





江南布衣⁺ JNBY GROUP

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JNBY

Year of launch: 1999
Slogan: Just Naturally Be Yourself
Target customers: Women between 25 and 40
Design concepts: Modern (現代), vigorous (活力),
charming (意趣), and serene (坦然)



速写 SKETCHES

Year of launch: 2005
Slogan: Follow your heart
Target customers: Men between 30 and 45
Design concepts: Modern (當代), textured (質感),
thoughtful (玩味) and elegant (優雅)



jnby by JNBY

Year of launch: 2011
Slogan: Free Imagination
Target customers: Children between 3 and 10
Design concepts: Freedom (自由), imagination (想像力),
joyful (快樂) and sincerity (真實)



less

Year of launch: 2003⁽¹⁾

Slogan: less is more

Target customers: Professional women between 30 and 45

Design concepts: Simplified (簡約), refined (精緻),
independent (獨立) and rational (理性)

(1) We acquired 100% ownership of less brand in 2011.



Pomme de terre

蓬 马

Year of launch: 2016

Slogan: Don't be serious

Target customers: Children and teenagers between 6 and 14

Design concepts: Texture (質感), nifty (俏皮),
quirky (鬼馬) and yuppy (雅痞)



J N B Y H O M E

Year of launch: 2016

Slogan: Live Lively

Target customers: People who pursue a high quality
of life with a proactive and free attitude

Design concepts: Diversity (多樣性), comfort (舒適),
individuality (自我) and curiosity (好奇心)

Information on JNBY

We are a leading designer brand fashion house based in China. We design, promote and sell contemporary apparel, footwear and accessories for women, men, children and teenagers as well as household products. Our brand portfolio currently comprises six brands — (i) JNBY, (ii) CROQUIS, (iii) jnby by JNBY, (iv) less, (v) Pomme de terre and (vi) JNBYHOME, each targeting at a distinct customer segment and having a uniquely defined design identity based on our Group's universal brand philosophy — "Just Naturally Be Yourself".

Our products target at middle- and upper-income customers who seek to express their individuality through fashionable products. Our broad range of product offering and brand portfolio create a lifestyle ecosystem that enables us to address our customers' needs at different stages of their lives, which in turn allows us to build a large and loyal customer base. We started our business in 1994 by selling women's apparel. Our trademark for our flagship brand, JNBY, was registered in 1999. According to a survey conducted by CIC (Note), our JNBY brand is considered the most unique and recognizable women's apparel designer brand in China, ranks 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 further expanded our brand portfolio between 2005 and 2011 to include CROQUIS, jnby by JNBY and less. In 2016, we launched Pomme de terre for children and teenagers and JNBYHOME, with designer household products and furniture products, to enhance our brand portfolio and enable us to serve consumers of most age groups. Going forward, our goal is to further develop our comprehensive design-driven platform and expand and diversify our product offering and brand portfolio based on our Group's universal brand philosophy, so as to achieve sustainable long-term growth.

Taking into account our customers' purchasing patterns and information needs, we have established an omni-channel interactive platform comprising retail stores, online platforms and social network platform on WeChat, with each component playing a critical role in transforming our customers into loyal fans. We aim to build up a "Fan 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

Board of directors

Executive Directors	Mr. Wu Jian (<i>Chairman</i>) Ms. Li Lin Mr. Li Ming
Non-executive Directors	Mr. Wei Zhe Mr. Zhang Beili
Independent Non-executive Directors	Mr. Lam Yiu Por Ms. Han Min Mr. Hu Huanxin

Board committees

Audit Committee	Mr. Lam Yiu Por (<i>Chairman</i>) Ms. Han Min Mr. Hu Huanxin
Remuneration Committee	Mr. Hu Huanxin (<i>Chairman</i>) Mr. Wu Jian Mr. Lam Yiu Por
Nomination Committee	Mr. Wu Jian (<i>Chairman</i>) Mr. Hu Huanxin Ms. Han Min

Company secretary Ms. Ng Sau Mei (ACIS, ACS)

Authorized representatives Mr. Wu Jian
Ms. Ng Sau Mei

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

Compliance adviser **First Shanghai Capital Limited**
19/F, Wing On House
71 Des Voeux Road Central
Hong Kong

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

Headquarters 3/F, Blue Ocean Times Building
No. 39 Yile Road, Xihu District
Hangzhou, Zhejiang Province, PRC

**Principal place of business
in Hong Kong** Unit 709, 7/F., Lippo Sun Plaza
28 Canton Road
Tsim Sha Tsui
Kowloon
Hong Kong

The Cayman Islands
principal registrar and
transfer office

Codan Trust Company (Cayman) Limited

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

Hong Kong share registrar

Tricor Investor Services Limited

Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

Principal banks

Bank of Hangzhou, Guanxiangkou Branch

No. 178 Jiefang Road, Hangzhou
Zhejiang Province, PRC

Huaxia Bank, Heping Branch

No. 213 Dongxin Road, Hangzhou
Zhengjiang Province, PRC

Company's website

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

Stock code

3306

Listing date

October 31, 2016

	For the six months ended December 31,		increase/ (decrease) (%)
	2016 RMB'000	2015 RMB'000	
Financial summary			
Revenue	1,310,405	1,070,753	22.4%
Gross profit	843,475	669,952	25.9%
Operating profit	321,671	263,506	22.1%
Net profit	227,932	183,847	24.0%
Net cash flows generated from operating activities	264,395	217,105	21.8%
Basic earnings per share (RMB)	0.54	0.47	
Diluted earnings per share (RMB)	0.52	0.47	
Financial Ratios			
Gross profit margin	64.4%	62.6%	
Operating profit ratio	24.5%	24.6%	
Net profit margin	17.4%	17.2%	
		As of December 31, 2016	As of June 30, 2016
Liquidity Ratios			
Trade receivables turnover days		15.9	14.3
Trade and bills payables turnover days		57.7	50.3
Inventory turnover days		197.9	213.3
Capital Ratios			
Debt to assets ratio		38.4%	71.0%

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

Same Store Sales Growth

Driven by the “Fans Economy” strategy, same store sales growth rate of our retail stores reached 11.3% for the first half of fiscal year 2017, which was mainly attributable to (i) the incremental retail sales of RMB228.4 million generated from inventory sharing and allocation system in the first half of fiscal year 2017 (representing 11.0% of total retail sales for the first half of fiscal year 2017), (ii) an increase in the spending of members driven by our social network platform on WeChat. The retail sales contributed by our members accounted for 63.6% of our total retail sales for the first half of fiscal year 2017. As of December 31, 2016, we have over 1.6 million members (as of June 30, 2016: over 1.2 million) with more than 1.1 million WeChat accounts (as of June 30, 2016: over 720,000). The number of Active Members for the year 2016 (Active Members are membership accounts associated with at least two purchases in any 180-day period within the last 360 days.) was over 230,000 (fiscal year 2016: over 190,000) and the number of members with annual purchases totalling over RMB5,000 for the year 2016 reached 113,000 (fiscal year 2016: more than 90,000), with their consumption and retail sales amounting to RMB1.33 billion (fiscal year 2016: RMB1.08 billion).

Revenue by product segment and brand

The following table sets forth a breakdown of our revenue by product segment (women, men, children and teenagers and household products) and by brand, each expressed in the absolute amount and as a percentage to our total revenue, for the periods indicated:

	For the six months ended December 31,			
	2016		2015	
	RMB'000	(%)	RMB'000	(%)
Women				
JNBY	787,629	60.1%	704,242	65.8%
less	83,169	6.3%	58,745	5.5%
Men				
CROQUIS	272,450	20.8%	203,081	19.0%
Children and Teenagers				
jnby by JNBY	160,174	12.2%	104,685	9.7%
Pomme de terre	6,569	0.5%	-	-
Household				
JNBYHOME	414	0.1%	-	-
Total revenue	1,310,405	100.0%	1,070,753	100.0%

In the first half of fiscal year 2017, revenue generated from sales of products of JNBY brand increased by 11.8% or RMB83.4 million, and its percentage to our total revenue decreased from 65.8% in the first half of fiscal year 2016 to 60.1% in the first half of fiscal year 2017, primarily due to the significant increase in revenue generated from sales of products of our CROQUIS, jnby by JNBY, and less brands, which were successfully launched from 2005 to 2011, respectively. The products of Pomme de terre brand launched in 2016 have become increasingly well received by the niche market, which recorded a revenue of RMB6.6 million in the first half of fiscal year 2017. The designer household products of JNBYHOME brand launched in December 2016 also recorded a revenue of RMB0.4 million during that period.

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 as well as online channels. The following table sets out a breakdown of our revenue by sales channel, each expressed in the absolute amount and as a percentage to our total revenue, for the periods indicated.

	For the six months ended December 31,			
	2016		2015	
	RMB'000	(%)	RMB'000	(%)
Offline channels				
Self-operated stores ⁽¹⁾	620,052	47.3%	483,300	45.1%
Distributor-operated stores ⁽²⁾	593,698	45.3%	506,643	47.4%
Online channels	96,655	7.4%	80,810	7.5%
Total revenue	1,310,405	100.0%	1,070,753	100.0%

Notes:

- (1) Historically, a small number of our self-operated stores were managed by the third-party manager. We terminated such arrangements in June 2016.
- (2) Consists of stores operated by overseas customers.

In the first half of fiscal year 2017, absolute amounts of revenue generated from sales through our offline and online channels continued to increase as compared with that in the first half of fiscal year 2016. As a percentage to our total revenue, revenues generated from sales through our offline and online channels have remained generally stable with offline channels representing 92.6%, and online channels representing 7.4%, to our total revenue.

Gross profit and gross profit margin

The Group's gross profit increased by 25.9% from RMB670.0 million for the first half of fiscal year 2016 to RMB843.5 million for the first half of fiscal year 2017, which was attributable to the expansion of the Group's retail network and the increase in the same-store sales of our retail stores.

The Group's overall gross profit margin improved from 62.6% for the first half of fiscal year 2016 to 64.4% for the first half of fiscal year 2017, which was primarily attributable to the continuous increase in the sales of products of CROQUIS, jnby by JNBY and less brands and the generally higher profit margins of those products.

Selling and marketing expenses and administrative expenses

In the first half of fiscal year 2017, selling and marketing expenses were RMB445.1 million (first half of fiscal year 2016: RMB346.6 million), which primarily consist of: (i) the operating lease rental related to the leasing of self-operated stores and offices; (ii) our concession fees payable to department stores; (iii) our service outsourcing expenses; and (iv) our employee benefit expenses. In percentage terms, the selling and marketing expenses accounted for 34.0% of our revenue in the first half of fiscal year 2017 (first half of fiscal year 2016: 32.4%), which was attributable to the increase of rental and service outsourcing fees as a result of increased proportion of self-operated stores. The administrative expenses for the first half of fiscal year 2017 was RMB96.6 million (first half of fiscal year 2016: RMB66.2 million) which, among others, consist of (i) employee benefit expenses, including directors' emoluments of the Company, (ii) product development outsourcing fees and (iii) professional service expenses, which were related to the listing. In percentage terms, the administrative expenses accounted for 7.4% of our revenue in the first half of fiscal year 2017 (first half of fiscal year 2016: 6.2%), representing an increase in the expenses related to professional services as compared with that for the corresponding period of the previous year.

Other income and gains, net

Other income and gains for the first half of fiscal year 2017 amounted to RMB19.9 million (first half of fiscal year 2016: RMB6.3 million), mainly due to the increase of government grants we received in the first half of fiscal year 2017. Other income and gains include government grants, interest income from the related party loans, exchange losses, losses on disposal of property, plant and equipment and other, investment income and the provision for losses on the idle land.

Finance income/(costs), net

The Group's net finance income/(costs) for the first half of fiscal year 2017 was net income of RMB2.2 million (first half of fiscal year 2016: net financial costs of RMB1.9 million). The decrease in net financial costs and increase in net income were mainly due to the decrease in the interest expenses on the borrowings and more interest income earned as compared with the same period of the last fiscal year.

Profit and profit margin, net

Due to the above-mentioned factors, the net profit for the first half of fiscal year 2017 was RMB227.9 million, representing an increase of 24.0% or RMB44.1 million as compared with RMB183.8 million for the first half of fiscal year 2016. The net profit margin increased from 17.2% for the first half of fiscal year 2016 to 17.4% for the first half of fiscal year 2017.

Capital expenditure

The Group's capital expenditure mainly consisted of payments for construction of our logistic base, property, plant and equipment, intangible assets and decoration of our self-operated stores. The Group's capital expenditure for the first half of fiscal year 2017 was RMB24.4 million (first half of fiscal year 2016: RMB17.5 million).

Profit before income tax

The Group's profit before income tax increased by 23.8%, from RMB261.6 million for the first half of fiscal year 2016 to RMB323.9 million for the first half of fiscal year 2017. 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 resources and banking facilities provided by its banks.

As of December 31, 2016, the Group's cash and cash equivalents were RMB364.2 million (June 30, 2016: RMB175.2 million), of which 49.6% was denominated in RMB, 48.7% in US dollars and 1.7% in other currencies. Net cash inflow from operating activities in the first half of fiscal year 2017 was RMB264.4 million, representing an increase of 21.8% as compared with RMB217.1 million in the first half of fiscal year 2016.

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

In order to implement the Group's development plan, the number of the Group's employees increased to 831 as of December 31, 2016 (June 30, 2016: 770). The total staff costs for the period (including basic salaries and allowances, social security insurance, discretionary bonuses, share-based compensation expenses) were RMB77.9 million (first half of fiscal year 2016: RMB64.8 million), representing 5.9% of our revenue (first half of fiscal year 2016: 6.1%).

Pledge of assets

As of December 31, 2016, the Group did not have any secured bank borrowing.

Contingent liabilities

As of December 31, 2016, the Group did not have any material contingent liabilities.

Use of the proceeds from listing

The Company's net proceeds from listing are approximately HK\$684.0 million, after deduction of underwriting fees and commissions and related expenses. As of December 31, 2016, the proceeds amounting to a total of RMB41.2 million have been used. These proceeds have been used for the purposes stated in the prospectus of the Company dated October 19, 2016 as following.

Item	Amount (RMB million)
To strengthen our omni-channel interactive platform	35.4
To expand our product offering and brand portfolio	4.4
To establish a new logistics center	1.4
Total	41.2

Outlook

With the rapid growth of the number of people pursuing distinguished life styles as well as the rising demand for personalized and stylish products, consumers are increasingly seeking products that can represent their personality, creating huge opportunities in the designer brand market segment. Benefiting from the upgraded consumption trend, we, as the leading designer fashion group, remain full of confidence about our future. We will continue to maintain and strengthen our position as a leading designer brand fashion house based in China, thus we continue to pursue the following strategies:

- expand and diversify our product portfolio by further enhancing our design capabilities and brand awareness;
- further enhance our retail network and optimize our channel mix; and
- improve customer experience to improve same store sales growth.

Interim dividend

The Board did not declare any interim dividend for the six months ended December 31, 2016.

Corporate governance practices

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

During the period from October 31, 2016, being the date of listing of the Company’s shares on the main board of the Stock Exchange (the “**Listing Date**”), to December 31, 2016, the Company has complied with all the code provisions of the Corporate Governance Code and adopted most of the best practices suggested therein.

Model code for securities transactions

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 the securities transactions by the directors of the Company. All the directors have confirmed, upon specific enquiries, that they had complied with the standards set forth in the Model Code for the period from the Listing Date to December 31, 2016.

Purchase, sale or redemption of listed securities of the company

During the period from the Listing Date to December 31, 2016, none of the Company or any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company.

Audit committee

The Board has established an audit committee (the “**Audit Committee**”), which comprised three independent non-executive directors, namely Mr. Lam Yiu Por (Chairman), Ms. Han Min and Mr. Hu Huanxin. The primary duties of the Audit Committee are to review and supervise the financial reporting procedures and internal control of the Company.

The Audit Committee, together with the senior management and the external auditors of the Company, has reviewed the Group’s unaudited condensed interim results for the six months ended December 31, 2016.

Directors’ and chief executives’ interests and short positions in shares, underlying shares and debentures

As at December 31, 2016, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the “**SFO**”) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of the SFO (including the interests and short positions which they are taken or deemed to have under such provisions of the SFO); or were required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO; or were required to be 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	Approximate 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	315,474,000	60.81	Long position
Ms. Li Lin ⁽²⁾	Founder of a discretionary trust; Beneficiary of a trust	315,474,000	60.81	Long position
Mr. Wei Zhe ⁽³⁾	Interest in a controlled corporation	15,342,000	2.96	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 150,500,000 shares of the Company. The Wu Family Trust is a discretionary trust established by Mr. Wu Jian (as the settlor), and its discretionary beneficiaries include Mr. Wu Jian, Ms. Li Lin, their children and the W&L Trust. The W&L Trust is a discretionary trust established by Mr. Wu Jian and Ms. Li Lin (both as the settlors), and its discretionary beneficiaries are Mr. Wu Jian, Ms. Li Lin and their children. Ms. Li Lin is beneficially interested in the entire issued share capital of Ninth Investment Limited which in turn holds 152,974,000 shares of the Company. Pursuant to the Li Personal Trust, the Li Personal Trust Nominee holds 12,000,000 shares as the nominee of The Core Trust Company Limited. The Li Personal Trust Nominee is wholly owned by The Core Trust Company Limited in his capacity as the nominee of the Li Personal Trust, and Ms. Li Lin is the settlor of the Li Personal Trust. Accordingly, Mr. Wu Jian was deemed to be interested in the 150,500,000 shares, 152,974,000 shares and 12,000,000 shares held by Ninth Capital Limited, Ninth Investment Limited and the Li Personal Trust Nominee, respectively. Pursuant to the SFO, Mr. Wu Jian, as the spouse of Ms. Li Lin, was deemed to be interested in the same number of shares in which Ms. Li Lin is interested.
- (2) Puheng Limited, a company indirectly wholly owned by the Li Family Trust, directly holds the entire issued share capital of Ninth Investment Limited which in turn holds 152,974,000 shares of the Company. The Li Family Trust is a discretionary trust established by Ms. Li Lin (as the settlor), and its discretionary beneficiaries include Ms. Li Lin, Mr. Wu Jian, their children and the W&L Trust. The W&L Trust is a discretionary trust established by Mr. Wu Jian and Ms. Li Lin (both as the settlors), and its discretionary beneficiaries are Mr. Wu Jian, Ms. Li Lin and their children. Pursuant to the Li Personal Trust, the Li Personal Trust Nominee holds 12,000,000 shares as the nominee of The Core Trust Company Limited. The Li Personal Trust Nominee is wholly owned by The Core Trust Company Limited in his capacity as the nominee of the Li Personal Trust, and Ms. Li Lin is the settlor of the Li Personal Trust. Mr. Wu Jian is beneficially interested in the entire issued share capital of Ninth Capital Limited which in turn holds 150,500,000 shares of the Company. Accordingly, Ms. Li Lin was deemed to be interested in the 152,974,000 shares, 12,000,000 shares and 150,500,000 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) Vision Knight Capital General Partners Ltd., a company owned as to 61.60% by Mr. Wei Zhe, holds 98.33% of the issued share capital of Bright Sunshine Group Limited through its wholly controlled corporation Vision Knight Capital (China) Fund I, L.P., and Bright Sunshine Group Limited holds 15,342,000 shares of the Company. Accordingly, Mr. Wei Zhe was deemed to be interested in the 15,342,000 shares held by Bright Sunshine Group Limited.

Save as disclosed above, as at December 31, 2016, none of the Directors and chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange; or which were required to be recorded in the register maintained by the Company pursuant to Section 352 of the SFO; or which were otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Substantial shareholders' interests and short positions in shares and underlying shares

As at December 31, 2016, As far as the Directors of the Company 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; or which were required to be entered in the register maintained pursuant to Section 336 of the SFO were as follows:

Name of Shareholder	Capacity/Nature of Interest	Number of Shares	Approximate Percentage of Shareholding in the Company (%)	Long position/ Short position/ Lending Pool
Credit Suisse Trust Limited ^{(1),(2)}	Trustee	301,000,000	58.02	Long position
Ahead Global Holdings Limited ⁽¹⁾	Interest in a controlled corporation	150,500,000	29.01	Long position
Li Family Limited ⁽²⁾	Interest in a controlled corporation	150,500,000	29.01	Long position
Ninth Capital Limited ⁽¹⁾	Beneficial owner	150,500,000	29.01	Long position
Ninth Investment Limited ⁽²⁾	Beneficial owner	150,500,000	29.01	Long position
Puheng Limited ⁽²⁾	Interest in a controlled corporation	150,500,000	29.01	Long position
Seletar Limited ^{(1),(2)}	Nominee for another person	301,000,000	58.02	Long position
Serangoon Limited ^{(1),(2)}	Nominee for another person	301,000,000	58.02	Long position
Wu Family Limited ⁽¹⁾	Interest in a controlled corporation	150,500,000	29.01	Long position
VNCR Holdings Limited	Beneficial Owner	34,129,000	6.58	Long position

Notes:

- (1) 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 150,500,000 shares of the Company. The Wu Family Trust is a discretionary trust established by Mr. Wu Jian (as the settlor), and its discretionary beneficiaries are Mr. Wu Jian, Ms. Li Lin, their children and the W&L Trust. The W&L Trust is a discretionary trust established by Mr. Wu Jian and Ms. Li Lin (both as settlors), and its discretionary beneficiaries are Mr. Wu Jian, Ms. Li Lin and their children. Accordingly, each of Mr. Wu Jian, Credit Suisse Trust Limited, Seletar Limited, Serangoon Limited, Wu Family Limited and Ahead Global Holdings Limited is deemed to be interested in the number of the 150,500,000 shares of the Company held by Ninth Capital Limited.
- (2) As at the date of this interim report, to the best knowledge of the Directors, Ninth Investment Limited holds 152,949,000 shares of the Company, representing approximately 29.49% 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 152,974,000 shares of the Company. The Li Family Trust is a discretionary trust established by Ms. Li Lin (as the settlor), and its discretionary beneficiaries are Ms. Li Lin, Mr. Wu Jian, their children and the W&L Trust. The W&L Trust is a discretionary trust established by Mr. Wu Jian and Ms. Li Lin (both as settlors), and its discretionary beneficiaries are Mr. Wu Jian, Ms. Li Lin and their children. Accordingly, each of Ms. Li Lin, Credit Suisse Trust Limited, Seletar Limited, Serangoon Limited, Li Family Limited and Puheng Limited is deemed to be interested in the 152,974,000 shares of the Company held by Ninth Investment Limited.

Save as disclosed above, as at December 31, 2016, the Directors are not aware of any other persons (other than the Directors and chief executives of the Company) who had any 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; or which were required to be entered in the register maintained pursuant to Section 336 of the SFO.

Directors' rights to acquire shares or debentures

Save as disclosed in this interim report, at no time during the period from the Listing Date to December 31, 2016 was the Company or any of 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 interests or debt securities of the Company or any other body corporate or had exercised any such right.

Restricted Share Unit (the "RSU") Scheme

We have adopted the RSU Scheme (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 RSU Scheme was approved and adopted by the Board on May 16, 2014, the principal terms of which are set out in "Statutory and General Information — D. Share Incentive Scheme — 1. RSU Scheme" in Appendix IV of the Company's prospectus dated October 19, 2016.

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 2.26% of the total issued share capital of the Company, had been granted to 87 RSU participants pursuant to the RSU Scheme. We have appointed The Core Trust Company Limited as the trustee to assist with the administration and vesting of RSUs granted pursuant to the RSU Scheme.

There are four vesting schedules under the RSU Scheme: (i) the RSU participants shall vest as to 20%, 20%, 30% and 30% prior to August 31, 2015, 2016, 2017 and 2018, respectively; (ii) the RSU participants shall vest as to 25%, 25%, 25% and 25% prior to August 31, 2016, 2017, 2018 and 2019, respectively; (iii) the RSU participants shall vest as to 25%, 25%, 25% and 25% prior to August 31, 2017, 2018, 2019 and 2020, respectively; and (iv) the RSU participants shall vest as to 20%, 20%, 30% and 30% prior to August 31, 2017, 2018, 2019 and 2020, respectively. Unless the Company shall otherwise determine and so notify the RSU Participants in writing, the RSU participants shall vest following their respective vesting schedules described above.

During the six months ended December 31, 2016, 80,000 RSUs have been granted, 420,000 RSUs have been forfeited and no RSU has been cancelled. As at December 31, 2016, there were a total of 11,436,040 RSUs outstanding. If all the outstanding RSUs are exercised, there would be a dilution effect on the shareholdings of the shareholders of the Company of approximately 2.20 % as at December 31, 2016.

The following is a summary table showing further details of the RSUs granted and outstanding under the RSU Scheme to individuals who are neither a Director nor a connected person of the Group as at December 31, 2016:

Shares Represented by RSUs	Date of Grant	Outstanding as at July 1, 2016	For the six months ended December 31, 2016				Outstanding as at December 31, 2016
			Granted	Exercised	Cancelled	forfeited	
9,764,560	June 30, 2014	9,764,560	-	-	-	50,000	9,714,560
450,000	July 23, 2014	450,000	-	-	-	360,000	90,000
711,480	November 20, 2014	711,480	-	-	-	-	711,480
170,000	December 1, 2014	10,000	-	-	-	10,000	-
10,000	March 9, 2015	10,000	-	-	-	-	10,000
280,000	September 10, 2015	280,000	-	-	-	-	280,000
50,000	November 23, 2015	50,000	-	-	-	-	50,000
500,000	December 7, 2015	500,000	-	-	-	-	500,000
80,000	December 15, 2016	-	80,000	-	-	-	80,000
Total		11,776,040	80,000	-	-	420,000	11,436,040

Note: The closing price of the shares immediately before the date on which the RSUs were granted on December 15, 2016 was HK\$6.38.

Expected retention rate of grantees

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

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

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

Introduction

We have reviewed the interim financial information set out on pages 18 to 30, which comprises the interim condensed consolidated balance sheet of JNBY Design Limited (the "Company") and its subsidiaries (together, the "Group") as at December 31, 2016 and the related interim condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

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

Conclusion

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

Other matters

The condensed consolidated interim financial information includes comparative information as required by Hong Kong Accounting Standard 34, "Interim financial reporting". The comparative information for the interim condensed consolidated balance sheet is based on the audited financial statements as at June 30, 2016. The comparative information for the interim condensed consolidated statements of comprehensive income, changes in equity and cash flows, and related explanatory notes, for the period ended December 31, 2015 has not been audited or reviewed.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, February 23, 2017

CONDENSED CONSOLIDATED BALANCE SHEET

AS AT DECEMBER 31, 2016

	Note	Unaudited December 31, 2016 RMB'000	Audited June 30, 2016 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	7	44,528	33,649
Land use rights	8	49,870	50,386
Intangible assets	9	5,894	5,003
Prepayments, deposits and other receivables	13	7,136	5,795
Deferred income tax assets	10	80,537	61,505
Total non-current assets		187,965	156,338
Current assets			
Inventories	11	587,942	438,686
Trade receivables	12	153,160	77,801
Prepayments, deposits and other receivables	13	111,991	132,486
Amounts due from related parties	27(b)	12,717	14,008
Terms deposits with initial terms over 3 months		471,716	–
Restricted cash	14	–	7,671
Cash and cash equivalents	14	364,249	167,523
Total current assets		1,701,775	838,175
Total assets		1,889,740	994,513
EQUITY			
Equity attributable to shareholders of the Company			
Share capital	15	4,622	16
Shares held for Restricted share units (“RSU”) Scheme	15	(95)	–
Share premium	15	628,514	–
Other reserves	16	136,442	96,984
Retained earnings		395,309	190,942
Total equity		1,164,792	287,942
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities	10	9,058	8,500
Current liabilities			
Trade and bills payables	18	188,882	110,663
Deferred revenue		20,270	14,090
Accruals and other current liabilities	19	437,098	327,519
Amounts due to related parties	27(b)	5,119	9,294
Current income tax liabilities		64,521	6,505
Dividend payables	25	–	230,000
Total current liabilities		715,890	698,071
Total liabilities		724,948	706,571
Total equity and liabilities		1,889,740	994,513

Wu Jian
Chairman of the Board

Li Lin
Director

The notes on pages 22 to 30 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED DECEMBER 31, 2016

	Note	Unaudited	
		Six months ended December 31,	
		2016	2015
		RMB'000	RMB'000
Revenue	6	1,310,405	1,070,753
Cost of sales	20	(466,930)	(400,801)
Gross profit		843,475	669,952
Selling and marketing expenses	20	(445,056)	(346,585)
Administrative expenses	20	(96,604)	(66,183)
Other income and gains, net	21	19,856	6,322
Operating profit		321,671	263,506
Finance income	22	3,229	577
Finance costs	22	(1,016)	(2,518)
Finance income/(costs), net		2,213	(1,941)
Profit before income tax		323,884	261,565
Income tax expense	23	(95,952)	(77,718)
Profit for the period		227,932	183,847
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Currency translation differences		13,077	(784)
Total comprehensive income for the period		241,009	183,063
Profit attributable to:			
Shareholders of the Company		227,932	183,847
Total comprehensive income attributable to:			
Shareholders of the Company		241,009	183,063
Earnings per share (expressed in RMB per share)			
– Basic	24	0.54	0.47
– Diluted	24	0.52	0.47

The notes on pages 22 to 30 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED DECEMBER 31, 2016

Unaudited							
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	Total RMB'000	
Balance at July 1, 2016	16	–	–	96,984	190,942	287,942	
Comprehensive income							
Profit for the period	–	–	–	–	227,932	227,932	
Other comprehensive Income							
Currency translation differences	16	–	–	13,077	–	13,077	
Total comprehensive income				13,077	227,932	241,009	
Transactions with shareholders							
Profit appropriations to statutory reserves	16	–	–	23,565	(23,565)	–	
Share-based compensation	17	–	–	2,816	–	2,816	
Issuance of ordinary shares	15	4,606	628,514	(95)	–	633,025	
Total transactions with shareholders		4,606	628,514	(95)	26,381	(23,565)	635,841
Balance at December 31, 2016		4,622	628,514	(95)	136,442	395,309	1,164,792

Unaudited					
Attributable to shareholders of the Company					
Note	Share capital RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total RMB'000	
Balance at July 1, 2015	16	54,614	444,824	499,454	
Comprehensive income					
Profit for the period	–	–	183,847	183,847	
Other comprehensive Income					
Currency translation differences	16	–	(784)	–	(784)
Total comprehensive income		–	(784)	183,847	183,063
Transactions with shareholders					
Profit appropriations to statutory reserves	16	–	9,269	(9,269)	–
Share-based compensation		–	5,478	–	5,478
Dividend	25	–	–	(154,322)	(154,322)
Total transactions with shareholders		–	14,747	(163,591)	(148,844)
Balance at December 31, 2015	16	68,577	465,080	533,673	

The notes on pages 22 to 30 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED DECEMBER 31, 2016

	Note	Unaudited	
		Six months ended December 31,	
		2016	2015
		RMB'000	RMB'000
Cash flows from operating activities			
Cash generated from operations		320,805	268,447
Income tax paid		(56,410)	(51,342)
Net cash generated from operating activities		264,395	217,105
Cash flows from investing activities			
Purchase of property, plant and equipment		(23,174)	(17,097)
Purchase of intangible assets		(1,227)	(422)
Proceeds from disposals of property, plant and equipment		775	837
Repayments of loans received from a related party		–	111,000
Cash designated for restriction		(27,362)	(7,688)
Cash released from restriction		35,033	9,057
Income received from structured investment products		29	83
Interest received		3,229	2,019
Payment of term deposits with initial term of over 3 months		(471,716)	–
Net cash (used in)/generated from investing activities		(484,413)	97,789
Cash flows from financing activities			
Proceeds from issuance of ordinary shares		647,614	–
Proceeds from bank borrowings		100,000	24,986
Repayments of bank borrowings		(100,000)	(132,116)
Repayments of borrowings from the controlling shareholders of the Company		–	(30,720)
Interest paid		(1,016)	(2,734)
Dividends paid	25	(230,000)	(154,322)
Payment to non-controlling interests for liquidation of a subsidiary		–	(487)
Net cash generated from/(used in) financing activities		416,598	(295,393)
Net increase in cash and cash equivalents		196,580	19,501
Cash and cash equivalents at beginning of the period	14	167,523	154,981
Exchange gains on cash and cash equivalents		146	70
Cash and cash equivalents at end of the period	14	364,249	174,552

The notes on pages 22 to 30 form an integral part of this condensed consolidated interim financial information.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. General information

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

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 October 31, 2016 (the "Listing").

This condensed consolidated interim financial information is presented in Renminbi ("RMB"), unless otherwise stated. This condensed consolidated interim financial information was approved by the board of directors of the Company for issue on February 23, 2017.

This condensed consolidated interim financial information has not been audited.

2. Basis of preparation

This condensed consolidated interim financial information for the six months ended December 31, 2016 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, 'Interim financial reporting'. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended June 30, 2016 as set out in the prospectus dated October 19, 2016, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

3. Accounting policies

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended June 30, 2016, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

Amendments to HKFRSs effective for the financial year ending June 30, 2017 do not have a material impact on the Group.

A number of new standards and amendments to standards and interpretations have been issued but not yet effective for the financial year ending on June 30, 2017, and have not been applied in preparing this condensed consolidated interim financial information. None of these are expected to have a significant effect on the condensed consolidated interim financial information of the Group.

4. Estimates

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended June 30, 2016.

5. Financial risk management

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The condensed consolidated interim financial information do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at June 30, 2016.

There have been no changes in the risk management policies since June 30, 2016.

5.2 Liquidity risk

The Group aims to maintain sufficient cash and cash equivalents. Due to the dynamic nature of the underlying businesses, 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.

	Within 1 year RMB'000	More than 1 year RMB'000
As at December 31, 2016		
Trade and bills payables	188,190	692
Amounts due to related parties	5,119	–
Accruals and other current liabilities	199,701	–
	393,010	692
As at June 30, 2016		
Dividend payables	230,000	–
Trade and bills payables	94,387	935
Amounts due to related parties	9,294	–
Accruals and other current liabilities	124,053	–
	457,734	935

5. Financial risk management (continued)

5.3 Fair value estimation

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

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

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

- Prepayments, deposits and other receivables
- Trade receivables
- Amounts due from related parties
- Restricted cash
- Trade and bills payables
- Deferred revenue
- Accruals and other current liabilities
- Amounts due to related parties

6. Segment information

The Group operates as four 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 Group is principally engaged in designing, marketing and selling apparel, accessory products and household goods. Over 99% of its revenue are derived in the PRC during the interim periods.

Management has determined the operating segments based on the information reviewed by the executive directors for the purposes of allocating resources and assessing performance. The executive directors consider the business from both a geographic and product perspective. Geographically, the executive directors consider the performance in the PRC and overseas. From a product perspective, the executive directors separately consider the product lines for women, men, children and teenagers, and household goods in these geographies. Management assesses the performance of the operating segments based on operating profit.

Six months ended December 31, 2016					
	Women	Men	Children and teenagers	Household goods	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue					
The PRC	864,292	271,347	166,594	414	1,302,647
Overseas	6,506	1,103	149	-	7,758
Revenue from external customers	870,798	272,450	166,743	414	1,310,405
Segment gross profit/(loss)	555,461	187,499	100,556	(41)	843,475
Segment operating profit/(loss)	290,340	102,134	37,833	(2,692)	427,615
Unallocated expense					(125,800)
Other gains, net					19,856
Total operating profit					321,671

Six months ended December 31, 2015					
	Women	Men	Children and teenagers	Household goods	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue					
The PRC	754,107	202,386	104,466	-	1,060,959
Overseas	8,880	695	219	-	9,794
Revenue from external customers	762,987	203,081	104,685	-	1,070,753
Segment gross profit	470,799	138,280	60,873	-	669,952
Segment operating profit	245,966	66,740	20,217	-	332,923
Unallocated expense					(75,739)
Other gains, net					6,322
Total operating profit					263,506

7. Property, plant and equipment

	Office equipment and others RMB'000	Machinery RMB'000	Motor vehicles RMB'000	Leasehold improvements RMB'000	Construction- in-progress RMB'000	Total RMB'000
Six months ended December 31, 2016						
Opening net book value as at July 1, 2016	6,181	1,898	1,963	21,653	1,954	33,649
Additions	2,330	317	103	22,038	1,370	26,158
Depreciation	(1,253)	(109)	(416)	(12,709)	–	(14,487)
Disposals	(21)	–	–	(771)	–	(792)
Closing net book value	7,237	2,106	1,650	30,211	3,324	44,528
As at December 31, 2016						
Cost	19,940	2,626	4,816	108,089	3,324	138,795
Accumulated depreciation	(12,703)	(520)	(3,166)	(77,878)	–	(94,267)
Net book value	7,237	2,106	1,650	30,211	3,324	44,528
Six months ended December 31, 2015						
Opening net book value as at July 1, 2015	5,820	1,490	2,382	16,148	1,380	27,220
Additions	2,076	702	514	20,668	12	23,972
Depreciation	(1,744)	(76)	(412)	(11,975)	–	(14,207)
Disposals	(471)	(160)	(97)	(274)	–	(1,002)
Closing net book value	5,681	1,956	2,387	24,567	1,392	35,983
As at December 31, 2015						
Cost	15,596	2,336	4,713	78,423	1,392	102,460
Accumulated depreciation	(9,915)	(380)	(2,326)	(53,856)	–	(66,477)
Net book value	5,681	1,956	2,387	24,567	1,392	35,983

8. Land use rights

	Six months ended December 31,	
	2016 RMB'000	2015 RMB'000
Net book value as at July 1	50,386	23,108
Amortisation charges	(516)	(237)
Net book value as at December 31	49,870	22,871

The Group's land use rights are located in Hangzhou, the PRC, and with an original lease period of 50 years.

9. Intangible assets

	Computer software RMB'000
Six months ended December 31, 2016	
Opening net book value as at July 1, 2016	5,003
Additions	1,227
Amortisation charge	(336)
Closing net book value as at December 31, 2016	5,894
As at December 31, 2016	
Cost	7,864
Accumulated amortisation	(1,970)
Net book value	5,894
Six months ended December 31, 2015	
Opening net book value as at July 1, 2015	4,399
Additions	422
Amortisation charge	(277)
Closing net book value as at December 31, 2015	4,544
As at December 31, 2015	
Cost	5,863
Accumulated amortisation	(1,319)
Net book value	4,544

10. Deferred income tax

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

	As at December 31, 2016 RMB'000	As at June 30, 2016 RMB'000
Deferred income tax assets:		
– to be recovered after more than 12 months	30,412	28,524
– to be recovered within 12 months	50,125	32,981
	80,537	61,505
Deferred income tax liabilities:		
– to be recovered within 12 months	9,058	8,500
Deferred income tax assets – net	71,479	53,005

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

	Six months ended December 31,	
	2016 RMB'000	2015 RMB'000
Opening balance as at July 1	61,505	40,202
Credited in the consolidated statements of comprehensive income	19,032	19,360
Closing balance as at December 31	80,537	59,562

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

	Six months ended December 31,	
	2016 RMB'000	2015 RMB'000
Opening balance as at July 1	8,500	13,925
Debited in the consolidated statements of comprehensive income	9,058	9,645
Transferred to tax payables	(8,500)	(8,158)
Closing balance as at December 31	9,058	15,412

11. Inventories

	As at December 31, 2016 RMB'000	As at June 30, 2016 RMB'000
Finished goods	578,064	409,518
Raw materials	44,508	67,283
Commissioned processing materials	84,719	69,646
Less: provision	(119,349)	(107,761)
	587,942	438,686

For the six months ended December 31, 2016, the cost of inventories recognised as "cost of sales" amounted to approximately RMB454,545,000 (The six months ended December 31, 2015: RMB386,486,000).

Movements of provision for inventories are analysed as follows:

	Six months ended December 31,	
	2016 RMB'000	2015 RMB'000
Opening balance as at 1 July	107,761	56,668
Addition of provision for inventories to net realised value included in "cost of sales"	21,353	20,753
Reversal of provision for inventories	(9,765)	–
Closing balance as at 31 December	119,349	77,421

12. Trade receivables

	As at December 31, 2016 RMB'000	As at June 30, 2016 RMB'000
Trade receivables	162,226	85,670
Less: provision for impairment	(9,066)	(7,869)
	153,160	77,801

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

	As at December 31, 2016 RMB'000	As at June 30, 2016 RMB'000
Within 3 months	151,303	76,384
3 months to 6 months	3,710	2,120
6 months to 1 year	957	1,791
Over 1 year	6,256	5,375
	162,226	85,670

13. Prepayments, deposits and other receivables

	As at December 31, 2016 RMB'000	As at June 30, 2016 RMB'000
Long-term prepayments		
Long-term prepaid expenses	7,136	5,795
Current assets		
Deposits and other receivables	77,256	62,466
Prepaid expenses	17,371	13,438
Prepayment to suppliers	17,104	49,343
Value added tax recoverable	183	6,134
Staff advances	77	106
Prepayment of listing expense	–	999
	111,991	132,486
	119,127	138,281

14. Cash and bank balance

	As at December 31, 2016 RMB'000	As at June 30, 2016 RMB'000
Current		
Cash and cash equivalents	364,249	167,523
Restricted cash	–	7,671
	364,249	175,194

Restricted cash as at June 30, 2016 represented guarantee deposits pledged to bank for issuance of bills payables and funds restricted voluntarily for guarantee of contract performance.

15. 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(d) RMB'000	Subtotal RMB'000
As at July 1, 2016	1,000,000,000	1,950,000	16	–	–	16
Capitalisation of share premium (a)	–	398,050,000	3,567	(3,472)	(95)	–
Issuance of ordinary shares upon IPO (b)	–	118,750,000	1,039	663,627	–	664,666
Share issuance cost (c)	–	–	–	(31,641)	–	(31,641)
As at December 31, 2016	1,000,000,000	518,750,000	4,622	628,514	(95)	633,041

	Number of shares authorised	Number of shares issued	Share capital RMB'000
As at July 1, 2015 and December 31, 2015	50,000	2,500	16

The Company was incorporated on November 26, 2012 in the Cayman Islands with an initial authorised share capital of US\$50,000 divided into 50,000 shares with a par value of US\$1 each, of which 2,500 shares have been issued and fully paid in cash.

Pursuant to a resolution passed by the shareholders on June 9, 2016, the authorised share capital of the Company was increased creation of 1,000,000,000 ordinary shares of par value of HK\$0.01 each.

(a) Pursuant to a resolution passed by the shareholders on October 13, 2016, the Company issued additional 398,050,000 shares at a par value of HK\$0.01 each to the then registered shareholders of the Company in proportion to their then shareholdings immediately before the listing of the Company's shares on October 31, 2016, by capitalisation of share premium of HK\$3,980,500 ("Capitalisation").

(b) On October 31, 2016, upon the Company's IPO on the Main Board of The Stock Exchange of Hong Kong Limited, the Company issued 100,000,000 new ordinary shares at par value of HK\$0.01 per share at an issue price of HK \$6.4 each. On November 18, 2016, the Company issued 18,750,000 additional new ordinary shares at par value of HK\$0.01 per share at an issue price of HK\$6.4 each to cover over-allotment in the global offering.

(c) Share issuance cost mainly included fees for underwriting commission, legal counsels, and reporting accountant and other related costs. Incremental costs that were directly attributable to the issue of the new ordinary shares, amounting to RMB31,641,000 was treated as a deduction from share premium. Other share issuance costs which were not directly attributable to the issue of the new ordinary shares amounting to RMB33,168,000 were recognized as expenses in the consolidated income statement.

(d) As at December 31, 2016, an aggregate of 11,436,040 shares of the Company have been granted to the senior management and selected employees under RSU scheme (Note 17). The ordinary shares held for RSU scheme amounting to RMB95,000 was recorded as a deduction from shareholders' equity as the directors are of the view that such shares are within the Company's control until the shares are vested unconditionally to the participants and hence are considered as treasury shares in substance.

16. Other reserves

	Statutory reserves RMB'000	Share-based compensation reserve RMB'000	Currency translation differences RMB'000	Merger reserve RMB'000	Total RMB'000
As at July 1, 2016	71,838	22,537	4,208	(1,599)	96,984
Appropriation to statutory reserves (a)	23,565	-	-	-	23,565
Share based compensation (Note 17)	-	2,816	-	-	2,816
Currency translation differences	-	-	13,077	-	13,077
As at December 31, 2016	95,403	25,353	17,285	(1,599)	136,442
As at July 1, 2015	42,391	11,579	2,243	(1,599)	54,614
Appropriation to statutory reserves (a)	9,269	-	-	-	9,269
Share based compensation (Note 17)	-	5,478	-	-	5,478
Currency translation differences	-	-	(784)	-	(784)
As at December 31, 2015	51,660	17,057	1,459	(1,599)	68,577

(a) In accordance with the respective articles of association and board resolutions, certain subsidiaries of the Group incorporated in the PRC appropriate certain percentage of the annual statutory net profits, after offsetting any prior year losses 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 six months ended December 31, 2016 and 2015, approximately RMB23,565,000 and RMB9,269,000 were appropriated from retained earnings to the statutory surplus reserve fund, respectively.

17. Share-based payments

The Company adopted the RSU scheme, under which the board of directors may grant RSUs to any qualifying participants, subject to the terms and conditions stipulated therein.

Movements in the number of outstanding RSUs are as follows:

	Number of RSUs
As at July 1, 2016	11,776,040
Granted (a)	80,000
Forfeited (b)	(420,000)
As at December 31, 2016	11,436,040

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

Before the Company consummated its IPO on the Main Board of The Stock Exchange of Hong Kong Limited, the directors used the discounted cash flow method to determine the fair value of the underlying equity of the Group and adopted equity allocation method to determine the fair value of the underlying ordinary share. Key assumptions, such as discount rate and projections of future performance, are required to be determined by the directors with best estimates.

Upon the consummation of the IPO, the fair value of the underlying ordinary shares was calculated based on the market price of the Company's shares at the respective grant date.

- (a) On December 15, 2016, 80,000 RSUs were granted to a selected employee, of which 25%, 25%, 25% and 25% shall be vested within two months after June 30, 2017, 2018, 2019 and 2020, respectively.
- (b) 420,000 RSUs were lapsed during the six months ended December 31, 2016 as a result of the termination of employment of relevant employees.

As at December 31, 2016, none of the vested RSUs were exercised.

18. Trade and bills payables

	As at December 31, 2016 RMB'000	As at June 30, 2016 RMB'000
Trade payables	188,882	95,322
Bills payables	-	15,341
	188,882	110,663

Ageing analysis of trade payables as at December 31, 2016 and June 30, 2016 was as follows:

	As at December 31, 2016 RMB'000	As at June 30, 2016 RMB'000
Within 6 months	185,354	92,852
6 months to 1 year	2,836	1,535
1 to 2 years	639	926
2 to 3 years	53	9
	188,882	95,322

19. Accruals and other current liabilities

	As at December 31, 2016 RMB'000	As at June 30, 2016 RMB'000
Advances from distributors	109,258	61,621
Provisions for sales returns	83,332	36,342
Non-refundable deposits from distributors (a)	69,982	79,118
Payroll and welfare payables	55,475	60,399
Provisions for sales rebates	34,859	22,135
Workforce contracting payables	17,577	11,376
Distribution deposits (b)	16,542	14,692
Payables for leasehold improvements	9,390	6,406
Marketing and promotions	5,853	5,925
Accruals and payables for listing expenses	5,460	11,794
Rentals	5,379	2,011
Value-added and other taxes payables	2,682	2,328
Others	21,309	13,372
	437,098	327,519

- (a) Non-refundable deposits from distributors refer to cash deposits received from third-party distributors for placing orders on seasonal products at the Group's trade fair. Such deposits, which is non-interest bearing, would be used to offset the payments for orders placed by the distributors but is non-refundable if the orders are subsequently cancelled by the distributors.
- (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 the distribution relationship with the Group was terminated.

20. Expenses by nature

	Six months ended December 31,	
	2016 RMB'000	2015 RMB'000
Raw materials consumed and consumable used	616,811	432,481
Changes in inventories of finished goods, work in progress and commissioned processing materials (Note 11)	(183,619)	(66,748)
Workforce contracting expenses	113,642	75,074
Concession fees payable to department stores and shopping malls	97,108	69,508
Operating lease rental	93,151	88,630
Employee benefit expenses (including share-based compensation expenses)	77,908	64,791
Promotion and marketing expense	37,590	22,601
Transportation and warehouse expense	24,387	14,187
Provision for inventories (Note 11)	21,353	20,753
Listing expense	15,696	-
Depreciation and amortisation (Note 7, 8 & 9)	15,339	14,721
Utilities charges and office expenses	14,868	14,216
Stamp duty, property tax and other surcharges	12,289	16,458
Commission expenses to online platforms	8,148	6,971
Entertainment and travelling expenses	7,580	5,583
Other professional service expenses	6,615	2,819
Apparel design fee	5,236	3,200
Auditors' remuneration	3,091	71
Provision for trade receivable	1,318	789
Store management fees	133	15,817
Others	19,946	11,647
Total cost of sales, selling and marketing expenses and administrative expenses	1,008,590	813,569

21. Other income and gains, net

	Six months ended December 31,	
	2016 RMB'000	2015 RMB'000
Government grants	19,786	7,589
Interest income of loans to a related party (Note 27(a))	-	5,335
Investment income	29	83
Provision for loss in association with idle land	-	(6,915)
Foreign exchange losses	(777)	(105)
Losses on disposal of property, plant and equipment	(17)	(165)
Others	835	500
	19,856	6,322

22. Finance income/(costs), net

	Six months ended December 31,	
	2016 RMB'000	2015 RMB'000
Finance income		
Interest income on cash and cash equivalents, restricted cash and terms deposits with initial terms over 3 months	3,229	577
Finance costs		
Interest expenses on bank borrowings	(1,016)	(2,518)
Finance income/(costs), net	2,213	(1,941)

23. Income tax expense

The Group is not subject to taxation in the Cayman Island. Hong Kong profits tax has been provided for at a rate of 16.5% (2015:16.5%) for the period on the estimated assessable profits arising in or derived from Hong Kong. The companies established and operated in the PRC are subject to PRC Enterprise Income Tax ("EIT") at a rate of 25% (2015: 25%) whilst certain subsidiaries of the Company established and operated in the PRC are entitled to the preferential income tax rates as qualified Small and Thin-profit Enterprise.

	Six months ended December 31,	
	2016 RMB'000	2015 RMB'000
Current income tax expense		
- Enterprise income tax expense	105,926	87,433
Deferred income tax expense (Note 10)	(9,974)	(9,715)
	95,952	77,718

Income tax expense is recognised based on management's estimate of weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate used for companies established and operated in the PRC and Hong Kong for the six months ended December 31, 2016 is 25.01% and 16.5%, respectively (the estimated tax rate used for companies established and operated in the PRC and Hong Kong for the six months ended December 31, 2015 was 25.16% and 16.5% respectively).

24. Earnings per share

(a) Basic

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

	Six months ended December 31,	
	2016 RMB'000	2015 RMB'000
Profit attributable to shareholders of the Company	227,932	183,847
Weighted average number of ordinary shares in issue* excluding shares held under the RSU scheme in issue (thousands of shares)	425,739	388,000
Basic earnings per share (expressed in RMB per share)	0.54	0.47

(b) Diluted

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

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

	Six months ended December 31,	
	2016 RMB'000	2015 RMB'000
Profit attributable to shareholders of the Company	227,932	183,847
Weighted average number of ordinary shares in issue* excluding shares held under the RSU scheme in issue (thousands of shares)	425,739	388,000
Adjustments for share based compensation – RSUs (thousands of shares)	8,562	5,650
Weighted average number of ordinary shares for the calculation of diluted EPS	434,301	393,650
Diluted earnings per share (expressed in RMB per share)	0.52	0.47

* The weighted average number of ordinary shares for the purposes of basic earnings per share for the six months ended December 31, 2015 and 2016 has been retrospectively adjusted for the effects of the Capitalisation of the ordinary shares which took place on October 31, 2016 (Note 15).

25. Dividends

A dividend of RMB230,000,000 that relates to the year ended June 30, 2016 was paid during the six months ended December 31, 2016.

26. Commitments

(a) Capital commitments

As at December 31, 2016 and June 30, 2016, the capital expenditure contracted but not provided for amounted to RMB2,776,000 and RMB2,894,000, respectively.

(b) Operating lease commitments

The future aggregate minimum lease payments under non-cancellable operating leases for the Group's operating premises are as follows:

	As at December 31, 2016 RMB'000	As at June 30, 2016 RMB'000
No later than 1 year	114,633	105,131
Later than 1 year and no later than 5 years	83,573	75,715
Later than 5 years	51	152
	198,257	180,998

27. Related-party transactions

The directors are of the view that following companies and persons are related parties of the Group during the six months ended December 31, 2016 and 2015, of which JNBY (Canada) Enterprises Inc. and Shenzhen Hengyi Finery Co., Ltd are no longer related parties since April 2016 as the close family members has transferred their shares to third parties, whilst N&N Capital Limited and W&L Capital Limited are no longer related parties after listing as their shares of the Company have been transferred to third parties.

Name	Relationship with the Group
Li Lin	One of the controlling shareholders
Wu Jian	One of the controlling shareholders
Hangzhou Huikang Industrial Co., Ltd.	Controlled by the controlling shareholders
Hangzhou Shangwei Apparat Co., Ltd.	Controlled by the controlling shareholders
Hangzhou JNBY Finery Co., Ltd.	Controlled by the controlling shareholders
Hangzhou New Shangwei Finery Co., Ltd.	Controlled by the controlling shareholders
United City Investment Limited	Controlled by the controlling shareholders
Shenzhen Hengyi Finery Co., Ltd.*	Controlled by close family member of the controlling shareholders
JNBY (Canada) Enterprises Inc.*	Controlled by close family member of the controlling shareholders
Ninth Investment Limited	Ultimate holding company
Ninth Capital Limited	One of the shareholders
N&N Capital Limited*	One of the shareholders
W&L Capital Limited*	One of the shareholders

* These companies were no longer related parties of the Group as at December 31, 2016.

27. Related-party transactions (continued)

(a) Significant transactions with related parties

Save as disclosed in Note 21 in the interim financial information, the Group had the following significant transactions with related parties, which are all continued transactions except for purchase of goods from a related party (Note 27(a)(i)) and interest income from a related party (Note 27(a)(viii)) as disclosed below:

	Six months ended December 31,	
	2016 RMB'000	2015 RMB'000
(i) Purchase of goods Hangzhou Huikang Industrial Co., Ltd.	–	15,778
(ii) Processing fee Hangzhou Shangwei Apparel Co., Ltd.	14,538	17,921
Shenzhen Hengyi Finery Co., Ltd	–	5,942
Hangzhou New Shangwei Finery Co., Ltd.	3,965	1,644
	18,503	25,507
(iii) Workforce contracting Hangzhou JNBY Finery Co., Ltd.	11,171	9,204
(iv) Sales of goods JNBY (Canada) Enterprises Inc.	–	387
(v) Operating lease expenses charged by related parties Hangzhou Huikang Industrial Co., Ltd.	5,102	5,399
Hangzhou JNBY Finery Co., Ltd.	840	800
Wu Jian	360	314
	6,302	6,513
(vi) Logistics and warehousing expenses charged by a related party Hangzhou Huikang Industrial Co., Ltd.	11,038	7,421
(vii) Rental income from a related party Hangzhou New Shangwei Finery Co., Ltd.	–	422
(viii) Interest income from a related party Hangzhou Huikang Industrial Co., Ltd.	–	5,335

(b) Balances with related parties

	As at December 31, 2016 RMB'000	As at June 30, 2016 RMB'000
Due from related parties		
Prepaid operating lease expenses:		
– Hangzhou Huikang Industrial Co., Ltd.	10,291	12,836
– Hangzhou JNBY Finery Co., Ltd.	1,764	840
– Wu Jian	662	332
	12,717	14,008
	As at December 31, 2016 RMB'000	As at June 30, 2016 RMB'000
Due to related parties		
Trade payables:		
– Hangzhou Shangwei Apparel Co., Ltd.	2,069	4,317
– Hangzhou New Shangwei Finery Co., Ltd.	670	511
	2,739	4,828
Other payables:		
– Hangzhou JNBY Finery Co., Ltd.	2,380	2,920
– Ninth Investment Limited	–	775
– N&N Capital Limited	–	383
– United City Investment Limited	–	226
– Ninth Capital Limited	–	112
– W&L Capital Limited	–	50
	2,380	4,466
	5,119	9,294