江南布衣+

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, 2017

HIGHLIGHTS OF ANNUAL RESULTS

- The total revenue of the Group for the year ended June 30, 2017 ("**Fiscal Year 2017**") amounted to RMB2,332.3 million, an increase of 22.6% or RMB429.7 million as compared to RMB1,902.6 million for the year ended June 30, 2016 ("**Fiscal Year 2016**").

- The net profit of the Group for the Fiscal Year 2017 amounted to RMB331.6 million, an increase of 38.5% or RMB92.3 million as compared to RMB239.3 million for the Fiscal Year 2016, of which the government grants increased by RMB17.6 million.

- The total number of our retail stores globally increased from 1,316 as of June 30, 2016 to 1,591 as of June 30, 2017, including 39 overseas point of sales together, our sales network has covered all provinces, autonomous regions and municipalities in China and across 17 other countries and regions around the world.

- As of June 30, 2017, we have over 2.0 million membership accounts (as of June 30, 2016: over 1.2 million) with more than 1.5 million subscribers on our WeChat platform (as of June 30, 2016: over 720,000). The retail sales contributed by our members accounted for 62.6% of our total retail sales for the Fiscal Year 2017 (Fiscal Year 2016: 56.7%).

- The number of Active Members accounts for Fiscal Year 2017 (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 260,000 (Fiscal Year 2016: over 190,000), and the number of membership accounts with annual purchases totalling over RMB5,000 for Fiscal Year 2017 reached 118,000 (Fiscal Year 2016: more than 90,000), thereby contributing retail sales amounting to RMB1.40 billion (Fiscal Year 2016: RMB1.08 billion).

- The board of directors has recommended the payment of a final dividend of RMB0.4794 per ordinary share for the year ended June 30, 2017, representing a total payout of RMB248.7 million, accounting for 75% of the net profit after taxation of the Company for Fiscal Year 2017.

CONSOLIDATED ANNUAL RESULTS

The board of directors (the "**Board**") of JNBY Design Limited (the "**Company**") is pleased to announce the audited consolidated annual results of our Company and its subsidiaries (the "**Group**") for Fiscal Year 2017, together with the comparative figures for Fiscal Year 2016, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(All amounts in RMB unless otherwise stated)

	Note	**Year ended June 30, 2017** *RMB'000*	2016 *RMB'000*
Revenue	*4*	**2,332,290**	1,902,642
Cost of sales	*5*	**(857,682)**	(712,183)
Gross profit		**1,474,608**	1,190,459
Selling and marketing expenses	*5*	**(859,115)**	(712,381)
Administrative expenses	*5*	**(197,606)**	(157,409)
Other income and gains, net	*6*	**41,749**	22,335
Operating profit		**459,636**	343,004
Finance income	*7*	**9,840**	1,437
Finance costs	*7*	**(1,016)**	(2,535)
Finance income/(costs), net		**8,824**	(1,098)
Profit before income tax		**468,460**	341,906
Income tax expense	*8*	**(136,888)**	(102,570)
Profit for the year		**331,572**	239,336
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences		**(1,260)**	1,965
Total comprehensive income for the year		**330,312**	241,301
Profit attributable to:			
Shareholders of the Company		**331,572**	239,336
Total comprehensive income attributable to:			
Shareholders of the Company		**330,312**	241,301
Earnings per share (expressed in RMB per share)			
– Basic	*9*	**0.71**	0.62
– Diluted	*9*	**0.70**	0.61

CONSOLIDATED BALANCE SHEET

(All amounts in RMB unless otherwise stated)

		As at 30 June	
	Note	**2017**	2016
		RMB'000	*RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment	*11*	**58,577**	33,649
Land use rights	*12*	**49,354**	50,386
Intangible assets	*13*	**6,643**	5,003
Prepayments, deposits and other receivables	*16*	**5,967**	5,795
Deferred income tax assets	*23*	**88,274**	61,505
Total non-current assets		**208,815**	156,338
Current assets			
Inventories	*14*	**569,550**	438,686
Trade receivables	*15*	**83,406**	77,801
Prepayments, deposits and other receivables	*16*	**223,824**	132,486
Amounts due from related parties	*25(b)*	**10,205**	14,008
Available-for-sale financial assets		**130,597**	–
Term deposits with initial term over 3 months		**203,251**	–
Restricted cash	*17*	**1,000**	7,671
Cash and cash equivalents	*17*	**494,334**	167,523
Total current assets		**1,716,167**	838,175
Total assets		**1,924,982**	994,513

CONSOLIDATED BALANCE SHEET (CONTINUED)

(All amounts in RMB unless otherwise stated)

	Note	As at 30 June 2017 RMB'000	2016 RMB'000
EQUITY			
Equity attributable to Shareholders of the Company			
Share capital	*18*	**4,622**	16
Shares held for restricted share units ("RSU") Scheme	*18*	**(66)**	–
Share premium	*18*	**639,003**	–
Other reserves	*19*	**131,229**	96,984
Retained earnings		**482,451**	190,942
Total equity		**1,257,239**	287,942
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities	*23*	**13,449**	8,500
Current liabilities			
Trade and bills payables	*21*	**151,067**	110,663
Deferred revenue		**26,386**	14,090
Accruals and other current liabilities	*22*	**460,578**	327,519
Amounts due to related parties	*25(b)*	**8,131**	9,294
Current income tax liabilities		**8,132**	6,505
Dividend payables	*10*	**–**	230,000
Total current liabilities		**654,294**	698,071
Total liabilities		**667,743**	706,571
Total equity and liabilities		**1,924,982**	994,513

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(All amounts in RMB unless otherwise stated)

		Attributable to shareholders of the Company					
	Note	**Share capital** *RMB'000*	**Share Premium** *RMB'000*	**Shares held for RSU Scheme** *RMB'000*	**Other reserves** *RMB'000*	**Retained earnings** *RMB'000*	**Total equity** *RMB'000*
Balance at 1 July 2015		16	–	–	54,614	444,824	499,454
Comprehensive income							
Profit for the year		–	–	–	–	239,336	239,336
Other comprehensive Income:							
Currency translation differences		–	–	–	1,965	–	1,965
Total comprehensive income		–	–	–	1,965	239,336	241,301
Transactions with shareholders							
Profit appropriations to statutory reserves	*19(a)*	–	–	–	29,447	(29,447)	–
Share-based compensation	*20*	–	–	–	10,958	–	10,958
Dividend		–	–	–	–	(463,771)	(463,771)
Total transactions with shareholders		–	–	–	40,405	(493,218)	(452,813)
Balance at 30 June 2016		16	–	–	96,984	190,942	287,942
Balance at 1 July 2016		16	–	–	96,984	190,942	287,942
Comprehensive income							
Profit for the year		–	–	–	–	331,572	331,572
Other comprehensive Income:							
Currency translation differences		–	–	–	(1,260)	–	(1,260)
Total comprehensive income		–	–	–	(1,260)	331,572	330,312
Transactions with shareholders							
Profit appropriations to statutory reserves	*19(a)*	–	–	–	40,063	(40,063)	–
Share-based compensation	*20*	–	–	–	5,960	–	5,960
Issuance of ordinary shares	*18*	4,606	628,514	(95)	–	–	633,025
Vest and transfer of RSUs	*18*	–	10,489	29	(10,518)	–	–
Total transactions with shareholders		4,606	639,003	(66)	35,505	(40,063)	638,985
Balance at 30 June 2017		4,622	639,003	(66)	131,229	482,451	1,257,239

CONSOLIDATED STATEMENT OF CASH FLOWS

(All amounts in RMB unless otherwise stated)

	Note	Year ended 30 June 2017 RMB'000	2016 RMB'000
Cash flows from operating activities			
Cash generated from operations		**447,701**	432,930
Income tax paid		**(157,081)**	(135,744)
Net cash generated from operating activities		**290,620**	297,186
Cash flows from investing activities			
Purchase of land use rights		**–**	(27,892)
Purchase of property, plant and equipment		**(54,108)**	(33,450)
Purchase of intangible assets		**(2,378)**	(1,195)
Proceeds from disposals of property, plant and equipment		**836**	1,701
Repayments of loans received from a related party		**–**	145,000
Cash designated for restriction		**(31,143)**	(15,359)
Cash released from restriction		**37,814**	12,002
Income received from structured investment products		**899**	538
Interest received		**4,807**	28,791
Payment of term deposits with initial term of over 3 months		**(746,540)**	–
Proceeds from disposal of term deposits with initial term of over 3 months		**532,856**	–
Payment of available-for-sale financial assets		**(220,000)**	(180,000)
Proceeds from disposal of available-for-sale financial assets		**90,000**	180,000
Net cash (used in)/generated from investing activities		**(386,957)**	110,136
Cash flows from financing activities			
Proceeds from issuance of ordinary shares		**647,614**	–
Proceeds from bank borrowings		**100,000**	25,115
Repayments of bank borrowings		**(100,000)**	(152,375)
Repayments of borrowings from the controlling shareholders of the Company		**–**	(30,720)
Interest paid		**(1,016)**	(2,751)
Dividends paid	*10*	**(230,000)**	(233,771)
Payment to non-controlling interests for liquidation of a subsidiary		**–**	(487)
Net cash generated from/(used in) financing activities		**416,598**	(394,989)
Net increase in cash and cash equivalents		**320,261**	12,333
Cash and cash equivalents at beginning of the year	*17*	**167,523**	154,981
Exchange gains on cash and cash equivalents		**6,550**	209
Cash and cash equivalents at end of the year	*17*	**494,334**	167,523

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

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

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

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 of directors (the "Board") on 30 August 2017.

2. BASIS OF PREPARATION

The consolidated financial statements of the Group has been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by HKICPA as set out below. The consolidated financial statements has been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets.

3. ACCOUNTING POLICIES

Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Group

The following amendments to standards have been adopted by the Group for the first time for the financial year beginning on or after 1 July 2016:

- HKFRS 14 "Regulatory Deferral Accounts"
- Amendment to HKFRS 11 on accounting for acquisitions of interests in joint operations
- Amendments to HKAS 16 and HKAS 38 on clarification of acceptable methods of depreciation and amortisation
- Amendments to HKAS 16 and HKAS 41 on Agriculture: bearer plants
- Amendment to HKAS 27 on equity method in separate financial statements
- Annual improvements 2014
- Amendments to HKFRS 10, HKFRS 12 and HKAS 28 on investment entities: applying the consolidation exception
- Amendments to HKAS 1 for the disclosure initiative

The adoption of these amendments did not have any impact on the current period or any prior period and is not likely to affect future periods.

(b) New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 July 2016 and have not been applied in preparing this consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except for the following as set out below:

3. ACCOUNTING POLICIES (CONTINUED)

Changes in accounting policy and disclosures (continued)

(b) New standards and interpretations not yet adopted (continued)

HKFRS 9, 'Financial instruments'

The new standard addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. While the Group has yet to undertake a detailed assessment of the classification and measurement of financial assets, debt instruments currently classified as available-for-sale (AFS) financial assets would appear to satisfy the conditions for classification as at fair value through other comprehensive income (FVOCI) and hence there will be no change to the accounting for these assets. There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The derecognition rules have been transferred from HKAS 39 Financial Instruments: Recognition and Measurement and have not been changed. The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under HKAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI, contract assets under HKFRS 15 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts. While the Group has not yet undertaken a detailed assessment of how its impairment provisions would be affected by the new model, it may result in an earlier recognition of credit losses. The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Group is yet to assess HKFRS 9's full impact. The Group does not intend to adopt HKFRS 9 before its mandatory date.

HKFRS 15, 'Revenue from contracts with customers'

The HKICPA has issued a new standard for the recognition of revenue. This will replace HKAS 18 which covers contracts for goods and services and HKAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption. The Group is currently assessing the impacts of adopting HKFRS 15 on its financial statements. Based on the preliminary assessment, the Group has identified the following area which is likely to be affected:

3. ACCOUNTING POLICIES (CONTINUED)

Changes in accounting policy and disclosures (continued)

(b) New standards and interpretations not yet adopted (continued)

Sales with a right of return

HKFRS 15 requires separate presentation on the balance sheet of the right to recover the goods from the customer and the refund obligation. Currently when the customers are allowed to return the products, the Group estimates the level of returns and makes an adjustment against revenue and cost of sales. The Group expects that the adoption of HKFRS 15 will not materially affect how the Group recognises revenue and cost of sales when the customers have a right of return. However, the new requirement to recognise separately a return asset for the products expected to be returned will impact the presentation in the consolidated statement of financial position as the Group currently adjusts the carrying amounts of inventory for the expected returns, instead of recognising a separate asset.

The Group is assessing the impact of HKFRS 15. HKFRS 15 is mandatory for financial years commencing on or after 1 January 2018. At this stage, the Group does not intend to adopt the standard before its effective date.

HKFRS 16, 'Leases'

Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of RMB291,406,000 (Note 24). However, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the group's profit and classification of cash flows. Some of the commitments may be covered by the exception for short-term and low value leases and some commitments may relate to arrangements that will not qualify as leases under HKFRS 16. The Group is assessing the impact of HKFRS 16. The new standard is mandatory for financial years commencing on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date.

4. 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 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 years presented.

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 considers the performance in the PRC and overseas. From a product perspective, the executive directors separately considers 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.

	For the year ended 30 June 2017				
	Women *RMB'000*	**Men** *RMB'000*	**Children and teenagers** *RMB'000*	**Household goods** *RMB'000*	**Total** *RMB'000*
Revenue					
The PRC	**1,522,135**	**486,476**	**304,768**	**1,635**	**2,315,014**
Overseas	**13,043**	**2,364**	**1,869**	**–**	**17,276**
Revenue from external customers	**1,535,178**	**488,840**	**306,637**	**1,635**	**2,332,290**
Segment gross profit/(loss)	**967,486**	**330,916**	**177,483**	**(1,277)**	**1,474,608**
Segment operating profit/(loss)	**448,790**	**159,372**	**42,728**	**(8,224)**	**642,666**
Unallocated expense					**(224,779)**
Other income and gains, net					**41,749**
Total operating profit					**459,636**

	For the year ended 30 June 2016				
	Women *RMB'000*	Men *RMB'000*	Children and teenagers *RMB'000*	Household goods *RMB'000*	Total *RMB'000*
Revenue					
The PRC	1,305,845	378,112	202,503	–	1,886,460
Overseas	14,450	1,483	249	–	16,182
Revenue from external customers	1,320,295	379,595	202,752	–	1,902,642
Segment gross profit	806,416	259,396	124,647	–	1,190,459
Segment operating profit	347,335	117,156	43,782	–	508,273
Unallocated expense					(187,604)
Other income and gains, net					22,335
Total operating profit					343,004

5. EXPENSES BY NATURE

	Year ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
Raw materials consumed and consumable used	**974,910**	728,211
Changes in inventories of finished goods and commissioned processing materials *(Note 14)*	**(225,366)**	(89,704)
Workforce contracting expenses	**220,729**	159,413
Operating lease rental	**204,947**	180,049
Concession fees payable to department stores and shopping malls	**164,516**	133,160
Employee benefit expenses (including share-based compensation expenses)	**162,531**	136,872
Promotion and marketing expense	**97,914**	65,019
Provision for write-downs of inventories to net realisable value *(Note 14)*	**84,770**	51,093
Transportation and warehouse expense	**40,951**	28,649
Depreciation and amortisation *(Note 11, 12 &13)*	**33,800**	30,308
Utilities charges and office expenses	**33,478**	30,623
Stamp duty, property tax and other surcharges	**23,422**	25,666
Apparel design fee	**19,104**	9,514
Listing expense	**17,204**	13,783
Commission expenses to online platforms	**16,929**	13,515
Entertainment and travelling expenses	**14,193**	11,698
Other professional service expenses	**11,650**	6,670
Auditors' remuneration	**4,828**	2,265
– Assurance service	**4,072**	1,740
– Non-assurance services	**756**	525
Provision for trade receivable *(Note 15)*	**1,969**	838
Store management fees	**1,587**	36,401
Others	**10,337**	7,930
Total cost of sales, selling and marketing expenses and administrative expenses	**1,914,403**	1,581,973

6. OTHER INCOME AND GAINS, NET

	Year ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
Government grants (i)	**40,300**	22,726
Investment income (ii)	**1,496**	538
Foreign exchange losses	**(1,641)**	(238)
Losses on disposal of property, plant and equipment	**(26)**	(165)
Interest income of loans to a related party *(Note 25(a))*	**–**	5,553
Provision for loss in association with idle land	**–**	(6,915)
Others	**1,620**	836
	41,749	22,335

(i) Government grants during the years presented are primarily financial subsidies received from local governments in the PRC. There are no unfulfilled conditions or contingencies relating to such incomes.

(ii) Investment income represent primarily interest income gained from Group's investment on available-for-sale financial assets.

7. FINANCE INCOME/(COSTS), NET

	Year ended 30 June 2017 *RMB'000*	2016 *RMB'000*
Finance income		
Interest income on cash and cash equivalents, restricted cash and term deposits with initial term over 3 months	**7,237**	1,437
Net foreign exchange gains on financing activities	**2,603**	–
	9,840	1,437
Finance costs		
Interest expenses on bank borrowings	**(1,016)**	(2,535)
Finance income/(costs), net	**8,824**	(1,098)

8. TAX EXPENSE

The income tax expense of the Group for the years ended 30 June 2017 and 2016 are analysed as follows:

	Year ended 30 June 2017 *RMB'000*	2016 *RMB'000*
Current income tax expense		
– Enterprise income tax expense	**150,208**	112,220
Deferred income tax expense *(Note 23)*	**(13,320)**	(9,650)
	136,888	102,570

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 2017 *RMB'000*	2016 *RMB'000*
Profit attributable to shareholders of the Company	**331,572**	239,336
Weighted average number of ordinary shares in issue* excluding shares held under the RSU scheme in issue (thousands of shares)	**466,432**	388,064
Basic earnings per share (expressed in RMB per share)	**0.71**	0.62

9. EARNINGS PER SHARE (CONTINUED)

(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	
	2017	2016
	RMB'000	*RMB'000*
Profit attributable to shareholders of the Company	**331,572**	239,336
Weighted average number of ordinary shares in issue* excluding shares held under the RSU scheme in issue (thousands of shares)	**466,432**	388,064
Adjustments for share based compensation – RSUs (thousands of shares)	**7,230**	6,352
Weighted average number of ordinary shares for the calculation of diluted EPS	**473,662**	394,416
Diluted earnings per share (expressed in RMB per share)	**0.70**	0.61

* The weighted average number of ordinary shares for the purpose of basic earnings per share for the years presented has been retrospectively adjusted for the effects of the capitalisation of the ordinary shares which took place on 31 October 2016 (Note 18).

10. DIVIDENDS

A dividend of RMB230,000,000 that relates to the year ended 30 June 2016 was paid during the year ended 30 June 2017. A dividend in respect of the year ended 30 June 2017 of RMB0.4794 per share, totaling approximately RMB248,680,000, is to be proposed at the annual general meeting on 20 October 2017. These financial statements do not reflect this dividend payable.

11. 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*
Year ended 30 June 2016						
Opening net book value	5,820	1,490	2,382	16,148	1,380	27,220
Additions	4,219	675	514	31,415	574	37,397
Depreciation	(3,384)	(107)	(836)	(24,775)	–	(29,102)
Disposals	(474)	(160)	(97)	(1,135)	–	(1,866)
Closing net book value	6,181	1,898	1,963	21,653	1,954	33,649
As at 30 June 2016						
Cost	17,722	2,309	4,713	92,871	1,954	119,569
Accumulated depreciation	(11,541)	(411)	(2,750)	(71,218)	–	(85,920)
Net book value	6,181	1,898	1,963	21,653	1,954	33,649
Year ended 30 June 2017						
Opening net book value	**6,181**	**1,898**	**1,963**	**21,653**	**1,954**	**33,649**
Additions	**4,552**	**5,091**	**103**	**34,575**	**13,499**	**57,820**
Depreciation	**(2,697)**	**(241)**	**(745)**	**(28,347)**	**–**	**(32,030)**
Disposals	**(74)**	**–**	**–**	**(788)**	**–**	**(862)**
Closing net book value	**7,962**	**6,748**	**1,321**	**27,093**	**15,453**	**58,577**
As at 30 June 2017						
Cost	**22,021**	**7,400**	**4,816**	**119,402**	**15,453**	**169,092**
Accumulated depreciation	**(14,059)**	**(652)**	**(3,495)**	**(92,309)**	**–**	**(110,515)**
Net book value	**7,962**	**6,748**	**1,321**	**27,093**	**15,453**	**58,577**

12. LAND USE RIGHTS

	Year ended 30 June	
	2017 *RMB'000*	2016 *RMB'000*
Opening net book value	**50,386**	23,109
Addition	**–**	27,892
Amortisation charges	**(1,032)**	(615)
Closing net book value	**49,354**	50,386

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

13. INTANGIBLE ASSETS

	Computer software *RMB'000*
Year ended 30 June 2016	
Opening net book value	4,399
Additions	1,195
Amortisation charge	(591)
Closing net book value	5,003
As at 30 June 2016	
Cost	6,636
Accumulated amortisation	(1,633)
Net book value	5,003
Year ended 30 June 2017	
Opening net book value	**5,003**
Additions	**2,378**
Amortisation charge	**(738)**
Closing net book value	**6,643**
As at 30 June 2017	
Cost	**9,014**
Accumulated amortisation	**(2,371)**
Net book value	**6,643**

14. INVENTORIES

	As at June 30	
	2017 ***RMB'000***	2016 *RMB'000*
Finished goods	**547,839**	409,518
Raw materials	**39,068**	67,283
Commissioned processing materials	**156,691**	69,646
Less: provision	**(174,048)**	(107,761)
	569,550	438,686

The cost of inventories recognised as "cost of sales" amounted to approximately RMB834,314,000 (2016: RMB690,307,000).

14. INVENTORIES (CONTINUED)

Movements of provision for inventories are analysed as follows:

	Year ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
Beginning of the year	**107,761**	56,668
Addition of provision for inventories to net realised value included in "cost of sales" *(Note 5)*	**84,770**	51,093
Reversal of provision upon disposal of inventories	**(18,483)**	–
End of the year	**174,048**	107,761

15. TRADE RECEIVABLES

	As at 30 June	
	2017	2016
	RMB'000	*RMB'000*
Trade receivables	**92,795**	85,670
Less: provision for impairment	**(9,389)**	(7,869)
	83,406	77,801

The trade receivables are mainly derived from sales proceeds from department stores and are generally collectible within 45 to 90 days from the invoice date.

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

	As at 30 June	
	2017	2016
	RMB'000	*RMB'000*
Within 3 months	**81,898**	76,384
3 months to 6 months	**2,601**	2,120
6 months to 1 year	**1,538**	1,791
1 year to 2 years	**2,148**	1,826
more than 2 years	**4,610**	3,549
	92,795	85,670

16. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 30 June	
	2017	2016
	RMB'000	*RMB'000*
Long-term prepayments		
Long-term prepaid expenses	**5,967**	5,795
Current assets		
Prepayment to suppliers	**85,588**	49,343
Deposits and other receivables	**84,416**	62,466
Value added tax recoverable	**30,656**	6,134
Prepaid expenses	**20,507**	13,438
Interest receivables	**2,430**	–
Staff advances	**227**	106
Prepayment of listing expense	**–**	999
	223,824	132,486
	229,791	138,281

17. CASH AND BANK BALANCES

	As at 30 June	
	2017	2016
	RMB'000	*RMB'000*
Cash at bank and on hand	**180,416**	167,523
Short-term bank deposit (a)	**313,918**	–
Total cash and cash equivalents	**494,334**	167,523
Restricted cash (b)	**1,000**	7,671

(a) The short-term bank deposit is denominated in US$ with initial term of one month. The effective interest rate of the deposit for the year ended 30 June 2017 was 1.80% (2016: nil).

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

18. 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 1 July 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)
Vest and transfer of RSUs	–	–	–	10,489	29	10,518
As at 30 June 2017	1,000,000,000	518,750,000	4,622	639,003	(66)	643,559

	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 1 July 2015	50,000	2,500	16	–	–	16
Increase in authorised shares capital and issuance new shares	1,000,000,000	1,950,000	16	–	–	16
Cancellation/repurchase of shares	(50,000)	(2,500)	(16)	–	–	(16)
As at 30 June 2016	1,000,000,000	1,950,000	16	–	–	16

The Company was incorporated on 26 November 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 9 June 2016, the authorised share capital of the Company was increased by creation of 1,000,000,000 ordinary shares of par value of HK$0.01 each. The Company allotted and issued 1,950,000 new shares fully paid to the current members on a pro rata basis at the subscription price of HK$0.01. In addition, the Company also repurchased the 2,500 existing shares of US$1.00 each. Following such repurchase, the authorised but unissued 50,000 shares of par value US$1.00 each were diminished.

(a) Pursuant to a resolution passed by the shareholders on 13 October 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 31 October 2016, by capitalisation of share premium of HK$3,980,500 ("Capitalisation").

(b) On 31 October 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 18 November 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 costs 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.

(d) As at 30 June 2017, an aggregate of 8,265,281 shares (30 June 2016: 11,776,040 shares) of the Company have been granted to the senior management and selected employees under RSU scheme (Note 20). The ordinary shares held for RSU scheme were regarded as treasury shares and had been deducted 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.

19. 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 1 July 2016	**71,838**	**22,537**	**4,208**	**(1,599)**	**96,984**
Appropriation to statutory reserves(a)	**40,063**	**–**	**–**	**–**	**40,063**
Share based compensation *(Note 20)*	**–**	**5,960**	**–**	**–**	**5,960**
Currency translation differences	**–**	**–**	**(1,260)**	**–**	**(1,260)**
Vest and transfer of RSUs	**–**	**(10,518)**	**–**	**–**	**(10,518)**
As at 30 June 2017	**111,901**	**17,979**	**2,948**	**(1,599)**	**131,229**
As at 1 July 2015	42,391	11,579	2,243	(1,599)	54,614
Appropriation to statutory reserves(a)	29,447	–	–	–	29,447
Share based compensation *(Note 20)*	–	10,958	–	–	10,958
Currency translation differences	–	–	1,965	–	1,965
As at 30 June 2016	71,838	22,537	4,208	(1,599)	96,984

(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 year ended 30 June 2017, approximately RMB40,063,000 (2016: RMB29,447,000) was appropriated from retained earnings to the statutory surplus reserve fund.

20. 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 shares held for RSU scheme
As at 1 July 2016	**11,776,040**
Granted(a)	**760,000**
Forfeited(b)	**(597,339)**
Vested and transferred(c)	**(3,673,420)**
As at 30 June 2017	**8,265,281**
As at 1 July 2015	11,106,040
Granted(a)	830,000
Forfeited(b)	(160,000)
As at 30 June 2016	11,776,040

20. SHARE-BASED PAYMENTS (CONTINUED)

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 closing price of shares immediately before the date on which the RSUs were granted.

(a) On 15 December 2016, 80,000 RSUs were granted to a selected employee, of which 25%, 25%, 25% and 25% shall be vested within two months after 30 June 2017, 2018, 2019 and 2020, respectively. On 25 February 2017, 680,000 RSUs were granted to selected employees, of which 25%, 25%, 25% and 25% shall be vested within two months after 30 June 2018, 2019, 2020 and 2021, respectively.

(b) During the year ended 30 June 2017, 420,000 RSUs (2016: 160,000 RSUs) were lapsed as a result of termination of employment of the relevant employees. 177,339 RSUs (2016: nil) were lapsed as a result of failure to satisfy performance conditions of the relevant employees.

(c) During the year ended 30 June 2017, 303,000 (2016: nil) of the vested RSUs were exercised.

(d) The Group has to estimate the expected yearly percentage of grantees that will stay within the Group at the end of vesting periods of the RSU scheme in order to determine the amount of share-based compensation expenses charged to the consolidated statement of comprehensive income. As at 30 June 2017, the expected retention rate was assessed to be 97% (30 June 2016: 100%).

21. TRADE AND BILLS PAYABLES

	As at 30 June	
	2017	2016
	RMB'000	*RMB'000*
Trade payables (a)	**149,067**	95,322
Bills payables (b)	**2,000**	15,341
	151,067	110,663

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

	As at 30 June	
	2017	2016
	RMB'000	*RMB'000*
Within 6 months	**145,338**	92,852
6 months to 1 year	**2,577**	1,535
1 to 2 years	**1,070**	926
2 to 3 years	**82**	9
	149,067	95,322

(b) Bills payables represented bank acceptance notes issued by the Group with maturity within three months.

22. ACCRUALS AND OTHER CURRENT LIABILITIES

	As at 30 June	
	2017	2016
	RMB'000	*RMB'000*
Advances from distributors	**118,523**	61,621
Non-refundable deposits from distributors(a)	**109,956**	79,118
Payroll and welfare payables	**66,505**	60,399
Provisions for sales returns	**47,114**	36,342
Provisions for sales rebates	**35,716**	22,135
Distribution deposits (b)	**27,032**	14,692
Workforce contracting payables	**18,218**	11,376
Marketing and promotions	**5,137**	5,925
Payables for construction-in-progress	**5,091**	–
Payables for leasehold improvements	**5,027**	6,406
Value-added and other taxes payables	**2,581**	2,328
Rentals	**1,743**	2,011
Accruals and payables for listing expenses	**–**	11,794
Others	**17,935**	13,372
	460,578	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.

23. DEFERRED INCOME TAX

The analysis of deferred income tax assets is as follows:

	Year ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
Deferred income tax assets:		
– to be recovered after more than 12 months	**44,678**	28,524
– to be recovered within 12 months	**43,596**	32,981
	88,274	61,505
Deferred income tax liabilities:		
– to be recovered within 12 months	**13,449**	8,500
	74,825	53,005

23. DEFERRED INCOME TAX (CONTINUED)

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

	Year ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
Beginning of the year	**61,505**	40,202
Credited in the consolidated statement of comprehensive income	**26,769**	21,303
End of the year	**88,274**	61,505

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

	Year ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
Beginning of the year	**8,500**	13,925
Debited in the consolidated statement of comprehensive income	**13,449**	11,653
Settled within current tax liabilities	**(8,500)**	(17,078)
End of the year	**13,449**	8,500

As at 30 June 2017, the provisions of RMB13,449,000 (30 June 2016: RMB8,500,000) represented provision for withholding income tax were made for the planned profit distribution of the PRC subsidiaries.

24. COMMITMENTS

(a) Capital commitments

As at 30 June 2017, the capital expenditure contracted but not provided for amounted to RMB110,012,000 (30 June 2016: RMB2,894,000).

(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 30 June	
	2017	2016
	RMB'000	*RMB'000*
No later than 1 year	**124,853**	105,131
Later than 1 year and no later than 5 years	**94,553**	75,715
Later than 5 years	**–**	152
	219,406	180,998

25. SIGNIFICANT RELATED PARTY TRANSACTIONS

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

Name	Relationship with the Group
Li Lin	One of the controlling shareholders
Wu Jian	One of the controlling shareholders
Hangzhou Huikang Industrial Co., Ltd.	Controlled by the controlling shareholders
Hangzhou Shangwei Apparal 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 (relationship was ceased since April 2016)
JNBY (Canada) Enterprises Inc.	Controlled by close family member of the controlling shareholders (relationship was ceased since April 2016)
Ninth Investment Limited	Ultimate holding company
Ninth Capital Limited	One of the shareholders
N&N Capital Limited	One of the shareholders (relationship was ceased since November 2016)
W&L Capital Limited	One of the shareholders (relationship was ceased since November 2016)

(a) Significant transactions with related parties

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 25(a)(i)), rental income from a related party (Note 25(a)(vii)) and interest income from a related party (Note 25(a)(viii)) as disclosed below:

		Year ended 30 June	
		2017	2016
		RMB'000	*RMB'000*
(i)	Purchase of goods from a related party		
	Hangzhou Huikang Industrial Co., Ltd.	**–**	23,374
(ii)	Processing fee		
	Hangzhou Shangwei Apparal Co., Ltd.	**28,229**	32,550
	Hangzhou New Shangwei Finery Co., Ltd.	**7,736**	4,398
	Shenzhen Hengyi Finery Co., Ltd	**–**	9,189
		35,965	46,137
(iii)	Workforce contracting		
	Hangzhou JNBY Finery Co., Ltd.	**22,546**	18,619
(iv)	Sales of goods		
	JNBY (Canada) Enterprises Inc.	**–**	397

25. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Significant transactions with related parties (continued)

		Year ended 30 June	
		2017	2016
		RMB'000	*RMB'000*
(v)	Operating lease expenses charged by related parties		
	Hangzhou Huikang Industrial Co., Ltd.	**9,446**	10,447
	Hangzhou JNBY Finery Co., Ltd.	**1,680**	1,640
	Wu Jian	**1,009**	644
		12,135	12,731
(vi)	Logistics and warehousing expenses charged by a related party		
	Hangzhou Huikang Industrial Co., Ltd.	**19,069**	14,025
(vii)	Rental income from a related party		
	Hangzhou New Shangwei Finery Co., Ltd.	**–**	891
(viii)	Interest income from a related party		
	Hangzhou Huikang Industrial Co., Ltd.	**–**	5,553

(b) Balances with related parties

	As at 30 June	
	2017	2016
	RMB'000	*RMB'000*
Due from related parties		
Prepaid operating lease expenses:		
– Hangzhou Huikang Industrial Co., Ltd.	**8,993**	12,836
– Hangzhou JNBY Finery Co., Ltd.	**882**	840
– Wu Jian	**330**	332
	10,205	14,008
Due to related parties		
Trade payables:		
– Hangzhou Shangwei Apparal Co., Ltd.	**4,319**	4,317
– Hangzhou New Shangwei Finery Co., Ltd.	**1,108**	511
	5,427	4,828
Other payables:		
– Hangzhou JNBY Finery Co., Ltd.	**2,704**	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
	2,704	4,466
	8,131	9,294

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 2017 was RMB2,332.3 million, representing an increase of 22.6% or RMB429.7 million as compared to RMB1,902.6 million for Fiscal Year 2016. The increase in the revenue was mainly due to the expansion of the Group's retail network and the increase in Same Store Sales Growth of our retail stores.

The total number of our retail stores globally increased from 1,316 as of June 30, 2016 to 1,591 as of June 30, 2017, including 39 overseas point of sales together, our sales network has covered all provinces, autonomous regions and municipalities in China and across 17 other countries and regions around the world. The tables below set forth the information on the total number of our retail stores by different brands and the geographic distribution of our retail stores globally by sales channel, respectively:

	As of June 30, 2017	As of June 30, 2016
JNBY	**766**	712
jnby by JNBY	**376**	300
CROQUIS (速寫)	**278**	211
less	**115**	93
Pomme de terre (蓬馬)[(1)]	**53**	–
JNBYHOME[(2)]	**3**	–
Total	**1,591**	1,316

Notes:

(1) We introduced Pomme de terre (蓬馬) in March 2016 and opened the first Pomme de terre (蓬馬) standalone store in July 2016, and no revenue was recorded under this brand in Fiscal Year 2016.

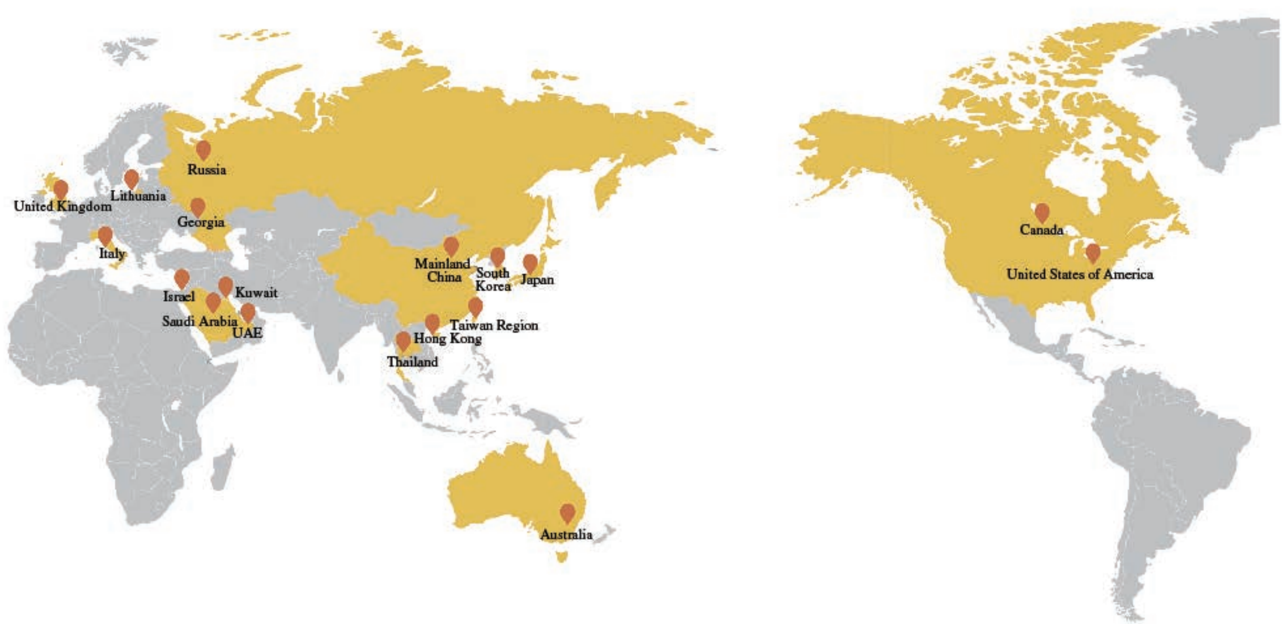
(2) We introduced JNBYHOME in December 2016 and opened the first JNBYHOME standalone store in January 2017.

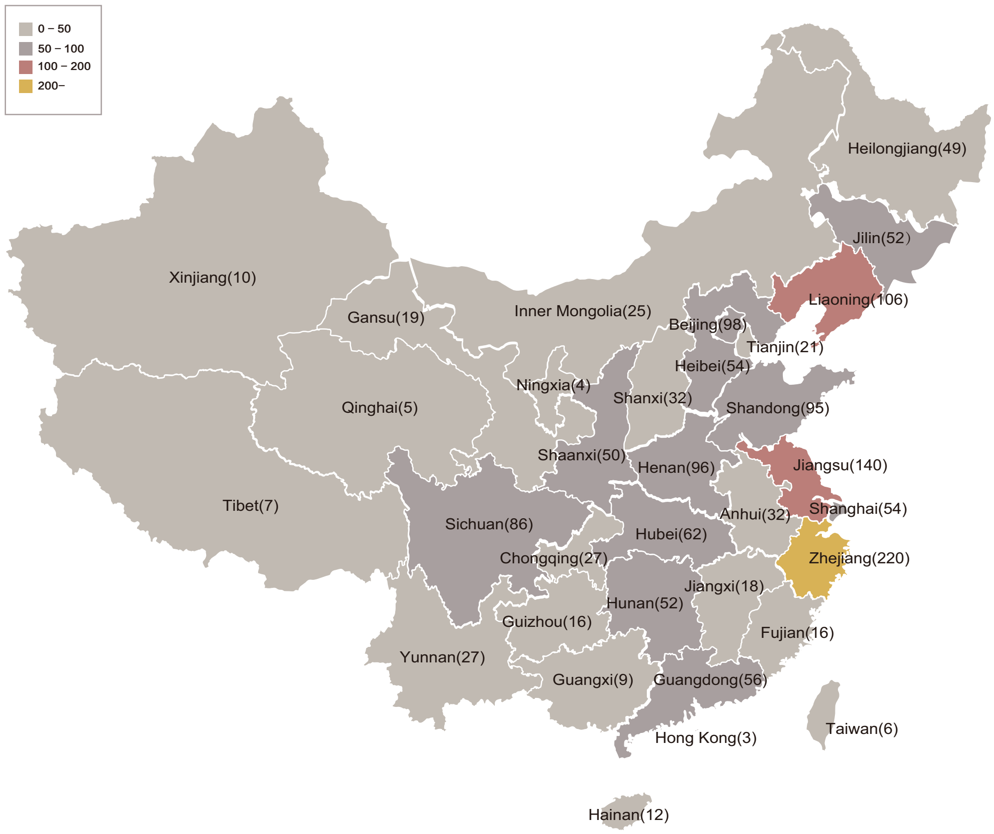
	As of June 30, 2017	As of June 30, 2016
Mainland China		
Self-operated stores	**504**	431
Distributor-operated stores	**1,049**	855
Hong Kong, Taiwan region and other overseas countries and regions		
Self-operated stores	**3**	1
Distributor-operated stores[(1)]	**35**	29
Total	**1,591**	1,316

Notes:

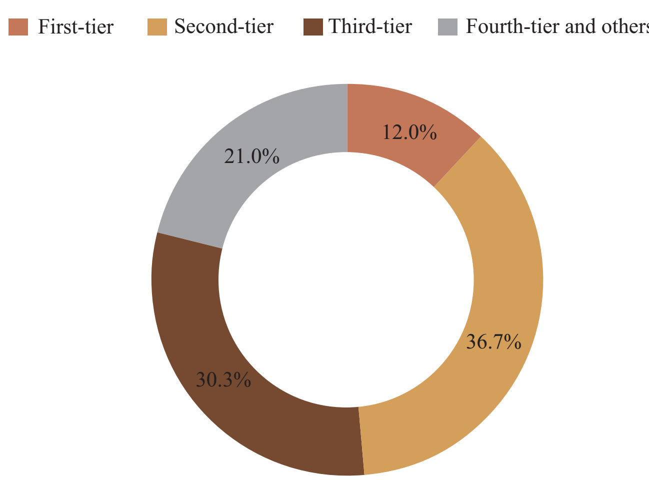
(1) Consists of stores operated by overseas customers.

The following maps and chart show the retail network distribution of our stores in countries and regions all over the world (including retail stores and point of sales), the geographic distribution of our retail stores (including distributor-operated and self-operated stores) across Mainland China, Hong Kong and Taiwan region as well as the distribution of stores by city tiers across Mainland China as at June 30, 2017, respectively:





The number of stores by city tiers across Mainland China



Same Store Sales Growth

Driven by the "Fans Economy" strategy, Same Store Sales Growth rate of our retail stores reached 8.0% for Fiscal Year 2017, which was mainly due to (i) the incremental retail sales of RMB445.6 million generated by the inventory sharing and allocation system in Fiscal Year 2017, 11.3% of total retail sales for Fiscal Year 2017 (Fiscal Year 2016: incremental retail sales of RMB236.3 million, representing 7.3% of total retail sales for Fiscal Year 2016); and (ii) an increase of member purchases driven by our social network platform on WeChat. Retail sales contributed by our members accounted for 62.6% of our total retail sales for Fiscal Year 2017 (Fiscal Year 2016: 56.7%). As of June 30, 2017, we had over 2.0 million membership accounts (as of June 30, 2016: over 1.2 million) with more than 1.5 million subscribers on our WeChat platform (as of June 30, 2016: over 720,000). The number of active members accounts for Fiscal Year 2017 (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 260,000 (Fiscal Year 2016: over 190,000), and the number of membership accounts with annual purchases totalling over RMB5,000 for Fiscal Year 2017 reached 118,000 (Fiscal Year 2016: more than 90,000), thereby contributing retail sales amounting to RMB1.40 billion (Fiscal Year 2016: RMB1.08 billion).

Revenue by product segments and brands

The following table sets forth a breakdown of our revenue by product segments (women, men, children and teenagers and household products) and by brands, each expressed as an absolute amount and as a percentage of our total revenue, for the years indicated:

	For the year ended June 30,					
	2017		2016		Increase	
	RMB'000	***(%)***	*RMB'000*	*(%)*	*RMB'000*	*(%)*
Women						
JNBY	**1,365,875**	**58.5%**	1,197,610	62.9%	168,265	14.1%
less	**169,302**	**7.2%**	122,685	6.4%	46,617	38.0%
Men						
CROQUIS (速寫)	**488,840**	**21.0%**	379,595	20.0%	109,245	28.8%
Children and Teenagers						
jnby by JNBY	**293,500**	**12.6%**	202,752	10.7%	90,748	44.8%
Pomme de terre (蓬馬)(1)	**13,138**	**0.6%**	–	–	13,138	–
Household						
JNBYHOME(2)	**1,635**	**0.1%**	–	–	1,635	–
Total revenue	**2,332,290**	**100.0%**	1,902,642	100.0%	429,648	22.6%

Notes:

(1) We introduced Pomme de terre(蓬馬) in March 2016 and opened the first Pomme de terre (蓬馬) standalone store in July 2016, and no revenue was recorded under this brand in Fiscal Year 2016.

(2) We introduced JNBYHOME in December 2016 and opened the first JNBYHOME standalone store in January 2017.

Benefiting from the consumption upgrade trend, revenue generated from sales of products under JNBY (the core brand of the Group) increased by 14.1% or RMB168.3 million in Fiscal Year 2017, showing an accelerated growth. The revenue generated from sales of products of our CROQUIS (速寫), jnby by JNBY, and less brands, which were successfully launched from 2005 to 2011, also kept significant increase in Fiscal Year 2017. The products of Pomme de terre (蓬馬) brand launched in 2016 recorded a revenue of RMB13.1 million in Fiscal Year 2017. The designer household products of JNBYHOME brand launched in December 2016 also recorded a revenue of RMB1.6 million in Fiscal Year 2017. The revenue from sales of non-JNBY products, as a percentage of total revenue, increased from 37.1% in Fiscal Year 2016 to 41.5% in Fiscal Year 2017.

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

	For the year ended June 30,					
						Growth
	2017		2016		Increase	rate
	RMB'000	*(%)*	*RMB'000*	*(%)*	*RMB'000*	*(%)*
Offline channels						
Self-operated stores[1]	**1,143,487**	**49.0%**	940,759	49.4%	202,728	21.5%
Distributor-operated stores[2]	**1,001,566**	**43.0%**	819,041	43.1%	182,525	22.3%
Online channels	**187,237**	**8.0%**	142,842	7.5%	44,395	31.1%
Total revenue	**2,332,290**	**100.0%**	1,902,642	100.0%	429,648	22.6%

Notes:

(1) Historically, a small number of our self-operated stores were managed by a third-party manager.

(2) Consists of stores operated by overseas customers.

In Fiscal Year 2017, absolute amounts of revenue generated from sales through our offline and online channels continued to increase as compared with that in Fiscal Year 2016. As a percentage of our total revenue, revenues generated from sales through our offline and online channels have remained generally stable.

Gross profit and gross profit margin

The Group's gross profit increased by 23.9% from RMB1,190.5 million for Fiscal Year 2016 to RMB1,474.6 million for Fiscal Year 2017, which was primarily due to the expansion of the Group's retail network and the increase in Same Store Sales Growth of our retail stores.

The Group's overall gross profit margin improved from 62.6% for Fiscal Year 2016 to 63.2% for Fiscal Year 2017, which was primarily due to (i) the continuous increase in the sales of products of CROQUIS (速寫) and less brands, which generally have higher gross profit margins; and (ii) the continuous increase in the sales of new products through online channel, which generally have higher gross profit margins.

The following tables set out the breakdown of the gross profit and gross profit margin of products by each of our brands and sales channels:

	For the year ended June 30,					
	2017		2016		Increase	
	Gross profit/ (loss) *RMB'000*	**Gross profit/ (loss) margin** *(%)*	Gross profit *RMB'000*	Gross profit margin *(%)*	*RMB'000*	*(%)*
Women						
JNBY	**849,461**	**62.2%**	727,430	60.7%	122,031	16.8%
less	**118,024**	**69.7%**	78,986	64.4%	39,038	49.4%
Men						
CROQUIS (速寫)	**330,916**	**67.7%**	259,396	68.3%	71,520	27.6%
Children and Teenagers						
jnby by JNBY	**172,251**	**58.7%**	124,647	61.5%	47,604	38.2%
Pomme de terre (蓬馬)(1)	**5,232**	**39.8%**	–	–	5,232	–
Household						
JNBYHOME(2)	**(1,276)**	**(78.1%)**	–	–	(1,276)	–
Total	**1,474,608**	**63.2%**	1,190,459	62.6%	284,149	23.9%

Notes:

(1) We introduced Pomme de terre (蓬馬) in March 2016 and opened the first Pomme de terre (蓬馬) standalone store in July 2016, and no revenue was recorded under this brand in Fiscal Year 2016.

(2) We introduced JNBYHOME in December 2016 and opened the first JNBYHOME standalone store in January 2017.

	For the year ended June 30,					
	2017		2016		Increase	
	Gross profit *RMB'000*	**Gross profit margin** *(%)*	Gross profit *RMB'000*	Gross profit margin *(%)*	*RMB'000*	*(%)*
Offline channels						
Self-operated stores	**832,161**	**72.8%**	679,833	72.3%	152,328	22.4%
Distributor-operated stores(1)	**551,995**	**55.1%**	455,428	55.6%	96,567	21.2%
Online channels	**90,452**	**48.3%**	55,198	38.6%	35,254	63.9%
Total	**1,474,608**	**63.2%**	1,190,459	62.6%	284,149	23.9%

Notes:

(1) Consists of stores operated by overseas customers.

Selling and marketing expenses and administrative expenses

In Fiscal Year 2017, selling and marketing expenses were RMB859.1 million (Fiscal Year 2016: RMB712.4 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 36.8% of our revenue in Fiscal Year 2017 (Fiscal Year 2016: 37.4%), the decrease in the percentage was mainly attributable to the increase of operating efficiency of self-operated stores. The administrative expenses for Fiscal Year 2017 were RMB197.6 million (Fiscal Year 2016: RMB157.4 million) which, among others, primarily consisted of: (i) employee benefit expenses, including directors' emoluments of the Company; (ii) product development outsourcing fees; and (iii) professional service expenses. In percentage terms, administrative expenses accounted for 8.5% of our revenue in Fiscal Year 2017 (Fiscal Year 2016: 8.3%), representing an increase in the expenses related to professional services and investment in research and development as compared with that of Fiscal Year 2016.

Other income and gains, net

Other income and gains for Fiscal Year 2017 amounted to RMB41.7 million (Fiscal Year 2016: RMB22.3 million), mainly due to an increase in government grants received in 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 recorded net finance income of RMB8.8 million for Fiscal Year 2017 (Fiscal Year 2016: net financial costs of RMB1.1 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 Fiscal Year 2016.

Profit and net profit margin

Due to the above-mentioned factors, net profit for Fiscal Year 2017 was RMB331.6 million, representing an increase of 38.5% or RMB92.3 million as compared with RMB239.3 million for Fiscal Year 2016. Net profit margin increased from 12.6% for Fiscal Year 2016 to 14.2% for 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 Fiscal Year 2017 was RMB56.5 million (Fiscal Year 2016: RMB62.5 million).

Profit before income tax

The Group's profit before income tax increased by 37.0% from RMB341.9 million for Fiscal Year 2016 to RMB468.5 million for 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 June 30, 2017, the Group's cash and cash equivalents were RMB494.3 million (June 30, 2016: RMB167.5 million), of which 26.0% was denominated in RMB, 73.4% in US dollars and 0.6% in other currencies. Net cash inflow from operating activities in Fiscal Year 2017 was RMB290.6 million, representing a decrease of 2.2% as compared with RMB297.2 million in 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 cope with the Group's development plan, the number of the Group's employees increased to 886 as of June 30, 2017 (June 30, 2016: 770). The total staff costs for Fiscal Year 2017 (including basic salaries and allowances, social security insurance, discretionary bonuses, share-based compensation expenses) were RMB162.5 million (Fiscal Year 2016: RMB136.9 million), representing 6.9% of our revenue for Fiscal Year 2017 (Fiscal Year 2016: 7.2%).

Pledge of assets

As of June 30, 2017, the Group did not have any secured bank borrowings.

Contingent liabilities

As of June 30, 2017, 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 commissions and related expenses. As of June 30, 2017, the proceeds amounting to a total of RMB113.3 million have been used. These proceeds have been used for the purposes as stated in the prospectus of the Company dated October 19, 2016 as follows:

Item	**Amount** *(RMB million)*
To strengthen our omni-channel interactive platform	61.1
To expand our product offering and brand portfolio	14.0
To establish a new logistics center	8.4
For general purposes	29.8
Total	**113.3**

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 and brand portfolio by further enhancing our design capabilities and brand awareness;
- further enhance our retail network and optimize our omni-channel interactive platform by adopting internet thinking and technology; and
- improve customer experience for our fans to improve same store sales growth.

FINAL DIVIDEND

The Board has recommended the payment of a final dividend of RMB0.4794 per ordinary share for the year ended June 30, 2017, representing a total payout of RMB248.7 million, accounting for 75% of the net profit after taxation of the Company for Fiscal Year 2017. The final dividend is subject to the approval of the shareholders of the Company ("**Shareholders**") at the annual general meeting (the "**AGM**") to be held on October 20, 2017, and will be paid on October 31, 2017 to those Shareholders whose names appear on the Company's register of members on October 26, 2017.

CLOSURE OF REGISTER OF MEMBERS

In order to determine the identity of the Shareholders who are entitled to attend and vote at the AGM, the register of members of the Company will be closed from October 17, 2017 to October 20, 2017, both days inclusive during which period no share transfer will be registered. In order to be eligible for attending the AGM, all completed transfer forms accomplished by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on October 16, 2017.

In order to determine the identity of members who are eligible for receiving the final dividend, the register of members of the Company will be closed from October 26, 2017 to October 27, 2017, both days inclusive during which period no share transfer will be registered. In order to be eligible for receiving the final dividend, all completed transfer forms accomplished by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on October 25, 2017.

CORPORATE GOVERNANCE CODE

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of shareholders and to enhance corporate value and accountability. The Company has applied the principles and code provisions as set out in 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 "**Listing Rules**").

The Company has complied with all applicable code provisions under the CG Code from October 31, 2016 (the "**Listing Date**") when its shares were listed on Main Board of the Stock Exchange to June 30, 2017, except for code provision A.2.1, which requires that the roles of chairman and chief executive officer should be separated and should not be performed by the same person. The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

Under code provision A.2.1 of the CG Gode, the roles of chairman and chief executive officer should be separated. Mr. Wu Jian is the chairman of the Board and the chief executive officer of the Company (the "**CEO**"). Due to Mr. Wu Jian's background, qualifications and experience at the Company, he is considered the most suitable person to take both roles in the current circumstances. The Board is of the view that it is appropriate and in the best interests of the Company that Mr. Wu Jian holds both positions at the current stage, as it helps to maintain the continuity of the policies and the stability and efficiency of the operations of the Company. The Board also meets regularly on a quarterly basis to review the operations of the Company led by Mr. Wu Jian. Accordingly, the Board believes that this arrangement will not impact on the balance of power and authorisations between the Board and the management of the Company. The Board will continue to review and consider splitting the roles of chairman of the Board and the CEO at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuer (the "**Model Code**") set out in Appendix 10 of the Listing Rules as its own code of conduct regarding Directors' securities transactions. After having made specific enquiry to all directors of the Company (the "**Directors**"), each of the Directors has confirmed that he/she has complied with the required standard set out in the Model Code from the Listing Date up to June 30, 2017.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

From the Listing Date up to June 30, 2017, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

The audit committee of the Company has reviewed together with the management and the external auditors of the Company the accounting principles and practices adopted by the Group as well as the audited consolidated financial statements for the year ended June 30, 2017.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND THE ANNUAL REPORT FOR FISCAL YEAR 2017 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 (http://www.jnbygroup.com/), and the annual report for Fiscal Year 2017 containing all the information required by the Listing Rules will be dispatched to the Shareholders and published on the aforesaid websites of the Stock Exchange and the Company in due course.

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

Hong Kong, August 30, 2017

As at the date of this announcement, the Board comprises Mr. Wu Jian, Ms. Li Lin and Mr. Li Ming as the executive Directors; Mr. Wei Zhe and Mr. Zhang Beili as the non-executive Directors; and Mr. Lam Yiu Por, Ms. Han Min and Mr. Hu Huanxin as the independent non-executive Directors.