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**江南布衣<sup>+</sup> JNBY GROUP**

**JNBY Design Limited**

**江南布衣有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 3306)**

**INTERIM RESULTS ANNOUNCEMENT  
FOR THE SIX MONTHS ENDED DECEMBER 31, 2021**

**FINANCIAL HIGHLIGHTS**

- The total revenue of the Group for the six months ended December 31, 2021 (the “**first half of fiscal year 2022**”) amounted to RMB2,484.7 million, an increase of 7.3% or RMB170.0 million as compared with RMB2,314.7 million for the six months ended December 31, 2020 (the “**first half of fiscal year 2021**”). The gross profit margin for the first half of fiscal year 2022 increased to 63.3%, an increase of 1.7 percentage points as compared with 61.6% for the first half of fiscal year 2021, and the net profit amounted to RMB443.8 million, a decrease of 4.2% or RMB19.7 million as compared with RMB463.5 million for the first half of fiscal year 2021.
- As of December 31, 2021, the brand portfolio of the Group includes multiple brands in three stages, namely (i) Mature brand, (ii) Younger brands and (iii) Emerging brands. The total number of our retail stores around the world increased from 1,931 as of June 30, 2021 to 1,996 as of December 31, 2021. Our sales network has covered all provinces, autonomous regions and municipalities in mainland China and across ten other countries and regions around the world.
- As of December 31, 2021, the Group had over 5.3 million membership accounts (without duplication) including our more than 4.9 million subscribers (without duplication) on the WeChat platform. The retail sales contributed by our members accounted for around 70% of our total retail sales for the first half of fiscal year 2022. The number of active members accounts of the Group in 2021 (active members accounts are membership accounts associated with at least two purchases for a period of any 180 consecutive days within the last 12 months, without duplication) was over 410,000, and the number of membership accounts with annual purchases totaling over RMB5,000 was over 200,000 in 2021, thereby contributing retail sales amounting to RMB2.64 billion, or over 40% of our total retail sales of offline channels.
- The Board declared the payment of an interim dividend of HK\$0.39 per ordinary share (equivalent to approximately RMB0.32 per ordinary share) for the six months ended December 31, 2021, totaling HK\$202.3 million.

The board (the “**Board**”) of directors (the “**Directors**”) of JNBY Design Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (the “**Group**”) for the six months ended December 31, 2021, together with the comparative figures for the corresponding period of the previous fiscal year, as follows:

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

*For the six months ended December 31, 2021*

		<b>Unaudited</b>	
		<b>Six months ended</b>	
		<b>31 December</b>	
		<b>2021</b>	<b>2020</b>
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	5	2,484,680	2,314,663
Cost of sales	6	<u>(910,876)</u>	<u>(889,511)</u>
<b>Gross profit</b>		<u><b>1,573,804</b></u>	<u>1,425,152</u>
Selling and marketing expenses	6	(797,892)	(671,246)
Administrative expenses	6	(189,492)	(145,370)
(Provision for)/reversal of impairment on financial assets		(1,146)	5,481
Other income and gains, net	7	<u>28,485</u>	<u>27,911</u>
<b>Operating profit</b>		<u><b>613,759</b></u>	<u>641,928</u>
Finance income	8	20,438	13,043
Finance costs	8	<u>(19,595)</u>	<u>(12,395)</u>
Finance income, net		<u>843</u>	<u>648</u>
<b>Profit before income tax</b>		<u><b>614,602</b></u>	<u>642,576</u>
Income tax expense	9	<u>(170,769)</u>	<u>(179,043)</u>
<b>Profit for the period</b>		<u><b>443,833</b></u>	<u>463,533</u>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified</i> <i>subsequently to profit or loss:</i>			
Currency translation differences		<u>(9,633)</u>	<u>(32,373)</u>
<b>Total comprehensive income for the period</b>		<u><b>434,200</b></u>	<u>431,160</u>

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
(CONTINUED)**

*For the six months ended December 31, 2021*

		<b>Unaudited</b>	
		<b>Six months ended</b>	
		<b>31 December</b>	
		<b>2021</b>	2020
	<i>Note</i>	<b>RMB'000</b>	<b>RMB'000</b>
<b>Profit attributable to:</b>			
Shareholders of the Company		443,836	463,536
Non-controlling interests		<u>(3)</u>	<u>(3)</u>
		<u><b>443,833</b></u>	<u><b>463,533</b></u>
<b>Total comprehensive income attributable to:</b>			
Shareholders of the Company		434,203	431,163
Non-controlling interests		<u>(3)</u>	<u>(3)</u>
		<u><b>434,200</b></u>	<u><b>431,160</b></u>
<b>Earnings per share (expressed in RMB per share)</b>			
— Basic	<i>10(a)</i>	<u><b>0.89</b></u>	<u>0.93</u>
— Diluted	<i>10(b)</i>	<u><b>0.88</b></u>	<u>0.93</u>

## CONDENSED CONSOLIDATED BALANCE SHEET

As at December 31, 2021

		Unaudited 31 December 2021 RMB'000	Audited 30 June 2021 RMB'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	12	435,128	398,299
Right-of-use assets	13	697,162	640,068
Intangible assets	14	16,389	15,698
Prepayments, deposits and other assets	17	23,537	20,167
Financial assets at fair value through profit or loss		100,444	54,712
Deferred income tax assets		233,740	200,744
		<hr/>	<hr/>
<b>Total non-current assets</b>		<b>1,506,400</b>	<b>1,329,688</b>
<b>Current assets</b>			
Inventories	15	760,636	706,838
Trade receivables	16	199,869	119,105
Prepayments, deposits and other assets	17	264,084	240,945
Amounts due from related parties		103,293	2,623
Financial assets at fair value through profit or loss		30,098	131,062
Term deposits with initial term over 3 months		405,781	739,370
Cash and cash equivalents		853,180	549,012
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<b>Total current assets</b>		<b>2,616,941</b>	<b>2,488,955</b>
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<b>Total assets</b>		<b>4,123,341</b>	<b>3,818,643</b>

## CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)

As at December 31, 2021

		Unaudited 31 December 2021 RMB'000	Audited 30 June 2021 RMB'000
	Note		
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities	21	176,690	125,689
Accruals and other current liabilities	20	2,350	5,413
Amounts due to related parties		290,137	318,912
Deferred income tax liabilities		17,828	16,404
<b>Total non-current liabilities</b>		<b>487,005</b>	<b>466,418</b>
<b>Current liabilities</b>			
Trade and bills payables	18	358,269	256,492
Lease liabilities	21	146,231	121,647
Contract liabilities	19	284,612	309,776
Accruals and other current liabilities	20	802,309	622,253
Amounts due to related parties		43,049	44,082
Borrowings		148,953	243,619
Current income tax liabilities		158,132	38,105
<b>Total current liabilities</b>		<b>1,941,555</b>	<b>1,635,974</b>
<b>Total liabilities</b>		<b>2,428,560</b>	<b>2,102,392</b>
<b>Net assets</b>		<b>1,694,781</b>	<b>1,716,251</b>
<b>EQUITY</b>			
<b>Equity attributable to shareholders of the Company</b>			
Share capital		4,622	4,622
Shares held for restricted share units (“RSU”)			
Scheme		(174,608)	(164,430)
Share premium		509,648	668,308
Other reserves		194,063	192,057
Retained earnings		1,161,080	1,015,715
Equity attributable to shareholders of the Company		1,694,805	1,716,272
Non-controlling interests		(24)	(21)
<b>Total equity</b>		<b>1,694,781</b>	<b>1,716,251</b>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*For the six months ended December 31, 2021*

		Unaudited							
		Attributable to shareholders of the Company							
	Share capital	Share premium	Shares held for RSU Scheme	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity	
Note	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
<b>Balance as at 1 July 2020</b>	4,622	665,520	(172,414)	222,095	766,104	1,485,927	(15)	1,485,912	
<b>Comprehensive income</b>									
Profit for the period	—	—	—	—	463,536	463,536	(3)	463,533	
<b>Other comprehensive income</b>									
Currency translation differences	—	—	—	(32,373)	—	(32,373)	—	(32,373)	
<b>Total comprehensive income</b>	—	—	—	(32,373)	463,536	431,163	(3)	431,160	
<b>Transactions with shareholders</b>									
Profit appropriations to statutory reserves	—	—	—	32	(32)	—	—	—	
Share-based compensation	—	—	—	8,261	—	8,261	—	8,261	
Purchase ordinary shares for RSU Scheme	—	—	(3,748)	—	—	(3,748)	—	(3,748)	
Transfer and exercise of RSUs	—	1,563	6,196	(5,703)	—	2,056	—	2,056	
Dividend	11	—	—	—	(234,048)	(234,048)	—	(234,048)	
<b>Total transactions with Shareholders</b>	—	1,563	2,448	2,590	(234,080)	(227,479)	—	(227,479)	
<b>Balance as at 31 December 2020</b>	<u>4,622</u>	<u>667,083</u>	<u>(169,966)</u>	<u>192,312</u>	<u>995,560</u>	<u>1,689,611</u>	<u>(18)</u>	<u>1,689,593</u>	

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
(CONTINUED)**

*For the six months ended December 31, 2021*

		Unaudited							
		Attributable to shareholders of the Company							
	Note	Share capital <i>RMB'000</i>	Share premium <i>RMB'000</i>	Shares held for RSU Scheme <i>RMB'000</i>	Other reserves <i>RMB'000</i>	Retained earnings <i>RMB'000</i>	Total <i>RMB'000</i>	Non- controlling interests <i>RMB'000</i>	Total equity <i>RMB'000</i>
<b>Balance as at 1 July 2021</b>		4,622	668,308	(164,430)	192,057	1,015,715	1,716,272	(21)	1,716,251
<b>Comprehensive income</b>									
Profit for the period		—	—	—	—	443,836	443,836	(3)	443,833
<b>Other comprehensive income</b>									
Currency translation differences		—	—	—	(9,633)	—	(9,633)	—	(9,633)
<b>Total comprehensive income</b>		—	—	—	(9,633)	443,836	434,203	(3)	434,200
<b>Transactions with shareholders</b>									
Profit appropriations to statutory reserves		—	—	—	316	(316)	—	—	—
Share-based compensation		—	—	—	17,107	—	17,107	—	17,107
Purchase ordinary shares for RSU Scheme		—	—	(16,318)	—	—	(16,318)	—	(16,318)
Transfer and exercise of RSUs		—	2,798	6,140	(5,784)	—	3,154	—	3,154
Dividend	11	—	(161,458)	—	—	(298,155)	(459,613)	—	(459,613)
<b>Total transactions with Shareholders</b>		—	(158,660)	(10,178)	11,639	(298,471)	(455,670)	—	(455,670)
<b>Balance as at 31 December 2021</b>		4,622	509,648	(174,608)	194,063	1,161,080	1,694,805	(24)	1,694,781

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended December 31, 2021

	<b>Unaudited</b>	
	<b>Six months ended</b>	
	<b>31 December</b>	
	<b>2021</b>	<b>2020</b>
<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Cash flows from operating activities</b>		
Cash generated from operations	<b>855,134</b>	1,134,523
Income tax paid	<b>(82,314)</b>	(20,171)
	<u><b>772,820</b></u>	<u>1,114,352</u>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	<b>(77,630)</b>	(68,664)
Purchase of intangible assets	<b>(1,906)</b>	(2,844)
Proceeds from disposals of property, plant and equipment	<b>115</b>	283
Investment income received from financial products issued by commercial banks	<b>556</b>	4,293
Interest received	<b>19,597</b>	9,310
Payment of term deposits with initial term over 3 months	<b>(462,708)</b>	(731,000)
Payment of financial products issued by commercial banks	<b>(70,000)</b>	(40,000)
Loans granted to a related party	<b>(150,000)</b>	—
Proceeds from withdrawal of term deposits with initial term over 3 months	<b>800,837</b>	439,940
Loan repayments received from a related party	<b>50,000</b>	—
Proceeds from redemption of financial products issued by commercial banks	<b>171,520</b>	210,000
Payment of venture capital funds	<b>(41,036)</b>	—
	<u><b>239,345</b></u>	<u>(178,682)</u>

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)***For the six months ended December 31, 2021*

	<b>Unaudited</b>	
	<b>Six months ended</b>	
	<b>31 December</b>	
	<b>2021</b>	<b>2020</b>
<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	<b>48,822</b>	142,038
Repayments of borrowings	<b>(146,000)</b>	(140,000)
Dividends paid	<i>11</i> <b>(459,613)</b>	(234,048)
Proceeds from exercise of RSUs	<b>3,154</b>	—
Payment for repurchase of treasury shares	<b>(16,318)</b>	(3,748)
Repayments of lease liabilities	<b>(137,009)</b>	(136,345)
<b>Net cash used in financing activities</b>	<b>(706,964)</b>	(372,103)
<b>Net increase in cash and cash equivalents</b>	<b>305,201</b>	563,567
Cash and cash equivalents at beginning of the period	<b>549,012</b>	336,672
Exchange loss on cash and cash equivalents	<b>(1,033)</b>	(6,935)
<b>Cash and cash equivalents at end of the period</b>	<b>853,180</b>	893,304

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

*For the six months ended December 31, 2021*

## 1. GENERAL INFORMATION

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

This condensed consolidated interim financial information is presented in Renminbi (“**RMB**”), unless otherwise stated. This condensed consolidated interim financial information was approved by the Board for issue on 28 February 2022.

This condensed consolidated interim financial information has not been audited.

## 2. BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 31 December 2021 has been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34, “Interim financial reporting”. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 30 June 2021 as set out in the annual report dated 31 August 2021, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”).

## 3. ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual financial statements for the year ended 30 June 2021 as described in those annual financial statements except that income tax is accrued using the tax rate that would be applicable to expected total annual earnings and the adoption of new and amended standards as set out below.

- (i) The following new standards and amendments to standards and interpretations are effective for the interim period beginning 1 July 2021.
  - Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 “Interest Rate Benchmark Reform Phase 2”
  - Amendments to HKFRS 16 “Covid-19-related Rent Concessions”

There are no new standards or amendments to standards that are effective for the first time for this interim period that could be expected to have a material impact on the Group.

- (ii) The following new standards and amendments to standards and interpretations have been issued but are not effective for the interim period beginning 1 July 2021 and have not been early adopted by the Group.

	<b>Effective Date</b>
HKFRS 17 “Insurance Contracts”	1 January 2023
Amendments to HKAS 16 “Property, Plant and Equipment: Proceeds before intended use”	1 January 2022
Amendments to HKFRS 3 “Reference to the Conceptual Framework”	1 January 2022
Amendments to HKAS 37 “Onerous Contracts — Cost of Fulfilling a Contract”	1 January 2022
Annual Improvements to HKFRS Standards 2018-2020	1 January 2022
Revised Accounting Guideline 5 Merger Accounting for Common Control Combinations (AG 5)	1 January 2022
Amendments to HKFRS 10 and HKAS 28 “Sale or contribution of assets between an investor and its associate or joint venture”	To be determined
Amendments to HKAS 1 and HKFRS Practice Statement 2 “Disclosure of Accounting Policies”	1 January 2023
Amendments to HKAS 8 “Definition of Accounting Estimates”	1 January 2023
Amendments to HKAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	1 January 2023
Amendments to HKAS 1 “Classification of Liabilities as Current or Non-current”	1 January 2023
Hong Kong Interpretation 5 (2020) Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause (HK Int 5 (2020))	1 January 2023

Certain new accounting standards and interpretations have been published that are not mandatory for the 31 December 2021 reporting period and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

#### **4. ESTIMATES**

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

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation were the same as those that applied to the consolidated financial statements for the year ended 30 June 2021.

## 5. SEGMENT INFORMATION

The Group operates as three operating segments. The operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (the “CODM”), the executive directors.

Management has determined the operating segments based on the information reviewed by the CODM for the purposes of allocating resources and assessing performance. The CODM consider the business from product perspective.

The CODM consider the operating segments as follows: mature brand representing JNBY, younger brands portfolio representing CROQUIS (速寫), jnby by JNBY, and LESS, and emerging brands representing POMME DE TERRE (蓬馬), JNBYHOME, etc.

Management assesses the performance of the operating segments based on operating profit.

	<b>Six months ended 31 December 2021</b>			
	<b>Mature brand RMB'000</b>	<b>Younger brands RMB'000</b>	<b>Emerging brands RMB'000</b>	<b>Total RMB'000</b>
Revenue				
Mainland China	1,425,218	998,341	42,517	2,466,076
Outside mainland China	<u>14,646</u>	<u>3,786</u>	<u>172</u>	<u>18,604</u>
Revenue from external customers	<u>1,439,864</u>	<u>1,002,127</u>	<u>42,689</u>	<u>2,484,680</u>
Segment gross profit	<u>922,994</u>	<u>630,151</u>	<u>20,659</u>	<u>1,573,804</u>
Segment operating profit/(loss)	<u>571,292</u>	<u>293,885</u>	<u>(584)</u>	<u>864,593</u>
Unallocated selling and marketing expenses and administrative expenses				<u>(279,319)</u>
Other income and gains, net				<u>28,485</u>
Total operating profit				<u><u>613,759</u></u>

	Six months ended 31 December 2020			
	Mature brand <i>RMB'000</i>	Younger brands <i>RMB'000</i>	Emerging brands <i>RMB'000</i>	Total <i>RMB'000</i>
Revenue				
Mainland China	1,306,052	945,971	45,086	2,297,109
Outside mainland China	<u>12,517</u>	<u>4,950</u>	<u>87</u>	<u>17,554</u>
Revenue from external customers	<u>1,318,569</u>	<u>950,921</u>	<u>45,173</u>	<u>2,314,663</u>
Segment gross profit	<u>826,509</u>	<u>583,825</u>	<u>14,818</u>	<u>1,425,152</u>
Segment operating profit/(loss)	<u>520,855</u>	<u>306,998</u>	<u>(4,598)</u>	<u>823,255</u>
Unallocated selling and marketing expenses and administrative expenses				<u>(209,238)</u>
Other income and gains, net				<u>27,911</u>
Total operating profit				<u><u>641,928</u></u>

## 6. EXPENSES BY NATURE

	Six months ended 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Cost of inventories sold	834,343	795,159
Workforce contracting expenses	198,425	164,057
Promotion and marketing expenses	185,053	91,482
Employee benefit expenses (including share-based compensation expenses)	175,522	158,741
Expenses relating to short-term leases and variable lease payments	161,124	169,897
Depreciation and amortisation ( <i>Notes 12, 13 &amp; 14</i> )		
— Right-of-use assets	109,718	87,517
— Property, plant and equipment	40,324	29,484
— Intangible assets	1,215	1,132
Provision for inventories ( <i>Note 15</i> )	42,431	77,259
Utilities charges and office expenses	27,621	26,002
Transportation and warehouse expenses	27,500	25,822
Commission expenses to online platforms	26,853	24,376
Taxes and other surcharges	20,095	17,682
Consumables and service fee for apparel design	13,704	12,218
Other professional service expenses	10,868	6,337
Entertainment and travelling expenses	7,504	5,673
Auditors' remuneration	1,350	1,200
Provision/(reversal of) for impairment losses on financial assets	1,146	(5,481)
Others	14,610	12,089
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Total cost of sales, selling and marketing expenses and administrative expenses	<b>1,899,406</b>	<b>1,700,646</b>
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## 7. OTHER INCOME AND GAINS, NET

	Six months ended 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Other income</b>		
Government grants (i)	<u>21,180</u>	<u>25,266</u>
<b>Other gains</b>		
Fair value gains of venture capital funds	5,817	—
Interest income from loans to a related party	1,900	—
Fair value gains of financial products (ii)	556	2,865
Losses on disposal of property, plant and equipment	(478)	(278)
Donations	(1,249)	(521)
Others	<u>759</u>	<u>579</u>
	<u>7,305</u>	<u>2,645</u>
	<u><u>28,485</u></u>	<u><u>27,911</u></u>

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

(ii) Fair value gains represent primarily fair value gains from the Group's investment in financial products issued by commercial banks.

## 8. FINANCE INCOME AND COSTS

	Six months ended 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Finance income</b>		
Interest income on cash and cash equivalents, restricted cash and term deposits with initial term over 3 months	16,845	10,419
Net foreign exchange gains on financing activities	<u>3,593</u>	<u>2,624</u>
	<u>20,438</u>	<u>13,043</u>
<b>Finance costs</b>		
Interest on lease liabilities	(17,083)	(9,140)
Discount charges of bills receivables	<u>(2,512)</u>	<u>(3,255)</u>
	<u>(19,595)</u>	<u>(12,395)</u>
<b>Finance income — net</b>	<u><u>843</u></u>	<u><u>648</u></u>

## 9. INCOME TAX EXPENSE

The Group is not subject to taxation in the Cayman Islands. Entities incorporated in Hong Kong are subject to Hong Kong profits tax at a rate of 8.25% on assessable profits up to HK\$2,000,000 and 16.5% on any part of assessable profits over HK\$2,000,000 for the periods presented. Entities established and operated in the PRC are subject to PRC Enterprise Income Tax (“EIT”) at a rate of 25% (2020: 25%).

	Six months ended 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Current income tax expense		
— Enterprise income tax expense	<b>185,341</b>	183,230
Deferred income tax expense	<b>(14,572)</b>	(4,187)
	<b><u>170,769</u></b>	<b><u>179,043</u></b>

Income tax expense is recognised based on management’s estimate of weighted average annual income tax rate expected for the full financial year. The estimated effective tax rate used for the Group is 27.8% (six months ended 31 December 2020: 27.9%).

## 10. EARNINGS PER SHARE

### (a) Basic

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

	Six months ended 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Profit attributable to shareholders of the Company	<b>443,836</b>	463,536
Weighted average number of ordinary shares in issue excluding shares held under the RSU Scheme in issue (thousands of shares)	<b>498,406</b>	499,477
Basic earnings per share (expressed in RMB per share)	<b><u>0.89</u></b>	<b><u>0.93</u></b>

**(b) Diluted**

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

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

	<b>Six months ended 31 December</b>	
	<b>2021</b>	<b>2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Profit attributable to shareholders of the Company	<u>443,836</u>	<u>463,536</u>
Weighted average number of ordinary shares in issue excluding shares held under the RSU Scheme in issue (thousands of shares)	<b>498,406</b>	499,477
Adjustments for share based compensation — RSUs (thousands of shares)	<u>7,864</u>	<u>23</u>
Weighted average number of ordinary shares for the calculation of diluted EPS (thousands of shares)	<u>506,270</u>	<u>499,500</u>
Diluted earnings per share (expressed in RMB per share)	<u><b>0.88</b></u>	<u>0.93</u>

**11. DIVIDENDS**

Pursuant to the shareholders' resolution on 22 October 2021, a final dividend of RMB298,155,000 (six months ended 31 December 2020: RMB234,048,000) and a special dividend of RMB161,458,000 out of share premium account relating to the year ended 30 June 2021 were paid during the six months ended 31 December 2021.

Pursuant to a resolution of the Board on 28 February 2022, an interim dividend of HK\$0.39 (approximately RMB0.32) per ordinary share totaling approximately RMB159,367,000 was approved. These financial statements do not reflect this dividend payable.

## 12. PROPERTY, PLANT AND EQUIPMENT

	Office equipment and others <i>RMB'000</i>	Machinery <i>RMB'000</i>	Motor vehicles <i>RMB'000</i>	Leasehold improvements <i>RMB'000</i>	Construction- in-progress <i>RMB'000</i>	Buildings of logistics center <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Six months ended 31 December 2021</b>							
Opening net book value as at							
1 July 2021	29,909	53,650	2,618	126,299	103	185,720	398,299
Additions	6,991	11,740	2,731	54,869	790	625	77,746
Transfer from construction-in-progress	—	—	—	—	(893)	893	—
Depreciation	(4,951)	(3,421)	(376)	(26,612)	—	(4,964)	(40,324)
Disposals	(500)	(93)	—	—	—	—	(593)
Closing net book value	<u>31,449</u>	<u>61,876</u>	<u>4,973</u>	<u>154,556</u>	<u>—</u>	<u>182,274</u>	<u>435,128</u>
<b>As at 31 December 2021</b>							
Cost	61,707	79,365	10,058	297,037	—	207,703	655,870
Accumulated depreciation	<u>(30,258)</u>	<u>(17,489)</u>	<u>(5,085)</u>	<u>(142,481)</u>	<u>—</u>	<u>(25,429)</u>	<u>(220,742)</u>
Net book value	<u>31,449</u>	<u>61,876</u>	<u>4,973</u>	<u>154,556</u>	<u>—</u>	<u>182,274</u>	<u>435,128</u>
<b>Six months ended 31 December 2020</b>							
Opening net book value as at							
1 July 2020	19,478	52,356	1,057	24,384	34,069	192,776	324,120
Additions	13,837	3,225	1,014	20,107	43,881	—	82,064
Transfer from construction-in-progress	—	—	—	77,950	(77,950)	—	—
Depreciation	(2,631)	(3,330)	(217)	(18,632)	—	(4,674)	(29,484)
Disposals	(351)	(185)	(25)	—	—	—	(561)
Closing net book value	<u>30,333</u>	<u>52,066</u>	<u>1,829</u>	<u>103,809</u>	<u>—</u>	<u>188,102</u>	<u>376,139</u>
<b>As at 31 December 2020</b>							
Cost	53,759	63,189	6,307	225,401	—	203,861	552,517
Accumulated depreciation	<u>(23,426)</u>	<u>(11,123)</u>	<u>(4,478)</u>	<u>(121,592)</u>	<u>—</u>	<u>(15,759)</u>	<u>(176,378)</u>
Net book value	<u>30,333</u>	<u>52,066</u>	<u>1,829</u>	<u>103,809</u>	<u>—</u>	<u>188,102</u>	<u>376,139</u>

### 13. RIGHT-OF-USE ASSETS

	<b>Rented premises for stores and offices</b> <i>RMB'000</i>	<b>Land use right</b> <i>RMB'000</i>	<b>Total</b> <i>RMB'000</i>
<b>Six months ended 31 December 2021</b>			
Opening net book value as at 1 July 2021	615,105	24,963	640,068
Additions	168,229	—	168,229
Disposals	(1,417)	—	(1,417)
Depreciation and amortisation	<u>(109,439)</u>	<u>(279)</u>	<u>(109,718)</u>
Closing net book value as at 31 December 2021	<u><u>672,478</u></u>	<u><u>24,684</u></u>	<u><u>697,162</u></u>
<b>Six months ended 31 December 2020</b>			
Opening net book value as at 1 July 2020	170,623	25,521	196,144
Additions	428,106	—	428,106
Disposals	(2,063)	—	(2,063)
Depreciation and amortisation	<u>(87,238)</u>	<u>(279)</u>	<u>(87,517)</u>
Closing net book value as at 31 December 2020	<u><u>509,428</u></u>	<u><u>25,242</u></u>	<u><u>534,670</u></u>

#### 14. INTANGIBLE ASSETS

	<b>Computer software RMB'000</b>	<b>Others RMB'000</b>	<b>Total RMB'000</b>
<b>Six months ended 31 December 2021</b>			
Opening net book value as at 1 July 2021	15,527	171	15,698
Additions	1,906	—	1,906
Amortisation charge	<u>(1,198)</u>	<u>(17)</u>	<u>(1,215)</u>
Closing net book value as at 31 December 2021	<u><u>16,235</u></u>	<u><u>154</u></u>	<u><u>16,389</u></u>
<b>As at 31 December 2021</b>			
Cost	26,153	244	26,397
Accumulated amortisation	<u>(9,918)</u>	<u>(90)</u>	<u>(10,008)</u>
Net book value	<u><u>16,235</u></u>	<u><u>154</u></u>	<u><u>16,389</u></u>
<b>Six months ended 31 December 2020</b>			
Opening net book value as at 1 July 2020	13,376	221	13,597
Additions	2,844	—	2,844
Amortisation charge	<u>(1,107)</u>	<u>(25)</u>	<u>(1,132)</u>
Closing net book value as at 31 December 2020	<u><u>15,113</u></u>	<u><u>196</u></u>	<u><u>15,309</u></u>
<b>As at 31 December 2020</b>			
Cost	22,710	244	22,954
Accumulated amortisation	<u>(7,597)</u>	<u>(48)</u>	<u>(7,645)</u>
Net book value	<u><u>15,113</u></u>	<u><u>196</u></u>	<u><u>15,309</u></u>

## 15. INVENTORIES

	As at 31 December 2021 <i>RMB'000</i>	As at 30 June 2021 <i>RMB'000</i>
Finished goods	1,089,237	1,003,862
Commissioned processing materials	119,230	177,623
Raw materials	34,939	27,554
Less: provision	<u>(482,770)</u>	<u>(502,201)</u>
	<u><b>760,636</b></u>	<u><b>706,838</b></u>

Movements of provision for inventories are as follows:

	Six months ended 31 December 2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Opening balance as at 1 July	502,201	452,658
Addition of provision for inventories to net realisable value included in “cost of sales” ( <i>Note 6</i> )	42,431	77,259
Release of provision upon sales of inventories written down in prior years	<u>(61,862)</u>	<u>(46,787)</u>
Closing balance as at 31 December	<u><b>482,770</b></u>	<u><b>483,130</b></u>

## 16. TRADE RECEIVABLES

	As at 31 December 2021 <i>RMB'000</i>	As at 30 June 2021 <i>RMB'000</i>
Trade receivables	227,035	145,327
Less: provision for impairment	<u>(27,166)</u>	<u>(26,222)</u>
	<u><b>199,869</b></u>	<u><b>119,105</b></u>

The trade receivables are mainly related to sales through retail stores within department stores and shopping malls, and are generally received 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 dates was as follows:

	As at 31 December 2021 <i>RMB'000</i>	As at 30 June 2021 <i>RMB'000</i>
Within 3 months	198,718	114,991
3 months to 6 months	2,252	8,186
6 months to 1 year	5,360	4,014
1 year to 2 years	6,401	4,731
more than 2 years	14,304	13,405
	<u>227,035</u>	<u>145,327</u>

#### 17. PREPAYMENTS, DEPOSITS AND OTHER ASSETS

	As at 31 December 2021 <i>RMB'000</i>	As at 30 June 2021 <i>RMB'000</i>
<b>Long-term prepayments</b>		
Long-term prepaid expenses	15,096	11,726
Advance payments for long-term assets	8,441	8,441
	<u>23,537</u>	<u>20,167</u>
<b>Current assets</b>		
Deposits and other receivables	100,603	96,942
Right of goods return	108,586	53,279
Prepayment to suppliers	27,547	52,742
Prepaid expenses	23,505	36,602
Value added tax recoverable	3,799	1,237
Staff advances	44	143
	<u>264,084</u>	<u>240,945</u>
	<u>287,621</u>	<u>261,112</u>

## 18. TRADE AND BILLS PAYABLES

	As at 31 December 2021 <i>RMB'000</i>	As at 30 June 2021 <i>RMB'000</i>
Trade payables	344,038	256,492
Bills payables	14,231	—
	<u>358,269</u>	<u>256,492</u>

Ageing analysis of trade payables based on date of goods received as at 31 December 2021 and 30 June 2021 was as follows:

	As at 31 December 2021 <i>RMB'000</i>	As at 30 June 2021 <i>RMB'000</i>
Within 6 months	340,711	250,799
6 months to 1 year	1,153	2,994
1 to 2 years	532	1,160
2 to 3 years	1,642	1,539
	<u>344,038</u>	<u>256,492</u>

## 19. CONTRACT LIABILITIES

	As at 31 December 2021 <i>RMB'000</i>	As at 30 June 2021 <i>RMB'000</i>
Advances from distributors	261,795	290,362
Customer loyalty programme	22,817	19,414
	<u>284,612</u>	<u>309,776</u>

## 20. ACCRUALS AND OTHER CURRENT LIABILITIES

	As at 31 December 2021 <i>RMB'000</i>	As at 30 June 2021 <i>RMB'000</i>
<b>Non-current liabilities</b>		
Payables for guarantee deposits	<u>2,350</u>	<u>5,413</u>
<b>Current liabilities</b>		
Provisions for sales returns	305,588	138,628
Value-added tax and other taxes payables	117,584	62,890
Provisions for sales rebates	86,588	61,647
Payroll and welfare payables	74,982	161,670
Payables for leasehold improvements	52,669	49,361
Workforce contracting payables	41,680	27,315
Deposits received from suppliers (a)	39,503	38,600
Distribution deposits (b)	29,812	30,831
Accruals for marketing and promotions	11,438	19,796
Rentals	4,523	2,749
Payables for property, plant and equipment	2,708	2,837
Others	<u>35,234</u>	<u>25,929</u>
	<u>802,309</u>	<u>622,253</u>
	<u>804,659</u>	<u>627,666</u>

- (a) Deposits received from suppliers represent non-interest bearing deposits received from third-party suppliers for quality assurance.
- (b) Distribution deposits represent non-interest bearing deposits received from third-party distributors as a condition of engaging in business with the Group for distributing the Group's products in specific geographical areas. Such distribution deposits should be refunded to the distributors when the distribution relationship with the Group is terminated.

## 21. LEASE LIABILITIES

	As at 31 December 2021 <i>RMB'000</i>	As at 30 June 2021 <i>RMB'000</i>
Total lease liabilities	322,921	247,336
Less: current portion	<u>(146,231)</u>	<u>(121,647)</u>
Non-current portion	<u>176,690</u>	<u>125,689</u>

The Group leases various retail shops, offices and land use right. Most lease liabilities are denominated in RMB.

## 22. BORROWINGS

	As at 31 December 2021 <i>RMB'000</i>	As at 30 June 2021 <i>RMB'000</i>
Short-term borrowings	<u>148,953</u>	<u>243,619</u>

As at 31 December 2021, the bills receivables, amounting to RMB150,000,000, issued by a subsidiary to another subsidiary of the Group for intra-group transaction settlement were discounted to commercial banks with recourse. The Directors were of the view that balance under such factoring arrangements were borrowings from banks. As at 31 December 2021, the average discounted rate was 2.75% per annum (30 June 2021: 2.73%).

## 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 the six months ended December 31, 2021 amounted to RMB2,484.7 million, an increase of 7.3% or RMB170.0 million as compared with RMB2,314.7 million for the six months ended December 31, 2020. The increase in the revenue was mainly attributable to the upgrading of the Group's retail network and the continuous growth of our revenue from online channels.

The total number of our standalone retail stores around the world increased from 1,931 as of June 30, 2021 to 1,996 as of December 31, 2021. Including standalone offline stores abroad, our sales network has covered all provinces, autonomous regions and municipalities in Mainland China and across 10 other countries and regions around the world. The tables below set forth the information on the number of our standalone retail stores around the world by different brands and "JNBY Group +" multi-brand collection stores, respectively:

<b>Number of our standalone retail stores around the world by different brands</b>	<b>As of December 31, 2021</b>	<b>As of June 30, 2021</b>
Mature Brand JNBY	<u>952</u>	<u>926</u>
Subtotal	<u>952</u>	<u>926</u>
Younger Brands CROQUIS (速寫)	319	312
jnby by JNBY	475	470
LESS	<u>204</u>	<u>185</u>
Subtotal	<u>998</u>	<u>967</u>
Emerging Brands POMME DE TERRE (蓬馬)	33	28
JNBYHOME	<u>—</u>	<u>—</u>
Others	<u>2</u>	<u>2</u>
Subtotal	<u>35</u>	<u>30</u>
"JNBY Group +" multi-brand collection stores	<u>11</u>	<u>8</u>
<b>Total</b>	<b><u>1,996</u></b>	<b><u>1,931</u></b>

	As of December 31, 2021	As of June 30, 2021
<b>Number and geographic distribution of our retail stores by sales channels</b>		
<b>Mainland China</b>		
Self-operated stores	573	544
Distributor-operated stores	1,394	1,357
<b>Outside Mainland China</b>		
Self-operated stores	1	1
Distributor-operated stores	28	29
	<hr/>	<hr/>
<b>Total</b>	<b>1,996</b>	<b>1,931</b>
	<hr/> <hr/>	<hr/> <hr/>

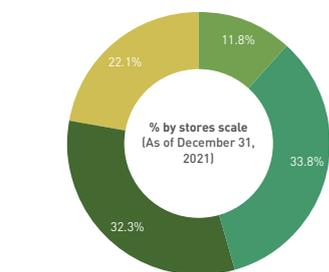
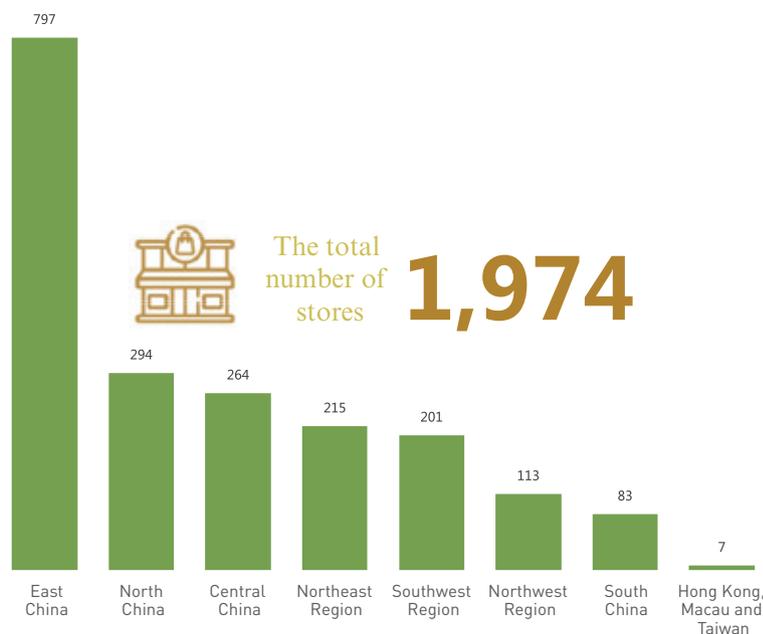
The following charts show the retail network distribution of our standalone retail stores in countries and regions all over the world (excluding points of sale), the geographic distribution of our retail stores (including standalone distributor-operated and self-operated stores) across Mainland China, Hong Kong and Taiwan as well as the distribution of our stores and retail sales by city tiers across Mainland China as of December 31, 2021 respectively:



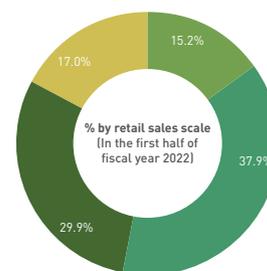
*Number of stores and retail sales by city tiers across Mainland China*

*Total Number of stores and its geographic distribution across Mainland China, Hong Kong and Taiwan Region*

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



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



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

## Same store sales growth of offline shops

In the first half of fiscal year 2022, the customer traffic of our offline shops recorded a significant decline affected by the pandemic preventive and control measures implemented in various places, as the pandemic worsened in many provinces and regions. Although we have provided consumers with more value-added services by continuously launching new consumption scenarios or products such as “Box Project” and “JNBY Group +” multi-brand collection stores, while gradually upgrading the store image of all brands in order to provide customers with more comfortable shopping experience, same store sales of offline retail shops for the first half of fiscal year 2022 recorded a decrease of 3.0%, which was mainly due to the facts that:

- (i) the substantial decrease in customer traffic as a result of the pandemic;
- (ii) as a result of customer traffic, the incremental retail sales generated by the inventory sharing and allocation system was RMB509.6 million for the first half of fiscal year 2022, representing a decrease of 4.1% as compared with RMB531.5 million for the first half of fiscal year 2021.
- (iii) the GMV through social retail channels including “Box Project”, “WeChat Mall” and “Diversified Social E-commerce” reached RMB380.0 million in the first half of fiscal year 2022, representing an increase of over 2 times as compared to the first half of fiscal year 2021 due to continuous utilization of Internet+ mindsets and technologies. Most off-store sales were reflected in same store sales growth of offline shops, which are still insufficient to make up for the significant decline in customer traffic of our offline shops.

## Members-related data

As of December 31, 2021, the Group had over 5.3 million membership accounts (without duplication) (as of June 30, 2021: over 4.9 million), including our more than 4.9 million subscribers (without duplication) on the WeChat platform (as of June 30, 2021: over 4.4 million). The proportion of the Group’s digital members on the WeChat platform remained stable, being over 90% (as of June 30, 2021: over 90%). During the first half of fiscal year 2022, the retail sales contributed by the members of the Group maintained stable, accounting for approximately 70% of our total retail sales.

In 2021, the number of active members accounts of the Group<sup>(note 1)</sup> (without duplication) was over 410,000 (2020: over 410,000), among these membership accounts, the number of WeChat active members accounts<sup>(note 2)</sup> (without duplication) was over 400,000 (2020: over 400,000). In 2021, the number of active members accounts and the number of WeChat active members accounts were basically on par with that in 2020, which was mainly arising from the great impact of the pandemic continuing to linger in many provinces and regions in 2021 on retail industry.

In 2021, the number of membership accounts with annual purchases totaling over RMB5,000 was over 200,000 (2020: over 180,000, 2019: over 210,000), and the retail sales contributed by those membership accounts has reached RMB2.64 billion (2020: RMB2.2 billion, 2019: RMB2.5 billion), accounting for over 40% to the total retail sales from offline channels. Among these membership accounts, the number of subscribers on our WeChat platform with annual purchases totaling over RMB5,000 was over 200,000 for 2021 (2020: over 180,000, 2019: over 200,000). In 2021, the number of membership accounts with annual purchases totaling over RMB5,000 and the retail sales increased as compared with that in 2020, and recovered or surpassed the level in 2019, mainly due to the initial results of the Group's initiatives to continue to strengthen its brand equity.

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

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

## Revenue by brands

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

	For the six months ended December 31,					
	2021		2020		Increase/(Decrease)	
	<i>RMB'000</i>	(%)	<i>RMB'000</i>	(%)	<i>RMB'000</i>	(%)
Mature Brand:						
JNBY	<u>1,439,864</u>	<u>57.9%</u>	<u>1,318,569</u>	<u>57.0%</u>	<u>121,295</u>	<u>9.2%</u>
Subtotal	<u>1,439,864</u>	<u>57.9%</u>	<u>1,318,569</u>	<u>57.0%</u>	<u>121,295</u>	<u>9.2%</u>
Younger Brands:						
CROQUIS (速寫)	<u>389,111</u>	<u>15.7%</u>	<u>389,893</u>	<u>16.8%</u>	<u>(782)</u>	<u>(0.2)%</u>
jnby by JNBY	<u>354,643</u>	<u>14.3%</u>	<u>357,143</u>	<u>15.4%</u>	<u>(2,500)</u>	<u>(0.7)%</u>
LESS	<u>258,373</u>	<u>10.4%</u>	<u>203,885</u>	<u>8.8%</u>	<u>54,488</u>	<u>26.7%</u>
Subtotal	<u>1,002,127</u>	<u>40.4%</u>	<u>950,921</u>	<u>41.0%</u>	<u>51,206</u>	<u>5.4%</u>
Emerging Brands:						
POMME DE TERRE (蓬馬)	<u>20,029</u>	<u>0.8%</u>	<u>26,837</u>	<u>1.2%</u>	<u>(6,808)</u>	<u>(25.4)%</u>
JNBYHOME	<u>15,639</u>	<u>0.6%</u>	<u>12,751</u>	<u>0.6%</u>	<u>2,888</u>	<u>22.6%</u>
Others	<u>7,021</u>	<u>0.3%</u>	<u>5,585</u>	<u>0.2%</u>	<u>1,436</u>	<u>25.7%</u>
Subtotal	<u>42,689</u>	<u>1.7%</u>	<u>45,173</u>	<u>2.0%</u>	<u>(2,484)</u>	<u>(5.5)%</u>
Total revenue <sup>(1)</sup>	<u>2,484,680</u>	<u>100.0%</u>	<u>2,314,663</u>	<u>100.0%</u>	<u>170,017</u>	<u>7.3%</u>

Note:

(1) Includes revenue recorded by “JNBY Group +” multi-brand collection stores of RMB69.7 million.

For the first half of fiscal year 2022, the revenue of the Group continued to achieve steady growth. Revenue generated from the Group’s Mature brand with a history over 25 years, JNBY brand, continued to grow, representing an increase of 9.2% or RMB121.3 million. For the Younger brands portfolio, it consists of brands which were successively launched from 2005 to 2011, namely CROQUIS (速寫), jnby by JNBY and LESS. Revenue generated from Younger brands portfolio maintained growth, with a total growth rate reached 5.4%. For Emerging brands portfolio, it consists of various new brands, such as POMME DE TERRE (蓬馬) and JNBYHOME. Revenue from Emerging brands portfolio totaling of RMB42.7 million were recorded, showing an aggregate of 1.7% to the total revenue.

### Revenue by sales channels

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

	For the six months ended December 31,					
	2021		2020		Increase/(Decrease)	
	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)
<b>Offline channels</b>	<b>2,120,502</b>	<b>85.3%</b>	1,981,282	85.6%	139,220	7.0%
Self-operated stores	978,906	39.4%	959,700	41.5%	19,206	2.0%
Distributor-operated stores <sup>(1)</sup>	1,141,596	45.9%	1,021,582	44.1%	120,014	11.7%
<b>Online channels</b>	<b>364,178</b>	<b>14.7%</b>	328,791	14.2%	35,387	10.8%
<b>Other channels</b>	<b>—</b>	<b>—%</b>	4,590	0.2%	(4,590)	(100.0)%
<b>Total revenue</b>	<b>2,484,680</b>	<b>100.0%</b>	2,314,663	100.0%	170,017	7.3%

Note:

(1) Include stores operated by overseas customers.

In the first half of fiscal year 2022, absolute amounts of revenue generated from sales through our offline and online channels continued to increase as compared with that in the first half of fiscal year 2021. Benefiting from the rapid growth of off-store sales through our offline channel and the fact that more and more customers get used to shopping on various e-commerce platforms in the process of normalized pandemic prevention and control, revenue generated from sales through our online channels, as a percentage of our total revenue, has increased from 14.2% for the first half of fiscal year 2021 to 14.7% for the first half of fiscal year 2022, which has driven the increase in the overall revenue of the Group.

## Revenue by geographical distribution

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

	For the six months ended December 31,					
	2021		2020		Increase	
	<i>RMB'000</i>	<i>(%)</i>	<i>RMB'000</i>	<i>(%)</i>	<i>RMB'000</i>	<i>(%)</i>
Mainland China	<b>2,466,076</b>	<b>99.3%</b>	2,297,109	99.2%	168,967	7.4%
Outside Mainland China <sup>(1)</sup>	<b>18,604</b>	<b>0.7%</b>	17,554	0.8%	1,050	6.0%
Total revenue	<b><u>2,484,680</u></b>	<b><u>100.0%</u></b>	<b><u>2,314,663</u></b>	<b><u>100.0%</u></b>	<b><u>170,017</u></b>	<b><u>7.3%</u></b>

*Note:*

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

In the first half of fiscal year 2022, the absolute amounts of revenue generated from sales in Mainland China areas continued to increase as compared with that in the first half of fiscal year 2021.

## Gross profit and gross profit margin

The Group's gross profit increased by 10.4% from RMB1,425.2 million for the first half of fiscal year 2021 to RMB1,573.8 million for the first half of fiscal year 2022, which was mainly attributable to the increase in revenue scale.

The Group's overall gross profit margin increased from 61.6% for the first half of fiscal year 2021 to 63.3% for the first half of fiscal year 2022, which was mainly attributable to the enhancement of the Group's comprehensive brand equity.

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

	For the six months ended December 31,					
	2021		2020		Increase/(Decrease)	
	<i>RMB'000</i>	(%)	<i>RMB'000</i>	(%)	<i>RMB'000</i>	(%)
Mature Brand:						
JNBY	<u>922,994</u>	<u>64.1%</u>	<u>826,509</u>	<u>62.7%</u>	<u>96,485</u>	<u>11.7%</u>
Subtotal	<u>922,994</u>	<u>64.1%</u>	<u>826,509</u>	<u>62.7%</u>	<u>96,485</u>	<u>11.7%</u>
Younger Brands:						
CROQUIS (速寫)	<u>245,877</u>	<u>63.2%</u>	<u>235,674</u>	<u>60.4%</u>	<u>10,203</u>	<u>4.3%</u>
jnby by JNBY	<u>212,017</u>	<u>59.8%</u>	<u>215,022</u>	<u>60.2%</u>	<u>(3,005)</u>	<u>(1.4)%</u>
LESS	<u>172,257</u>	<u>66.7%</u>	<u>133,129</u>	<u>65.3%</u>	<u>39,128</u>	<u>29.4%</u>
Subtotal	<u>630,151</u>	<u>62.9%</u>	<u>583,825</u>	<u>61.4%</u>	<u>46,326</u>	<u>7.9%</u>
Emerging Brands:						
POMME DE TERRE (蓬馬)	<u>8,410</u>	<u>42.0%</u>	<u>7,163</u>	<u>26.7%</u>	<u>1,247</u>	<u>17.4%</u>
JNBYHOME	<u>7,410</u>	<u>47.4%</u>	<u>4,549</u>	<u>35.7%</u>	<u>2,861</u>	<u>62.9%</u>
Others	<u>4,839</u>	<u>68.9%</u>	<u>3,106</u>	<u>55.6%</u>	<u>1,733</u>	<u>55.8%</u>
Subtotal	<u>20,659</u>	<u>48.4%</u>	<u>14,818</u>	<u>32.8%</u>	<u>5,841</u>	<u>39.4%</u>
Total	<u><u>1,573,804</u></u>	<u><u>63.3%</u></u>	<u><u>1,425,152</u></u>	<u><u>61.6%</u></u>	<u><u>148,652</u></u>	<u><u>10.4%</u></u>

	For the six months ended December 31,					
	2021		2020		Increase/(Decrease)	
	<i>RMB'000</i>	(%)	<i>RMB'000</i>	(%)	<i>RMB'000</i>	(%)
<b>Offline channels</b>	<b>1,358,668</b>	<b>64.1%</b>	1,231,236	62.1%	127,552	10.4%
Self-operated stores	<b>695,294</b>	<b>71.0%</b>	660,475	68.8%	34,537	5.3%
Distributor-operated stores	<b>663,374</b>	<b>58.1%</b>	570,761	55.9%	93,015	16.3%
<b>Online channels</b>	<b>215,136</b>	<b>59.1%</b>	190,512	57.9%	24,504	12.9%
<b>Other channels</b>	<b>—</b>	<b>—%</b>	3,404	74.2%	(3,404)	(100.0)%
<b>Total</b>	<b><u>1,573,804</u></b>	<b><u>63.3%</u></b>	<b><u>1,425,152</u></b>	<b><u>61.6%</u></b>	<b><u>148,652</u></b>	<b><u>10.4%</u></b>

### Selling and marketing expenses and administrative expenses

In the first half of fiscal year 2022, selling and marketing expenses were RMB797.9 million (the first half of fiscal year 2021: RMB671.2 million), which primarily consist of: (i) expenses relating to short-term leases and variable lease payments; (ii) the amortisation of right-of-use assets; (iii) our service outsourcing expenses; and (iv) our employee benefit expenses. In percentage terms, the selling and marketing expenses accounted for 32.1% of our revenue in the first half of fiscal year 2022 (the first half of fiscal year 2021: 29.0%). The increase in the expense ratio as compared to the first half of fiscal year 2021 was mainly attributable to (i) the Group's increased investment in marketing activities expenses related to brand power improvement; and (ii) the increase in expenses for employees of stores. The administrative expenses for the first half of fiscal year 2022 were RMB190.6 million (the first half of fiscal year 2021: RMB139.9 million) which, among others, primarily consist of: (i) employee benefit expenses; (ii) product development outsourcing fees; and (iii) professional service expenses. In particular, the expenses incurred by the product design and R&D department amounted to RMB70.6 million (the first half of fiscal year 2021: RMB60.0 million). In percentage terms, administrative expenses accounted for 7.7% of our revenue in the first half of fiscal year 2022 (the first half of fiscal year 2021: 6.0%).

### Finance income, net

The Group's finance income, net for the first half of fiscal year 2022 was net gain of RMB0.8 million (the first half of fiscal year 2021: financial income, net was net gain of RMB0.6 million).

### **Net profit and net profit margin**

Due to the above-mentioned factors, net profit for the first half of fiscal year 2022 was RMB443.8 million, representing a decrease of 4.2% or RMB19.7 million as compared with RMB463.5 million for the first half of fiscal year 2021. The decrease in net profit was mainly attributable to the increase in relevant marketing and promotion expenses as a result of the Group's increased efforts in building its long-term brand power. Net profit margin decreased from 20.0% for the first half of fiscal year 2021 to 17.9% for the first half of fiscal year 2022.

### **Capital expenditure**

The Group's capital expenditure mainly consists of payments for construction of our logistic center, property, plant and equipment, intangible assets and decoration of our self-operated stores. The Company's capital expenditure for the first half of fiscal year 2022 was RMB79.5 million (the first half of fiscal year 2021: RMB71.5 million).

### **Profit before income tax**

The Group's profit before income tax decreased by 4.4%, from RMB642.6 million for the first half of fiscal year 2021 to RMB614.6 million for the first half of fiscal year 2022. The decrease in the profit before income tax was mainly due to the decrease in the Group's operating profit.

### **Financial position**

The Group generally finances its operations with internally generated cash flows and banking facilities provided by the banks. As of December 31, 2021, the Group's cash and cash equivalents were RMB853.2 million (June 30, 2021: RMB549.0 million), of which 91.9% was denominated in RMB, 1.4% in US dollars and 6.7% in other currencies. Net cash inflow from operating activities in the first half of fiscal year 2022 was RMB772.8 million, a decrease of 30.7% as compared with RMB1,114.4 million in the first half of fiscal year 2021.

As at December 31, 2021, our short-term bank loans amounted to RMB149.0 million, representing (i) our short-term loans of RMB50.0 million borrowed from China Merchants Bank on January 6, 2021, (ii) our short-term loans of RMB49.8 million borrowed from China Merchants Bank on May 31, 2021, and (iii) our short-term loans of RMB49.2 million borrowed from Industrial and Commercial Bank of China on September 2, 2021.

## **Significant investment events**

### ***Subscription of financial products***

On September 24, 2021, JNBY Finery Co., Ltd. (“**JNBY Finery**”), a subsidiary of the Company, subscribed for the short-term financial products of United Bank with a principal of RMB40,000,000. The subscription mentioned above does not constitute a notifiable transaction of the Company.

On November 26, 2021, JNBY Finery subscribed for the short-term financial products of United Bank with a principal of RMB30,000,000. The subscription mentioned above does not constitute a notifiable transaction of the Company.

### **Investment funds**

On June 10, 2021, the Group signed a subscription agreement in relation to a venture capital fund as a limited partner with a total capital commitment of US\$10,000,000. During the six months ended December 31, 2021, the Group made capital contributions of US\$2,200,000. The subscription mentioned above does not constitute a notifiable transaction of the Company.

On July 15, 2021, the Group signed the subscription agreements in relation to two venture capital funds as a limited partner with a total capital commitment of RMB60,000,000. Both venture capital funds are related parties of Mr. Wei Zhe, a non-executive Director. During the six months ended December 31, 2021, the Group made capital contributions of RMB27,000,000. The Group has uncalled capital commitments of RMB33,000,000 in accordance with the subscription agreements. The subscriptions mentioned above are set out in the announcement of the Company dated July 15, 2021.

### **Exposure to fluctuations in exchange rates**

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

### **Human resources**

The number of the Group’s employees increased to 1,450 as of December 31, 2021 (June 30, 2021: 1,397). The total staff costs for the first half of fiscal year 2022 (including basic salaries and allowances, social security insurance, discretionary bonuses and share-based compensation expenses) were RMB175.5 million (the first half of fiscal year 2021: RMB158.7 million), representing 7.1% of our revenue (the first half of fiscal year 2021: 6.9%).

## **Pledge of assets**

As at December 31, 2021, the Group did not have any secured bank borrowings.

## **Contingent liabilities**

As at December 31, 2021, the Group did not have any material contingent liabilities.

## **Events after the balance sheet date**

The Group has no significant events after the balance sheet date and up to the date of this announcement.

## **OUTLOOK**

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

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

- To continue to attract and cultivate new JNBY fans through further optimization of designer brand portfolio and product offerings by way of self-incubation or mergers, through continuous enhancement of forward-looking design and R&D capabilities as well as through comprehensive strengthening of brand influence;
- Adopting internet thinking and technology to further enhance our domestic and foreign retail network, increase our strategic investments in store visual merchandising and image development and proactively plan for new consumption scenarios such as diversified social channels/retail, in order to optimize our omni-channel interactive marketing platform and intelligent quick response supply chain management capability, as well as being capable to establish an appropriate scaled operation in each sub-segment;

- To enhance fans’ experience in diversified omni-channel retail network by adhering to the strategy with data as the driver, technology as the carrier and fans economy as the core, encouraging operational innovation, constantly creating and providing scenarios for value-added services and customer touchpoints to our fans;
- To establish a corporate governance structure integrated with Environment, Social and Governance (“ESG”) to facilitate the implementation of ESG practices and gradually fulfill its commitment in the ESG sector in 2025, thus ensuring the sustainable, healthy and high-quality development of the Company’s business in a long run.

## USE OF PROCEEDS FROM LISTING

The Company’s net proceeds from listing were approximately HK\$684.0 million (equivalent to approximately RMB596.6 million), after deduction of underwriting fees and related expenses. As of December 31, 2021, the proceeds amounting to a total of RMB589.6 million have been used. These proceeds shown as following have been used for the purposes as stated in the prospectus (the “Prospectus”) of the Company dated October 19, 2016.

Item	The planned use of proceeds (RMB million)	As at	For the six	As at
		December 31, 2021	months ended December 31, 2021	December 31, 2021
		The actual used amount (RMB million)	The actual used amount (RMB million)	Proceeds amount (RMB million)
To strengthen our omni-channel interactive platform	167.4	167.4	—	—
To expand our product offering and brand portfolio	179.3	172.3	15.6	7.0
To establish a new logistics center	220.1	220.1	—	—
For general purposes	29.8	29.8	—	—
Total	<u>596.6</u>	<u>589.6</u>	<u>15.6</u>	<u>7.0</u>

As at December 31, 2021, the balance of proceeds of approximately RMB7.0 million would continue to be used for the purposes as stated in the Prospectus. It is also expected to be fully utilised within next 6 months.

## **INTERIM DIVIDEND**

The Board declared the payment of an interim dividend of HK\$0.39 per ordinary share (equivalent to approximately RMB0.32 per ordinary share) for the six months ended December 31, 2021. The above interim dividend is expected to be paid on May 13, 2022 to the shareholders of the Company (the “**Shareholders**”) whose names appear on the Company’s register of members on April 29, 2022.

## **CLOSURE OF REGISTER OF MEMBERS**

In order to determine the identity of members who are eligible for receiving the interim dividend, the register of members of the Company will be closed from April 28, 2022 to April 29, 2022 (both days inclusive), during which period no share transfer will be registered. In order to be eligible for receiving the interim dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Link Market Services (Hong Kong) Pty Limited, at Suite 1601, 16/F., Central Tower, 28 Queen’s Road Central, Hong Kong, for registration not later than 4:30 p.m. on April 27, 2022.

## **CORPORATE GOVERNANCE PRACTICES**

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

The Company has complied with all applicable code provisions under the CG Code during the six months ended December 31, 2021. The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors’ securities transactions. Specific enquiry has been made to all Directors and each of the Directors has confirmed that he/she has complied with the required standards as set out in the Model Code during the six months ended December 31, 2021.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

During the six months ended December 31, 2021, save as the trustee of the Restricted Share Unit Scheme purchased a total of 1,407,000 shares of the Company with approximately HK\$19.9 million at the Stock Exchange pursuant to the rules of the Restricted Share Unit Scheme and the 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 Board has established an audit committee (the “**Audit Committee**”), which comprised three independent non-executive Directors, namely Mr. Lam Yiu Por (Chairman), Ms. Han Min and Mr. Hu Huanxin. The primary duties of the Audit Committee are to review and supervise the financial reporting procedures and internal control of the Company.

The Audit Committee, together with the management and the external auditor of the Company, has reviewed the Group's unaudited condensed interim results for the six months ended December 31, 2021.

## **PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND THE INTERIM REPORT**

This interim results announcement has been published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and that of the Company ([www.jnbygroup.com](http://www.jnbygroup.com)), and the interim report of the Company for the six months ended December 31, 2021 containing all the information required by the Listing Rules will be dispatched to the Shareholders and published on the aforesaid websites in due course.

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

Hong Kong, February 28, 2022

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