

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



江南布衣
JIANGNANBUYI

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, 2023**

FINANCIAL HIGHLIGHTS

- The total revenue of the Group for the six months ended December 31, 2023 (the “**first half of fiscal year 2024**”) amounted to RMB2,975.5 million, an increase of 26.1% or RMB615.5 million as compared with RMB2,360.0 million for the six months ended December 31, 2022 (the “**first half of fiscal year 2023**”).
- The gross profit for the first half of fiscal year 2024 amounted to RMB1,947.7 million, an increase of 27.6% or RMB421.5 million as compared with RMB1,526.2 million for the first half of fiscal year 2023, and the gross profit margin increased by 0.8 percentage point from 64.7% for the first half of fiscal year 2023 to 65.5%.
- The net profit for the first half of fiscal year 2024 amounted to RMB574.1 million, an increase of 54.5% or RMB202.4 million as compared with RMB371.7 million for the first half of fiscal year 2023.
- The net cash inflow from operating activities for the first half of fiscal year 2024 amounted to RMB1,059.7 million, an increase of 173.5% or RMB672.3 million as compared with RMB387.4 million for the first half of fiscal year 2023.
- The Board declared the payments of an interim dividend of HK\$0.46 per ordinary share (equivalent to approximately RMB0.42 per ordinary share) for the six months ended December 31, 2023 and a special interim dividend of HK\$0.39 per ordinary share (equivalent to approximately RMB0.36 per ordinary share), aggregately HK\$0.85 per ordinary share, totaling HK\$440.9 million.

CONSOLIDATED INTERIM RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of JNBY Design Limited (the “**Company**”) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (the “**Group**”) for the six months ended December 31, 2023, 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 31 December 2023

		Unaudited	
		Six months ended	
		31 December	
		2023	2022
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	5	2,975,542	2,360,020
Cost of sales	6	<u>(1,027,808)</u>	<u>(833,800)</u>
Gross profit		<u>1,947,734</u>	<u>1,526,220</u>
Selling and marketing expenses	6	(926,300)	(817,470)
Administrative expenses	6	(245,972)	(210,951)
Provision for impairment on financial assets	6	(3,989)	(755)
Other income and gains, net	7	<u>31,607</u>	<u>20,266</u>
Operating profit		<u>803,080</u>	<u>517,310</u>
Finance income	8	24,951	19,907
Finance costs	8	<u>(20,217)</u>	<u>(22,670)</u>
Finance income/(costs), net		<u>4,734</u>	<u>(2,763)</u>
Profit before income tax		<u>807,814</u>	<u>514,547</u>
Income tax expense	9	<u>(233,701)</u>	<u>(142,836)</u>
Profit for the period		<u>574,113</u>	<u>371,711</u>
Currency translation differences			
<i>Items that may not be reclassified to profit or loss</i>		2,707	8,297
<i>Items that may be reclassified to profit or loss</i>		<u>306</u>	<u>(4,206)</u>
Other comprehensive income		<u>3,013</u>	<u>4,091</u>
Total comprehensive income for the period		<u><u>577,126</u></u>	<u><u>375,802</u></u>

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

For the six months ended 31 December 2023

		Unaudited	
		Six months ended	
		31 December	
		2023	2022
	<i>Note</i>	RMB'000	RMB'000
Profit attributable to:			
Shareholders of the Company		574,121	371,716
Non-controlling interests		<u>(8)</u>	<u>(5)</u>
		<u>574,113</u>	<u>371,711</u>
Total comprehensive income attributable to:			
Shareholders of the Company		577,135	375,808
Non-controlling interests		<u>(9)</u>	<u>(6)</u>
		<u>577,126</u>	<u>375,802</u>
Earnings per share (expressed in RMB per share)			
— Basic	<i>10(a)</i>	<u>1.14</u>	<u>0.74</u>
— Diluted	<i>10(b)</i>	<u>1.11</u>	<u>0.74</u>

CONDENSED CONSOLIDATED BALANCE SHEET

As at 31 December 2023

		Unaudited	Audited
		31 December	30 June
		2023	2023
	<i>Note</i>	RMB'000	RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	<i>12</i>	448,859	463,151
Right-of-use assets	<i>13</i>	698,749	769,585
Intangible assets	<i>14</i>	21,552	20,460
Prepayments, deposits and other assets	<i>17</i>	24,411	16,838
Amounts due from a related party		—	107,839
Financial assets at fair value through profit or loss		212,012	210,911
Deferred income tax assets		270,880	254,397
		<hr/>	<hr/>
Total non-current assets		1,676,463	1,843,181
		<hr/>	<hr/>
Current assets			
Inventories	<i>15</i>	750,928	790,334
Trade receivables	<i>16</i>	219,341	125,429
Prepayments, deposits and other assets	<i>17</i>	262,812	290,617
Amounts due from related parties		113,430	1,477
Financial assets at fair value through profit or loss		40,278	—
Term deposits with initial term over 3 months		369,923	488,251
Restricted cash		3,010	1,391
Cash and cash equivalents		1,093,255	525,147
		<hr/>	<hr/>
Total current assets		2,852,977	2,222,646
		<hr/>	<hr/>
Total assets		4,529,440	4,065,827
		<hr/> <hr/>	<hr/> <hr/>

CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)

As at 31 December 2023

		Unaudited 31 December 2023 RMB'000	Audited 30 June 2023 RMB'000
	Note		
LIABILITIES			
Non-current liabilities			
Lease liabilities		191,297	219,546
Accruals and other current liabilities	19	—	495
Amounts due to related parties		250,258	243,161
Deferred income tax liabilities		22,994	5,317
Total non-current liabilities		464,549	468,519
Current liabilities			
Trade and bills payables	18	344,310	236,399
Lease liabilities		198,328	214,571
Contract liabilities		360,856	368,876
Accruals and other current liabilities	19	752,792	640,322
Amounts due to related parties		48,938	49,138
Borrowings		—	99,514
Current income tax liabilities		87,739	6,965
Total current liabilities		1,792,963	1,615,785
Total liabilities		2,257,512	2,084,304
Net assets		2,271,928	1,981,523
EQUITY			
Equity attributable to shareholders of the Company			
Share capital		4,622	4,622
Shares held for restricted share unit (“RSU”) scheme		(88,462)	(137,541)
Share premium		509,351	507,820
Other reserves		242,496	253,981
Retained earnings		1,603,971	1,352,682
Equity attributable to shareholders of the Company		2,271,978	1,981,564
Non-controlling interests		(50)	(41)
Total equity		2,271,928	1,981,523

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2023

		Unaudited							
		Attributable to shareholders of the Company							
		Shares held					Non-		
		Share	Share	for RSU	Other	Retained	controlling		
		capital	premium	scheme	reserves	earnings	Total	interests	Total
Note		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	Balance at 1 July 2022	4,622	508,254	(180,244)	228,863	1,123,499	1,684,994	(29)	1,684,965
	Comprehensive income								
	Profit for the period	—	—	—	—	371,716	371,716	(5)	371,711
	Other comprehensive income								
	Currency translation differences	—	—	—	4,092	—	4,092	(1)	4,091
	Total comprehensive income	—	—	—	4,092	371,716	375,808	(6)	375,802
	Transactions with shareholders								
	Profit appropriations to statutory reserves	—	—	—	249	(249)	—	—	—
	Share-based compensation	—	—	—	17,604	—	17,604	—	17,604
	Purchase ordinary shares for RSU scheme	—	—	(6,404)	—	—	(6,404)	—	(6,404)
	Transfer and exercise of RSUs	—	70	40,705	(27,094)	—	13,681	—	13,681
	Dividend	—	—	—	—	(259,004)	(259,004)	—	(259,004)
	Total transactions with shareholders	—	70	34,301	(9,241)	(259,253)	(234,123)	—	(234,123)
	Balance at 31 December 2022	<u>4,622</u>	<u>508,324</u>	<u>(145,943)</u>	<u>223,714</u>	<u>1,235,962</u>	<u>1,826,679</u>	<u>(35)</u>	<u>1,826,644</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the six months ended 31 December 2023

	Unaudited								
	Attributable to shareholders of the Company							Non-controlling interests	Total equity
	Share capital	Share premium	Shares held for RSU scheme	Other reserves	Retained earnings	Total			
Note	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Balance at 1 July 2023		4,622	507,820	(137,541)	253,981	1,352,682	1,981,564	(41)	1,981,523
Comprehensive income									
Profit for the period		—	—	—	—	574,121	574,121	(8)	574,113
Other comprehensive income									
Currency translation differences		—	—	—	3,014	—	3,014	(1)	3,013
Total comprehensive income		—	—	—	3,014	574,121	577,135	(9)	577,126
Transactions with shareholders									
Profit appropriations to statutory reserves		—	—	—	241	(241)	—	—	—
Share-based compensation		—	—	—	17,887	—	17,887	—	17,887
Transfer and exercise of RSUs		—	1,531	49,079	(32,627)	—	17,983	—	17,983
Dividend	11	—	—	—	—	(322,591)	(322,591)	—	(322,591)
Total transactions with shareholders		—	1,531	49,079	(14,499)	(322,832)	(286,721)	—	(286,721)
Balance at 31 December 2023		<u>4,622</u>	<u>509,351</u>	<u>(88,462)</u>	<u>242,496</u>	<u>1,603,971</u>	<u>2,271,978</u>	<u>(50)</u>	<u>2,271,928</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2023

	Unaudited	
	Six months ended	
	31 December	
	2023	2022
<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cash flows from operating activities		
Cash generated from operations	1,187,793	566,525
Income tax paid	<u>(128,082)</u>	<u>(179,095)</u>
Net cash generated from operating activities	<u>1,059,711</u>	<u>387,430</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(45,340)	(66,323)
Purchase of intangible assets	(2,645)	(2,651)
Proceeds from disposals of property, plant and equipment	161	225
Investment income received from financial products issued by commercial banks	—	219
Interest received	20,368	17,572
Payment of term deposits with initial term over 3 months	(422,910)	(252,767)
Payment of financial products issued by commercial banks	(40,000)	(90,000)
Payment of investment for a private company	—	(19,325)
Proceeds from withdrawal of term deposits with initial term over 3 months	541,595	400,000
Proceeds from redemption of financial products issued by commercial banks	—	30,000
Purchase of venture capital funds	(1,500)	(4,500)
Dividends received from venture capital funds	<u>263</u>	<u>674</u>
Net cash generated from investing activities	<u>49,992</u>	<u>13,124</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
For the six months ended 31 December 2023

		Unaudited	
		Six months ended	
		31 December	
		2023	2022
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cash flows from financing activities			
Proceeds from borrowings		149,060	197,873
Repayments of borrowings		(250,000)	(150,000)
Dividends paid	<i>11</i>	(322,591)	(259,004)
Proceeds from exercise of RSUs		17,983	13,681
Payment for repurchase of treasury shares		—	(6,404)
Repayments of lease liabilities		(136,096)	(134,373)
		<hr/>	<hr/>
Net cash used in financing activities		(541,644)	(338,227)
		<hr/>	<hr/>
Net increase in cash and cash equivalents		568,059	62,327
Cash and cash equivalents at beginning of the period		525,147	591,746
Exchange gain on cash and cash equivalents		49	3,714
		<hr/>	<hr/>
Cash and cash equivalents at end of the period		1,093,255	657,787
		<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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 27 February 2024.

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 2023 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 2023 as set out in the annual report dated 7 September 2023, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”).

3. FINANCIAL RISK MANAGEMENT

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

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements as at 30 June 2023.

There have been no changes in the risk management policies since 30 June 2023.

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 2023.

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 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.

	Six months ended 31 December 2023			
	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	1,687,258	1,224,028	47,764	2,959,050
Outside Mainland China	12,505	3,777	210	16,492
Revenue from external customers	1,699,763	1,227,805	47,974	2,975,542
Segment gross profit	1,138,451	787,595	21,688	1,947,734
Segment operating profit	716,858	376,487	2,885	1,096,230
Unallocated selling and marketing expenses, administrative expenses and net impairment losses on financial assets				(324,757)
Other income and gains, net				31,607
Total operating profit				803,080

5. SEGMENT INFORMATION (CONTINUED)

	Six months ended 31 December 2022			Total RMB'000
	Mature brand RMB'000	Younger brands RMB'000	Emerging brands RMB'000	
Revenue				
Mainland China	1,354,387	942,126	41,985	2,338,498
Outside Mainland China	16,743	4,272	507	21,522
Revenue from external customers	1,371,130	946,398	42,492	2,360,020
Segment gross profit	909,568	595,854	20,798	1,526,220
Segment operating profit/(loss)	540,878	242,577	(2,119)	781,336
Unallocated selling and marketing expenses, administrative expenses and net impairment losses on financial assets				(284,292)
Other income and gains, net				20,266
Total operating profit				517,310

6. EXPENSES BY NATURE

	Six months ended 31 December	
	2023 RMB'000	2022 RMB'000
Cost of inventories sold	950,230	760,786
Workforce contracting expenses	243,616	198,173
Employee benefit expenses (including share-based compensation expenses)	231,882	201,875
Promotion and marketing expenses	191,294	199,353
Depreciation and amortisation (Notes 12, 13 & 14)		
— Right-of-use assets	151,710	141,013
— Property, plant and equipment	63,038	55,284
— Intangible assets	1,553	2,055
Expenses relating to short-term leases and variable lease payments	158,940	115,718
Commission expenses to online platforms	41,199	33,063
Transportation and warehouse expenses	31,583	27,440
Taxes and other surcharges	28,515	18,187
Provision for inventories (Note 15)	28,569	37,547
Utilities charges and office expenses	26,468	24,670
Materials for apparel samples	13,915	14,380
Entertainment and travelling expenses	12,884	8,594
Other professional service expenses	10,145	11,191
Provision for impairment losses on financial assets	3,989	755
Auditors' remuneration	1,200	1,350
Others	13,339	11,542
Total cost of sales, selling and marketing expenses, net impairment losses on financial assets and administrative expenses	2,204,069	1,862,976

7. OTHER INCOME AND GAINS, NET

	Six months ended 31 December	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Government grants (i)	28,227	10,936
Interest income from loans to a related party	2,311	2,362
Fair value gains of financial products	278	354
Fair value (losses)/gains of venture capital funds	(4)	6,969
Donations	(1,101)	(236)
Losses on disposal of property, plant and equipment	(245)	(179)
Others	2,141	60
	<u>31,607</u>	<u>20,266</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.

8. FINANCE INCOME AND COSTS, NET

	Six months ended 31 December	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Finance income		
Interest income on cash and cash equivalents and term deposits with initial term over 3 months	21,835	15,128
Net foreign exchange gains on financing activities	3,116	4,779
	<u>24,951</u>	<u>19,907</u>
Finance costs		
Interest expenses on lease liabilities	(18,791)	(20,868)
Interest expenses on bank borrowings	(1,426)	(1,802)
	<u>(20,217)</u>	<u>(22,670)</u>
Finance income/(costs), net	<u>4,734</u>	<u>(2,763)</u>

9. INCOME TAX EXPENSE

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Company Law of Cayman Islands and, accordingly, is exempted from payment of Cayman Islands income tax.

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 years presented.

Enterprises incorporated in the PRC are generally subject to income tax rates of 25% throughout the years presented except for enterprises with approval for preferential rate.

	Six months ended 31 December	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Current income tax expense		
— Enterprise income tax expense	217,507	132,992
Deferred income tax expense	16,194	9,844
	<u>233,701</u>	<u>142,836</u>

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 28.9% (six months ended 31 December 2022: 27.8%).

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	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Profit attributable to shareholders of the Company	574,121	371,716
Weighted average number of ordinary shares in issue excluding shares held under the RSU scheme in issue (thousands of shares)	505,179	499,826
Basic earnings per share (expressed in RMB per share)	<u>1.14</u>	<u>0.74</u>

10. 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 restricted share units are assumed to have been fully vested and released from restrictions with no significant impact on earnings.

	Six months ended 31 December	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Profit attributable to shareholders of the Company	<u>574,121</u>	<u>371,716</u>
Weighted average number of ordinary shares in issue excluding shares held under the RSU scheme in issue (thousands of shares)	505,179	499,826
Adjustments for share based compensation — RSUs (thousands of shares)	<u>10,521</u>	<u>4,557</u>
Weighted average number of ordinary shares for the calculation of diluted EPS (thousands of shares)	<u>515,700</u>	<u>504,383</u>
Diluted earnings per share (expressed in RMB per share)	<u>1.11</u>	<u>0.74</u>

11. DIVIDENDS

Pursuant to the shareholders' resolution on 26 October 2023, a final dividend of RMB322,591,350 were paid during the six months ended 31 December 2023 (six months ended 31 December 2022: a final dividend of RMB259,004,000).

Pursuant to a resolution of the Board on 27 February 2024, the payments of an interim dividend of HK\$0.46 (approximately RMB0.42) per ordinary share and a special interim dividend of HK\$0.39 (approximately RMB0.36) per ordinary share were approved. The interim dividend and special interim dividend are not reflected as payables in this interim financial information as they were approved after 31 December 2023.

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>	Buildings <i>RMB'000</i>	Total <i>RMB'000</i>
Six months ended 31 December 2023						
Opening net book value as at						
1 July 2023	28,665	63,924	4,548	173,140	192,874	463,151
Additions	4,206	1,674	654	42,923	—	49,457
Depreciation	(5,565)	(4,656)	(584)	(47,320)	(4,913)	(63,038)
Currency translation differences	(3)	—	—	—	(302)	(305)
Disposals	(291)	(102)	(13)	—	—	(406)
Closing net book value	<u>27,012</u>	<u>60,840</u>	<u>4,605</u>	<u>168,743</u>	<u>187,659</u>	<u>448,859</u>
As at 31 December 2023						
Cost	74,259	95,846	10,585	345,117	232,940	758,747
Accumulated depreciation	(47,247)	(35,006)	(5,980)	(176,374)	(45,281)	(309,888)
Net book value	<u>27,012</u>	<u>60,840</u>	<u>4,605</u>	<u>168,743</u>	<u>187,659</u>	<u>448,859</u>
	Office equipment and others <i>RMB'000</i>	Machinery <i>RMB'000</i>	Motor vehicles <i>RMB'000</i>	Leasehold improvements <i>RMB'000</i>	Buildings <i>RMB'000</i>	Total <i>RMB'000</i>
Six months ended 31 December 2022						
Opening net book value as at						
1 July 2022	30,601	67,840	4,651	162,410	185,539	451,041
Additions	4,966	4,679	—	50,590	—	60,235
Depreciation	(5,453)	(4,497)	(508)	(40,088)	(4,738)	(55,284)
Disposals	(188)	(216)	—	—	—	(404)
Closing net book value	<u>29,926</u>	<u>67,806</u>	<u>4,143</u>	<u>172,912</u>	<u>180,801</u>	<u>455,588</u>
As at 31 December 2022						
Cost	67,539	93,697	10,275	323,212	215,543	710,266
Accumulated depreciation	(37,613)	(25,891)	(6,132)	(150,300)	(34,742)	(254,678)
Net book value	<u>29,926</u>	<u>67,806</u>	<u>4,143</u>	<u>172,912</u>	<u>180,801</u>	<u>455,588</u>

13. RIGHT-OF-USE ASSETS

	Offices <i>RMB'000</i>	Rented premises for stores <i>RMB'000</i>	Land use right <i>RMB'000</i>	Total <i>RMB'000</i>
Six months ended 31 December 2023				
Opening net book value as at 1 July 2023	325,570	420,168	23,847	769,585
Additions	—	81,748	—	81,748
Early termination	—	(874)	—	(874)
Depreciation and amortisation	<u>(26,040)</u>	<u>(125,391)</u>	<u>(279)</u>	<u>(151,710)</u>
Closing net book value as at 31 December 2023	<u><u>299,530</u></u>	<u><u>375,651</u></u>	<u><u>23,568</u></u>	<u><u>698,749</u></u>
Six months ended 31 December 2022				
Opening net book value as at 1 July 2022	374,123	321,246	24,405	719,774
Additions	845	230,979	—	231,824
Early termination	(295)	(959)	—	(1,254)
Depreciation and amortisation	(25,721)	(115,013)	(279)	(141,013)
Modification (i)	<u>—</u>	<u>(12,077)</u>	<u>—</u>	<u>(12,077)</u>
Closing net book value as at 31 December 2022	<u><u>348,952</u></u>	<u><u>424,176</u></u>	<u><u>24,126</u></u>	<u><u>797,254</u></u>

- (i) The Group chose to record the rent concessions occurring as a direct consequence of the COVID-19 pandemic as lease modifications. The rent concessions represented reduced lease payments and there was no substantive change to other terms and conditions of the lease. No rent concession has been received during the six months ended 31 December 2023, while rent concessions approximately RMB12,077,000 have been accounted for as lease modification by decreasing the lease liabilities and making a corresponding adjustment to the right-of-use asset during the six months ended 31 December 2022.

14. INTANGIBLE ASSETS

	Computer software <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
Six months ended 31 December 2023			
Opening net book value as at 1 July 2023	20,336	124	20,460
Additions	2,645	—	2,645
Amortisation charge	(1,543)	(10)	(1,553)
	<u>21,438</u>	<u>114</u>	<u>21,552</u>
Closing net book value as at 31 December 2023	<u>21,438</u>	<u>114</u>	<u>21,552</u>
As at 31 December 2023			
Cost	39,103	244	39,347
Accumulated amortisation	(17,665)	(130)	(17,795)
	<u>21,438</u>	<u>114</u>	<u>21,552</u>
Net book value	<u>21,438</u>	<u>114</u>	<u>21,552</u>
Six months ended 31 December 2022			
Opening net book value as at 1 July 2022	18,567	144	18,711
Additions	2,651	—	2,651
Amortisation charge	(2,045)	(10)	(2,055)
	<u>19,173</u>	<u>134</u>	<u>19,307</u>
Closing net book value as at 31 December 2022	<u>19,173</u>	<u>134</u>	<u>19,307</u>
As at 31 December 2022			
Cost	32,447	244	32,691
Accumulated amortisation	(13,274)	(110)	(13,384)
	<u>19,173</u>	<u>134</u>	<u>19,307</u>
Net book value	<u>19,173</u>	<u>134</u>	<u>19,307</u>

15. INVENTORIES

	As at 31 December 2023 <i>RMB'000</i>	As at 30 June 2023 <i>RMB'000</i>
Finished goods	1,204,721	1,179,752
Commissioned processing materials	116,708	158,051
Raw materials	30,165	35,631
	<u>1,351,594</u>	<u>1,373,434</u>
Less: provision	(600,666)	(583,100)
	<u>750,928</u>	<u>790,334</u>

15. INVENTORIES (CONTINUED)

Movements of provision for inventories are as follows:

	Six months ended 31 December	
	2023	2022
	RMB'000	RMB'000
Opening balance as at 1 July	583,100	533,908
Addition of provision for inventories to net realisable value included in "cost of sales" (Note 6)	28,569	37,547
Release of provision upon sales of inventories written down in prior years	(11,003)	(13,599)
Closing balance as at 31 December	<u>600,666</u>	<u>557,856</u>

16. TRADE RECEIVABLES

	As at 31 December 2023 RMB'000	As at 30 June 2023 RMB'000
Trade receivables	242,521	144,721
Less: provision for impairment	(23,180)	(19,292)
	<u>219,341</u>	<u>125,429</u>

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

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

	As at 31 December 2023 RMB'000	As at 30 June 2023 RMB'000
Within 3 months	215,473	123,044
3 months to 6 months	6,763	4,467
6 months to 1 year	4,566	799
1 year to 2 years	1,261	3,277
More than 2 years	14,458	13,134
	<u>242,521</u>	<u>144,721</u>

17. PREPAYMENTS, DEPOSITS AND OTHER ASSETS

	As at 31 December 2023 <i>RMB'000</i>	As at 30 June 2023 <i>RMB'000</i>
Long-term prepayments		
Long-term prepaid expenses	<u>24,411</u>	<u>16,838</u>
Current assets		
Deposits and other receivables	132,351	122,780
Right of goods return	85,024	58,406
Prepayment to suppliers	22,584	52,926
Prepaid expenses	21,522	18,881
Value added tax recoverable	1,159	13,888
Staff advances	172	83
Prepaid income tax	<u>—</u>	<u>23,653</u>
	<u>262,812</u>	<u>290,617</u>
	<u><u>287,223</u></u>	<u><u>307,455</u></u>

18. TRADE AND BILLS PAYABLES

	As at 31 December 2023 <i>RMB'000</i>	As at 30 June 2023 <i>RMB'000</i>
Trade payables	334,611	232,094
Bills payables	<u>9,699</u>	<u>4,305</u>
	<u><u>344,310</u></u>	<u><u>236,399</u></u>

Ageing analysis of trade payables based on date of goods received as at 31 December 2023 and 30 June 2023 was as follows:

	As at 31 December 2023 <i>RMB'000</i>	As at 30 June 2023 <i>RMB'000</i>
Within 6 months	333,936	229,211
6 months to 1 year	138	2,096
Over 1 year	<u>537</u>	<u>787</u>
	<u><u>334,611</u></u>	<u><u>232,094</u></u>

19. ACCRUALS AND OTHER CURRENT LIABILITIES

	As at 31 December 2023 <i>RMB'000</i>	As at 30 June 2023 <i>RMB'000</i>
Non-current liabilities		
Payables for property, plant and equipment	—	495
Current liabilities		
Provisions for sales returns	245,663	166,891
Payroll and welfare payables	104,642	131,380
Provisions for sales rebates	100,742	72,002
Value-added and other taxes payables	64,275	49,465
Workforce contracting payables	55,911	34,250
Deposits received from suppliers (a)	47,763	49,764
Payables for leasehold improvements	42,971	38,563
Distribution deposits (b)	34,379	30,808
Accrued marketing and promotion expense	7,135	29,590
Rentals	3,832	1,775
Payables for property, plant and equipment	3,748	3,544
Others	41,731	32,290
	<u>752,792</u>	<u>640,322</u>
	<u>752,792</u>	<u>640,817</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.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue

We derive our revenue primarily from sales of our products to distributors as well as sales of our products 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, 2023 amounted to RMB2,975.5 million, an increase of 26.1% or RMB615.5 million as compared with RMB2,360.0 million for the six months ended December 31, 2022. The increase in revenue was mainly due to the increase in same store sales of offline shops, the growth in the sales of online channels and the increase in the scale of offline stores.

The total number of our standalone retail stores around the world increased from 1,990 as of June 30, 2023 to 2,036 as of December 31, 2023. Including standalone offline stores abroad, our sales network has covered all provinces, autonomous regions and municipalities in Mainland China and across nine other countries and regions around the world. The tables below set forth the information on the number of our standalone retail stores around the world by different brands and “JNBY Group +” multi-brand collection stores, respectively:

Number of our standalone retail stores around the world by different brands	As of December 31, 2023	As of June 30, 2023
Mature Brand: JNBY	<u>935</u>	<u>921</u>
Subtotal	<u>935</u>	<u>921</u>
Younger Brands: CROQUIS (速寫)	311	300
jnby by JNBY	497	486
LESS	<u>235</u>	<u>233</u>
Subtotal	<u>1,043</u>	<u>1,019</u>
Emerging Brands: Other brands	<u>38</u>	<u>31</u>
Subtotal	<u>38</u>	<u>31</u>
“JNBY Group +” multi-brand collection stores	<u>20</u>	<u>19</u>
Total	<u>2,036</u>	<u>1,990</u>

As of
December 31,
2023

As of
June 30,
2023

Number and geographic distribution of our standalone retail stores by sales channels

Mainland China

Self-operated stores	549	564
Distributor-operated stores	1,464	1,402

Outside Mainland China

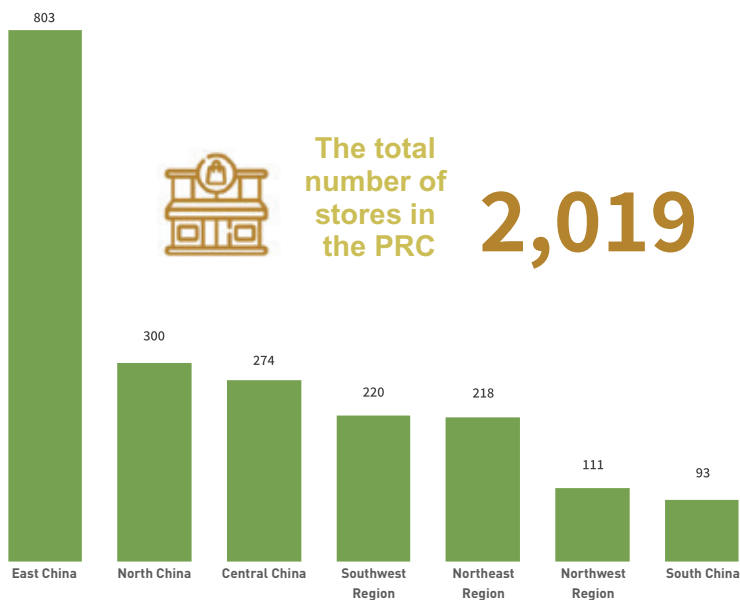
Self-operated stores	1	1
Distributor-operated stores	22	23

Total

	2,036	1,990
--	--------------	--------------

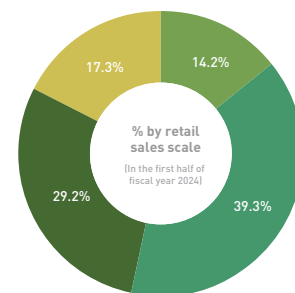
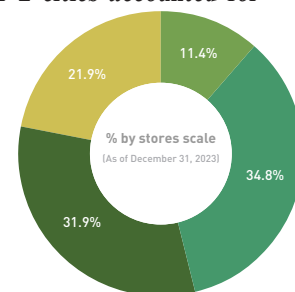
As of December 31, 2023, the total number of our standalone retail stores in countries and regions all over the world (excluding points of sale) was 2,036, and the following charts show the geographic distribution of our retail stores (including standalone distributor-operated and self-operated stores) across Mainland China, Hong Kong China and Taiwan China region as well as the distribution of our stores and retail sales by city tiers across Mainland China respectively:

Total number and geographic distribution of stores across Mainland China, Hong Kong China and Taiwan China region



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

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



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

Same store sales growth of offline shops

In the first half of fiscal year 2024, the offline customer traffic recovered as China's economy fully resumed normal operation. Against the backdrop of various uncertainties such as continuous changes in the retail environment and consumer behavioral habits, we have provided consumers with more value-added services by continuously launching new consumption scenarios or products such as “Box Project (不止盒子)” and “JNBY Group +” multi-brand collection stores, while gradually upgrading the store image of each brand in order to provide customers with more comfortable shopping experience. Same store sales of offline retail shops for the first half of fiscal year 2024 recorded an increase of 23.9%, which was mainly due to the following reasons:

- (i) Benefiting from the Group's increased strategic investment in store image upgrading and visual development for each brand, the Group has successfully created a number of “JNBY Group +” multi-brand collection stores, fully accessible by its fans and further enhancing the quality of store services;
- (ii) The incremental retail sales generated by the inventory sharing and allocation system was RMB596.8 million for the first half of fiscal year 2024, representing an increase of 48.7% as compared with RMB401.2 million for the first half of fiscal year 2023; and
- (iii) The sales contributed by digital and smart retail channels including “Box Project (不止盒子)”, “WeChat Mall (微商城)” and “Diversified Social E-commerce (多元化社交電商)” was mostly reflected in same store sales growth of offline shops due to continuous empowerment of Internet+ mindsets and technologies.

Members-related data

As of December 31, 2023, the Group had over 7.4 million membership accounts (without duplication) (as of June 30, 2023: over 6.9 million). During the first half of fiscal year 2024, the retail sales contributed by the members of the Group accounted for over 80% of our total retail sales.

In 2023, the number of active members accounts of the Group^(Note 1) (without duplication) was over 550,000 (2022: over 420,000), and the number of active members accounts was significantly higher than that in 2022.

In 2023, the number of membership accounts with annual purchases totaling over RMB5,000 was over 300,000 (2022: over 220,000), and the retail sales contributed by those membership accounts reached RMB4.33 billion (2022: RMB2.93 billion), accounting for over 60% of the total retail sales from offline channels. The membership accounts with annual purchases totaling over RMB5,000 and their retail sales in 2023 were higher than that of 2022, mainly due to the results of the Group's initiatives to continue to strengthen its brand equity and refine its membership operation.

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.

Revenue by brand

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

	For the six months ended December 31,					
	2023		2022		Increase	
	<i>RMB'000</i>	(%)	<i>RMB'000</i>	(%)	<i>RMB'000</i>	(%)
Mature Brand:						
JNBY	<u>1,699,763</u>	<u>57.1</u>	<u>1,371,130</u>	<u>58.1</u>	<u>328,633</u>	<u>24.0</u>
Subtotal	<u>1,699,763</u>	<u>57.1</u>	<u>1,371,130</u>	<u>58.1</u>	<u>328,633</u>	<u>24.0</u>
Younger Brands:						
CROQUIS (速寫)	<u>413,017</u>	<u>13.9</u>	<u>352,433</u>	<u>14.9</u>	<u>60,584</u>	<u>17.2</u>
jnby by JNBY	<u>478,838</u>	<u>16.1</u>	<u>351,426</u>	<u>14.9</u>	<u>127,412</u>	<u>36.3</u>
LESS	<u>335,950</u>	<u>11.3</u>	<u>242,539</u>	<u>10.3</u>	<u>93,411</u>	<u>38.5</u>
Subtotal	<u>1,227,805</u>	<u>41.3</u>	<u>946,398</u>	<u>40.1</u>	<u>281,407</u>	<u>29.7</u>
Emerging Brands:						
Other brands	<u>47,974</u>	<u>1.6</u>	<u>42,492</u>	<u>1.8</u>	<u>5,482</u>	<u>12.9</u>
Subtotal	<u>47,974</u>	<u>1.6</u>	<u>42,492</u>	<u>1.8</u>	<u>5,482</u>	<u>12.9</u>
Total revenue ⁽¹⁾	<u><u>2,975,542</u></u>	<u><u>100.0</u></u>	<u><u>2,360,020</u></u>	<u><u>100.0</u></u>	<u><u>615,522</u></u>	<u><u>26.1</u></u>

Note:

(1) Includes revenue recorded by “JNBY Group +” multi-brand collection stores of RMB137.8 million.

For the first half of fiscal year 2024, the revenue of the Group increased. Revenue generated from the Group’s Mature brand with a history of approximately 30 years, JNBY brand, representing an increase of 24.0% or RMB328.6 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 the Younger brands portfolio increased by 29.7% in total. For the Emerging brands portfolio, it consists of various new brands, such as POMME DE TERRE (蓬馬) and JNBYHOME. Revenue from the Emerging brands portfolio totaling RMB48.0 million was recorded, showing an aggregate of 1.6% of 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,					
	2023		2022		Increase	
	<i>RMB'000</i>	(%)	<i>RMB'000</i>	(%)	<i>RMB'000</i>	(%)
Offline channels	2,442,038	82.1	1,930,520	81.8	511,518	26.5
Self-operated stores	1,183,734	39.8	865,986	36.7	317,748	36.7
Distributor-operated stores ⁽¹⁾	1,258,304	42.3	1,064,534	45.1	193,770	18.2
Online channels	533,504	17.9	429,500	18.2	104,004	24.2
Total revenue	<u>2,975,542</u>	<u>100.0</u>	<u>2,360,020</u>	<u>100.0</u>	<u>615,522</u>	<u>26.1</u>

Note:

(1) Includes stores operated by overseas customers.

In the first half of fiscal year 2024, revenue generated through both our online and offline channels increased as compared with that in the first half of fiscal year 2023, of which revenue generated through our offline channels increased by 26.5% and the revenue generated through our online channels increased by 24.2%.

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 of our total revenue, for the half years indicated:

	For the six months ended December 31,					
	2023		2022		Increase/(Decrease)	
	<i>RMB'000</i>	(%)	<i>RMB'000</i>	(%)	<i>RMB'000</i>	(%)
Mainland China	2,959,050	99.4	2,338,498	99.1	620,552	26.5
Outside Mainland China ⁽¹⁾	16,492	0.6	21,522	0.9	(5,030)	(23.4)
Total revenue	<u>2,975,542</u>	<u>100.0</u>	<u>2,360,020</u>	<u>100.0</u>	<u>615,522</u>	<u>26.1</u>

Note:

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

Gross profit and gross profit margin

The Group's gross profit increased by 27.6% from RMB1,526.2 million for the first half of fiscal year 2023 to RMB1,947.7 million for the first half of fiscal year 2024, which was mainly attributable to the increase in revenue.

The Group's overall gross profit margin increased from 64.7% for the first half of fiscal year 2023 to 65.5% for the first half of fiscal year 2024, 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,					
	2023		2022		Increase	
	<i>RMB'000</i>	(%)	<i>RMB'000</i>	(%)	<i>RMB'000</i>	(%)
Mature Brand:						
JNBY	<u>1,138,451</u>	<u>67.0</u>	<u>909,568</u>	<u>66.3</u>	<u>228,883</u>	<u>25.2</u>
Subtotal	<u>1,138,451</u>	<u>67.0</u>	<u>909,568</u>	<u>66.3</u>	<u>228,883</u>	<u>25.2</u>
Younger Brands:						
CROQUIS (速寫)	<u>270,789</u>	<u>65.6</u>	<u>225,305</u>	<u>63.9</u>	<u>45,484</u>	<u>20.2</u>
jnby by JNBY	<u>283,588</u>	<u>59.2</u>	<u>205,989</u>	<u>58.6</u>	<u>77,599</u>	<u>37.7</u>
LESS	<u>233,218</u>	<u>69.4</u>	<u>164,560</u>	<u>67.8</u>	<u>68,658</u>	<u>41.7</u>
Subtotal	<u>787,595</u>	<u>64.1</u>	<u>595,854</u>	<u>63.0</u>	<u>191,741</u>	<u>32.2</u>
Emerging Brands:						
Other brands	<u>21,688</u>	<u>45.2</u>	<u>20,798</u>	<u>48.9</u>	<u>890</u>	<u>4.3</u>
Subtotal	<u>21,688</u>	<u>45.2</u>	<u>20,798</u>	<u>48.9</u>	<u>890</u>	<u>4.3</u>
Total	<u><u>1,947,734</u></u>	<u><u>65.5</u></u>	<u><u>1,526,220</u></u>	<u><u>64.7</u></u>	<u><u>421,514</u></u>	<u><u>27.6</u></u>

	For the six months ended December 31,					
	2023		2022		Increase	
	<i>RMB'000</i>	(%)	<i>RMB'000</i>	(%)	<i>RMB'000</i>	(%)
Offline channels	1,615,694	66.2	1,264,721	65.5	350,973	27.8
Self-operated stores	867,459	73.3	630,671	72.8	236,788	37.5
Distributor-operated stores	748,235	59.5	634,050	59.6	114,185	18.0
Online channels	332,040	62.2	261,499	60.9	70,541	27.0
Total	<u>1,947,734</u>	<u>65.5</u>	<u>1,526,220</u>	<u>64.7</u>	<u>421,514</u>	<u>27.6</u>

Selling and marketing expenses and administrative expenses

In the first half of fiscal year 2024, selling and marketing expenses were RMB926.3 million (the first half of fiscal year 2023: RMB817.5 million), which primarily consist of: (i) workforce contracting expenses; (ii) promotion and marketing expenses; (iii) depreciation and amortisation; and (iv) expenses relating to short-term leases and variable lease payments. In percentage terms, the selling and marketing expenses accounted for 31.1% of our revenue in the first half of fiscal year 2024 (the first half of fiscal year 2023: 34.6%). The decrease in the expense ratio as compared to the first half of fiscal year 2023 was mainly attributable to the increase in the overall revenue and the improvement of operating efficiency. The administrative expenses for the first half of fiscal year 2024 were RMB246.0 million (the first half of fiscal year 2023: RMB211.7 million), which primarily consist of: (i) employee benefit expenses; (ii) depreciation and amortisation; and (iii) workforce contracting expenses. In particular, the expenses incurred by the product design and research and development department amounted to RMB98.9 million (the first half of fiscal year 2023: RMB79.2 million). In percentage terms, administrative expenses accounted for 8.3% of our revenue in the first half of fiscal year 2024 (the first half of fiscal year 2023: 9.0%).

Finance income, net

The Group's finance income, net for the first half of fiscal year 2024 was net gain of RMB4.7 million (the first half of fiscal year 2023: finance income, net was net loss of RMB2.8 million).

Net profit and net profit margin

Due to the above-mentioned factors, net profit for the first half of fiscal year 2024 was RMB574.1 million, representing an increase of 54.5% or RMB202.4 million as compared with RMB371.7 million for the first half of fiscal year 2023. Net profit margin increased from 15.8% for the first half of fiscal year 2023 to 19.3% for the first half of fiscal year 2024.

Capital expenditure

The Group's capital expenditure mainly consists of payments for property, plant and equipment, intangible assets and decoration of office building and our self-operated stores. The Company's capital expenditure for the first half of fiscal year 2024 was RMB48.0 million (the first half of fiscal year 2023: RMB69.0 million).

Profit before income tax

The Group's profit before income tax increased by 57.0% from RMB514.5 million for the first half of fiscal year 2023 to RMB807.8 million for the first half of fiscal year 2024. The increase in profit before income tax was mainly due to the increase in the Group's operating profit.

Financial position

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

As at December 31, 2023, the Group's cash and cash equivalents were RMB1,093.3 million (June 30, 2023: RMB525.1 million), of which 93.6% was denominated in RMB, 5.7% in HK\$ and 0.7% in other currencies. Net cash inflow from operating activities in the first half of fiscal year 2024 was RMB1,059.7 million, an increase of 173.5% as compared with RMB387.4 million in the first half of fiscal year 2023.

Significant investment events

Subscription of Financial Products

On October 18, 2023, JNBY Finery Co., Ltd. ("**JNBY Finery**"), a subsidiary of the Company, subscribed for the financial products of China CITIC Bank with a principal of RMB20,000,000. The subscription mentioned above does not constitute a notifiable transaction of the Company.

On October 19, 2023, JNBY Finery subscribed for the short-term financial products of China CITIC Bank with a principal of RMB20,000,000. The subscription mentioned above does not constitute a notifiable transaction of the Company.

Investment Funds

On October 25, 2023, the Group made capital contributions of RMB1,500,000 to subscribe for a venture capital fund as a limited partner with a total capital commitment of RMB30,000,000. As of December 31, 2023, the Group made capital contributions of RMB6,000,000 to the fund. The subscription mentioned above does not constitute a notifiable transaction of the Company.

Equity Investment

As of December 31, 2023, the Group did not have any significant equity investment transaction.

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 1,551 as of December 31, 2023 (June 30, 2023: 1,508). The total staff costs for the first half of fiscal year 2024 (including basic salaries and allowances, social security insurance, bonuses and share-based compensation expenses) were RMB231.9 million (the first half of fiscal year 2023: RMB201.9 million), representing 7.8% of our revenue (the first half of fiscal year 2023: 8.6%).

Pledge of assets

As at December 31, 2023, the Group did not have any secured bank borrowings.

Contingent liabilities

As at December 31, 2023, the Group did not have any material contingent liabilities.

Events after the balance sheet date

Pursuant to a resolution of the Board on February 27, 2024, the payments of an interim dividend of HK\$0.46 (approximately RMB0.42) per ordinary share and a special interim dividend of HK\$0.39 (approximately RMB0.36) per ordinary share were approved.

Except for the events as mentioned above, the Group has no significant events after the balance sheet date and up to the date of this announcement.

OUTLOOK

With the full resumption of normalized economic and social operations coupled with the implementation of policies to stabilize growth and expand domestic demand have taken effect, China's economy has stabilized and improved, and the domestic demand market gradually rebounded, creating new opportunities for high-quality development of enterprises, and China continues to serve as the driving force for global consumption growth. We have also observed that the group of people who pursue distinguished lifestyles continues expanding. As the demand of customers for 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, consumers are rapidly shifting from traditional retail to diversified emerging consumption scenarios, during which brands they trust more are preferred, therefore, the segmented market where the designer brands operate has shown a competitive trend of inclining to the leading brands.

As an influential designer brand fashion group in China, benefiting from the diversified designer brand portfolio and sound operational management, we remain confident about our future. Based on sufficient cash flow, we continue to strengthen and enhance our position as an influential designer brand fashion group 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 optimizing designer brand portfolio and product offerings by way of self-incubation or mergers, through continuous enhancement of forward-looking design and research and development capabilities as well as through comprehensive strengthening of brand influence;
- to adopt internet thinking and technology to further enhance our various domestic and foreign retail networks, continue to invest strategically in store visual merchandising and image development, actively planning diversified social channels/retail and other emerging consumption scenarios, 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 appropriately scaled operation in each sub-segment;
- to enhance fans’ experience in the 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; and
- to establish a corporate governance structure integrated with environmental, social and governance (“ESG”) to facilitate the implementation of ESG practices and gradually fulfill its 2025 ESG commitment, thus ensuring the sustainable, healthy and high-quality development of the Company’s business in the long run.

INTERIM DIVIDEND

The Board declared the payment of an interim dividend of HK\$0.46 per ordinary share (equivalent to approximately RMB0.42 per ordinary share) for the six months ended December 31, 2023. Such interim dividend is expected to be paid on April 19, 2024 to the shareholders of the Company (the “Shareholders”) whose names appear on the Company’s register of members on April 12, 2024.

SPECIAL INTERIM DIVIDEND

In addition to the declaration of the interim dividend, the Board is pleased to announce that, having considered the financial and cash flow position of the Group and to reward the Shareholders in recognition of their support to the Group, which is celebrating its 30th anniversary, the Board has resolved to approve the declaration and the payment of a special interim dividend of HK\$0.39 per ordinary share (equivalent to approximately RMB0.36 per ordinary share). Such special interim dividend is expected to be paid on April 19, 2024 to the Shareholders whose names appear on the Company's register of members on April 12, 2024.

CLOSURE OF REGISTER OF MEMBERS

In order to determine the identity of members who are eligible for receiving the interim dividend and the special interim dividend, the register of members of the Company will be closed from April 11, 2024 to April 12, 2024 (both days inclusive), during which period no share transfer will be registered. In order to be eligible for receiving the interim dividend and the special 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 10, 2024.

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 C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (the "**Listing Rules**") as its own corporate governance code.

The Company has complied with all applicable code provisions under the CG Code during the six months ended December 31, 2023. 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 C3 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, 2023.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the six months ended December 31, 2023, 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, 2023.

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) and that of the Company (www.jiangnanbuyigroup.com.cn), and the interim report of the Company for the six months ended December 31, 2023 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 27, 2024

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