

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

江南布衣⁺ JNBY GROUP

JNBY Design Limited

江南布衣有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3306)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED JUNE 30, 2021

FINANCIAL HIGHLIGHTS

- The total revenue of the Group for the year ended June 30, 2021 (“**Fiscal Year 2021**”) amounted to RMB4,126.2 million, an increase of 33.1% or RMB1,026.8 million as compared with RMB3,099.4 million for the year ended June 30, 2020 (“**Fiscal Year 2020**”). The net profit for Fiscal Year 2021 amounted to RMB647.2 million, an increase of 86.7% or RMB300.5 million as compared with RMB346.7 million for Fiscal Year 2020. As of June 30, 2021, the sum of the Group’s cash and cash equivalents, term deposits with initial term over three months and financial assets at fair value through profit or loss, net of bank loans, exceeded RMB1.1 billion.
- As of June 30, 2021, the brand portfolio of the Group includes multiple brands in three stages, namely (i) Mature brand, (ii) Younger brands and (iii) Emerging brands. The total number of our retail stores around the world increased from 1,855 as of June 30, 2020 to 1,931 as of June 30, 2021. Our sales network has covered all provinces, autonomous regions and municipalities in mainland China and across ten other countries and regions around the world. The Group’s same store sales growth of offline retail shops for Fiscal Year 2021 was 19.3%.

- As of June 30, 2021, the Group had over 4.9 million membership accounts (without duplication) including our more than 4.4 million subscribers (without duplication) on the WeChat platform. The retail sales contributed by our members accounted for around 70% of our total retail sales for Fiscal Year 2021. The number of active members accounts of the Group for Fiscal Year 2021 (active members accounts are membership accounts associated with at least two purchases for a period of any 180 consecutive days within the last 12 months, without duplication) was over 430,000, and the number of membership accounts with annual purchases totaling over RMB5,000 was over 209,000 for Fiscal Year 2021, thereby contributing retail sales amounting to RMB2.61 billion, or over 40% of our total retail sales of offline channels.
- The Board has recommended the payment of a final dividend of HK\$0.72 per ordinary share (equivalent to approximately RMB0.61 per ordinary share) for the year ended June 30, 2021, together with the payment of an interim dividend of HK\$0.39 per ordinary share paid for the six months ended December 31, 2020, the total dividend for the year will amount to approximately HK\$575.8 million, accounting for 75% of the net profit of the Company for Fiscal Year 2021.
- The Board has recommended the payment of a special dividend of HK\$0.39 per ordinary share (equivalent to approximately RMB0.33 per ordinary share) for the year ended June 30, 2021.

CONSOLIDATED ANNUAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of JNBY Design Limited (the “**Company**”) is pleased to announce the audited consolidated results of our Company and its subsidiaries (the “**Group**”) for the year ended June 30, 2021, together with the comparative figures for the year ended June 30, 2020, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<i>Note</i>	Year ended 30 June	
		2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Revenue	4	4,126,225	3,099,431
Cost of sales	5	<u>(1,528,873)</u>	<u>(1,249,776)</u>
Gross profit		<u>2,597,352</u>	<u>1,849,655</u>
Selling and marketing expenses	5	(1,429,158)	(1,145,015)
Administrative expenses	5	(328,275)	(275,762)
Reversal of/(provision for) impairment on financial assets	5	1,806	(10,372)
Other income and gains, net	6	<u>42,136</u>	<u>66,499</u>
Operating profit		<u>883,861</u>	<u>485,005</u>
Finance income	7	32,125	17,686
Finance costs	7	<u>(29,396)</u>	<u>(16,296)</u>
Finance income, net		<u>2,729</u>	<u>1,390</u>
Profit before income tax		886,590	486,395
Income tax expense	8	<u>(239,395)</u>	<u>(139,697)</u>
Profit for the year		<u>647,195</u>	<u>346,698</u>
Other comprehensive (loss)/income			
<i>Items that may not be reclassified to profit or loss:</i>			
Currency translation differences		<u>(39,900)</u>	<u>8,661</u>
Total comprehensive income for the year		<u>607,295</u>	<u>355,359</u>

		Year ended 30 June	
		2021	2020
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Profit attributable to:			
— Shareholders of the Company		647,201	346,708
— Non-controlling interests		(6)	(10)
		<u><u>647,201</u></u>	<u><u>346,708</u></u>
Total comprehensive income attributable to:			
— Shareholders of the Company		607,301	355,369
— Non-controlling interests		(6)	(10)
		<u><u>607,301</u></u>	<u><u>355,369</u></u>
Earnings per share (expressed in RMB per share)			
— Basic	<i>9</i>	1.30	0.68
		<u><u>1.30</u></u>	<u><u>0.68</u></u>
— Diluted	<i>9</i>	1.29	0.67
		<u><u>1.29</u></u>	<u><u>0.67</u></u>

CONSOLIDATED BALANCE SHEET

		As at 30 June	
		2021	2020
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment	<i>11</i>	398,299	324,120
Right-of-use assets	<i>13</i>	640,068	196,144
Intangible assets	<i>12</i>	15,698	13,597
Prepayments, deposits and other assets	<i>16</i>	20,167	8,387
Financial assets at fair value through profit or loss		54,712	—
Deferred income tax assets		200,744	185,823
		<hr/>	<hr/>
Total non-current assets		1,329,688	728,071
Current assets			
Inventories	<i>14</i>	706,838	904,122
Trade receivables	<i>15</i>	119,105	97,413
Prepayments, deposits and other assets	<i>16</i>	240,945	253,057
Amounts due from related parties		2,623	—
Financial assets at fair value through profit or loss		131,062	263,091
Term deposits with initial term over 3 months		739,370	246,320
Restricted cash		—	5,463
Cash and cash equivalents		549,012	336,672
		<hr/>	<hr/>
Total current assets		2,488,955	2,106,138
		<hr/>	<hr/>
Total assets		3,818,643	2,834,209
		<hr/> <hr/>	<hr/> <hr/>

		As at 30 June	
		2021	2020
	<i>Note</i>	RMB'000	RMB'000
LIABILITIES			
Non-current liabilities			
Lease liability	<i>13</i>	125,689	65,860
Accruals and other current liabilities		5,413	6,977
Amounts due to related parties		318,912	4,113
Deferred income tax liabilities		16,404	14,561
		<hr/>	<hr/>
Total non-current liabilities		466,418	91,511
		<hr/>	<hr/>
Current liabilities			
Trade and bills payables	<i>17</i>	256,492	181,788
Lease liabilities	<i>13</i>	121,647	116,858
Contract liabilities		309,776	326,541
Accruals and other current liabilities	<i>18</i>	622,253	429,107
Amounts due to related parties		44,082	8,589
Borrowings		243,619	187,683
Current income tax liabilities		38,105	6,220
		<hr/>	<hr/>
Total current liabilities		1,635,974	1,256,786
		<hr/>	<hr/>
Total liabilities		2,102,392	1,348,297
		<hr/> <hr/>	<hr/> <hr/>
Net assets		1,716,251	1,485,912
		<hr/> <hr/>	<hr/> <hr/>
EQUITY			
Equity attributable to shareholders of the Company			
Share capital		4,622	4,622
Shares held for restricted share units (“RSU”) scheme		(164,430)	(172,414)
Share premium		668,308	665,520
Other reserves		192,057	222,095
Retained earnings		1,015,715	766,104
		<hr/>	<hr/>
Equity attributable to shareholders of the Company		1,716,272	1,485,927
Non-controlling interests		(21)	(15)
		<hr/>	<hr/>
Total equity		1,716,251	1,485,912
		<hr/> <hr/>	<hr/> <hr/>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Attributable to shareholders of the Company						
		Shares held				Non-		
		Share	Share	for RSU	Other	Retained	controlling	Total
		capital	Premium	Scheme	reserves	earnings	Interests	equity
Note	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 July 2019	4,622	657,376	(78,646)	183,130	639,564	(5)	1,406,041	
Comprehensive income								
Profit for the year	—	—	—	—	346,708	(10)	346,698	
Other comprehensive income:								
Currency translation differences	—	—	—	8,661	—	—	8,661	
Total comprehensive income	—	—	—	8,661	346,708	(10)	355,359	
Transactions with shareholders								
Profit appropriations to statutory reserves	—	—	—	666	(666)	—	—	
Liquidation of subsidiaries	—	—	—	(296)	296	—	—	
Dividend	10	—	—	—	(219,798)	—	(219,798)	
Share-based compensation	—	—	—	38,610	—	—	38,610	
Purchase ordinary shares for RSU scheme	—	—	(95,235)	—	—	—	(95,235)	
Transfer and exercise of RSUs	—	8,144	1,467	(8,676)	—	—	935	
Total transactions with shareholders	—	8,144	(93,768)	30,304	(220,168)	—	(275,488)	
Balance at 30 June 2020	4,622	665,520	(172,414)	222,095	766,104	(15)	1,485,912	

Attributable to shareholders of the Company							
	Share capital	Share Premium	Shares held for RSU Scheme	Other reserves	Retained earnings	Non-controlling Interests	Total equity
Note	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 July 2020	4,622	665,520	(172,414)	222,095	766,104	(15)	1,485,912
Comprehensive income							
Profit for the year	—	—	—	—	647,201	(6)	647,195
Other comprehensive (loss)/income:							
Currency translation differences	—	—	—	(39,900)	—	—	(39,900)
Total comprehensive income	—	—	—	(39,900)	647,201	(6)	607,295
Transactions with shareholders							
Profit appropriations to statutory reserves	—	—	—	1,975	(1,975)	—	—
Liquidation of a subsidiary	—	—	—	(232)	232	—	—
Dividend	10	—	—	—	(395,847)	—	(395,847)
Share-based compensation	—	—	—	16,523	—	—	16,523
Purchase ordinary shares for RSU scheme	—	—	(5,883)	—	—	—	(5,883)
Transfer and exercise of RSUs	—	2,788	13,867	(8,404)	—	—	8,251
Total transactions with shareholders	—	2,788	7,984	9,862	(397,590)	—	(376,956)
Balance at 30 June 2021	4,622	668,308	(164,430)	192,057	1,015,715	(21)	1,716,251

CONSOLIDATED STATEMENT OF CASH FLOWS

	Year ended 30 June	
<i>Note</i>	2021	2020
	RMB'000	RMB'000
Cash flows from operating activities		
Cash generated from operations	1,545,190	873,503
Income tax paid	<u>(208,612)</u>	<u>(204,736)</u>
Net cash generated from operating activities	<u>1,336,578</u>	<u>668,767</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(124,118)	(117,182)
Purchase of intangible assets	(4,381)	(3,781)
Proceeds from disposals of property, plant and equipment	359	420
Investment income received from financial products issued by commercial banks	7,528	1,250
Interest received	19,639	17,198
Payment of term deposits with initial term over 3 months	(1,369,991)	(1,146,241)
Proceeds from withdrawal of term deposits with initial term over 3 months	859,217	1,251,563
Payment of financial products issued by commercial banks	(310,000)	(380,000)
Proceeds from redemption of financial products issued by commercial banks	440,000	120,000
Payment of venture capital funds	<u>(54,712)</u>	<u>—</u>
Net cash used in investing activities	<u>(536,459)</u>	<u>(256,773)</u>
Cash flows from financing activities		
Proceeds from exercise of RSUs	8,251	935
Proceeds from borrowings	239,509	224,641
Repayments of borrowings	(190,000)	(40,000)
Payment of lease liabilities	(236,597)	(164,947)
Dividends paid	(395,847)	(219,798)
Payment for repurchase of treasury shares	<u>(5,883)</u>	<u>(95,235)</u>
Net cash used in financing activities	<u>(580,567)</u>	<u>(294,404)</u>
Net increase in cash and cash equivalents	219,552	117,590
Cash and cash equivalents at beginning of the year	336,672	216,465
Exchange (losses)/gains on cash and cash equivalents	<u>(7,212)</u>	<u>2,617</u>
Cash and cash equivalents at end of the year	<u>549,012</u>	<u>336,672</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

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 31 August 2021.

2. 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. 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.

3. 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.

(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) Income taxes and deferred income tax

There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will be reflected in the income tax expense and deferred tax provisions in the period in which such determination is made. In addition, the realisation of future income tax assets is dependent on the Group's ability to generate sufficient taxable income in future years to utilize income tax benefits and tax loss carry-forwards. Deviations of future profitability from estimates or in the income tax rate would result in adjustments to the value of future income tax assets and liabilities that could have a significant effect on the income tax expenses.

Dividends derived from the Company's subsidiaries in mainland China to foreign investors are subject to withholding tax at the rate of 5%. The Group regularly assesses its needs to make distributions out of its subsidiaries in mainland China. In this regard, withholding tax will be provided in the period on the undistributed profits to the extent they are expected to be distributed in future.

(c) 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, world fashion trend, and changes in customer taste.

(d) 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.

(e) 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.

4. 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 2021			Total RMB'000
	Mature brand RMB'000	Younger brands RMB'000	Emerging brands RMB'000	
Revenue				
Mainland China	2,276,487	1,732,432	86,911	4,095,830
Outside mainland China	22,303	7,907	185	30,395
	<u>2,298,790</u>	<u>1,740,339</u>	<u>87,096</u>	<u>4,126,225</u>
Revenue from external customers				
	<u>2,298,790</u>	<u>1,740,339</u>	<u>87,096</u>	<u>4,126,225</u>
Segment gross profit	<u>1,459,840</u>	<u>1,093,098</u>	<u>44,414</u>	<u>2,597,352</u>
Segment operating profit/(loss)	<u>802,072</u>	<u>476,527</u>	<u>(706)</u>	<u>1,277,893</u>
Unallocated selling and marketing expenses, administrative expenses and net impairment losses on financial assets				<u>(436,168)</u>
Other income and gains, net				<u>42,136</u>
Total operating profit				<u><u>883,861</u></u>

	Year ended 30 June 2020			Total <i>RMB'000</i>
	Mature brand <i>RMB'000</i>	Younger brands <i>RMB'000</i>	Emerging brands <i>RMB'000</i>	
Revenue				
Mainland China	1,745,062	1,256,621	75,378	3,077,061
Outside mainland China	<u>16,440</u>	<u>5,907</u>	<u>23</u>	<u>22,370</u>
Revenue from external customers	<u>1,761,502</u>	<u>1,262,528</u>	<u>75,401</u>	<u>3,099,431</u>
Segment gross profit	<u>1,076,764</u>	<u>758,322</u>	<u>14,569</u>	<u>1,849,655</u>
Segment operating profit/(loss)	<u>564,871</u>	<u>288,199</u>	<u>(54,127)</u>	<u>798,943</u>
Unallocated selling and marketing expenses, administrative expenses and net impairment losses on financial assets				<u>(380,437)</u>
Other income and gains, net				<u>66,499</u>
Total operating profit				<u><u>485,005</u></u>

5. EXPENSES BY NATURE

	Year ended 30 June	
	2021	2020
	RMB'000	RMB'000
Cost of inventories sold	1,381,018	1,052,228
Workforce contracting expenses	333,077	297,870
Expenses relating to short-term leases and variable lease payments	306,344	273,281
Employee benefit expenses (including share-based compensation expenses)	357,732	271,006
Depreciation and amortisation (<i>Notes 11, 12 & 13</i>)	253,892	240,164
— Right-of-use assets	183,032	177,397
— Property, plant and equipment	68,580	60,972
— Intangible assets	2,280	1,795
Provision for inventories (<i>Note 14</i>)	118,921	176,594
Promotion and marketing expense	286,361	143,400
Utilities charges and office expenses	50,088	46,373
Commission expenses to online platforms	48,441	35,689
Transportation and warehouse expense	46,469	34,053
Apparel design fee	23,907	32,680
Stamp duty, property tax and other surcharges	29,829	21,899
Other professional service expenses	16,155	12,773
Entertainment and travelling expenses	12,317	12,252
(Reversal of)/provision for impairment losses on financial assets	(1,806)	10,372
Auditors' remuneration	2,448	2,400
Others	19,307	17,891
	<hr/>	<hr/>
Total cost of sales, selling and marketing expenses, net impairment losses on financial assets and administrative expenses	3,284,500	2,680,925
	<hr/> <hr/>	<hr/> <hr/>

6. OTHER INCOME AND GAINS, NET

	Year ended 30 June	
	2021	2020
	RMB'000	RMB'000
Government grants	34,465	57,885
Fair value gains	5,499	4,341
Gains on disposal of right-of-use assets	1,106	837
Losses on disposal of property, plant and equipment	(641)	(386)
Provision for impairment of leasehold improvements (<i>Note 11</i>)	—	(890)
Others	1,707	4,712
	<u>42,136</u>	<u>66,499</u>

7. FINANCE INCOME, NET

	Year ended 30 June	
	2021	2020
	RMB'000	RMB'000
Finance income		
Interest income on cash and cash equivalents, restricted cash and term deposits with initial term over 3 months	26,424	17,387
Net foreign exchange gains on financing activities	5,701	299
	<u>32,125</u>	<u>17,686</u>
Finance costs		
Interest expenses on lease liabilities	(22,969)	(13,254)
Interest expenses on bank borrowings	(6,427)	(3,042)
	<u>(29,396)</u>	<u>(16,296)</u>
Finance income, net	<u>2,729</u>	<u>1,390</u>

8. TAX EXPENSE

(a) Income tax expense

The income tax expense of the Group for the years ended 30 June 2021 and 2020 are analysed as follows:

	Year ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Current income tax expense		
— Enterprise income tax expense	229,973	182,088
Deferred income tax charge/(benefit)	9,422	(42,391)
	<u>239,395</u>	<u>139,697</u>

(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	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Profit before income tax	886,590	486,395
Tax calculated at domestic tax rate applicable to profits in PRC (25%)	221,648	121,599
Preferential income tax benefits	(3,327)	(2,905)
Different tax jurisdiction	304	914
Interest income not subject to taxation	(911)	(381)
PRC withholding income tax on the retained earnings intended to be distributed	24,343	13,456
Research and development tax credit	(3,572)	—
Tax losses for which no deferred income tax asset was recognised	636	2,032
Tax differences related to the RSUs	726	4,868
Expenses not deductible for tax purpose	157	114
Utilisation of previously unrecognised deferred taxes	(609)	—
Income tax expense	<u>239,395</u>	<u>139,697</u>
Effective tax rate	<u>27.00%</u>	<u>28.72%</u>

9. 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	
	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Profit attributable to shareholders of the Company	647,201	346,708
Weighted average number of ordinary shares in issue excluding shares held under the RSU scheme in issue (thousands of shares)	<u>498,068</u>	<u>508,953</u>
Basic earnings per share (expressed in RMB per share)	<u><u>1.30</u></u>	<u><u>0.68</u></u>

(b) Diluted

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

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

	Year ended 30 June	
	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Profit attributable to shareholders of the Company	<u>647,201</u>	<u>346,708</u>
Weighted average number of ordinary shares in issue excluding shares held under the RSU scheme in issue (thousands of shares)	498,068	508,953
Adjustments for share based compensation — RSUs (thousands of shares)	<u>3,980</u>	<u>4,709</u>
Weighted average number of ordinary shares for the calculation of diluted EPS (thousands of shares)	<u>502,048</u>	<u>513,662</u>
Diluted earnings per share (expressed in RMB per share)	<u><u>1.29</u></u>	<u><u>0.67</u></u>

10. DIVIDENDS

	Year ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Dividends paid by the Company	<u>395,847</u>	<u>219,798</u>

A dividend of RMB234,048,000 that related to the year ended 30 June 2020 and an interim dividend of RMB161,799,000 that related to the six months ended December 31, 2020 were paid during the year ended 30 June 2021 (A dividend of RMB219,798,000 that related to the year ended 30 June 2019 was paid during the year ended 30 June 2020).

A dividend in respect of the year ended 30 June 2021 of HK\$0.72 (equivalent to approximately RMB0.61) per ordinary share, totaling approximately RMB304,084,000, and a special dividend of HK\$0.39 (equivalent to approximately RMB0.33) per ordinary share, totaling approximately RMB164,505,000, have been proposed by the Board and are to be approved at the annual general meeting on 22 October 2021. These financial statements do not reflect these dividend payables.

11. PROPERTY, PLANT AND EQUIPMENT

	Office equipment and others <i>RMB'000</i>	Machinery <i>RMB'000</i>	Motor vehicles <i>RMB'000</i>	Leasehold improvements <i>RMB'000</i>	Buildings of logistics center <i>RMB'000</i>	Construction- in-progress <i>RMB'000</i>	Total <i>RMB'000</i>
Year ended 30 June 2020							
Opening net book value	17,716	28,742	1,410	38,584	192,353	493	279,298
Additions	8,279	28,742	—	24,420	9,998	36,051	107,490
Transfer from Construction- in-progress	—	—	—	2,475	—	(2,475)	—
Depreciation	(5,778)	(5,106)	(308)	(40,205)	(9,575)	—	(60,972)
Disposals	(739)	(22)	(45)	—	—	—	(806)
Impairment	—	—	—	(890)	—	—	(890)
Closing net book value	<u>19,478</u>	<u>52,356</u>	<u>1,057</u>	<u>24,384</u>	<u>192,776</u>	<u>34,069</u>	<u>324,120</u>
As at 30 June 2020							
Cost	41,522	60,341	5,543	136,213	203,861	34,069	481,549
Accumulated depreciation	(22,044)	(7,985)	(4,486)	(110,939)	(11,085)	—	(156,539)
Impairment	—	—	—	(890)	—	—	(890)
Net book value	<u>19,478</u>	<u>52,356</u>	<u>1,057</u>	<u>24,384</u>	<u>192,776</u>	<u>34,069</u>	<u>324,120</u>
Year ended 30 June 2021							
Opening net book value	19,478	52,356	1,057	24,384	192,776	34,069	324,120
Additions	19,003	8,425	2,034	42,272	2,324	69,701	143,759
Transfer from Construction- in-progress	—	—	—	103,667	—	(103,667)	—
Depreciation	(8,159)	(6,569)	(448)	(44,024)	(9,380)	—	(68,580)
Disposals	(413)	(562)	(25)	—	—	—	(1,000)
Closing net book value	<u>29,909</u>	<u>53,650</u>	<u>2,618</u>	<u>126,299</u>	<u>185,720</u>	<u>103</u>	<u>398,299</u>
As at 30 June 2021							
Cost	57,717	67,837	7,327	253,261	206,185	103	592,430
Accumulated depreciation	(27,808)	(14,187)	(4,709)	(126,962)	(20,465)	—	(194,131)
Net book value	<u>29,909</u>	<u>53,650</u>	<u>2,618</u>	<u>126,299</u>	<u>185,720</u>	<u>103</u>	<u>398,299</u>

12. INTANGIBLE ASSETS

	Computer software RMB'000	Others RMB'000	Total RMB'000
Year ended 30 June 2020			
Opening net book value	11,539	72	11,611
Additions	3,622	159	3,781
Amortisation charge	<u>(1,785)</u>	<u>(10)</u>	<u>(1,795)</u>
Closing net book value	<u>13,376</u>	<u>221</u>	<u>13,597</u>
As at 30 June 2020			
Cost	19,866	244	20,110
Accumulated amortisation	<u>(6,490)</u>	<u>(23)</u>	<u>(6,513)</u>
Net book value	<u>13,376</u>	<u>221</u>	<u>13,597</u>
Year ended 30 June 2021			
Opening net book value	13,376	221	13,597
Additions	4,381	—	4,381
Amortisation charge	<u>(2,230)</u>	<u>(50)</u>	<u>(2,280)</u>
Closing net book value	<u>15,527</u>	<u>171</u>	<u>15,698</u>
As at 30 June 2021			
Cost	24,247	244	24,491
Accumulated amortisation	<u>(8,720)</u>	<u>(73)</u>	<u>(8,793)</u>
Net book value	<u>15,527</u>	<u>171</u>	<u>15,698</u>

13. LEASES

(a) Amounts recognised in the consolidated balance sheet

The balance sheet shows the following amounts relating to leases:

Right-of-use assets

	Offices <i>RMB'000</i>	Rented premises for stores <i>RMB'000</i>	Land use right <i>RMB'000</i>	Total <i>RMB'000</i>
Year ended 30 June 2021				
Opening net book value as at 1 July 2020	6,684	163,939	25,521	196,144
Additions	400,084	236,884	—	636,968
Disposals	—	(10,012)	—	(10,012)
Depreciation and amortisation	<u>(31,548)</u>	<u>(150,926)</u>	<u>(558)</u>	<u>(183,032)</u>
Closing net book value as at 30 June 2021	<u><u>375,220</u></u>	<u><u>239,885</u></u>	<u><u>24,963</u></u>	<u><u>640,068</u></u>
Year ended 30 June 2020				
Opening net book value as at 1 July 2019	6,881	244,337	26,079	277,297
Additions	3,287	137,252	—	140,539
Disposals	—	(28,296)	—	(28,296)
Depreciation and amortisation	(3,389)	(173,450)	(558)	(177,397)
Modification	<u>(95)</u>	<u>(15,904)</u>	<u>—</u>	<u>(15,999)</u>
Closing net book value as at 30 June 2020	<u><u>6,684</u></u>	<u><u>163,939</u></u>	<u><u>25,521</u></u>	<u><u>196,144</u></u>

Lease liabilities

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
As at 1 July 2020	182,718	243,435
Lease liabilities due to related parties	<u>4,431</u>	<u>—</u>
	<u>187,149</u>	<u>243,435</u>
Lease payment	(236,597)	(164,947)
Interest expenses	22,969	13,254
Additions	636,968	140,539
Modification	—	(15,999)
Disposal	<u>(11,118)</u>	<u>(29,133)</u>
	<u>599,371</u>	<u>187,149</u>
Less: lease liabilities due to related parties	<u>(352,035)</u>	<u>(4,431)</u>
As at 30 June 2021	<u><u>247,336</u></u>	<u><u>182,718</u></u>
	As at 30 June 2021 <i>RMB'000</i>	As at 1 July 2020 <i>RMB'000</i>
Lease liabilities		
Current	121,647	116,858
Non-current	<u>125,689</u>	<u>65,860</u>
	<u><u>247,336</u></u>	<u><u>182,718</u></u>

(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	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Depreciation charge of right-of-use assets		
Retail shops and offices	182,474	176,839
Land use right	558	558
Interest expense	22,969	13,254
Expense relating to short-term leases	70,039	76,803
Expense relating to variable lease payments not included in lease liabilities	236,305	196,478

The total cash outflow for leases in 2021 was RMB236,597,000 (during the year ended 30 June 2020: RMB164,947,000).

(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.

14. INVENTORIES

	As at June 30	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Finished goods	1,003,862	1,154,040
Raw materials	27,554	39,651
Commissioned processing materials	177,623	163,089
	<u>1,209,039</u>	<u>1,356,780</u>
Less: provision	<u>(502,201)</u>	<u>(452,658)</u>
	<u><u>706,838</u></u>	<u><u>904,122</u></u>

Movements of provision for inventories are analysed as follows:

	Year ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Beginning of the year	452,658	295,537
Addition of provision for inventories to net realisable value included in "cost of sales" (<i>Note 5</i>)	118,921	176,594
Release of provision upon sales of inventories written down in prior years	<u>(69,378)</u>	<u>(19,473)</u>
End of the year	<u><u>502,201</u></u>	<u><u>452,658</u></u>

15. TRADE RECEIVABLES

	As at 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables	145,327	127,117
Less: provision for impairment	<u>(26,222)</u>	<u>(29,704)</u>
	<u>119,105</u>	<u>97,413</u>

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	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Within 3 months	114,991	94,034
3 months to 6 months	8,186	7,159
6 months to 1 year	4,014	10,192
1 year to 2 years	4,731	3,993
more than 2 years	<u>13,405</u>	<u>11,739</u>
	<u>145,327</u>	<u>127,117</u>

16. PREPAYMENTS, DEPOSITS AND OTHER ASSETS

	As at 30 June	
	2021	2020
	RMB'000	RMB'000
Long-term prepayments		
Long-term prepaid expenses	11,726	8,387
Advance payments for long-term assets	8,441	—
	<u>20,167</u>	<u>8,387</u>
Current assets		
Deposits and other receivables	88,396	94,802
Right of goods return	53,279	52,957
Prepayment to suppliers	52,742	57,703
Prepaid expenses	36,602	12,251
Interest receivables	8,546	1,761
Value added tax recoverable	1,237	21,538
Staff advances	143	70
Prepaid income tax	—	11,975
	<u>240,945</u>	<u>253,057</u>
	<u><u>261,112</u></u>	<u><u>261,444</u></u>

17. TRADE AND BILLS PAYABLES

	As at 30 June	
	2021	2020
	RMB'000	RMB'000
Trade payables (a)	256,492	168,131
Bills payables	—	13,657
	<u>256,492</u>	<u>181,788</u>

(a) Ageing analysis of trade payables based on invoices was as follows:

	As at 30 June	
	2021	2020
	RMB'000	RMB'000
Within 6 months	250,799	162,284
6 months to 1 year	2,994	4,690
1 to 2 years	1,160	278
2 to 3 years	1,539	879
	<u>256,492</u>	<u>168,131</u>

18. ACCRUALS AND OTHER CURRENT LIABILITIES

	As at 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Non-current liabilities		
Payables for property, plant and equipment	<u>5,413</u>	<u>6,977</u>
Current liabilities		
Payroll and welfare payables	161,670	83,675
Provisions for sales returns	138,628	136,830
Value-added and other taxes payables	62,890	40,596
Provisions for sales rebates	61,647	35,283
Payables for leasehold improvements	49,361	2,280
Deposits received from suppliers (b)	38,600	24,950
Distribution deposits (a)	30,831	34,076
Workforce contracting payables	27,315	20,686
Accrued marketing and promotions expenses	19,796	7,642
Payables for property, plant and equipment	2,837	20,273
Rentals	2,749	6,635
Others	<u>25,929</u>	<u>16,181</u>
	<u>622,253</u>	<u>429,107</u>
	<u><u>627,666</u></u>	<u><u>436,084</u></u>

- (a) 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.
- (b) Deposits received from suppliers represent non-interest bearing deposits received from third-party suppliers for quality assurance.

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 2021 amounted to RMB4,126.2 million, an increase of 33.1% or RMB1,026.8 million as compared with RMB3,099.4 million for Fiscal Year 2020. The increase in the revenue was mainly due to the increase in same store sales, the rapid increase in online channels as well as the increase in offline stores scale.

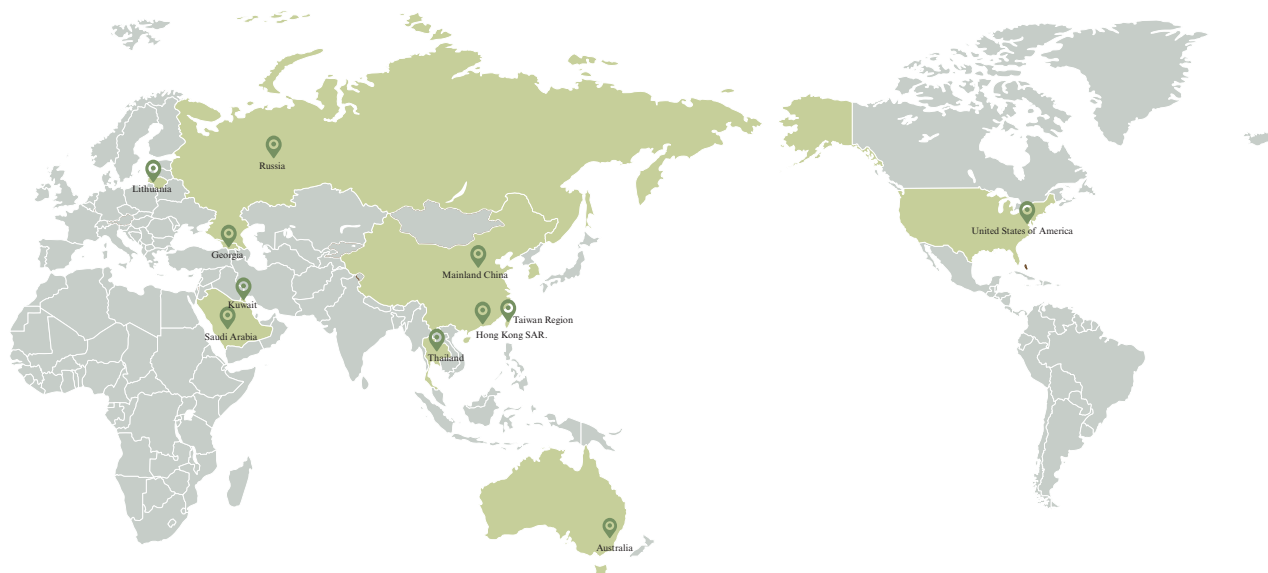
Including standalone offline stores abroad, our sales network has covered all provinces, autonomous regions and municipalities in Mainland China and across 10 other countries and regions around the world. The tables below set forth the information on the number of our standalone retail stores around the world by different brands and “JNBY Group +” multi-brand collection stores, respectively:

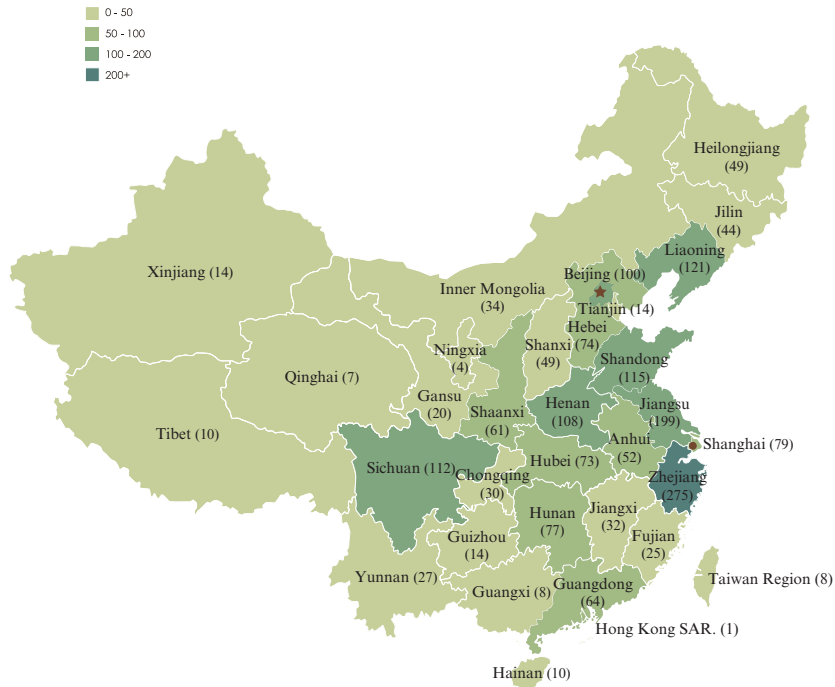
Number of our standalone retail stores around the world by different brands	As of June 30, 2021	As of June 30, 2020
Mature Brand		
JNBY	<u>926</u>	<u>879</u>
Subtotal	<u>926</u>	<u>879</u>
Younger Brands		
CROQUIS (速寫)	312	312
jnby by JNBY	470	436
LESS	<u>185</u>	<u>184</u>
Subtotal	<u>967</u>	<u>932</u>
Emerging Brands		
POMME DE TERRE (蓬馬)	28	30
JNBYHOME	—	—
Others	<u>2</u>	<u>5</u>
Subtotal	<u>30</u>	<u>35</u>
“JNBY Group +” multi-brand collection stores	<u>8</u>	<u>9</u>
Total	<u>1,931</u>	<u>1,855</u>

Number and geographic distribution of our retail stores by sales channels

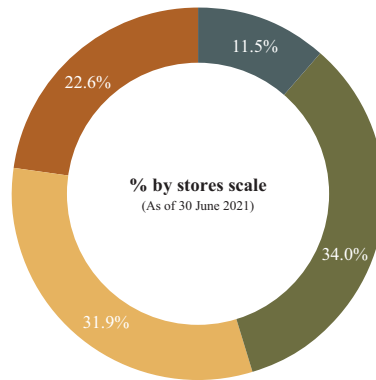
	As of June 30, 2021	As of June 30, 2020
Mainland China		
Self-operated stores	544	539
Distributor-operated stores	1,357	1,284
Outside Mainland China		
Self-operated stores	1	3
Distributor-operated stores	29	29
Total	1,931	1,855

The following maps and chart show the retail network distribution of our standalone retail stores in countries and regions all over the world (excluding points of sale), the geographic distribution of our retail stores (including standalone distributor-operated and self-operated stores) across Mainland China, Hong Kong and Taiwan as well as the distribution of our stores by city tiers across Mainland China as of June 30, 2021 respectively:

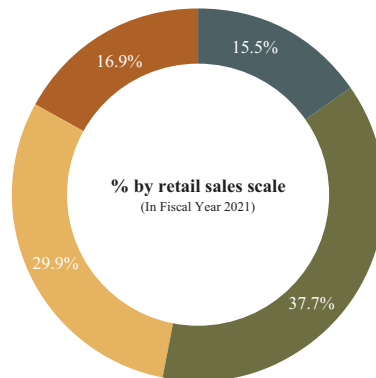




Number of stores and retail sales by city tiers across Mainland China



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



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

Same store sales growth of offline shops

Although the customer traffic of our offline shops still experienced fluctuation affected by the epidemic preventive and control measures implemented in various places since the outbreak of the coronavirus epidemic in early 2020, we have provided consumers with more value-added services by proactively launching and upgrading new consumption scenarios or products such as “Box Project”, “Diversified Social E-commerce” and “JNBY Group +” multi-brand collection stores, while gradually upgrading the store image of all brands in order to provide customers with more comfortable shopping experience. Same store sales of offline retail shops for Fiscal Year 2021 recorded an increase of 19.3%, which was mainly due to the facts that:

- i. both the discount made to in-season products and the associated purchase rate were improved, which was benefited from the Group’s increased strategic investments in store image upgrading of each brand and in visual merchandising development, and the launch of brand new store image of “JNBY Group +” multi-brand collection stores and the full reach to the fans and improved service quality.
- ii. in Fiscal Year 2021, the incremental retail sales generated by the inventory sharing and allocation system was RMB978.0 million, representing an increase of 42.0% as compared with RMB688.9 million for Fiscal Year 2020.
- iii. the shipment GMV through social retail channels including “Box Project”, “WeChat Mall” and “Diversified Social E-commerce” reached RMB279.7 million, with a growth rate of over 90% due to continuous utilization of Internet+ mindsets and technologies.

Members-related data

As of June 30, 2021, the Group had over 4.9 million membership accounts (without duplication) (as of June 30, 2020: over 4.2 million), including our more than 4.4 million subscribers (without duplication) on the WeChat platform (as of June 30, 2020: over 3.7 million). The proportion of the Group’s digital members on the WeChat platform further went up to over 90% (as of June 30, 2020: over 89%). During the Fiscal Year 2021, the retail sales contributed by the members of the Group maintained stable, accounting for approximately 70% of our total retail sales.

In Fiscal Year 2021, the number of active members accounts of the Group^(note 1) (without duplication) was over 430,000 (Fiscal Year 2020: over 430,000), among these membership accounts, the number of WeChat active members accounts^(note 2) (without duplication) was over 420,000 (Fiscal Year 2020: over 420,000).

In Fiscal Year 2021, the number of membership accounts with annual purchases totaling over RMB5,000 was over 209,000 (Fiscal Year 2020: over 179,000), and the retail sales contributed by those membership accounts has reached RMB2.61 billion (Fiscal Year 2020: RMB2.10 billion), accounting for over 40% to the total retail sales from offline channels. Among these membership accounts, the number of subscribers on our WeChat

platform with annual purchases totaling over RMB5,000 was over 208,000 for Fiscal Year 2021 (Fiscal Year 2020: over 177,000). In Fiscal Year 2021, both the number of members accounts with purchases totaling over RMB5,000 and the number of WeChat members accounts with purchases totaling over RMB5,000 increased as compared with that of Fiscal Year 2020. Driven effectively by the omni-social retail interactive marketing & service platforms, mainly on WeChat, the loyalty of our fans continued to grow steadily.

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

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

Revenue by brands

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

	For the year ended June 30,					
	2021		2020		Increase/(Decrease)	
	<i>RMB'000</i>	(%)	<i>RMB'000</i>	(%)	<i>RMB'000</i>	(%)
Mature Brand:						
JNBY	<u>2,298,790</u>	<u>55.7%</u>	<u>1,761,502</u>	<u>56.9%</u>	<u>537,288</u>	<u>30.5%</u>
Subtotal	<u>2,298,790</u>	<u>55.7%</u>	<u>1,761,502</u>	<u>56.9%</u>	<u>537,288</u>	<u>30.5%</u>
Younger Brands:						
CROQUIS (速寫)	<u>692,311</u>	<u>16.8%</u>	<u>557,320</u>	<u>18.0%</u>	<u>134,991</u>	<u>24.2%</u>
jnby by JNBY	<u>656,721</u>	<u>15.9%</u>	<u>444,290</u>	<u>14.3%</u>	<u>212,431</u>	<u>47.8%</u>
LESS	<u>391,307</u>	<u>9.5%</u>	<u>260,918</u>	<u>8.4%</u>	<u>130,389</u>	<u>50.0%</u>
Subtotal	<u>1,740,339</u>	<u>42.2%</u>	<u>1,262,528</u>	<u>40.7%</u>	<u>477,811</u>	<u>37.8%</u>
Emerging Brands:						
POMME DE TERRE (蓬馬)	<u>50,034</u>	<u>1.2%</u>	<u>38,787</u>	<u>1.3%</u>	<u>11,247</u>	<u>29.0%</u>
JNBYHOME	<u>26,139</u>	<u>0.6%</u>	<u>13,844</u>	<u>0.4%</u>	<u>12,295</u>	<u>88.8%</u>
Others	<u>10,923</u>	<u>0.3%</u>	<u>22,770</u>	<u>0.7%</u>	<u>(11,847)</u>	<u>(52.0%)</u>
Subtotal	<u>87,096</u>	<u>2.1%</u>	<u>75,401</u>	<u>2.4%</u>	<u>11,695</u>	<u>15.5%</u>
Total revenue ⁽¹⁾	<u>4,126,225</u>	<u>100.0%</u>	<u>3,099,431</u>	<u>100.0%</u>	<u>1,026,794</u>	<u>33.1%</u>

Note:

(1) Includes revenue recorded by “JNBY Group +” multi-brand collection stores of RMB100.1 million.

For Fiscal Year 2021, the revenue of the Group increased significantly. Revenue generated from the Group’s Mature brand with a history over 20 years, JNBY brand, increased by 30.5% or RMB537.3 million. For the Younger brands portfolio, it consists of brands which were successively launched from 2005 to 2011, namely CROQUIS (速寫), jnby by JNBY and LESS. Revenue generated from Younger brands portfolio increased by 37.8% in total. For Emerging brands portfolio, it consists of various new brands, such as POMME DE TERRE (蓬馬) and JNBYHOME, showing an aggregate of 2.1% to the total revenue.

Revenue by sales channels

We sell our products through an extensive network of offline retail stores (consisting of self-operated stores and distributor-operated stores) and online channels. The following table sets out a breakdown of our revenue by sales channels, each expressed as an absolute amount and as a percentage to our total revenue, for the years indicated:

	For the year ended June 30,					
	2021		2020		Increase/(Decrease)	
	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)
Offline channels						
Self-operated stores	1,755,911	42.6%	1,353,916	43.6%	401,995	29.7%
Distributor-operated stores ⁽¹⁾	1,709,602	41.4%	1,276,362	41.2%	433,240	33.9%
Online channels	660,712	16.0%	464,078	15.0%	196,634	42.4%
Other channels	—	—	5,075	0.2%	(5,075)	(100%)
Total revenue	4,126,225	100.0%	3,099,431	100.0%	1,026,794	33.1%

Note:

(1) Includes stores operated by overseas customers.

In Fiscal Year 2021, absolute amounts of revenue generated from sales through our offline channels increased as compared with that in Fiscal Year 2020. Revenues generated from sales through our online channels increased by 42.4% compared with that in Fiscal Year 2020, and as a percentage to our total revenue has also increased from 15.0% in Fiscal Year 2020 to 16.0% in Fiscal Year 2021.

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,					
	2021		2020		Increase	
	<i>RMB'000</i>	(%)	<i>RMB'000</i>	(%)	<i>RMB'000</i>	(%)
Mainland China	4,095,830	99.3%	3,077,061	99.3%	1,018,769	33.1%
Outside Mainland China ⁽¹⁾	<u>30,395</u>	<u>0.7%</u>	<u>22,370</u>	<u>0.7%</u>	<u>8,025</u>	<u>35.9%</u>
Total revenue	<u>4,126,225</u>	<u>100.0%</u>	<u>3,099,431</u>	<u>100.0%</u>	<u>1,026,794</u>	<u>33.1%</u>

Note:

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

Gross profit and gross profit margin

The Group's gross profit increased by 40.4% from RMB1,849.7 million for Fiscal Year 2020 to RMB2,597.4 million for Fiscal Year 2021.

The Group's overall gross profit margin increased from 59.7% for Fiscal Year 2020 to 62.9% for Fiscal Year 2021, which was mainly attributable to the enhancement of brand equity and product recognition of the Group and the increased gross profit margin of all channels.

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

	For the year ended June 30,					
	2021		2020		Increase	
	<i>RMB'000</i>	(%)	<i>RMB'000</i>	(%)	<i>RMB'000</i>	(%)
Mature Brand:						
JNBY	<u>1,459,840</u>	<u>63.5%</u>	<u>1,076,764</u>	<u>61.1%</u>	<u>383,076</u>	<u>35.6%</u>
Subtotal	<u>1,459,840</u>	<u>63.5%</u>	<u>1,076,764</u>	<u>61.1%</u>	<u>383,076</u>	<u>35.6%</u>
Younger Brands:						
CROQUIS (速寫)	<u>428,373</u>	<u>61.9%</u>	<u>344,618</u>	<u>61.8%</u>	<u>83,755</u>	<u>24.3%</u>
jnby by JNBY	<u>404,829</u>	<u>61.6%</u>	<u>251,902</u>	<u>56.7%</u>	<u>152,927</u>	<u>60.7%</u>
LESS	<u>259,896</u>	<u>66.4%</u>	<u>161,802</u>	<u>62.0%</u>	<u>98,094</u>	<u>60.6%</u>
Subtotal	<u>1,093,098</u>	<u>62.8%</u>	<u>758,322</u>	<u>60.1%</u>	<u>334,776</u>	<u>44.1%</u>
Emerging Brands:						
POMME DE TERRE (蓬馬)	<u>26,313</u>	<u>52.6%</u>	<u>13,967</u>	<u>36.0%</u>	<u>12,346</u>	<u>88.4%</u>
JNBYHOME	<u>12,170</u>	<u>46.6%</u>	<u>2,902</u>	<u>21.0%</u>	<u>9,268</u>	<u>319.4%</u>
Others	<u>5,931</u>	<u>54.3%</u>	<u>(2,300)</u>	<u>(10.1%)</u>	<u>8,231</u>	<u>357.9%</u>
Subtotal	<u>44,414</u>	<u>51.0%</u>	<u>14,569</u>	<u>19.3%</u>	<u>29,845</u>	<u>204.9%</u>
Total	<u>2,597,352</u>	<u>62.9%</u>	<u>1,849,655</u>	<u>59.7%</u>	<u>747,697</u>	<u>40.4%</u>

	For the year ended June 30,					
	2021		2020		Increase/Decrease	
	<i>RMB'000</i>	(%)	<i>RMB'000</i>	(%)	<i>RMB'000</i>	(%)
Offline channels						
Self-operated stores	<u>1,230,511</u>	<u>70.1%</u>	<u>928,723</u>	<u>68.6%</u>	<u>301,788</u>	<u>32.5%</u>
Distributor-operated stores	<u>939,480</u>	<u>55.0%</u>	<u>651,157</u>	<u>51.0%</u>	<u>288,323</u>	<u>44.3%</u>
Online channels	<u>427,361</u>	<u>64.7%</u>	<u>265,993</u>	<u>57.3%</u>	<u>161,368</u>	<u>60.7%</u>
Other channels	<u>—</u>	<u>—</u>	<u>3,782</u>	<u>74.5%</u>	<u>(3,782)</u>	<u>(100%)</u>
Total	<u>2,597,352</u>	<u>62.9%</u>	<u>1,849,655</u>	<u>59.7%</u>	<u>747,697</u>	<u>40.4%</u>

Selling and marketing expenses and administrative expenses

In Fiscal Year 2021, selling and marketing expenses were RMB1,429.2 million (Fiscal Year 2020: RMB1,145.0 million), which primarily consist of: (i) expenses relating to short-term leases and variable lease payments; (ii) the amortisation of right-of-use assets; (iii) our service outsourcing expenses; and (iv) our employee benefit expenses. In percentage terms, the selling and marketing expenses accounted for 34.6% of our revenue in Fiscal Year 2021 (Fiscal Year 2020: 36.9%), the decrease in the expense ratio as compared to the previous year was mainly attributable to the growth of overall revenue and the improvements of operational efficiency.

The administrative expenses for Fiscal Year 2021 were RMB328.3 million (Fiscal Year 2020: RMB275.8 million) which primarily consist of: (i) employee benefit expenses; (ii) product development outsourcing fees; and (iii) professional service expenses. In percentage terms, administrative expenses accounted for 8.0% of our revenue in Fiscal Year 2021 (Fiscal Year 2020: 8.9%), the decrease in the expense ratio as compared to the previous year was mainly attributable to the growth of overall revenue and the improvements of management efficiency.

Finance income, net

The Group's finance income, net for Fiscal Year 2021 was RMB2.7 million (Fiscal Year 2020: financial income, net of RMB1.4 million). The increase in financial income, net was mainly due to the optimized cash flows and the increase of wealth management products income.

Net profit and net profit margin

Due to the above-mentioned factors, net profit for Fiscal Year 2021 was RMB647.2 million, representing an increase of 86.7% or RMB300.5 million as compared with RMB346.7 million for Fiscal Year 2020. Net profit margin increased from 11.2% for Fiscal Year 2020 to 15.7% for Fiscal Year 2021.

Capital expenditure

The Group's capital expenditure mainly consists of payments for construction of our logistic center, property, plant and equipment, intangible assets and decoration of office building and our self-operated stores. The Company's capital expenditure for Fiscal Year 2021 was RMB128.5 million (Fiscal Year 2020: RMB121.0 million).

Profit before income tax

The Group's profit before income tax increased by 82.3% from RMB486.4 million for Fiscal Year 2020 to RMB886.6 million for Fiscal Year 2021. The increase in the profit before income tax was mainly due to the increase in the Group's operating profit.

Financial position

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

As at June 30, 2021, the Group's cash and cash equivalents were RMB549.0 million (June 30, 2020: RMB336.7 million), of which 90.6% was denominated in RMB, 3.2% in US dollars and 6.2% in other currencies. Net cash inflow from operating activities in Fiscal Year 2021 was RMB1,336.6 million, an increase of 99.9% as compared with RMB668.8 million in Fiscal Year 2020.

As at June 30, 2021, our short-term bank loans amounted to RMB243.6 million, representing (i) the short-term loans of RMB50.0 million borrowed from Industrial and Commercial Bank of China on July 8, 2020, (ii) the short-term loans of RMB49.8 million borrowed from Industrial and Commercial Bank of China on August 11, 2020, (iii) the short-term loans of RMB45.5 million borrowed from Industrial and Commercial Bank of China on November 20, 2020, (iv) the short-term loans of RMB49.2 million borrowed from China Merchants Bank on January 6, 2021, and (v) the short-term loans of RMB49.1 million borrowed from China Merchants Bank on May 31, 2021.

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

On January 15, 2021, JNBY Finery subscribed for the short-term financial products of Industrial and Commercial Bank of China with a principal of RMB50,000,000. The subscription mentioned above does not constitute a notifiable transaction of the Company.

On January 27, 2021, JNBY Finery subscribed for the short-term financial products of Industrial and Commercial Bank of China with a principal of RMB50,000,000. The subscription mentioned above does not constitute a notifiable transaction of the Company.

On February 25, 2021, JNBY Finery subscribed for the short-term financial products of Agricultural Bank of China with a principal of RMB40,000,000. The subscription mentioned above does not constitute a notifiable transaction of the Company.

On March 18, 2021, JNBY Finery subscribed for the short-term financial products of Agricultural Bank of China with a principal of RMB40,000,000. The subscription mentioned above does not constitute a notifiable transaction of the Company.

On March 25, 2021, JNBY Finery subscribed for the short-term financial products of Industrial and Commercial Bank of China with a principal of RMB50,000,000. The subscription mentioned above does not constitute a notifiable transaction of the Company.

On May 14, 2021, JNBY Finery subscribed for the short-term financial products of Hangzhou United Bank with a principal of RMB40,000,000. The subscription mentioned above does not constitute a notifiable transaction of the Company.

Investment funds

On June 10, 2021, Grand Vantage (China) Limited, a subsidiary of the Company, signed the subscription agreement of a venture capital fund as a limited partner for a total capital commitment of USD10,000,000, and USD8,514,000 was paid on June 17, 2021. The subscription mentioned above does not constitute a notifiable transaction of the Company.

Exposure to fluctuations in exchange rates

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

Human resources

The number of the Group's employees has increased to 1,397 as of June 30, 2021 (June 30, 2020: 1,128). The total staff costs for Fiscal Year 2021 (including basic salaries and allowances, social security insurance, discretionary bonuses and share-based compensation expenses) were RMB357.7 million (Fiscal Year 2020: RMB271.0 million), representing 8.7% of our revenue (Fiscal Year 2020: 8.7%).

Events after the balance sheet date

- (i) In July 2021, the Group agreed to provide a loan to Huizhan Technology (Hangzhou) Co., Ltd., a related party of the Group, in the principal amount of RMB150,000,000 with an interest rate of 4.90% per annum in three installments with one-year maturity. Mr. Wu Jian and Ms. Li Lin, the controlling shareholders of the Group, agreed to provide personal guarantee to the Group. As at the date of this announcement, RMB50,000,000 has been drawn down under such loan agreement.
- (ii) In July 2021, the Group signed the subscription agreements of two venture capital funds as a limited partner for a total capital commitment of RMB60,000,000. Both venture capital funds are related parties of Mr. Wei Zhe, the non-executive Director. As at the date of this announcement, the Group has made capital contribution of RMB15,000,000.

Except for the events as described above, there was no other significant event occurred during the period from June 30, 2021 to the approval date of the consolidated financial statements by the Board on August 31, 2021.

Pledge of assets

As at June 30, 2021, the Group did not have any secured bank borrowings.

Contingent liabilities

As at June 30, 2021, the Group did not have any material contingent liabilities.

USE OF PROCEEDS FROM LISTING

The Company's net proceeds from listing were approximately HK\$684.0 million (equivalent to approximately RMB596.6 million), after deduction of underwriting fees and related expenses. As of June 30, 2021, the proceeds amounting to a total of RMB574.0 million have been used. These proceeds shown as following have been used for the purposes as stated in the prospectus (the "**Prospectus**") of the Company dated October 19, 2016.

Item	The planned use of proceeds (RMB million)	As at	For the year	As at
		June 30, 2021	ended	June 30, 2021
		The actual	The actual	As at
		used amount	used amount	June 30, 2021
		(RMB million)	(RMB million)	Proceeds amount
				(RMB million)
To strengthen our omni- channel interactive platform	167.4	167.4	—	—
To expand our product offering and brand portfolio	179.3	156.7	25.4	22.6
To establish a new logistics center	220.1	220.1	—	—
For general purposes	29.8	29.8	—	—
Total	<u>596.6</u>	<u>574.0</u>	<u>25.4</u>	<u>22.6</u>

As at June 30, 2021, the balance of proceeds of approximately RMB22.6 million would continue to be used for the purposes as stated in the Prospectus. It is also expected to be fully utilised within next 6 months. Taking into account that the Company has no material acquisition plan currently, a degree of uncertainties will be involved in the actual useful life of certain of our proceeds from our listing.

OUTLOOK

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

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

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

FINAL DIVIDEND AND SPECIAL DIVIDEND

The Board has recommended the payment of a final dividend of HK\$0.72 per ordinary share (equivalent to approximately RMB0.61 per ordinary share) and a special dividend of HK\$0.39 per ordinary share (equivalent to approximately RMB0.33 per ordinary share) for the year ended June 30, 2021, representing a total payout of HK\$1.11 per ordinary share. The special dividend will be paid out of the share premium of the Company.

The final dividend and special dividend are subject to the approval of the shareholders of the Company (the “**Shareholders**”) at the annual general meeting (the “**AGM**”) to be held on October 22, 2021, and will be paid on November 15, 2021 to those Shareholders whose names appear on the Company’s register of members on October 29, 2021.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed for the following periods:

- (a) For the purpose of determining Shareholders who are entitled to attend and vote at the forthcoming AGM to be held on Friday, 22 October 2021, the register of members will be closed from Tuesday, 19 October 2021 to Friday, 22 October 2021, both days inclusive. In order to qualify for attending and voting at the AGM, all transfer documents should be lodged for registration with the Company’s branch share registrar in Hong Kong, Link Market Services (Hong Kong) Pty Limited situated at Suite 1601, 16/F., Central Tower, 28 Queen’s Road Central, Hong Kong not later than 4:30 p.m. on Monday, 18 October 2021.
- (b) For the purpose of determining Shareholders who qualify for the final dividend and special dividend, the register of members will be closed from Thursday, 28 October, 2021 to Friday, 29 October, 2021 (both days inclusive). In order to qualify for the final dividend and special dividend, all transfer documents should be lodged for registration with the Company’s branch share registrar in Hong Kong, Link Market Services (Hong Kong) Pty Limited situated at Suite 1601, 16/F., Central Tower, 28 Queen’s Road Central, Hong Kong not later than 4:30 p.m. on Wednesday, 27 October 2021.

CORPORATE GOVERNANCE PRACTICES

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

The Company has complied with all applicable code provisions under the CG Code during Fiscal Year 2021. The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors’ securities transactions. Specific enquiry has been made to all Directors and each of the Directors has confirmed that he/she has complied with the required standards as set out in the Model Code during Fiscal Year 2021.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During Fiscal Year 2021, save as the trustee of the Restricted Share Unit Scheme purchased a total of 804,500 shares of the Company with approximately HK\$7.0 million at the Stock Exchange pursuant to rules of the Restricted Share Unit 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.

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 the Group as well as the audited consolidated financial statements of the Group for Fiscal Year 2021.

AUDITOR’S PROCEDURES PERFORMED ON THIS RESULTS ANNOUNCEMENT

The figures in respect of the Group’s consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows and the related notes thereto for the year ended 30 June 2021 as set out in the preliminary announcement have been agreed by the Group’s auditor, PricewaterhouseCoopers, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND THE ANNUAL REPORT FOR FISCAL YEAR 2021 ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This annual results announcement has been published on the website of the Stock Exchange (www.hkexnews.hk) and that of the Company (www.jnbygroup.com), and the annual report of the Company for Fiscal Year 2021 containing all the information required by the Listing Rules will be dispatched to the Shareholders and published on the aforesaid websites in due course.

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

Hong Kong, August 31, 2021

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