qualification certificate of Asset Management Association of China.

NON-EXECUTIVE DIRECTOR

Mr. Wei Zhe (衛哲), aged 52, joined our Group on June 24, 2013 when he was appointed as a non-executive Director. He is mainly responsible for providing strategic advice on the business development of our Group. Mr. Wei has over 20 years of experience in both investment and operational management in the PRC. Prior to joining our Group, Mr. Wei served as corporate finance manager at Coopers & Lybrand (now part of PricewaterhouseCoopers) from 1995 to 1998, and as managing director and head of investment banking at Orient Securities Company Limited from 1998 to 2000. Mr. Wei was a vice chairman, from 2002 to 2006, and a consultant, from 2007 to 2011, of China Chain Store & Franchise Association (中國連鎖經營協會). From 2003 to 2006, Mr. Wei was also the chief representative for Kingfisher's China sourcing office, Kingfisher Asia Ltd. Mr. Wei joined Alibaba Group and served as senior vice president of the B2B Division from November 2006 to January 2007, and president of the B2B Division and executive vice-president of Alibaba Group, from February 2007 to February 2011. He was the chief executive officer of Alibaba.com Limited, a leading worldwide B2B e-commerce company once listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (stock code: 01688 and delisted in June 2012) from October 2007 to February 2011. He was voted as one of "China's Best CEOs" by FinanceAsia magazine in 2010. He has been serving as a director of Vision Knight Capital General Partners Ltd., a private equity investment fund since June 2011. Mr. Wei graduated from Shanghai International Studies College (上海外國語學院), Shanghai, with a bachelor's degree in international business management in July 1993. He also completed the EMBA corporate finance evening program at London Business School, London, United Kingdom in June 1998.

Currently, Mr. Wei has been serving as a non-executive director of PCCW Limited, a company listed on the Main Board of the Stock Exchange (stock code: 00008) since May 2012. Prior to this, he was an independent non-executive director of PCCW Limited from November 2011 to May 2012. Mr. Wei served as an independent director of 500.com Limited, a company listed on the New York Stock Exchange (stock code: WBAI) from October 2013 to November 2015. Mr. Wei also served as a non-executive director in Zhong Ao Home Group Limited, a company listed on the Main Board of the Stock Exchange (stock code: 01538) from April 2015 to June 2020. Mr. Wei was an executive director of Zall Smart Commerce Group Ltd. (formally known as Zall Development Group Ltd.), a company listed on the Main Board of the Stock Exchange (stock code: 02098) from June 2017 to January 2023, he was an independent non-executive director of such company from April 2016 to June 2017. Mr. Wei has been an executive director of Vision Deal HK Acquisition Corp., a company listed on the Main Board of the Stock Exchange (stock code: 07827) since February 2022. He has also been a non-executive director of Polestar Automotive Holding UK PLC, a company listed on the NASDAQ Stock Market (stock code: PSNY) since June 2022.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lam Yiu Por (林曉波), aged 46, is an independent non-executive Director. He is primarily responsible for providing independent advice and judgment to our Board, and supervising operations of our Group. He joined our Group on October 13, 2016 when he was appointed as an independent non-executive Director. Mr. Lam now serves as the chief financial officer and joint company secretary of Dingdang Health Technology Group Ltd., a company listed on the Stock Exchange (stock code: 09886).

He served as the vice president and chief financial officer of Greentech Technology International Limited, a company listed on the Stock Exchange (stock code: 00195, formerly known as L'sea Resources International Holdings Limited), from November 2013 to July 2020. He was an independent non-executive director of Tian Ge Interactive Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 01980), from January 2021 to June 2022. From December 2014 to March 2016, Mr. Lam served as an independent non-executive director of China Supply Chain Holdings Limited, a company listed on the Stock Exchange (stock code: 03708, formerly known as Yat Sing Holdings Limited). From April 2015 to May 2017, Mr. Lam served as a non-executive director of Zhong Ao Home Group Limited, a company listed on the Stock Exchange (stock code: 01538). From November 2015 to June 2020, Mr. Lam served as an independent non-executive director of Denox Environmental & Technology Holdings Limited, a company listed on the Stock Exchange (stock code: 01452). From November 2016 to November 2018, Mr. Lam served as an independent non-executive director of China Tontine Wines Group Limited, a company listed on the Stock Exchange (stock code: 00389). From June 2012 to February 2014, he served as an independent non-executive director and chairman of the audit committee of GR Life Style Company Limited, a company listed on the Stock Exchange (stock code: 00108, formerly known as Buildmore International Limited).

Mr. Lam received his bachelor's degree of arts in accountancy from the Hong Kong Polytechnic University (香港理工大學) in November 1997. Mr. Lam has been a member of the Hong Kong Institute of Certified Public Accountants, an associate of The Chartered Governance Institute in the United Kingdom, an associate of The Hong Kong Chartered Governance Institute, a chartered financial analyst of the CFA Institute and a fellow of the Association of Chartered Certified Accountants.

Ms. Han Min (韓敏), aged 49, is an independent non-executive Director. She is primarily responsible for providing independent advice and judgment to our Board, and supervising operations of our Group. She joined our Group on October 13, 2016 when she was appointed as an independent non-executive Director. Ms. Han has been working at Alipay (China) Information Technology Co., Ltd. (支付寶(中國)信息技術有限公司) ("**Alipay**") since January 2006. She served in a number of positions in Alipay from her joining in January 2006, including the director of the marketing operation department, the general manager of the merchants business department, the general manager of the consumers business department. Ms. Han worked at Alibaba (China) Network Technology Co., Ltd. (阿里巴巴(中國)網絡技術有限公司) from September 1999 to December 2005, during which she served various positions in the company, including director of the operation department, director of the international cooperation and development department, and director of the marketing department. Ms. Han graduated from Hangzhou Dianzi University (杭州電子科技大學) (formerly known as Hangzhou Dianzi Industrial College (杭州電子工業學院)), Hangzhou, with a bachelor's degree majoring in foreign trade in July 1997. In November 2008, she graduated from the University of Bath, U.K., with a master's degree of business administration.

Mr. Hu Huanxin (胡煥新), aged 55, is an independent non-executive Director. He is primarily responsible for providing independent advice and judgment to our Board, and supervising operations of our Group. Mr. Hu joined our Group on October 13, 2016 when he was appointed as an independent non-executive Director. Prior to joining our Group, he had held a number of middle and senior management positions in companies such as Cadbury, PepsiCo and Hutchison Whampoa. He was one of the earliest management trainees in China and has set records for the youngest/highest ranking Chinese executives in several foreign companies. From 2008 to 2009, Mr. Hu was employed by Vivalis, a cosmetics company based in the United Kingdom. Mr. Hu also served as the chief operating officer of Daphne International Holdings Limited, a company listed on the Stock Exchange (stock code: 00210) from 2010 to 2015. From March 2015 to December 2017, Mr. Hu served as the chief operating officer and a director of Yango Holdings Company Limited, the parent company of Yango Group Co., Ltd, a company listed on the Shenzhen Stock Exchange (stock code: 000671) and Fujian Longking Co., Ltd., a company listed on the Shanghai Stock Exchange (stock code: 600388). Mr. Hu is currently a director of Wanbang Digital Energy Co., Ltd. (萬幫數字能源股份有限公司). He founded Wuxi Baoding Jiafeng Private Equity Fund Management Partnership (Limited Partnership) and is the executive partner of the company. At the same time, he is also the co-founder of MAXCOOK (美廚智能家居).

Mr. Hu served as the only Chinese member of Oracle's Retail Global Expert Committee and has a deep understanding and research of the consumer goods retail industry. Mr. Hu currently serves as a member of the Wuxi Municipal Committee of the Chinese People's Political Consultative Conference, vice chairman of the Shanghai Wuxi Chamber of Commerce, and a director of the board of Lingnan College of Sun Yet-Sun University.

Mr. Hu graduated from Sun Yet-Sun University (中山大學), Guangzhou, with a bachelor's degree in international economics and trade in July 1990.

SENIOR MANAGEMENT

Mr. Fan Yongkui (范永奎), aged 39, was appointed as finance director of the Group when he joined the Group in September 2015 and was appointed as the vice president of the Group in August 2021, and was appointed as the chief financial officer of the Group in December 2022. He is primarily responsible for the accounting and finance, investment and mergers and acquisitions, financing, investor relations, logistics, legal affairs, internal audit and internal control of the Group.

Prior to joining the Group, Mr. Fan served as financial analysis manager of Zhejiang Dahua Technology Co., Ltd. (浙江大華技術股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002236) from July 2010 to September 2015. From May 2008 to June 2010, he worked as project manager at BDO China Shu Lun Pan Certified Public Accountants LLP (立信會計師事務所). From September 2006 to April 2008, Mr. Fan worked at Zhejiang Zhongcheng Accounting Firm (浙江中誠會計師事務所) as an auditor. Mr. Fan has extensive experience in relation to accounting, budgeting and controlling, fund, corporate finance and tax issues.

Mr. Fan graduated from Zhejiang University (浙江大學) with a bachelor's degree in landscape architecture in June 2006, and also holds certificates of Certified Public Accountant, Certified Public Valuer, Tax Agent and lawyer's practice in the PRC.

Ms. Huang Sheng (黃盛), aged 48, joined our Group since September 9, 2019 and served as the Group's chief marketing officer. She is primarily responsible for the Group's development of brand marketing strategy, membership operation, digital and intelligent retailing, channel development, and direct sale business management for JNBY brand, CROQUIS (速寫) brand and LESS brand, as well as the business and operation management of overseas business division.

Ms. Huang has over 20 years of working experience in the retail business and operation. Prior to joining our Group, Ms. Huang worked at Shanghai La Chapelle Fashion Co., Ltd. as the vice marketing president and the chief executive officer of the NAFNAF brand in China from September 2018 to September 2019. She worked at GAP (Shanghai) Commercial Company Limited (蓋璞(上海)商業有限公司) (GAP) as the marketing director from August 2017 to September 2018.

Ms. Huang graduated from Shenyang Correspondence University (瀋陽市廣播電視大學) in July 1997, majoring in computer and application. She obtained a master's degree of business administration from AMERICAN NEWPORT UNIVERSITY in May 2003.

Mr. Guan Hongchun (管宏春), aged 43, joined the Group in May 2021 and was appointed as the chief operating officer. He is mainly responsible for the Group's data center, research and development center, the offline self-operation and distribution business management of APN, jnby by JNBY and POMME DE TERRE (蓬馬) brands, and is also responsible for the distribution business management of JNBY, CROQUIS (速寫) and LESS brands.

Mr. Guan has nearly 20 years of experience in the operation and management of the apparel industry. Prior to joining the Group, Mr. Guan served as the general manager of edition and the group vice president of EPO Fashion Group from July 2015 to April 2021 respectively, mainly responsible for the offline self-operated retail and national franchise business of the three brands of EPO Group (MO&Co./edition/little MO&Co.), all brand and product management and the BI analysis management of the group.

Mr. Guan graduated from Shanghai University of Engineering Science in March 2002, majoring in fashion design.

Mr. Nie Yanlu (聶延路), aged 52, joined our Group in August 2002 and was appointed as the vice president of the Group from April 2019. Mr. Nie has over 20 years of working experience in operating and marketing. Since he joined our Group, he served in various positions in Hangzhou Huikang Industrial Co., Ltd. ("**Huikang Industrial**") responsible for marketing of JNBY brand, including marketing director and general manager of business department from August 2002 to June 2011. Mr. Nie joined JNBY Finery in June 2011, and served as general manager of JNBY Brand Business Center. He was appointed as the general manager of JNBY Brand & CROQUIS (速寫) Brand Business Department of our Group in August 2015. Upon his appointment as the vice president of the Group in April 2019, he is primarily responsible for the distribution of our CROQUIS (速寫) brand products.

Prior to joining our Group, Mr. Nie worked in Zhuhai Special Economic Zone Philips Household Appliance Co., Ltd. (珠海經濟特區飛利浦家庭電器有限公司), a household appliance manufacturing company engaging in the research and development, as well as manufacturing and sales of household appliances. He had also worked at Maybelline (Suzhou) Cosmetics Co., Ltd. (美寶蓮(蘇州)化妝品有限公司), a company engaged in the manufacturing and sales of cosmetics products and later acquired by L'Oreal China Co., Ltd.

Mr. Nie graduated from Harbin Radio & TV University (哈爾濱廣播電視大學), Harbin, in July 1995, majoring in management of industrial enterprise. He received Executive Master of Business Administration Degree from the Guanghua School of Management, Peking University in July 2018.

Ms. Wu Liwen (吳立文), aged 60, was appointed as the general manager of production and purchasing center of our Group since joining our Group on July 23, 2004. She is primarily responsible for overseeing manufacturing and purchasing affairs for our business operation. She has served as director in a number of our subsidiaries. Ms. Wu has nearly 20 years of working experience in the apparel manufacturing business. From July 2004 to October 2012, Ms. Wu served as the general manager of production and purchasing center of Huikang Industrial. Ms. Wu worked in Shenyang No.9 People's Hospital (瀋陽市第九人民醫院) from July 1987 to July 2004, where she last served as the director of ultra-sonographic section of the hospital.

Ms. Wu has been the chairwoman of the Second Committee of the Second Branch of Taiwan Democratic Self-Government League (台灣民主自治同盟) of Hangzhou, Zhejiang since October 2016, and was a member of the 11th Zhejiang Hangzhou Committee of the Chinese People's Political Consultative Conference (CPPCC) from March 2017 to March 2022. She graduated from China Medical University (中國醫科大學), Shenyang, in July 1987 with a bachelor's degree of medical science majoring in hygiene, and in June 2004 with a master's degree of medical science majoring in medical imaging and nuclear medicine. Ms. Wu is the sister of Mr. Wu Jian, Chairman of the Board and an executive Director.

Mr. Xie Peiwang (謝培旺), aged 41, joined our Group in December 2015. Since joining our Group, he is primarily responsible for the overall operation of e-commerce. He serves as the general manager of our e-commerce operation centre, served as the director of our omnichannel membership operation department from March 2017 to November 2019 and also serves as the general manager of the business centre of JNBYHOME since March 2019. Mr. Xie has over 15 years of working experience in the Internet industry, and worked at Alibaba Group from 2008 to 2015, during which he served in various operation roles across men's apparel and women's apparel.

Mr. Xie received a graduation certificate of diploma courses from Xiamen Nanyang University, majoring in e-commerce in July 2004.

Mr. Fang Lei (方磊), aged 41, was appointed as the project manager of the information center when joining the Group in March 2014, and was appointed as the director of the information center in March 2017. He was appointed as the chief information officer in August 2021, and is primarily responsible for the formulation of information planning, the establishment of information and technology platform as well as the design and research and development of Internet products of the Group.

Mr. Fang has over 15 years of experiences in the research and development and management in information system. Prior to joining our Group, Mr. Fang served as the development manager of Shiji Dashang Information Technology Co., Ltd. (石基大商信息技術有限公司) (formerly known as Beijing Fuji Rongtong Technology Co., Ltd. (北京富基融通科技有限公司)) from July 2005 to March 2014, and was responsible for the research and development as well as project management works for ERP management system and CRM system of shopping centers and department stores.

Mr. Fang graduated from Wuhan Polytechnic University (武漢輕工業大學 (formerly known as Wuhan Industrial College (武漢工業學院))) with a bachelor's degree in engineering in June 2005, majoring in computer science and technology. He also obtained a master's degree in engineering from Huazhong University of Science and Technology in December 2011, majoring in computer technology.

DIRECTORS' REPORT

The Board is pleased to present the annual report (the "**Annual Report**") and the audited consolidated financial statements of the Group for the year ended June 30, 2023.

GLOBAL OFFERING

The Company was incorporated in the Cayman Islands with limited liability on November 26, 2012, the shares of which were listed on the Main Board of the Stock Exchange on October 31, 2016 (the "**Listing Date**").

PRINCIPAL BUSINESS

The Company is principally engaged in the design, promotion and sales of female, male and youth contemporary apparel, footwear and accessories. The analysis of the Group's principal business for the year ended June 30, 2023 is set out in note 5 of the consolidated financial statements.

RESULTS

The results of the Group for the year ended June 30, 2023 are set out in the consolidated statement of comprehensive income on page 107 of this Annual Report.

DIVIDEND POLICY

The Board shall declare whether dividend will be paid and determine its amount after considering the following aspects:

- The actual and expected results of the Company;
- The retained profit and distributable reserve of the Group and each subsidiaries of the Group;
- The expected operating capital requirement, capital expense requirement and future expansion plan of the Group;
- The position of the Group's current capital;
- The general economic condition, and the internal and external factors that may affect the business, financial results and positioning of the Company; and
- Other matters the Board may consider related.

FINAL DIVIDEND

The Board has recommended the payment of a final dividend of HK$0.67 per ordinary share (equivalent to approximately RMB0.63 per ordinary share) for the year ended June 30, 2023.

The final dividend is subject to the approval of the Shareholders at the AGM to be held on October 26, 2023, and will be paid on November 10, 2023 to those Shareholders whose names appear on the Company's register of members on November 2, 2023.

BUSINESS REVIEW

In recent years, although the COVID-19 pandemic is still spreading globally, benefiting from the relatively optimistic pandemic prevention and control situation in China, the domestic consumer market and the apparel industry have recovered and recorded a strong rebound. Meanwhile, the COVID-19 pandemic has also accelerated changes in the business environment and consumer behavior. In the post-pandemic era, China will retain its role as the engine of global consumption growth. With consumption upgrades and a younger consumer base, the number of people pursuing good lifestyles is growing rapidly, the demand of consumers for personalized and fashionable products continues to rise and young consumers have a growing preference for products and brands with strong brand strength, hence a huge potential for the market segment where the designer brands operate. Besides, the pandemic has not only accelerated the transition of consumers from traditional retails to diversified new consumption scenarios, but also prompted consumers to turn to brands they trust more. Therefore, the market segment where the designer brands operate has shown a centralized competition trend.

As a leading designer brand fashion group in China, the Group adapts to market changes and seizes market opportunities in an active manner. In addition to further adherence to the strategies of "design-driven", "multi-brand large-scale development" and "fans economy", the Group has further increased investment in brand strength, strengthened the comprehensive capacity building to support the sustainable and large-scale development of multi-brands, and continued to optimize the construction of a fan-focused global retail network. Thanks to the efforts of all employees, the Group's performance has once again made a huge breakthrough against the backdrop of greater uncertainty in the post-pandemic era. Details of business review and prospect of the Company are disclosed in the section headed "Management Discussion and Analysis" on pages 11 to 19 of this Annual Report. Details of the key financial performance indicators are set out in the section headed "Financial Summary" on pages 8 to 9 of this Annual Report.

MAJOR RISKS AND UNCERTAINTIES

The results of the Group and business operations may be affected by a number of factors, some of which are from outside while some of which are inherent in the industry. The main risks are summarised as follows:

(I) RISKS RELATING TO BRAND RECOGNITION

Consumers in the designer brand fashion market tend to focus more on a brand's design philosophy and to make more individualistic decisions when making purchases. We believe our brand image has contributed significantly to the success of our business, and, therefore, maintaining and enhancing the recognition, image and acceptance of our brands is critical to differentiate our products and services and to compete effectively with our peers. Our brand image, however, could be jeopardized if we fail to maintain high product quality, pioneer and keep pace with evolving fashion trends, or timely fulfill orders for popular items. In addition, any negative publicity or disputes regarding our products, services, or our Group or our management could also materially harm our brand image.

In order to capture business opportunities in the fast growing designer brand fashion market, in addition to our flagship brand JNBY, we currently market our products under various additional brands, namely, CROQUIS (速寫), jnby by JNBY, LESS, POMME DE TERRE (蓬馬), JNBYHOME, etc., to appeal to different consumer groups. Each of our brands has its own designs, features and characteristics that fit the tastes and needs of our different target consumer groups. However, the designer brand fashion market may experience significant changes in consumer preferences and tastes over time. Our brand image may be negatively affected if the products offered under any of our brands are unable to meet consumer expectations with respect to quality or style. Failure to successfully promote and maintain the image of any of our brands would have a material adverse effect on our business, results of operation and financial condition. In addition, we may not be continuously successful in expanding our brand portfolio and product supply, and any new brands or product categories launched or may be launched may not reach the expected sales target. We cannot guarantee that such new brands or product categories will be able to generate positive cash flow or realise an earnings cycle similar to other existing successful brands.

(II) FIERCE COMPETITION

We operate in the designer brand fashion industry, which is highly competitive and relatively fragmented. We face a variety of competitive challenges from both existing and new competitors in the designer brand fashion industry. Some of our competitors may possess stronger brand recognition, larger consumer bases, or greater financial, marketing and/or other resources than us. Our competitors may be acquired by or enter into strategic relationships with larger, more established and better capitalized companies or investors. Some of our competitors may be able to secure merchandise from suppliers on more favorable terms, devote greater resources to marketing and brand promotion, adopt more aggressive pricing policies, or devote substantially more resources to online portals, e-commerce and information technology systems than us. In particular, although we have established an omni-channel interactive platform to facilitate consumer purchases of our products via both our online channels and offline channels, we may lose sales to competitors that provide more advanced and efficient online shopping platforms and door-to-door delivery services than us. There is also a risk that companies which focus on other market segments, such as luxury brand or fast fashion brand, may decide to enter China's designer brand fashion market and develop new products that are more popular with our consumers. Increased competition could result in price reductions, increased marketing expenditures and loss of market share, any of which could have a material adverse effect on our results of operations and financial condition, including, but not limited to, declines in profit and gross profit margin. There can be no assurance that we will be able to address these challenges and compete successfully against current and future competitors, and those competitive pressures may have an adverse effect on our business and results of operations.

(III) RISKS RELATING TO EXPANSION OF BRAND AND PRODUCT PORTFOLIO

Historically, a significant portion of our revenue has been generated from sales of women's apparel. Over the years, we have gradually diversified our product offerings to include other product categories, such as men's apparel and children's apparel, which have demonstrated strong growth over recent years. Going forward, our goal is to leverage our established brand image to further develop our comprehensive design-driven platform and expand our product offerings to include furniture and household products. However, any new brands or product categories that we may launch may not achieve anticipated sales targets. To support our product expansion plan, we will need to recruit more personnel with expertise in managing different brands and product categories, and enhance our operational and financial systems, procedures, controls and information management system. Moreover, we will need to devote significant financial and managerial resources to the research and development of new brands and products. We will also need to engage suitable outsourced OEM suppliers to manufacture new brands and products and develop new marketing strategies to promote new brands and products. All of these endeavors involve risks, and require substantial planning, skillful execution, and significant expenditures. We are involved in the risks of unsuccessful expansion of new brands or new product categories, which may result in any new brand or product category launched not being able to generate positive cash flows and thereby may have an adverse effect on our business and growth prospects.

(IV) SUPPLY CHAIN

Currently, we outsource the production of all of our products to selected domestic OEM suppliers. A majority of our OEM suppliers are located in Mainland China. Their operations are particularly vulnerable to business interruptions, which can be caused by industry downturns, natural disasters or other catastrophic events. The occurrence of any such industry downturn, natural disaster or catastrophic event could cause shortages or delay of supply of products by our OEM suppliers. In addition, although we strictly control the quality of our operations, we may not be able to monitor the production quality of the OEM suppliers as directly and effectively as with our own production. If the OEM suppliers fail to supply products in accordance with our delivery schedule, quality standards or product specifications, we may be forced to provide these products on a delayed basis or cancel our product offering, either of which could harm our reputation and our relationships with distributors and consumers and expose us to the risks such as potential litigation and damage claims.

(V) INFORMATION TECHNOLOGY SYSTEMS

Our business relies on the proper functioning of our information technology systems. We use our advanced information technology platform, which seamlessly integrates our customer relationship management system, information management system, including POS terminals, and warehouse management system, to enable us to quickly and efficiently retrieve and analyze our operational data and information including procurement, sales, inventory, logistics, consumer and membership data and financial data on a real time basis, as well as to provide information technology support to all of our self-operated and distributor-operated stores and compile and analyze their operational and financial data on a daily basis. We use our information technology systems to assist us in planning and managing our product design, financial budgeting, human resources, inventory control, retail management and financial reporting. As a result, our information technology system is critical for us in monitoring the inventory and sales levels and results of operation of our retail stores and for our retail stores to place orders with us. As our retail network is highly integrated, any malfunction to a particular part of our information technology system may result in a breakdown throughout our network and our ability to continue our operations smoothly may be affected, which in turn could adversely affect our results of operations. In addition, we may not always be successful in developing, installing, running or implementing new software or advanced information technology systems as required by our business development. Even if we are successful in this regard, significant capital expenditure may be required, and we may not be able to benefit from the investment immediately. We need to constantly upgrade and improve our information technology systems to keep up with the continuous growth of our operations and business.

KEY RELATIONSHIPS

(I) FANS

Our fans include end consumers and potential consumers. We are committed to conveying the brand philosophy of the Group and each brand as well as information on fashion and matching through individual brand to our customers and providing our customers with contemporary apparel, footwear and accessories as well as household products. Maintaining VIP database and information on our fans, we interact with fans through the Company's website, public platform, mail, marketing campaigns and social media. In addition to providing quality and value-added experience services for our fans using retail channels, we also provide training to our sales representatives in all channels and visual merchandisers.

(II) DISTRIBUTORS

We engage third-party distributors in different regions of the globe which operate stores by adopting the same brand management model as our self-operated stores to ensure our retail network presents a consistent brand image. We believe that the distribution business model allows us to expand our retail network efficiently with various resources, making significant contributions in enhancement of our brands' revenue, market share and brand awareness.

(III) EMPLOYEES

The Group regards the personal development of its employees as highly important. The Group intends to continue to be an attractive employer for committed employees. The Group strives to motivate its employees with a clear career path and opportunities for advancement and improvement of their skills.

The Group provides pre-employment and on-the-job training and development opportunities to its employees. The training programs cover areas such as managerial skills, sales and production, quality control, matching display and training of other areas relevant to the industry.

In addition, the Group offers competitive remuneration packages to its employees. The Group has also adopted the restricted share unit scheme (the "**RSU Scheme**") with a view to incentivizing 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.

(IV) SUPPLIERS

We have developed long-standing and good relationships with our vendors and we take great care to ensure that they can share our commitment to product quality. We carefully select our OEM suppliers and raw material suppliers and require them to satisfy certain assessment criteria including track record, experience, financial strength, reputation, ability to produce high-quality products and quality control effectiveness.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to supporting environmental sustainability. The Group's commitment to protect the environment is well reflected by its continuous efforts in promoting green measures and awareness in its daily business operations. The Group encourages environmental protection and promotes awareness towards environmental protection to the employees. Adhering to the principle of recycling and reducing, the Group implements green office practices such as double-sided printing and copying, setting up recycling bins, advocating the use of recycled paper, promoting the user manuals in electronic formats, and reducing energy consumption by switching off idle lightings and electrical appliances. The Group will review its environmental practices from time to time and has implemented further eco-friendly measures and practices in the operation of the Group's businesses.

For details, please refer to the Environmental, Social and Governance Report of this Annual Report.

FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on page 9 of this Annual Report. The summary does not form part of the audited consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

MAJOR CUSTOMERS

The transaction amounts of our Group's top five customers accounted for 6.6% of the Group's total revenues (Fiscal Year 2022: 5.8%) for the Fiscal Year 2023 while the transaction amounts of our single largest customer accounted for 3.4% of the Group's total revenues (Fiscal Year 2022: 2.7%).

MAJOR SUPPLIERS

The transaction amounts of our Group's top five suppliers accounted for 12.5% of the total purchases (Fiscal Year 2022: 15.3%) for the Fiscal Year 2023 while the transaction amounts of our single largest supplier accounted for 4.7% of the Group's total purchases (Fiscal Year 2022: 4.2%).

None of the Directors, any of their respective close associates or any Shareholders (which to the knowledge of the Directors owns more than 5% of the Company's shares in issue) are interested in the five top clients or suppliers of the Group during the Fiscal Year 2023.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Company and the Group during the Fiscal Year 2023 are set out in note 13 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the Company's share capital during the Fiscal Year 2023 are set out in note 23 to the consolidated financial statements.

RESERVES

Details of the movements in the reserves of the Company and the Group during the Fiscal Year 2023 are set out in note 24 to the consolidated financial statements.

RESERVES AVAILABLE FOR DISTRIBUTION

As at June 30, 2023, the Company's reserves available for distribution amounted to approximately RMB993.2 million (June 30, 2022: RMB803.1 million).

BANK AND OTHER BORROWINGS

Details of the bank and other borrowings of the Company and the Group during the Fiscal Year 2023 are set out in note 28 to the consolidated financial statements.

DIRECTORS

The Directors during the Fiscal Year 2023 and up to the date of this Annual Report are as follows:

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

In accordance with article 84 of the Company's articles of association (the "**Articles of Association**"), at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation. Accordingly, Ms. Li Lin, Mr. Wei Zhe and Mr. Lam Yiu Por should retire from office at the forthcoming AGM and, being eligible, will offer themselves for re-election at the forthcoming AGM.

The particulars of Directors who are subject to re-election at the AGM are set out in the circular to Shareholders dated October 4, 2023.

DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and senior management of the Company are set out on pages 20 to 24 of this Annual Report.

CONFIRMATION OF INDEPENDENCE FROM THE INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive Directors a confirmation of his/her independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") and the Company considers all of the independent non-executive Directors are independent persons during the Fiscal Year 2023.

DIRECTORS' SERVICE CONTRACTS AND LETTERS OF APPOINTMENT

Each of our executive Directors, except Ms. Wu Huating, has entered into a service contract with our Company on October 13, 2019, and we have issued letters of appointment to our non-executive Director and each of our independent non-executive Directors. The service contracts with each of our executive Directors, except Ms. Wu Huating, and the letter of appointment with our non-executive Director are for an initial fixed term of three years commencing from October 13, 2019 and will continue automatically upon expiry of the fixed term. The letters of appointment with each of our independent non-executive Directors are for an initial fixed term of three years and will continue automatically upon expiry of the fixed term. Ms. Wu Huating has entered into the service contract with the Company for an initial term of three years from May 8, 2019 and will continue automatically upon expiry of the fixed term. The service contracts and the letters of appointment are subject to termination in accordance with their respective terms. The service contracts are renewable in accordance with our Articles of Association and the applicable Listing Rules.

Save as disclosed above, none of our Directors has entered into, or has proposed to enter into, a service contract with any member of our Group (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in the paragraph of "Connected transactions" below and in this Annual Report, no Director has a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company, any of its subsidiaries or fellow subsidiaries was a party during the Fiscal Year 2023 and up to the date of this Annual Report.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Fiscal Year 2023.

EMOLUMENT POLICY

The remuneration committee of the Company (the "**Remuneration Committee**") was set up for reviewing the Group's emolument policy and structure of the Directors and senior management of the Group, having regard to the Group's operating results, individual performance of the Directors and senior management and comparable market practices.

Details of the emoluments of the Directors, and the five highest paid individuals during the Fiscal Year 2023 are set out in notes 8 and 34 to the consolidated financial statements.

RETIREMENT AND EMPLOYEE BENEFITS SCHEME

Details of the retirement and employee benefits scheme of the Company are set out in note 8 to the consolidated financial statements.

CHANGES IN INFORMATION OF DIRECTORS

Mr. Wei Zhe has resigned as an executive director of Zall Smart Commerce Group Ltd. (formerly known as Zall Development Group Ltd.), a company listed on the Main Board of the Stock Exchange (stock code: 02098) since January 1, 2023.

Save as disclosed above, during Fiscal Year 2023, no other change in the information of the Directors need to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at June 30, 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; Spouse interest	318,458,000	61.39	Long position
Ms. Wu Huating[3]	Beneficial owner; Beneficiary of a trust	9,194,000	1.77	Long position

Notes:

(1) Ahead Global Holdings Limited, a company indirectly wholly owned by the Wu Family Trust, directly holds the entire issued share capital of Ninth Capital Limited which in turn holds 154,477,000 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 which in turn holds 154,781,000 shares of the Company. Pursuant to the Li Personal Trust, the Li Personal Trust Nominee holds 9,200,000 shares as the nominee of The Core Trust Company Limited. The Li Personal Trust Nominee is wholly owned by The Core Trust Company Limited in its capacity as the nominee of the Li Personal Trust, and Ms. Li Lin is the settlor of the Li Personal Trust. Accordingly, Mr. Wu Jian is deemed to be interested in the 154,477,000 shares, 154,781,000 shares and 9,200,000 shares held by Ninth Capital Limited, Ninth Investment Limited and the Li Personal Trust Nominee, respectively. Pursuant to the SFO, Mr. Wu Jian, as the spouse of Ms. Li Lin, is deemed to be interested in the same number of shares in which Ms. Li Lin is interested.

(2) Puheng Limited, a company indirectly wholly owned by the Li Family Trust, directly holds the entire issued share capital of Ninth Investment Limited which in turn holds 154,781,000 shares of the Company. The Li Family Trust is a discretionary trust established by Ms. Li Lin (as the settlor), and its discretionary beneficiaries include Ms. Li Lin, Mr. Wu Jian and their children. Pursuant to the Li Personal Trust, the Li Personal Trust Nominee holds 9,200,000 shares as the nominee of The Core Trust Company Limited. The Li Personal Trust Nominee is wholly owned by The Core Trust Company Limited in its capacity as the nominee of the Li Personal Trust, and Ms. Li Lin is the settlor of the Li Personal Trust. Mr. Wu Jian is beneficially interested in the entire issued share capital of Ninth Capital Limited which in turn holds 154,477,000 shares of the Company. 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, the Li Personal Trust Nominee and Ninth Capital Limited, respectively. Pursuant to the SFO, Ms. Li Lin, as the spouse of Mr. Wu Jian, was deemed to be interested in the same number of shares in which Mr. Wu Jian is interested.

(3) Ms. Wu Huating is interested in (i) 3,944,000 shares of the Company held by her and (ii) restricted share units ("**RSUs**") representing 5,250,000 shares of the Company that were granted to her pursuant to the RSU Scheme, which are subject to the vesting schedule and performance targets or review.

Save as disclosed above, as at June 30, 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.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this Annual Report, at no time during the Fiscal Year 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.

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

As at June 30, 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
Credit Suisse Trust Limited[(1),(2)]	Trustee	309,258,000	59.62	Long position
Ahead Global Holdings Limited[(1)]	Interest in a controlled corporation	154,477,000	29.78	Long position
Li Family Limited[(2)]	Interest in a controlled corporation	154,781,000	29.84	Long position
Ninth Capital Limited[(1)]	Beneficial owner	154,477,000	29.78	Long position
Ninth Investment Limited[(2)]	Beneficial owner	154,781,000	29.84	Long position
Puheng Limited[(2)]	Interest in a controlled corporation	154,781,000	29.84	Long position
Seletar Limited[(1),(2)]	Nominee for another person	309,258,000	59.62	Long position
Serangoon Limited[(1),(2)]	Nominee for another person	309,258,000	59.62	Long position
Wu Family Limited[(1)]	Interest in a controlled corporation	154,477,000	29.78	Long position
TCT (BVI) Limited[(3)]	Trustee	31,331,600	6.04	Long position
The Core Trust Company Limited[(3)]	Trustee	31,331,600	6.04	Long position

Notes:

(1) As at the date of this Annual 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. Credit Suisse Trust Limited, as the trustee of the Wu Family Trust, holds the entire issued share capital of Wu Family Limited through its nominee companies Seletar Limited and Serangoon Limited. Wu Family Limited holds the entire issued share capital of Ahead Global Holdings Limited which in turn holds the entire issued share capital of Ninth Capital Limited. Ninth Capital Limited holds 154,477,000 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, Credit Suisse Trust Limited, Seletar Limited, Serangoon Limited, Wu Family Limited and Ahead Global Holdings Limited is deemed to be interested in the 154,477,000 shares of the Company held by Ninth Capital Limited.

(2) As at the date of this Annual Report, to the best knowledge of the Directors, Ninth Investment Limited holds 154,781,000 shares of the Company, representing approximately 29.84% of the issued shares of the Company. Credit Suisse Trust Limited, as the trustee of the Li Family Trust, holds the entire issued share capital of Li Family Limited through its nominee companies Seletar Limited and Serangoon Limited. Li Family Limited holds the entire issued share capital of Puheng Limited, which in turn holds the entire issued share capital of Ninth Investment Limited. Ninth Investment Limited holds 154,781,000 shares of the Company. The Li Family Trust is a discretionary trust established by Ms. Li Lin (as the settlor), and its discretionary beneficiaries are Ms. Li Lin, Mr. Wu Jian and their children. Accordingly, each of Ms. Li Lin, Credit Suisse Trust Limited, Seletar Limited, Serangoon Limited, Li Family Limited and Puheng Limited is deemed to be interested in the 154,781,000 shares of the Company held by Ninth Investment Limited.

(3) TCT (BVI) Limited is the wholly-owned subsidiary of The Core Trust Company Limited. Such 31,331,600 shares represent the same batch of shares.

Save as disclosed above, as at June 30, 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.

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 9 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 (the "**Prospectus**"), 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 June 30, 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 thirteen vesting schedules under the RSU Scheme as at June 30, 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

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.

There is no limit of maximum entitlement of RSUs for each RSU participant under the RSU Scheme.

During the year ended June 30, 2023, 8,990,000 RSUs have been granted, 2,392,500 forfeited or cancelled. As at June 30, 2023, there were a total of 26,886,622 RSUs outstanding.

The following is a summary table showing details of the RSUs granted under the RSU Scheme as at June 30, 2023. As of June 30, 2023, a total of 16,275,000 RSUs, representing 16,275,000 shares, were granted to the connected persons of the Company, among which 14,000,000 RSUs (of which 5,000,000 RSUs were cancelled) were granted to a Director.

Name or Category of Participants	Date of Grant	As at July 1, 2022 Outstanding	Year ended June 30, 2023 Granted	Exercised	Lapsed	Forfeited	As at June 30, 2023 Outstanding
Director							
Ms. Wu Huating	May 8, 2019	5,000,000	—	3,000,000	—	—	**2,000,000**
	October 29, 2021	3,000,000	—	750,000	—	—	**2,250,000**
	August 30, 2022	—	1,000,000	—	—	—	**1,000,000**
Subtotal		8,000,000	1,000,000	3,750,000	—	—	**5,250,000**
Total of the five highest paid individuals (other than Directors) for the current fiscal year	June 30, 2014	761,430	—	—	—	—	**761,430**
	February 3, 2018	630,000	—	340,000	—	—	**290,000**
	October 17, 2019	300,000	—	100,000	—	—	**200,000**
	October 29, 2021	3,550,000	—	402,500	—	—	**3,147,500**
	August 30, 2022	—	1,800,000	—	—	—	**1,800,000**
Subtotal		5,241,430	1,800,000	842,500	—	—	**6,198,930**
Other participants	June 30, 2014	4,389,786	—	497,500	—	—	**3,892,286**
	November 20, 2014	6	—	—	—	—	**6**
	December 7, 2015	100,000	—	—	—	—	**100,000**
	February 25, 2017	558,000	—	28,000	—	—	**530,000**
	February 3, 2018	2,842,500	—	887,500	—	400,000	**1,555,000**
	May 14, 2018	160,000	—	—	—	—	**160,000**
	August 28, 2018	140,000	—	—	—	—	**140,000**
	July 9, 2019	264,000	—	—	—	80,000	**184,000**
	October 17, 2019	119,900	—	31,000	—	—	**88,900**
	October 29, 2021	4,730,000	—	220,000	—	682,500	**3,827,500**
	August 30, 2022	—	6,190,000	—	—	1,230,000	**4,960,000**
Subtotal		13,304,192	6,190,000	1,664,000	—	2,392,500	**15,437,692**
Total		26,545,622	8,990,000	6,256,500	—	2,392,500	**26,886,622**

Note:

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

The weighted average closing price of the shares immediately before the dates on which the RSUs were exercised in Fiscal Year 2023 was approximately HK$8.7.

EXPECTED RETENTION RATE OF GRANTEES

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

EQUITY-LINKED AGREEMENT

There was no equity-linked agreement entered into by the Company or any of its subsidiaries in the Fiscal Year 2023 or subsisted at the end of the year.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During Fiscal Year 2023, save as the trustee of the RSU Scheme purchased a total of 1,032,000 shares of the Company with HK$7.1 million at the Stock Exchange pursuant to rules of the RSU Scheme and terms of the trust in order to grant shares to selected participants, none of the Company or any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

PRE-EMPTIVE RIGHTS

There is no provision for the pre-emptive rights under the Articles of Association and the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

NON-COMPETITION UNDERTAKING

To safeguard our Group from any potential competition, each of Ms. Li Lin and Mr. Wu Jian (the "**Covenantors**") has entered into a deed of non-competition (the "**Deed of Non-Competition**") in favor of our Company on October 13, 2016 pursuant to which the Covenantors have unconditionally, irrevocably and jointly and severally undertaken with our Group that they shall not (except through the Group and any investment or interests held through the Group), and shall procure that his/her close associates (other than any member of our Group) shall not, during the Restricted Period (as defined below), directly or indirectly (including through nominees), either on his/her own account or in conjunction with or on behalf of any person, firm or company, among other things, invest in, participate in, engage in and/or operate or be interested in (in each case whether as a shareholder, partner, agent, employee or otherwise) any business which competes or is likely to compete, directly or indirectly, with the existing businesses of any member of our Group described in the Prospectus.

For details of the Deed of Non-Competition, please see "Non-Competition Undertaking" under the section headed "Relationship with Our Controlling Shareholders" in the Prospectus.

Based on the information and confirmation provided by the controlling Shareholders, the independent non-executive Directors have reviewed the implementation of non-competition undertaking during the Fiscal Year 2023, and are satisfied that the controlling Shareholders have complied with the Deed of Non-Competition.

DIRECTORS' INTEREST IN COMPETING BUSINESS

Save as disclosed in this Annual Report, none of the Directors or their associates had any interest in any business which directly or indirectly compete or may compete with the businesses of our Group during the Fiscal Year 2023.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

CONTINUING CONNECTED TRANSACTIONS

For the year ended June 30, 2023, the non-exempt continuing connected transactions conducted by the Group were described as follows:

APPAREL MANUFACTURING AGREEMENT

Hangzhou Shangwei Apparel Co., Ltd. ("**Shangwei Apparel**") is an entity controlled by the Founders, thus, pursuant to Chapter 14A of the Listing Rules, Shangwei Apparel is a connected person of the Company.

We entered into a framework apparel manufacturing agreement on December 25, 2015 and amended on June 13, 2016 with Shangwei Apparel, pursuant to which Shangwei Apparel, together with its subsidiary, manufacture apparel for us. The term of the apparel manufacturing agreement is from the Listing Date to June 30, 2019.

On February 27, 2019, Hangzhou Liancheng Huazhuo Industrial Co., Ltd.* (杭州聯成華卓實業有限公司) ("**Liancheng Huazhuo**") entered into a new framework apparel manufacturing agreement with Shangwei Apparel and Hangzhou New Shangwei Finery Co., Ltd. ("**Shangwei Group**"), pursuant to which Liancheng Huazhuo, and Shangwei Group agreed to renew the previous framework apparel manufacturing agreement and Shangwei Group agreed to manufacture apparel products for us for a term of three years commencing from July 1, 2019 and ended on June 30, 2022. The term of above apparel manufacturing agreement was renewed on May 24, 2022 for two years commencing from July 1, 2022 and ending on June 30, 2024.

The annual caps for such transactions are approximately RMB40.0 million and RMB40.0 million for the years ending June 30, 2023 and 2024, respectively. For the year ended June 30, 2023, the total fee for apparel manufacturing actually payable was RMB22.6 million without exceeding the annual cap for such transactions.

For more details, please see the announcements of the Company regarding connected transactions and continuing connected transactions dated February 27, 2019 and May 24, 2022.

SAMPLES OUTSOURCING AGREEMENT

On May 30, 2015, we entered into a framework samples outsourcing service agreement and amended on October 13, 2016 with Hangzhou JNBY, pursuant to which Hangzhou JNBY agreed to provide samples manufacturing service for us. The term of the service is from the Listing Date to June 30, 2019.

On February 27, 2019, Liancheng Huazhuo entered into new framework sample apparel agreement with Hangzhou JNBY, pursuant to which Liancheng Huazhuo and Hangzhou JNBY agreed to renew the framework sample outsourcing service agreement, and Hangzhou JNBY agreed to manufacture and provide sample apparel for our designs for a term of three years commencing from July 1, 2019 and ended on June 30, 2022. The term of above sample apparel agreement was renewed on May 24, 2022 for two years commencing from July 1, 2022 and ending on June 30, 2024.

The annual caps for such transactions are approximately RMB40.0 million and RMB40.0 million for the years ended/ending June 30, 2023 and 2024, respectively. For the year ended June 30, 2023, the total fee for outsourcing service actually payable was RMB27.9 million without exceeding the annual cap for such transaction.

For more details, please see the announcements of the Company regarding connected transactions and continuing connected transactions dated February 27, 2019 and May 24, 2022.

CONCESSION AGREEMENT

On May 24, 2022, JNBY Finery entered into a concession agreement with Huizhan Technology (Hangzhou) Co., Ltd.* (慧展科技(杭州)有限公司) ("**Huizhan Technology**"), pursuant to which Huizhan Technology granted to us the sole and exclusive right to operate retail business of the Group's brands at specified premises in the O ō Eli Complex under the proprietary owned by Huizhan Technology for retail stores purpose with a term of two years commencing from July 1, 2022 and ending on June 30, 2024.

On December 23, 2022, JNBY Finery entered into a concession agreement with Huizhan Technology, pursuant to which Huizhan Technology granted to us the sole and exclusive right to operate retail business of the Group's brands at specified premises in the O ō Eli Complex under the proprietary owned by Huizhan Technology for retail stores purpose and to operate its retail businesses thereat as the "JNBY Group+" multi-brand collection store with a term of one year commencing from July 1, 2023 and ending on June 30, 2024.

The annual caps for such transactions are approximately RMB5 million and RMB8.8 million for the years ending June 30, 2023 and 2024, respectively. For the year ended June 30, 2023, the total concession fee actually payable was RMB2.1 million without exceeding the annual cap for such transaction.

For more details, please see the announcements of the Company regarding connected transactions and continuing connected transactions dated May 24, 2022 and December 23, 2022.

MULTI-PURPOSE SPACE FRAMEWORK AGREEMENT

On May 24, 2022, JNBY Finery has entered into a multi-purpose space framework agreement with Huizhan Technology, pursuant to which the Group may use the multi-purpose open space at the O ō Eli Complex from time to time for various purposes, including but not limited to hosting promotional activities, organizing fashion shows and housing other events with a term of two years commencing from July 1, 2022 and expiring on June 30, 2024.

The annual caps for such transactions are approximately RMB12 million and RMB12 million for the years ending June 30, 2023 and 2024, respectively. For the year ended June 30, 2023, the total fee actually payable was RMB8.1 million without exceeding the annual cap for such transactions.

For more details, please see the announcement of the Company regarding connected transactions and continuing connected transactions dated May 24, 2022.

NON-CONTINUING CONNECTED TRANSACTIONS

For the year ended June 30, 2023, the non-exempt connected transactions conducted by the Group were described as follows:

LOAN AGREEMENT

On July 15, 2021, JNBY Finery entered into a loan agreement with Huizhan Technology, pursuant to which JNBY Finery agreed to provide a loan to Huizhan Technology in the principal amount of RMB150 million with an interest rate of 4.90% per annum in three installments for a term of one year each after the drawdown dates, which are July 16, 2021, September 16, 2021 and November 16, 2021. Huizhan Technology has repaid RMB50,000,000 of principal loan amount on December 15, 2021 together with an interest payment of RMB1,034,444.44. On May 24, 2022, JNBY Finery entered into the a loan modification agreement with Huizhan Technology, pursuant to which the parties agreed to modify certain terms of the original loan agreement, including to revise the repayment schedule and to extend the maturity date of the original loan agreement to June 30, 2024. Huizhan Technology shall repay the outstanding loan amount together with the interest rate of 4.90% per annum on or before June 30, 2024. As of June 30, 2023, the outstanding loan amount was RMB100.0 million.

For more details, please refer to the announcements of the Company dated July 15, 2021 and May 24, 2022 in relation to the connected transactions.

SUBSCRIPTION AGREEMENTS

On July 15, 2021, Liancheng Huazhuo entered into two subscription agreements, pursuant to which Liancheng Huazhuo agreed to be a limited partner and invest RMB30 million in each of two funds, which are Suzhou Xiangzhong Venture Capital Partnership (Limited Partnership)* (蘇州祥仲創業投資合夥企業(有限合夥)) ("**Fund I**") and Suzhou Weixin Taike Venture Capital Partnership (Limited Partnership)* (蘇州維新鈦氪創業投資合夥企業(有限合夥)) ("**Fund II**"). The term of the Fund I and Fund II will terminate on the sixth and the eighth anniversary, respectively of the initial closing date but may be extended a one-year period for two times with the consent of the investor advisory committee. The Group made capital contributions of Fund I and Fund II will be determined by their general partners based on the actual fund-raising situation. For the year ended June 30, 2023, the Group did not make any capital commitment to Fund I and Fund II.

The general partner of Fund I, Taicang Weizhong Investment Management Co., Ltd.* (太倉維仲投資管理有限公司) ("**General Partner I**"), is 60% held by an associate of Mr. Wei, the non-executive Director, and therefore General Partner I is a connected person of the Company under 14A.07(4) of the Listing Rules. Since General Partner I has full control over the conduct of the business, assets and affairs of the Fund I, the Fund I is therefore a connected person of the Company under the Listing Rules.

Suzhou Weitelixin Venture Capital Management Co., Ltd.* (蘇州維特力新創業投資管理有限公司) ("**Suzhou Weitelixin**") is 60% held by Mr. Wei, the non-executive Director, and therefore Suzhou Weitelixin is a connected person of the Company under Rule 14A.12(c) of the Listing Rules. Since Suzhou Weitelixin provides investment management service to Fund I and Fund II, the Fund II is therefore deemed to be a connected person of the Company under the Listing Rules.

For more details, please refer to the announcement of the Company dated July 15, 2021 in relation to the connected transactions.

LEASE AGREEMENTS

Huizhan Technology is indirectly owned by the Founders as to 84.6%. Hangzhou Huizhan Property Services Co., Ltd.* (杭州慧展物業服務有限公司) ("**Huizhan Property**") is a wholly-owned subsidiary of Huizhan Technology. Huikang Industrial is indirectly owned by the Founders. As each of Huizhan Technology, Huizhan Property and Huikang Industrial is indirectly controlled by the Founders and thus is a connected person of the Company pursuant to Chapter 14A of the Listing Rules.

On May 24, 2022, JNBY Finery entered into a lease with Huizhan Technology and Huizhan Property, pursuant to which Huizhan Technology and Huizhan Property agreed to lease a premise of approximately 35,519 square meters in total located at the O ō Eli Complex (the "**O ō Eli Complex**") for a term of two years commencing from July 1, 2022 and ending on June 30, 2024. The fee payable for the period from July 1, 2023 to June 30, 2024 shall be paid in advance on June 30, 2023 and include annual rent of approximately RMB54,370,159 and annual management fees and public utilities fees of approximately RMB6,332,083. In addition to the above fees, JNBY Finery will also be responsible for the utilities fees of the O ō Eli Complex, which will be determined by the actual usage of the Group and payable monthly. For the year ended June 30, 2023, the total utilities fee paid was RMB2,047,613. The leased property is used as the Group's headquarters with supporting facilities such as office building, staff canteen and parking spaces.

On May 24, 2022, JNBY Finery entered into a lease with Huikang Industrial, pursuant to which Huikang Industrial agreed to lease premises of approximately 850 square meters located at the West part of the 3rd Floor, Building 1, Blue Sea Times International Building, 39 Yile Road, Xihu District, Hangzhou, Zhejiang Province, the PRC (中國浙江省杭州市西湖區益樂路39號藍海時代國際大廈1幢3層西面部分) (the "**Blue Sea Premises**") and 87.16 square meters located at Room 603 and Room 605, Building 3, Zichuang Business Center, Gukeyuan East Road, Xihu District, Hangzhou, Zhejiang Province, the PRC (中國浙江省杭州市西湖區古科園東路紫創商務中心3號樓603室、605室) (the "**Zichuang Premises**") for a term of two years commencing from July 1, 2022 and expiring on June 30, 2024. The rent payable is RMB600,000 and RMB168,000 for the Blue Sea Premises and Zichuang Premises, respectively, and payable annually in advance. Blue Sea Premises will house certain of the Group's laboratories function and Zichuang Premises will house certain of the Group's staff dormitory.

On May 24, 2022, Liancheng Huazhuo entered into a lease with Huikang Industrial, pursuant to which Huikang Industrial agreed to lease premises of approximately 9,080 square meters in total located at 350 Hongda Road, Economic and Technology Development District, Xiaoshan District, Hangzhou, Zhejiang Province, the PRC (中國浙江省杭州市蕭山區經濟技術開發區鴻達路350號) (the "**Xiaoshan Premises**") for a term of two years commencing from July 1, 2022 and expiring on June 30, 2024. The rent payable for the period from July 1, 2022 to June 30, 2024 shall be RMB2,112,000 and RMB2,247,756 per annum for the first and second year of the term respectively (inclusive of utilities and management fees), payable annually in advance. The Xiaoshan Premises will be used for staff dormitory, workshop and warehouse as stipulated by the aforementioned nature of such premises.

For more details, please refer to the announcement of the Company dated May 24, 2022 in relation to the connected transactions.

For details of the above connected transactions, please refer to note 32 to the consolidated financial statements.

In the Fiscal Year 2023, our independent non-executive Directors have reviewed the above continuing connected transactions and have confirmed that such transactions were entered into:

(i) in the ordinary and usual course of business of the Group;

(ii) on normal or better commercial terms; and

(iii) in accordance with the agreements for such transactions, the terms of which are fair and reasonable, and are in the interest of the Shareholders as a whole.

The auditor of the Company has performed certain agreed-upon audit procedures for the above continuing connected transactions entered into by the Group in the year ended June 30, 2023, and concluded that such transactions:

(1) have been approved by the Board;

(2) were conducted in accordance with the relevant agreements for such transactions in all material aspects; and

(3) have an aggregate amount not exceeding the relevant cap disclosed in the Company's announcement dated May 24, 2022.

The related party transactions mentioned in note 32 to the consolidated financial statements do not constitute the connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules, and are in compliance with the disclosure requirements in Chapter 14A of the Listing Rules.

Save as disclosed in this Annual Report, there were no connected transactions or continuing connected transactions which are required to be disclosed by the Company in the Fiscal Year 2023 in accordance with the provisions concerning the disclosure of connected transactions under Chapter 14A of the Listing Rules.

CHARITY DONATION

The charity donation of the Group and other donation aggregately accounted for RMB0.3 million during the Fiscal Year 2023.

MATERIAL LEGAL PROCEEDINGS

During the Fiscal Year 2023, the Company was not involved in any material legal proceedings or arbitrations. To the best knowledge of the Directors, there is no material legal proceeding or claim which is pending or threatening against the Company.

PERMITTED INDEMNITY PROVISIONS

In the Fiscal Year 2023 and up to the date of this Annual Report, there were no permitted indemnity provisions which were or are currently in force, and are beneficial to the Directors (whether they were entered into by the Company or others) or any directors of the Company's connected companies (if they were entered into by the Company). The Company has purchased appropriate directors' and officers' liability insurance for its Directors and senior staff.

TAX RELIEF AND EXEMPTION OF HOLDERS OF LISTED SECURITIES

The Company is not aware of any tax relief or exemption available to the Shareholders by reason of their respective holding of the Company's securities.

EVENTS AFTER THE BALANCE SHEET DATE

Details of the significant events after the balance sheet date are set out in note 35 to the consolidated financial statements.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") has, together with the senior management and the external auditor of the Company, reviewed the accounting principles and practices adopted by our Group as well as the audited consolidated financial statements of the Group for the Fiscal Year 2023.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high level of corporate governance practices. Information about the corporate governance practices adopted by the Company are set out in the corporate governance report on pages 43 to 58 in this Annual Report.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge of the Directors, at least 25% (being the minimum public float prescribed by the Stock Exchange and the Listing Rules) of the Company's entire issued share capital were held by the public at any time during Fiscal Year 2023 and up to the date of this Annual Report.

AUDITOR

PricewaterhouseCoopers ("**PwC**") is appointed as auditor of the Company for the year ended June 30, 2023. PwC has audited the accompanying financial statements which were prepared in accordance with the Hong Kong Financial Reporting Standards.

PwC is subject to retirement and, being eligible, offers itself for re-appointment at the AGM. A resolution for reappointment of PwC as auditor of the Company will be proposed at the AGM.

By Order of the Board
Wu Jian
Chairman
Hong Kong, PRC, September 7, 2023

CORPORATE GOVERNANCE REPORT

The Board is pleased to present this corporate governance report set out in the Company's Annual Report for the Fiscal Year 2023.

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 "**Corporate Governance Code**") contained in Appendix 14 to the Listing Rules as its own corporate governance code. The Company has been in compliance with all applicable code provisions under the Corporate Governance Code during the Fiscal Year 2023. The Company will continue to review and monitor its corporate governance practices in order to ensure compliance with the Corporate Governance Code.

THE BOARD

CORPORATE PURPOSE, VALUES AND STRATEGIES

The Board has set the purpose, values and strategies of the Company and ensures their consistency with the corporate culture of the Company. All Directors act with integrity and lead by example in promoting the corporate culture.

Corporate Mission

- Better Design, Better Life

Corporate Values

- Be Reliable, Embrace Diversity and Inclusion, Explore and Innovate, Effectively Implement, Keep Growing (值得信賴、多元包容、探索創新、有效執行、持續成長)

Corporate Strategies

- Adhere to design-driven and realize brand strength-driven
- Multi-brand sustainable and large-scale operation
- Fan-focused global retail mode

The Company is dedicated to building a living environment that brims with artistic feeling. Our brands allow consumers to have more fun with diversified art design products and experience a better and artistic life.

RESPONSIBILITIES

The Board is responsible for the overall leadership of the Group, oversees the Group's strategic decisions and monitors business and performance. The Board has delegated the authority and responsibility for day-to-day management and operation of the Group to the senior management of the Group. To oversee particular aspects of the Company's affairs, the Board has established three Board committees, including the Audit Committee, the Remuneration Committee and the nomination committee (the "**Nomination Committee**") (collectively, the "**Board Committees**"). The Board has delegated to the Board Committees responsibilities as set out in their respective terms of reference.

All Directors shall ensure that they carry out their duties in good faith, in compliance with applicable laws and regulations, and in the interests of the Company and its Shareholders at all times.

The Company has arranged appropriate insurance coverage in respect of liability arising from legal action against its Directors, and will conduct annual review on such insurance coverage.

BOARD COMPOSITION

During the year ended June 30, 2023 and as at the date of this Annual Report, the Board comprised three executive Directors, one non-executive Director and three independent non-executive Directors as set out below:

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

The biographies of the Directors are set out under the section headed "Directors and Senior Management" of this Annual Report.

During Fiscal Year 2023, the Board has met the requirements of Rules 3.10(1) and 3.10(2) of the Listing Rules relating to the appointment of at least three independent non-executive directors with at least one possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has also complied with Rule 3.10A of the Listing Rules, which relates to the appointment of independent non-executive directors representing at least one-third of the Board.

The Company believes that the diversity of Board members will be immensely beneficial for the enhancement of the Company's performance. Therefore, the Company has adopted a board diversity policy to ensure that the Company will, when determining the composition of the Board, consider board diversity in terms of, among other things, age, cultural and educational background, professional experience, skills and knowledge. All appointments by the Board will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. The board diversity policy is summarised as follows: Board composition to be reviewed in terms of the size of the Board, the number of non-executive Directors and executive Directors in relation to the overall Board; Board effectiveness which requires members to have diverse skills, knowledge and experiences that combine to provide different perspectives and effective board dynamics; and nominations and appointments to be carried out in view of maintaining an appropriate mix of required skills, experience, expertise and diversity on the Board.

The Nomination Committee is responsible to review the board diversity policy and any measurable objectives for its implementation and to review the progress on achieving the objectives.

Each of the independent non-executive Directors has confirmed his/her independence pursuant to Rule 3.13 of the Listing Rules and the Company considers each of them to be independent.

Save as disclosed in the biographies of the Directors as set out in the section headed "Directors and Senior Management" of this Annual Report, none of the Directors has any personal relationship (including financial, business, family or other material/relevant relationship) with any other Directors or any chief executive.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and expertise to the Board for its efficient and effective functioning. Independent non-executive Directors are invited to serve on the Audit Committee, the Remuneration Committee and the Nomination Committee.

As regards the code provision under the Corporate Governance Code requiring directors to disclose the number and nature of offices held in public companies or organisations and other significant commitments as well as their identity and the time involved to the issuer, the Directors have agreed to disclose their commitments to the Company in a timely manner.

MECHANISMS TO ENSURE INDEPENDENT ADVICE

The Company ensures the provision of independent advice and recommendations to the Board through the following mechanisms:

- The Nomination Committee shall review the composition of the Board and the independence of independent non-executive Directors annually, in particular, the proportion of independent non-executive Directors and the independence of independent non-executive Directors who have served for more than nine years;

- The Company has received written confirmation from each of the independent non-executive Directors of their independence from the Company in accordance with Rule 3.13 of the Listing Rules. The Company considers that all of its independent non-executive Directors are independent;

- The Chairman of the Board shall meet with the independent non-executive Directors at least once a year; and

- All members of the Board may seek independent professional advice as necessary to carry out their duties in accordance with policies of the Company.

Throughout the Fiscal Year 2023, the Board has complied with the above requirements to effectively ensure that independent views and opinions are available to the Board. The Board will review the implementation and effectiveness of these mechanisms annually.

INDUCTION AND CONTINUOUS PROFESSIONAL DEVELOPMENT

All newly appointed Directors would be provided with necessary induction and information to ensure that they have a proper understanding of the Company's operations and businesses as well as their responsibilities under relevant statutes, laws, rules and regulations. The Company also arranges regular seminars to provide Directors with updates on latest development and changes in the Listing Rules and other relevant legal and regulatory requirements from time to time. The Directors are also provided with regular updates on the Company's performance, position and prospects to enable the Board as a whole and each Director to discharge their duties.

During the year ended June 30, 2023, the Company has arranged all Directors to watch a series of videos regarding "Duties of Directors and Role and Function of Board Committees" launched on the website of the Stock Exchange. In addition, all Directors developed themselves through 1) conducting focused discussion on issues relating to the business and operations of the Company at the Board Committee meetings; and 2) research, reading and study of relevant regulations and standards in order to strengthen the skills and knowledge relevant for their respective roles.

All Directors have provided the Company with their respective training records in compliance with code provision C.1.4 of the Corporate Governance Code.

Directors	Nature of continuing professional development courses
Mr. Wu Jian	A/C/D
Ms. Li Lin	A/C/D
Ms. Wu Huating	A/C/D
Mr. Wei Zhe	A/B/C/D
Mr. Lam Yiu Por	A/D/E
Ms. Han Min	A/D
Mr. Hu Huanxin	A/D

Notes:

A. Attending seminars and/or conferences and/or forums and/or briefings

B. Delivering speeches at seminars and/or conferences and/or forums

C. Attending trainings provided by law firms and trainings related to the business of the Company

D. Reading materials on a wide range of topics, including corporate governance, directors' duties, the Listing Rules and other relevant legislations

E. Attending continuous professional development training

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Under code provision C.2.1 of the Corporate Governance Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The Chairman of the Board and the Chief Executive Officer are currently two separate positions held by Mr. Wu Jian and Ms. Wu Huating, respectively, with clear distinction in responsibilities. The Chairman of the Board is responsible for providing strategic advice and guidance on the business development of the Group, while the Chief Executive Officer is responsible for the day-to-day operations of the Group.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

The Company has entered into a service contract with each of the executive Directors, save for Ms. Wu Huating, and the letter of appointment with the non-executive Director is for an initial fixed term of three years commencing from October 13, 2019 and will continue automatically upon expiry of the fixed term. The letter of appointment entered into with each of the independent non-executive Directors was for an initial fixed term of three years and will continue automatically upon expiry of the fixed term. Ms. Wu Huating has entered into a service contract with the Company for an initial term of three years commencing from May 8, 2019 and will continue automatically upon expiry of the fixed term. The service contracts and letters of appointment are subject to termination in accordance with their respective terms. The service contracts may be renewed in accordance with the Articles of Association and the applicable Listing Rules.

Save as disclosed above, none of the Directors has a service contract with the Group which is not determinable by the Company within one year without the payment of compensation (other than statutory compensation).

In accordance with the Articles of Association, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation, provided that every Director shall be subject to retirement at an annual general meeting at least once every three years.

The procedures and process of appointment, re-election and removal of Directors are set out in the Articles of Association. The Nomination Committee is responsible for reviewing the Board composition, and for making recommendations to the Board on the appointment, re-election and succession planning of Directors.

BOARD MEETINGS

The Company adopts the practice of holding Board meetings regularly, at least four times a year, and at approximately quarterly intervals. Notices of no less than fourteen days are given for all regular Board meetings to provide all Directors with an opportunity to attend and include matters in the agenda for a regular meeting.

For other Board meetings and Board Committee meetings, reasonable notice is generally given by the Company. The agenda and accompanying Board papers are dispatched at least three days before the Board meetings or Board Committee meetings to ensure that the Directors have sufficient time to review the papers and be adequately prepared for the meetings.

When Directors or Board Committee members are unable to attend a meeting, they will be advised of the matters to be discussed and given an opportunity to make their views known to the Chairman prior to the meeting. Minutes of meetings shall be kept by the company secretary with copies circulated to all Directors for information and records.

Minutes of the Board meetings and Board Committee meetings are recorded in sufficient detail on the matters considered by the Board and the Board Committees and the decisions reached, including any concerns raised by the Directors. Draft minutes of each Board meeting and Board committee meeting are/will be sent to the Directors for comments within a reasonable time after the date on which the meeting is held. The minutes of the Board meetings are open for inspection by all Directors.

During Fiscal Year 2023, five Board meetings and one general meeting were held, and the attendance of the individual Directors at the Board meetings is set out in the table below:

Directors	Board meetings attended/Eligible to attend Board meetings	General meeting attended/Eligible to attend general meeting
Mr. Wu Jian	5/5	1/1
Ms. Li Lin	5/5	1/1
Ms. Wu Huating	5/5	1/1
Mr. Wei Zhe	4/5	1/1
Mr. Lam Yiu Por	5/5	1/1
Ms. Han Min	5/5	1/1
Mr. Hu Huanxin	5/5	1/1

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code of conduct regarding Directors' securities transactions. Specific enquiry has been made to all the Directors and each of the Directors has confirmed that he/she has complied with the required standards as set out in the Model Code during Fiscal Year 2023.

DELEGATION BY THE BOARD

The Board reserves for its decision on all major matters of the Company, including: approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters. Directors could have recourse to seek independent professional advice in performing their duties at the Company's expense. Directors are encouraged to access and to consult with the Company's senior management independently.

The daily management, administration and operation of the Group are delegated to the senior management. The delegated functions and responsibilities are periodically reviewed by the Board. Approval has to be obtained from the Board prior to any significant transactions entered into by the management.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for the corporate governance of the Group. It fulfills the corporate governance functions as required by the provisions of the Corporate Governance Code, and reviews the corporate governance practices at appropriate time. During Fiscal Year 2023, the Board reviewed the corporate governance policies and practices of the Company and reviewed the disclosures made in this corporate governance report. The Board has approved and adopted the terms of reference in relation to the fulfillment of corporate governance functions as set out in the Corporate Governance Code.

BOARD COMMITTEES

AUDIT COMMITTEE

The Audit Committee comprises three members, namely Mr. Lam Yiu Por (chairman), Ms. Han Min and Mr. Hu Huanxin, all of them are independent non-executive Directors.

The main duties and responsibilities of the Audit Committee are as follows:

(a) be primarily responsible for making recommendations to the Board on the appointment, re-appointment and removal of the external auditor, and approving the remuneration and terms of engagement of the external auditor, and handling any questions of its resignation or dismissal;

(b) review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards, and discuss with the auditor the nature and scope of the audit and reporting obligations before the audit commences;

(c) develop and implement policy on engaging an external auditor to supply non-audit services. For this purpose, "external auditor" includes any entity that is under common control, ownership or management with the audit firm or any entity that a reasonable and informed third party knowing all relevant information would reasonably conclude to be part of the audit firm nationally or internationally. The committee should report to the Board, identifying and making recommendations on any matters where action or improvement is needed;

(d) where the Board disagrees with the Audit Committee's view on the selection, appointment, resignation or dismissal of the external auditors, the Company should include in the Corporate Governance Report a statement from the Audit Committee explaining its recommendation and also the reason(s) why the Board has taken a different view;

(e) monitor integrity of the Company's financial statements and annual report and accounts, and half-year report, review significant financial reporting judgments contained in them;

(f) regarding (e) above:

  (i) members of the committee should liaise with the Board and senior management and the committee must meet, at least twice a year, with the Company's auditor; and

  (ii) the committee should consider any significant or unusual items that are, or may need to be, reflected in the report and accounts, it should give due consideration to any matters that have been raised by the Company's staff responsible for the accounting and financial reporting function, compliance officer or auditor.

(g) review the systems on financial controls of the Company, and unless expressly addressed by a separate risk committee under the Board, or by the Board itself, review the Company's internal control system (including without limitation the procedures for compliance with the requirements of the Listing Rules) and risk management system;

(h) discuss the risk management and internal control systems with management to ensure that management has performed its duty to have effective systems. This discussion should include the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function;

(i) consider major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and management's response to these findings;

(j) where an internal audit function exists, ensure co-ordination between the internal and external auditors, and ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and review and monitor its effectiveness;

(k) review the financial and accounting policies and practices of the Group;

(l) review the external auditor's management letter, any material queries raised by the auditor to management about accounting records, financial accounts or systems of control and management's response;

(m) ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;

(n) review the arrangements that employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters. The committee should ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action;

(o) act as the key representative body for overseeing the Company's relations with the external auditor;

(p) report to the Board on the matters set out herein; and

(q) the committee should establish a whistleblowing policy and system for employees and those who deal with the Company to raise concerns, in confidence, with the committee about possible improprieties in any matter related to the Company.

The written terms of reference of the Audit Committee are available on the websites of the Stock Exchange and the Company.

During Fiscal Year 2023, the Audit Committee held three meetings to:

- review the annual results of the Company and its subsidiaries for the year ended June 30, 2022;
- review the interim results of the Company and its subsidiaries for the six months ended December 31, 2022;
- review the audit service plan and the plan on preparing environmental, social and governance report;
- approve the scope of work, plan and fees for the annual audit and interim review conducted by the external auditor;
- review the effectiveness of the financial reporting system, compliance procedures, risk management systems and procedures, internal controls and the internal audit function; and
- meet with the external auditor in the absence of the management to discuss matters relating to the audit fee, matters arising from the audit and other matters raised by the auditor.

The attendance of members of the Audit Committee at the meetings is set out in the following table:

Name of Directors	Actual attendance/ Required attendance
Mr. Lam Yiu Por	3/3
Ms. Han Min	3/3
Mr. Hu Huanxin	3/3

NOMINATION COMMITTEE

The Nomination Committee currently comprises three members, including one executive Director, namely Mr. Wu Jian (chairman), and two independent non-executive Directors, namely Mr. Hu Huanxin and Ms. Han Min.

The main duties and responsibilities of the Nomination Committee are as follows:

(a) review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

(b) formulate a policy of selection and nomination of Directors and the procedures for the sourcing of suitably qualified Director for consideration of the Board and implement such plan and procedures approved;

(c) identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;

(d) ensure sufficient biographical details of nominated candidates are provided to the Board and Shareholders to enable them to make a decision regarding selection of the Board members;

(e) assess the independence of independent non-executive Directors;

(f) make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman and the Chief Executive Officer; and

(g) conform to and abide by any requirement, direction and regulation that may be prescribed by the Board or contained in the articles of association of the Company or imposed by the Listing Rules or applicable laws.

The Nomination Committee will assess the candidate or incumbent on criteria such as integrity, experience, skill and ability to commit time and effort to carry out the duties and responsibilities. The recommendations of the Nomination Committee will then be put to the Board for decision.

The written terms of reference of the Nomination Committee are available on the websites of the Stock Exchange and the Company.

During Fiscal Year 2023, the Nomination Committee held one meeting to:

- review the structure, size and composition of the Board, the diversity policy of Board members and the independence of independent non-executive Directors, and discuss candidates for re-election of Directors.

The attendance of members of the Nomination Committee at the meeting is set out in the following table:

Name of Directors	Actual attendance/ Required attendance
Mr. Wu Jian	1/1
Ms. Han Min	1/1
Mr. Hu Huanxin	1/1

Board Diversity Policy

The Company recognizes the importance of the diversity of members of the Board to the effectiveness of corporate governance and the Board. In order to enhance effective operation of the Board and maintain high standard of corporate governance, Nomination Committee has formulated Board diversity policy to ensure the appropriate balance in the aspects of diversity including skills, experience and perspectives of the members of the Board. Details are set out below:

The nomination and appointment of members of the Board will continue to follow the principle of meritocracy based on the demand of daily business and consideration of benefits due to diversity of Board members. The principal responsibilities of Nomination Committee are to seek the people qualified for being Directors and give sufficient consideration on the policy of Board members diversity throughout the selection process.

Nomination Committee will formulate measurable objectives for the selection of Directors. The selection of Director candidates will be based on a series of diversified aspects and references made to the business model and specific demand of the Company (including, but not limited to, gender, age, race, language, cultural background, education background, industrial experience and professional experience).

Nomination Committee is responsible for reviewing the Board diversity policy to ensure the implementation of such policy, and responsible for the expansion and review of the measurable objectives and supervising the implementation progress of the measurable objectives. To ensure sustainable effectiveness of the Board, Nomination Committee reviews the policy and measurable objectives at least once a year.

Currently, the Board consists of 7 members (3 females and 4 males) who have professional experience and qualification in various industries which include apparel, finance, accounting and information technology. Having regard to the composition of the Board and the measurable objectives, the Company considers that the Board is sufficiently diversified. The Board reviews the implementation and effectiveness of the Board diversity policy on an annual basis.

The Board also understands the importance of diversity at the employee level (including senior management). The Group employs people on their merit and respects the individual choices of employees, regardless of gender, age, religion and nationality, so that employees can achieve a balance between career and a better life in a diverse, equal and inclusive working environment.

The gender ratio of all employees of the Group (including senior management) as of June 30, 2023 is as follows:

Overall gender ratio between male and female: male accounting for 33.4%; female accounting for 66.6%

Nomination Policies of Directors and Standard for Selection and Recommendations

1. Policies and Principles

1.1. With a view of achieving a sustainable and balanced development, the Company sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development.

1.2. In determining the Board's composition, the Company would access the skills, experiences and diversified views and perspectives brought by the candidate as well as how he/she could contribute to the Board. Board diversity has been considered from a wide range of aspects, including but not limited to gender, age, cultural and educational background, geographical location, professional experiences, skills, knowledge and duration of service, as well as any other factors deemed to be relevant and applicable factors by the Board from time to time.

1.3. Appointment of members of the Board is based on the skills and experiences required for the sound operation of the Board as a whole, to ensure a balanced composition of skills and experiences of the Board members, while taking full consideration of the above objectives and requirements of Board diversity.

2. Measurable Objectives

2.1. The selection of candidates of directorship will be based on the Company's nomination policy and will take into account of this policy. The ultimate decision will be based on the merit of the relevant candidate, the benefits of diversity and his/her contribution to the Board.

REMUNERATION COMMITTEE

The Remuneration Committee comprises three members, including two independent non-executive Directors, namely Mr. Hu Huanxin (chairman) and Mr. Lam Yiu Por, and one executive Director, namely Mr. Wu Jian.

The main duties and responsibilities of the Remuneration Committee are as follows:

(a) to make recommendations to the Board on the Company's policy and structure for all Directors and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;

(b) to develop the remuneration policy for executive Directors, assess performance of executive Directors and approve the terms of executive Directors' service contracts;

(c) to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;

(d) either:

(i) to determine, with delegated responsibility granted by the Board, the remuneration packages of individual executive Directors and senior management; or

(ii) to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management.

This should include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;

(e) to make recommendations to the Board on the remuneration of non-executive Directors;

(f) to consider salaries paid by comparable companies, time commitment and responsibility and employment conditions elsewhere in the Group;

(g) to review and approve compensation payable to executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive for the Company;

(h) to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;

(i) to review and approve matters relating to share schemes of the Company under Chapter 17 of the Listing Rules, including but not limited to, any adoption or change to the terms of options or awards granted or to be granted to any incentive scheme participant, vesting period of options or awards, performance targets and/or clawback mechanism, and ensure that the Company's employee incentive plan is in compliance with applicable regulations;

(j) to ensure that no Director or any of his/her associates is involved in deciding his/her own remuneration; and

(k) to consider other topics as defined or designated by the Board.

The written terms of reference of the Remuneration Committee are available on the websites of the Stock Exchange and the Company.

During Fiscal Year 2023, the Remuneration Committee held two meetings to:

- review the members and remuneration plan of the Company and its subsidiaries;
- make recommendations on the remuneration policy, plan and structure for the coming year; and
- make recommendations to the Board on the remuneration package of the Directors and senior management.

The attendance of members of the Remuneration Committee at the meetings is set out in the following table:

Name of Directors	Actual attendance/ Required attendance
Mr. Hu Huanxin	2/2
Mr. Wu Jian	2/2
Mr. Lam Yiu Por	2/2

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The Company has adopted a remuneration policy for the Directors and senior management with the overall principle of motivating and promoting enthusiasm, initiative and spirit of the masters of employees at all levels to achieve the Company's strategic objectives.

The purpose of the Company's remuneration policy is to provide market competitive compensation, attract and retain outstanding talents, and build a high-performance and high-quality team on the premise of legal compliance, so as to motivate employee effectiveness and team productivity.

- The remuneration strategy focuses on the principles of legal compliance, market competitiveness, employee incentive, internal equity and cost savings;
- Offer market-leading remuneration for core functions and key positions that support the Company to realize its strategies;

- The Company will continue to pay attention to the fairness of remuneration payment, and carry out reasonable remuneration cost control on the premise of meeting the needs of the Company; and

- For management purpose, the remuneration is adjusted annually based on performance following the process of reporting — review — verification — approval.

The Company has adopted the model set out in the code provisions under the Corporate Governance Code by delegating the Remuneration Committee by the Board to determine the remuneration packages of the executive Directors and senior management. The Remuneration Committee is also responsible for making recommendations to the Board on remuneration packages of the non-executive Directors, including independent non-executive Directors. Annual discretionary bonuses of executive Directors and senior management will be measured by reference to the performance of their respective departments and business units (including but not limited to key performance indicators) and their individual performance, subject to the approval of the Remuneration Committee. With the objective of maximizing long-term shareholder value, the Remuneration Committee approves equity-based remuneration according to the individual performance and business objectives of the executive Directors and senior management, and grants share awards as appropriate in accordance with the RSU Scheme.

None of the Directors participated in any discussion of their personal remuneration. The Directors will abstain from voting on the relevant resolutions at the meeting of the Board or Remuneration Committee at which their individual remuneration package is considered.

In the current financial year, the Remuneration Committee has reviewed the implementation and effectiveness of the remuneration policy for Directors and senior management, and concluded that the policy had been effectively implemented.

The remuneration of the senior management of the Company (whose biographies are set out on pages 22 to 24 of this Annual Report) for the Fiscal Year 2023 falls under the following bands:

Band of remuneration	Number of individuals
Below RMB1,000,000	—
RMB1,000,000 to RMB2,000,000	2
RMB2,000,000 to RMB3,000,000	1
Above RMB3,000,000	4

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for preparing the financial statements of the Company for the year ended June 30, 2023 which give a true and fair view of the affairs of the Company and the Group and of the Group's results and cash flows.

The management has provided to the Board such explanation and information as are necessary to enable the Board to carry out an informed assessment of the Company's financial statements, which are put to the Board for approval. The Company provides all members of the Board with monthly updates on the Company's performance, positions and prospects.

The Directors were not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Group's ability to continue as a going concern.

The statement by the auditor regarding its reporting responsibilities on the consolidated financial statements of the Company is set out in the Independent Auditor's Report on page 103 of this Annual Report.

RISK MANAGEMENT AND INTERNAL CONTROL

The Group believes that good corporate governance practices are very important for maintaining and promoting investor confidence and for the sustainable growth of the Group. The Group has therefore made continued efforts to uplift its quality of corporate governance. It has established a highly effective system of risk management (including environmental, social and governance risks) and internal control, and adopted a series of measures to ensure their safety and effectiveness. As a result, the Group is able to safeguard its assets and protect the interests of its Shareholders. The Board has authorized the Audit Committee to be responsible for the oversight of the Group's risk management and internal control systems and reviewing the effectiveness of such systems on a yearly basis. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

Annual review covers all important aspects of supervision, including financial, operational and compliance monitoring. As disclosed in the terms of reference of the Audit Committee, the Audit Committee is responsible for monitoring the Company's risk management and internal control systems. The Audit Committee oversees the risk management process and reviews the effectiveness of the risk management and internal control systems by conducting the following procedures:

- Review the Company's risk management process and policy;
- Review with senior management at least annually reports demonstrating the compliance with the risk management policy;
- Discuss with senior management at least annually the Company's major risk exposures and the steps the senior management has taken or should take to assess and mitigate such exposures; and
- Review the effectiveness of the Company's risk management practices on an ongoing basis.

During the Fiscal Year 2023, the Board has conducted a review on the effectiveness of the Group's risk management and internal control systems which covers financial, operational, compliance procedural and risk management functions and have considered the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function. The Board is not aware of any significant internal control and risk management weaknesses nor significant breach or limits of risk management policies, and considers the existing internal control system and risk management systems effective and adequate. During the year ended June 30, 2023, the Company has complied with all of the provisions in relation to risk management and internal control under the Corporate Governance Code.

The Group has an independent internal audit department. The senior management, through the Company's internal audit department, is responsible for the annual risk reporting process. Members of the internal audit department meet with various members of the senior management to review and assess risks and discuss solutions to addressing material internal control defects (if any), including any changes relevant to a given year. Risks are compiled, ratings are assigned and mitigation plans are documented. The risk assessment is reviewed by certain members of the senior management and presented to the Audit Committee and the Board for their review. This is part of the on-going process to ensure that the effectiveness of material controls is monitored.

PROCESSES USED TO IDENTIFY, EVALUATE AND MANAGE SIGNIFICANT RISKS

The processes used to identify, evaluate and manage significant risks by the Group are summarised as follows:

RISK IDENTIFICATION

- Identify risks that may potentially affect the Group's business and operations.

RISK ASSESSMENT

- Assess the risks identified by using the assessment criteria developed by the management; and
- Consider the impact of the risks on the business and the likelihood of their occurrence.

RISK RESPONSE

- Prioritise the risks by comparing the results of the risk assessment; and
- Determine the risk management strategies and internal control processes to prevent, avoid and mitigate the risks.

RISK MONITORING AND REPORTING

- Perform ongoing and periodic monitoring of the risk and ensure that appropriate internal control processes are in place;
- Revise the risk management strategies and internal control processes in case of any significant change occurs; and
- Report the results of risk monitoring to the management and the Board regularly.

INFORMATION DISCLOSURE POLICY

An information disclosure policy is in place to ensure potential inside information being captured and confidentiality of such information being maintained until consistent and timely disclosure are made in accordance with the Listing Rules. The policy regulates the handling and dissemination of inside information, which includes:

- Designated reporting channels from different operation units informing any potential inside information to designated departments;
- Designated persons and departments to determine further escalation and disclosure as required; and
- Designated persons authorised to act as spokespersons and respond to external enquiries.

AUDITOR'S REMUNERATION

The auditor's remuneration in respect of the audit and non-audit services provided to the Company for the Fiscal Year 2023 is as follows:

Type of services	**Amount** (RMB'000)
Audit services	2,700
Non-audit services	208
Total	**2,908**

JOINT COMPANY SECRETARIES

Ms. Qian Xiaoping is the joint company secretary of the Company and is responsible for advising the Board on corporate governance matters and ensuring that Board policy and procedures, and applicable laws, rules and regulations are followed.

In order to uphold good corporate governance and ensure compliance with the Listing Rules and applicable Hong Kong laws, the Company also engages Ms. Ng Sau Mei of TMF Hong Kong Limited, a company secretarial service provider, as another joint company secretary of the Company, to assist Ms. Qian Xiaoping with the duties of the Company's company secretary. Ms. Qian Xiaoping is the primary contact person of Ms. Ng Sau Mei in the Company.

During the Fiscal Year 2023, Ms. Qian Xiaoping and Ms. Ng Sau Mei have undertaken no less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONSHIP

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and let investor understand the Group's business, performance and strategies. The Company also recognises the importance of timely and non-selective disclosure of information on the Company for the Shareholders and investors to make informed investment decisions.

The annual general meetings of the Company provide opportunity for Shareholders to communicate directly with the Directors. The Chairman of the Company and the chairmen of the Board Committees will attend the annual general meetings to answer Shareholders' questions. The auditor will also attend the annual general meetings to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor's independence.

To promote effective communication and to build an inter-relationship and communication channel between the Company and the Shareholders, the Company adopts a shareholders' communication policy and maintains a website at https://www.jiangnanbuyigroup.com.cn, where the up-to-date information on the Company's business operations and developments, financial information, corporate governance practices and other information are available for public access. Shareholders may at any time send their enquiries and concerns to the Board in writing either by email to ir@jnby.com or direct mailing to the principal place of business of the Company in Hong Kong for the attention of the company secretary. In addition, Shareholders who have any inquiries about their shares and dividends may contact the Company's share registrar in Hong Kong.

The Company believes that effective communication with the investment community in a timely manner through various media is essential. The Company's investor relations department focuses on provision of relevant public information to investors and analysts to enable them to make appropriate valuation of the Company's shares or any securities issued by the Group. Through investor/analyst briefings, group/individual meetings, investor conferences, non-deal roadshows and other events, institutional investors and analysts can interact with the senior management of the Company for updates on the development of the Group's strategic initiatives and operations.

The Board reviews the implementation and effectiveness of the shareholders' communication policy annually to ensure that the policy remains relevant to the Company's needs and reflects both the current regulatory requirements and good corporate governance practice, and would also discuss and consider any revisions that may be required.

Based on the Company's shareholders engagement works carried out during the financial year, the Board has conducted the annual review of the implementation and effectiveness of the shareholders' communication policy, and concluded that the policy was implemented effectively during the financial year.

GENERAL MEETINGS

To safeguard the Shareholders' interests and rights, a separate resolution will be proposed for each issue at general meetings, including the election of individual Directors.

All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and the poll results will be posted on the websites of the Stock Exchange and the Company in a timely manner after each general meeting.

CONVENING AN EXTRAORDINARY GENERAL MEETING AND PUTTING FORWARD PROPOSALS

According to the Articles of Association, the Board may whenever it thinks fit convene extraordinary general meetings. Any one or more member(s) of the Company holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the company secretary of the Company to require an extraordinary general meeting to be convened and to add resolutions to the meeting agenda of such meeting by the Board; the written requisition must state the objects of the meeting and the resolutions proposed, and must be signed by the relevant Shareholders and deposited at the principal place of business of the Company in Hong Kong, PRC, which is presently situated at Unit 9, 22/F, Seapower Tower, North Tower, Concordia Plaza, 1 Science Museum Road, Tsim Sha Tsui, Kowloon, Hong Kong, PRC and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself/herself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board to convene such general meeting shall be reimbursed to the requisitionist(s) by the Company.

As regards proposing a person for election as a Director by the Shareholders, the procedures are available on the website of the Company.

INVESTOR RELATIONS

The Company will also respond to the investors' inquiries on the Company's situation through convening meetings, attending investor forums and participating in the roadshows from time to time, and provide the updated information on the Company's business and development in order to strengthen the relationship and communication between the Company and the investors.

During the Fiscal Year 2023, the Company conducted the following investor relations activities for the institutional investors and analysts in Mainland China, Hong Kong China and overseas:

- Investor/analyst briefings;
- Group/individual meetings;
- Investor conferences;
- Non-deal roadshows; and
- Store visits.

During the Fiscal Year 2023, the Company conducted 2 results announcement conferences, 6 roadshows and 69 investor meetings or online meetings, and participated in 5 forums. As affected by the pandemic, most of the investor relations activities were conducted via live webcasting/teleconferencing/video conferencing. Investment community views are communicated regularly to the Board.

AMENDMENTS TO CONSTITUTIONAL DOCUMENTS

The Company has adopted the amended and restated Memorandum and Articles of Association on the Listing Date on October 13, 2016 and the amendments to the amended and restated Memorandum and Articles of Association were approved by the Shareholders at the annual general meetings held on October 21, 2022. For further details of the amendments, please refer to the announcement and circular of the Company dated September 15, 2022.

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Environmental, Social and Governance Report

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1 INTRODUCTION

1.1 ABOUT JNBY

JNBY Design Limited (the "**Company**") and its subsidiaries (collectively the "**Group**", "**JNBY**" or "**we**") are an influential designer brand fashion group founded in 1994, listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**HKEX**") in 2016 (stock code: 03306), and headquartered in Hangzhou, China. According to the information provided by CIC[Note], in 2022, we ranked the first in the Chinese designer brand fashion industry in terms of total retail sales. We design, promote and sell fashion apparel, footwear, accessories and home products under a portfolio of brands including JNBY (women's wear), CROQUIS (men's wear), jnby by JNBY (kids' wear), LESS (women's wear), POMME DE TERRE (kids' wear), JNBYHOME (lifestyle) and A PERSONAL NOTE 73 (men's wear). Our brands focus on a unique group of consumers and feature unique design identities.

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 are expanding our brand portfolio as the Company evolves — a diverse and segmented brand portfolio allows us to offer products and services to consumers from across most age groups. Meanwhile, we have continued to launch new consumer scenarios or products, including "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 the WeChat-based social media interactive marketing service platform, with each platform playing a critical role in communicating with fans and transforming our potential fans into loyal fans. We aim to build up a "JNBY Fans Economy" strategy, which is based on the same philosophy of lifestyle.

We keep innovating sustainable development practices in the apparel sector and beyond. We closely monitor the development and inheritance of China's clothing culture. As we retrace the history of traditional materials and techniques, we utilise modern manufacturing technology to develop, innovate and recreate solid traditional craftsmanship. Meanwhile, we delve into a sustainable value chain, with focuses on environmental sustainability, product sustainability, talent sustainability and community sustainability, so as to create sustainable fashion with JNBY characteristics.

Note: China Insights Consultancy Limited (灼識諮詢), the industry consultant

1.2 REPORTING SCOPE

Pursuant to the Environmental, Social and Governance Reporting Guide (the "**ESG Reporting Guide**") as set out in Appendix 27 to the Rules Governing the Listing of Securities on the HKEX, the Group has prepared the Environment, Social and Governance ("**ESG**") Report (the "**ESG Report**") for the period from July 1, 2022 to June 30, 2023 (the "**Fiscal Year 2023**" or the "**this Fiscal Year**"). This report elaborates our philosophy in sustainable development and social responsibility in respect of the environment and the society and covers our headquarters and the subsidiaries. No significant change is made to the disclosure scope from the previous year's ESG Report.

1.3 REPORTING PRINCIPLES

The basic reporting principles set out in the ESG Reporting Guide, i.e., the reporting principles of "Materiality", "Quantitative", "Balance" and "Consistency", have been followed in the preparation of this ESG Report to determine, sort out and disclose ESG issues.

Materiality: Through stakeholder engagement and materiality assessment, 24 issues related to the Group's sustainable development were identified and prioritised. Those material environmental and social issues are highlighted in this report.

Quantitative: Measurable environmental and social key performance indicators (the "**KPIs**") are reported. To ensure the accuracy and traceability of these KPIs, the standards, methodologies and emission factors used for each indicator are also disclosed.

Balance: This ESG Report provides an unbiased picture of the Group's performance following the principle of balance.

Consistency: The Group adopts consistent reporting principles and methodologies to allow for meaningful comparisons of ESG data over time by stakeholders. Any changes that may affect such comparisons are explained.

2 SUSTAINABILITY MANAGEMENT

2.1 ESG VISION AND STRATEGY

Adhering to the concept of "People First, Nature First", we always believe that our long-term success depends not only on business model and profitability strategy, but also on our firm commitment to products, environment, talents and communities. As an influential fashion group of designer brands in China, we take "creating sustainable fashion with JNBY characteristics" as our sustainability vision, and carry out ESG governance activities in various areas, including environmental sustainability, product sustainability, talent sustainability, and community sustainability. We are always concerned about the sustainable development of the environment and extended the concept of sustainable development from product design to customer experience. Additionally, we also encourage employees' career development and emphasize the inheritance of intangible cultural heritage of humanity. In this way, JNBY continues to make progress through various sustainable development practices.

Vision: Create Sustainable Fashion with JNBY Characteristics			
Product sustainability	**Talent sustainability**	**Environmental sustainability**	**Community sustainability**
Sustainable materials Product quality and safety R&D and innovation Brand power building All-domain fan relationship Sustainable supply chain Inheritance and innovation of non-heritage skills	Talent engagement and development Employee health and safety	Resource recycling Energy saving and emission reduction	Coordinated development within industries Contribution to local development

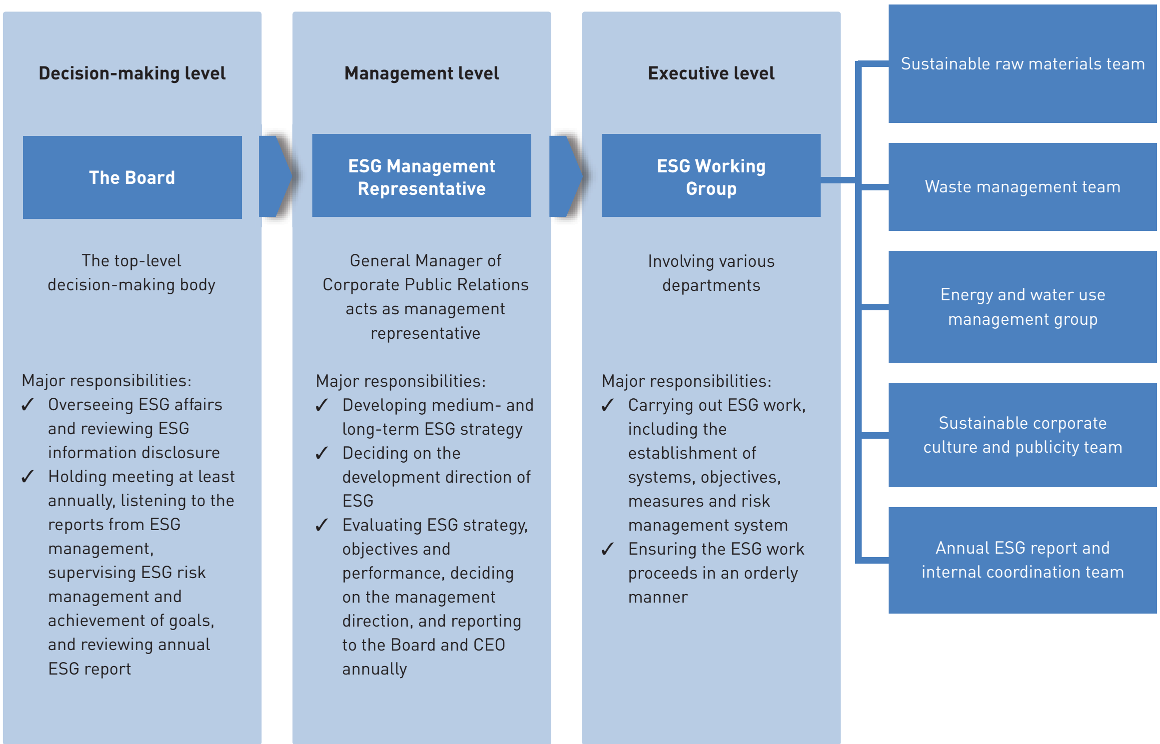
Sustainable Development Goals	Progress in Fiscal Year 2023
By the end of Fiscal Year 2025, the Group's sustainable raw materials account for over 30% (inclusive) of the total weight of raw materials procurement	• Sustainable raw material procurement accounted for 16.6%
Maximise the utilisation rate of fabrics and reduce the waste of various resources	• Adopted techniques such as "one-piece cutting" to improve fabric utilisation rate in product design process • Improved the utilisation rate of fabric stocks and prioritised the use of fabric stocks in production of large orders • Used fabric remnants in the Sesame Lab for creative design
By the end of Fiscal Year 2027, the annual electricity consumption per workstation and the annual water consumption per workstation of the headquarters of the Group in OōELi, Hangzhou, decreased by 10% respectively (based on Fiscal Year 2022)	• Adopted various energy-saving measures in daily business operations, and reduced annual water consumption per workstation by 21.4% compared to Fiscal Year 2022
Develop an ESG culture of "everyone participates and everyone creates"	• Launched the "Textile Possibility" project to pass on traditional fabrics and craftsmanship • Organised ESG themed marketing activities to promote sustainable fashion concepts • Integrated ESG concepts into supply chain management, required suppliers to comply with environmental and social compliance • Promoted green and low-carbon environmental protection concepts and created a green office atmosphere • Integrated concepts such as fabric recycling and sustainable fashion into employee activities, daily promotion and other aspects

JNBY's ESG rating:

In Fiscal Year 2023, the Group received a "Low Risk" rating from Morningstar Sustainalytics, a "BBB" rating from MSCI ESG Ratings, and an "A" in the Wind ESG rating.

2.2 ESG GOVERNANCE FRAMEWORK

To realise our vision of sustainable development, we have included ESG factors into our business strategy and build an ESG governance framework with the board of directors of the Company (the "**Board**") as the top-level decision-making body. The Group's sustainable development strategy is implemented in a top-down manner.



2.3 MATERIALITY ASSESSMENT

In Fiscal Year 2023, we re-examined the material ESG issues and prioritised them. We conducted a materiality assessment to identify and prioritise ESG issues that are most relevant to our stakeholders. The materiality assessment steps and results are as follows:

Step 1: ESG topics identification

In accordance with the ESG Reporting Guide, 24 ESG issues were identified by taking into consideration of the current status of the Company and peer cases in the fashion industry, and further reviewed and discussed by the management.

Step 2: analysis and prioritisation

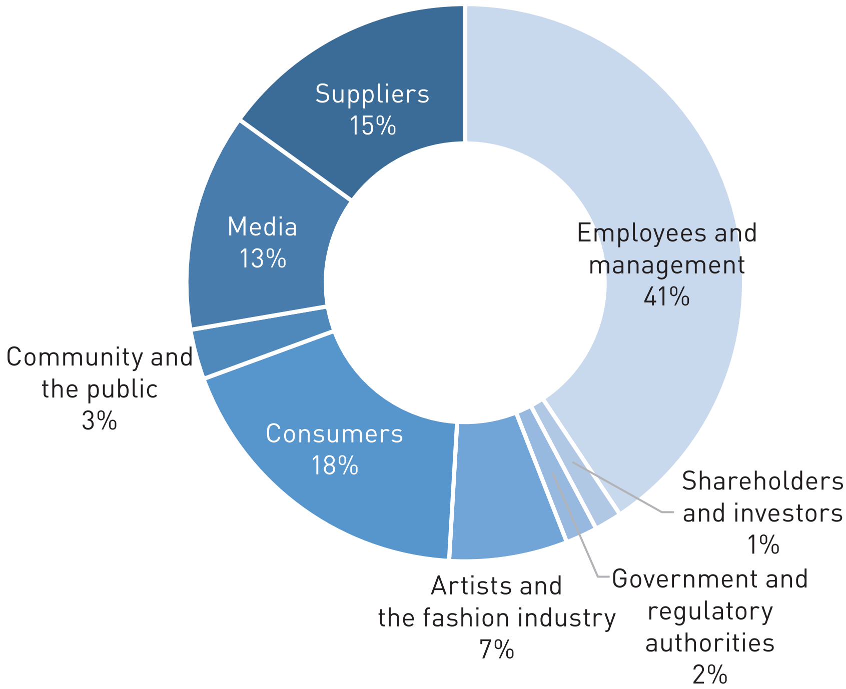
Stakeholders were invited to complete questionnaires to assess each issue based on "importance to JNBY" and "impact on stakeholders", and a preliminary matrix was produced.

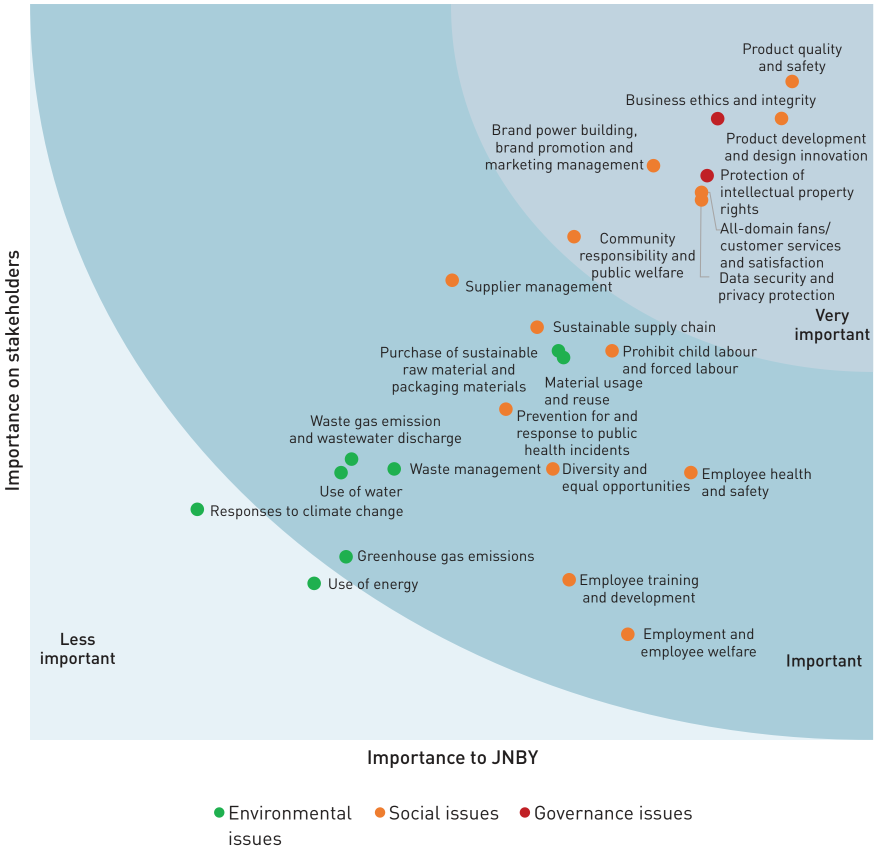
Step 3: assessment results validation

The assessment results were reviewed and confirmed by the management and the ESG working group of the Group. The final results are shown in the following materiality matrix.

We invited the representatives of internal and external stakeholders to participate in the materiality assessment questionnaire on ESG issues to understand stakeholders' expectations and concerns on JNBY ESG issues, and received feedback from nearly 400 stakeholders, including consumers, suppliers, employees and management, shareholders and investors, artists and the fashion industry, the media, etc.

Proportion of Stakeholders





Materiality Assessment Matrix

2.4 STAKEHOLDER ENGAGEMENT

The Group attaches great importance to the expectations and needs of its stakeholders. The communication channels and methods between the Group and stakeholders are continuously being improved. The issues important to stakeholders always get a great deal of attention and are dealt with actively. The Group hopes to share the opportunities of sustainable development with its stakeholders and promotes the sustainable development of the industry.

Stakeholders	Communication channels	Concerned ESG issues	Actions taken by the Group
Government and regulatory authorities	Policy guideline Regulatory documents Industrial meetings On-site inspection Off-site supervision	Product quality and safety Compliance operation Policy implementation	Implement regulatory policies Take supervisory assessments Carry out green operation Improve corporate governance
Shareholders and investors	Information disclosure General meetings Road shows Results announcements	Product quality and safety Business strategy Investment returns R&D and innovation	Maintain our brand value Publish results announcements on a regular basis, organise results release and non-trading roadshow Promote internal risk control

Stakeholders	Communication channels	Concerned ESG issues	Actions taken by the Group
Employees	Labour union Workers' congress Intranet email Corporate events	Employment and employee welfare Employee health and safety Employee training and development Business ethics and integrity Diversity and equal opportunities	Utilise the functions of labour union Enrich employees' lives Establish learning platform Protect employees' rights
Distributors and suppliers	Regular meetings Daily interactions and visits Partnering agreements Strategy negotiations	Supplier management Procurement of sustainable raw materials and packaging materials	Hold promotional meetings Establish a transparent and fair procurement system Increase awareness on environmental and social risks Build positive business cooperative relationships
Media	News release Media platforms On-site interviews	Brand power building, brand promotion and marketing management Advertising Transparent disclosures	Organise open day for media agencies on a regular basis Publish news in a real-time manner Disclose information timely and objectively
Consumers	Customer hotline Satisfaction survey Marketing events Official websites	All-domain fans/customer services and satisfaction Product quality and safety Privacy protection	Establish a comprehensive quality control system Enhance service quality Protect consumers' rights
Community and the public	Charity activities Volunteer activities Community events	Community and charity Environmental protection	Participation in public welfare and charitable giving Organise volunteer activities on a regular basis Promote cultural knowledge
Artists and the fashion industry	Sponsorship events Communication activities	Fashion trends Artistic communication Artistic exchanges Protection of intellectual properties	Collaboration with designers Patronage of art exhibitions

2.5 STATEMENT FROM THE BOARD

The Board and all directors of the Company warrant that there are no false representations, misleading statements contained in, or material omissions from, this report. And the Board makes a statement regarding its oversight and management of ESG issues as follows:

The Board is the top-level body responsible for the Company's ESG strategy and management. The Company's ESG management representative is responsible for assisting the Board in directing and overseeing ESG issues. The ESG working group is responsible for implementing the Company's ESG strategy and actions. For details about the governance framework, please refer to the "ESG Governance Framework" section in this report.

In this Fiscal Year, the Company continued to communicate extensively and in depth with stakeholders through multiple channels and conducted a materiality assessment to identify important ESG issues. The ESG working group has actively addressed the identified important issues (including product quality and safety, product development and design innovation, business ethics and integrity). The management approaches to these issues are highlighted in this report. For details about management policy and strategy, please refer to the "ESG Vision and Strategy" and "Materiality Assessment" sections in this report.

The Company has established its ESG strategy and goals to review and manage its impact on the environment, society and governance, and has incorporated the concept of sustainable development into its operations. The Board reviews the Group's ESG strategy, goals, progress and completion on a regular basis.

In the future, the Board will continue to oversee the Group's ESG management and drive its improvement, making continuous efforts to realise the Group's vision of "Sustainable Fashion by JNBY" and to satisfy the needs and expectations of stakeholders.

3 LEADING SUSTAINABLE FASHION WITH INGENIOUS CRAFTSMANSHIP

As a fashion house of designer brands integrating design, production and marketing, we always adhere to the corporate mission of "Better Design, Better Life" to continuously explore various possibilities of artistic innovation and sustainable fashion. With quality as our first priority, we constantly explore sustainable raw materials and environmentally-friendly and pollution-free production processes. We live recycling and fashion concepts by re-imaging, reusing and recreating fabric stocks with traditional processes.

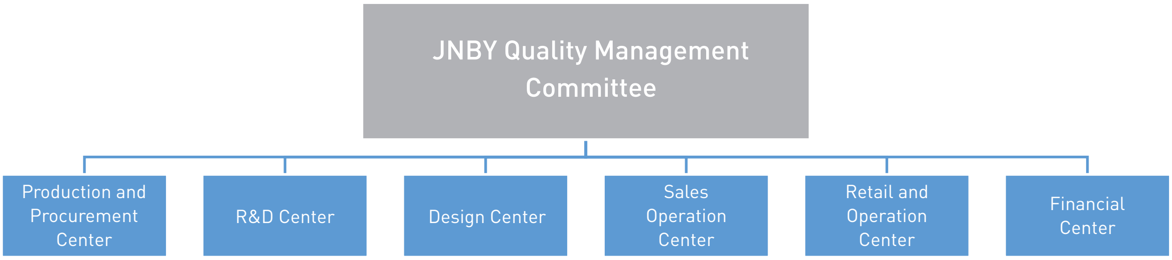
3.1 WHOLE-PROCESS QUALITY CONTROL

Blessed with artistic genes, we are committed to designing and producing premium, beautiful and durable products while expanding the boundaries of "the art of living" and "living artfully". From raw material procurement to product sales, we constantly improve our quality control system, and advocate innovative processes, to help create sustainable fashion with higher quality.

3.1.1 Product quality control

Attaching great importance to the whole-process quality control of products, we strictly abide by laws and regulations such as the Product Quality Law of the People's Republic of China (《中華人民共和國產品質量法》) and the Law of the People's Republic of China on the Protection of Consumer Rights and Interests (《中華人民共和國消費者權益保護法》), and constantly improve internal standards that we have formulated the Sample Access and Elimination Mechanism (《樣品准入及淘汰制度》), the Compliance Regulations for Garment Suppliers (《成衣供應商遵守規範》), the Access Requirements for Textiles (《紡織品准入要求》), the Access Requirements for Children's Clothing and Infant Textiles (《童裝、嬰幼兒紡織品准入要求》), the Down Quality Inspection Standards (《羽絨質檢標準》), the Standards of Product Quality Inspection (《產品質量檢驗標準》), the Product Quality Control Process (《產品品控流程》) and other systems and processes, to implement product quality control and provide consumers with high-quality products.

In order to increase the awareness of quality management responsibilities in each aspect, clarify management responsibilities, enhance market satisfaction with products and user experience, and protect the reputation of our brands, we have set up a quality management committee to build a quality control system managed by multiple departments to effectively identify and manage the after-sales hidden dangers and after-sales batch quality problems of products.



- *Product quality inspection*

The Group implements a whole-process management approach to product quality and supervises all sections of the production process to ensure that the quality meets relevant standards and specifications. In addition, we regularly communicate the feedback on product quality from the distributors and consumers to the QC personnel to enable them to rectify the omissions and further improve the quality control procedure.

- *Product recall management*

In respect of product recall, we have developed the Rules for Batch Recall (《貨品批量召回規則》) to standardise the management of defective product recall, to eliminate the potential harm of defective products to consumers' health and safety and protect consumers' rights. Products may be recalled due to quality and non-quality reasons. The Rules for Batch Recall (《貨品批量召回規則》) specified the different methods for handling these two types of product recall.

In addition, we have established an accountability mechanism after product recall. In the event of a product recall, the corresponding department shall provide a statement of responsibility within 2 to 4 weeks, the specific person or team will be held accountable, and results will be timely submitted to the Data Center and Human Resources Center, which will discuss remedial measures with relevant departments. The Standard Department of the R&D Center is responsible for reviewing the previous quality problems every quarter to correct them in time and improve relevant management.

In Fiscal Year 2023, the Group did not recall any products sold or shipped due to health and safety problems.

3.1.2 Creative design review

We believe that the main driving force behind JNBY's success is the originality of design, and our designers can inspire customers to have different interpretations of the design. To ensure the compliance of creative design, we have strict requirements and standards for the selection and management of product design. We also have established the "Group Creative Design Review Management Group" consisting of the CEO, COO, CMO, CFO and other core management to review the product design in respect of various factors, including law, product and brand marketing. A product will go through a series of strict and integrated processes from the source of inspiration for creative design to the confirmation of sample apparel, and the whole process will be reviewed by the chief designer, general designer and creative design special review team to ensure the preciseness of creative design. Besides, we have adopted a "design review mechanism", through which machine review and manual review of texts, patterns and other contents are carried out by the third-party professional review system, legal department and creative design review management team, to see that the creative designs are compliant and discreet.

3.1.3 Standardised label management

As an important part of product whole-process control, the Group highly values label management. We have established a label confirmation process co-managed by the Brand Center, Designing Center, Production and Procurement Center, Information Center, R&D Center and other departments. The Brand Center is responsible for reviewing the brand tags, certificate of repair, replacement and return warranties ("**3R Warranties**"), and labels, marks and drawings on inner and external packages every quarter, and preparing the drawings of marking according to the Guidelines on Tags, Special Washing and Caring Instructions and 3R Warranties (《掛牌、特殊洗滌保養説明、三包標準指導》). The drawings of marking will be further reviewed and handled by the Standard Department, and then submitted to the Production and Procurement Center for production after the accuracy of relevant contents is confirmed.

➢ jnby for mini **Protecting children's growth with skin-friendly textiles**

The health and safety of our products is our top priority. We are committed to protecting children's healthy growth. In this Fiscal Year, jnby for mini's OEKO-TEX® certification series has expanded from apparel fabrics to children's textiles, all of which have obtained Level 1 certification of the OEKO-TEX® STANDARD 100 for infant products. This allows for more controllable and detectable safety controls over textiles, and better protection of children's delicate skin. STANDARD 100 by OEKO-TEX® is one of the most well-known and widely used textile labels in the world. Certified children's textiles represent a complete absence of 100 known toxic substances, ensuring a closed-loop, safe and green process from raw materials to the production environment.

3.2 SOURCING SUSTAINABLE FABRICS

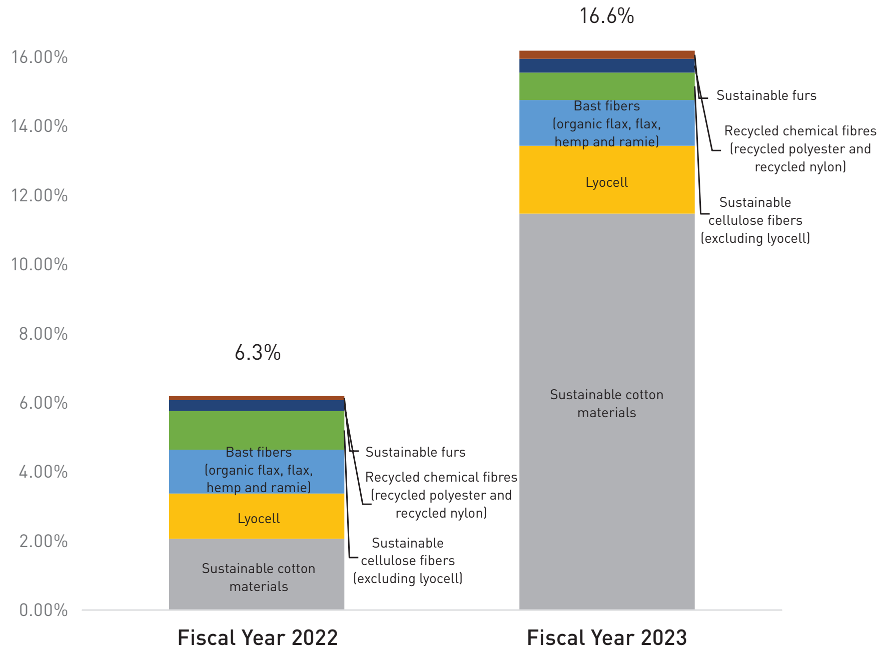
As a crucial part of sustainable fashion, the selection, design and innovation of fabrics affect climate, nature and humans to varying degrees. Therefore, we fully consider the selection of sustainable fabrics in the whole lifecycle management of our products, and focus on purchasing certified and traceable raw materials. Adhering to the concept of sustainable fabric design, we make use of innovative research and technology to reduce fabric consumption, improve the quality of recycled products, and promote sustainable development of the environment and society.

Sustainable raw material application goals:

- By the end of Fiscal Year 2025, the Group's sustainable raw materials account for over 30% (inclusive) of the total weight of raw materials procurement
- Maximise the utilisation rate of fabrics and reduce the waste of various resources

In this Fiscal Year, we actively explored and used sustainable raw materials, and the proportion of sustainable raw material procurement reached 16.6%. Various sustainable raw materials, including sustainable cotton materials, lyocell, bast fibers, sustainable cellulose fibers (excluding lyocell), recycled chemical fibres, and sustainable furs, have been used in our products. In the future, we will further increase the proportion of sustainable raw material procurement, and continue to create fashionable and sustainable products.

Proportion of Sustainable Raw Material Procurement in Fiscal Year 2022 and Fiscal Year 2023



Certification of sustainable raw materials received by JNBY

Organic Content Standard (OCS)

Global Recycled Standard (GRS)

Tencel Lyocell

Naia™ Renew

To ensure the traceability and standardisation of organic textiles and reduce environmental impact, we continuously purchase certified and traceable raw materials. For example, the sustainable cotton materials and the recycled materials used by the Group have received OCS certification and GRS certification respectively. The Group uses Tencel fabric certified by the Forest Stewardship Council (FSC), which is an environmentally-friendly recycled cellulose fibre.

- *Sustainable fabric — Tibetan yak wool*

We actively explore and use sustainable raw materials while paying attention to their impact on biodiversity. For example, the Tibetan yak wool we use is an environmentally-friendly and sustainable textile raw material that naturally sheds in the spring and is biodegradable in the soil. Meanwhile, Tibetan yaks are an integral part of the ecological environment balance in Tibet, featured with low oxygen consumption, low carbon emission and no harm to vegetation roots when eating grass, and their feces can be used as fertilizers and carriers to transmit vegetation seeds.

We have also provided training for local herders to enable Tibetan women to learn effective sorting and to fully exploit the value of yak wool, thus bringing sustainable economic value to the local area.

- *Sustainable fabric — organic cotton and organic linen*

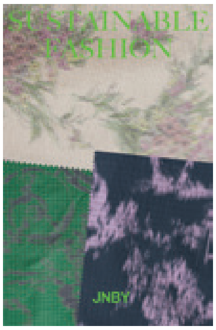
We focus on the cultivation and production of organic fibres to minimise their impacts on the environment, organisms and humans. For example, the production of organic cotton and organic linen we use strictly follows the organic agricultural standards, and no chemical fertilizers, pesticides, transgenic technology and other environmentally harmful substances are used, to reduce chemical pollution. Meanwhile, organic cotton and organic linen are cultivated to maintain soil fertility and structure and provide ecological habitat for other organisms, which is conducive to protecting and restoring biodiversity.

In addition to being environmentally-friendly, organic cotton and organic linen can also reduce the risk of farmers' exposure to hazardous chemicals, while reducing the risk of skin sensitivity and allergy for consumers.

- *Sustainable fabric — recycled polyester & recycled nylon*

Recycled polyester is usually derived from plastic bottles and polyester textiles, while recycled nylon typically comes from waste nylon products. These recycled items are collected and cleaned, then converted into new polyester and nylon fibres through a process of shredding and melting. The process can significantly reduce the energy consumption required for production and carbon emissions, and keep plastic waste out of landfills or the ocean to reduce its impact on the environment.

In this Fiscal Year, we used GRS-certified recycled polyester, nylon and cotton linen as raw materials to produce warp-printed fabrics. Recycled polyester derives from waste PET plastic, which reduces plastic pollution from raw material consumption and promotes ecological protection.



- *Sustainable fabric — regenerated cellulose fibre*

Regenerated cellulose fibres are made from natural cellulose (cotton, hemp, bamboo, trees and shrubs) and are manufactured with higher performance through chemical reactions that transform plant pulp into cellulose form. Although regenerated cellulose fibres are more sustainable than traditional petroleum-based synthetic fibres, there may still be negative impacts, such as chemical solvent pollution, energy consumption, and forest destruction during the production process.

Therefore, when selecting regenerated cellulose fibres, we will consider various aspects, such as raw material acquisition and production processes, to reduce environmental impact. In this Fiscal Year, the sustainable regenerated cellulose raw materials we frequently use include:

- Tencel Lyocell: Its raw material is the wood pulp of natural coniferous trees from forests under sustainable forest management certified by the Forest Stewardship Council (FSC). The solvents used in the production process can be recycled and reused, and almost no waste is generated, thus making Tencel Lyocell one of the most environmentally-friendly regenerated cellulose fibres.

- Cuprammonium rayon: It is made from cotton waste cottonseed linter, and the cuprammonia used in the production process can be recycled and reused. Additionally, we select suppliers who strictly control the use of chemicals in the production process, to effectively utilise cotton waste and reduce waste.

- Naia™ Renew: It is made from 60% sustainably sourced wood pulp and 40% certified recycled waste. During the whole production process, chemicals are used in a closed-loop manner, and the manufacturing processes are optimised, with only a low carbon and water footprint. The fibre is certified biodegradable and can return to nature at the end of the product lifecycle.

3.3 EXPLORING SUSTAINABLE FASHION

• *Sesame Lab*

We believe that the so-called obsolete and useless materials are resources that are only temporarily misplaced. To explore sustainable fashion with JNBY's characteristics, we established Sesame Lab, a design studio dedicated to re-imagination, reuse and recreation of textile fabrics for more possibilities of integrating materials with design, thus preserving "abandoned fabrics" through design.

Rabbit conference bag:

We need to provide a large number of conference bags for attendees at our ordering fair each year. In the spring/summer ordering season of this Fiscal Year, we produced more than 2,000 rabbit conference bags using more than 1,300 metres of fabric remnants and stocks that can be hardly used for new products. This not only met the conference's needs, but also made the conference more environmentally-friendly.

Wool shawl blanket:

During the Spring Festival of this Fiscal Year, Sesame Lab selected more than 1,000 kg of yarn, mainly made from natural materials such as wool, cashmere and alpaca, from more than 9,000 kg of sample yarn stocks. Hundreds of yarns with different colours and thicknesses were distinguished according to colour system and yarn count, and transformed into different patchworks, which were eventually stitched together to form a multi-purpose blanket with comfortable texture. In addition, the logo label and the outer packaging bag of the blanket are also made from fabric stocks, making the blanket a warm and sustainable gift for employees in Spring Festival.

Beanbag:

To provide a relaxing space for employees, the designers of Sesame Lab have pieced together stock fabrics of different materials and thicknesses to design various beanbags, which are placed in different corners of the company. Fabrics that would otherwise be disposed of become one-of-a-kind pieces of artwork with special significance after creative design.

Rabbit conference bag

Wool shawl blanket & Repeatable outer packaging

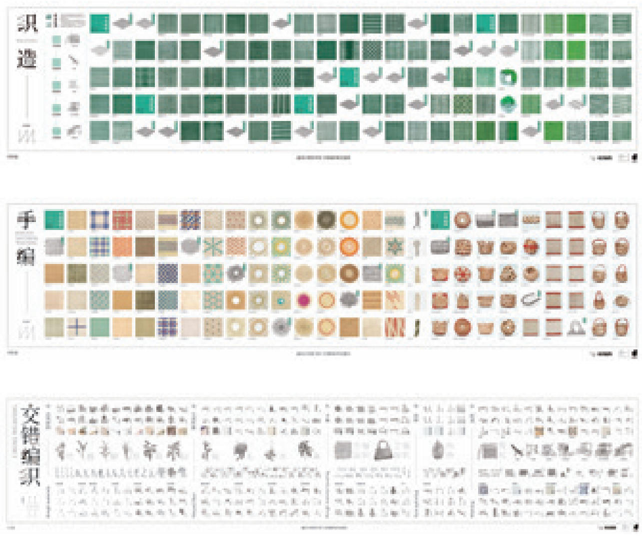
Beanbag

Meanwhile, we continue to improve the utilisation efficiency of our stock fabrics and prioritise the stock fabrics in the production of large orders. In this Fiscal Year, we consumed a total of 79 thousand metres of stock fabrics.

- ### *Textile possibility*

We have been exploring the possibilities of sustainable fashion. In Fiscal Year 2023, we joined hands with the Róng Design Library to launch a five-year project called "Textile Possibility", which seeks to combine modern design and advanced manufacturing technology to systematically record, catalogue, research and summarise the details of traditional fabrics and craftsmanship. Through this project, we present the precious dress culture to the public and keep the traditional fabrics and crafts alive.

In Fiscal Year 2023, the textile map of the "Textile Possibility" project was completed. We travelled to the homes of traditional fabrics across China by means of in-person visits and field research. Then, by modern design research methods, we compiled comprehensive knowledge about fabrics into an annual research map, probing the possibilities of cultural inheritance and fabric innovation.



In June 2023, JNBY and Róng Design Library jointly launched the "Róng — Textile Design Exhibition" at the Design Shanghai exhibition, where 24 pioneering pieces of work were on display. Based on the findings of the project, the designers deconstructed traditional handicrafts and integrated them into their designs, creating a contemporary design language and carrying traditional weaving into the future. Among the designs, two JNBYHOME concepts were presented for the first time.

3.4 PREMIUM CUSTOMER SERVICE

We stick to the strategy of centring our operation around the "Fan Economy", provide consumers with considerate sales service and attentive after-sales service, offer rich and diverse benefits to members and convey the concept of sustainability to consumers, so that they can enjoy premium service, and at the same time, understand and love our brand concept and lifestyle, and practice sustainable fashion together.

3.4.1 Considerate sale services

We have established comprehensive and integrated sales channels, including retail shops and online channels, to cater for the different shopping styles and preferences of consumers. To better ensure the quality of our service, we have formulated the Manual for Operating Direct-sale Stores (《直營店舖運營手冊》) and the Store Service Evaluation Form (《門店服務考核表》), which clarify the standards for store management rules and regulations, employee handbook, the image of goods, six-step store management, eight-step sales management and other aspects.

We conduct regular training for our sales teams to enhance their knowledge of our products, theme of the latest season and sales techniques, with the aim of providing customers with personalised styling advice to elevate their shopping experience. In this Fiscal Year, we conducted customised training for our staff with offline lectures and online live streaming.

To objectively evaluate the service capability of JNBY shops from the customer's perspective and to commend employees for providing attentive sales services, we have continued to carry out the Mystery Shopper Programme ("**MSP**") and the "Star" programme. In this Fiscal Year, MSP tested a number of shops nationwide on 62 indicators, including shop image, staff performance and service quality, and analysed and improved the performance of the demerit items. Meanwhile, the "Star" programme continued to improve the service awareness and capability of our staff through the sharing of customer communication and service skills in the form of experience sharing by outstanding employees.

Meanwhile, we accelerated the digital transformation to respond to the diversified and personalised needs of consumers. For example, we have achieved a tailored online operation featuring in "one of its kind store" for all our brand shops, reconstructed the "people, products and stores" across the entire retail sector to extend our operation in the private sector and reinforce consumer loyalty. Additionally, we have continued to optimise the "BOX+ Project" by selecting the right items from the vast fashion products and then providing professional styling advice from senior designers according to the outfit occasion and needs of the customers. We also aim to provide customers with a more convenient shopping experience with our try-on-before-payment service. By the end of this Fiscal Year, the "BOX+ Project" had served a total of 284 thousand members.

In Fiscal Year 2023, we won the "Effie Private Traffic Marketing Award" and Tencent Smart Retail "Brand Breakthrough Growth Award" for our quality digital retail services.

3.4.2 Thoughtful after-sales services

We always take customer satisfaction as the core standard of our continuous service improvement and treat and handle customer claims seriously. The channels to receive customers' feedback are being optimised. The Group captures the customers' suggestions and requirements efficiently and conveniently through the customer service hotline (400-), online chat windows of online sales platforms and the customer feedback portal of WeChat Mall. To further enhance our after-sales services, we have formulated the Customer Complaint Process Management (《客戶投訴流程管理》), the Shopping Guide Working Duties (《導購工作職責》) and other relevant systems to address complaints on different platforms and specify corresponding handling departments and procedures. Different types of after-sales problems from customers shall be handled by the after-sales specialist within 2 working days and customer feedback shall be responded as quickly as possible to address customer problems.

Customers' complaints will be handled by our online customer service staff in a patient and sincere manner and with detailed records, and such service staff are subject to assessment by the E-commerce Operation Center and Digital Intelligence Retail Business Center according to relevant criteria. Our offline shopping guides are responsible for handling product quality complaints, including taking follow-up actions and keeping customers informed of the progress. By the end of Fiscal Year 2023, the Group received a total of 18,555 complaints, with a responding and handling rate of 100%.

In addition, to further improve the professional ability of customer service staff, we have joined the Alliance College of Millions of Customer Service Staff. Through this platform, our customer service staff can obtain official explanations of platform rules, improve service skills, and learn how to deal with customers safeguarding their rights and how to use various official tools to continuously improve themselves and service quality.

3.4.3 Distributor management

The appearance of our shops and the display of goods, as well as the shopping experience of consumers, are key to maintaining the integrity and appeal of our brands. Therefore, we manage our distributors' shops in a comprehensive and strict manner. For example, we adopt a consistent shop design and appearance for our distributor shops in China, and conduct regular and random on-site inspections to ensure that our distribution shops comply with our operational and policy requirements.

In addition, we have established a standardised distributor approval and assessment system to provide customers with a more convenient shopping experience. We encourage every distributor partner to actively innovate, jointly and continuously create and provide more scenarios for value-added services for fans/members and make full use of the omni-channel interactive platform to serve every fan/member of JNBY.

To better serve our customers, we organise a series of dealer trainings each year. In this Fiscal Year, we conducted pre-season training, new retail training, product category training, in-store training and crisis response training for our dealers nationwide to maximise their professional capabilities.

Pre-season training

In-store training

3.4.4 Diverse benefits for fans

We stick to the strategy of centring our operation around the fan economy, encouraging operational innovation, and continuously creating and providing value-added services for fans in creating scenarios and touchpoints to build the "JNBY Fan Economy" system. To better serve our fan members, we have formulated the JNBY Membership Management Policy (《江南布衣會員管理規則》) to standardise membership management and enhance the member experience.

Our members are mainly categorised into Silver Members, Gold Members and Platinum Members (for "JNBY Group +" only). We continue to upgrade our benefits for members of the Group, including membership packages, discount privileges, birthday privileges, interactive activities to win points, laundry and care benefits, members' carnival days, and customised styling services of "BOX+ Project" exclusively available to Gold and Platinum members. Meanwhile, we hold Members' Festivals every year to provide members with more benefits like shopping rush, points-for-lottery, and brand vouchers.

In this Fiscal Year, we conducted a member satisfaction research project with the aim of better understanding our members' service experience, apparel preferences, views on sustainability, etc., to continuously optimise our products and member benefits and improve customer satisfaction.

3.4.5 Sustainable marketing

We would like to work with our consumers on efforts for sustainability. Through the innovative utilisation of stock fabrics and the organisation of eco-friendly activities, we are able to embed the concept of sustainability in the minds of our consumers. In this Fiscal Year, we launched a series of sustainable marketing innovations to enrich the experience of our consumers and to promote the value of sustainable fashion:

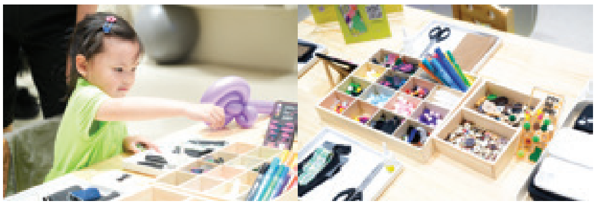
- In December 2022, to advocate recycling, POMME DE TERRE initiated to recycle used buttons creatively and encouraged consumers to bring their own unwanted buttons to make button lampshades.

- In April 2023, in response to World Earth Day, POMME DE TERRE launched the "My Day" cycling treasure hunt among fans. Fans were encouraged to experience bicycles made of bamboo, discover cuddly toys made of used power sockets, and observe the wonderful process of transforming used clothes. Children were also involved in discovering moments of sustainability in the city through eco-friendly cycling. In this way, the activity protects the earth in a low-carbon and energy-saving way.

- In April 2023, POMME DE TERRE took some children to Qingshan Village in Hangzhou, where they hiked, played sports, collected trash, and experienced authentic nature.

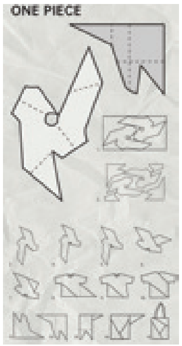
- In May 2023, CROQUIS worked with a third-party recycling platform to launch the "Old Clothes Rebirth Plan" campaign, which encourages consumers to recycle their unused clothes and help protect the environment. Meanwhile, we offered incentives to consumers who donated.

- In June 2023, jnby by JNBY launched a creative craft activity using the brand's leftover fabrics. Using their imaginations, children created unique works by applying the fabrics to their parents' mobile phone cases.



- In Fiscal Year 2023, POMME DE TERRE created book jackets inspired by used fabrics, allowing children to achieve "making the best of everything" and to feel the premium quality of its fabrics.

- In Fiscal Year 2023, CROQUIS actively explored the use of fabrics by launching a unique "one-piece cut" T-shirt, and also made a tote bag by folding the leftover materials. This maximised the zero-waste utilisation of materials and passed on the concept of environmental protection to consumers.



3.5 PROTECTING INTELLECTUAL PROPERTY RIGHTS

The intellectual property is an important indicator of the core competitiveness of the Group, and the quantity and quality of the patents and copyrights reflect our innovation and R&D level. We strictly abide by all laws and regulations related to intellectual property, such as the Trademark Law of the People's Republic of China (《中華人民共和國商標法》), the Patent Law of the People's Republic of China (《中華人民共和國專利法》) and the Copyright Law of the People's Republic of China (《中華人民共和國著作權法》). Since its establishment, the Group has always attached great importance to the registration and protection of intellectual property rights ("**IPR**"), continues to increase its R&D investment, and pays great attention to patent innovation. For the protection of IPR, standardised management of our intellectual property is conducted on division bases, and the related registration and protection process is clarified to ensure the effectiveness of the company's intellectual property. Our Public Affairs Department has established clear registration procedures for trademarks, patents and copyrights. The use of trademarks is controlled by each brand's Business Center, and the right protection efforts related to trademarks and products are uniformly managed by the Public Affairs Department and the Legal Department.

In Fiscal Year 2023, the Group conducted IPR training to clarify the definition of IPR, communicate relevant provisions of laws and regulations and explain matters requiring attention in daily work to enhance employees' IPR awareness. More than 200 employees attended the training and signed the Integrity Undertakings (《誠信承諾書》) and Declaration of Originality (《原創聲明》). Meanwhile, the Group has put online the Guidelines on Work Related to IPR (《知識產權相關工作指引》) to guide all employees to develop awareness of and support IPR protection.

By the end of Fiscal Year 2023, the Group had a total of 760 trademarks, 86 patents (including design, invention and utility model patents), and 289 copyrights.

Note: In this Fiscal Year, the Group updated its approach to account for intellectual property data with reference to the Madrid Agreement Concerning the International Registration of Marks (《商標國際註冊馬德里協定》), and the basis of accounting for Madrid international trademarks was changed into the number of countries they have successfully designated, in an effort to manage the international trademarks better.

4 BUILDING A COMPLIANCE CULTURE FOR RESPONSIBLE OPERATION

We are committed to fostering a corporate culture of integrity and honesty by practising strict business ethics in our operations and optimising internal controls and the anti-fraud system. Meanwhile, we focus on maintaining information security and privacy security to provide consumers with a safe and secure shopping experience. We implement stringent supply chain management for our suppliers to create a responsible and sustainable supply chain, and continue to provide high-quality, environmentally-friendly, socially friendly and ethical products.

4.1 COMMITMENT TO BUSINESS ETHICS

The Group upholds the concepts of integrity and honesty, diligence and responsibility, strictly abides by all laws and regulations related to business ethics, such as the Company Law of the People's Republic of China (《中華人民共和國公司法》), the Law of the People's Republic of China Against Corruption and Bribery (《中華人民共和國反貪污賄賂法》), the Anti-Unfair Competition Law of the People's Republic of China (《中華人民共和國反不正當競爭法》), and the Interim Provisions on Banning Commercial Bribery (《關於禁止商業賄賂行為的暫行規定》). We make every effort to improve the business ethics supervision and management mechanism and related systems and norms, and have formulated and issued relevant regulations such as the Internal Audit Policy (《內部審計制度》), the Anti-fraud Policy (《反舞弊制度》), the Credibility and Integrity System (《誠信與廉潔制度》), the Code of Conduct for Employee (《員工行為準則》) and the Employees' Reward and Punishment Policy (《員工獎懲制度》), practising high standards of integrity and ethics, anti-corruption business norms and zero tolerance for corrupt. Meanwhile, we have signed the Integrity Undertakings (《誠信承諾書》) with key personnel in our major business departments, customers, suppliers, etc., to continuously strengthen the integrity management of the Group and to eliminate bribery, extortion, fraud, money laundering and other unlawful behaviours.

We enforce zero tolerance for corruption, continuously optimise compliance consultation and complaint reporting channels, and diligently implement a whistle-blowing protection mechanism to strengthen integrity building. We have set up a 7*24-hour reporting hotline, integrity mailbox, DingTalk reporting channel and mailing address, as well as a direct submission channel for integrity complaints on the official website, which are made available to all employees, customers, suppliers and partners to encourage internal employees and external parties to report suspicious behavior. The Internal Audit Department is responsible for accepting and evaluating all kinds of complaints, and transferring, assigning or supervising these cases according to the actual situations. Employees who are proved to have committed fraud will be punished in accordance with relevant regulations; if any law is violated, the case will be transferred to the judicial organ. Involved staff are required to keep confidential anonymous complaints and reporters. The legitimate rights of real-name and anonymous reporters are protected, and it is ensured that they will not suffer unfair treatment due to reporting.

➢ **Reporting Channels:**

- Integrity mailbox: LZ@jnby.com
- 7*24-hour reporting hotline: 0571-88496199
- DingTalk reporting: JNBY -> Employee Feedback -> I want to report
- Company's website: http://www.jiangnanbuyigroup.com.cn About us ->Contact us ->Red Flag Hotline
- Mailing address: JNBY Group, Floor 3, Building 2, OōELi, No.398, Tianmushan Road, Xihu District, Hangzhou, Zhejiang Internal Audit Department (receiving)

We continue to advocate the concept of anti-corruption and integrity, and enhance the overall awareness of integrity and compliance across the Company through regular compliance training for employees and the Board of Directors. In this Fiscal Year, we conducted business ethics training for all directors, emphasizing the importance of honesty and integrity by means of case studies, interpretation of laws and so on. In addition, the Group regularly conducted special audits to evaluate and update the Group's internal controls and implement rectification measures. The Group also required the Human Resources Center to investigate the educational background, work experience, integrity and behavior records of the applicant/employee to be recruited or promoted to important positions. It is prohibited to recruit or promote anyone with a record of fraud to an important position.

By the end of this Fiscal Year, there was no corruption case in the Group.

4.2 PROTECTING INFORMATION SECURITY AND PRIVACY

Protection of information security and privacy is not only a legal obligation, but also the cornerstone of building trust with our consumers, employees and partners. We strictly comply with the Data Security Law of the People's Republic of China (《中華人民共和國數據安全法》), the Personal Information Protection Law of the People's Republic of China (《中華人民共和國個人信息保護法》) and other relevant laws and regulations, and have formulated the Information Security and User Privacy Protection Measures (《信息安全與用戶隱私保護措施》) to standardise the management of data security involved in the relevant business processes of business departments and third-party suppliers, and to mitigate the data security risks. We have established an information security structure comprising an Information Security Committee, Information Security Leadership Team and Information Security Task Force to ensure the effective operation of our information security management system. In this Fiscal Year, we engaged external providers to work on compliance with personal privacy protection.

To protect member's interests, we take the initiative to remind customers to sign the relevant usage agreement and subscription instructions during the membership registration. Meanwhile, we manage account permissions strictly in the member management system and customer relationship management system. SkyGuard background policy is adopted, and SkyGuard client-side is installed to limit access to authorised personnel. Customer-related data are collected and processed in a fair and legal way and on a necessary basis, and measures are taken to ensure such data will not be viewed, processed, deleted or used without authorization. Any unauthorised or accidental use, deletion, disclosure or transfer of such information to a third party without authorization will be addressed seriously. In addition, we arrange routine inspections of the machine room and make use of various technologies and means to monitor and record the operation and maintenance personnel's operations on servers, network equipment, databases and other equipment.

We require all employees to sign the Integrity Undertakings (《誠信承諾書》) before onboarding, and to strictly abide by the relevant confidentiality obligations in the Code of Conduct for Employees (《員工行為準則》) and the Credibility and Integrity System (《誠信與廉潔制度》). In the event of non-compliance and disciplinary offenses, employees will be punished accordingly in accordance with the relevant requirements of the Employees' Reward and Punishment Policy (《員工獎懲制度》). The Online Customer Regulations (《在線客戶規範》) require all service personnel to protect customer privacy strictly, and the Customer Satisfaction Center has set up rules to specify dos and don'ts for its posts to prevent the disclosure of the Group's trade secrets and customer information. In addition, we attach importance to employee data security training, and constantly emphasize the importance of ensuring data security and protecting customer privacy in our internal training centers. In this Fiscal Year, we conducted training for our employees on topics like information security incidents, internal data protection, legal requirements, and information security loopholes.

In the past three years, no events related to privacy disclosure occurred in the Group.

4.3 PROMOTING SUSTAINABLE SUPPLY CHAIN

We follow the principles of fair and just procurement, continuously improve our supplier management system, and strengthen the partnership with our suppliers to promote the sustainable development of supplier management. Under the premise of the "ethical and responsible" mode, we continuously convey the concept of sustainability to our suppliers to ensure that we provide consumers with high-quality, environmentally-friendly, socially-friendly and ethical products, and build a responsible supply chain as a result.

4.3.1 Grading access system

The Group has established strict standards and processes for supplier admission. For instance, the business units and the finance and legal departments are all engaged to jointly verify whether the supplier is involved in any legal disputes or exposed to any operational and other partnership risks to ensure that they are safe and reliable. In addition, we make clear in the contract that our suppliers shall fulfil the commitments on organisational certification, IPR, and confidentiality, and maintain a list of qualified suppliers that we would cooperate with when there is a usable quota.

By the end of Fiscal Year 2023, the Group had 723 suppliers, 96 of which were newly approved in Fiscal Year 2023.

KPIs	Number of suppliers
Suppliers in China	715
Suppliers overseas	8

Note: In this Fiscal Year, the Group has optimised the statistical method for supplier management, with suppliers classified into approved Tier 1 and Tier 2 suppliers of raw materials and garments in bulk.

4.3.2 Assessment and evaluation

To effectively obtain first-hand information about each supplier's integrity, quality, delivery date, degree of cooperation and after-sales service, control the supplier's capacity and business matching and ensure the quality and timeliness of completion of orders, the Production and Procurement Center has set up an evaluation team with relevant departments to regularly and strictly conduct evaluations on suppliers based on contract performance (contract performance rate, defective product rate, etc.), manual evaluation results (supplier's development and innovation ability, long-term development capacity, cooperation degree, etc.) and objective data (information from third-party platform, factory audit results, ESG indicators, etc.). Meanwhile, to strengthen the management responsibility of purchasing managers, the management of suppliers is pegged to their annual performance. The list of suppliers is updated according to the level of suppliers, and then we decide whether to prioritise any suppliers for cooperation and make necessary order adjustments based on the list.

4.3.3 Management of environmental and social risks

The Group has established the Code of Conduct for Suppliers (《供應商行為準則》), which specifies multiple environmental and social indicators and requires suppliers to comply with all applicable laws and regulations.

We have incorporated ISO 14001 and ISO 9001 performance indicators into the supplier management and evaluation system to examine the employment of suppliers and environmental protection, so as to avoid relevant risks.

In the selection and investigation of sustainable raw materials suppliers, we pay attention to the relevant environmental protection certification of suppliers, including Global Organic Textile Standard (GOTS), Bluesign Certificate, OEKO-TEX label, GRS, etc. A unified management system of sustainable supplier lists has been established to reduce the environmental and social risks in the process of sustainable procurement.

For environmental risk management, the Group requires suppliers to comply with all relevant environmental laws, regulations and rules in factories and communities where they operate, give priority to the use of pollution-free or low-pollution production processes, equipment and environmentally friendly materials, and continue to practice environmental protection in all related business cooperated with us to achieve sustainable development.

For social risk management, the Group requires suppliers to ensure compliance in employment and prohibit forced labour, child labour, discrimination, harassment and abuse in their factories and in the communities where they operate. The Group also ensures that employees enjoy the right to freedom of association and collective bargaining, provides employees with a safe and healthy workplace, conducts regular work-related safety and health training for employees, and maintains strict confidentiality of information in the course of cooperation.

In addition, the Group requires its suppliers to conduct their daily activities with honesty, integrity and transparency, and to refrain from any form of corruption, bribery and extortion.

5 TRANSITION TO LOW CARBON FOR GREEN DEVELOPMENT

JNBY regards environmental sustainability as one of the pillars of the Company's sustainability strategy. We strictly abide by the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》), the Energy Conservation Law of the People's Republic of China (《中華人民共和國節約能源法》) and other relevant laws and regulations, and continuously improve our environmental management system and the environmental management measures. In addition to selecting environmentally-friendly fabrics and paying attention to the carbon footprint of our products, we are conscious of the impact of our operations on the environment and we promote green measures and awareness to contribute to the better protection of the planet.

5.1 PROMOTING GREEN OPERATIONS

The Group is committed to supporting environmental sustainability by focusing on the details and constantly trying new initiatives to save electricity, water and paper in our daily operations. In this way, we promote energy saving and emission reduction to avoid waste of resources. We have adopted a series of measures to reduce the consumption of resources:

Saving electricity

- Optimise the switching and layout of lighting equipment to reduce electricity waste
- Further optimise the rules on the use of air conditioners, lights and curtains, and formulate the rules on the use of seasonal equipment to reduce energy waste
- Rules on the lifting of curtains have been made. The curtain height is controlled strictly according to hours considering regions and climate/weather to reduce energy consumption and ensure the suitable temperature in the building

Saving water

- Water-saving slogans are posted in office places and induction faucets are installed to improve water utilisation

Saving paper

- Save paper and reduce unnecessary printing times by such means as reducing the number of printers, default printing on both sides and calling for reuse via reminders

➢ **Emission Reduction Target：**

- By the end of Fiscal Year 2027, the annual electricity consumption per workstation and the annual water consumption per workstation of the Group's headquarters in O ō ELi, Hangzhou will decrease by 10% and 10%, respectively (as compared with Fiscal Year 2022)

In Fiscal Year 2023, the Group's KPIs for use of resources are as follows:

KPIs	Fiscal Year 2023	Fiscal Year 2022
Electricity consumption (MWh)	2,596.0	2,333.4
Electricity consumption per workstation (MWh/workstation)	1.8	1.7
Total energy consumption (MWh)	2,676.4	2,424.1
Including: Indirect energy consumption (MWh)	2,596.0	2,333.4
Direct energy consumption (MWh)	80.4	90.7
Energy consumption per workstation (MWh/workstation)	1.9	1.8
Water consumption (tons)	10,783.0	13,321.0
Water consumption per workstation (tons/workstation)	12.5	15.9
Consumption of packaging materials (tons)	1,205.4	1,215.5

Notes：

1. As the canteen is operated by a third party, the Group adjusted the scope of electricity and water consumption for Fiscal Year 2022 by excluding the figures of the canteen, and saw changes in electricity consumption, total energy consumption, indirect energy consumption, water consumption, and water consumption per workstation.

2. The energy consumed by the Group included electricity used in offices and motor vehicle oil. The total energy consumption was calculated according to the electricity consumption, oil consumption and the default values of fossil fuel related parameters as shown in the Appendix 1 of the Accounting Method and Reporting Guidelines of Greenhouse Gases Emissions of the Public Constructions Operating Enterprises (《公共建築運營企業溫室氣體排放核算方法與報告指南》) issued by the National Development and Reform Commission.

3. In this Fiscal Year, there was a decrease in the number of employees working from home and an increase in the electricity consumption and water consumption per workstation due to the high temperatures in the Group's main operating locations compared to Fiscal Year 2022.

4. Domestic water from municipal water supply accounted for the main part of the Group's water consumption. Therefore, there was no problem in obtaining appropriate water source.

5. As the Group outsourced its production process, only the logistics center used packaging materials. Therefore, this report only discloses the consumption of packaging materials in the logistics center. The proportion of packaging materials used by each production unit is not applicable here.

6. The Group had no significant impact on the environment and natural resources during its operation. Therefore, A3 (The Environment and Natural Resources) and its key performance indicator A3.1 (Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them) are not applicable, relevant information is not disclosed in this ESG Report.

We continue to strengthen emission management and take a number of measures to reasonably control waste, strive to eliminate pollution at the source, and reduce the generation and emission of pollutants during its production and operation.

- Membership information has been electronically managed. Physical cards are replaced with electronic membership cards and electronic coupons;

- Garbage classification has been strictly enforced. Recycle bins are placed at locations where the garbage is generated, and the types of recycle bins are based on the types of garbage.

In Fiscal Year 2023, the Group's KPIs for emissions are as follows:

KPIs	Fiscal Year 2023	Fiscal Year 2022
Total GHG emissions (Scopes 1 and 2) (tCO_2e)	1,500.2	1,663.9
Direct GHG emissions (Scope 1) (tCO_2e)	19.7	22.3
Energy indirect GHG emissions (Scope 2) (tCO_2e)	1,480.5	1,641.6
GHG emissions per workstation (tCO_2e/workstation)	1.0	1.2
Wastewater amount (tons)	8,626.4	10,656.8
Total amount of non-hazardous waste (tons)	160.1	170.3
Total amount of non-hazardous waste per workstation (Kg/workstation)	111.8	123.3

Notes：

1. As the canteen is operated by a third party, the Group adjusted the scope of electricity consumption, wastewater amount and total amount of non-hazardous waste for Fiscal Year 2022 by excluding the figures of the canteen, and saw changes in total GHG emissions (Scope 1 and Scope 2), energy indirect GHG emissions (Scope 2), wastewater amount, total amount of non-hazardous waste, and total amount of non-hazardous waste per workstation.

2. Based on its operations, the Group's greenhouse gas emissions mainly consist of the direct greenhouse gas emissions from the gasoline consumption of the Group's vehicles (Scope 1) and the indirect greenhouse gas emissions of energy caused by purchased power (Scope 2).

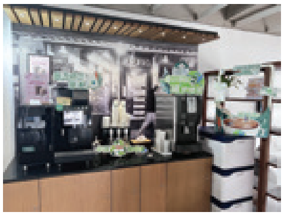
3. Greenhouse gas inventory includes carbon dioxide. GHG emissions are in carbon dioxide equivalence and is calculated based on the Accounting Method and Reporting Guidelines of Greenhouse Gases Emissions of the Public Constructions Operating Enterprises (《公共建築運營企業溫室氣體排放方法與報告指南》) issued by the National Development and Reform Commission, in which the electricity emission factor arising from purchased electricity in Fiscal Year 2023 is calculated using the emission factor for power grids in the Notice on Proper Management of GHG Emission Reporting of Enterprises in the Power Generation Industry from 2023 to 2025 (《關於做好2023–2025年發電行業企業溫室氣體排放報告管理有關工作的通知》) issued by the Ministry of Ecology and Environment.

4. The Group's operations do not involve the discharge of industrial wastewater. And the domestic wastewater generated from office space in daily operations is discharged into municipal pipelines for unified treatment.

5. The wastes generated in the Group's daily operations mainly include non-hazardous waste such as office waste and a small amount of hazardous waste such as toner cartridges and ink cartridges. Domestic waste is uniformly treated by the municipal agencies. Toner cartridges are recycled by the suppliers. Therefore, KPI A1.3 (Total hazardous waste produced (in tons) and, where appropriate, intensity) is not applicable.

We advocate recycling and reducing waste, and continuously promote the low-carbon and green concept of environmental protection to employees, in a bid to create a green office atmosphere. In Fiscal Year 2023, we carried out activities such as using self-owned coffee cups, the "Operation Refrigerator" and the "Tea Garden on the Rooftop", aiming to enhance employees' environmental protection awareness and capabilities and put sustainable development into practice with them.

- The activity of using self-owned coffee cups encourages employees to bring their own coffee cups to reduce the use of paper/plastic coffee cups;
- The "Operation Refrigerator" encourages employees to consume food stored in the refrigerator in time to reduce food waste and maximise resources;
- The "Tea Garden on the Rooftop" is located at the rooftop of the O ō ELi headquarter, which uses natural sunlight to grow tea and reduces energy consumption and GHG emissions during tea planting, packaging and transportation.



Self-owned cups when buying coffee

Operation Refrigerator

Tea Garden on the Rooftop

5.2 TACKLING CLIMATE CHANGE

Our business relies on the sustainability of the environment. We are also aware that the mitigation of and adaptation to global climate change require participation and response of all. Therefore, we actively respond to the country's commitments and objectives related to carbon peaking and carbon neutrality, attach great importance to the impact of our own business on climate and the environment, and strive to take measures to mitigate global warming during business operations. We also take an active role in addressing potential operation risks posed by problems such as extreme weather and natural disasters, and work with employees, customers, supplier partners and communities to cope with climate changes.

In October 2021, JNBY became one of the first fashion brands to join the "30 • 60 Campaign" (China Fashion Brands for Swift Actions in Climate-related Innovation and Carbon Neutrality Campaign). In Fiscal Year 2023, we participated in drafting the association standards of the Technical Specification for Carbon Footprint of Products — Textile Products for Children (《產品碳足跡評價技術規範童裝》) launched by entities such as Zhejiang Light Industrial Products Inspection and Research Institute. The standards provided details on the procedures and specific requirements of quantifying the carbon footprint of textile products for children in the full life cycle.

In order to actively address the potential operational risks that might be brought by extreme weather and natural disasters, we have established and implemented the Emergency Plan for Extreme Weather Disasters (《極端天氣災害應急預案》). We have established an emergency rescue leading group and an emergency rescue team with clear responsibilities, and the extreme weather is being monitored closely to avoid or mitigate the negative impacts of extreme weather on the Company's normal operation to the greatest extent, ensure the safety of the Company's property and employees' lives and property, and improve the Company's general ability in an emergency. In order to improve the handling capacity of the Group's employees in sudden extreme weather, we carry out an emergency drill for extreme weather disasters every three years, actively strengthen the publicity of emergency knowledge and provide regular training, so as to improve the awareness of prevention and risk-avoiding ability of employees.

6 BUILDING HAPPY WORKPLACES WITH A HUMAN TOUCH

At JNBY, we respect the creativity and motivation of every employee and care about employees with the people-oriented approach. We fully consider employees' welfare, empower their career development, and build a working environment for them that is safe, healthy and comfortable. We hope that all employees can develop their potential in JNBY and realise the balance between career and beautiful life in a diverse, equal and inclusive working environment.

6.1 TALENT ATTRACTION AND RETENTION

We regard talents as the most valuable core competitiveness, respect employees' legitimate rights and interests, and provide employees with a remuneration and benefits system that is fair, reasonable and competitive. We are also committed to creating a diverse, equal and inclusive working environment to stimulate employees' working enthusiasm better and attract and retain talents.

6.1.1 Labour standards

The Group strictly abides by the Labour Law of the People's Republic of China (《中華人民共和國勞動法》), the Labour Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》), the Provisions on the Prohibition of Using Child Labour (《禁止使用童工規定》) and other relevant laws and regulations, and eliminate all potential illegal employment practices such as the employment of child labour and forced labour. Before employment, we strictly follow the identity review process, and all applicants shall present true and valid evidence of their identification to prevent the risk of child labour. Immediately after noticing any misuse of child labour, we will immediately terminate the labour contract with such labour and take proper follow-up measures in strict compliance with laws and regulations.

The Group adopts the standard working hour system, the integrated working hour system and the irregular working hour system, and has obtained the permission from the competent administrative department. In addition, if an employee needs to work overtime due to work needs, he/she is required to apply for overtime work in advance to obtain approval from his/her superior. To avoid violation of labour standards, the Human Resources Center has set limits on overtime hours for each business department and carries out supervision and inspection.

In Fiscal Year 2023, no violations related to the employment of child labour or forced labour occurred in the Group.

6.1.2 Equal opportunities and diversity

We are committed to creating a diverse, equal and inclusive working environment. During employment, we ensure that we treat every employee equally and will not discriminate against every employee due to factors such as race, gender, skin colour, age, family background, ethnic tradition, religion and physical quality, and we allow every employee to have the same opportunity in respect of recruitment, promotion, benefits and welfare. We respect every employee, and strictly prohibit any form of corporal punishment, threats of violence or any other form of verbal, physical, psychological and gender disciplinary measures, including any form of sexual harassment, sexual abuse, corporal punishment, mental or physical oppression or verbal insults, etc.

We establish the labour union to better protect employees' rights and interests, listen to their voices and enrich their leisure activities. By the end of Fiscal Year 2023, members of the labour union of JNBY had reached over 1,200, accounting for 79.6% of all the employees. In this Fiscal Year, the labour union held employee activities such as the dragon boat contest, the subdistrict basketball game, and the friends-making activity.

By the end of Fiscal Year 2023, we had a total of 1,508 full-time employees in China. The employee structure is shown in the following figure:

KPIs		Number of employees
Gender	Male	503
	Female	1,005
Age group	Under 30 years old	350
	30–50 years old	1,046
	Above 50 years old	112
Geographical region	Hangzhou	1,440
	Shanghai	16
	Beijing	6
	Other cities	46
Employment type	Senior management (responsible for strategies)	42
	Middle-level management (responsible for planning)	147
	Junior-level employee (responsible for implementation)	1,319

6.1.3 Diverse talent attraction

Adhering to the principle of fair and open recruitment, the Group has established the Headquarters' Recruitment Management Policy (《總部招聘管理制度》) and the Administrative Measures for Overseas Recruitment in Direct-sale Stores (《駐外直營招聘管理辦法》). We continuously improve the recruitment management system to attract high-quality talents. We recruit industry talents through diversified ways such as internal recommendation, campus recruitment and social recruitment. We have developed MOKA, an intelligent recruitment management system and eHR, an electronic human resource management system, in order to improve recruitment efficiency and upgrade the employee servicing mode.

➢ **Campus recruitment by JNBY**

In Fiscal Year 2023, we participated in 8 in-person mutual selection recruitment meetings held by Zhejiang University, China Academy of Art, Zhejiang Gongshang University and other universities, as well as 1 campus recruitment talk held by Zhejiang Sci-tech University to attract more outstanding talents. Moreover, we recruited outstanding talents in a "contactless" live broadcast mode. We held 1 BOSS — Foreign Students special live voice chat, and 2 live broadcast recruitment meetings of direct-sale terminal positions, attracting more than 2,000 viewers in total.

Recruitment talk in Zhejiang Sci-tech University

Live broadcast recruitment

In response to employee resignation, we have established the Headquarters Resignation Management System (《總部離職管理制度》) to standardise the resignation process and relevant authority at each point, and prohibit unfair or unreasonable dismissal in any form, so as to protect the legitimate rights of the Group and resigning employees. In this Fiscal Year, the Group's turnover rate is listed in the following table:

KPIs — turnover rate		Employee
Gender	Male	15.0%
	Female	15.0%
Age group	Under 30 years old	25.8%
	30–50 years old	11.1%
	Above 50 years old	11.8%
Geographical region	Hangzhou	14.9%
	Shanghai	20.0%
	Beijing	25.0%
	Other cities	14.8%
Total		15.0%

Note: Turnover rate = the cumulative number of resigned employees of a category in the year (L)/(the number of finally retained employees of this category in the year + L) × 100%.

6.1.4 Remuneration and benefits

In order to give full effect to remuneration as a means to attract, retain and motivate talents, we have formulated the Headquarters Remuneration Management System (《總部薪酬管理制度》), pursuant to which, the Group follows the principles of "efficiency, fairness and compliance", and determines and adjusts salary and rewarding systems in a scientific manner, allowing employees to be reasonably compensated commensurate to their contributions and motivating employees at different levels and positions.

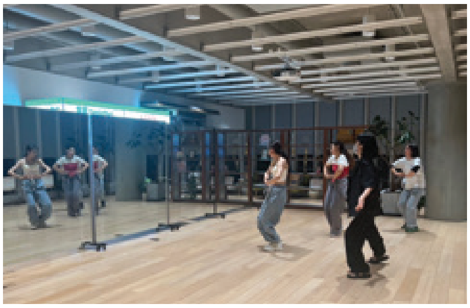
Our employees are entitled to national statutory benefits, including social insurance, housing provident fund, subsidy for high temperature, paid leave, etc. Employees' leave includes personal leave, sick leave, work injury leave, prenatal check-up leave, maternity leave, nursing leave, marriage leave, bereavement leave and annual leave. In addition, our employees enjoy additional welfare leave that is characteristic of JNBY, including filial piety leave, (headquarters employee) serving age leave, parental leave and (one-child) nursing leave. In the meantime, employees are entitled to various supplementary benefits, such as holidays, annual physical examinations, mutual medical assistance, welfare benefits (canteen, commercial insurance, annual travel, etc.), business travel subsidies and employee purchase, which improve employees' sense of happiness and belonging in a comprehensive way.

We organise diversified activities to maintain the work-life balance of our employees and enhance their sense of belonging. We have established 5 employee clubs called "Cola Clubs" to organise activities periodically, which are opened to all employees for free and accept new joiners all the time. In addition, we organise annual meetings, sports meetings, birthday parties, Christmas activities and others on a regular basis to enhance employees' sense of happiness. In Fiscal Year 2023, the Badminton "Cola Club" and Basketball "Cola Club" held a total of 41 and 33 activities respectively, and the Yoga "Cola Club" organized 113 lessons in total.

Basketball "Cola Club"

Table Tennis "Cola Club"

Yoga "Cola Club"



Hip-Hop "Cola Club"

Badminton "Cola Club"

➢ The twisted bear handicraft making activity on the "Women's Day"

In Fiscal Year 2023, we organised the "You Are Glamorous" activity on the "Women's Day". Employees joined the Sesame Lab designers in making adorable twisted bear handicrafts, enjoying the fun of making handicrafts in leisure time, while breathing new life into scraps of fabric and cotton.

The twisted bear handicraft making activity on the "Women's Day"

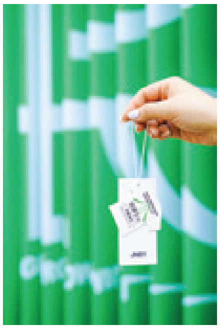
➢ The collage activity of the Mid-Autumn Festival

In the Mid-Autumn Festival of this Fiscal Year, we collaborated with Sesame Lab in organising the "Jade Rabbit Flying to the Moon — Themed Creative Handicraft Workshop". Recycled fabric scraps were utilised to make personalised creative collages, spreading the ESG concept while we were celebrating the great festival with employees.

The collage activity of the Mid-Autumn Festival

➢ The "Resilient True Growth" themed annual meeting

In May 2023, we held the "Resilient True Growth" themed annual meeting. In this annual grand meeting of the Company, ESG elements were integrated into the link arrangement, material preparation and other parts of the meeting, in order to better communicate the concept of sustainable development to employees. For instance, the entrance tickets of the annual meeting were made of recycled clothing tags, which were both environmentally-friendly and creative; the bouquets for the awarding ceremony were made of yarn scraps and knitted by hand completely, which were extremely memorable; in addition, small games of garbage recycling were also carried out in the annual meeting to convey the environmental concept of garbage sorting.



Entrance tickets of the annual meeting

The fluffy flower of glory

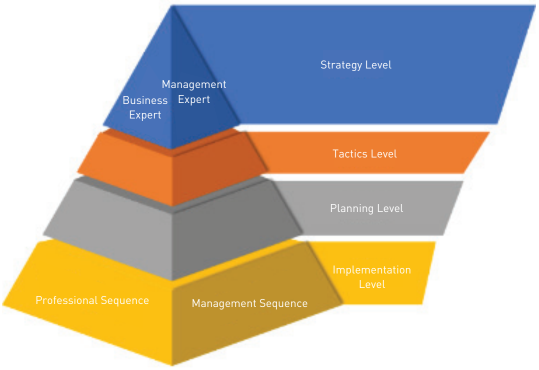
Small games of garbage recycling

6.2 TALENT CULTIVATION AND DEVELOPMENT

For long-term development, we continuously double down on talent encouragement and cultivation, provide smooth career development channels for employees, and improve the education and training system. We offer employees extensive platforms for training and development, in a bid to continue delivering high-level, high-quality and high-standard talent teams for the steady development of JNBY.

6.2.1 Empowering career development

We hope to provide platforms and opportunities for employees to achieve their individual value and realise their career dreams. We build a "fair, just and open" competition mechanism to provide double channels of development opportunities for employees. We divide internal positions horizontally into professional sequence and management sequence based on the features of different working positions, and connect targeted promotion channels between horizontal and vertical development, in order to meet the development pursuits of employees in different businesses, regions and fields, and realise their individual value growth.



JNBY employee career development channel

6.2.2 Enriching employee training

We attach great importance to employees' comprehensive quality and career growth, and provide extensive development platforms to help employees with their career development. We have established the Headquarters' Administrative Measure for Training (《總部培訓管理辦法》). With principles of systematicness, institutionalisation, initiative, diversification and efficiency, we carry out training work in a sustainable, reasonable and efficient manner, and provide employees with multi-level and multi-channel learning and development opportunities, so as to build a learning organisation and continuously improve our competitiveness. We combine training needs with resource allocation, and training objectives with enterprise strategy to continuously improve employees' knowledge level and drive their career development.

We provide employees with various forms of training such as expatriate training, inviting external lecturers to provide training, internal training and online training. We also develop and monitor the annual training plan, and organise exams, practical operations, on-site quizzes and knowledge contests to evaluate the training results. To help new employees get familiar with and adapt to the company's culture, systems and code of conduct, know about the Group and their jobs, and be competent for their work as soon as possible, we organised induction training and on-the-job training for new employees, providing information on company history, corporate culture, rules and regulations, job responsibilities, work norms, etc. In order to help the development of retained employees, we provided knowledge and skills training required for their positions, including general skills training, professional skills training and management skills training. In addition, we encourage employees to spend leisure time actively participating in trainings to build their talents, in order to constantly improve employees' knowledge level and career development capabilities.

In Fiscal Year 2023, we conducted a series of employee training such as sustainable fashion and leadership training. We also communicated the ESG concept through the ESG "Fabrics Talk", in order to improve employees' quality and professionalism and enrich their knowledge spectrum.

Sustainable fashion training

M+ leadership training camp

L+ leadership training camp

➢ ESG "Fabrics Talk"

ESG "Fabrics Talk" is an internal ESG sharing programme developed by JNBY. Through contents such as sustainable fabrics sharing, sustainable innovation design and ESG social welfare activities, it aims to make employees aware of the progress in sustainable development made by JNBY and promote better interactions with employees. In this Fiscal Year, a total of 15 episodes of ESG "Fabrics Talk" were published, which conveyed the ESG concept to employees, and encouraged them to put sustainable development into practice in both work and life.

ESG "Fabrics Talk" on yakwool

In Fiscal Year 2023, 97.0% of employees in the Group received training and the average training duration per employee was 26.2 hours. The details about training are shown in the following table:

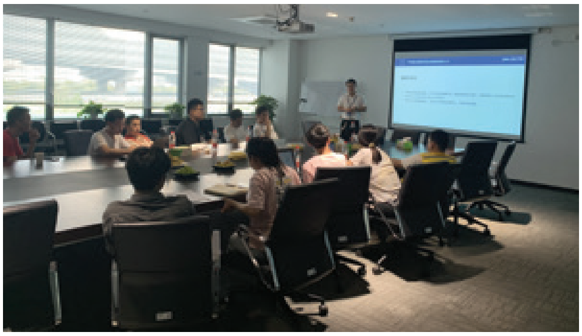
KPIs		Percentage of employees received training	Average training hours duration per employee
Gender	Male	31.1%	25.7
	Female	68.9%	26.4
Employment type	Senior management (responsible for strategies)	2.9%	34.1
	Middle-level management (responsible for planning)	10.0%	166.2
	Junior-level employee (responsible for implementation)	87.1%	10.4

6.2.3 Caring about health and safety

The Group is committed to providing a healthy and safe working environment for employees, strictly abides by the requirements of national laws and regulations such as the Work Safety Law of the People's Republic of China (《中華人民共和國安全生產法》), the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases (《中華人民共和國職業病防治法》), the Fire Protection Law of the People's Republic of China (《中華人民共和國消防法》) and the Measures for the Administration of Contingency Plans for Work Safety Accidents (《生產安全事故應急預案管理辦法》), and has established a series of rules and regulations such as the Headquarters' Work Safety Management Policy (《總部安全生產管理制度》), the Comprehensive Contingency Plans for Work Safety Accidents (《安全生產綜合應急預案》), the Employees Occupational Injury Management Regime (《員工工傷管理制度》) and the Security Management Policy (《保安管理制度》). To this end, we establish a long-term effective mechanism of identifying and eliminating the potential risks of safety production accidents, improve our employees' abilities to deal with risks and prevent accidents, and continue improving occupational health and safety management for the Group's employees.

To guarantee employees' health and safety, we put emphasis on safety culture development, conduct regular safety training and drills, and continuously cultivate and enhance employees' ability to deal with safety emergencies. In this Fiscal Year, we organised safety training for new employees, safety knowledge training for management personnel, fire drills, skill training for the voluntary fire brigade and other activities, to further improve employees' safety awareness and skills.

Safety training for new employees



Safety knowledge training for management personnel

Fire drills

Skill training for the voluntary fire brigade

We pay great attention to employees' occupational health. We organise physical examinations for all employees once every year to prevent and control diseases and protect employees' health in a comprehensive manner. In addition, we regularly carry out occupational health knowledge training to improve employees' awareness and skills of occupational health and safety, and prevent and lower the occurrence rate of safety accidents and occupational diseases. In Fiscal Year 2023, the Group's key performance indicators are shown in the table below:

KPIs	Employees
Number of work-related fatalities (Fiscal Year 2023)	0
Number of work-related fatalities (Fiscal Year 2022)	0
Number of work-related fatalities (Fiscal Year 2021)	0
Lost days due to work injuries (Fiscal Year 2023)	44.5 days

7 FOCUSING ON PUBLIC WELFARE AND SHARING BEAUTIFUL LIFE

We bear in mind our missions as corporate citizens, always persist in the original mission of "realising corporate value while giving back to the society", spare no effort to participate in social welfare activities, and bring more positive energy to society. In Fiscal Year 2023, the Group actively organised and participated in various social welfare activities. We continued to invest resources in areas such as education assistance, rural revitalisation and children's healthy growth, with the total charitable donations and other donations accumulating to RMB260 thousand.

➢ Central Saint Martins College of Art & Design Scholarship

We hope to expose more talented students to cutting-edge international art and fashion concepts, advance the development of original and innovative design, and cultivate and motivate international fashion design talents. Therefore, we carry out scholarship cooperation with Central Saint Martins College of Art & Design, which lasts for three years. Fiscal Year 2023 is the second year of the scholarship cooperation. We continued providing scholarships to support and encourage the growing international fashion design talents, and assisted in the sustainable development of talents in the fashion industry.

➢ Rural Targeted Aid Programme in Guangyuan City, Sichuan Province

We actively respond to the national rural revitalisation strategy and concept of common prosperity, in order to support and promote all-round way rural revitalisation. In Fiscal Year 2023, we reached a village-enterprise targeted aid relationship with Duiping Village, Qiaozhuang Town, Qingchuan County, Guangyuan City, and donated RMB50 thousand to the village committee of Duiping Village for the assistance with industry development and the promotion of industry revitalisation.

➢ Children's Safety Escort Plan

We are eager to participate in and support the education cause, and launched the "Children's Safety Escort Plan" in 2021. Through standardised safety education lessons and themed training camp activities, the plan aims to improve the self-protection capability and the protection level of teenagers in the face of natural disasters and accidental injuries in mountainous regions with natural disasters taking place frequently, reducing the impact of disasters and accidental injuries.

In May 2023, the "Children's Safety Escort Plan" entered Longjiang Elementary School, Jian'ge County, Guangyuan City, Sichuan Province, and an earthquake evacuation drill was conducted for all the faculty and students in the school in memory of the victims of the Wenchuan Earthquake. The drill enhanced students' escape awareness and could reduce possible damage and losses brought by the earthquake. By the end of this Fiscal Year, the "Children's Safety Escort Plan" had opened a total of 922 children's safety-themed lessons, benefiting 42,576 students.

➢ "My First Poem" Autism Day Activities

In April 2023, jnby by JNBY, in collaboration with BY ART MATTERS and Hangzhou Autism Parent Social Work and Service Centre, launched the 16th World Autism Awareness Day activities. Themed by "My first poem", an art exhibition, a workshop and a fair were arranged to communicate with children with autism through art. We hope to encourage society to pay attention to the autism group, and create a social environment where the autism group can be accepted and tolerated more easily.

➢ LESS & "ONE NIGHT FOR CHILDREN" Public Welfare Concert

In June 2023, as a public welfare partner, LESS joined and supported "ONE NIGHT FOR CHILDREN", the public welfare programme initiated by Zhou Xun. LESS donated 1,000 canvas bags and 900 T-shirts with the combined LOGO to the 2023 "ONE NIGHT FOR CHILDREN" Public Welfare Concert, and organised a charity bazaar on site. All amounts from the charity bazaar will be used by the Amity Foundation in activities such as care for orphans with serious illness and individual companion for rural children.

APPENDIX: INDEX OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE

Aspect	Description	Title of sections
A1	**Emissions**	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	TRANSITION TO LOW CARBON FOR GREEN DEVELOPMENT > PROMOTING GREEN OPERATIONS
A1.1	The types of emissions and respective emissions data.	TRANSITION TO LOW CARBON FOR GREEN DEVELOPMENT > PROMOTING GREEN OPERATIONS
A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	TRANSITION TO LOW CARBON FOR GREEN DEVELOPMENT > PROMOTING GREEN OPERATIONS
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	TRANSITION TO LOW CARBON FOR GREEN DEVELOPMENT > PROMOTING GREEN OPERATIONS
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	TRANSITION TO LOW CARBON FOR GREEN DEVELOPMENT > PROMOTING GREEN OPERATIONS
A1.5	Description of emission target(s) set and steps taken to achieve them.	TRANSITION TO LOW CARBON FOR GREEN DEVELOPMENT > PROMOTING GREEN OPERATIONS
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	TRANSITION TO LOW CARBON FOR GREEN DEVELOPMENT > PROMOTING GREEN OPERATIONS

Aspect	Description	Title of sections
A2	**Use of Resources**	
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	TRANSITION TO LOW CARBON FOR GREEN DEVELOPMENT > PROMOTING GREEN OPERATIONS
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in'000s) and intensity (e.g. per unit of production volume, per facility).	TRANSITION TO LOW CARBON FOR GREEN DEVELOPMENT > PROMOTING GREEN OPERATIONS
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	TRANSITION TO LOW CARBON FOR GREEN DEVELOPMENT > PROMOTING GREEN OPERATIONS
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	TRANSITION TO LOW CARBON FOR GREEN DEVELOPMENT > PROMOTING GREEN OPERATIONS
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	TRANSITION TO LOW CARBON FOR GREEN DEVELOPMENT > PROMOTING GREEN OPERATIONS
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	TRANSITION TO LOW CARBON FOR GREEN DEVELOPMENT > PROMOTING GREEN OPERATIONS
A3	**The Environment and Natural Resources**	
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	TRANSITION TO LOW CARBON FOR GREEN DEVELOPMENT > PROMOTING GREEN OPERATIONS
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	TRANSITION TO LOW CARBON FOR GREEN DEVELOPMENT > PROMOTING GREEN OPERATIONS
A4	**Climate Change**	
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	TRANSITION TO LOW CARBON FOR GREEN DEVELOPMENT > TACKLING CLIMATE CHANGE
A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	TRANSITION TO LOW CARBON FOR GREEN DEVELOPMENT > TACKLING CLIMATE CHANGE

Aspect	Description	Title of sections
B1	**Employment**	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	BUILDING HAPPY WORKPLACES WITH A HUMAN TOUCH > TALENT ATTRACTION AND RETENTION
B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	BUILDING HAPPY WORKPLACES WITH A HUMAN TOUCH > TALENT ATTRACTION AND RETENTION
B1.2	Employee turnover rate by gender, age group and geographical region.	BUILDING HAPPY WORKPLACES WITH A HUMAN TOUCH > TALENT ATTRACTION AND RETENTION
B2	**Health and Safety**	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	BUILDING HAPPY WORKPLACES WITH A HUMAN TOUCH > TALENT CULTIVATION AND DEVELOPMENT
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	BUILDING HAPPY WORKPLACES WITH A HUMAN TOUCH > TALENT CULTIVATION AND DEVELOPMENT
B2.2	Lost days due to work injury.	BUILDING HAPPY WORKPLACES WITH A HUMAN TOUCH > TALENT CULTIVATION AND DEVELOPMENT
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	BUILDING HAPPY WORKPLACES WITH A HUMAN TOUCH > TALENT CULTIVATION AND DEVELOPMENT
B3	**Development and Training**	
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	BUILDING HAPPY WORKPLACES WITH A HUMAN TOUCH > TALENT CULTIVATION AND DEVELOPMENT
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	BUILDING HAPPY WORKPLACES WITH A HUMAN TOUCH > TALENT CULTIVATION AND DEVELOPMENT
B3.2	The average training hours completed per employee by gender and employee category.	BUILDING HAPPY WORKPLACES WITH A HUMAN TOUCH > TALENT CULTIVATION AND DEVELOPMENT

Aspect	Description	Title of sections
B4	**Labour Standards**	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	BUILDING HAPPY WORKPLACES WITH A HUMAN TOUCH > TALENT ATTRACTION AND RETENTION
B4.1	Description of measures to review employment practices to avoid child and forced labour.	BUILDING HAPPY WORKPLACES WITH A HUMAN TOUCH > TALENT ATTRACTION AND RETENTION
B4.2	Description of steps taken to eliminate such practices when discovered.	BUILDING HAPPY WORKPLACES WITH A HUMAN TOUCH > TALENT ATTRACTION AND RETENTION
B5	**Supply Chain Management**	
General Disclosure	Policies on managing environmental and social risks of the supply chain.	BUILDING A COMPLIANCE CULTURE FOR RESPONSIBLE OPERATION > PROMOTING SUSTAINABLE SUPPLY CHAIN
B5.1	Number of suppliers by geographical region.	BUILDING A COMPLIANCE CULTURE FOR RESPONSIBLE OPERATION > PROMOTING SUSTAINABLE SUPPLY CHAIN
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	BUILDING A COMPLIANCE CULTURE FOR RESPONSIBLE OPERATION > PROMOTING SUSTAINABLE SUPPLY CHAIN
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	BUILDING A COMPLIANCE CULTURE FOR RESPONSIBLE OPERATION > PROMOTING SUSTAINABLE SUPPLY CHAIN
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	BUILDING A COMPLIANCE CULTURE FOR RESPONSIBLE OPERATION > PROMOTING SUSTAINABLE SUPPLY CHAIN

Aspect	Description	Title of sections
B6	**Product Responsibility**	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	LEADING SUSTAINABLE FASHION WITH INGENIOUS CRAFTSMANSHIP > WHOLE-PROCESS QUALITY CONTROL
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	LEADING SUSTAINABLE FASHION WITH INGENIOUS CRAFTSMANSHIP > WHOLE-PROCESS QUALITY CONTROL
B6.2	Number of products and service related complaints received and how they are dealt with.	LEADING SUSTAINABLE FASHION WITH INGENIOUS CRAFTSMANSHIP > PREMIUM CUSTOMER SERVICE
B6.3	Description of practices relating to observing and protecting intellectual property rights.	LEADING SUSTAINABLE FASHION WITH INGENIOUS CRAFTSMANSHIP > PROTECTING INTELLECTUAL PROPERTY RIGHTS
B6.4	Description of quality assurance process and recall procedures.	LEADING SUSTAINABLE FASHION WITH INGENIOUS CRAFTSMANSHIP > WHOLE-PROCESS QUALITY CONTROL
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	BUILDING A COMPLIANCE CULTURE FOR RESPONSIBLE OPERATION > PROTECTING INFORMATION SECURITY AND PRIVACY
B7	**Anti-corruption**	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	BUILDING A COMPLIANCE CULTURE FOR RESPONSIBLE OPERATION > COMMITMENT TO BUSINESS ETHICS
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	BUILDING A COMPLIANCE CULTURE FOR RESPONSIBLE OPERATION > COMMITMENT TO BUSINESS ETHICS
B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	BUILDING A COMPLIANCE CULTURE FOR RESPONSIBLE OPERATION > COMMITMENT TO BUSINESS ETHICS
B7.3	Description of anti-corruption training provided to directors and staff.	BUILDING A COMPLIANCE CULTURE FOR RESPONSIBLE OPERATION > COMMITMENT TO BUSINESS ETHICS

Aspect	Description	Title of sections
B8	**Community Investment**	
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	FOCUSING ON PUBLIC WELFARE AND SHARING BEAUTIFUL LIFE
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	FOCUSING ON PUBLIC WELFARE AND SHARING BEAUTIFUL LIFE
B8.2	Resources contributed (e.g. money or time) to the focus area.	FOCUSING ON PUBLIC WELFARE AND SHARING BEAUTIFUL LIFE

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of JNBY Design Limited

(Incorporated in the Cayman Islands with limited liability)

Opinion

What we have audited

The consolidated financial statements of JNBY Design Limited (the "**Company**") and its subsidiaries (the "**Group**"), which are set out on pages 107 to 163, comprise:

- the consolidated balance sheet as at 30 June 2023;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("**the Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in our audit is related to impairment provision of inventories.

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment provision of inventories Refer to notes 2.12, 4(a), and 16 to the consolidated financial statements. The Group's gross inventories balance as at 30 June 2023 was RMB1,373 million, against which an impairment provision of RMB583 million was made. Inventories are stated at the lower of cost and net realisable value. Management has developed a model to assess the required amount of impairment provision of inventories as at each period end, which involves significant management judgement based on the consideration of key factors such as aging profile, future sales projection, estimated future selling prices and selling expenses of the respective inventories. We considered this is a key audit matter because of the significance of the impairment provision of inventories on the Group's balance sheet and the significant management judgement involved in determination the appropriate level of impairment provision of inventories.	Our audit procedures relating to assessment of management's estimate of impairment provision of inventories are as follows: We assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors; We understood and evaluated management's internal control and assessment process of impairment provision of inventories and tested the key controls over management's estimation of impairment provision for inventories; We evaluated the outcome of prior period assessment of impairment provision of inventories to assess the effectiveness of management's estimation process; We discussed with management and evaluated the appropriateness of the method and assumptions in the impairment provision of inventories; We assessed the reasonableness of methods and assumptions applied to the provisions by challenging management's future sales projection of quantities, estimated future selling prices and selling expenses, with reference to historical trends for the past seasons on a season-by-season basis; We tested the aging profile of inventories items on a sample basis by checking to relevant documents including the stock keeping units' records; We tested the mathematical accuracy of the calculation of the provision for inventories at the balance sheet date; We observed the physical conditions of the Group's inventories during stocktake to identify if any inventories were slow moving, damaged, or obsolete, and followed up on the management assessment and inclusion of provision on such damaged inventories in the total provision. Based on the above, we considered that management's assumptions adopted and applied in the determination of impairment provision of inventories were supportable by the evidence obtained and procedures performed.

Other Information

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and the Audit Committee for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Yuen Kwok Sun.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 7 September 2023

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(All amounts in RMB unless otherwise stated)

		Year ended 30 June	
		2023	2022
	Note	RMB'000	RMB'000
Revenue	5	**4,465,124**	4,085,868
Cost of sales	6	**(1,548,132)**	(1,478,498)
Gross profit		**2,916,992**	2,607,370
Selling and marketing expenses	6	**(1,695,076)**	(1,511,291)
Administrative expenses	6	**(445,631)**	(377,334)
Reversal of/(provision for) impairment on financial assets	6	**462**	(5,590)
Other income and gains, net	7	**81,151**	62,697
Operating profit		**857,898**	775,852
Finance income	9	**38,260**	38,180
Finance costs	9	**(45,336)**	(38,396)
Finance costs, net		**(7,076)**	(216)
Profit before income tax		**850,822**	775,636
Income tax expense	10	**(229,539)**	(216,763)
Profit for the year		**621,283**	558,873
Currency translation differences			
Items that may not be reclassified to profit or loss		**34,747**	4,581
Items that may be reclassified to profit or loss		**(13,642)**	(7,970)
Other comprehensive income/(loss)		**21,105**	(3,389)
Total comprehensive income for the year		**642,388**	555,484
Profit attributable to:			
— Shareholders of the Company		**621,292**	558,880
— Non-controlling interests		**(9)**	(7)
Total comprehensive income attributable to:			
— Shareholders of the Company		**642,400**	555,492
— Non-controlling interests		**(12)**	(8)
Earnings per share (expressed in RMB per share)			
— Basic	11	**1.24**	1.12
— Diluted	11	**1.22**	1.10

The notes on pages 112 to 163 are an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET

(All amounts in RMB unless otherwise stated)

	Note	As at 30 June 2023 RMB'000	2022 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	13	**463,151**	451,041
Right-of-use assets	14	**769,585**	719,774
Intangible assets	15	**20,460**	18,711
Prepayments, deposits and other assets	18	**16,838**	15,683
Amounts due from a related party	32(b)	**107,839**	103,249
Financial assets at fair value through profit or loss	20	**210,911**	168,840
Deferred income tax assets	29	**254,397**	242,849
Total non-current assets		**1,843,181**	1,720,147
Current assets			
Inventories	16	**790,334**	828,823
Trade receivables	17	**125,429**	103,682
Prepayments, deposits and other assets	18	**290,617**	268,685
Amounts due from a related party	32(b)	**1,477**	2,356
Term deposits with initial term over 3 months	21	**488,251**	384,396
Restricted cash	22	**1,391**	—
Cash and cash equivalents	22	**525,147**	591,746
Total current assets		**2,222,646**	2,179,688
Total assets		**4,065,827**	3,899,835

		As at 30 June	
		2023	2022
	Note	RMB'000	RMB'000
LIABILITIES			
Non-current liabilities			
Lease liabilities	14	**219,546**	168,059
Accruals and other current liabilities	27	**495**	4,579
Amounts due to related parties	32(b)	**243,161**	281,249
Deferred income tax liabilities	29	**5,317**	12,197
Total non-current liabilities		**468,519**	466,084
Current liabilities			
Trade and bills payables	26	**236,399**	289,211
Lease liabilities	14	**214,571**	174,599
Contract liabilities	5	**368,876**	300,250
Accruals and other current liabilities	27	**640,322**	714,705
Amounts due to related parties	32(b)	**49,138**	57,531
Borrowings	28	**99,514**	148,868
Current income tax liabilities		**6,965**	63,622
Total current liabilities		**1,615,785**	1,748,786
Total liabilities		**2,084,304**	2,214,870
Net assets		**1,981,523**	1,684,965
EQUITY			
Equity attributable to shareholders of the Company			
Share capital	23	**4,622**	4,622
Shares held for restricted share units ("**RSU**") scheme	23	**(137,541)**	(180,244)
Share premium	23	**507,820**	508,254
Other reserves	24	**253,981**	228,863
Retained earnings		**1,352,682**	1,123,499
Equity attributable to shareholders of the Company		**1,981,564**	1,684,994
Non-controlling interests		**(41)**	(29)
Total equity		**1,981,523**	1,684,965

The notes on pages 112 to 163 are an integral part of these consolidated financial statements.

The financial statements on pages 107 to 111 were approved by the board of directors (the "**Board**") on 7 September 2023 and were signed on its behalf.

Wu Jian
Director

Li Lin
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(All amounts in RMB unless otherwise stated)

		Attributable to shareholders of the Company						
	Note	Share capital RMB'000	Share premium RMB'000	Shares held for RSU scheme RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 July 2021		4,622	668,308	(164,430)	192,057	1,015,715	(21)	1,716,251
Comprehensive income								
Profit for the year		—	—	—	—	558,880	(7)	558,873
Other comprehensive loss:								
Currency translation differences		—	—	—	(3,388)	—	(1)	(3,389)
Total comprehensive income		—	—	—	(3,388)	558,880	(8)	555,484
Transactions with shareholders								
Profit appropriations to statutory reserves	24(a)	—	—	—	469	(469)	—	—
Dividend	12	—	(161,458)	—	—	(450,627)	—	(612,085)
Share-based compensation	25	—	—	—	44,633	—	—	44,633
Purchase ordinary shares for RSU scheme	23	—	—	(22,737)	—	—	—	(22,737)
Transfer and exercise of RSUs	23, 24	—	1,404	6,923	(4,908)	—	—	3,419
Total transactions with shareholders		—	(160,054)	(15,814)	40,194	(451,096)	—	(586,770)
Balance at 30 June 2022		4,622	508,254	(180,244)	228,863	1,123,499	(29)	1,684,965

		Attributable to shareholders of the Company						
	Note	Share capital RMB'000	Share premium RMB'000	Shares held for RSU scheme RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 July 2022		**4,622**	**508,254**	**(180,244)**	**228,863**	**1,123,499**	**(29)**	**1,684,965**
Comprehensive income								
Profit for the year		**—**	**—**	**—**	**—**	**621,292**	**(9)**	**621,283**
Other comprehensive loss:								
Currency translation differences		**—**	**—**	**—**	**21,108**	**—**	**(3)**	**21,105**
Total comprehensive income		**—**	**—**	**—**	**21,108**	**621,292**	**(12)**	**642,388**
Transactions with shareholders								
Profit appropriations to statutory reserves	24(a)	**—**	**—**	**—**	**245**	**(245)**	**—**	**—**
Dividend	12	**—**	**—**	**—**	**—**	**(391,864)**	**—**	**(391,864)**
Share-based compensation	25	**—**	**—**	**—**	**36,038**	**—**	**—**	**36,038**
Purchase ordinary shares for RSU scheme	23	**—**	**—**	**(6,404)**	**—**	**—**	**—**	**(6,404)**
Transfer and exercise of RSUs	23, 24	**—**	**(434)**	**49,107**	**(32,273)**	**—**	**—**	**16,400**
Total transactions with shareholders		**—**	**(434)**	**42,703**	**4,010**	**(392,109)**	**—**	**(345,830)**
Balance at 30 June 2023		**4,622**	**507,820**	**(137,541)**	**253,981**	**1,352,682**	**(41)**	**1,981,523**

CONSOLIDATED STATEMENT OF CASH FLOWS

(All amounts in RMB unless otherwise stated)

		Year ended 30 June	
		2023	2022
	Note	RMB'000	RMB'000
Cash flows from operating activities			
Cash generated from operations	30(a)	**1,267,396**	1,090,432
Income tax paid		**(328,277)**	(237,558)
Net cash generated from operating activities		**939,119**	852,874
Cash flows from investing activities			
Purchase of property, plant and equipment		**(148,734)**	(134,439)
Purchase of intangible assets		**(6,661)**	(5,549)
Proceeds from disposals of property, plant and equipment		**626**	271
Investment income received from financial products issued by commercial banks		**894**	1,783
Interest received		**29,909**	36,999
Payment of term deposits with initial term over 3 months		**(827,129)**	(792,708)
Proceeds from withdrawal of term deposits with initial term over 3 months		**734,473**	1,150,837
Payment of financial products issued by commercial banks		**(90,000)**	(70,000)
Loans granted to a related party	32	**—**	(150,000)
Loan repayments and interests received from a related party	32	**—**	50,976
Dividends received from venture capital funds		**674**	—
Proceeds from redemption of financial products issued by commercial banks		**90,000**	200,000
Payment for financial assets at fair value through profit or loss	3.3	**(23,825)**	(97,995)
Net cash (used in)/generated from investing activities		**(239,773)**	190,175
Cash flows from financing activities			
Proceeds from exercise of RSUs		**16,400**	3,419
Proceeds from borrowings		**297,070**	147,492
Repayments of borrowings		**(350,000)**	(246,000)
Payment of lease liabilities	14	**(337,068)**	(272,072)
Dividends paid	12	**(391,864)**	(612,085)
Payment for repurchase of treasury shares	23	**(6,404)**	(22,737)
Net cash used in financing activities		**(771,866)**	(1,001,983)
Net (decrease)/increase in cash and cash equivalents		**(72,520)**	41,066
Cash and cash equivalents at beginning of the year	22	**591,746**	549,012
Exchange gain on cash and cash equivalents		**5,921**	1,668
Cash and cash equivalents at end of the year	22	**525,147**	591,746

The notes on page 112 to 163 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023
(All amounts in RMB unless otherwise stated)

1. General information

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

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

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

The consolidated financial statements are presented in Renminbi ("**RMB**"), unless otherwise stated.

These consolidated financial statements of the Group have been approved for issue by the Board on 7 September 2023.

The Company's subsidiaries are companies with limited liabilities, details of which are set out in below table. Unless otherwise stated, the proportion of ownership interest held equals voting rights held by the Group.

Name of Company	Place of incorporation and operation/date of incorporation	Particulars of issued/ paid- in capital	Ownership interest held by the Group As at 30 June 2023	2022	Ownership interest held by non-controlling interests As at 30 June 2023	2022	Principal activities
Directly owned							
Croquis Holdings Limited	BVI/14 December 2012	US$1,000	100%	100%	—	—	Investment holding
Indirectly owned							
Grand Vantage (China) Limited	Hong Kong/24 March 2011	HK$140,000,000	100%	100%	—	—	Investment holding and sales of apparel and accessory products
Grand Vantage International Holdings Limited	Hong Kong/23 May 2018	HK$10,000	80%	80%	20%	20%	Design of apparel and accessory
AP-DNA Co., Limited	Hong Kong/ 1 December 2018	HK$10,000	80%	80%	20%	20%	Design and sales of apparel and accessory products
Hangzhou Liancheng Huazhuo Industrial Co., Ltd.	The PRC/19 October 2012	US$35,000,000	100%	100%	—	—	Production and sales of apparel and accessory products
Hangzhou Huikang Huazhuo Import and Export Trade Co., Ltd.	The PRC/23 May 2008	RMB2,000,000	100%	100%	—	—	Overseas sales of apparel and accessory products
JNBY Finery Co., Ltd.	The PRC/21 June 2011	US$10,000,000	100%	100%	—	—	Design and sales of apparel and accessory products
Guangzhou JNBY Finery Co., Ltd.	The PRC/24 July 2012	RMB1,000,000	100%	100%	—	—	Retail of apparel and accessory products
JNBY Finery (Hefei) Co., Ltd.(a)	The PRC/4 July 2012	RMB2,000,000	—	100%	—	—	Retail of apparel and accessory products
Shenyang JNBY Finery Co., Ltd.	The PRC/13 August 2012	RMB6,000,000	100%	100%	—	—	Retail of apparel and accessory products
Changsha JNBY Finery Co., Ltd.(a)	The PRC/13 September 2012	RMB1,000,000	—	100%	—	—	Retail of apparel and accessory products
JNBY Finery (Beijing) Co., Ltd.	The PRC/18 October 2012	RMB2,000,000	100%	100%	—	—	Retail of apparel and accessory products
Chongqing Croquis Finery Sales Co., Ltd.	The PRC/9 August 2012	RMB1,000,000	100%	100%	—	—	Retail of apparel and accessory products

1. General information (continued)

Name of Company	Place of incorporation and operation/date of incorporation	Particulars of issued/ paid- in capital	Ownership interest held by the Group As at 30 June		Ownership interest held by non-controlling interests As at 30 June		Principal activities
			2023	2022	2023	2022	
Wuhan Grand Vantage Croquis Finery Sales Co., Ltd.	The PRC/12 September 2012	RMB1,000,000	100%	100%	—	—	Retail of apparel and accessory products
Xi'an JNBY Finery Sales Co., Ltd.	The PRC/16 February 2013	RMB1,010,000	100%	100%	—	—	Retail of apparel and accessory products
Ningbo JNBY Finery Sales Co., Ltd.	The PRC/12 April 2013	RMB2,000,000	100%	100%	—	—	Retail of apparel and accessory products
JNBY Finery (Wuxi) Sales Co., Ltd.	The PRC/27 May 2013	RMB1,000,000	100%	100%	—	—	Retail of apparel and accessory products
Qingdao Huazhuo Finery Sales Co., Ltd.	The PRC/7 June 2013	RMB1,500,000	100%	100%	—	—	Retail of apparel and accessory products
Shanghai Huazhuo Finery Sales Co., Ltd.	The PRC/1 July 2013	RMB1,000,000	100%	100%	—	—	Retail of apparel and accessory products
Taiyuan JNBY Finery Co., Ltd.	The PRC/31 July 2015	RMB500,000	100%	100%	—	—	Retail of apparel and accessory products
Tianjin JNBY Huazhuo Finery Co., Ltd.	The PRC/17 August 2018	RMB2,000,000	100%	100%	—	—	Retail of apparel and accessory products
Ningbo Croquis Finery CO., LTD	The PRC/22 March 2019	RMB2,000,000	100%	100%	—	—	Retail of apparel and accessory products
Hangzhou Croquis Finery CO., LTD	The PRC/03 December 2021	RMB2,000,000	100%	100%	—	—	Retail of apparel and accessory products
Ningbo Huazhuo Croquis Finery CO., LTD	The PRC/5 May 2022	RMB2,000,000	100%	100%	—	—	Retail of apparel and accessory products

(a) Liquidation of subsidiaries

JNBY Finery (Hefei) Co., Ltd. was liquidated on 23 December 2022.

Changsha JNBY Finery Co.,Ltd. was liquidated on 8 December 2022.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by HKICPA and the disclosure requirements of Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss, which have been measured at fair value.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

2. Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Group

The following amendments to standards have been adopted by the Group for the first time for the financial year beginning on or after 1 July 2022:

— Amendments to HKAS 16 "Property, Plant and Equipment: Proceeds before intended use"

— Amendments to HKFRS 16 (March 2021) "Covid-19 Related Rent Concessions beyond 30 June 2021"

— Amendments to HKFRS 3 "Reference to the Conceptual Framework"

— Amendments to HKAS 37 "Onerous Contracts — Cost of Fulfilling a Contract"

— Standards 2018–2020 "Annual Improvements to HKFRS"

— Revised Accounting Guideline 5 "Merger Accounting for Common Control Combinations"

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(b) New standards and interpretations not yet adopted

The following new standards and amendments to standards and interpretations have been published but are not mandatory for annual periods beginning after 1 July 2022 and have not been applied in preparing these consolidated financial statements.

	Effective Date
HKFRS 17 "Insurance Contracts"	1 January 2023
Amendments to HKFRS 10 and HKAS 28 "Sale or contribution of assets between an investor and its associate or joint venture"	To be determined
Amendments to HKAS 1 and HKFRS Practice Statement 2 "Disclosure of Accounting Policies"	1 January 2023
Amendments to HKAS 8 "Definition of Accounting Estimates"	1 January 2023
Amendments to HKAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	1 January 2023
Amendments to HKAS 1 "Classification of Liabilities as Current or Non-current"	1 January 2024
Hong Kong Interpretation 5 (2020) Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause (HK Int 5 (2020))	1 January 2023
Amendments to IAS 1 "Non-current liabilities with covenants"	1 January 2024
Amendment to IFRS 16 "Leases on sale and leaseback"	1 January 2024
Amendments to IAS 7 and IFRS 7 "Supplier finance arrangements"	1 January 2024
Amendments to IAS 21 "Lack of exchangeability"	1 January 2025

The Group will apply the above new standards and amendments to existing standards when they become effective. The Group anticipates that the application of the above new standards and amendments to existing standards have no material impact on the results and the financial position of the Group.

2. Summary of significant accounting policies (continued)

2.2 Subsidiaries

2.2.1 Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

(a) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in a loss of control are accounted for as equity transactions — that is, as transactions with the shareholders of the subsidiary in their capacity as shareholders. The difference between fair value of any consideration paid and the relevant share acquired of the carrying amount of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(b) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

2.2.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company based on dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.3 Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

2. Summary of significant accounting policies (continued)

2.3 Associates (continued)

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in note 2.10. The Group determines at each reporting date whether there is any objective evidence that associates accounted for using the equity method are impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the investment and its carrying value and recognises the amount in "Other income and gains, net" in the consolidated income statement.

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (the "**CODM**"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as executive directors that make strategic decisions.

2.5 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The functional currency of the Company, Croquis Holdings Limited and Grand Vantage (China) Limited is the Hong Kong dollar ("**HK$**"). The subsidiaries incorporated in the PRC considered RMB as their functional currency. As the major operations of the Group are within the PRC, the Group determined to present its consolidated financial statements in RMB (unless otherwise stated).

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income.

Foreign exchange gains and losses that relate to borrowings and other financial asset are presented in the consolidated statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the consolidated statement of comprehensive income within 'other income and gains, net'.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in other comprehensive income.

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) income and expenses for each consolidated statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(iii) all resulting currency translation differences are recognised in other comprehensive income.

2. Summary of significant accounting policies (continued)

2.6 Property, plant and equipment

Property, plant and equipment, other than construction in progress, are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated statement of comprehensive income during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate the cost less impairment loss of each asset to its residual value over its estimated useful life, as follows:

	Estimated useful lives
Leasehold improvements	Shorter of remaining term of the lease and the estimated useful lives of assets
Machinery	10 years
Office equipment and others	3–10 years
Motor vehicles	5 years
Buildings	20 years

The assets' useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Construction-in-progress represents plant and machinery under construction or pending installation and is stated at cost less provision for impairment loss, if any. Cost includes the costs of construction and acquisition. When the assets concerned are available for use, the costs are transferred to property, plant and equipment and depreciated in accordance with the policy as stated above.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other income and gains, net' in the consolidated statement of comprehensive income.

2.7 Land use right

Land use right represents upfront prepayments made for the land use right at historical cost and are expensed in the consolidated statement of comprehensive income on a straight-line basis over the periods of the leases or when there is impairment, the impairment is expensed in the consolidated statement of comprehensive income.

2.8 Intangible assets

Computer software and trademarks

Acquired computer software programs and trademarks are shown at historical cost less accumulated amortisation and accumulated impairment if any. Acquired computer software programs are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 10 years.

2.9 Impairment of non-financial assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2. Summary of significant accounting policies (continued)

2.10 Investments and other financial assets

2.10.1 Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortised cost

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("**FVOCI**").

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

2.10.2 Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

2.10.3 Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("**FVPL**"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other income and gains, together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other income and gains, net. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other income and gains, net and impairment expenses are presented as separate line item in the statement of comprehensive income.

FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other income and gains, net in the period in which it arises.

2. Summary of significant accounting policies (continued)

2.10 Investments and other financial assets (continued)

2.10.3 Measurement (continued)

Equity instruments

The Group subsequently measures all equity instruments at fair value. Where the Group's management has elected to present fair value gains and losses on equity instruments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income and gains, net when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other income and gains, net in the statement of comprehensive income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

2.10.4 Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see note 17 for further details. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For deposits and other receivables, management considers that its credit risk has not increased significantly since initial recognition with reference to the counterparty historical default rate and current financial position. The impairment provision is determined based on the 12-month expected credit losses, which is close to zero. To assess whether there is a significant increase in credit risk, the Group compares the risk of default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition by considering available, reasonable and supportive forwarding-looking information.

2.11 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

2.12 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods comprises raw materials and, where applicable, sub-contracting costs that have been incurred in bringing the inventories to their present condition. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.13 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. See Note 2.10 for description of the Group's impairment policies.

2.14 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

2. Summary of significant accounting policies (continued)

2.15 Share capital and shares held for RSU scheme

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Where the Company's shares are acquired from the market by the trustee under the employee share scheme, the total consideration of shares acquired from the market (including any directly attributable incremental costs) is presented as shares held for employee share scheme and deducted from total equity until the shares are cancelled, transferred or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs, is included in equity attributable to the Company's equity holders.

2.16 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.17 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

2.18 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

2. Summary of significant accounting policies (continued)

2.18 Current and deferred income tax (continued)

(b) Deferred income tax

Inside basis differences

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

(c) Offsetting

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2.19 Employee benefits

(a) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(b) Pension obligations

In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the PRC under which the Group and the employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries, subject to certain ceiling. The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employee payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post-retirement benefits of its employees. The assets of these plans are held separately from those of the Group in an independent fund managed by the PRC government. The Group's contributions to these plans are expensed as incurred.

(c) Housing funds, medical insurances and other social insurances

Employees of the Group in the PRC are entitled to participate in various government-supervised housing funds, medical insurance and other employee social insurance plan. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group has no further payment obligation once the contributions have been paid. The contribution is recognised as employee benefit expense when they are due.

2. Summary of significant accounting policies (continued)

2.20 Share-based payments

(a) Equity-settled share-based payments transactions

The Group received service from an employee as consideration for its equity instruments. The fair value of the employee services received in exchange for the grant of the RSUs is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the RSUs granted:

— including any market performance conditions;

— excluding the impact of any service and non-market performance vesting conditions; and

— including the impact of any non-vesting conditions.

At the end of each reporting period, the Group revises its estimates of the number of RSUs that are expected to vest based on the non-market performance and service conditions. It recognises the impact of the revision to original estimates, if any, in the consolidated statement of comprehensive income, with a corresponding adjustment to equity.

Service conditions are included in assumptions about the number of RSUs that are expected to vest. The total expense is recognised over the vesting period over which all of the specified vesting conditions are to be satisfied.

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

For the RSU scheme, the Group may purchase its own shares through the trustee of the share award scheme from the open market for the shares to be vested under the share award scheme. The shares purchased by the Group that are not yet vested for this share award scheme were recorded as treasury shares and recorded as "Shares held for RSU scheme" as a deduction under equity.

The RSU plan is administered by the Core Trust Company Limited, which is consolidated in accordance with the principles in note 2.3. When the RSUs are exercised, the trust transfers the appropriate number of shares to employee. The proceeds received net of any directly attributable transaction costs are credited to share premium.

Upon exercise of the RSUs, the related costs of the purchased shares are reduced from the "Shares held for RSU scheme", and the related fair value of the RSUs are debited to share-based compensation reserve with the difference charged to equity.

The Group might modify the terms and conditions on which equity instruments were granted. If a modification increases the fair value of the equity instruments granted (for example, by reducing the exercise price of share options), the incremental fair value granted should be included in the measurement of the amount recognised for the services received over the remainder of the vesting period. The incremental fair value is the difference between the fair value of the modified equity instrument and that of the original equity instrument; both values are estimated as at the modification date. An expense based on the incremental fair value is recognised in addition to any amount in respect of the original instrument, and the original amount should continue to be recognised over the remainder of the original vesting period.

A grant of equity instruments, that is cancelled or settled during the vesting period, is treated as an acceleration of vesting. The Group recognise immediately the amount that otherwise would have been recognised for services received over the remainder of the vesting period.

2. Summary of significant accounting policies (continued)

2.20 Share-based payments (continued)

(b) Share-based payments transactions among group entities

The grant by the Company of RSUs over its equity instruments to the employees or other service providers of the subsidiaries and the PRC operating entities are treated as a capital contribution in the separate financial statements of the Company. The fair value of consulting and employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investments in subsidiaries undertakings, with a corresponding credit to equity in the separate financial statements of the Company.

2.21 Provisions and contingent liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past transactions or events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

2.22 Revenue recognition

The Group is primarily engaged in the design, marketing and sales of fashion apparel, accessory products and household goods. Revenue from sales of goods is recognised at the point in time when control of the products is transferred to the customers.

In determining the transaction price for the sale of goods, the Group considers the effect of variable considerations, and consideration payable to the customers. No significant financing component is deemed present as the sales are made with a credit term consistent with market practice.

(a) Sales of goods — distributors

A significant portion of the Group's products are sold to distributors, who have discretion over both the selling price and the distribution channels for such products to be sold in their designated geographical areas. Distributors are generally required to pay deposits when placing purchase orders and are required to settle the full payment prior to delivery of the products.

Revenues are recognised upon delivery, which occurs when distributors pick up goods at the Group's premises or when goods are handed over to a third party forwarder as designated by a specific distributor. Delivery occurs when the risks of obsolescence and loss are transferred to the distributors, i.e., when the goods are delivered to the distributors or the third party forwarders in accordance with the sales contract, or the acceptance provisions have lapsed or the Group has objective evidence that all criteria for acceptance have been satisfied and there is no unfulfilled obligation that could affect the distributors' acceptance of the products.

The Group offers volume rebates to distributors as agreed in the sales contracts. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated volume discounts. Historical experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. A refund liability (included in accruals and other current liabilities) is recognised for expected volume discounts payable to distributors in relation to sales made until the end of the reporting period.

2. Summary of significant accounting policies (continued)

2.22 Revenue recognition (continued)

(a) Sales of goods — distributors (continued)

Distributors are also offered with right of return within the limit as agreed in the sales contracts. Revenue is adjusted for estimated expected returns based on historical pattern. Historical experience is used to estimate and provide for the returns, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. A refund liability (included in accruals and other current liabilities) is recognised for expected returns payable to distributors in relation to sales made. An asset for anticipate return (included in prepayments, deposits and other assets) and corresponding adjustment to cost of sales are also recognised for the right to recover products from distributors.

Receipt in advance from distributors before delivery of products are recognised as contract liabilities.

(b) Sales of products — retail

The Group sells its products to end customers via a chain of retail outlets of the Group or over third party online retail platform such as Tmall.Com. Revenue is recognised when the acceptance by end customers can be reasonably estimated. For offline retail sales, revenue is recognised when the customer has accepted the product at the retail outlet. For online retail sales, acceptance can normally be estimated when online payment transaction is completed through third-party payment platform. Revenue is adjusted for the value of expected returns.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price need to be allocated. The Group operates a loyalty programme where customers accumulate points for purchases made which entitle them to discounts on future purchases. A contract liability for the award points is reocgnised at the time of the sale. Revenue is recognised when the points are redeemed or expired.

A receivable is recognised when the products are accepted as this is the point in time that consideration is unconditional because only the passage of time is required before the payment is due.

2.23 Interest income

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes, see note 9 below. Any other interest income is included in other income.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

2.24 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

2.25 Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group elects not to separate lease and non-lease components and accounts for these as a single lease component.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

2. Summary of significant accounting policies (continued)

2.25 Leases (continued)

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise an extension option, the right-of-use asset is depreciated over the underlying asset's useful life.

A change in the consideration for the lease, without increasing or decreasing the scope of the lease, results in a remeasurement of the lease liability and a corresponding adjustment to the right-of-use asset. The Group remeasures the lease liability, using the interest rate implicit in the lease for the remainder of the lease term, and it makes a corresponding adjustment to the right-of-use asset. The Group uses its incremental borrowing rate at the effective date of modification if the interest rate implicit in the lease is not readily determinable.

Payments associated with short-term leases of stores and offices and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

2.26 Dividend distributions

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

2.27 Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing: the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares by the weighted average number of ordinary shares outstanding during the financial year, excluding treasury shares.

(b) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account: the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

3. Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group currently does not use any derivative financial instruments to hedge certain risk exposures.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities of a Group entity are denominated in a currency that is not the entity's functional currency. The Group manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures.

The Group operates in the PRC with most of the Group's transactions denominated and settled in RMB. The Group's assets and liabilities, and transactions arising from its operations do not expose the Group to material foreign exchange risk as the Group's most recognised assets and liabilities in the consolidated balance sheet as at 30 June 2023 are denominated in the respective Group companies' functional currencies.

(ii) Cash flow and fair value interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group has no significant interest-bearing assets and liabilities, except for the term deposits with initial term over 3 months (Note 21), cash and cash equivalents (Note 22), loan to related parties (Note 32(b)), and borrowings (Note 28). Those carried at floating rates expose the Group to cash flow interest rate risk whereas those carried at fixed rates expose the Group to fair value interest rate risk.

Loan carried at fixed rates expose the Group to fair value interest rate risk. Management does not anticipate significant impact to the interest-bearing loan resulted from fair value interest rate risk, because the interest rates are not expected to change significantly.

(iii) Price risk

The Group's exposure to price risk arises from investments held by the Group and classified as financial assets at fair value through profit or loss. To manage its price risk arising from the investments, the Group diversifies its portfolio. The investments made by the Group are either for the purpose of improving investment yield or for strategic purpose.

(b) Credit risk

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. Credit risk is managed on a group basis. Credit risk arises from cash and cash equivalents, term deposits with initial term over 3 months, amounts due from related parties, trade receivables and other receivables. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated balance sheet.

(i) Risk management

For banks and financial institutions, only parties with good credit ratings are accepted. For other receivables, the Group makes periodic collective assessment and individual assessment on the recoverability of other receivables based on historical settlement records and past experiences. In view of good cooperation in history with debtors and sound collection history of receivables, the credit risk of other receivables is generally considered to be low. For distributors, the Group assesses the credit quality of each distributor, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Management. The utilisation of credit limits is regularly monitored. All of these major customers are generally with good credit history.

3. Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

(ii) Impairment of financial assets

Credit risk of cash and cash equivalents, and term deposits with initial term over 3 months

There has been no recent history of default in relation to these financial institutions. The expected credit loss is immaterial.

Credit risk of trade receivables

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over lifetime and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP and price index of industries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

On that basis, the loss allowance as at 30 June 2023 and 30 June 2022 were determined as follows for trade receivables:

	As at 30 June 2023		
	RMB'000	RMB'000	
	Gross carrying amount	Loss allowance	Expected loss rate
Within 3 months	**123,044**	**1,535**	**1.25%**
3 months to 6 months	**4,467**	**808**	**18.09%**
6 months to 1 year	**799**	**538**	**67.33%**
1 year to 2 years	**3,277**	**3,277**	**100.00%**
more than 2 years	**13,134**	**13,134**	**100.00%**
	144,721	**19,292**	**13.33%**

	As at 30 June 2022		
	RMB'000	RMB'000	
	Gross carrying amount	Loss allowance	Expected loss rate
Within 3 months	100,083	3,411	3.41%
3 months to 6 months	7,173	1,254	17.48%
6 months to 1 year	2,974	1,883	63.32%
1 year to 2 years	740	740	100.00%
more than 2 years	17,769	17,769	100.00%
	128,739	25,057	19.46%

3. Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

(ii) Impairment of financial assets (continued)

Credit risk of trade receivables (continued)

Net impairments losses on financial assets are provided as follows:

	Year ended 30 June	
	2023	2022
	RMB'000	RMB'000
(Reversal of)/provision for impairment on trade receivables	**(2,418)**	5,174
Impairments losses on other receivables	**1,956**	416
	(462)	5,590

Trade receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Credit risk of other receivables

Other receivables mainly include rental deposits and others. For other receivables, the directors make periodic individual assessment on the recoverability based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. For other receivables, management has assessed other receivables has not had a significant increase in credit risk since initial recognition and the Group provided impairment based on 12 months ECL during the year ended 30 June 2023 and 2022. The Group assessed and concluded the ECL for other receivables were insignificant.

3. Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

(ii) Impairment of financial assets (continued)

Credit risk of amounts due from related parties

The balance of the amounts due from related parties as at 30 June 2023 mainly represents loan to Huizhan Technology (Hangzhou) Co., Ltd, a company controlled by the controlling shareholders of the Group (Note 32). The loan is guaranteed by Wu Jian and Li Lin, the controlling shareholders of the Group. Huizhan Technology (Hangzhou) Co., Ltd. further agreed that the Group shall be entitled to deduct the rental fees payable if it fails to repay any of the outstanding loan amount. The Group assessed and concluded the ECL for amounts due from related parties were insignificant.

(c) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure it maintains sufficient cash and cash equivalents. Due to the dynamic nature of the underlying business, the Group's finance department maintains flexibility in funding by maintaining adequate cash and cash equivalents.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining year at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Within 1 year RMB'000	More than 1 year RMB'000
As at 30 June 2023		
Trade and bills payables	**236,399**	**—**
Amounts due to related parties	**50,576**	**291,322**
Accruals and other current liabilities	**459,477**	**495**
Borrowings	**100,000**	**—**
Lease liabilities	**230,975**	**233,426**
	1,077,427	**525,243**
As at 30 June 2022		
Trade and bills payables	289,211	—
Amounts due to related parties	65,412	349,755
Accruals and other current liabilities	565,663	4,579
Borrowings	150,000	—
Lease liabilities	182,837	182,035
	1,253,123	536,369

3.2 Capital management

The Group's primary objective when managing capital is to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group monitors capital (including share capital, share premium and other reserves on an as-if converted basis) by regularly reviewing the capital structure. As a part of this review, the Board consider the cost of capital and the risks associated with the issues share capital. The Group may adjust the amount of dividend paid to shareholders, return capital to shareholders and issue new shares.

3. Financial risk management (continued)

3.3 Fair value estimation

(i) Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

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

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 30 June 2023.

	Key inputs	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	Net asset value of venture capital funds, determined by the fair value of the investees of the funds mainly based on the latest round financing	**—**	**—**	**180,875**	**180,875**
— Investment for a private company	the latest round financing	**—**	**—**	**30,036**	**30,036**
		—	**—**	**210,911**	**210,911**

3. Financial risk management (continued)

3.3 Fair value estimation (continued)

(i) Fair value hierarchy (continued)

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

	Key inputs	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	Net asset value of venture capital funds, determined by the fair value of the investees of the funds mainly based on the latest round financing	—	—	158,840	158,840
— Investment for a private company	the latest round financing	—	—	10,000	10,000
		—	—	168,840	168,840

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

(a) Financial instruments in level 1

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

(b) Financial instruments in level 2

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

(c) Financial instruments in level 3

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

3. Financial risk management (continued)

3.3 Fair value estimation (continued)

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

The following table presents the changes in level 3 items for the periods ended 30 June 2023.

	Venture capital funds RMB'000	Investment for a private company RMB'000	Financial products of commercial banks RMB'000	Total RMB'000
Closing balance as at 30 June 2022	**158,840**	**10,000**	**—**	**168,840**
Acquisitions	**4,500**	**19,325**	**90,000**	**113,825**
Disposals	**—**	**—**	**(90,894)**	**(90,894)**
Dividends received	**(674)**	**—**	**—**	**(674)**
Fair value change recognised in consolidated statement of comprehensive income	**9,189**	**711**	**894**	**10,794**
Currency translation differences	**9,020**	**—**	**—**	**9,020**
Closing balance as at 30 June 2023	**180,875**	**30,036**	**—**	**210,911**

The following table presents the changes in level 3 items for the periods ended 30 June 2022.

	Venture capital funds RMB'000	Investment for a private company RMB'000	Total RMB'000
Closing balance as at 30 June 2021	54,712	—	54,712
Acquisitions	87,995	10,000	97,995
Fair value change recognised in consolidated statement of comprehensive income	13,501	—	13,501
Currency translation differences	2,632	—	2,632
Closing balance as at 30 June 2022	158,840	10,000	168,840

3. Financial risk management (continued)

3.3 Fair value estimation (continued)

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

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements

Description	Fair value at		Unobservable inputs	Range of inputs		Relationship of unobservable inputs to fair value
	30 June 2023	30 June 2022		2023	2022	
	RMB'000	RMB'000				
Venture capital funds	**180,875**	158,840	Net asset value, determined by the fair value of the investees of the funds mainly based on the latest round financing	**N/A**	N/A	The higher the net asset value, the higher the fair value.
Investment for a private company	**30,036**	10,000	the latest round financing	**N/A**	N/A	The higher the net asset value, the higher the fair value.
	210,911	168,840				

There were no significant inter-relationships between unobservable inputs that materially affect fair values.

If the fair value of the financial assets at fair value through profit or loss held by the Group had been 5% higher/lower, the profit before income tax for the year ended 30 June 2023 would have been approximately RMB10,546,000 higher/lower (30 June 2022: RMB8,442,000).

4. Critical accounting estimates and judgements

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

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

4. Critical accounting estimates and judgements (continued)

(a) Net realisable value of inventories

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

The Group assesses the net realisable value of the inventories as well as the required amount of impairment of inventory provision at each balance sheet date, which involves significant judgement on determination of the estimated residual value of the inventory based on the consideration of key factors such as aging profile, future sales projection, estimated future selling prices and selling expenses of the respective inventories. The Group performs regular check on the physical conditions of inventories and assesses possible write-down for any damaged inventories at each balance sheet date.

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

(b) Right of return

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

(c) Membership-based customer loyalty program

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

(d) Determination of the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The following factors are normally the most relevant:

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

The lease term is reassessed if any option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

5. Segment information

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

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

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

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

	Year ended 30 June 2023			
	Mature brand RMB'000	Younger brands RMB'000	Emerging brands RMB'000	Total RMB'000
Revenue				
Mainland China	**2,480,772**	**1,857,608**	**84,216**	**4,422,596**
Outside mainland China	**32,619**	**8,809**	**1,100**	**42,528**
Revenue from external customers	**2,513,391**	**1,866,417**	**85,316**	**4,465,124**
Segment gross profit	**1,689,045**	**1,188,332**	**39,615**	**2,916,992**
Segment operating profit/(loss)	**912,615**	**458,740**	**(5,422)**	**1,365,933**
Unallocated selling and marketing expenses, administrative expenses and net impairment losses on financial assets				**(589,186)**
Other income and gains, net				**81,151**
Total operating profit				**857,898**

	Year ended 30 June 2022			
	Mature brand RMB'000	Younger brands RMB'000	Emerging brands RMB'000	Total RMB'000
Revenue				
Mainland China	2,282,459	1,692,095	74,614	4,049,168
Outside mainland China	29,376	6,747	577	36,700
Revenue from external customers	2,311,835	1,698,842	75,191	4,085,868
Segment gross profit	1,490,551	1,073,797	43,022	2,607,370
Segment operating profit	813,066	412,813	1,855	1,227,734
Unallocated selling and marketing expenses, administrative expenses and net impairment losses on financial assets				(514,579)
Other income and gains, net				62,697
Total operating profit				775,852

5. Segment information (continued)

Since no revenue from sale to a single customer amounted to 10% or more of the Group's revenue for the reporting period, no major customer information is presented in accordance with HKFRS 8 Operating Segments.

Assets and liabilities related to contracts with customers

(i) Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods at a point in time.

(ii) Right of return assets and refund liabilities

	30 June 2023 RMB'000	30 June 2022 RMB'000
Right of return assets (Note 18)	**58,406**	85,547
Refund liabilities		
Rights of return (Note 27)	**166,891**	258,551
Sales rebates (Note 27)	**72,002**	70,089
	238,893	328,640

The balance of rights of return as of 30 June 2022 was increased significantly due to the outbreak of Covid-19 in 2022, as the Group planed to provide more return quotas to distributors to get through the pandemic.

(iii) Liabilities related to contracts with customers

The Group has recognised the following liabilities relating to contracts with customers:

	30 June 2023 RMB'000	30 June 2022 RMB'000
Advances from distributors	**339,732**	281,512
Customer loyalty programme	**29,144**	18,738
Total current contract liabilities	**368,876**	300,250

(iv) Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities.

	Year ended 30 June	
	2023 RMB'000	2022 RMB'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	**300,250**	309,776

(v) Unsatisfied performance obligations

The following table shows the unsatisfied performance obligations as at 30 June 2023 and 30 June 2022.

	30 June 2023 RMB'000	30 June 2022 RMB'000
Advances from distributors	**339,732**	281,512
Customer loyalty programme	**29,144**	18,738
	368,876	300,250

6. Expenses by nature

	Year ended 30 June 2023 RMB'000	2022 RMB'000
Cost of inventories sold	**1,374,982**	1,316,098
Employee benefit expenses (including share-based compensation expenses) (Note 8)	**434,792**	367,454
Workforce contracting expenses	**412,001**	376,933
Promotion and marketing expense	**411,663**	340,920
Depreciation and amortisation (Notes 13, 14 &15)	**415,579**	323,403
— Right-of-use assets	**293,623**	228,091
— Property, plant and equipment	**117,044**	92,776
— Intangible assets	**4,912**	2,536
Expenses relating to short-term leases and variable lease payments	**236,833**	276,500
Provision for inventories (Note 16)	**109,252**	107,796
Commission expenses to online platforms	**68,160**	52,324
Transportation and warehouse expense	**52,176**	48,487
Utilities charges and office expenses	**50,694**	50,911
Stamp duty, property tax and other surcharges	**31,187**	29,158
Materials for apparel samples	**22,699**	17,386
Other professional service expenses	**20,857**	21,894
Entertainment and travelling expenses	**20,082**	12,377
(Reversal of)/provision for impairment losses on financial assets	**(462)**	5,590
Auditors' remuneration	**2,908**	3,396
— Audit services	**2,700**	2,700
— Non-audit services	**208**	696
Others	**24,974**	22,086
Total cost of sales, selling and marketing expenses, net impairment losses on financial assets and administrative expenses	**3,688,377**	3,372,713

7. Other income and gains, net

	Year ended 30 June 2023 RMB'000	2022 RMB'000
Government grants (i)	**64,968**	45,594
Fair value gains of venture capital funds (Note 3.3)	**9,189**	13,501
Interest income from loans to a related party (Note 32)	**4,590**	4,225
Fair value gains of financial products (Note 3.3)	**894**	721
Fair value gains of investment for a private company (Note 3.3)	**711**	—
Gains on early termination of right-of-use assets (Note 14)	**168**	357
Losses on disposal of property, plant and equipment	**(203)**	(833)
Donations	**(255)**	(1,397)
Others	**1,089**	529
	81,151	62,697

(i) Government grants during the years presented are primarily financial subsidies received from local governments in the PRC. There are no unfulfilled conditions or contingencies relating to such income.

8. Employee benefit expenses

	Year ended 30 June	
	2023	2022
	RMB'000	RMB'000
Salaries, bonus and other welfares	**360,310**	291,769
Social security contribution (a)	**19,545**	19,296
Housing fund	**18,899**	11,756
Share-based compensation (Note 25)	**36,038**	44,633
	434,792	367,454

(a) Employees of the PRC subsidiaries are required to participate in a defined contribution retirement scheme administered and operated by the local municipal government. The Group contributes funds which are calculated on fixed percentage of the employees' salary (subject to a floor and cap) as set by local municipal government to each scheme locally to fund the retirement benefits of the employees.

For the years ended 30 June 2023 and 2022, there were no forfeited contributions (by employers on behalf of employees who leave the plan prior to vesting fully in such contributions) which may be used by the employer to reduce the existing level of contributions.

(b) Five highest paid individuals

The five individuals whose emoluments including share-based compensation expenses (Note 25) were the highest in the Group for the year included two (during the year ended 30 June 2022: two) director whose emoluments are reflected in the analysis presented in Note 34. The emoluments paid and payable to the remaining three individuals (during the year ended 30 June 2022: three) were as follows:

	Year ended 30 June	
	2023	2022
	RMB'000	RMB'000
Basic salaries and allowances	**6,268**	5,121
Discretionary bonuses	**8,764**	4,663
Social security contribution	**385**	361
Share-based compensation	**8,408**	10,936
	23,825	21,081

The emoluments including share-based compensation expenses (Note 25) of the remaining highest paid individuals fell within the following bands:

	Year ended 30 June	
	2023	2022
Emolument band:		
HK$6,000,001 to HK$6,500,000	**—**	1
HK$6,500,001 to HK$7,000,000	**1**	—
HK$7,000,001 to HK$7,500,000	**1**	—
HK$8,000,001 to HK$8,500,000	**1**	1
HK$11,000,001 to HK$11,500,000	**—**	1
	3	3

9. Finance costs, net

	Year ended 30 June	
	2023	2022
	RMB'000	RMB'000
Finance income		
Interest income on cash and cash equivalents, and term deposits with initial term over 3 months	**31,050**	32,849
Net foreign exchange gains on financing activities	**7,210**	5,331
	38,260	38,180
Finance costs		
Interest expenses on lease liabilities	**(41,760)**	(34,639)
Interest expenses on bank borrowings	**(3,576)**	(3,757)
	(45,336)	(38,396)
Finance costs, net	**(7,076)**	(216)

10. Tax expense

(a) Income tax expense

The income tax expense of the Group for the years ended 30 June 2023 and 2022 are analysed as follows:

	Year ended 30 June	
	2023	2022
	RMB'000	RMB'000
Current income tax expense		
— Enterprise income tax expense	**213,460**	235,575
Deferred income tax charge/(benefit) (Note 29)	**16,079**	(18,812)
	229,539	216,763

(i) Cayman Islands income tax

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.

(ii) Hong Kong profits 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. No Hong Kong tax was provided for as there was no estimated assessable profit that was subject to Hong Kong profits tax during the years ended 30 June 2023 and 2022.

(iii) PRC enterprise income tax

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.

The income tax provision of the Group in respect of its operations in the PRC has been calculated at the applicable tax rate on the estimated assessable profits based on existing legislations, interpretations and practices.

Since the deferred income tax assets and liabilities shall be measured at the tax rates that are expected to apply to the year when the assets is realised or the liability is settled, the change in the applicable tax rate will affect the determination of the carrying values of deferred tax assets and liabilities of the Group's subsidiaries located in the PRC.

(iv) Preferential income tax rate

For certain subsidiaries of the Group in Mainland China, they are entitled to the preferential income tax rate for Small Low-profit Enterprises issued by the SAT. The applicable tax rate is 5% or 10% for the period from 1 January 2021 to 31 December 2024.

10. Tax expense (continued)

(a) Income tax expense (continued)

(v) PRC withholding income tax

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on the dividends declared to foreign investors from the foreign investment enterprises established in the PRC. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between the PRC and the jurisdiction of the foreign investors.

As filed with Hangzhou municipal tax bureau in March and April 2023, Hangzhou Liancheng Huazhuo Industrial Co., Ltd. And JNBY Finery Co., Ltd. meet conditions and requirements stated in the Circular on the Non-residence Enterprise's Tax Treaty Under Double Taxation Agreement (Guoshui No.35,2019) issued by the SAT. Therefore, the enacted withholding tax rate on the dividends from JNBY Finery Co., Ltd. and Hangzhou Liancheng Huazhuo Industrial Co., Ltd. is 5%.

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

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

	Year ended 30 June	
	2023 RMB'000	2022 RMB'000
Profit before income tax	**850,822**	775,636
Tax calculated at domestic tax rate applicable to profits in PRC (25%)	**212,706**	193,909
Preferential income tax benefits	**(2,458)**	(2,126)
Different tax jurisdiction	**(399)**	314
Interest income not subject to taxation	**(1,090)**	(726)
PRC withholding income tax on the retained earnings intended to be distributed (Note 29)	**27,627**	23,293
Research and development tax credit	**(11,763)**	(6,365)
Tax losses for which no deferred income tax asset was recognised	**6**	144
Tax differences related to the RSUs	**5,984**	8,072
Expenses not deductible for tax purpose	**86**	248
Utilisation of previously unrecognised deferred taxes	**(1,160)**	—
Income tax expense	**229,539**	216,763
Effective tax rate	**26.98%**	27.95%

10. Tax expense (continued)

(c) Tax losses

The unused tax losses were incurred by subsidiaries that are not likely to generate taxable income in the foreseeable future for which no deferred tax asset has been recognised.

The tax losses in PRC can be carried forward and will expire in 5 years, and losses in Hong Kong can be carried forward indefinitely.

As at 30 June 2023, the Group did not recognise deferred income tax asset of RMB8,059,000 (30 June 2022: RMB9,213,000) in respect of accumulated tax losses amounting to RMB48,842,000 (30 June 2022: RMB55,856,000).

(d) Value-added tax ("VAT")

The Group's revenues are subject to output VAT generally calculated at 13%, 3% or 1% of the selling prices pursuant to different circumstances or tax incentives.

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 the years presented.

	Year ended 30 June	
	2023	2022
	RMB'000	RMB'000
Profit attributable to shareholders of the Company	**621,292**	558,880
Weighted average number of ordinary shares in issue excluding shares held under the RSU scheme in issue (thousands of shares)	**500,806**	498,068
Basic earnings per share (expressed in RMB per share)	**1.24**	1.12

(b) Diluted

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

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

	Year ended 30 June	
	2023	2022
	RMB'000	RMB'000
Profit attributable to shareholders of the Company	**621,292**	558,880
Weighted average number of ordinary shares in issue excluding shares held under the RSU scheme in issue (thousands of shares)	**500,806**	498,068
Adjustments for share based compensation — RSUs (thousands of shares)	**7,668**	8,123
Weighted average number of ordinary shares for the calculation of diluted EPS (thousands of shares)	**508,474**	506,191
Diluted earnings per share (expressed in RMB per share)	**1.22**	1.10

12. Dividends

	Year ended 30 June	
	2023	2022
	RMB'000	RMB'000
Dividends appropriated and paid by the Company	**391,864**	612,085

A final dividend of RMB259,004,000 that related to the year ended 30 June 2022, an interim dividend of RMB132,860,000 that related to the six months ended 31 December 2022 were appropriated and paid during the year ended 30 June 2023 (A final dividend of RMB298,155,000 that related to the year ended 30 June 2021, an interim dividend of RMB152,472,000 that related to the six months ended 31 December 2021 and a special dividend of RMB161,458,000 out of share premium account relating to the year ended 30 June 2021 were appropriated and paid during the year ended 30 June 2022).

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	Construction-in-progress RMB'000	Total RMB'000
Year ended 30 June 2022							
Opening net book value	29,909	53,650	2,618	126,299	185,720	103	398,299
Additions	11,817	10,996	2,948	100,792	8,227	11,842	146,622
Transfer from construction-in-progress	2	10,812	—	—	1,131	(11,945)	—
Depreciation	(10,118)	(7,523)	(915)	(64,681)	(9,539)	—	(92,776)
Disposals	(1,009)	(95)	—	—	—	—	(1,104)
Closing net book value	30,601	67,840	4,651	162,410	185,539	—	451,041
As at 30 June 2022							
Cost	63,836	89,428	10,275	297,038	215,543	—	676,120
Accumulated depreciation	(33,235)	(21,588)	(5,624)	(134,628)	(30,004)	—	(225,079)
Net book value	30,601	67,840	4,651	162,410	185,539	—	451,041
Year ended 30 June 2023							
Opening net book value	**30,601**	**67,840**	**4,651**	**162,410**	**185,539**	**—**	**451,041**
Additions	**9,699**	**5,399**	**988**	**96,500**	**17,397**	**—**	**129,983**
Depreciation	**(11,155)**	**(9,087)**	**(970)**	**(85,770)**	**(10,062)**	**—**	**(117,044)**
Disposals	**(480)**	**(228)**	**(121)**	**—**	**—**	**—**	**(829)**
Closing net book value	**28,665**	**63,924**	**4,548**	**173,140**	**192,874**	**—**	**463,151**
As at 30 June 2023							
Cost	**71,016**	**94,362**	**10,062**	**344,346**	**232,940**	**—**	**752,726**
Accumulated depreciation	**(42,351)**	**(30,438)**	**(5,514)**	**(171,206)**	**(40,066)**	**—**	**(289,575)**
Net book value	**28,665**	**63,924**	**4,548**	**173,140**	**192,874**	**—**	**463,151**

Depreciation expenses have been charged to the consolidated statement of comprehensive income as follows:

	Year ended 30 June	
	2023 RMB'000	2022 RMB'000
Selling and marketing expenses	**96,577**	72,133
Administrative expenses	**20,467**	20,643
	117,044	92,776

14. Leases

(a) Amounts recognised in the consolidated balance sheet

The balance sheet shows the following amounts relating to leases:

Right-of-use assets

	Offices RMB'000	Rented premises for stores (i) RMB'000	Land use right RMB'000	Total RMB'000
Year ended 30 June 2022				
Opening net book value as at 1 July 2021	375,220	239,885	24,963	640,068
Additions	17,492	273,509	—	291,001
Early termination	(161)	(6,282)	—	(6,443)
Depreciation and amortisation	(47,610)	(179,923)	(558)	(228,091)
Modifications (i)	29,182	(5,943)	—	23,239
Closing net book value as at 30 June 2022	374,123	321,246	24,405	719,774
Year ended 30 June 2023				
Opening net book value as at 1 July 2022	**374,123**	**321,246**	**24,405**	**719,774**
Additions	**5,085**	**357,361**	**—**	**362,446**
Early termination	**(295)**	**(5,614)**	**—**	**(5,909)**
Depreciation and amortisation	**(53,343)**	**(239,722)**	**(558)**	**(293,623)**
Modifications (ii)	**—**	**(13,103)**	**—**	**(13,103)**
Closing net book value as at 30 June 2023	**325,570**	**420,168**	**23,847**	**769,585**

Lease liabilities

	2023 RMB'000	2022 RMB'000
Lease liabilities	**342,658**	247,336
Lease liabilities due to related parties (Note 32)	**326,720**	352,035
At the beginning of the year	**669,378**	599,371
Lease payment	**(337,068)**	(272,072)
Interest expenses (Note 9)	**41,760**	34,639
Additions	**362,446**	291,001
Modifications	**(13,103)**	23,239
Early termination	**(6,077)**	(6,800)
At the end of the year	**717,336**	669,378
Less: lease liabilities due to related parties (Note 32)	**(283,219)**	(326,720)
Lease liabilities	**434,117**	342,658

(i) During the year ended 30 June 2022, the Group entered several agreements with Huizhan Technology (Hangzhou) Co., Ltd to modify the existing lease arrangements with additional space and increased rent. As a result, right-of-use assets of RMB36,003,000 was recorded for the lease modification and additions (Note 32).

(ii) The Group chose to record the rent concessions occurring as a direct consequence of the COVID-19 pandemic as lease modifications. The rent concessions represented reduced lease payments due on or before 30 June 2023 and there was no substantive change to other terms and conditions of the lease. Rent concessions totaling approximately RMB13,103,000 (during the year ended 30 June 2022: RMB5,943,000) have been accounted for as lease modification by decreasing the lease liabilities and making a corresponding adjustment to the right-of-use assets.

14. Leases (continued)

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

Lease liabilities (continued)

	As at 30 June 2023 RMB'000	As at 30 June 2022 RMB'000
Lease liabilities		
Current	**214,571**	174,599
Non-current	**219,546**	168,059
	434,117	342,658

(b) Amounts recognised in the consolidated statement of comprehensive income

The consolidated statement of comprehensive income shows the following amounts relating to leases:

	Year ended 30 June 2023 RMB'000	2022 RMB'000
Depreciation charge of right-of-use assets		
Retail shops and offices	**293,065**	227,533
Land use right	**558**	558
Interest expense	**41,760**	34,639
Expense relating to short-term leases	**54,979**	69,399
Expense relating to variable lease payments not included in lease liabilities	**181,854**	207,101
The cash outflow for leases as operating activities	**243,056**	261,379
The cash outflow for leases as financing activities	**337,068**	272,072

(c) The Group's leasing activities

The Group leases various offices and retail stores. Rental contracts are typically made for fixed periods of 3 months to 6 years but may have extension options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

(d) Variable lease payments

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

(e) Extension and termination options

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

15. Intangible assets

	Computer software RMB'000	Others RMB'000	Total RMB'000
Year ended 30 June 2022			
Opening net book value	15,527	171	15,698
Additions	5,549	—	5,549
Amortisation charge	(2,509)	(27)	(2,536)
Closing net book value	18,567	144	18,711
As at 30 June 2022			
Cost	29,796	244	30,040
Accumulated amortisation	(11,229)	(100)	(11,329)
Net book value	18,567	144	18,711
Year ended 30 June 2023			
Opening net book value	**18,567**	**144**	**18,711**
Additions	**6,661**	**—**	**6,661**
Amortisation charge	**(4,892)**	**(20)**	**(4,912)**
Closing net book value	**20,336**	**124**	**20,460**
As at 30 June 2023			
Cost	**36,457**	**244**	**36,701**
Accumulated amortisation	**(16,121)**	**(120)**	**(16,241)**
Net book value	**20,336**	**124**	**20,460**

Amortisation expenses have been charged to the consolidated statement of comprehensive income as follows:

	Year ended 30 June	
	2023 RMB'000	2022 RMB'000
Administrative expenses	**3,178**	1,097
Selling and marketing expense	**1,734**	1,439
	4,912	2,536

16. Inventories

	As at 30 June	
	2023 RMB'000	2022 RMB'000
Finished goods	**1,179,752**	1,154,093
Raw materials	**35,631**	33,317
Commissioned processing materials	**158,051**	175,321
	1,373,434	1,362,731
Less: provision	**(583,100)**	(533,908)
	790,334	828,823

Movements of provision for inventories are analysed as follows:

	Year ended 30 June	
	2023 RMB'000	2022 RMB'000
Beginning of the year	**533,908**	502,201
Addition of provision for inventories to net realisable value included in "cost of sales" (Note 6)	**109,252**	107,796
Release of provision upon sales of inventories written down in prior years	**(60,060)**	(76,089)
End of the year	**583,100**	533,908

17. Trade receivables

	As at 30 June	
	2023	2022
	RMB'000	RMB'000
Trade receivables	**144,721**	128,739
Less: provision for impairment	**(19,292)**	(25,057)
	125,429	103,682

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

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

	As at 30 June	
	2023	2022
	RMB'000	RMB'000
Within 3 months	**123,044**	100,083
3 months to 6 months	**4,467**	7,173
6 months to 1 year	**799**	2,974
1 year to 2 years	**3,277**	740
more than 2 years	**13,134**	17,769
	144,721	128,739

The maximum exposure to credit risk as at the balance sheet date is the carrying value of the net trade receivables balances.

The loss allowance for trade receivables as at 30 June reconcile to the opening allowances as follows:

	Year ended 30 June	
	2023	2022
	RMB'000	RMB'000
Beginning of the year	**25,057**	26,222
(Reversal of)/provision for impairment on trade receivables (Note 3.1)	**(2,418)**	5,174
Write-off of provision for impairment	**(3,347)**	(6,339)
End of the year	**19,292**	25,057

The carrying amounts of the Group's trade receivables were denominated in the following currencies:

	As at 30 June	
	2023	2022
	RMB'000	RMB'000
RMB	**118,286**	96,518
US$	**6,165**	6,370
Others	**978**	794
	125,429	103,682

The carrying amounts of the Group's trade receivables approximated their fair values as at each of the balance sheet date.

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for all trade receivables.

Information about the impairment of trade receivables and the Group's exposure to credit risk are set out in Note 3.1.

18. Prepayments, deposits and other assets

	As at 30 June	
	2023	2022
	RMB'000	RMB'000
Long-term prepayments		
Long-term prepaid expenses	**16,838**	15,683
Current assets		
Deposits and other receivables	**122,780**	107,221
Right of goods return	**58,406**	85,547
Prepayment to suppliers	**52,926**	52,199
Prepaid income tax	**23,653**	—
Prepaid expenses	**18,881**	18,168
Value-added tax recoverable	**13,888**	5,464
Staff advances	**83**	86
	290,617	268,685
	307,455	284,368

19. Financial instruments by category

	As at 30 June	
	2023	2022
	RMB'000	RMB'000
Financial assets		
Financial assets at amortised cost		
— Trade and other receivables	**248,292**	210,989
— Cash and cash equivalents	**525,147**	591,746
— Term deposits with initial term over 3 months	**488,251**	384,396
— Amounts due from related parties	**109,316**	105,605
Financial assets at fair value through profit or loss	**210,911**	168,840
	1,581,917	1,461,576
Financial liabilities		
Liabilities at amortised cost		
— Trade and bills payables	**236,399**	289,211
— Other payables	**459,972**	570,242
— Borrowings	**99,514**	148,868
— Lease liabilities	**434,117**	342,658
— Amounts due to related parties	**292,299**	338,780
	1,522,301	1,689,759

The Group's exposure to various risks associated with the financial instruments is discussed in Note 3. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

20. Financial assets at fair value through profit or loss

	As at 30 June	
	2023	2022
	RMB'000	RMB'000
Included in non-current assets		
Venture capital funds (a)	**180,875**	158,840
Investment in a private company (b)	**30,036**	10,000
	210,911	168,840

20. Financial assets at fair value through profit or loss (continued)

The carrying amounts of the Group's Financial assets at fair value through profit or loss were denominated in the following currencies:

	As at 30 June	
	2023	2022
	RMB'000	RMB'000
US$	**123,755**	105,448
RMB	**87,156**	63,392
	210,911	168,840

(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.

As at 30 June 2023, the Group has made capital contributions of RMB51,000,000 into two venture capital funds, both of which are related parties of Mr. Wei Zhe, the non-executive director of the Group. The Group has uncalled capital commitments of RMB9,000,000 in accordance with the subscription agreements (Note 31).

In July 2022, the Group signed the subscription agreements of a venture capital fund as a limited partner for a total capital commitment of RMB30,000,000. The Group made capital contributions of RMB4,500,000. The Group has uncalled capital commitments of RMB25,500,000 in accordance with the subscription agreements (Note 31).

(b) The Group acquired 16.5% equity interests of Hangzhou Jiasheng Catering Management Co., Ltd. with a cash consideration of RMB29,325,000. 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.

21. Term deposits with initial term over 3 months

	As at 30 June	
	2023	2022
	RMB'000	RMB'000
Term deposits with initial term over 3 months	**488,251**	384,396

The carrying amounts of the Group's term deposits with initial term over 3 months were denominated in the following currencies:

	As at 30 June	
	2023	2022
	RMB'000	RMB'000
US$	**233,336**	—
RMB	**212,917**	384,396
HK$	**41,998**	—
	488,251	384,396

The effective interest rate for the term deposits of the Group with initial term over 3 months for the year ended 30 June 2023 was 3.89% (during the year ended 30 June 2022: 3.17%).

Term deposits with initial term over 3 months were neither past due nor impaired. The fair value of these term deposits with initial term over 3 months approximated its carrying amount at year end.

22. Cash and bank balances

	As at 30 June	
	2023	2022
	RMB'000	RMB'000
Cash at bank and on hand	**525,147**	591,746
Restricted cash	**1,391**	—

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

Cash and bank balances were denominated in the following currencies:

	As at 30 June	
	2023	2022
	RMB'000	RMB'000
RMB	**451,774**	510,293
HK$	**60,512**	71,944
US$	**10,656**	6,993
Others	**3,596**	2,516
	526,538	591,746

23. Share capital, share premium and shares held for RSU Scheme

	Number of shares authorised	Number of shares issued	Share capital RMB'000	Share premium RMB'000	Shares held for RSU scheme RMB'000	Subtotal RMB'000
As at 1 July 2022	**1,000,000,000**	**518,750,000**	**4,622**	**508,254**	**(180,244)**	**332,632**
Purchase of ordinary shares for RSU Scheme (a)	**—**	**—**	**—**	**—**	**(6,404)**	**(6,404)**
Transfer and exercise of RSUs	**—**	**—**	**—**	**(434)**	**49,107**	**48,673**
As at 30 June 2023	**1,000,000,000**	**518,750,000**	**4,622**	**507,820**	**(137,541)**	**374,901**
As at 1 July 2021	1,000,000,000	518,750,000	4,622	668,308	(164,430)	508,500
Purchase of ordinary shares for RSU Scheme (a)	—	—	—	—	(22,737)	(22,737)
Dividend (Note 12)	—	—	—	(161,458)	—	(161,458)
Transfer and exercise of RSUs	—	—	—	1,404	6,923	8,327
As at 30 June 2022	1,000,000,000	518,750,000	4,622	508,254	(180,244)	332,632

(a) During the year ended 30 June 2023, the Company repurchased 1,032,000 (during the year ended 30 June 2022: 2,239,500) of its own shares through the trustee of the RSU scheme at a total consideration of HK$7,169,000 (approximately RMB6,404,000) (during the year ended 30 June 2022: HK$27,464,000 (approximately RMB22,737,000)). As at 30 June 2023, there were 16,739,000 shares (30 June 2022: 21,466,000 shares) held through the trustee of the RSU scheme.

24. Other reserves

	Statutory reserves RMB'000	Share-based compensation reserve RMB'000	Currency translation differences RMB'000	Merger reserve (b) RMB'000	Total RMB'000
As at 1 July 2022	**157,260**	**102,340**	**(29,138)**	**(1,599)**	**228,863**
Appropriation to statutory reserves (a)	**245**	**—**	**—**	**—**	**245**
Share-based compensation (Note 25)	**—**	**36,038**	**—**	**—**	**36,038**
Currency translation differences	**—**	**—**	**21,108**	**—**	**21,108**
Transfer and exercise of RSUs	**—**	**(32,273)**	**—**	**—**	**(32,273)**
As at 30 June 2023	**157,505**	**106,105**	**(8,030)**	**(1,599)**	**253,981**
As at 1 July 2021	156,791	62,615	(25,750)	(1,599)	192,057
Appropriation to statutory reserves (a)	469	—	—	—	469
Share-based compensation (Note 25)	—	44,633	—	—	44,633
Currency translation differences	—	—	(3,388)	—	(3,388)
Transfer and exercise of RSUs	—	(4,908)	—	—	(4,908)
As at 30 June 2022	157,260	102,340	(29,138)	(1,599)	228,863

(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 prior year losses, if any, and may be converted into paid-in capital. For the year ended 30 June 2023, approximately RMB245,000 (during the year ended 30 June 2022: RMB469,000) was appropriated from retained earnings to the statutory surplus reserve fund.

(b) During the reorganisation to form the current 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 original investments have been recognised as merger reserve.

25. Share-based payments

The Company adopted the RSU scheme, under which the Board 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 year ended 30 June 2023, share based compensation of RMB36,038,000 were recognised by the Group (during the year ended 30 June 2022: RMB44,633,000).

The Group has appointed The Core Trust Company Limited as the trustee to assist with the administration and vesting of RSUs granted pursuant to the RSU scheme. As the relevant activities of the trustee are decided by the Group, and the Group benefits from the trustee's activities, the trustee is consolidated in the Group's financial statements as a structured entity.

Movements in the number of outstanding RSUs are as follows:

	Year ended 30 June 2023		Year ended 30 June 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**	**20,656,400**	HK$3.08	10,437,650
Granted (a)	**HK$3.20**	**8,990,000**	HK$3.20	11,980,000
Forfeited	**HK$3.20**	**(2,392,500)**	HK$3.15	(737,000)
Exercised	**HK$3.18**	**(5,759,000)**	HK$2.95	(1,024,250)
Ending balance	**HK$3.19**	**21,494,900**	HK$3.19	20,656,400

(a) On 29 October 2021, the Board resolved to grant 11,980,000 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 2022, 2023, 2024 and 2025, respectively. The grantees are required to pay HK$3.2 per share for the exercise of RSUs upon satisfaction of terms and conditions.

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.

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.

Based on the closing price of shares immediately before the date of the grant date, the Company has used Binominal pricing model to determine the fair value of the RSUs granted during the year ended 30 June 2023. The weighted average fair value of those RSUs granted during the year ended 30 June 2023 at the measurement date was RMB3.46 (HK$4.02). Key assumptions are set as below:

	Year ended 30 June	
	2023	2022
Risk free interest rate	**1.50%**	1.19%
Volatility	**45.00%**	43.00%
Dividend yield	**5.70%**	5.70%

25. Share-based payments (continued)

(a) (continued)

Management estimated the risk-free interest rate based on the yield of Hong Kong government bond with a maturity life equal to the life of shares. Volatility was estimated at the grant date based on the average of historical volatilities of the comparable companies with length commensurable to the time to maturity of the RSUs. Dividend yield is based on management estimation at the grant date.

(b) The Group is required to estimate the annual forfeiture rate in order to determine the amount of share-based compensation expenses charged to the consolidated statement of comprehensive income. As at 30 June 2023, the expected forfeiture rate was estimated at 3% (30 June 2022: 3%).

(c) The weighted average remaining contractual life of RSUs outstanding as at 30 June 2023 was 4.22 years (30 June 2022: 4.52 years).

26. Trade and bills payables

	As at 30 June	
	2023	2022
	RMB'000	RMB'000
Trade payables (a)	**232,094**	289,211
Bills payables	**4,305**	—
	236,399	289,211

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

	As at 30 June	
	2023	2022
	RMB'000	RMB'000
Within 6 months	**229,211**	282,792
6 months to 1 year	**2,096**	5,046
over 1 year	**787**	1,373
	232,094	289,211

The Group's trade payables are denominated in RMB.

27. Accruals and other current liabilities

	As at 30 June	
	2023	2022
	RMB'000	RMB'000
Non-current liabilities		
Payables for property, plant and equipment	**495**	4,579
Current liabilities		
Provisions for sales returns (Note 5)	**166,891**	258,551
Payroll and welfare payables	**131,380**	96,668
Provisions for sales rebates (Note 5)	**72,002**	70,089
Deposits received from suppliers (a)	**49,764**	48,853
Value-added and other taxes payables	**49,465**	52,374
Payables for leasehold improvements	**38,563**	50,052
Workforce contracting payables	**34,250**	29,691
Distribution deposits (b)	**30,808**	30,966
Accrued marketing and promotion expenses	**29,590**	16,601
Payables for property, plant and equipment	**3,544**	6,722
Rentals	**1,775**	9,512
Others	**32,290**	44,626
	640,322	714,705
	640,817	719,284

(a) Deposits received from suppliers represent non-interest bearing deposits received from third-party suppliers for quality assurance.

(b) Distribution deposits represent non-interest bearing deposits received from third-party distributors as a condition of engaging in business with the Group for distributing the Group's products in specific geographical areas. Such distribution deposits would be refunded to the distributors when their distribution relationship with the Group was terminated.

28. Borrowings

	As at 30 June	
	2023	2022
	RMB'000	RMB'000
Short-term borrowings	**99,514**	148,868

As at 30 June 2023, the bills receivables issued by one 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 30 June 2023, the average discounted rate was 2.04% per annum (30 June 2022: 2.57%).

29. Deferred income tax

The analysis of deferred income tax assets is as follows:

	As at 30 June	
	2023	2022
	RMB'000	RMB'000
Lease liabilities	**203,161**	189,030
Provision for inventories	**145,774**	133,476
Accrued expenses and provisions	**71,281**	82,384
Tax losses carried forward	**12,351**	5,216
Customer loyalty programme	**7,285**	4,683
Impairment for receivables	**4,606**	5,589
Others	**2,335**	2,415
Total deferred tax assets	**446,793**	422,793
Set-off of deferred tax assets pursuant to set-off provisions (a)	**(192,396)**	(179,944)
Net deferred tax assets	**254,397**	242,849
Deferred income tax assets:		
— to be recovered after more than 12 months	**168,133**	147,277
— to be recovered within 12 months	**86,264**	95,572
	254,397	242,849
Right-of-use assets	**192,396**	179,944
Provision for withholding income tax	**5,317**	12,197
Total deferred tax liabilities	**197,713**	192,141
Set-off of deferred tax liabilities pursuant to set-off provisions (a)	**(192,396)**	(179,944)
Net deferred tax liabilities	**5,317**	12,197
Deferred income tax liabilities:		
— to be recovered within 12 months	**5,317**	12,197
	249,080	230,652

(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.

29. Deferred income tax (continued)

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

	Lease liabilities RMB'000	Provision for inventories RMB'000	Accrued expenses and provisions RMB'000	Tax losses carried forward RMB'000	Customer loyalty programme RMB'000	Impairment for receivables RMB'000	Others RMB'000	Total RMB'000
As at 1 July 2021	156,766	125,549	56,178	2,665	4,852	6,215	2,295	354,520
Credited/(charged) to the consolidated statement of comprehensive income	32,264	7,927	26,206	2,551	(169)	(626)	120	68,273
As at 30 June 2022	189,030	133,476	82,384	5,216	4,683	5,589	2,415	422,793
Credited/(charged) to the consolidated statement of comprehensive income	**14,131**	**12,298**	**(11,103)**	**7,135**	**2,602**	**(983)**	**(80)**	**24,000**
As at 30 June 2023	**203,161**	**145,774**	**71,281**	**12,351**	**7,285**	**4,606**	**2,335**	**446,793**

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through the future taxable profit is probable. As at each of the balance sheet dates, the Group recognised deferred income tax assets in respect of losses that can be carried forward against future taxable income within five years.

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

	Right-of-use assets RMB'000	Provision for withholding income tax RMB'000	Total RMB'000
As at 1 July 2021	153,776	16,404	170,180
Debited to the consolidated statement of comprehensive income	26,168	23,293	49,461
Transferred to current tax liabilities	—	(27,500)	(27,500)
As at 30 June 2022	179,944	12,197	192,141
Debited to the consolidated statement of comprehensive income	**12,452**	**27,627**	**40,079**
Transferred to current tax liabilities	**—**	**(34,507)**	**(34,507)**
As at 30 June 2023	**192,396**	**5,317**	**197,713**

The Group adopted a general annual dividend policy of declaring dividends on an annual basis of 75% of its total net profit attributable to the Group for any particular fiscal year. Accordingly, the directors planned to remit 75% of annual profits of its PRC subsidiaries to Grand Vantage (China) Limited. As a result, the Group recognised withholding tax expense of RMB27,627,000 (during the year ended 30 June 2022: RMB23,293,000) at a 5% withholding tax rate for 75% of the annual profits of PRC subsidiaries.

As at 30 June 2023, the provisions of RMB5,317,000 (30 June 2022: RMB12,197,000) represented provision for withholding income tax were made for the planned profit distribution of the PRC subsidiaries.

30. Notes to consolidated statement of cash flow

(a) Cash generated from operations

	Year ended 30 June 2023 RMB'000	2022 RMB'000
Profit before income tax	**850,822**	775,636
Adjustments for:		
— Depreciation of property, plant and equipment (Note 13)	**117,044**	92,776
— Depreciation of right-of-use assets (Note 14)	**293,623**	228,091
— Amortisation of intangible assets (Note 15)	**4,912**	2,536
— (Reversal of)/provision for impairment of financial assets (Note 3.1)	**(462)**	5,590
— Provision for inventories (Note 16)	**109,252**	107,796
— Losses on disposal of property, plant and equipment (Note 7)	**203**	833
— Gains on early termination of right-of-use assets (Note 7)	**(168)**	(357)
— Share based compensation (Note 25)	**36,038**	44,633
— Interest income (Note 9)	**(31,050)**	(32,849)
— Interest income on loans to related parties (Note 7)	**(4,590)**	(4,225)
— Interest expenses (Note 9)	**3,576**	3,757
— Interest expenses on lease liabilities (Note 14)	**41,760**	34,639
— Net foreign exchange gains from financing activities (Note 9)	**(7,210)**	(5,331)
— Fair value change in financial assets at fair value through profit or loss (Note 7)	**(10,794)**	(14,222)
Operating profits before working capital changes	**1,402,956**	1,239,303
Changes in working capital:		
— Inventories	**(70,763)**	(229,780)
— Trade receivables	**(18,450)**	10,516
— Prepayments, deposits and other assets	**(2,784)**	(40,660)
— Trade and bills payables	**(55,781)**	35,546
— Contract liabilities and other current liabilities	**12,218**	75,507
Cash flow generated from operations	**1,267,396**	1,090,432

(b) Net debt reconciliation:

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

	As at 30 June 2023 RMB'000	2022 RMB'000
Cash and cash equivalents	**525,147**	591,746
Borrowings — repayable within one year	**(99,514)**	(148,868)
Lease liabilities (Note 14)	**(717,336)**	(669,378)
Net debt	**(291,703)**	(226,500)

30. Notes to consolidated statement of cash flow (continued)

(b) Net debt reconciliation: (continued)

	Other assets	Liabilities from financing activities		
	Cash and cash equivalents RMB'000	Borrowings RMB'000	Lease liabilities RMB'000	Total RMB'000
Net debt as at 30 June 2021	549,012	(243,619)	(599,371)	(293,978)
Cash flows	41,066	98,508	272,072	411,646
Interest expense	—	(3,757)	(34,639)	(38,396)
Additions	—	—	(314,240)	(314,240)
Early termination	—	—	6,800	6,800
Foreign exchange adjustments	1,668	—	—	1,668
Net debt as at 30 June 2022	591,746	(148,868)	(669,378)	(226,500)
Cash flows	**(72,520)**	**52,930**	**337,068**	**317,478**
Interest expense	**—**	**(3,576)**	**(41,760)**	**(45,336)**
Additions	**—**	**—**	**(362,446)**	**(362,446)**
Modification	**—**	**—**	**13,103**	**13,103**
Early termination	**—**	**—**	**6,077**	**6,077**
Foreign exchange adjustments	**5,921**	**—**	**—**	**5,921**
Net debt as at 30 June 2023	**525,147**	**(99,514)**	**(717,336)**	**(291,703)**

31. Commitments

(a) Capital commitments

As at 30 June 2023, the Group has uncalled capital commitments relating to the venture capital funds amounting to RMB34,500,000 (30 June 2022: RMB9,000,000) (Note 20).

(b) Operating lease commitments

As at 30 June 2023 and 2022, lease commitments for the Group for leases not yet commenced or short-term leases are as follows:

	As at 30 June	
	2023	2022
	RMB'000	RMB'000
Within 1 year	**19,271**	13,506

32. Significant related party transactions

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

Name	Relationship with the Group
Li Lin	One of the controlling shareholders
Wu Jian	One of the controlling shareholders
Huizhan Technology (Hangzhou) Co., Ltd	Controlled by the controlling shareholders
Hangzhou O ō Eli Commercial Operation Management Co., Ltd.	Controlled by 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

(a) Significant transactions with related parties

Saved as disclosed in note 20, the Group had the following significant transaction with related parties, which are all continuing connected transactions except for utilities charged (Note 32 (iv)), purchase and modification of right-of-use assets under lease agreement (Note 32(vii)) and loan arrangement (Note 32(viii)(ix)(x)) as disclosed below.

		Year ended 30 June	
		2023	2022
		RMB'000	RMB'000
(i)	Processing fee charged by a related party		
	Hangzhou Shangwei Apparel Co., Ltd.	**22,620**	28,170
(ii)	Framework sample apparel manufacturing charged by a related party		
	Hangzhou JNBY Finery Co., Ltd.	**27,903**	32,772
(iii)	Short-term lease expenses charged by a related party		
	Huizhan Technology (Hangzhou) Co., Ltd	**8,379**	1,770
(iv)	Utilities charged by related parties		
	Hangzhou O ō Eli Commercial Operation Management Co., Ltd.	**2,048**	–
	Huizhan Technology (Hangzhou) Co., Ltd	**—**	1,732
		2,048	1,732
(v)	Concession fees charged by a related party		
	Huizhan Technology (Hangzhou) Co., Ltd	**1,825**	1,652
(vi)	Sale of goods to a related party		
	Huizhan Technology (Hangzhou) Co., Ltd	**205**	656
(vii)	Purchase and modifications of right-of-use assets		
	Huizhan Technology (Hangzhou) Co., Ltd	**—**	36,003
	Hangzhou Huikang Industrial Co., Ltd.	**—**	4,879
		—	40,882
(viii)	Loan granted to a related party		
	Huizhan Technology (Hangzhou) Co., Ltd	**—**	150,000

32. Significant related party transactions (continued)

(a) Significant transactions with related parties (continued)

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.

	Year ended 30 June	
	2023	2022
	RMB'000	RMB'000
(ix) Loan repayment from a related party Huizhan Technology (Hangzhou) Co., Ltd	—	50,000
(x) Interest income from loan granted a related party Huizhan Technology (Hangzhou) Co., Ltd	4,590	4,225

(b) Balances with related parties

	As at 30 June	
	2023	2022
	RMB'000	RMB'000
Due from a related party		
Current — Trade receivables:		
— Huizhan Technology (Hangzhou) Co., Ltd	1,477	2,356
Non current — loan to a related party:		
— Huizhan Technology (Hangzhou) Co., Ltd	107,839	103,249
	109,316	105,605
Due to related parties		
Trade payables:		
— Hangzhou Shangwei Apparel Co., Ltd.	5,741	8,710
Other payables:		
— Hangzhou JNBY Finery Co., Ltd.	3,200	3,175
— Huizhan Technology (Hangzhou) Co., Ltd	139	175
	3,339	3,350

	As at 30 June	
	2023	2022
	RMB'000	RMB'000
Current lease liabilities (Note 14):		
— Huizhan Technology (Hangzhou) Co., Ltd	36,769	43,067
— Hangzhou O ō Eli Commercial Operation Management Co., Ltd. (ii)	3,279	—
— Hangzhou Huikang Industrial Co., Ltd.	10	2,404
	40,058	45,471
	49,138	57,531
Non-current lease liabilities (Note 14):		
— Huizhan Technology (Hangzhou) Co., Ltd	228,984	279,744
— Hangzhou O ō Eli Commercial Operation Management Co., Ltd.	14,177	—
— Hangzhou Huikang Industrial Co., Ltd.	—	1,505
	243,161	281,249
	292,299	338,780

The Group leased premises mainly for office building from Huizhan Technology (Hangzhou) Co., Ltd and Hangzhou O ō Eli 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.

(c) Key management compensation

Key management includes directors (Wu Jian, Li Lin and Wu Huating) whose emoluments are reflected in the analysis shown in Note 34 (a). The emoluments paid and payable to the remaining key management during the year are as follows:

	Year ended 30 June	
	2023	2022
	RMB'000	RMB'000
Basic salaries and allowances	9,134	11,031
Discretionary bonuses	12,480	9,887
Other benefits including pension	765	796
Share-based compensation	10,169	16,478
	32,548	38,192

33. Balance sheet and reserve movement of the Company

	Note	As at 30 June 2023 RMB'000	2022 RMB'000
ASSETS			
Non-current assets			
Investment in a subsidiary		**324,255**	288,217
Property, plant and equipment		**17,907**	—
Amounts due from related parties		**318,683**	295,509
Total non-current assets		**660,845**	583,726
Current assets			
Cash and cash equivalents		**30,403**	43,268
Term deposits with initial terms over 3 months		**169,020**	—
Prepayments, deposits and other assets		**538**	517
Total current assets		**199,961**	43,785
Total assets		**860,806**	627,511
LIABILITIES			
Accruals and other current liabilities		**519**	26
Total liabilities		**519**	26
Net assets		**860,287**	627,485
EQUITY			
Share capital		**4,622**	4,622
Shares held for RSU scheme	(a)	**(137,541)**	(180,244)
Share premium	(a)	**507,820**	508,254
Other reserves	(a)	**259,138**	220,626
Retained earnings	(a)	**226,248**	74,227
Total equity		**860,287**	627,485

The balance sheet of the Company was approved by the Board on 7 September 2023 and was signed on its behalf:

Wu Jian
Director

Li Lin
Director

33. Balance sheet and reserve movement of the Company (continued)

(a) Shares held for RSU scheme, share premium, other reserves and retained earnings movement of the Company

	Shares held for RSU scheme RMB'000	Share premium RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Subtotal RMB'000
As at 1 July 2022	**(180,244)**	**508,254**	**220,626**	**74,227**	**622,863**
Profit for the year	**—**	**—**	**—**	**543,885**	**543,885**
Dividends paid	**—**	**—**	**—**	**(391,864)**	**(391,864)**
Repurchase of ordinary shares for RSU Scheme	**(6,404)**	**—**	**—**	**—**	**(6,404)**
Share-based compensation	**—**	**—**	**36,038**	**—**	**36,038**
Currency translation difference	**—**	**—**	**34,747**	**—**	**34,747**
Transfer and exercise of RSUs	**49,107**	**(434)**	**(32,273)**	**—**	**16,400**
As at 30 June 2023	**(137,541)**	**507,820**	**259,138**	**226,248**	**855,665**
As at 1 July 2021	(164,430)	668,308	176,320	52,965	733,163
Profit for the year	—	—	—	471,889	471,889
Dividends paid	—	(161,458)	—	(450,627)	(612,085)
Repurchase of ordinary shares for RSU Scheme	(22,737)	—	—	—	(22,737)
Share-based compensation	—	—	44,633	—	44,633
Currency translation difference	—	—	4,581	—	4,581
Transfer and exercise of RSUs	6,923	1,404	(4,908)	—	3,419
As at 30 June 2022	(180,244)	508,254	220,626	74,227	622,863

34. Benefits and interests of directors

(a) Directors' and chief executive's emoluments

The remuneration of every director and the chief executive is set out below:

For the year ended 30 June 2023

Name	Fees	Salaries and allowances	Discretionary bonuses	Social security contribution	Share-based compensation	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive Directors						
Mr. Wu Jian (i)	**—**	**3,091**	**—**	**17**	**—**	**3,108**
Ms. Li Lin (i)	**—**	**5,091**	**—**	**17**	**—**	**5,108**
Ms. Wu Huating (ii)	**—**	**3,373**	**5,200**	**140**	**10,369**	**19,082**
Non-executive Directors						
Mr. Wei Zhe (iii)	**300**	**—**	**—**	**—**	**—**	**300**
Independent Non-executive Directors						
Mr. Hu Huanxin (iv)	**250**	**—**	**—**	**—**	**—**	**250**
Mr. Lam Yiu Por (iv)	**300**	**—**	**—**	**—**	**—**	**300**
Ms. Han Min (iv)	**250**	**—**	**—**	**—**	**—**	**250**

For the year ended 30 June 2022

Name	Fees	Salaries and allowances	Discretionary bonuses	Social security contribution	Share-based compensation	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive Directors						
Mr. Wu Jian (i)	—	3,000	—	16	—	3,016
Ms. Li Lin (i)	—	5,000	—	16	—	5,016
Ms. Wu Huating (ii)	—	3,251	3,503	124	14,067	20,945
Non-executive Directors						
Mr. Wei Zhe (iii)	300	—	—	—	—	300
Independent Non-executive Directors						
Mr. Hu Huanxin (iv)	250	—	—	—	—	250
Mr. Lam Yiu Por (iv)	300	—	—	—	—	300
Ms. Han Min (iv)	250	—	—	—	—	250

34. Benefits and interests of directors (continued)

(a) Directors' and chief executive's emoluments (continued)

(i) Mr. Wu Jian and Ms. Li Lin were appointed as directors on 26 November 2012. Mr. Wu Jian has resigned as Chief Executive Officer on 7 March 2019 and continued to serve as the chairman of the Board and executive director of the Company.

(ii) Ms. Wu Huating was appointed as Chief Executive Officer on 7 March 2019 and appointed as an executive director on 8 May 2019.

(iii) Appointed on 24 June 2013.

(iv) Appointed on 13 October 2016.

(b) Directors' retirement benefits and termination benefits

None of the retirement benefits was paid to or receivable by directors during the year (during the year ended 30 June 2022: Nil).

None of the termination benefits was paid by or receivable from the company, the subsidiary undertaking nor the controlling shareholders to the directors during the year (during the year ended 30 June 2022: Nil).

(c) Consideration provided to third parties for making available directors' services

During the year ended 30 June 2023, the Company does not pay consideration to any third parties for making available directors' services (during the year ended 30 June 2022: Nil).

(d) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

As at 30 June 2023, there are no loans, quasi-loans and other dealing arrangements in favour of directors, controlled bodies corporate by and controlled entities with such directors (30 June 2022: Nil).

(e) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Company's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year (during the year ended 30 June 2022: Nil).

35. Subsequent event

A final dividend in respect of the year ended 30 June 2023 of HK$0.67 (equivalent to approximately RMB0.63) per ordinary share, has been proposed by the Board and is to be approved at the annual general meeting on October 26 2023. These financial statements do not reflect these dividend payables.

Except for the events as described above, there was no other significant event occurred during the period from 30 June 2023 to the approval date of the consolidated financial statements by the Board on 7 September 2023.