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, 2018

HIGHLIGHTS OF ANNUAL RESULTS

- The total revenue of the Group for the year ended June 30, 2018 ("**Fiscal Year 2018**") amounted to RMB2,864.1 million, an increase of 22.8% or RMB531.8 million as compared with RMB2,332.3 million for the year ended June 30, 2017 ("**Fiscal Year 2017**").

- The net profit of the Group for Fiscal Year 2018 amounted to RMB410.4 million, an increase of 23.8% or RMB78.8 million as compared with RMB331.6 million for Fiscal Year 2017.

- The Group launched SAMO, a designer fashion brand for consummate professional men and REVERB, a brand new sustainable fashion brand in Fiscal Year 2018 to diversify our brand and product portfolio.

- The total number of our retail stores around the world increased from 1,591 as of June 30, 2017 to 1,831 as of June 30, 2018, coupled with our 80 points of sale abroad, our sales network has covered all provinces, autonomous regions and municipalities in mainland China and across 17 other countries and regions around the world. The same store sales growth rate of retail stores of the Group reached 8.9% for Fiscal Year 2018.

- As of June 30, 2018, the Group had over 2.5 million membership accounts (without duplication) (as of June 30, 2017: over 2.0 million), including our more than 2.1 million subscribers (without duplication) on the WeChat platform (as of June 30, 2017: over 1.5 million). The retail sales contributed by our members accounted for 68.5% of our total retail sales for Fiscal Year 2018 (Fiscal Year 2017: 62.6%).

- The number of Active Members accounts of the Group for Fiscal Year 2018 (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 360,000 (Fiscal Year 2017: over 260,000), and the number of membership accounts with annual purchases totaling over RMB5,000 for Fiscal Year 2018 exceeded 162,000 (Fiscal Year 2017: over 118,000), thereby contributing retail sales amounting to RMB1.92 billion (Fiscal Year 2017: RMB1.40 billion), or over 40% of our total retail sales from offline channels.

- The board of directors has recommended the payment of a final dividend of HK$0.46 per ordinary share (equivalent to approximately RMB0.39 per ordinary share) for the year ended June 30, 2018, representing a total payout of HK$238.6 million. Together with the payment of an interim dividend of HK$0.25 per ordinary share paid during the period ended December 31, 2017, the total dividend for the year will amount to HK$368.3 million, accounting for 75% of the net profit of the Company for Fiscal Year 2018.

CONSOLIDATED ANNUAL RESULTS

The board of directors (the "**Board**") of JNBY Design Limited (the "**Company**") is pleased to announce the audited consolidated results of our Company and its subsidiaries (the "**Group**") for Fiscal Year 2018, together with the comparative figures for Fiscal Year 2017, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(All amounts in RMB unless otherwise stated)

		Year ended 30 June	
	Note	**2018**	2017
		RMB'000	*RMB'000*
Revenue	*4*	**2,864,059**	2,332,290
Cost of sales	*5*	**(1,038,259)**	(857,682)
Gross profit		**1,825,800**	1,474,608
Selling and marketing expenses	*5*	**(1,037,375)**	(859,115)
Administrative expenses	*5*	**(250,767)**	(197,606)
Other income and gains, net	*6*	**18,406**	41,749
Operating profit		**556,064**	459,636
Finance income	*7*	**14,350**	9,840
Finance costs	*7*	**(923)**	(1,016)
Finance income, net		**13,427**	8,824
Share of loss of an associate accounted for using the equity method		**(372)**	-
Profit before income tax		**569,119**	468,460
Income tax expense	*8*	**(158,768)**	(136,888)
Profit for the year		**410,351**	331,572
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Currency translation differences		**(11,259)**	(1,260)
Total comprehensive income for the year		**399,092**	330,312
Profit attributable to:			
Shareholders of the Company		**410,351**	331,572
Total comprehensive income attributable to:			
Shareholders of the Company		**399,092**	330,312
Earnings per share (expressed in RMB per share)			
– Basic	*9*	**0.80**	0.71
– Diluted	*9*	**0.79**	0.70

CONSOLIDATED BALANCE SHEET

(All amounts in RMB unless otherwise stated)

		As at 30 June	
		2018	2017
	Note	***RMB'000***	*RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment	*11*	**141,518**	58,577
Land use rights	*12*	**48,322**	49,354
Intangible assets	*13*	**8,806**	6,643
Prepayments, deposits and other receivables	*16*	**8,537**	5,967
Deferred income tax assets	*23*	**110,871**	88,274
Total non-current assets		**318,054**	208,815
Current assets			
Inventories	*14*	**763,760**	569,550
Trade receivables	*15*	**94,531**	83,406
Prepayments, deposits and other receivables	*16*	**230,580**	223,824
Amounts due from related parties	*25(b)*	**7,852**	10,205
Available-for-sale financial assets		**50,000**	130,597
Term deposits with initial term over 3 months		**322,646**	203,251
Restricted cash	*17*	**1,021**	1,000
Cash and cash equivalents	*17*	**333,405**	494,334
Total current assets		**1,803,795**	1,716,167
Total assets		**2,121,849**	1,924,982

CONSOLIDATED BALANCE SHEET (CONTINUED)

(All amounts in RMB unless otherwise stated

		As at 30 June	
		2018	2017
	Note	***RMB'000***	*RMB'000*
EQUITY			
Equity attributable to Shareholders of the Company			
Share capital	*18*	**4,622**	4,622
Shares held for restricted share units ("**RSU**") Scheme	*18*	**(30,623)**	(66)
Share premium	*18*	**647,739**	639,003
Other reserves	*19*	**153,631**	131,229
Retained earnings		**512,510**	482,451
Total equity		**1,287,879**	1,257,239
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities	*23*	**10,541**	13,449
Current liabilities			
Trade and bills payables	*21*	**204,280**	151,067
Deferred revenue		**18,295**	26,386
Accruals and other current liabilities	*22*	**576,015**	460,578
Amounts due to related parties	*25(b)*	**11,294**	8,131
Current income tax liabilities		**13,545**	8,132
Total current liabilities		**823,429**	654,294
Total liabilities		**833,970**	667,743
Total equity and liabilities		**2,121,849**	1,924,982

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(All amounts in RMB unless otherwise stated)

	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 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*	–	–	–	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	*19*	–	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
Balance at 1 July 2017		4,622	639,003	(66)	131,229	482,451	1,257,239
Comprehensive income							
Profit for the year		–	–	–	–	410,351	410,351
Other comprehensive Income:							
Currency translation differences		–	–	–	(11,259)	–	(11,259)
Total comprehensive income		–	–	–	(11,259)	410,351	399,092
Transactions with shareholders							
Profit appropriations to statutory reserves	*19*	–	–	–	32,008	(32,008)	–
Dividend	*10*	–	–	–	–	(348,284)	(348,284)
Share-based compensation	*20*	–	–	–	10,413	–	10,413
Purchase ordinary shares for RSU scheme	*18*	–	–	(30,581)	–	–	(30,581)
Vest and transfer of RSUs	*19*	–	8,736	24	(8,760)	–	–
Total transactions with shareholders		–	8,736	(30,557)	33,661	(380,292)	(368,452)
Balance at 30 June 2018		4,622	647,739	(30,623)	153,631	512,510	1,287,879

CONSOLIDATED STATEMENT OF CASH FLOWS

(All amounts in RMB unless otherwise stated)

		Year ended 30 June	
		2018	2017
	Note	***RMB'000***	*RMB'000*
Cash flows from operating activities			
Cash generated from operations		**557,697**	447,701
Income tax paid		**(178,859)**	(157,081)
Net cash generated from operating activities		**378,838**	290,620
Cash flows from investing activities			
Purchase of property, plant and equipment		**(115,939)**	(54,108)
Purchase of intangible assets		**(3,187)**	(2,378)
Proceeds from disposals of property, plant and equipment		**1,128**	836
Cash designated for restriction		**(22,840)**	(31,143)
Cash released from restriction		**22,819**	37,814
Investment income received from wealth management products		**3,788**	899
Interest received		**11,230**	4,807
Payment of term deposits with initial term of over 3 months		**(320,265)**	(746,540)
Proceeds from disposal of term deposits with initial term of over 3 months		**201,202**	532,856
Payment of investment in an associate		**(7,500)**	–
Payment of available-for-sale financial assets		**(240,000)**	(220,000)
Proceeds from disposal of available-for-sale financial assets		**320,597**	90,000
Net cash used in investing activities		**(148,967)**	(386,957)
Cash flows from financing activities			
Proceeds from issuance of ordinary shares		**–**	647,614
Proceeds from bank borrowings		**–**	100,000
Repayments of bank borrowings		**–**	(100,000)
Interest paid		**–**	(1,016)
Dividends paid	*10*	**(348,284)**	(230,000)
Payment for repurchase of shares	*18*	**(30,581)**	–
Net cash (used in)/generated from financing activities		**(378,865)**	416,598
Net (decrease)/increase in cash and cash equivalents		**(148,994)**	320,261
Cash and cash equivalents at beginning of the year	*17*	**494,334**	167,523
Exchange (loss)/gains on cash and cash equivalents		**(11,935)**	6,550
Cash and cash equivalents at end of the year	*17*	**333,405**	494,334

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 (the "**Board**") on 8 June 2016, the Company changed its name from Croquis Investment Limited to the present one.

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

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

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

These consolidated financial statements of the Group have been approved for issue by the Board on 28 August 2018.

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.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies.

3. 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 2017:

– Amendment to HKAS 12 on income taxes
– Amendments to HKAS 7 on statement of cash flows
– Amendment to HKFRS 12 on disclosure of interest in other entities

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

The following new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 July 2017 and have not been applied in preparing this consolidated financial statements.

3. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (CONTINUED)

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

	Effective Date
HKFRS 9 "Financial instruments"	1 January 2018
HKFRS 15 "Revenue from contracts with customers"	1 January 2018
Amendments to HKFRS 2 "Classification and Measurement of Share-based Payment Transactions"	1 January 2018
Amendments to HKFRS 4, Insurance Contracts "Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts"	1 January 2018
Amendment to HKFRS 1 "First time adoption of HKFRS"	1 January 2018
Amendments to HKAS 40 "Transfers of investment property"	1 January 2018
HKRIC 22 "Foreign Currency Transactions and Advance Consideration"	1 January 2018
Annual improvements 2014-2016 cycle	1 January 2018
HKFRS 16 "Leases"	1 January 2019
HKRIC 23 "Uncertainty over Income Tax Treatments"	1 January 2019
Amendments to HKFRS 9 "Prepayment Features with Negative Compensation"	1 January 2019
Amendments to HKAS 28 "Long-term Interests in Associates and Joint Ventures"	1 January 2019
Annual Improvements to HKFRS Standards 2015-2017 Cycle	1 January 2019
Amendments to HKAS 19 "Plan Amendment, Curtailment or Settlement"	1 January 2019
Amendments to HKFRS 10 and HKAS 28 "Sale or contribution of assets between an investor and its associate or joint venture"	To be determined
HKFRS 17 "Insurance Contracts"	1 January 2021

The Group will apply the above new standards and amendments to existing standards when they become effective. The Group anticipates that the application of the above new standards and amendments to existing standards have no material impact on the results and the financial position of the Group, except for the following as set out below:

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) and financial assets currently classified as 'term deposit with initial terms over 3 months' would appear to satisfy the conditions for classification as at amortized cost 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. 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 financial years commencing 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.

3. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (CONTINUED)

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

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:

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 RMB291,675,000 (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. Also 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.

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 others in these geographies. Management assesses the performance of the operating segments based on operating profit.

4. SEGMENT INFORMATION (CONTINUED)

	For the year ended 30 June 2018				
	Women	**Men**	**Children and teenagers**	**All other segments**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***
Revenue					
Mainland China	**1,841,922**	**562,323**	**425,964**	**6,033**	**2,836,242**
Hong Kong, Taiwan region and other overseas countries and regions	**17,814**	**2,524**	**7,476**	**3**	**27,817**
Revenue from external customers	**1,859,736**	**564,847**	**433,440**	**6,036**	**2,864,059**
Segment gross profit	**1,196,190**	**377,368**	**249,470**	**2,772**	**1,825,800**
Segment operating profit/(loss)	**594,997**	**179,329**	**66,906**	**(12,744)**	**828,488**
Unallocated expense					**(290,830)**
Other income and gains, net					**18,406**
Total operating profit					**556,064**

	For the year ended 30 June 2017				
	Women	Men	Children and teenagers	All other segments	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue					
Mainland China	1,522,135	486,476	304,768	1,635	2,315,014
Hong Kong, Taiwan region and other overseas countries and regions	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

5. EXPENSES BY NATURE

	Year ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
Raw materials consumed and consumable used	**1,184,866**	974,910
Changes in inventories of finished goods and commissioned processing materials *(Note 14)*	**(250,455)**	(225,366)
Workforce contracting expenses	**259,493**	220,729
Operating lease	**242,574**	204,947
Employee benefit expenses (including share-based compensation expenses)	**201,142**	162,531
Concession fees paid and payable to department stores and shopping malls	**189,842**	164,516
Promotion and marketing expense	**137,167**	97,914
Provision of inventories *(Note 14)*	**79,076**	84,770
Transportation and warehouse expense	**52,407**	40,951
Apparel design fee	**41,050**	19,104
Depreciation and amortisation *(Note 11, 12 &13)*	**37,966**	33,800
Utilities charges and office expenses	**37,703**	33,478
Stamp duty, property tax and other surcharges	**24,859**	23,422
Commission expenses to online platforms	**23,193**	16,929
Entertainment and travelling expenses	**19,861**	14,193
Other professional service expenses	**16,706**	11,650
Provision for trade receivable *(Note 15)*	**10,665**	1,969
Auditors' remuneration	**2,506**	4,828
– Audit service	**2,336**	4,072
– Non-audit services	**170**	756
Listing expense	**–**	17,204
Others	**15,780**	11,924
Total cost of sales, selling and marketing expenses and administrative expenses	**2,326,401**	1,914,403

6. OTHER INCOME AND GAINS, NET

	Year ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
Government grants (i)	**19,792**	40,300
Investment income (ii)	**3,788**	1,496
Foreign exchange losses	**(199)**	(1,641)
Losses on disposal of property, plant and equipment	**(76)**	(26)
Provision on impairment of investment in an associate	**(7,128)**	–
Others	**2,229**	1,620
	18,406	41,749

(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 represents primarily interest income from Group's investment in available-for-sale financial assets.

7. FINANCE INCOME/(COSTS), NET

	Year ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
Finance income		
Interest income on cash and cash equivalents, restricted cash and term deposits with initial term over 3 months	**14,350**	7,237
Net foreign exchange gains on financing activities	**–**	2,603
	14,350	9,840
Finance costs		
Net foreign exchange loss on financial assets	**(923)**	–
Interest expenses on bank borrowings	**–**	(1,016)
	(923)	(1,016)
Finance income, net	**13,427**	8,824

8. INCOME TAX EXPENSE

The income tax expense of the Group for the years ended 30 June 2018 and 2017 are analysed as follows:

	Year ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
Current income tax expense		
– Enterprise income tax expense	**164,773**	150,208
Deferred income tax benefit *(Note 23)*	**(6,005)**	(13,320)
	158,768	136,888

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	
	2018	2017
	RMB'000	*RMB'000*
Profit attributable to shareholders of the Company	**410,351**	331,572
Weighted average number of ordinary shares in issue* excluding shares held under the RSU scheme in issue (thousands of shares)	**512,767**	466,432
Basic earnings per share (expressed in RMB per share)	**0.80**	0.71

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	
	2018	2017
	RMB'000	*RMB'000*
Profit attributable to shareholders of the Company	**410,351**	331,572
Weighted average number of ordinary shares in issue* excluding shares held under the RSU scheme in issue (thousands of shares)	**512,767**	466,432
Adjustments for share based compensation – RSUs (thousands of shares)	**8,925**	7,230
Weighted average number of ordinary shares for the calculation of diluted EPS (thousands of shares)	**521,692**	473,662
Diluted earnings per share (expressed in RMB per share)	**0.79**	0.70

* 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.

10. DIVIDENDS

	Year ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
Dividends paid by the Company	**348,284**	230,000

A dividend of RMB245,853,000 that relates to the year ended 30 June 2017 and an interim dividend of RMB102,431,000 that relates to the six month ended December 31, 2017 were paid during the year ended 30 June 2018. 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 2018 of RMB0.39 per share, totaling approximately RMB202,200,000, is proposed by the Board and to be approved at the annual general meeting on 23 October 2018. 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 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
Year ended 30 June 2018						
Opening net book value	7,962	6,748	1,321	27,093	15,453	58,577
Additions	5,417	4,050	970	33,492	76,126	120,055
Depreciation	(3,660)	(875)	(678)	(30,697)	–	(35,910)
Disposals	(88)	(5)	(18)	(1,093)	–	(1,204)
Closing net book value	9,631	9,918	1,595	28,795	91,579	141,518
As at 30 June 2018						
Cost	26,823	11,442	5,706	132,179	91,579	267,729
Accumulated depreciation	(17,192)	(1,524)	(4,111)	(103,384)	–	(126,211)
Net book value	9,631	9,918	1,595	28,795	91,579	141,518

12. LAND USE RIGHTS

	Year ended 30 June	
	2018 *RMB'000*	2017 *RMB'000*
Opening net book value	**49,354**	50,386
Amortisation charges	**(1,032)**	(1,032)
Closing net book value	**48,322**	49,354

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*	Others *RMB'000*	Total *RMB'000*
Year ended 30 June 2017			
Opening net book value	5,003	–	5,003
Additions	2,378	–	2,378
Amortisation charge	(738)	–	(738)
Closing net book value	6,643	–	6,643
As at 30 June 2017	–		
Cost	9,014	–	9,014
Accumulated amortisation	(2,371)	–	(2,371)
Net book value	6,643	–	6,643
Year ended 30 June 2018			
Opening net book value	**6,643**	**–**	**6,643**
Additions	**3,102**	**85**	**3,187**
Amortisation charge	**(1,020)**	**(4)**	**(1,024)**
Closing net book value	**8,725**	**81**	**8,806**
As at 30 June 2018			
Cost	**12,116**	**85**	**12,201**
Accumulated amortisation	**(3,391)**	**(4)**	**(3,395)**
Net book value	**8,725**	**81**	**8,806**

14. INVENTORIES

	As at June 30	
	2018 *RMB'000*	2017 *RMB'000*
Finished goods	**740,546**	547,839
Raw materials	**42,006**	39,068
Commissioned processing materials	**214,439**	156,691
Less: provision	**(233,231)**	(174,048)
	763,760	569,550

The cost of inventories, recognised as "cost of sales", amounted to approximately RMB1,013,487,000 (2017: RMB834,314,000)

14. INVENTORIES (CONTINUED)

Movements of provision for inventories are analysed as follows:

	Year ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
Beginning of the year	**174,048**	107,761
Addition of provision for inventories to net realised value included in "cost of sales" *(Note 5)*	**79,076**	84,770
Release of provision upon sales of inventories written down in prior years	**(19,893)**	(18,483)
End of the year	**233,231**	174,048

15. TRADE RECEIVABLES

	As at 30 June	
	2018	2017
	RMB'000	*RMB'000*
Trade receivables	**113,124**	92,795
Less: provision for impairment	**(18,593)**	(9,389)
	94,531	83,406

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

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

	As at 30 June	
	2018	2017
	RMB'000	*RMB'000*
Within 3 months	**88,008**	81,898
3 months to 6 months	**12,105**	2,601
6 months to 1 year	**7,963**	1,538
1 year to 2 years	**673**	2,148
more than 2 years	**4,375**	4,610
	113,124	92,795

16. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 30 June	
	2018	2017
	RMB'000	*RMB'000*
Long-term prepayments		
Long-term prepaid expenses	**8,537**	5,967
Current assets		
Deposits and other receivables	**90,820**	84,416
Prepayment to suppliers	**77,040**	85,588
Value added tax recoverable	**30,214**	30,656
Prepaid expenses	**26,900**	20,507
Interest receivables	**5,550**	2,430
Staff advances	**56**	227
	230,580	223,824
	239,117	229,791

As at 30 June 2018 and 2017, the fair value of deposits and other receivables approximated to their carrying amounts.

The maximum exposure to credit risk at each of the reporting date is the carrying value of each class of prepayment, deposits and other receivables as mentioned above.

17. CASH AND BANK BALANCES

	As at 30 June	
	2018	2017
	RMB'000	*RMB'000*
Cash at bank and on hand	**333,405**	180,416
Short-term bank deposits	**–**	313,918
Total cash and cash equivalents	**333,405**	494,334
Restricted cash (a)	**1,021**	1,000

(a) 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 (b) *RMB'000*	Subtotal *RMB'000*
As at 1 July 2017	1,000,000,000	518,750,000	4,622	639,003	(66)	643,559
Purchase of ordinary shares for RSU Scheme (a)	–	–	–	–	(30,581)	(30,581)
Vest and transfer of RSUs	–	–	–	8,736	24	8,760
As at 30 June 2018	1,000,000,000	518,750,000	4,622	647,739	(30,623)	621,738

	Number of shares authorised	Number of shares issued	Share capital *RMB'000*	Share premium *RMB'000*	Shares held for RSU Scheme (b) *RMB'000*	Subtotal *RMB'000*
As at 1 July 2016	1,000,000,000	1,950,000	16	–	–	16
Capitalisation of share premium	–	398,050,000	3,567	(3,472)	(95)	–
Issuance of ordinary shares upon IPO	–	118,750,000	1,039	663,627	–	664,666
Share issuance cost	–	–	–	(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

(a) On 22 February 2018 and 14 May 2018, the Board resolved to purchase 15,000,000 shares and 1,240,000 shares, respectively, from the market for the purpose of granting the shares to the grantees and shall hold such shares until they are vested in accordance with the RSU Scheme.

From March to June 2018, the Company purchased 2,215,000 shares on The Stock Exchange of Hong Kong Limited at a total consideration of HK$36,272,000 (approximately RMB30,581,000) including directly attributable incremental transaction costs, which was credited to shares held for RSU scheme.

(b) 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(b) *RMB'000*	Total *RMB'000*
As at 1 July 2017	**111,901**	**17,979**	**2,948**	**(1,599)**	**131,229**
Appropriation to statutory reserves (a)	**32,008**	**–**	**–**	**–**	**32,008**
Share based compensation *(Note 20)*	**–**	**10,413**	**–**	**–**	**10,413**
Currency translation differences	**–**	**–**	**(11,259)**	**–**	**(11,259)**
Vest and transfer of RSUs	**–**	**(8,760)**	**–**	**–**	**(8,760)**
As at 30 June 2018	**143,909**	**19,632**	**(8,311)**	**(1,599)**	**153,631**
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

(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 2018, approximately RMB32,008,000 (2017: RMB40,063,000) was appropriated from retained earnings to the statutory surplus reserve fund.

(b) During the reorganisation to form the current Group prior to the IPO, the Group acquired the equity interests of certain Group entities from the controlling shareholders. The difference between the considerations paid and their original investments have been recognised as merger reserve.

20. SHARE-BASED PAYMENTS

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

Movements in the number of outstanding RSUs are as follows:

	Year ended 30 June 2018		Year ended 30 June 2017	
	Weighted average exercise price per RSU	**Number of RSUs**	Weighted average exercise price per RSU	Number of RSUs
Opening balance	**–**	**8,265,281**	–	11,776,040
Granted during the year (a)	**HK$8.68**	**16,270,000**	–	760,000
Forfeited (b)	**HK$3.29**	**(528,144)**	–	(597,339)
Vested (c)	**–**	**(3,044,695)**	–	(3,673,420)
Ending balance	**HK$6.66**	**20,962,442**	–	8,265,281
Vested and exercisable at balance sheet date	**–**	**4,542,615**	–	3,370,420

20. SHARE-BASED PAYMENTS (CONTINUED)

RSU outstanding at the end of the year have the following expiry date and exercise prices:

Grant Date	Expiry Date	Exercise price	Number of RSUs as at 30 June 2018	2017
30/06/2014	30/06/2024	–	**3,376,498**	6,310,893
20/11/2014	30/06/2024	–	**213,444**	426,888
09/03/2015	30/06/2024	–	**5,000**	7,500
10/09/2015	30/06/2024	–	**140,000**	210,000
23/11/2015	30/06/2024	–	**37,500**	50,000
07/12/2015	30/06/2024	–	**400,000**	500,000
15/12/2016	30/06/2024	–	**60,000**	80,000
25/02/2017	30/06/2024	–	**660,000**	680,000
31/08/2017	30/06/2024	–	**30,000**	–
03/02/2018	30/06/2024	HK$8.70	**14,800,000**	–
14/05/2018	30/06/2024	HK$8.70	**1,240,000**	–
			20,962,442	8,265,281

(a) On 31 August 2017, 30,000 RSUs were granted to one employee, of which 25%, 25%, 25% and 25% shall be vested within two months after 30 June 2018, 2019, 2020 and 2021, respectively.

On 3 February 2018, the Board has resolved to amend the maximum number of RSUs that may be granted under the RSU Scheme from 12,000,000 to 40,000,000 shares. 15,000,000 shares were granted to 24 grantees under the revised scheme, who are required to pay HK$8.70 per share for the exercise of the RSUs upon satisfaction of terms and conditions set out in the relevant grant letters at their discretion.

The corresponding granted RSUs have three vesting schedules as follows:

i) 12,500,000 RSUs were granted to 13 employees, of which 20%, 20%, 20%, 20% and 20% shall be vested within two months after 30 June 2019, 2020, 2021, 2022 and 2023, respectively.

ii) 1,800,000 RSUs were granted to 8 employees, of which 25%, 25%, 25% and 25% shall be vested within two months after 30 June 2020, 2021, 2022 and 2023, respectively.

iii) 700,000 RSUs were granted to 3 employees, of which 33.3%, 33.3% and 33.3% shall be vested within two months after 30 June 2021, 2022 and 2023, respectively.

On 14 May 2018, the Board has resolved grant 1,240,000 shares to 5 RSU grantees under the revised scheme, who are required to pay HK$8.70 per share for the exercise of the RSUs upon satisfaction of terms and conditions set out in the relevant grant letters.

The corresponding granted RSUs have three vesting schedules as follows:

i) 1,000,000 RSUs were granted to 2 employees, of which 20%, 20%, 20%, 20% and 20% shall be vested within two months after 30 June 2019, 2020, 2021, 2022 and 2023, respectively.

ii) 240,000 RSUs were granted to 3 employees, of which 25%, 25%, 25% and 25% shall be vested within two months after 30 June 2020, 2021, 2022 and 2023, respectively.

(b) During the year ended 30 June 2018, 528,144 RSUs (2017: 420,000 RSUs) were forfeited as a result of termination of employment of the relevant employees. None of RSUs (2017: 177,339 RSUs) were lapsed as a result of failure to satisfy performance conditions of the relevant employees.

(c) During the year ended 30 June 2018, 3,044,695 RSUs (2017: 3,673,420 RSUs) were vested.

(d) The Group is required to estimate the annual forfeiture rate in order to determine the amount of share-based compensation expenses charged to the consolidated statement of comprehensive income. As at 30 June 2018, the expected forfeiture rate was estimated at 3% (30 June 2017: 3%).

21. TRADE AND BILLS PAYABLES

	As at 30 June	
	2018	2017
	RMB'000	*RMB'000*
Trade payables (a)	**201,728**	149,067
Bills payables (b)	**2,552**	2,000
	204,280	151,067

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

	As at 30 June	
	2018	2017
	RMB'000	*RMB'000*
Within 6 months	**192,762**	145,338
6 months to 1 year	**7,813**	2,577
1 to 2 years	**614**	1,070
2 to 3 years	**539**	82
	201,728	149,067

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

The Group's trade and bills payables are denominated in RMB.

22. ACCRUALS AND OTHER CURRENT LIABILITIES

	As at 30 June	
	2018	2017
	RMB'000	*RMB'000*
Advances from distributors	**171,492**	118,523
Non-refundable deposits from distributors (a)	**122,530**	109,956
Payroll and welfare payables	**80,346**	66,505
Provisions for sales returns	**56,486**	47,114
Provisions for sales rebates	**42,278**	35,716
Distribution deposits (b)	**39,785**	27,032
Workforce contracting payables	**20,913**	18,218
Payables for construction-in-progress	**10,558**	5,091
Marketing and promotions	**6,815**	5,137
Payables for leasehold improvements	**3,676**	5,027
Rentals	**2,204**	1,743
Value-added and other taxes payables	**1,110**	2,581
Others	**17,822**	17,935
	576,015	460,578

(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	
	2018	2017
	RMB'000	*RMB'000*
Deferred income tax assets:		
– to be recovered after more than 12 months	**58,730**	44,678
– to be recovered within 12 months	**52,141**	43,596
	110,871	88,274
Deferred income tax liabilities:		
– to be recovered within 12 months	**10,541**	13,449
	100,330	74,825

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

	Year ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
Beginning of the year	**88,274**	61,505
Credited in the consolidated statement of comprehensive income *(Note 8)*	**22,597**	26,769
End of the year	**110,871**	88,274

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

	Year ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
Beginning of the year	**13,449**	8,500
Debited in the consolidated statement of comprehensive income *(Note 8)*	**16,592**	13,449
Settled within current tax liabilities	**(19,500)**	(8,500)
End of the year	**10,541**	13,449

As at 30 June 2018, the provisions of RMB10,541,000 (30 June 2017: RMB13,449,000) 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 2018, the capital expenditure contracted but not provided for amounted to RMB50,415,000 (30 June 2017: RMB110,012,000).

24. COMMITMENTS (CONTINUED)

(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	
	2018	2017
	RMB'000	*RMB'000*
No later than 1 year	**156,912**	124,853
Later than 1 year and no later than 5 years	**134,763**	94,553
Later than 5 years	**–**	–
	291,675	219,406

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
Li Ming	Director of the Company
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

(a) Significant transactions with related parties

The Group had the following significant transactions with related parties, which are all continued transactions.

		Year ended 30 June	
		2018	2017
		RMB'000	*RMB'000*
(i)	Processing fee		
	Hangzhou Shangwei Apparal Co., Ltd.	**24,760**	28,229
	Hangzhou New Shangwei Finery Co., Ltd.	**7,575**	7,736
		32,335	35,965
(ii)	Workforce contracting		
	Hangzhou JNBY Finery Co., Ltd.	**26,264**	22,546
(iii)	Operating lease expenses charged by related parties		
	Hangzhou Huikang Industrial Co., Ltd.	**10,445**	9,446
	Hangzhou JNBY Finery Co., Ltd.	**1,722**	1,680
	Wu Jian	**1,075**	1,009
	Li Ming	**162**	–
		13,404	12,135
(iv)	Logistics and warehousing expenses charged by a related party		
	Hangzhou Huikang Industrial Co., Ltd.	**26,081**	19,069

25. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Balances with related parties

	As at 30 June	
	2018	2017
	RMB'000	*RMB'000*
Due from related parties		
Prepaid operating lease expenses:		
– Hangzhou Huikang Industrial Co., Ltd.	**6,559**	8,993
– Hangzhou JNBY Finery Co., Ltd.	**926**	882
– Wu Jian	**367**	330
	7,852	10,205
Due to related parties		
Trade payables:		
– Hangzhou Shangwei Apparal Co., Ltd.	**4,128**	4,319
– Hangzhou New Shangwei Finery Co., Ltd.	**911**	1,108
	5,039	5,427
Other payables:		
– Hangzhou JNBY Finery Co., Ltd.	**3,784**	2,704
– Hangzhou Huikang Industrial Co., Ltd.	**2,471**	–
	6,255	2,704
	11,294	8,131

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 2018 amounted to RMB2,864.1 million, an increase of 22.8% or RMB531.8 million as compared with RMB2,332.3 million for Fiscal Year 2017. The increase in the revenue was mainly attributable to the expansion of the Group's retail network and the same store sales growth of its retail stores.

The total number of our standalone retail stores around the world increased from 1,591 as of June 30, 2017 to 1,831 as of June 30, 2018, coupled with our 80 points of sale abroad, our sales network has covered all provinces, autonomous regions and municipalities in mainland China and across 17 other countries and regions around the world. The tables below set forth the information on the number of our standalone retail stores around the world by different brands and the number and geographic distribution of those standalone retail stores by sales channels, respectively:

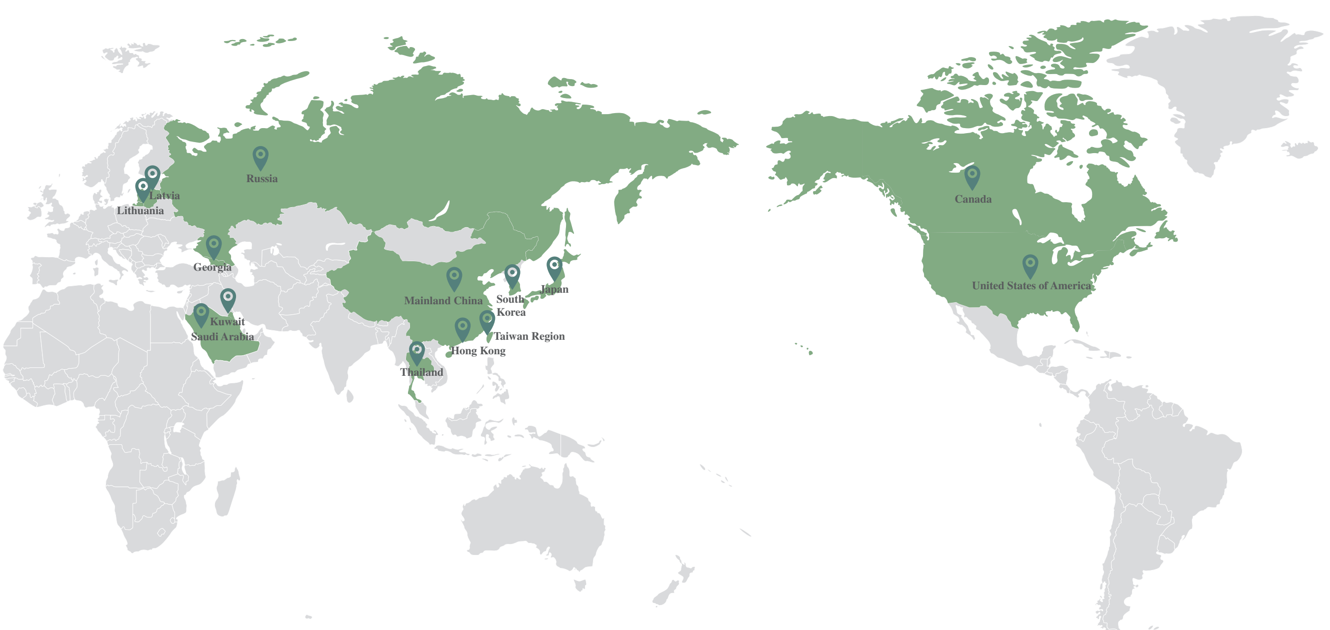
	As of June 30, 2018	As of June 30, 2017
Number of our standalone retail stores around the world by different brands		
JNBY	**832**	766
CROQUIS (速寫)	**308**	278
jnby by JNBY	**461**	376
less	**150**	115
Pomme de terre (蓬馬)	**76**	53
JNBYHOME	**4**	3
SAMO[(1)]	**–**	–
REVERB[(1)]	**–**	–
Total	**1,831**	1,591

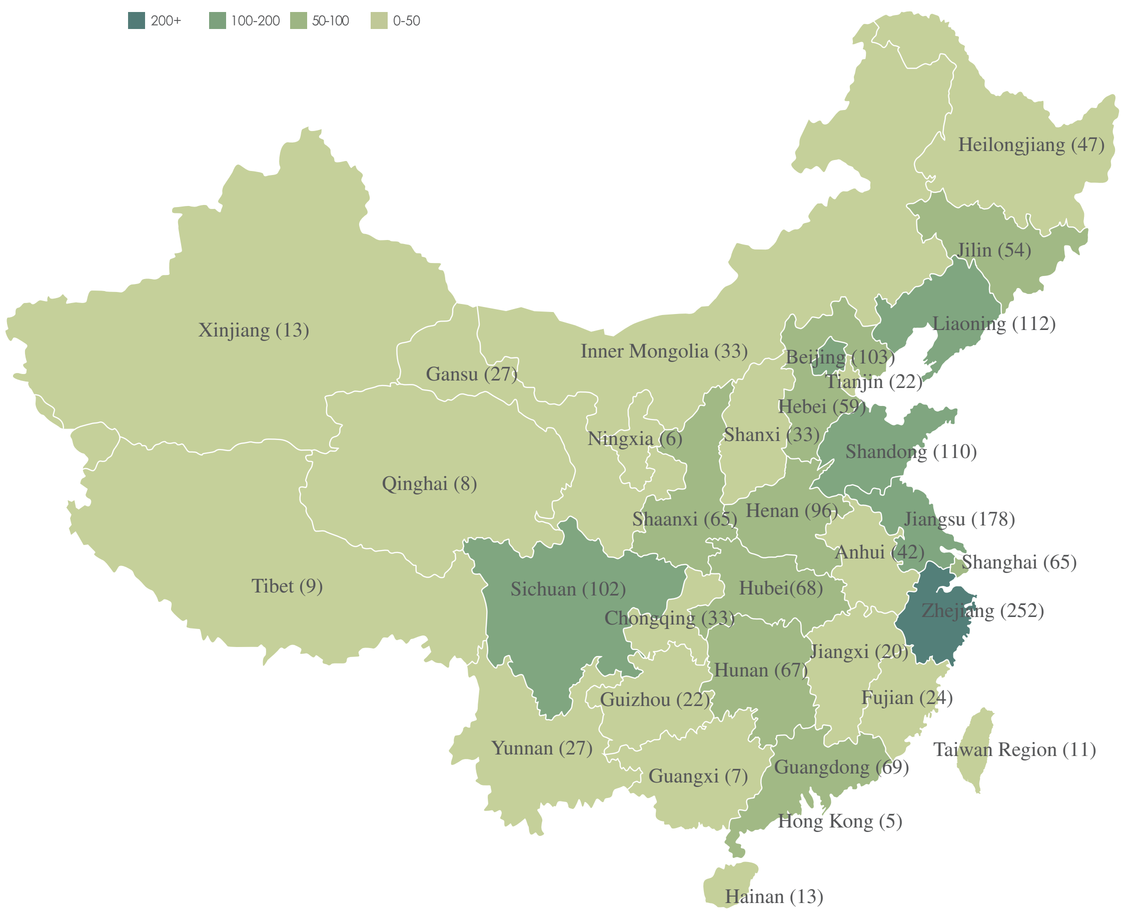
Notes:

(1) We launched SAMO, a designer fashion brand for consummate professional men and REVERB, a brand new sustainable fashion brand in April and June 2018 respectively, and no revenue was recorded under these brands in Fiscal Year 2018.

	As of June 30, 2018	As of June 30, 2017
Number and geographic distribution of our standalone retail stores by sales channels		
Mainland China		
Self-operated stores	**536**	504
Distributor-operated stores	**1,250**	1,049
Hong Kong, Taiwan region and other overseas countries and regions		
Self-operated stores	**5**	3
Distributor-operated stores	**40**	35
Total	**1,831**	1,591

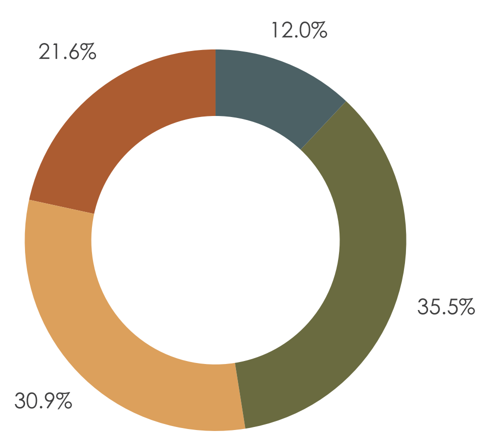
The following maps and chart show the retail network distribution of our standalone retail stores in countries and regions all over the world (excluding points of sale), the geographic distribution of our retail stores (including standalone distributor-operated and self-operated stores) across Mainland China, Hong Kong and Taiwan region as well as the distribution of our stores by city tiers across Mainland China as at June 30, 2018 respectively:





(As at June 30, 2018)

The number of our stores by city tiers across Mainland China



As at June 30, 2018

● First-tier cities ● Second-tier cities ● Third-tier cities ● Other cities

Same Store Sales Growth

Driven by the "Fans Economy" strategy, same store sales growth rate of our retail stores reached 8.9% for Fiscal Year 2018 (Fiscal Year 2017: 8.0%), which was mainly due to:

(i) the incremental retail sales of RMB642.4 million generated by the inventory sharing and allocation system in Fiscal Year 2018, representing 13.2% of our total retail sales for Fiscal Year 2018 (Fiscal Year 2017: incremental retail sales of RMB445.6 million, representing 11.3% of our total retail sales for Fiscal Year 2017); and

(ii) the number and loyalty of our members maintained stable growth. As of June 30, 2018, we had over 2.5 million membership accounts (without duplication) (as of June 30, 2017: over 2.0 million), including more than 2.1 million subscribers (without duplication) on our WeChat platform (as of June 30, 2017: over 1.5 million). The number of active members for Fiscal Year 2018 (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) increased from over 260,000 for Fiscal Year 2017 to over 360,000 for Fiscal Year 2018, and the number of WeChat active members (WeChat active members accounts are active members who are also the subscribers of our WeChat platform, without duplication) increased from over 230,000 for Fiscal Year 2017 to over 340,000 for Fiscal Year 2018. And the number of membership accounts with annual purchases totaling over RMB5,000 increased from over 118,000 for Fiscal Year 2017 to over 162,000 for Fiscal Year 2018, among these membership accounts the number of subscribers on our WeChat platform with annual purchases totaling over RMB5,000 increased from over 111,000 for Fiscal Year 2017 to over 157,000 for Fiscal Year 2018. Driven by our social media omni-channel interactive platform, especially on WeChat, the loyalty of our fans maintained stable growth. The percentage of retail sales contributed by our members to our total retail sales increased from 62.6% for Fiscal Year 2017 to 68.5% for Fiscal Year 2018. Retail sales contributed by membership accounts with an annual purchase totaling over RMB5,000 amounted to RMB1.92 billion (Fiscal Year 2017: RMB1.40 billion), accounting for over 40% of total retail sales from offline channels.

Revenue by brands

The following table sets forth a breakdown of our revenue 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,					
	2018		2017		Increase	
	RMB'000	***(%)***	*RMB'000*	*(%)*	*RMB'000*	*(%)*
JNBY	**1,621,827**	**56.6%**	1,365,875	58.5%	255,952	18.7%
CROQUIS (速寫)	**564,847**	**19.7%**	488,840	21.0%	76,007	15.5%
jnby by JNBY	**394,204**	**13.8%**	293,500	12.6%	100,704	34.3%
less	**237,909**	**8.3%**	169,302	7.2%	68,607	40.5%
Pomme de terre (蓬馬)	**39,236**	**1.4%**	13,138	0.6%	26,098	198.6%
JNBYHOME	**6,036**	**0.2%**	1,635	0.1%	4,401	269.2%
SAMO(1)	**–**	**–**	–	–	–	–
REVERB(1)	**–**	**–**	–	–	–	–
Total revenue	**2,864,059**	**100.0%**	2,332,290	100.0%	531,769	22.8%

Notes:

(1) We launched SAMO, a designer fashion brand for consummate professional men and REVERB, a brand new sustainable fashion brand in April and June 2018 respectively, and no revenue was recorded under these brands in Fiscal Year 2018.

Benefiting from the consumption upgrading trend and enhanced loyalty of our fans, revenue generated from the sales of our products under JNBY continued to grow at an accelerated pace, representing an increase of 18.7% or RMB256.0 million in Fiscal Year 2018. 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, maintained rapid growth. The products of Pomme de terre (蓬馬) and JNBYHOME, which were both launched in 2016, recorded a revenue of RMB39.2 million and RMB6.0 million in Fiscal Year 2018, respectively, showing a significant growth. The revenue from sales of non-JNBY products, as a percentage of total revenue, increased from 41.5% in Fiscal Year 2017 to 43.4% in Fiscal Year 2018.

Revenue by sales channels

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

	For the year ended June 30,					
	2018		2017		Increase	
	RMB'000	***(%)***	*RMB'000*	*(%)*	*RMB'000*	*(%)*
Offline channels						
Self-operated stores	**1,401,076**	**48.9%**	1,143,487	49.0%	257,589	22.5%
Distributor-operated stores [1]	**1,197,160**	**41.8%**	1,001,566	43.0%	195,594	19.5%
Online channels	**265,823**	**9.3%**	187,237	8.0%	78,586	42.0%
Total revenue	**2,864,059**	**100.0%**	2,332,290	100.0%	531,769	22.8%

Notes:

(1) Consist of stores operated by overseas customers.

In Fiscal Year 2018, absolute amounts of revenue generated from sales through our offline and online channels continued to increase as compared with that in Fiscal Year 2017. Due to an increase in sales revenue of in-season products through online channels, revenues generated from sales through our online channels, as a percentage to our total revenue, increased to 9.3% in Fiscal Year 2018.

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

Revenue by geographical distribution

	For the year ended June 30,					
	2018		2017		Increase	
	RMB'000	*(%)*	*RMB'000*	*(%)*	*RMB'000*	*(%)*
Mainland China	**2,836,242**	**99.0%**	2,315,014	99.3%	521,228	22.5%
Non-Mainland China[1]	**27,817**	**1.0%**	17,276	0.7%	10,541	61.0%
Total revenue	**2,864,059**	**100.0%**	2,332,290	100.0%	531,769	22.8%

Notes:

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

In Fiscal Year 2018, absolute amounts of revenue generated from sales in Mainland China and non-Mainland China areas continued to increase as compared with that in Fiscal Year 2017. Due to the expansion of our retail network, revenues generated from sales in Hong Kong, Taiwan region and other overseas countries and regions increased by 61.0% in Fiscal Year 2018.

Gross profit and gross profit margin

The Group's gross profit increased by 23.8% from RMB1,474.6 million for Fiscal Year 2017 to RMB1,825.8 million for Fiscal Year 2018. The Group's overall gross profit margin improved from 63.2% for Fiscal Year 2017 to 63.7% for Fiscal Year 2018, which was primarily attributable to (i) expansion of the Group's retail network; (ii) changes in gross profit margin mix of our brands; and (iii) growth in gross profit and gross profit margins brought by the continuous increase in the sales of in-season products through our online channels.

The following table sets 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,					
	2018		2017		Increase	
	RMB,000	*(%)*	*RMB,000*	*(%)*	*RMB,000*	*(%)*
JNBY	**1,031,191**	**63.6%**	849,461	62.2%	181,730	21.4%
CROQUIS (速寫)	**377,368**	**66.8%**	330,916	67.7%	46,452	14.0%
jnby by JNBY	**228,943**	**58.1%**	172,251	58.7%	56,692	32.9%
less	**164,999**	**69.4%**	118,024	69.7%	46,975	39.8%
Pomme de terre (蓬馬)	**20,527**	**52.3%**	5,232	39.8%	15,295	292.3%
JNBYHOME	**2,772**	**45.9%**	(1,276)	(78.1%)	4,048	317.2%
Total	**1,825,800**	**63.7%**	1,474,608	63.2%	351,192	23.8%

	For the year ended June 30,					
	2018		2017		Increase	
	RMB'000	***(%)***	*RMB'000*	*(%)*	*RMB'000*	*(%)*
Offline channels						
Self-operated stores	**1,022,907**	**73.0%**	832,161	72.8%	190,746	22.9%
Distributor-operated stores [(1)]	**635,798**	**53.1%**	551,995	55.1%	83,803	15.2%
Online channels	**167,095**	**62.9%**	90,452	48.3%	76,643	84.7%
Total	**1,825,800**	**63.7%**	1,474,608	63.2%	351,192	23.8%

Notes:

(1) Consist of stores operated by overseas customers.

As a result of the successful operation of our social media omni-channel interactive platforms (mainly on WeChat), the digital memberships and fan base of our Group were becoming diversified. As of June 30, 2018, the number of subscribers (without duplication) on our WeChat platform exceeded 2.1 million (with duplication) (June 30, 2017: over 1.5 million), the number of fans of our Weibo account exceeded 1.2 million (June 30, 2017: over 200,000), and the number of followers of our Tmall store exceeded 2.9 million (June 30, 2017: over 1.8 million), respectively. Due to our E-commence strategy of "consistent new product offering and consistent pricing in both online and offline channels", the percentage of retail sales of in-season products through our online channels increased continuously (Fiscal Year 2018: 26.8%), improving the overall gross profit margin of our online channels.

Selling and marketing expenses and administrative expenses

In Fiscal Year 2018, selling and marketing expenses were RMB1,037.4 million (Fiscal Year 2017: RMB859.1 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 36.2% of our revenue in Fiscal Year 2018 (Fiscal Year 2017: 36.8%), the decrease in the percentage was mainly attributable to the increase of operating efficiency of self-operated stores. The administrative expenses for Fiscal Year 2018 was RMB250.8 million (Fiscal Year 2017: RMB197.6 million) which, among others, primarily consist of: (i) employee benefit expenses, including emoluments of the directors of the Company (the "**Directors**"); (ii) product development outsourcing fees; and (iii) professional service expenses. In percentage terms, administrative expenses accounted for 8.8% of our revenue in Fiscal Year 2018 (Fiscal Year 2017: 8.5%), representing an increase in the expenses related to research and development while a decrease in the professional services as compared with that for the previous year.

Finance income, net

The Group's net finance income for Fiscal Year 2018 was net income of RMB13.4 million (Fiscal Year 2017: net financial costs of RMB8.8 million). The decrease in net financial costs and increase in net financial income were mainly due to increase in interest income.

Profit and net profit margin, net

Due to the above-mentioned factors, net profit for Fiscal Year 2018 was RMB410.4 million, representing an increase of 23.8% or RMB78.8 million as compared with RMB331.6 million for Fiscal Year 2017. Net profit margin increased from 14.2% for Fiscal Year 2017 to 14.3% for Fiscal Year 2018.

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 2018 was RMB119.1 million (Fiscal Year 2017: RMB56.5 million).

Profit before income tax

The Group's profit before income tax increased by 21.5%, from RMB468.5 million for Fiscal Year 2017 to RMB569.1 million for Fiscal Year 2018. 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.

As of June 30, 2018, the Group's cash and cash equivalents were RMB333.4 million (June 30, 2017: RMB494.3 million), of which 52.1% was denominated in RMB, 38.8% in US dollars and 9.1% in other currencies. Net cash inflow from operating activities in Fiscal Year 2018 was RMB378.8 million, representing an increase of 30.4% as compared with RMB290.6 million in Fiscal Year 2017.

Significant investment events

Subscription of wealth management products

On August 9, 2017 and January 30, 2018, JNBY Finery Co., Ltd. ("**JNBY Finery**"), a subsidiary of the Company, subscribed for the Hangzhou United Rural Commercial Bank short-term Wealth Management Product with a principal of RMB50,000,000 and RMB30,000,000, respectively. The two subscriptions mentioned above individually or collectively do not constitute a notifiable transaction of the Company under Chapter 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (the "**Listing Rules**").

On October 27, 2017 and December 7, 2017, JNBY Finery subscribed for the Agricultural Bank of China short-term Wealth Management Product with a principal of RMB50,000,000 and RMB30,000,000, respectively. The two subscriptions mentioned above individually or collectively do not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

On December 6, 2017 and May 2, 2018, JNBY Finery subscribed for the China Merchants Bank short-term Wealth Management Product with a principal of RMB60,000,000 and RMB20,000,000, respectively. The two subscriptions mentioned above individually or collectively do not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

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 999 as of June 30, 2018 (June 30, 2017: 886). The total staff costs for Fiscal Year 2018 (including basic salaries and allowances, social security insurance, discretionary bonuses, share-based compensation expenses) were RMB201.1 million (Fiscal Year 2017: RMB162.5 million), representing 7.0% of our revenue (Fiscal Year 2017: 6.9%).

Pledge of assets

As of June 30, 2018, the Group did not have any secured bank borrowings.

Contingent liabilities

As of June 30, 2018, the Group did not have any material contingent liabilities.

Use of proceeds from listing

The Company's net proceeds from listing are 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, 2018, the proceeds amounting to a total of RMB319.0 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.

Items	**Amount** *(RMB million)*
To strengthen our omni-channel interactive platform	126.9
To expand our product offering and brand portfolio	74.5
To establish a new logistics center	87.8
For general purposes	29.8
Total	319.0

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 and proper operational management, we, as a 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, and to nurture the JNBY lifestyle ecosystem, thus we continue to pursue the following strategies:

- expand and diversify our product and brand portfolio by further increasing our investment in enhancement of design and R&D capabilities;

- further enhance our domestic and foreign retail network and optimize our omni-channel interactive platform by adopting internet thoughts and technology; and

- improve fans experience to improve same store sales growth by providing value-added services to our fans continuously.

FINAL DIVIDEND

The Board has recommended the payment of a final dividend of HK$0.46 per ordinary share (equivalent to approximately RMB0.39 per ordinary share) for the year ended June 30, 2018, representing a total payout of HK$238.6 million. Together with the payment of an interim dividend of HK$0.25 per ordinary share paid during the period ended December 31, 2017, the total dividend for the year will amount to HK$368.3 million, accounting for 75% of the net profit of the Company for Fiscal Year 2018.

This proposed final dividend is subject to the approval of the shareholders of the Company (the "**Shareholder**") at the annual general meeting (the "**AGM**") to be held on October 23, 2018, and will be paid on November 5, 2018 to those Shareholders whose names appear on the Company's register of members on October 29, 2018.

CLOSURE OF REGISTER OF MEMBERS

In order to determine the identity of members who are eligible to attend the AGM, the register of members of the Company will be closed from October 18, 2018 to October 23, 2018 (both days inclusive), during which period no share transfer will be registered. In order to be eligible to attend the AGM, all completed transfer forms accompanied 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, 2018.

In order to determine the identity of members who are eligible for receiving the final dividend, the register of members of the Company will also be closed from October 29, 2018 to October 30, 2018 (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 accompanied 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 26, 2018.

CORPORATE GOVERNANCE CODE

The Group is committed to maintaining a high standard of corporate governance to safeguard the interests of its shareholders and enhance its value and accountability. The Company has adopted the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") contained in Appendix 14 to the Listing Rules as its own code of corporate governance.

The Company has complied with all applicable code provisions under the CG Code during Fiscal Year 2018, 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 and should not be performed by the same person. 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 authorizations 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 the code of conduct regarding Directors' securities transactions. Specific enquiry has been made to all Directors and each of the Directors has confirmed that he/she has complied with the required standards as set out in the Model Code during Fiscal Year 2018.

PURCHASE, REDEMPTION OR SALE OF THE LISTED SECURITIES

For the year ended June 30, 2018, save as the trustee of the Restricted Share Unit Scheme of the Company purchases a total of 2,215,000 shares of the Company with HK$36.3 million at the Stock Exchange pursuant to rules of the Restricted Share Unit Scheme and terms of the trust in order to grant shares to selected participants, none of the Company or any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

The Audit Committee of the Company, together with the senior management and the external auditor of the Company, has reviewed the the accounting principles and practices adopted by the Group, and the Group's consolidated financial statements for the year ended June 30, 2018.

AUDITOR'S PROCEDURES PERFORMED ON THIS RESULTS ANNOUNCEMENT

The figures in respect of the announcement of the Group's results for Fiscal Year 2018 have been agreed by the Auditor to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by the Auditor in this respect did not constitute an audit, review or other assurance engagement and consequently no assurance has been expressed by the Auditor on this announcement.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND THE ANNUAL REPORT FOR FISCAL YEAR 2018 ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This annual results announcement has been published on the website of the Stock Exchange (www.hkexnews.hk) and that of the Company (www.jnbygroup.com), and the annual report for Fiscal Year 2018 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 28, 2018

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