江南布衣
JIANGNANBUYI

JNBY DESIGN LIMITED (Stock Code: 03306)

2023/2024 ANNUAL REPORT

This annual report is printed on environmental paper

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INFORMATION ON JNBY GROUP

JNBY Design Limited (the "Company" or "JNBY Group") and its subsidiaries (the "Group" or "we") are an influential designer brand fashion house based in China. We design, promote and sell contemporary apparel, footwear and accessories as well as household products. As at June 30, 2024, our brand portfolio comprises a number of brands in three stages — the Mature brand, namely JNBY, three Younger brands, namely (i) CROQUIS, (ii) jnby by JNBY and (iii) LESS, as well as various Emerging brands, such as POMME DE TERRE (蓬馬), onmygame and JNBYHOME, each targeting at a distinct customer segment and having a uniquely defined design identity based on our Group's universal brand philosophy — "Just Naturally Be Yourself".

Our products target at middle- and upper-income customers who seek to express their individuality through fashionable products. Our broad range of product offering and brand portfolio create a lifestyle ecosystem that enables us to address our customers' needs at different stages and scenarios of their lives, which in turn allows us to build a large, diversified and loyal customer base. We started our business in 1994 by selling women's apparel with the brand JNBY aimed at providing contemporary well-designed and high-quality women's wear to consumers. We expanded our brand portfolio between 2005 and 2011 to include CROQUIS, jnby by JNBY and LESS. During 2016–2019, we further launched various Emerging brands, such as POMME DE TERRE (蓬馬) and JNBYHOME, and in 2024, we added the children's apparel brand, onmygame, to the emerging brands matrix through acquisition, so that our product mixes could be more diversified and segmented and we could cover consumers of most age groups. Meanwhile, we have launched such new consumption scenarios or products as "Box Project" and "JIANGNANBUYI+" multi-brand collection stores to provide consumers with more value-added services.

Taking into account our customers' purchasing patterns and information needs, we have established an omni-channel interactive platform comprising physical retail stores, online platforms and WeChat-based social media interactive marketing service platform, with each component playing a critical role in attracting fans and transforming our potential fans into loyal fans. We aim to build up a "JNBY Fans Economy" system, which is based on a community of fans whose purchases are driven by their affinity to the lifestyle we aim to promote.

JNBY

Year of launch:
1990's
Slogan:
Just Naturally Be Yourself
Target customers:
Modern women between 25 and 40 who are acutely curious and adept at discovering the surprises and poetry in everyday life, and who naturally express these attributes
Design concepts:
Modern, Vitality, Charming and Serenity

jnby by JNBY

Year of launch:
2011
Slogan:
Free imagination
Target customers:
Children between 0 and 10 who are from middle-and upper-class families with a level of living standard, who are independent and love life

Design concepts:
Freedom, Imagination, Joyful and Sincerity

POMME DE TERRE
蓬马

Year of launch:
2016
Slogan:
Don't be serious
Target customers:
Children between 5 and 14 who are casual, exploratory, and pursue a high-quality life

Design concepts:
Casual, Exploratory, Sustainable

onmygame

Year of launch:
2022
Slogan:
Tech Elevates Sportswear Comfort and Sophistication
Target customers:
Children between 4 and 15 who come from families with a certain standard of living and a passion for sports
Design concepts:
Comfort, Expertise, Vitality, Freedom

速写

Year of launch:
2005
Slogan:
Re-Consider Humorously
Target customers:
Men between 25 and 40 who enjoy fashion and textiles

Design concepts:
Elegant, Playful, Contemporary and Textured

LESS

Year of launch:
2011
Slogan:
Less is more
Target customers:
Female professionals between 30 and 45 who are independent, rational, and pursue simple living

Design concepts:
Simple, Craftsmanship, Delicate and Independent

JNBYHOME

Year of launch:
2016
Slogan:
Live Lively
Target customers:
People between 25 and 40 who have aesthetic preferences, care about quality of life, have independent opinions, own their own homes, and have mostly formed families

Design concepts:
Have fun, Authentic, Explore, Free and Open-minded

RE:RE:RE:LAB

Year of launch:
2024
Slogan:
Re-consider, Re-use, Re-create
Target customers:
Contemporary consumers who lead sustainable lifestyle and endorse the fashion philosophy of "long-termism"
Design concepts:
Long-termism, Fashion, Sustainability

COMPANY INTRODUCTION

INFORMATION ON JNBY GROUP

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CORPORATE INFORMATION

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS
Mr. Wu Jian *(Chairman)*
Ms. Li Lin
Ms. Wu Huating

NON-EXECUTIVE DIRECTOR
Mr. Wei Zhe

INDEPENDENT NON-EXECUTIVE DIRECTORS
Mr. Lam Yiu Por
Ms. Han Min
Mr. Hu Huanxin

BOARD COMMITTEES

AUDIT COMMITTEE
Mr. Lam Yiu Por *(Chairman)*
Ms. Han Min
Mr. Hu Huanxin

REMUNERATION COMMITTEE
Mr. Hu Huanxin *(Chairman)*
Mr. Wu Jian
Mr. Lam Yiu Por

NOMINATION COMMITTEE
Mr. Wu Jian *(Chairman)*
Mr. Hu Huanxin
Ms. Han Min

JOINT COMPANY SECRETARIES

Ms. Qian Xiaoping
Ms. Ng Sau Mei (FCG, HKFCG)

AUTHORISED REPRESENTATIVES

Mr. Wu Jian
Ms. Ng Sau Mei

REGISTERED OFFICE

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

HEADQUARTERS

Building 2-6, O ō ELi
No. 398 Tianmushan Road
Xihu District
Hangzhou, Zhejiang Province, PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 9, 22/F, Seapower Tower
North Tower, Concordia Plaza
1 Science Museum Road
Tsim Sha Tsui
Kowloon
Hong Kong, PRC

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
22/F Prince's Building
Central
Hong Kong, PRC

THE CAYMAN ISLANDS PRINCIPAL REGISTRAR AND TRANSFER OFFICE

Codan Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HONG KONG SHARE REGISTRAR

Link Market Services (Hong Kong) Pty Limited
Suite 1601, 16/F., Central Tower
28 Queen's Road Central
Hong Kong, PRC

PRINCIPAL BANKS

Bank of Hangzhou, Guanxiangkou Branch

COMPANY'S WEBSITE

https://www.jiangnanbuyigroup.com.cn

STOCK CODE

3306

LISTING DATE

October 31, 2016

FINANCIAL SUMMARY

For the year ended June 30,	2024 RMB'000	2023 RMB'000	Increase %
Financial Summary			
Revenue	**5,238,149**	4,465,124	17.3
Gross profit	**3,470,485**	2,916,992	19.0
Operating profit	**1,194,266**	857,898	39.2
Net profit	**848,139**	621,283	36.5
Net cash flows from operating activities	**1,602,967**	939,119	70.7
	(RMB)	(RMB)	(%)
Basic earnings per share	**1.67**	1.24	34.7
Diluted earnings per share	**1.64**	1.22	34.4
	(Percentage)	(Percentage)	(Percentage point(s))
Financial Ratios			
Gross profit margin	**66.3**	65.3	1.0
Operating profit ratio	**22.8**	19.2	3.6
Net profit margin	**16.2**	13.9	2.3

	As at June 30, 2024	As at June 30, 2023
Liquidity Ratios		
Trade receivables turnover days	**8.6**	9.4
Trade and bills payables turnover days	**51.3**	62.0
Inventories turnover days	**155.9**	190.9
Capital Ratios		
Debt to assets ratio[1]	**49.4%**	51.3%

Note 1: Debt to assets ratio = total debts/total assets

CONSOLIDATED RESULTS

For the year ended June 30,	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000	2020 RMB'000
Revenue	**5,238,149**	4,465,124	4,085,868	4,126,225	3,099,431
Gross profit	**3,470,485**	2,916,992	2,607,370	2,597,352	1,849,655
Gross profit margin	**66.3%**	65.3%	63.8%	62.9%	59.7%
Operating profit	**1,194,266**	857,898	775,852	883,861	485,005
Net profit	**848,139**	621,283	558,873	647,195	346,698
Net profit margin	**16.2%**	13.9%	13.7%	15.7%	11.2%
Profit attributable to the shareholders	**849,087**	621,292	558,880	647,201	346,708
ASSETS					
Non-current assets	**1,777,876**	1,843,181	1,720,147	1,329,688	728,071
Current assets	**2,594,459**	2,222,646	2,179,688	2,488,955	2,106,138
EQUITY AND LIABILITIES					
Total equity	**2,211,569**	1,981,523	1,684,965	1,716,251	1,485,912
Non-current liabilities	**414,502**	468,519	466,084	466,418	91,511
Current liabilities	**1,746,264**	1,615,785	1,748,786	1,635,974	1,256,786

CHAIRMAN'S STATEMENT

Dear Shareholders,

Fiscal Year 2023/24 was a year with opportunities and challenges. China's economy maintained an upward trend with steady growth. Accompanied by the effective implementation of policies and measures to expand domestic demand, the vitality of the domestic demand market has been unleashed gradually, paving the way to high-quality development of enterprises.

We also observed that notwithstanding the recovery of economy and the pick-up of consumer demand, consumer confidence is still fluctuating. China's apparel market continues to show a diversified consumption trend, with local brands continuously increasing influence in the Chinese market. The ever-increasing group of people who pursue the quality of life, rising demand of consumers for personalised and sustainable products, and growing affection of young consumers for products and brands with strong brand power bring enormous potential for the segmented market where designer brands operate. In addition, consumers are rapidly shifting from the traditional retail to a more diversified emerging consumption scenario, where digital consumption and e-commerce platforms continue to play an important role, the integration of online and offline channels deepens, and the new retail model is being further promoted. During the process, consumers tend to favour brands that they trust more and that offer them a quality experience, therefore, a competition trend arises in the segmented market where designer brands operate that the market begins to concentrate in favour of top brands.

2024 is a year of significant milestone for us, as JNBY Group is entering its 30th year. Looking back, our story began with independent design to shape unique aesthetic views, allowing a seed of imagination to grow into what it wants to be. That is what JNBY Group has been doing for 30 years, i.e., "unique by birth, grounded in diversity". As we turn 30, we will continue to adhere to our long-termism, practice uniqueness and diversity, and create more symbiotic values for our customers, employees, shareholders of the Company (the "**Shareholders**") and the society.

As an influential designer brand fashion group in China, the Group continues to adapt to market changes and seize market opportunities in an active manner. In addition to adherence to the strategies of "design-driven", "multi-brand large-scale development" and "fans economy", the Group further increases investment in brand strength, strengthens the comprehensive capacity building to support the sustainable and large-scale development of multi-brands, and continues to optimize the construction of a fan-focused global retail network. With our continuous efforts to care for employees with a people-oriented approach, focus on optimizing and improving our own edge, continue to comprehensively improve our brand strength and digital and intelligent capabilities, optimize business operation efficiency, strengthen talent team building and maintain abundant cash flows, we recorded solid and high-quality results performance, and continued to deliver stable returns for the Shareholders.

Attributable to the efforts of all employees, the Group's results reached new high in the retail environment where opportunities and challenges coexisted, and cash reserves continued to be healthy and sufficient. Revenue and net profit for the year ended June 30, 2024 ("**Fiscal Year 2024**") amounted to RMB5,238 million and RMB848 million, respectively, increasing by 17.3% and 36.5% as compared with that for the year ended June 30, 2023 ("**Fiscal Year 2023**"), respectively. Meanwhile, the board (the "**Board**") of directors (the "**Directors**") of the Company recommended a final dividend of HK$0.86 per ordinary share, together with an interim dividend of HK$0.46 per ordinary share and a special interim dividend of HK$0.39 per ordinary share, the total dividends for the Fiscal Year 2024 amounted to HK$1.71 per ordinary share. We will continue to focus on our own high-quality development and Shareholders' returns to create values for our Shareholders in a sustainable manner.

With the recovery of social economy and the gradual implementation of a series of policies to promote consumption, we believe that the trend of consumption growth is expected to continue and the consumption environment will continue to improve, and we remain optimistic about the Group's long-term prospects. Looking forward, we will proactively seek exploration in terms of "art exploration", "humanistic care" and "social responsibility" to promote our healthy and sustainable development, and are committed to becoming a respectable and influential designer brand group. We will continue to focus on our fans base, implement a design and brand-driven strategy, continuously optimize our designer brand portfolio, enhance forward-looking design and research and development capabilities, comprehensively enhance our brand strength, make full use of Internet thinking and technology, continue to enhance our retail network all across China and over the globe, actively deploy the global digital and intelligent retail network, expand new consumption scenarios, optimize the ability of the intelligent responsive supply chain, and constantly create and provide scenarios for value-added services and customer touchpoints to our fans who wish to express their individuality, so as to lead the way in building up a "JNBY" lifestyle ecosystem. We also believe that with continuously diversified product and brand portfolios, increasingly strong brand strength, a larger diversified loyal fan base and the improvement of comprehensive capabilities to support the sustainable and large-scale development of multiple brands, we can further promote the construction of a design incubation platform, thus lay a foundation for the sustainable long-term healthy and high-quality growth of the Group.

Last but not least, on behalf of the Board, I would like to take this opportunity to express my heartfelt gratitude to all our Shareholders, business partners and employees of the Company for their continued support and confidence in the Group. The Group will continue to be committed to its sustainable and sound development, fulfilling its social responsibility and at the same time creating greater value for our fans and the Shareholders.

Wu Jian
Chairman of the Board and Executive Director

Hong Kong, the PRC, September 5, 2024

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 Fiscal Year 2024 amounted to RMB5,238.1 million, an increase of 17.3% or RMB773.0 million as compared with RMB4,465.1 million for Fiscal Year 2023. 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 2,024 as of June 30, 2024. 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 "JIANGNANBUYI+" multi-brand collection stores, respectively:

	As of June 30, 2024	As of June 30, 2023
Number of our standalone retail stores around the world by different brands		
Mature Brand:		
JNBY	**924**	921
Subtotal	**924**	921
Younger Brands:		
CROQUIS	**310**	300
jnby by JNBY	**493**	486
LESS	**240**	233
Subtotal	**1,043**	1,019
Emerging Brands:		
Other brands	**37**	31
Subtotal	**37**	31
"JIANGNANBUYI+" multi-brand collection stores	**20**	19
Total	**2,024**	1,990

	As of June 30, 2024	As of June 30, 2023
Number and geographic distribution of our standalone retail stores by sales channels		
Mainland China		
Self-operated stores	**514**	564
Distributor-operated stores	**1,488**	1,402
Outside Mainland China		
Self-operated stores	**1**	1
Distributor-operated stores	**21**	23
Total	**2,024**	1,990

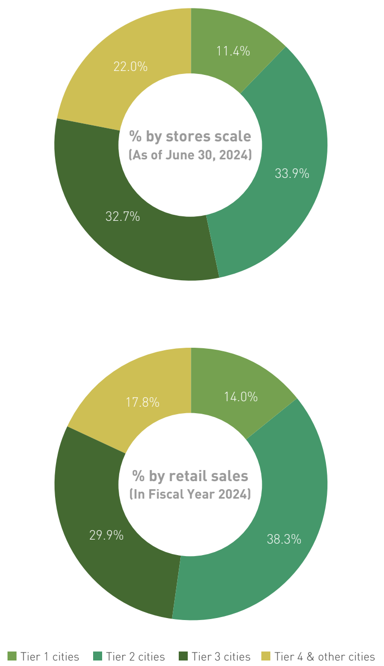
As of June 30, 2024, the total number of our standalone retail stores in countries and regions all over the world (excluding points of sale) was 2,024, and the following charts show the geographic distribution of our retail stores (including standalone distributor-operated and self-operated stores) across 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

(As of June 30, 2024)

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%



SAME STORE SALES GROWTH OF OFFLINE SHOPS

In 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 "JIANGNANBUYI+" 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 Fiscal Year 2024 recorded an increase of 10.7%, 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 "JIANGNANBUYI+" multi-brand collection stores, fully accessible by its fans and further enhancing the quality of store services;

(ii) As a result of the upgrade and effective utilization of the inventory sharing and allocation system, the incremental retail sales generated by the system was RMB1,103.1 million for Fiscal Year 2024, representing an increase of 31.8% as compared with RMB836.7 million for 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

During Fiscal Year 2024, the retail sales contributed by the members of the Group accounted for over 80% of our total retail sales, the number of active members accounts of the Group[Note 1] (without duplication) was over 550,000 (Fiscal Year 2023: nearly 510,000), and the number of active members accounts was significantly higher than that in Fiscal Year 2023.

In Fiscal Year 2024, the number of membership accounts with annual purchases totaling over RMB5,000 was over 310,000 (Fiscal Year 2023: nearly 260,000), and the retail sales contributed by those membership accounts reached RMB4.49 billion (Fiscal Year 2023: RMB3.54 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 Fiscal Year 2024 were higher than that of Fiscal Year 2023, 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 years indicated:

	For the year ended June 30,					
	2024		2023		Increase	
	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)
Mature Brand:						
JNBY	**2,944,170**	**56.2**	2,513,391	56.3	430,779	17.1
Subtotal	**2,944,170**	**56.2**	2,513,391	56.3	430,779	17.1
Younger Brands:						
CROQUIS	**754,686**	**14.4**	675,510	15.1	79,176	11.7
jnby by JNBY	**807,486**	**15.4**	664,999	14.9	142,487	21.4
LESS	**621,965**	**11.9**	525,908	11.8	96,057	18.3
Subtotal	**2,184,137**	**41.7**	1,866,417	41.8	317,720	17.0
Emerging Brands:						
Other brands	**109,842**	**2.1**	85,316	1.9	24,526	28.7
Subtotal	**109,842**	**2.1**	85,316	1.9	24,526	28.7
Total revenue(1)	**5,238,149**	**100.0**	4,465,124	100.0	773,025	17.3

Note:

(1) Includes revenue recorded by "JIANGNANBUYI+" multi-brand collection stores of RMB264.0 million.

For Fiscal Year 2024, revenue generated from the Group's mature brand with a history of approximately 30 years, JNBY brand, increased by 17.1% or RMB430.8 million as compared to Fiscal Year 2023. For younger brands portfolio, it consists of brands which were successively launched from 2005 to 2011, namely CROQUIS, jnby by JNBY and LESS. Revenue generated from younger brands portfolio increased by 17.0% as compared to Fiscal Year 2023. For emerging brands portfolio, it consists of various new brands, such as POMME DE TERRE (蓬馬), JNBYHOME and onmygame. Revenue from emerging brands portfolio amounted to RMB109.8 million, representing an aggregate of 2.1% 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 years indicated:

	For the year ended June 30,					
	2024		2023		Increase	
	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)
Offline channels						
Self-operated stores	**2,158,621**	**41.2**	1,854,009	41.5	304,612	16.4
Distributor-operated stores[1]	**2,071,079**	**39.5**	1,759,320	39.4	311,759	17.7
Online channels	**1,008,449**	**19.3**	851,795	19.1	156,654	18.4
Total revenue	**5,238,149**	**100.0**	4,465,124	100.0	773,025	17.3

Note:

(1) Includes stores operated by overseas customers.

In Fiscal Year 2024, revenue generated through both our online and offline channels increased as compared with that in Fiscal Year 2023, of which revenue generated through our offline channels increased by 17.1% and the revenue generated through our online channels increased by 18.4%.

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 years indicated:

	For the year ended June 30,					
	2024		2023		Increase/(decrease)	
	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)
Mainland China	**5,206,039**	**99.4**	4,422,596	99.0	783,443	17.7
Outside Mainland China[1]	**32,110**	**0.6**	42,528	1.0	(10,418)	(24.5)
Total revenue	**5,238,149**	**100.0**	4,465,124	100.0	773,025	17.3

Note:

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

GROSS PROFIT AND GROSS PROFIT MARGIN

The Group's gross profit increased by 19.0% from RMB2,917.0 million for Fiscal Year 2023 to RMB3,470.5 million for Fiscal Year 2024, which was mainly attributable to the increase in revenue.

The Group's overall gross profit margin increased from 65.3% for Fiscal Year 2023 to 66.3% for 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 year ended June 30,					
	2024		2023		Increase	
	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)
Mature Brand:						
JNBY	**2,008,528**	**68.2**	1,689,045	67.2	319,483	18.9
Subtotal	**2,008,528**	**68.2**	1,689,045	67.2	319,483	18.9
Younger Brands:						
CROQUIS	**500,066**	**66.3**	437,360	64.7	62,706	14.3
jnby by JNBY	**477,861**	**59.2**	389,731	58.6	88,130	22.6
LESS	**434,636**	**69.9**	361,241	68.7	73,395	20.3
Subtotal	**1,412,563**	**64.7**	1,188,332	63.7	224,231	18.9
Emerging Brands:						
Other brands	**49,394**	**45.0**	39,615	46.4	9,779	24.7
Subtotal	**49,394**	**45.0**	39,615	46.4	9,779	24.7
Total	**3,470,485**	**66.3**	2,916,992	65.3	553,493	19.0

	For the year ended June 30,					
	2024		2023		Increase	
	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)
Offline channels						
Self-operated stores	**1,599,076**	**74.1**	1,357,401	73.2	241,675	17.8
Distributor-operated stores	**1,228,165**	**59.3**	1,036,165	58.9	192,000	18.5
Online channels	**643,244**	**63.8**	523,426	61.4	119,818	22.9
Total	**3,470,485**	**66.3**	2,916,992	65.3	553,493	19.0

SELLING AND MARKETING EXPENSES AND ADMINISTRATIVE EXPENSES

In Fiscal Year 2024, selling and marketing expenses were RMB1,827.1 million (Fiscal Year 2023: RMB1,695.1 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 terms of percentage, the selling and marketing expenses accounted for 34.9% of our total revenue in Fiscal Year 2024 (Fiscal Year 2023: 38.0%). The decrease in the expense ratio as compared to Fiscal Year 2023 was mainly attributable to the increase in the total revenue and the improvement of operating efficiency. The administrative expenses for Fiscal Year 2024 were RMB506.3 million (Fiscal Year 2023: RMB445.6 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 RMB195.6 million (Fiscal Year 2023: RMB168.2 million). In terms of percentage, administrative expenses accounted for 9.7% of our revenue in Fiscal Year 2024 (Fiscal Year 2023: 10.0%).

FINANCE INCOME/(COSTS), NET

The Group's finance income, net for Fiscal Year 2024 was RMB20.2 million (Fiscal Year 2023: finance costs, net of RMB7.1 million).

NET PROFIT AND NET PROFIT MARGIN

Due to the above-mentioned factors, net profit for Fiscal Year 2024 was RMB848.1 million, representing an increase of 36.5% or RMB226.9 million as compared with RMB621.3 million for Fiscal Year 2023. Net profit margin increased from 13.9% for Fiscal Year 2023 to 16.2% for Fiscal Year 2024.

CAPITAL EXPENDITURE

The Group's capital expenditure mainly consists of payments for acquisition of subsidiaries, property, plant and equipment, intangible assets and decoration of office building and our self-operated stores. The Company's capital expenditure for Fiscal Year 2024 was RMB183.0 million (Fiscal Year 2023: RMB155.4 million).

PROFIT BEFORE INCOME TAX

The Group's profit before income tax increased by 42.6% from RMB850.8 million for Fiscal Year 2023 to RMB1,213.1 million for 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 June 30, 2024, the Group's cash and cash equivalents were RMB698.6 million (June 30, 2023: RMB525.1 million), of which 89.3% was denominated in Renminbi, 8.2% in HK dollars and 2.5% in other currencies. Net cash inflow from operating activities in Fiscal Year 2024 was RMB1,603.0 million, an increase of 70.7% as compared with RMB939.1 million in 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.

On January 8, 2024, JNBY Finery subscribed for the short-term financial products of China Merchants Bank with a principal of RMB30,000,000. The subscription mentioned above does not constitute a notifiable transaction of the Company.

On May 1, 2024, JNBY Finery subscribed for the short-term financial products of China CITIC Bank with a principal of RMB50,000,000. The subscription mentioned above does not constitute a notifiable transaction of the Company.

INVESTMENT FUNDS

In Fiscal Year 2024, the Group made total capital contributions of RMB6,000,000 to subscribe for a venture capital fund as a limited partner with a total capital commitment of RMB30,000,000. As of June 30, 2024, the Group made capital contributions of RMB10,500,000 to this venture capital fund. The subscription mentioned above does not constitute a notifiable transaction of the Company.

EQUITY INVESTMENT

On March 11, 2024, Hangzhou Liancheng Huazhuo Industrial Co., Ltd. (杭州聯成華卓實業有限公司) ("**Liancheng Huazhuo**"), a subsidiary of the Company, signed an equity investment agreement with Hangzhou Huiju Brand Management Co., Ltd., Hangzhou Yingbin Technology Co., Ltd., Hangzhou Yuanhan Cultural Creative Co., Ltd. and Hangzhou Kudong Sports Technology Development Co., Ltd. (collectively, "**Huiju**") to acquire 51% of its equity interests with a total cash consideration of RMB96,440,562, and Huiju mainly operates onmygame brands. This equity investment is beneficial to the diversification of designer brand portfolio. In Fiscal Year 2024, the Group paid cash consideration of RMB80,720,281. The equity investment mentioned above does not constitute a notifiable transaction of the Company.

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 1,596 as of June 30, 2024 (June 30, 2023: 1,508). The total staff costs for Fiscal Year 2024 (including basic salaries and allowances, social security insurance, bonuses and share-based compensation expenses) were RMB486.5 million (Fiscal Year 2023: RMB434.8 million), representing 9.3% of our revenue (Fiscal Year 2023: 9.7%).

PLEDGE OF ASSETS

As at June 30, 2024, the Group did not have any secured bank borrowings.

CONTINGENT LIABILITIES

As at June 30, 2024, the Group did not have any material contingent liabilities.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this annual report, the Group does not have other plans for material investments and capital assets.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Details of material acquisition of subsidiaries of the Group during the Fiscal Year 2024 are set out in note 32 to the consolidated financial statements. Save as disclosed in this annual report, the Group did not have any other material acquisitions and disposals of subsidiaries, associates and joint ventures.

EVENTS AFTER THE BALANCE SHEET DATE

A final dividend in respect of the year ended June 30, 2024 of HK$0.86 (equivalent to approximately RMB0.81) per ordinary share has been proposed by the Board and is to be approved at the annual general meeting of the Company (the "**AGM**") to be held on October 24, 2024. The financial statements set out in this annual report do not reflect this dividend payable.

Except for the events as described above, there was no significant event occurred during the period from June 30, 2024 to the approval date of the consolidated financial statements by the Board on September 5, 2024.

OUTLOOK

China's economy has continued to stabilize and improve, with a steady increase in economic growth. With the implementation of policies and measures to expand domestic demand, the vitality of the domestic demand market has been gradually reactivated, laying a foundation for the high-quality development of enterprises. We have also observed that, with the recovery of the economy, consumption desire is increasing whilst consumer confidence is still fluctuating, and the Chinese clothing market continues to show diversified consumption trends, such as the influence of local brands in the Chinese market continues to increase, and the group of people who pursue distinguished lifestyles continues expanding. As the demand of customers for personalized and sustainable 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 retails to more diversified emerging consumption scenarios where digital consumption and e-commerce platforms continue to play an important role. With the deeper integration of online and offline channels, the new retail model has been further promoted, during which consumers prefer brands that are more trustworthy and brands that can provide them with a quality experience, 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 e-commerce and new retail channels 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 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 a long run.

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

The Board currently consists of 7 Directors, comprising 3 executive Directors, 1 non-executive Director and 3 independent non-executive Directors.

EXECUTIVE DIRECTORS

Mr. Wu Jian (吳健), aged 56, is the co-founder of our Group and an executive Director and the Chairman of our Company. Mr. Wu is primarily responsible for formulating the overall development strategies and overseeing the operation of our Group. Since late 1994, Mr. Wu has been devoted to retailing of Ms. Li Lin's apparel designs and the establishment and development of our Group. With 30 years of experiences of business operation in the apparel industry, Mr. Wu has been the key driver of our business strategies and achievements to date and will continue to oversee the management of our operations and business.

Mr. Wu graduated from Zhejiang University (浙江大學) with a bachelor's degree in refrigeration equipment and cryogenic technology in July 1990. He obtained an Executive Master of Business Administration from Business School of City University of Hong Kong at the end of 2017. Mr. Wu is the husband of Ms. Li Lin, our executive Director and chief creative officer, and brother of Ms. Wu Liwen, the general manager of production and purchasing center of our Group.

Ms. Li Lin (李琳), aged 53, is the co-founder of our Group and an executive Director and chief creative officer of our Group. With 30 years of experience in the apparel designing and retailing business, Ms. Li is primarily responsible for the design and innovation of our apparel business. In late 1994, Ms. Li began selling womenswear in Hangzhou, and gradually created and developed her own designs. Ms. Li and Mr. Wu opened their first retail store offering Ms. Li's own designs in 1996, and established Hangzhou JNBY Finery Co., Ltd. ("**Hangzhou JNBY**") in 1997.

Ms. Li has served as the Tate International Council of United Kingdom since May 2024, and was listed among the Artnews Top Collector 200 in 2020 and 2021 for two consecutive years. Ms. Li graduated from Zhejiang University (浙江大學) with a bachelor's degree in chemistry in July 1992. Ms. Li is the wife of Mr. Wu Jian, the Chairman of our Group and executive Director.

Ms. Wu Huating (吳華婷), aged 49, is the chief executive officer of the Company and an executive Director. Ms. Wu is primarily responsible for the Group's overall strategy development, business planning and development. Ms. Wu has over 20 years of experience in the operation, management and investment of retail and Internet industries. She was a partner of Vision Knight Capital General Partners Ltd., a private equity investment fund, from 2011 to 2018. Prior to joining Vision Knight Capital General Partners Ltd., Ms. Wu had been employed by Alibaba (China) Network Technology Co., Ltd. and served as senior director since 2006. She was mainly responsible for company brand, business marketing operations as well as marketing channel management, operation and optimization of Internet online marketing. In addition, she served as director of market development for UTStarcom Holdings Corp. from 2002 to 2006. She was also the product manager of Hangzhou Tingyi International Food Co., Ltd. under Ting Hsin International Group from 1998 to the end of 2001.

Ms. Wu graduated from Zhejiang University in 1997 with a bachelor's degree in mechanical engineering. She holds the professional certificate in Project Management Professional (PMP) issued by Project Management Institute (PMI) and the qualification certificate of Asset Management Association of China.

NON-EXECUTIVE DIRECTOR

Mr. Wei Zhe (衛哲), aged 53, joined our Group on June 24, 2013 when he was appointed as a non-executive Director. He is mainly responsible for providing strategic advice on the business development of our Group. Mr. Wei has over 20 years of experience in both investment and operational management in the PRC. Prior to joining our Group, Mr. Wei served as corporate finance manager at Coopers & Lybrand (now part of PricewaterhouseCoopers) from 1995 to 1998, and as managing director and head of investment banking at Orient Securities Company Limited from 1998 to 2000. Mr. Wei was a vice chairman, from 2002 to 2006, and a consultant, from 2007 to 2011, of China Chain Store & Franchise Association (中國連鎖經營協會). From 2003 to 2006, Mr. Wei was also the chief representative for Kingfisher's China sourcing office, Kingfisher Asia Ltd. Mr. Wei joined Alibaba Group and served as senior vice president of the B2B Division from November 2006 to January 2007, and president of the B2B Division and executive vice-president of Alibaba Group, from February 2007 to February 2011. He was the chief executive officer of Alibaba.com Limited, a leading worldwide B2B e-commerce company once listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (stock code: 01688 and delisted in June 2012) from October 2007 to February 2011. He was voted as one of "China's Best CEOs" by FinanceAsia magazine in 2010. He has been serving as a director of Vision Knight Capital General Partners Ltd., a private equity investment fund since June 2011. Mr. Wei graduated from Shanghai International Studies College (上海外國語學院), Shanghai, with a bachelor's degree in international business management in July 1993. He also completed the EMBA corporate finance evening program at London Business School, London, United Kingdom in June 1998.

Currently, Mr. Wei has been serving as a non-executive director of PCCW Limited, a company listed on the Main Board of the Stock Exchange (stock code: 00008) since May 2012. Prior to this, he was an independent non-executive director of PCCW Limited from November 2011 to May 2012. Mr. Wei served as an independent director of 500.com Limited, a company listed on the New York Stock Exchange (stock code: WBAI) from October 2013 to November 2015. Mr. Wei also served as a non-executive director in Zhong Ao Home Group Limited, a company listed on the Main Board of the Stock Exchange (stock code: 01538) from April 2015 to June 2020. Mr. Wei was an executive director of Zall Smart Commerce Group Ltd. (formally known as Zall Development Group Ltd.), a company listed on the Main Board of the Stock Exchange (stock code: 02098) from June 2017 to January 2023, he was an independent non-executive director of such company from April 2016 to June 2017. Mr. Wei has been an executive director of Vision Deal HK Acquisition Corp., a company listed on the Main Board of the Stock Exchange (stock code: 07827) since February 2022. He has also been a non-executive director of Polestar Automotive Holding UK PLC, a company listed on the NASDAQ Stock Market (stock code: PSNY) since June 2022.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lam Yiu Por (林曉波), aged 47, is an independent non-executive Director. He is primarily responsible for providing independent advice and judgment to our Board, and supervising operations of our Group. He joined our Group on October 13, 2016 when he was appointed as an independent non-executive Director. Mr. Lam now serves as the chief financial officer and joint company secretary of Dingdang Health Technology Group Ltd., a company listed on the Stock Exchange (stock code: 09886).

He served as the vice president and chief financial officer of Greentech Technology International Limited, a company listed on the Stock Exchange (stock code: 00195, formerly known as L'sea Resources International Holdings Limited), from November 2013 to July 2020. He was an independent non-executive director of Tian Ge Interactive Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 01980), from January 2021 to June 2022. From December 2014 to March 2016, Mr. Lam served as an independent non-executive director of China Supply Chain Holdings Limited, a company listed on the Stock Exchange (stock code: 03708, formerly known as Yat Sing Holdings Limited). From April 2015 to May 2017, Mr. Lam served as a non-executive director of Zhong Ao Home Group Limited, a company listed on the Stock Exchange (stock code: 01538). From November 2015 to June 2020, Mr. Lam served as an independent non-executive director of Denox Environmental & Technology Holdings Limited, a company listed on the Stock Exchange (stock code: 01452). From November 2016 to November 2018, Mr. Lam served as an independent non-executive director of China Tontine Wines Group Limited, a company listed on the Stock Exchange (stock code: 00389). From June 2012 to February 2014, he served as an independent non-executive director and chairman of the audit committee of GR Life Style Company Limited, a company listed on the Stock Exchange (stock code: 00108, formerly known as Buildmore International Limited). Mr. Lam has served as an independent non-executive director of Xiamen Yan Palace Bird's Nest Industry Co., Ltd., a company listed on Main Board of the Stock Exchange (stock code: 01497) since November 2023.

Mr. Lam received his bachelor's degree of arts in accountancy from the Hong Kong Polytechnic University (香港理工大學) in November 1997. Mr. Lam has been a member of the Hong Kong Institute of Certified Public Accountants, an associate of The Chartered Governance Institute in the United Kingdom, an associate of The Hong Kong Chartered Governance Institute, a chartered financial analyst of the CFA Institute and a fellow of the Association of Chartered Certified Accountants.

Ms. Han Min (韓敏), aged 50, is an independent non-executive Director. She is primarily responsible for providing independent advice and judgment to our Board, and supervising operations of our Group. She joined our Group on October 13, 2016 when she was appointed as an independent non-executive Director. Ms. Han has been working at Alipay (China) Information Technology Co., Ltd. (支付寶(中國)信息技術有限公司) ("**Alipay**") since January 2006. She served in a number of positions in Alipay from her joining in January 2006, including the director of the marketing operation department, the general manager of the merchants business department, the general manager of the consumers business department. Ms. Han worked at Alibaba (China) Network Technology Co., Ltd. (阿里巴巴(中國)網絡技術有限公司) from September 1999 to December 2005, during which she served various positions in the company, including director of the operation department, director of the international cooperation and development department, and director of the marketing department. Ms. Han graduated from Hangzhou Dianzi University (杭州電子科技大學) (formerly known as Hangzhou Dianzi Industrial College (杭州電子工業學院)), Hangzhou, with a bachelor's degree majoring in foreign trade in July 1997. In November 2008, she graduated from the University of Bath, U.K., with a master's degree of business administration.

Mr. Hu Huanxin (胡煥新), aged 56, is an independent non-executive Director. He is primarily responsible for providing independent advice and judgment to our Board, and supervising operations of our Group. Mr. Hu joined our Group on October 13, 2016 when he was appointed as an independent non-executive Director. Prior to joining our Group, he had held a number of middle and senior management positions in companies such as Cadbury, PepsiCo and Hutchison Whampoa. He was one of the earliest management trainees in China and has set records for the youngest/highest ranking Chinese executives in several foreign companies. From 2008 to 2009, Mr. Hu was employed by Vivalis, a cosmetics company based in the United Kingdom. Mr. Hu also served as the chief operating officer of Daphne International Holdings Limited, a company listed on the Stock Exchange (stock code: 00210) from 2010 to 2015. From March 2015 to December 2017, Mr. Hu served as the chief operating officer and a director of Yango Holdings Company Limited, the parent company of Yango Group Co., Ltd, a company listed on the Shenzhen Stock Exchange (stock code: 000671) and Fujian Longking Co., Ltd., a company listed on the Shanghai Stock Exchange (stock code: 600388). Mr. Hu is currently a director of Wanbang Digital Energy Co., Ltd. (萬幫數字能源股份有限公司). He founded Wuxi Baoding Jiafeng Private Equity Fund Management Partnership (Limited Partnership) and is the executive partner of the company. At the same time, he is also the co-founder of MAXCOOK (美廚智能家居).

Mr. Hu served as the only Chinese member of Oracle's Retail Global Expert Committee and has a deep understanding and research of the consumer goods retail industry. Mr. Hu currently serves as a member of the Wuxi Municipal Committee of the Chinese People's Political Consultative Conference, vice chairman of the Shanghai Wuxi Chamber of Commerce, and a director of the board of Lingnan College of Sun Yet-Sun University.

Mr. Hu graduated from Sun Yet-Sun University (中山大學), Guangzhou, with a bachelor's degree in international economics and trade in July 1990.

SENIOR MANAGEMENT

Mr. Fan Yongkui (范永奎), aged 40, was appointed as finance director of the Group when he joined the Group in September 2015 and was appointed as the vice president of the Group in August 2021, and was appointed as the chief financial officer of the Group in December 2022. He is primarily responsible for the accounting and finance, investment and mergers and acquisitions, financing, investor relations, logistics, legal affairs, internal audit, risk management and e-commerce business management of the Group.

Prior to joining the Group, Mr. Fan served as financial analysis manager of Zhejiang Dahua Technology Co., Ltd. (浙江大華技術股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002236) from July 2010 to September 2015. From May 2008 to June 2010, he worked as project manager at BDO China Shu Lun Pan Certified Public Accountants LLP (立信會計師事務所). From September 2006 to April 2008, Mr. Fan worked at Zhejiang Zhongcheng Accounting Firm (浙江中誠會計師事務所) as an auditor. Mr. Fan has extensive experience in relation to accounting, budgeting and controlling, fund, corporate finance and tax issues.

Mr. Fan graduated from Zhejiang University (浙江大學) with a bachelor's degree in landscape architecture in June 2006, and also holds certificates of Certified Public Accountant, Certified Public Valuer, Tax Agent and lawyer's practice in the PRC.

Ms. Huang Sheng (黃盛), aged 49, joined our Group since September 9, 2019 and served as the Group's chief marketing officer. She is primarily responsible for the Group's development of brand marketing strategy, membership operation, store image design, public relationships maintenance, digital and intelligent retailing, channel development, and direct sale business management for JNBY brand, CROQUIS brand and LESS brand, as well as the business and operation management of overseas business division.

Ms. Huang has over 20 years of working experience in the retail business and operation. Prior to joining our Group, Ms. Huang worked at Shanghai La Chapelle Fashion Co., Ltd. as the vice marketing president and the chief executive officer of the NAFNAF brand in China from September 2018 to September 2019. She worked at GAP (Shanghai) Commercial Company Limited (蓋璞(上海)商業有限公司) (GAP) as the marketing director from August 2017 to September 2018.

Ms. Huang graduated from Shenyang Correspondence University (瀋陽市廣播電視大學) in July 1997, majoring in computer and application. She obtained a master's degree of business administration from AMERICAN NEWPORT UNIVERSITY in May 2003.

Mr. Guan Hongchun (管宏春), aged 44, joined the Group in May 2021 and was appointed as the chief operating officer. He is mainly responsible for the Group's data center, research and development center, the operation and management of onmygame brand, the offline self-operation and distribution business management of jnby by JNBY and POMME DE TERRE (蓬馬) brands, and is also responsible for the distribution business management of JNBY, CROQUIS and LESS brands.

Mr. Guan has nearly 20 years of experience in the operation and management of the apparel industry. Prior to joining the Group, Mr. Guan served as the general manager of edition and the group vice president of EPO Fashion Group from July 2015 to April 2021 respectively, mainly responsible for the offline self-operated retail and national franchise business of the three brands of EPO Group (MO&Co./edition/little MO&Co.), all brand and product management and the BI analysis management of the group.

Mr. Guan graduated from Shanghai University of Engineering Science in March 2002, majoring in fashion design.

Mr. Nie Yanlu (聶延路), aged 53, joined our Group in August 2002 and was appointed as the vice president of the Group from April 2019. Mr. Nie has over 20 years of working experience in operating and marketing. Since he joined our Group, he served in various positions in Hangzhou Huikang Industrial Co., Ltd. ("**Huikang Industrial**") responsible for marketing of JNBY brand, including marketing director and general manager of business department from August 2002 to June 2011. Mr. Nie joined JNBY Finery in June 2011, and served as general manager of JNBY Brand Business Center. He was appointed as the general manager of JNBY Brand & CROQUIS Brand Business Department of our Group in August 2015. Upon his appointment as the vice president of the Group in April 2019, he is primarily responsible for the distribution of our CROQUIS brand products.

Prior to joining our Group, Mr. Nie worked in Zhuhai Special Economic Zone Philips Household Appliance Co., Ltd. (珠海經濟特區飛利浦家庭電器有限公司), a household appliance manufacturing company engaging in the research and development, as well as manufacturing and sales of household appliances. He had also worked at Maybelline (Suzhou) Cosmetics Co., Ltd. (美寶蓮(蘇州)化妝品有限公司), a company engaged in the manufacturing and sales of cosmetics products and later acquired by L'Oreal China Co., Ltd.

Mr. Nie graduated from Harbin Radio & TV University (哈爾濱廣播電視大學), Harbin, in July 1995, majoring in management of industrial enterprise. He received Executive Master of Business Administration Degree from the Guanghua School of Management, Peking University in July 2018.

Ms. Wu Liwen (吳立文), aged 61, was appointed as the general manager of production and purchasing center of our Group since joining our Group on July 23, 2004. She is primarily responsible for overseeing manufacturing and purchasing affairs for our business operation. She has served as director in a number of our subsidiaries. Ms. Wu has nearly 20 years of working experience in the apparel manufacturing business. From July 2004 to October 2012, Ms. Wu served as the general manager of production and purchasing center of Huikang Industrial. Ms. Wu worked in Shenyang No.9 People's Hospital (瀋陽市第九人民醫院) from July 1987 to July 2004, where she last served as the director of ultra-sonographic section of the hospital.

Ms. Wu has been the chairwoman of the Second Committee of the Second Branch of Taiwan Democratic Self-Government League (台灣民主自治同盟) of Hangzhou, Zhejiang since October 2016, and was a member of the 11th Zhejiang Hangzhou Committee of the Chinese People's Political Consultative Conference (CPPCC) from March 2017 to March 2022. She graduated from China Medical University (中國醫科大學), Shenyang, in July 1987 with a bachelor's degree of medical science majoring in hygiene, and in June 2004 with a master's degree of medical science majoring in medical imaging and nuclear medicine. Ms. Wu is the sister of Mr. Wu Jian, Chairman of the Board and an executive Director.

Mr. Xie Peiwang (謝培旺), aged 42, joined our Group in December 2015. Since joining our Group, he is primarily responsible for the overall operation of e-commerce. He serves as the general manager of our e-commerce operation centre, served as the director of our omnichannel membership operation department from March 2017 to November 2019 and also serves as the general manager of the business centre of JNBYHOME brand from March 2019 to September 2023. Mr. Xie has over 15 years of working experience in the Internet industry, and worked at Alibaba Group from 2008 to 2015, during which he served in various operation roles across men's apparel and women's apparel.

Mr. Xie received a graduation certificate of diploma courses from Xiamen Nanyang University, majoring in e-commerce in July 2004.

Mr. Fang Lei (方磊), aged 42, was appointed as the project manager of the information center when joining the Group in March 2014, and was appointed as the director of the information center in March 2017. He was appointed as the chief information officer in August 2021, and is primarily responsible for the formulation of information planning, the establishment of information and technology platform as well as the design and research and development of Internet products of the Group.

Mr. Fang has over 15 years of experiences in the research and development and management in information system. Prior to joining our Group, Mr. Fang served as the development manager of Shiji Dashang Information Technology Co., Ltd. (石基大商信息技術有限公司) (formerly known as Beijing Fuji Rongtong Technology Co., Ltd. (北京富基融通科技有限公司)) from July 2005 to March 2014, and was responsible for the research and development as well as project management works for ERP management system and CRM system of shopping centers and department stores.

Mr. Fang graduated from Wuhan Polytechnic University (武漢輕工業大學 (formerly known as Wuhan Industrial College (武漢工業學院))) with a bachelor's degree in engineering in June 2005, majoring in computer science and technology. He also obtained a master's degree in engineering from Huazhong University of Science and Technology in December 2011, majoring in computer technology.

DIRECTORS' REPORT

The Board is pleased to present the annual report (the "**Annual Report**") and the audited consolidated financial statements of the Group for the year ended June 30, 2024.

GLOBAL OFFERING

The Company was incorporated in the Cayman Islands with limited liability on November 26, 2012, the shares of which were listed on the Main Board of the Stock Exchange on October 31, 2016 (the "**Listing Date**").

PRINCIPAL BUSINESS

The Company is principally engaged in the design, promotion and sales of female, male and youth contemporary apparel, footwear and accessories. The analysis of the Group's principal business for the year ended June 30, 2024 is set out in note 5 to the consolidated financial statements.

RESULTS

The results of the Group for the year ended June 30, 2024 are set out in the consolidated statement of comprehensive income on page 121 of this Annual Report.

DIVIDEND POLICY

The Board shall declare whether dividend will be paid and determine its amount after considering the following aspects:

- The actual and expected financial results of the Company;
- The retained profit and distributable reserve of the Group and each subsidiary of the Group;
- The expected operating capital requirement, capital expense requirement and future expansion plan of the Group;
- The position of the Group's current capital;
- The general economic condition, and the internal and external factors that may affect the business, financial results and positioning of the Company; and
- Other matters the Board may consider related.

FINAL DIVIDEND

The Board has recommended the payment of a final dividend of HK$0.86 per ordinary share (equivalent to approximately RMB0.81 per ordinary share) for the year ended June 30, 2024.

The final dividend is subject to the approval of the Shareholders at the AGM to be held on October 24, 2024, and will be paid on November 8, 2024 to those Shareholders whose names appear on the Company's register of members on October 31, 2024.

BUSINESS REVIEW

China's economy maintained an upward trend with steady growth. Accompanied by the effective implementation of policies and measures to expand domestic demand, the potential of the domestic market has been unleashed gradually, paving the way to high-quality development of enterprises. We also noted that notwithstanding the recovery of economy and the pick-up of consumer demand, consumer confidence is still fluctuating. China's apparel market continues to show a diversified consumer trend, with local brands gaining increasing presence in the Chinese market. The ever-increasing group of people who pursue the quality of life, rising demand of consumers for personalised and sustainable products, and growing affection of young consumers for products and brands with strong brand power bring enormous potential for the market segment where designer brands operate. In addition, consumers are rapidly shifting from the traditional retail scenario to a more diversified emerging consumption scenario, where digital consumption and e-commerce platforms continue to play an important role, the integration of online and offline channels deepens, and the new retail model is being further promoted. During the process, consumers tend to favour brands that they trust more and that offer them a quality experience, therefore, a competition trend arises in the market segment where designer brands operate that the market begins to concentrate in favour of top brands.

As an influential designer brand fashion group in China, the Group adapts to market changes and seizes market opportunities in an active manner. In addition to further adherence to the strategies of "design-driven", "multi-brand large-scale development" and "fans economy", the Group has further increased investment in brand strength, strengthened the comprehensive capacity building to support the sustainable and large-scale development of multi-brands, and continued to optimize the construction of a fan-focused global retail network. Thanks to the efforts of all employees, the Group's performance has once again made a huge breakthrough. Details of business review and prospect of the Company are disclosed in the section headed "Management Discussion and Analysis" on pages 11 to 19 of this Annual Report. Details of the key financial performance indicators are set out in the section headed "Financial Summary" on pages 8 to 9 of this Annual Report.

MAJOR RISKS AND UNCERTAINTIES

The results of the Group and business operations may be affected by a number of factors, some of which are from outside while some of which are inherent in the industry. The main risks are summarised as follows:

(I) RISKS RELATING TO BRAND RECOGNITION

Consumers in the designer brand fashion market tend to focus more on a brand's design philosophy and to make more individualistic decisions when making purchases. We believe our brand image has contributed significantly to the success of our business, and, therefore, maintaining and enhancing the recognition, image and acceptance of our brands is critical to differentiate our products and services and to compete effectively with our peers. Our brand image, however, could be jeopardized if we fail to maintain high product quality, pioneer and keep pace with evolving fashion trends, or timely fulfill orders for popular items. In addition, any negative publicity or disputes regarding our products, services, or our Group or our management could also materially harm our brand image.

In order to capture business opportunities in the fast-growing designer brand fashion market, in addition to our flagship brand JNBY, we currently market our products under various additional brands, namely, CROQUIS, jnby by JNBY, LESS, POMME DE TERRE (蓬馬), JNBYHOME, onmygame, etc., to appeal to different consumer groups. Each of our brands has its own designs, features and characteristics that fit the tastes and needs of our different target consumer groups. However, the designer brand fashion market may experience significant changes in consumer preferences and tastes over time. Our brand image may be negatively affected if the products offered under any of our brands are unable to meet consumer expectations with respect to quality or style. Failure to successfully promote and maintain the image of any of our brands would have a material adverse effect on our business, results of operation and financial condition. In addition, we may not be continuously successful in expanding our brand portfolio and product supply, and any new brands or product categories launched or may be launched may not reach the expected sales target. We cannot guarantee that such new brands or product categories will be able to generate positive cash flow or realise an earnings cycle similar to other existing successful brands.

(II) FIERCE COMPETITION

We operate in the designer brand fashion industry, which is highly competitive and relatively fragmented. We face a variety of competitive challenges from both existing and new competitors in the designer brand fashion industry. Some of our competitors may possess stronger brand recognition, larger consumer bases, or greater financial, marketing and/or other resources than us. Our competitors may be acquired by or enter into strategic relationships with larger, more established and better capitalized companies or investors. Some of our competitors may be able to secure merchandise from suppliers on more favourable terms, devote greater resources to marketing and brand promotion, adopt more aggressive pricing policies, or devote substantially more resources to online portals, e-commerce and information technology systems than us. In particular, although we have established an omni-channel interactive platform to facilitate consumer purchases of our products via both our online channels and offline channels, we may lose sales to competitors that provide more advanced and efficient online shopping platforms and door-to-door delivery services than us. There is also a risk that companies which focus on other market segments, such as luxury brand or fast fashion brand, may decide to enter China's designer brand fashion market and develop new products that are more popular with our consumers. Increased competition could result in price reductions, increased marketing expenditures and loss of market share, any of which could have a material adverse effect on our results of operations and financial condition, including, but not limited to, declines in profit and gross profit margin. There can be no assurance that we will be able to address these challenges and compete successfully against current and future competitors, and those competitive pressures may have an adverse effect on our business and results of operations.

(III) RISKS RELATING TO EXPANSION OF BRAND AND PRODUCT PORTFOLIO

Historically, a significant portion of our revenue has been generated from sales of women's apparel. Over the years, we have gradually diversified our product offerings to include other product categories, such as men's apparel and children's apparel, which have demonstrated strong growth over recent years. Going forward, our goal is to leverage our established brand image to further develop our comprehensive design-driven platform and expand our product offerings to include furniture and household products. However, any new brands or product categories that we may launch may not achieve anticipated sales targets. To support our product expansion plan, we will need to recruit more personnel with expertise in managing different brands and product categories, and enhance our operational and financial systems, procedures, controls and information management system. Moreover, we will need to devote significant financial and managerial resources to the research and development of new brands and products. We will also need to engage suitable outsourced OEM suppliers to manufacture new brands and products and develop new marketing strategies to promote new brands and products. All of these endeavors involve risks, and require substantial planning, skillful execution, and significant expenditures. We are involved in the risks of unsuccessful expansion of new brands or new product categories, which may result in any new brand or product category launched not being able to generate positive cash flows and thereby may have an adverse effect on our business and growth prospects.

(IV) SUPPLY CHAIN

Currently, we outsource the production of all of our products to selected domestic OEM suppliers. A majority of our OEM suppliers are located in Mainland China. Their operations are particularly vulnerable to business interruptions, which can be caused by industry downturns, natural disasters or other catastrophic events. The occurrence of any such industry downturn, natural disaster or catastrophic event could cause shortages or delay of supply of products by our OEM suppliers. In addition, although we strictly control the quality of our operations, we may not be able to monitor the production quality of the OEM suppliers as directly and effectively as with our own production. If the OEM suppliers fail to supply products in accordance with our delivery schedule, quality standards or product specifications, we may be forced to provide these products on a delayed basis or cancel our product offering, either of which could harm our reputation and our relationships with distributors and consumers and expose us to the risks such as potential litigation and damage claims.

(V) INFORMATION TECHNOLOGY SYSTEMS

Our business relies on the proper functioning of our information technology systems. We use our advanced information technology platform, which seamlessly integrates our customer relationship management system, information management system, including POS terminals, and warehouse management system, to enable us to quickly and efficiently retrieve and analyse our operational data and information including procurement, sales, inventory, logistics, consumer and membership data and financial data on a real time basis, as well as to provide information technology support to all of our self-operated and distributor-operated stores and compile and analyse their operational and financial data on a daily basis. We use our information technology systems to assist us in planning and managing our product design, financial budgeting, human resources, inventory control, retail management and financial reporting. As a result, our information technology system is critical for us in monitoring the inventory and sales levels and results of operation of our retail stores and for our retail stores to place orders with us. As our retail network is highly integrated, any malfunction to a particular part of our information technology system may result in a breakdown throughout our network and our ability to continue our operations smoothly may be affected, which in turn could adversely affect our results of operations. In addition, we may not always be successful in developing, installing, running or implementing new software or advanced information technology systems as required by our business development. Even if we are successful in this regard, significant capital expenditure may be required, and we may not be able to benefit from the investment immediately. We need to constantly upgrade and improve our information technology systems to keep up with the continuous growth of our operations and business.

KEY RELATIONSHIPS

(I) FANS

Our fans include end consumers and potential consumers. We are committed to conveying the brand philosophy of the Group and each brand as well as information on fashion and matching through individual brand to our customers and providing our customers with contemporary apparel, footwear and accessories as well as household products. Maintaining VIP database and information on our fans, we interact with fans through the Company's website, public platform, mail, marketing campaigns and social media. In addition to providing quality and value-added experience services for our fans using retail channels, we also provide training to our sales representatives in all channels and visual merchandisers.

(II) DISTRIBUTORS

We engage third-party distributors in different regions of the globe which operate stores by adopting the same brand management model as our self-operated stores to ensure our retail network presents a consistent brand image. We believe that the distribution business model allows us to expand our retail network efficiently with various resources, making significant contributions in enhancement of our brands' revenue, market share and brand awareness.

(III) EMPLOYEES

The Group regards the personal development of its employees as highly important. The Group intends to continue to be an attractive employer for committed employees. The Group strives to motivate its employees with a clear career path and opportunities for advancement and improvement of their skills.

The Group provides pre-employment and on-the-job training and development opportunities to its employees. The training programs cover areas such as managerial skills, sales and production, quality control, matching display and training of other areas relevant to the industry.

In addition, the Group offers competitive remuneration packages to its employees. The Group has also adopted the restricted share unit scheme (the "**RSU Scheme**") with a view to incentivizing senior management, designers and key employees for their contribution to our Group and to attract and retain suitable personnel to enhance the development of our Group.

(IV) SUPPLIERS

We have developed long-standing and good relationships with our vendors and we take great care to ensure that they can share our commitment to product quality. We carefully select our OEM suppliers and raw material suppliers and require them to satisfy certain assessment criteria including track record, experience, financial strength, reputation, ability to produce high-quality products and quality control effectiveness.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to supporting environmental sustainability. The Group's commitment to protect the environment is well reflected by its continuous efforts in promoting green measures and awareness in its daily business operations. The Group encourages environmental protection and promotes awareness towards environmental protection to the employees. Adhering to the principle of recycling and reducing, the Group implements green office practices such as double-sided printing and copying, setting up recycling bins, advocating the use of recycled paper, promoting the user manuals in electronic formats, and reducing energy consumption by switching off idle lightings and electrical appliances. The Group will review its environmental practices from time to time and has implemented further eco-friendly measures and practices in the operation of the Group's businesses.

For details, please refer to the Environmental, Social and Governance Report of this Annual Report.

FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on page 9 of this Annual Report. The summary does not form part of the audited consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

MAJOR CUSTOMERS

The transaction amounts of our Group's top five customers accounted for 6.3% of the Group's total revenues (Fiscal Year 2023: 6.6%) for the Fiscal Year 2024 while the transaction amounts of our single largest customer accounted for 3.2% of the Group's total revenues (Fiscal Year 2023: 3.4%).

MAJOR SUPPLIERS

The transaction amounts of our Group's top five suppliers accounted for 13.1% of the total purchases (Fiscal Year 2023: 12.5%) for the Fiscal Year 2024 while the transaction amounts of our single largest supplier accounted for 3.0% of the Group's total purchases (Fiscal Year 2023: 4.7%).

None of the Directors, any of their respective close associates or any Shareholders (which to the knowledge of the Directors owns more than 5% of the Company's shares in issue) are interested in the five top clients or suppliers of the Group during the Fiscal Year 2024.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Company and the Group during the Fiscal Year 2024 are set out in note 13 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the Company's share capital during the Fiscal Year 2024 are set out in note 23 to the consolidated financial statements.

RESERVES

Details of the movements in the reserves of the Company and the Group during the Fiscal Year 2024 are set out in note 24 to the consolidated financial statements.

RESERVES AVAILABLE FOR DISTRIBUTION

As at June 30, 2024, the Company's reserves available for distribution amounted to approximately RMB966.5 million (June 30, 2023: RMB993.2 million).

BANK AND OTHER BORROWINGS

Details of the bank and other borrowings of the Company and the Group during the Fiscal Year 2024 are set out in note 28 to the consolidated financial statements.

DIRECTORS

The Directors during the Fiscal Year 2024 and up to the date of this Annual Report are as follows:

EXECUTIVE DIRECTORS:

Mr. Wu Jian *(Chairman)*

Ms. Li Lin

Ms. Wu Huating

NON-EXECUTIVE DIRECTOR:

Mr. Wei Zhe

INDEPENDENT NON-EXECUTIVE DIRECTORS:

Mr. Lam Yiu Por

Ms. Han Min

Mr. Hu Huanxin

In accordance with article 84 of the Company's articles of association (the "**Articles of Association**"), at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation. Accordingly, Ms. Wu Huating, Ms. Han Min and Mr. Hu Huanxin should retire from office at the forthcoming AGM and, being eligible, will offer themselves for re-election at the forthcoming AGM.

The particulars of Directors who are subject to re-election at the AGM are set out in the circular of the Company to Shareholders dated September 27, 2024.

DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and senior management of the Company are set out on pages 20 to 24 of this Annual Report.

CONFIRMATION OF INDEPENDENCE FROM THE INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive Directors a confirmation of his/her independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") and the Company considers all of the independent non-executive Directors are independent persons during the Fiscal Year 2024.

DIRECTORS' SERVICE CONTRACTS AND LETTERS OF APPOINTMENT

Each of our executive Directors, except Ms. Wu Huating, has entered into a service contract with our Company on October 13, 2019, which is for an initial fixed term of three years commencing from October 13, 2019 and will continue automatically upon expiry of the fixed term. Ms. Wu Huating has entered into a service contract with the Company for an initial term of three years commencing from May 8, 2019 and will continue automatically upon expiry of the fixed term. We have issued letters of appointment to our non-executive Director and each of our independent non-executive Directors on October 13, 2023, the letters of appointment entered into with our non-executive Director and each of our independent non-executive Directors are for an initial fixed term of three years and will continue automatically upon expiry of the fixed term. The service contracts and the letters of appointment are subject to termination in accordance with their respective terms. The service contracts are renewable in accordance with the Articles of Association and the applicable Listing Rules.

Save as disclosed above, none of our Directors has entered into, or has proposed to enter into, a service contract with any member of our Group (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in the paragraph of "Connected Transactions and Continuing Connected Transactions" below and in this Annual Report, no Director has a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company, any of its subsidiaries or fellow subsidiaries was a party during the Fiscal Year 2024 and up to the date of this Annual Report.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Fiscal Year 2024.

EMOLUMENT POLICY

The remuneration committee of the Company (the "**Remuneration Committee**") was set up for reviewing the Group's emolument policy and structure of the Directors and senior management, having regard to the Group's operating results, individual performance of the Directors and senior management and comparable market practices.

Details of the emoluments of the Directors, and the five highest paid individuals during the Fiscal Year 2024 are set out in notes 8 and 35 to the consolidated financial statements.

RETIREMENT AND EMPLOYEE BENEFITS SCHEME

Details of the retirement and employee benefits scheme of the Company are set out in note 8 to the consolidated financial statements.

CHANGES OF INFORMATION IN RELATION TO THE DIRECTORS

Mr. Lam Yiu Por has served as an independent non-executive director of Xiamen Yan Palace Bird's Nest Industry Co., Ltd., a company listed on Main Board of the Stock Exchange (stock code: 01497) since November 20, 2023.

Save as disclosed above, there was no other changes to any information in relation to any Director required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules during the Fiscal Year 2024.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at June 30, 2024, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix C3 to the Listing Rules were as follows:

Name of Directors	Nature of Interests	Number of Shares	Percentage of Shareholding in the Company (%)	Long Position/ Short Position/ Lending Pool
Mr. Wu Jian[1]	Founder of a discretionary trust; Beneficiary of a trust; Spouse interest	318,458,000	61.39	Long position
Ms. Li Lin[2]	Founder of a discretionary trust; Beneficiary of a trust; Spouse interest	318,458,000	61.39	Long position
Ms. Wu Huating[3]	Beneficial owner; Beneficiary of a trust	9,462,000	1.82	Long position

Notes:

(1) Wu Family Capital Limited, a company wholly owned by the Wu Family Trust, directly holds the entire issued share capital of Ninth Capital Limited which in turn holds 154,477,000 shares of the Company. The Wu Family Trust is a discretionary trust established by Mr. Wu Jian (as the settlor), and its discretionary beneficiaries include Mr. Wu Jian, Ms. Li Lin and their children. Ms. Li Lin is beneficially interested in the entire issued share capital of Ninth Investment Limited, which in turn holds 163,981,000 shares of the Company, respectively. Pursuant to the SFO, Mr. Wu Jian, as the spouse of Ms. Li Lin, is deemed to be interested in the same number of shares in which Ms. Li Lin is interested. Accordingly, Mr. Wu Jian is deemed to be interested in the 154,477,000 shares and 163,981,000 shares held by Ninth Capital Limited and Ninth Investment Limited, respectively.

(2) Li Family Capital Limited, a company wholly owned by the Li Family Trust, directly holds the entire issued share capital of Ninth Investment Limited which in turn holds 163,981,000 shares of the Company. The Li Family Trust is a discretionary trust established by Ms. Li Lin (as the settlor), and its discretionary beneficiaries include Ms. Li Lin, Mr. Wu Jian and their children. Mr. Wu Jian is beneficially interested in the entire issued share capital of Ninth Capital Limited which in turn holds 154,477,000 shares of the Company. Pursuant to the SFO, Ms. Li Lin, as the spouse of Mr. Wu Jian, was deemed to be interested in the same number of shares in which Mr. Wu Jian is interested. Accordingly, Ms. Li Lin was deemed to be interested in the 163,981,000 shares and 154,477,000 shares held by Ninth Investment Limited and Ninth Capital Limited, respectively.

(3) Ms. Wu Huating is interested in (i) 5,212,000 shares of the Company held by her and (ii) restricted share units ("**RSUs**") representing 4,250,000 shares of the Company that were granted to her pursuant to the RSU Scheme, which are subject to the vesting schedule and performance targets or review.

Save as disclosed above, as at June 30, 2024, none of the Directors or the chief executive of the Company had or was deemed to have any interest or short position in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or required to be recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this Annual Report, at no time during the Fiscal Year 2024 was the Company or its subsidiaries a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debentures of the Company or any other body corporate or had exercised any such right.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at June 30, 2024, as far as the Directors are aware, the following persons (other than the Directors and chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which were required to be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, and which were required to be entered in the register maintained by the Company pursuant to Section 336 of the SFO:

Name of Shareholders	Nature of Interests	Number of Shares	Percentage of Shareholding in the Company (%)	Long Position/ Short Position/ Lending Pool
Cititrust Private Trust (Cayman) Limited[1],[2]	Trustee	318,458,000	61.39	Long position
Li Family Capital Limited[1]	Interest in a controlled corporation	163,981,000	31.61	Long position
Ninth Investment Limited[2]	Beneficial owner	163,981,000	31.61	Long position
Wu Family Capital Limited[2]	Interest in a controlled corporation	154,477,000	29.78	Long position
Ninth Capital Limited[2]	Beneficial owner	154,477,000	29.78	Long position

Notes:

(1) As at the date of this Annual Report, to the best knowledge of the Directors, Ninth Investment Limited holds 163,981,000 shares of the Company, representing approximately 31.61% of the issued shares of the Company. Cititrust Private Trust (Cayman) Limited, as the trustee of the Li Family Trust, holds the entire issued share capital of Li Family Capital Limited. Li Family Capital Limited holds the entire issued share capital of Ninth Investment Limited. The Li Family Trust is a discretionary trust established by Ms. Li Lin (as the settlor), and its discretionary beneficiaries are Ms. Li Lin, Mr. Wu Jian and their children. Accordingly, each of Ms. Li Lin, Cititrust Private Trust (Cayman) Limited and Li Family Capital Limited is deemed to be interested in the 163,981,000 shares of the Company held by Ninth Investment Limited.

(2) As at the date of this Annual Report, to the best knowledge of the Directors, Ninth Capital Limited holds 154,477,000 shares of the Company, representing approximately 29.78% of the issued shares of the Company. Cititrust Private Trust (Cayman) Limited, as the trustee of the Wu Family Trust, holds the entire issued share capital of Wu Family Capital Limited. Wu Family Capital Limited holds the entire issued share capital of Ninth Capital Limited. The Wu Family Trust is a discretionary trust established by Mr. Wu Jian (as the settlor), and its discretionary beneficiaries are Mr. Wu Jian, Ms. Li Lin and their children. Accordingly, each of Mr. Wu Jian, Cititrust Private Trust (Cayman) Limited and Wu Family Capital Limited is deemed to be interested in the 154,477,000 shares of the Company held by Ninth Capital Limited.

Save as disclosed above, as at June 30, 2024, the Directors were not aware of any persons (who were not Directors or chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

RESTRICTED SHARE UNIT SCHEME

We have adopted the RSU Scheme in order to incentivise senior management, designers and key employees for their contribution to our Group and to attract and retain suitable personnel to enhance the development of our Group. The total number of shares under the RSU Scheme does not exceed 70,000,000 shares, i.e., 13.5% of the issued shares of the Company, and is valid for a period to June 30, 2029, with the remaining period of about 4 years and 9 months. The RSU Scheme was approved and adopted by the Board on May 16, 2014, and amended on February 3, 2018, May 14, 2018, May 8, 2019 and August 30, 2022, a summary of principal terms of which is set out in "Statutory and General Information — D. Share Incentive Scheme — 1. RSU Scheme" in Appendix IV of the prospectus of the Company dated October 19, 2016 (the "**Prospectus**"), and the Company's announcements dated February 3, 2018, May 14, 2018, May 8, 2019 and August 30, 2022.

OUTSTANDING RSUs

Prior to the Company's shares listed on the Main Board of the Stock Exchange, RSUs in respect of an aggregate of 11,776,040 shares of the Company, representing approximately 2.27% of the issued shares of the Company as at June 30, 2024, had been granted to 89 RSU participants of the Group pursuant to the RSU Scheme. We have appointed The Core Trust Company Limited as the trustee to assist with the administration and vesting of RSUs granted pursuant to the RSU Scheme.

There are fourteen vesting schedules under the RSU Scheme as at June 30, 2024:

	Date of Grant	Purchase Price (HK$)	Vesting Schedule
1	(i) June 30, 2014 (ii) July 23, 2014 (iii) November 20, 2014	Nil Nil Nil	the RSU participants shall vest as to 20%, 20%, 30% and 30% prior to August 31, 2015, 2016, 2017 and 2018, respectively
2	(i) May 16, 2014 (ii) December 1, 2014 (iii) March 9, 2015 (iv) September 10, 2015	Nil Nil Nil Nil	the RSU participants shall vest as to 25%, 25%, 25% and 25% prior to August 31, 2016, 2017, 2018 and 2019, respectively
3	(i) November 23, 2015 (ii) December 15, 2016	Nil Nil	the RSU participants shall vest as to 25%, 25%, 25% and 25% prior to August 31, 2017, 2018, 2019 and 2020, respectively
4	December 7, 2015	Nil	the RSU participants shall vest as to 20%, 20%, 30% and 30% prior to August 31, 2017, 2018, 2019 and 2020, respectively
5	(i) February 25, 2017 (ii) August 29, 2017	Nil Nil	the RSU participants shall vest as to 25%, 25%, 25% and 25% prior to August 31, 2018, 2019, 2020 and 2021, respectively
6	(i) February 3, 2018 (ii) May 14, 2018 (iii) August 28, 2018	3.20 3.20 Nil	the RSU participants shall vest as to 20%, 20%, 20%, 20% and 20% prior to August 31, 2019, 2020, 2021, 2022 and 2023, respectively
7	(i) February 3, 2018 (ii) May 14, 2018 (iii) October 17, 2019	3.20 3.20 Nil	the RSU participants shall vest as to 25%, 25%, 25% and 25% prior to August 31, 2020, 2021, 2022 and 2023, respectively
8	February 3, 2018	3.20	the RSU participants shall vest as to 1/3, 1/3 and 1/3 prior to August 31, 2021, 2022 and 2023, respectively
9	(i) May 8, 2019 (ii) July 9, 2019 (iii) October 17, 2019	3.20 Nil 3.20	the RSU participants shall vest as to 20%, 20%, 20%, 20% and 20% prior to August 31, 2020, 2021, 2022, 2023 and 2024, respectively
10	July 9, 2019	Nil	the RSU participants shall vest as to 50% and 50% prior to August 31, 2020 and 2021, respectively
11	October 17, 2019	3.20	the RSU participants shall vest as to 15.6%, 21.1%, 21.1%, 21.1% and 21.1% prior to August 31, 2020, 2021, 2022, 2023 and 2024, respectively
12	October 29, 2021	3.20	the RSU participants shall vest as to 25%, 25%, 25% and 25% prior to August 31, 2022, 2023, 2024 and 2025, respectively
13	August 30, 2022	3.20	the RSU participants shall vest as to 25%, 25%, 25% and 25% prior to August 31, 2023, 2024, 2025 and 2026, respectively
14	September 7, 2023	3.20	the RSU participants shall vest as to 25%, 25%, 25% and 25% prior to August 30, 2024, 2025, 2026 and 2027, respectively

Unless the Company shall otherwise determine and so notify the RSU participants in writing, the RSU participants shall vest following their respective vesting schedules described above.

There is no limit of maximum entitlement of RSUs for each RSU participant under the RSU Scheme.

During the year ended June 30, 2024, 9,930,000 RSUs have been granted. 570,006 RSUs have been forfeited or cancelled. As at June 30, 2024, there were a total of 22,466,300 RSUs outstanding.

The following is a summary table showing details of the RSUs granted under the RSU Scheme as at June 30, 2024. As at June 30, 2024, a total of 17,775,000 RSUs, representing 17,775,000 shares, were granted to the connected persons of the Company, among which 15,000,000 RSUs (of which 5,000,000 RSUs were cancelled) were granted to a Director.

Name or Category of Participants	Date of Grant	As at July 1, 2023 Outstanding	Year ended June 30, 2024 Granted	Exercised	Cancelled	Forfeited	As at June 30, 2024 Outstanding
Director							
Ms. Wu Huating	May 8, 2019	2,000,000	—	1,000,000	—	—	**1,000,000**
	October 29, 2021	2,250,000	—	750,000	—	—	**1,500,000**
	August 30, 2022	1,000,000	—	250,000	—	—	**750,000**
	September 7, 2023	—	1,000,000	—	—	—	**1,000,000**
Subtotal		5,250,000	1,000,000	2,000,000	—	—	**4,250,000**
Total of the five highest paid individuals (other than Directors) for the current fiscal year	June 30, 2014	761,430	—	761,430	—	—	**—**
	February 3, 2018	290,000	—	290,000	—	—	**—**
	October 17, 2019	200,000	—	100,000	—	—	**100,000**
	October 29, 2021	3,147,500	—	1,372,500	—	—	**1,775,000**
	August 30, 2022	1,800,000	—	450,000	—	—	**1,350,000**
	September 7, 2023	—	3,300,000	—	—	—	**3,300,000**
Subtotal		6,198,930	3,300,000	2,973,930	—	—	**6,525,000**
Other participants	June 30, 2014	3,892,286	—	3,882,286	—	10,000	**—**
	November 20, 2014	6	—	—	—	6	**—**
	December 7, 2015	100,000	—	100,000	—	—	**—**
	February 25, 2017	530,000	—	530,000	—	—	**—**
	February 3, 2018	1,555,000	—	1,230,000	—	—	**325,000**
	May 14, 2018	160,000	—	140,000	—	—	**20,000**
	August 28, 2018	140,000	—	80,000	—	—	**60,000**
	July 9, 2019	184,000	—	148,000	—	—	**36,000**
	October 17, 2019	88,900	—	88,900	—	—	**—**
	October 29, 2021	3,827,500	—	1,537,500	—	50,000	**2,240,000**
	August 30, 2022	4,960,000	—	1,069,700	—	390,000	**3,500,300**
	September 7, 2023	—	5,630,000	—	—	120,000	**5,510,000**
Subtotal		15,437,692	5,630,000	8,806,386	—	570,006	**11,691,300**
Total		26,886,622	9,930,000	13,780,316	—	570,006	**22,466,300**

Note:

(1) On June 30, 2020, the Board resolved to adjust the exercise prices of the RSUs granted on February 3, 2018, May 14, 2018, August 28, 2018, May 8, 2019, July 9, 2019 and October 17, 2019 from HK$11.60, HK$10.00 and HK$8.70 per share to HK$3.20 per share, and also to cancel 50% of the shares that have not been vested, i.e. an aggregate of 10,265,000 shares.

The weighted average closing price of the shares immediately before the dates on which the RSUs were exercised during the Fiscal Year 2024 was approximately HK$11.96.

EXPECTED RETENTION RATE OF GRANTEES

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

EQUITY-LINKED AGREEMENT

There was no equity-linked agreement entered into by the Company or any of its subsidiaries in the Fiscal Year 2024 or subsisted at the end of the year.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During Fiscal Year 2024, save as the trustee of the RSU Scheme purchased a total of 1,611,000 shares of the Company with HK$22.8 million at the Stock Exchange pursuant to rules of the RSU Scheme and terms of the trust in order to grant shares to selected participants, none of the Company or any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares, if any).

PRE-EMPTIVE RIGHTS

There is no provision for the pre-emptive rights under the Articles of Association and the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

NON-COMPETITION UNDERTAKING

To safeguard our Group from any potential competition, each of Ms. Li Lin and Mr. Wu Jian (the "**Covenantors**") has entered into a deed of non-competition (the "**Deed of Non-Competition**") in favour of our Company on October 13, 2016 pursuant to which the Covenantors have unconditionally, irrevocably and jointly and severally undertaken with our Group that they shall not (except through the Group and any investment or interests held through the Group), and shall procure that his/her close associates (other than any member of our Group) shall not, during the Restricted Period (as defined in the Prospectus), directly or indirectly (including through nominees), either on his/her own account or in conjunction with or on behalf of any person, firm or company, among other things, invest in, participate in, engage in and/or operate or be interested in (in each case whether as a shareholder, partner, agent, employee or otherwise) any business which competes or is likely to compete, directly or indirectly, with the existing businesses of any member of our Group described in the Prospectus.

For details of the Deed of Non-Competition, please see "Non-Competition Undertaking" under the section headed "Relationship with Our Controlling Shareholders" in the Prospectus.

Based on the information and confirmation provided by the controlling Shareholders, the independent non-executive Directors have reviewed the implementation of non-competition undertaking during the Fiscal Year 2024, and are satisfied that the controlling Shareholders have complied with the Deed of Non-Competition.

DIRECTORS' INTEREST IN COMPETING BUSINESS

Save as disclosed in this Annual Report, none of the Directors or their associates had any interest in any business which directly or indirectly compete or may compete with the businesses of our Group during the Fiscal Year 2024.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

CONTINUING CONNECTED TRANSACTIONS

For the year ended June 30, 2024, the non-exempt continuing connected transactions conducted by the Group were described as follows:

APPAREL MANUFACTURING AGREEMENT

Hangzhou Shangwei Apparel Co., Ltd.* (杭州尚維服裝有限公司) ("**Shangwei Apparel**") is an entity controlled by the founders of the Company, Mr. Wu Jian and Ms. Li Lin (the "**Founders**"), thus, pursuant to Chapter 14A of the Listing Rules, Shangwei Apparel is a connected person of the Company.

We entered into a framework apparel manufacturing agreement on December 25, 2015 and amended on June 13, 2016 with Shangwei Apparel, pursuant to which Shangwei Apparel, together with its subsidiary, manufacture apparel for us. The term of the apparel manufacturing agreement is from the Listing Date to June 30, 2019.

On February 27, 2019, Liancheng Huazhuo entered into a new framework apparel manufacturing agreement with Shangwei Apparel and Hangzhou New Shangwei Finery Co., Ltd. ("**Shangwei Group**"), pursuant to which Liancheng Huazhuo, and Shangwei Group agreed to renew the previous framework apparel manufacturing agreement and Shangwei Group agreed to manufacture apparel products for us for a term of three years commencing from July 1, 2019 and ended on June 30, 2022. The term of above apparel manufacturing agreement was renewed on May 24, 2022 and June 3, 2024, respectively. Pursuant to the agreement entered into by Liancheng Huazhuo and Shangwei Apparel on June 3, 2024 to renew the 2022 Framework Apparel Manufacturing Renewal Agreement ("**2024 Framework Apparel Manufacturing Renewal Agreement**"), the term was renewed for two years commencing from July 1, 2024 and ending on June 30, 2026.

The annual caps for such transactions are RMB40.0 million, RMB40.0 million and RMB40.0 million for the years ended/ending June 30, 2024, 2025 and 2026, respectively. For the year ended June 30, 2024, the total fee for apparel manufacturing actually payable was approximately RMB26.0 million without exceeding the annual cap for such transactions.

For more details, please see the announcements of the Company regarding connected transactions and continuing connected transactions dated February 27, 2019, May 24, 2022 and June 3, 2024.

SAMPLE OUTSOURCING AGREEMENT

On May 30, 2015, we entered into a framework sample outsourcing service agreement and amended on October 13, 2016 with Hangzhou JNBY, pursuant to which Hangzhou JNBY agreed to provide samples manufacturing service for us. The term of the service is from the Listing Date to June 30, 2019.

On February 27, 2019, Liancheng Huazhuo entered into new framework sample apparel agreement with Hangzhou JNBY, pursuant to which Liancheng Huazhuo and Hangzhou JNBY agreed to renew the framework sample outsourcing service agreement, and Hangzhou JNBY agreed to manufacture and provide sample apparel for our designs for a term of three years commencing from July 1, 2019 and ended on June 30, 2022. The term of above sample apparel agreement was renewed on May 24, 2022 and June 3, 2024, respectively. Pursuant to the agreement entered into by Liancheng Huazhuo and Hangzhou JNBY on June 3, 2024 to renew the 2022 Framework Sample Apparel Renewal Agreement ("**2024 Framework Sample Apparel Renewal Agreement**"), the term was renewed for two years commencing from July 1, 2024 and ending on June 30, 2026.

The annual caps for such transactions are RMB40.0 million, RMB40.0 million and RMB40.0 million for the years ended/ending June 30, 2024, 2025 and 2026, respectively. For the year ended June 30, 2024, the total fee for outsourcing service actually payable was approximately RMB32.6 million without exceeding the annual cap for such transaction.

For more details, please see the announcements of the Company regarding connected transactions and continuing connected transactions dated February 27, 2019, May 24, 2022 and June 3, 2024.

CONCESSION AGREEMENTS

On May 24, 2022, JNBY Finery entered into a concession agreement with Huizhan Technology (Hangzhou) Co., Ltd.* (慧展科技(杭州)有限公司) ("**Huizhan Technology**"), pursuant to which Huizhan Technology granted concession to us with the sole and exclusive right to operate retail business of the Group's brands at specified premises in the office building and art park complex located in 398 Tianmushan Road, Xihu District, Hangzhou, Zhejiang, China (中國浙江省杭州市西湖區天目山路398號) ("**O ō Eli Complex**") with a term of two years commencing from July 1, 2022 and ended on June 30, 2024. This concession agreement has been terminated and consolidated into a concession agreement with Huizhan Technology on September 30, 2023.

On December 23, 2022, JNBY Finery entered into a concession agreement with Huizhan Technology, pursuant to which Huizhan Technology granted concession to us with the sole and exclusive right to operate retail business of the Group's brands at specified premises in the O ō Eli Complex and to operate its retail businesses thereat as the "JIANGNANBUYI+" multi-brand collection store with a term of one year commencing from July 1, 2023 and ended on June 30, 2024.

The annual cap for such transactions is RMB3,750,000 for the year ended June 30, 2024. For the year ended June 30, 2024, the total concession fee actually payable was approximately RMB2.7 million without exceeding the annual cap for such transactions.

- **2024 Concession Agreement (JNBY Membership Store)**

  On June 3, 2024, JNBY Finery has entered into the 2024 Concession Agreement (JNBY Membership Store) with Huizhan Technology ("**2024 Concession Agreement (JNBY Membership Store)**"), pursuant to which Huizhan Technology granted to us the sole and exclusive right to operate retail business for the Group to operate the "JNBY Membership Store" at specified premises in the O ō Eli Complex for a term of 2 years starting from July 1, 2024 and ending on June 30, 2026.

  The annual caps for such transactions are RMB5.0 million and RMB5.0 million for the years ending June 30, 2025 and 2026, respectively.

- **2024 Concession Agreement (jnby by JNBY)**

  On June 3, 2024, JNBY Finery has entered into the 2024 Concession Agreement (jnby by JNBY) with Huizhan Technology ("**2024 Concession Agreement (jnby by JNBY)**"), pursuant to which Huizhan Technology granted to us the sole and exclusive right to operate retail business for the Group to operate the retail store of its brand "jnby by JNBY" at specified premises in the O ō Eli Complex for a term of 2 years starting from July 1, 2024 and ending on June 30, 2026.

  The annual caps for such transactions are RMB0.6 million and RMB0.6 million for the years ending June 30, 2025 and 2026, respectively.

- **2024 Concession Agreement (POMME DE TERRE)**

  On June 3, 2024, JNBY Finery has entered into the 2024 Concession Agreement (POMME DE TERRE) with Huizhan Technology ("**2024 Concession Agreement (POMME DE TERRE)**"), pursuant to which Huizhan Technology granted to us the sole and exclusive right to operate retail business for the Group to operate the retail store of its brand "POMME DE TERRE" at specified premises in the O ō Eli Complex for a term of 2 years starting from July 1, 2024 and ending on June 30, 2026.

  The annual caps for such transactions are RMB0.4 million and RMB0.4 million for the years ending June 30, 2025 and 2026, respectively.

  For more details, please see the announcements of the Company regarding connected transactions and continuing connected transactions dated May 24, 2022, December 23, 2022 and June 3, 2024.

MULTI-PURPOSE SPACE FRAMEWORK AGREEMENT

On May 24, 2022, JNBY Finery has entered into a multi-purpose space framework agreement with Huizhan Technology, pursuant to which the Group may use the multi-purpose open space at the OōEli Complex from time to time for various purposes, including but not limited to hosting promotional activities, organizing fashion shows and housing other events with a term of two years commencing from July 1, 2022 and expired on June 30, 2024. The term of above multi-purpose space framework agreement was renewed on June 3, 2024. Pursuant to the agreement entered into by JNBY Finery and Huizhan Technology on June 3, 2024 to renew the 2022 OōEli Multi-purpose Space Framework Agreement ("**2024 OōEli Multi-purpose Space Framework Agreement**"), the term was renewed for two years commencing from July 1, 2024 and ending on June 30, 2026.

The annual caps for such transactions are RMB12.0 million, RMB12.0 million and RMB12.0 million for the years ended/ending June 30, 2024, 2025 and 2026, respectively. For the year ended June 30, 2024, the total fee actually payable was approximately RMB7.3 million without exceeding the annual cap for such transactions.

For more details, please see the announcements of the Company regarding connected transactions and continuing connected transactions dated May 24, 2022 and June 3, 2024.

XIAOSHAN DORMITORY LEASE AGREEMENT

Huikang Industrial is indirectly controlled by the Founders, thus, pursuant to Chapter 14A of the Listing Rules, Huikang Industrial is a connected person of the Company.

On June 3, 2024, Liancheng Huazhuo has entered into the 2024 Xiaoshan Dormitory Lease Agreement with Huikang Industrial ("**2024 Xiaoshan Dormitory Lease Agreement**"), pursuant to which Liancheng Huazhuo may, during the term starting from July 1, 2024 and ending on June 30, 2026, use the premises of staff dormitory located at 350 Hongda Road, Economic and Technology Development District, Xiaoshan District, Hangzhou, Zhejiang Province, the PRC (中國浙江省杭州市蕭山區經濟技術開發區鴻達路350號) (the "**Xiaoshan Dormitory Premises**") for staff dormitory. The fees payable are based on the actual usage of the number of dormitories.

The annual caps for such transactions are RMB0.6 million and RMB2.4 million for the years ending June 30, 2025 and 2026, respectively.

For more details, please see the announcement of the Company regarding connected transactions and continuing connected transactions dated June 3, 2024.

NON-CONTINUING CONNECTED TRANSACTIONS

For the year ended June 30, 2024, the non-exempt connected transactions conducted by the Group were described as follows:

LOAN AGREEMENT

On July 15, 2021, JNBY Finery entered into a loan agreement with Huizhan Technology, pursuant to which JNBY Finery agreed to provide a loan to Huizhan Technology in the principal amount of RMB150 million with an interest rate of 4.90% per annum in three installments for a term of one year each after the drawdown dates, which are July 16, 2021, September 16, 2021 and November 16, 2021. Huizhan Technology has repaid RMB50,000,000 of principal loan amount on December 15, 2021 together with an interest payment of RMB1,034,444.44. On May 24, 2022, JNBY Finery entered into the a loan modification agreement with Huizhan Technology, pursuant to which the parties agreed to modify certain terms of the original loan agreement, including to revise the repayment schedule and to extend the maturity date of the original loan agreement to June 30, 2024. Huizhan Technology has repaid the principal amount of the loan of RMB100,000,000 on June 26, 2024 and the interest thereon of RMB13,134,722.22 on June 27, 2024.

For more details, please refer to the announcements of the Company dated July 15, 2021 and May 24, 2022 in relation to the connected transactions.

SUBSCRIPTION AGREEMENTS

On July 15, 2021, Liancheng Huazhuo entered into two subscription agreements, pursuant to which Liancheng Huazhuo agreed to be a limited partner and invest RMB30 million in each of two funds, which are Suzhou Xiangzhong Venture Capital Partnership (Limited Partnership)* (蘇州祥仲創業投資合夥企業(有限合夥)) ("**Fund I**") and Suzhou Weixin Taike Venture Capital Partnership (Limited Partnership)* (蘇州維新鈦氪創業投資合夥企業(有限合夥)) ("**Fund II**"). The term of the Fund I and Fund II will terminate on the sixth and the eighth anniversary, respectively of the initial closing date but may be extended a one-year period for two times with the consent of the investor advisory committee. The Group's capital contributions to Fund I and Fund II will be determined by their general partners based on the actual fund-raising situation. For the year ended June 30, 2024, the Group did not make any capital commitment to Fund I and Fund II.

The general partner of Fund I, Taicang Weizhong Investment Management Co., Ltd.* (太倉維仲投資管理有限公司) ("**General Partner I**"), is 60% held by an associate of Mr. Wei Zhe, the non-executive Director, and therefore General Partner I is a connected person of the Company under 14A.07(4) of the Listing Rules. Since General Partner I has full control over the conduct of the business, assets and affairs of the Fund I, the Fund I is therefore a connected person of the Company under the Listing Rules.

Suzhou Weitelixin Venture Capital Management Co., Ltd.* (蘇州維特力新創業投資管理有限公司) ("**Suzhou Weitelixin**") is 60% held by Mr. Wei Zhe, the non-executive Director, and therefore Suzhou Weitelixin is a connected person of the Company under Rule 14A.12(c) of the Listing Rules. Since Suzhou Weitelixin provides investment management service to Fund I and Fund II, the Fund II is therefore deemed to be a connected person of the Company under the Listing Rules.

For more details, please refer to the announcement of the Company dated July 15, 2021 in relation to the connected transactions.

LEASE AGREEMENTS

Huizhan Technology is indirectly owned by the Founders as to 84.6%. Hangzhou Huizhan Property Services Co., Ltd.* (杭州慧展物業服務有限公司) ("**Huizhan Property**") is a wholly-owned subsidiary of Huizhan Technology. Huikang Industrial is indirectly owned by the Founders. As each of Huizhan Technology, Huizhan Property and Huikang Industrial is indirectly controlled by the Founders and thus is a connected person of the Company pursuant to Chapter 14A of the Listing Rules.

- **O ō Eli Lease Agreement**

  On May 24, 2022, JNBY Finery entered into a lease agreement with Huizhan Technology and Huizhan Property, pursuant to which Huizhan Technology and Huizhan Property agreed to lease a premise of approximately 35,519 square meters in total located at the O ō Eli Complex (the "**O ō Eli Premises**") for a term of two years commencing from July 1, 2022 and ended on June 30, 2024. The fee payable for the period from July 1, 2023 to June 30, 2024 shall be paid in advance on June 30, 2023 and include annual rent of approximately RMB54,370,159 and annual management fees and public utilities fees of approximately RMB6,332,083. In addition to the above fees, JNBY Finery will also be responsible for the utilities fees of the O ō Eli Premises, which will be determined by the actual usage of the Group and payable monthly. The leased property is used as the Group's headquarters with supporting facilities such as office building, staff canteen and parking spaces. For the year ended June 30, 2024, the total utilities fee paid was RMB2,010,303.

  On June 3, 2024, JNBY Finery has entered into a renewal lease agreement with Huizhan Technology, pursuant to which Huizhan Technology agreed to lease a premises of approximately 33,980 square meters in total located at the O ō Eli Complex for a term of two years commencing from July 1, 2024 and ending on June 30, 2026 ("**2024 O ō Eli Lease Agreement**"). The fees payable by JNBY Finery to Huizhan Technology for the O ō Eli Premises for the period from July 1, 2024 to June 30, 2026 and payable annually in advance include annual rent of approximately RMB51,087,196, annual management fee and public utilities fees of approximately RMB6,332,082 and annual parking fee of RMB2,160,000.

  For more details, please refer to the announcements of the Company in relation to the connected transactions dated May 24, 2022 and June 3, 2024.

- **Blue Sea & Zichuang Lease Agreement**

On May 24, 2022, JNBY Finery entered into a lease agreement with Huikang Industrial, pursuant to which Huikang Industrial agreed to lease premises of approximately 850 square meters located at the West part of the 3rd Floor, Building 1, Blue Sea Times International Building, 39 Yile Road, Xihu District, Hangzhou, Zhejiang Province, the PRC (中國浙江省杭州市西湖區益樂路39號藍海時代國際大廈1幢3層西面部分) (the "**Blue Sea Premises**") and approximately 87.16 square meters located at Room 603 and Room 605, Building 3, Zichuang Business Center, Gukeyuan East Road, Xihu District, Hangzhou, Zhejiang Province, the PRC (中國浙江省杭州市西湖區古科園東路紫創商務中心3號樓603室、605室) (the "**Zichuang Premises**") for a term of two years commencing from July 1, 2022 and expired on June 30, 2024. The rent payable is RMB600,000 and RMB168,000 per year for the Blue Sea Premises and Zichuang Premises, respectively, and payable annually in advance. Blue Sea Premises will house certain of the Group's laboratories function and Zichuang Premises will house certain of the Group's staff dormitory.

On June 3, 2024, JNBY Finery has entered into a renewal lease agreement with Huikang Industrial, pursuant to which JNBY Finery has agreed to renew the lease with respect to the Blue Sea Premises to house certain of the Group's office function and to lease the premises of approximately 87.16 square meters located at Room 607 and Room 612, Building 3, Zichuang Business Center, Gukeyuan East Road, Xihu District, Hangzhou, Zhejiang Province, the PRC (中國浙江省杭州市西湖區古科園東路紫創商務中心3號樓607室、612室) (the "**Zichuang Premises II**") as staff dormitory, for a term of 2 years starting on July 1, 2024 and expiring on June 30, 2026 (the "**2024 Blue Sea & Zichuang Lease Agreement**"). The rent payable is RMB775,625 and RMB168,000 per year for the Blue Sea Premises and Zichuang Premises II, respectively, and payable annually in advance. In addition to the above fees, JNBY Finery will also be responsible for the management fees and utilities fees of the Blue Sea Premises and Zichuang Premises II respectively, which will be determined by the actual usage of the Group.

For more details, please refer to the announcements of the Company in relation to the connected transactions dated May 24, 2022 and June 3, 2024.

- **Xiaoshan Lease Agreement**

On May 24, 2022, Liancheng Huazhuo entered into a lease agreement with Huikang Industrial, pursuant to which Huikang Industrial agreed to lease premises of approximately 9,080 square meters in total located at 350 Hongda Road, Economic and Technology Development District, Xiaoshan District, Hangzhou, Zhejiang Province, the PRC (中國浙江省杭州市蕭山區經濟技術開發區鴻達路350號) (the "**Xiaoshan Premises**") for a term of two years commencing from July 1, 2022 and expired on June 30, 2024. The rent payable for the period from July 1, 2022 to June 30, 2024 shall be RMB2,112,000 and RMB2,247,756 per annum for the first and second year of the term respectively (inclusive of utilities and management fees), payable annually in advance. The Xiaoshan Premises will be used for staff dormitory, workshop and warehouse as stipulated by the aforementioned nature of such premises.

On June 3, 2024, Liancheng Huazhuo has entered into a renewal lease agreement with Huikang Industrial, pursuant to which Liancheng Huazhuo has agreed to renew the lease with respect to the premises of approximately 39,702 square meters in total located at 350 Hongda Road, Economic and Technology Development District, Xiaoshan District, Hangzhou, Zhejiang Province, the PRC (中國浙江省杭州市蕭山區經濟技術開發區鴻達路350號) (the "**Xiaoshan Premises II**") for a term of 2 years starting from July 1, 2024 and ending on June 30, 2026 (the "**2024 Xiaoshan Lease Agreement**"). The rent payable for the period from July 1, 2024 to June 30, 2026 shall be RMB11,910,600 per annum respectively, payable annually in advance. In addition to the above fees, Liancheng Huazhuo will also be responsible for the utilities fees of Xiaoshan Premises II, which will be determined by the actual usage of the Group.

For more details, please refer to the announcements of the Company in relation to the connected transactions dated May 24, 2022 and June 3, 2024.

For details of the above connected transactions, please refer to note 33 to the consolidated financial statements.

During the Fiscal Year 2024, our independent non-executive Directors have reviewed the above continuing connected transactions and have confirmed that such transactions were entered into:

(i) in the ordinary and usual course of business of the Group;

(ii) on normal or better commercial terms; and

(iii) in accordance with the agreements for such transactions, the terms of which are fair and reasonable, and are in the interests of the Shareholders as a whole.

The auditor of the Company has performed certain agreed-upon audit procedures for the above continuing connected transactions entered into by the Group for the year ended June 30, 2024, and concluded that such transactions:

(1) have been approved by the Board;

(2) were conducted in accordance with the relevant agreements for such transactions in all material aspects; and

(3) have an aggregate amount not exceeding the relevant cap disclosed in the Company's announcements dated May 24, 2022 and June 3, 2024.

The related party transactions mentioned in note 33 to the consolidated financial statements do not constitute the connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules, and are in compliance with the disclosure requirements in Chapter 14A of the Listing Rules.

Save as disclosed in this Annual Report, there were no connected transactions or continuing connected transactions which are required to be disclosed by the Company during the Fiscal Year 2024 in accordance with the provisions concerning the disclosure of connected transactions under Chapter 14A of the Listing Rules.

CHARITY DONATION

The charity donation of the Group and other donation aggregately accounted for RMB1.2 million during the Fiscal Year 2024.

MATERIAL LEGAL PROCEEDINGS

During the Fiscal Year 2024, the Company was not involved in any material legal proceedings or arbitrations. To the best knowledge of the Directors, there is no material legal proceeding or claim which is pending or threatening against the Company.

PERMITTED INDEMNITY PROVISIONS

During the Fiscal Year 2024 and up to the date of this Annual Report, there were no permitted indemnity provisions which were or are currently in force, and are beneficial to the Directors (whether they were entered into by the Company or others) or any directors of the Company's associated companies (if they were entered into by the Company). The Company has purchased appropriate directors' and officers' liability insurance for its Directors and senior staff.

TAX RELIEF AND EXEMPTION

The Company is not aware of any tax relief and exemption available to the Shareholders by reason of their respective holding of the Company's securities.

EVENTS AFTER THE BALANCE SHEET DATE

Details of the significant events after the balance sheet date are set out in note 36 to the consolidated financial statements.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") has, together with the management and the external auditor of the Company, reviewed the accounting principles and practices adopted by our Group as well as the audited consolidated financial statements of the Group for the Fiscal Year 2024.

CORPORATE GOVERNANCE CODE

The Company is committed to maintaining high level of corporate governance practices. Information about the corporate governance practices adopted by the Company is set out in the corporate governance report on pages 45 to 60 in this Annual Report.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge of the Directors, at least 25% (being the minimum public float prescribed by the Stock Exchange and the Listing Rules) of the Company's entire issued share capital were held by the public at any time during Fiscal Year 2024 and up to the date of this Annual Report.

AUDITOR

PricewaterhouseCoopers ("**PwC**") is appointed as auditor of the Company for the year ended June 30, 2024. PwC has audited the accompanying consolidated financial statements which were prepared in accordance with the Hong Kong Financial Reporting Standards.

PwC is subject to retirement and, being eligible, offers itself for re-appointment at the AGM. A resolution for re-appointment of PwC as auditor of the Company will be proposed at the AGM.

By Order of the Board
Wu Jian
Chairman
Hong Kong, PRC, September 5, 2024

CORPORATE GOVERNANCE REPORT

The Board is pleased to present this corporate governance report set out in the Company's Annual Report for the Fiscal Year 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 "**Corporate Governance Code**") contained in Appendix C1 to the Listing Rules as its own corporate governance code. The Company has been in compliance with all applicable code provisions under the Corporate Governance Code during the Fiscal Year 2024. The Company will continue to review and monitor its corporate governance practices in order to ensure compliance with the Corporate Governance Code.

THE BOARD

CORPORATE PURPOSE, VALUES AND STRATEGIES

The Board has set the purpose, values and strategies of the Company and ensures their consistency with the corporate culture of the Company. All Directors act with integrity and lead by example in promoting the corporate culture.

Corporate Mission

- Better Design, Better Life

Corporate Values

- Be Reliable, Embrace Diversity and Inclusion, Explore and Innovate, Effectively Implement, Keep Growing (值得信賴、多元包容、探索創新、有效執行、持續成長)

Corporate Strategies

- Adhere to design-driven and realise brand strength-driven
- Multi-brand sustainable and large-scale operation
- Fan-focused global retail mode

The Company is dedicated to building a living environment that brims with artistic feeling. Our brands allow consumers to have more fun with diversified art design products and experience a better and artistic life.

RESPONSIBILITIES

The Board is responsible for the overall leadership of the Group, oversees the Group's strategic decisions and monitors business and performance. The Board has delegated the authority and responsibility for day-to-day management and operation of the Group to the senior management of the Group. To oversee particular aspects of the Company's affairs, the Board has established three Board committees, including the Audit Committee, the Remuneration Committee and the nomination committee (the "**Nomination Committee**") (collectively, the "**Board Committees**"). The Board has delegated to the Board Committees responsibilities as set out in their respective terms of reference.

All Directors shall ensure that they carry out their duties in good faith, in compliance with applicable laws and regulations, and in the interests of the Company and its Shareholders at all times.

The Company has arranged appropriate insurance coverage in respect of liability arising from legal action against its Directors, and will conduct annual review on such insurance coverage.

BOARD COMPOSITION

During the year ended June 30, 2024 and up to the date of this Annual Report, the Board comprised three executive Directors, one non-executive Director and three independent non-executive Directors as set out below:

EXECUTIVE DIRECTORS:

Mr. Wu Jian
Ms. Li Lin
Ms. Wu Huating

NON-EXECUTIVE DIRECTOR:

Mr. Wei Zhe

INDEPENDENT NON-EXECUTIVE DIRECTORS:

Mr. Lam Yiu Por
Ms. Han Min
Mr. Hu Huanxin

The biographies of the Directors are set out under the section headed "Directors and Senior Management" of this Annual Report.

During Fiscal Year 2024, the Board has met the requirements of Rules 3.10(1) and 3.10(2) of the Listing Rules relating to the appointment of at least three independent non-executive directors with at least one possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has also complied with Rule 3.10A of the Listing Rules, which relates to the appointment of independent non-executive directors representing at least one-third of the Board.

The Company believes that the diversity of Board members will be immensely beneficial for the enhancement of the Company's performance. Therefore, the Company has adopted a board diversity policy to ensure that the Company will, when determining the composition of the Board, consider board diversity in terms of, among other things, age, cultural and educational background, professional experience, skills and knowledge. All appointments by the Board will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. The board diversity policy is summarised as follows: Board composition to be reviewed in terms of the size of the Board, the number of non-executive Directors and executive Directors in relation to the overall Board; Board effectiveness which requires members to have diverse skills, knowledge and experiences that combine to provide different perspectives and effective board dynamics; and nominations and appointments to be carried out in view of maintaining an appropriate mix of required skills, experience, expertise and diversity on the Board.

The Nomination Committee is responsible to review the board diversity policy and any measurable objectives for its implementation and to review the progress on achieving the objectives.

Each of the independent non-executive Directors has confirmed his/her independence pursuant to Rule 3.13 of the Listing Rules and the Company considers each of them to be independent.

Save as disclosed in the biographies of the Directors as set out in the section headed "Directors and Senior Management" of this Annual Report, none of the Directors has any personal relationship (including financial, business, family or other material/relevant relationship) with any other Directors or any chief executive.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and expertise to the Board for its efficient and effective functioning. Independent non-executive Directors are invited to serve on the Audit Committee, the Remuneration Committee and the Nomination Committee.

As regards the code provision under the Corporate Governance Code requiring directors to disclose the number and nature of offices held in public companies or organisations and other significant commitments as well as their identity and the time involved to the issuer, the Directors have agreed to disclose their commitments to the Company in a timely manner.

MECHANISMS TO ENSURE INDEPENDENT ADVICE

The Company ensures the provision of independent advice and recommendations to the Board through the following mechanisms:

- The Nomination Committee shall review the composition of the Board and the independence of independent non-executive Directors annually, in particular, the proportion of independent non-executive Directors and the independence of independent non-executive Directors who have served for more than nine years;
- The Company has received written confirmation from each of the independent non-executive Directors of their independence from the Company in accordance with Rule 3.13 of the Listing Rules. The Company considers that all of its independent non-executive Directors are independent;
- The Chairman of the Board shall meet with the independent non-executive Directors at least once a year; and
- All members of the Board may seek independent professional advice as necessary to carry out their duties in accordance with policies of the Company.

Throughout the Fiscal Year 2024, the Board has complied with the above requirements to effectively ensure that independent views and opinions are available to the Board. The Board will review the implementation and effectiveness of these mechanisms annually.

INDUCTION AND CONTINUOUS PROFESSIONAL DEVELOPMENT

All newly appointed Directors would be provided with necessary induction and information to ensure that they have a proper understanding of the Company's operations and businesses as well as their responsibilities under relevant statutes, laws, rules and regulations. The Company also arranges regular seminars to provide Directors with updates on latest development and changes in the Listing Rules and other relevant legal and regulatory requirements from time to time. The Directors are also provided with regular updates on the Company's performance, position and prospects to enable the Board as a whole and each Director to discharge their duties.

During the year ended June 30, 2024, the Company has arranged all Directors to watch a series of videos regarding "Duties of Directors and Role and Function of Board Committees" launched on the website of the Stock Exchange. In addition, all Directors developed themselves through 1) conducting focused discussion on issues relating to the business and operations of the Company at the Board Committee meetings; and 2) research, reading and study of relevant regulations and standards in order to strengthen the skills and knowledge relevant for their respective roles.

All Directors have provided the Company with their respective training records in compliance with code provision C.1.4 of the Corporate Governance Code.

Directors	Nature of continuing professional development courses
Mr. Wu Jian	A/C/D
Ms. Li Lin	A/C/D
Ms. Wu Huating	A/C/D
Mr. Wei Zhe	A/B/C/D
Mr. Lam Yiu Por	A/D/E
Ms. Han Min	A/D
Mr. Hu Huanxin	A/D

Notes:

A. Attending seminars and/or conferences and/or forums and/or briefings

B. Delivering speeches at seminars and/or conferences and/or forums

C. Attending trainings provided by law firms and trainings related to the business of the Company

D. Reading materials on a wide range of topics, including corporate governance, directors' duties, the Listing Rules and other relevant legislations

E. Attending continuous professional development training

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Under code provision C.2.1 of the Corporate Governance Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The Chairman of the Board and the Chief Executive Officer are currently two separate positions held by Mr. Wu Jian and Ms. Wu Huating, respectively, with clear distinction in responsibilities. The Chairman of the Board is responsible for providing strategic advice and guidance on the business development of the Group, while the Chief Executive Officer is responsible for the day-to-day operations of the Group.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Each of our executive Directors, except Ms. Wu Huating, has entered into a service contract with the Company on October 13, 2019, which are for an initial fixed term of three years commencing from October 13, 2019 and will continue automatically upon expiry of the fixed term. Ms. Wu Huating has entered into a service contract with the Company for an initial term of three years commencing from May 8, 2019 and will continue automatically upon expiry of the fixed term. We have issued letters of appointment to our non-executive Director and each of our independent non-executive Directors on October 13, 2023. The letters of appointment entered into with our non-executive Director and each of our independent non-executive Directors are for an initial fixed term of three years and will continue automatically upon expiry of the fixed term. The service contracts and letters of appointment are subject to termination in accordance with their respective terms. The service contracts are renewable in accordance with the Articles of Association and the applicable Listing Rules.

Save as disclosed above, none of the Directors has a service contract with the Group which is not determinable by the Company within one year without the payment of compensation (other than statutory compensation).

In accordance with the Articles of Association, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation, provided that every Director shall be subject to retirement at an annual general meeting at least once every three years.

The procedures and process of appointment, re-election and removal of Directors are set out in the Articles of Association. The Nomination Committee is responsible for reviewing the Board composition, and for making recommendations to the Board on the appointment, re-election and succession planning of Directors.

BOARD MEETINGS

The Company adopts the practice of holding Board meetings regularly, at least four times a year, and at approximately quarterly intervals. Notices of no less than fourteen days are given for all regular Board meetings to provide all Directors with an opportunity to attend and include matters in the agenda for a regular meeting.

For other Board meetings and Board Committee meetings, reasonable notice is generally given by the Company. The agenda and accompanying Board papers are dispatched at least three days before the Board meetings or Board Committee meetings to ensure that the Directors have sufficient time to review the papers and be adequately prepared for the meetings.

When Directors or Board Committee members are unable to attend a meeting, they will be advised of the matters to be discussed and given an opportunity to make their views known to the Chairman prior to the meeting. Minutes of meetings shall be kept by the company secretary with copies circulated to all Directors for information and records.

Minutes of the Board meetings and Board Committee meetings are recorded in sufficient detail on the matters considered by the Board and the Board Committees and the decisions reached, including any concerns raised by the Directors. Draft minutes of each Board meeting and Board Committee meeting are/will be sent to the Directors for comments within a reasonable time after the date on which the meeting is held. The minutes of the Board meetings are open for inspection by all Directors.

During Fiscal Year 2024, four Board meetings and one general meeting were held, and the attendance of the individual Directors at the Board meetings is set out in the table below:

Directors	Number of Board meetings attended/ eligible to attend	Number of general meeting attended/ eligible to attend
Mr. Wu Jian	4/4	1/1
Ms. Li Lin	4/4	1/1
Ms. Wu Huating	4/4	1/1
Mr. Wei Zhe	4/4	0/1
Mr. Lam Yiu Por	4/4	1/1
Ms. Han Min	4/4	1/1
Mr. Hu Huanxin	4/4	1/1

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code of conduct regarding Directors' securities transactions. Specific enquiry has been made to all the Directors and each of the Directors has confirmed that he/she has complied with the required standards as set out in the Model Code during Fiscal Year 2024.

DELEGATION BY THE BOARD

The Board reserves for its decision on all major matters of the Company, including: approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters. Directors could have recourse to seek independent professional advice in performing their duties at the Company's expense. Directors are encouraged to access and to consult with the Company's senior management independently.

The daily management, administration and operation of the Group are delegated to the senior management. The delegated functions and responsibilities are periodically reviewed by the Board. Approval has to be obtained from the Board prior to any significant transactions entered into by the management.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for the corporate governance of the Group. It fulfills the corporate governance functions as required by the provisions of the Corporate Governance Code, and reviews the corporate governance practices at appropriate time. During Fiscal Year 2024, the Board reviewed the corporate governance policies and practices of the Company and reviewed the disclosures made in this corporate governance report. The Board has approved and adopted the terms of reference in relation to the fulfillment of corporate governance functions as set out in the Corporate Governance Code.

BOARD COMMITTEES

AUDIT COMMITTEE

The Audit Committee comprises three members, namely Mr. Lam Yiu Por (chairman), Ms. Han Min and Mr. Hu Huanxin, all of them are independent non-executive Directors.

The main duties and responsibilities of the Audit Committee are as follows:

(a) be primarily responsible for making recommendations to the Board on the appointment, re-appointment and removal of the external auditor, and approving the remuneration and terms of engagement of the external auditor, and handling any questions of its resignation or dismissal;

(b) review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards, and discuss with the auditor the nature and scope of the audit and reporting obligations before the audit commences;

(c) develop and implement policy on engaging an external auditor to supply non-audit services. For this purpose, "external auditor" includes any entity that is under common control, ownership or management with the audit firm or any entity that a reasonable and informed third party knowing all relevant information would reasonably conclude to be part of the audit firm nationally or internationally. The committee should report to the Board, identifying and making recommendations on any matters where action or improvement is needed;

(d) develop and implement policy on engaging an external auditor to supply non-audit services. For this purpose, "external auditor" includes any entity that is under common control, ownership or management with the audit firm or any entity that a reasonable and informed third party knowing all relevant information would reasonably conclude to be part of the audit firm nationally or internationally. The committee should report to the Board, identifying and making recommendations on any matters where action or improvement is needed;

(e) monitor integrity of the Company's financial statements and annual report and accounts, and half-year report, review significant financial reporting judgments contained in them;

(f) regarding (e) above:

 (i) members of the committee should liaise with the Board and senior management and the committee must meet, at least twice a year, with the Company's auditor; and

 (ii) the committee should consider any significant or unusual items that are, or may need to be, reflected in the report and accounts, it should give due consideration to any matters that have been raised by the Company's staff responsible for the accounting and financial reporting function, compliance officer or auditor.

(g) review the systems on financial controls of the Company, and unless expressly addressed by a separate risk committee under the Board, or by the Board itself, review the Company's internal control system (including without limitation the procedures for compliance with the requirements of the Listing Rules) and risk management system;

(h) discuss the risk management and internal control systems with management to ensure that management has performed its duty to have effective systems. This discussion should include the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function;

(i) consider major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and management's response to these findings;

(j) where an internal audit function exists, ensure co-ordination between the internal and external auditors, and ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and review and monitor its effectiveness;

(k) review the financial and accounting policies and practices of the Group;

(l) review the external auditor's management letter, any material queries raised by the auditor to management about accounting records, financial accounts or systems of control and management's response;

(m) ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;

(n) review the arrangements that employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters. The committee should ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action;

(o) act as the key representative body for overseeing the Company's relations with the external auditor;

(p) report to the Board on the matters set out herein; and

(q) the committee should establish a whistleblowing policy and system for employees and those who deal with the Company to raise concerns, in confidence, with the committee about possible improprieties in any matter related to the Company.

The written terms of reference of the Audit Committee are available on the websites of the Stock Exchange and the Company.

During Fiscal Year 2024, the Audit Committee held two meetings to:

- review the annual results of the Company and its subsidiaries for the year ended June 30, 2023;
- review the interim results of the Company and its subsidiaries for the six months ended December 31, 2023;
- review the audit service plan and the plan on preparing environmental, social and governance report;
- approve the scope of work, plan and fees for the annual audit and interim review conducted by the external auditor;
- review the effectiveness of the financial reporting system, compliance procedures, risk management systems and procedures, internal controls and the internal audit function; and
- meet with the external auditor in the absence of the management to discuss matters relating to the audit fee, matters arising from the audit and other matters raised by the auditor.

The attendance of members of the Audit Committee at the meetings is set out in the following table:

Name of Directors	Actual attendance/ Required attendance
Mr. Lam Yiu Por	2/2
Ms. Han Min	2/2
Mr. Hu Huanxin	2/2

NOMINATION COMMITTEE

The Nomination Committee currently comprises three members, including one executive Director, namely Mr. Wu Jian (chairman), and two independent non-executive Directors, namely Mr. Hu Huanxin and Ms. Han Min.

The main duties and responsibilities of the Nomination Committee are as follows:

(a) review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

(b) formulate a policy of selection and nomination of Directors and the procedures for the sourcing of suitably qualified Director for consideration of the Board and implement such plan and procedures approved;

(c) identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;

(d) ensure sufficient biographical details of nominated candidates are provided to the Board and Shareholders to enable them to make a decision regarding selection of the Board members;

(e) assess the independence of independent non-executive Directors;

(f) make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman and the Chief Executive Officer; and

(g) conform to and abide by any requirement, direction and regulation that may be prescribed by the Board or contained in the constitutional documents of the Company or imposed by the Listing Rules or applicable laws.

The Nomination Committee will assess the candidate or incumbent on criteria such as integrity, experience, skill and ability to commit time and effort to carry out the duties and responsibilities. The recommendations of the Nomination Committee will then be put to the Board for decision.

The written terms of reference of the Nomination Committee are available on the websites of the Stock Exchange and the Company.

During Fiscal Year 2024, the Nomination Committee held one meeting to:

- review the structure, size and composition of the Board, the diversity policy of Board members and the independence of independent non-executive Directors, and discuss candidates for re-election of Directors.

The attendance of members of the Nomination Committee at the meeting is set out in the following table:

Name of Directors	Actual attendance/ Required attendance
Mr. Wu Jian	1/1
Ms. Han Min	1/1
Mr. Hu Huanxin	1/1

Board Diversity Policy

The Company recognises the importance of the diversity of members of the Board to the effectiveness of corporate governance and the Board. In order to enhance effective operation of the Board and maintain high standard of corporate governance, the Nomination Committee has formulated Board diversity policy to ensure the appropriate balance in the aspects of diversity including skills, experience and perspectives of the members of the Board. Details are set out below:

The nomination and appointment of members of the Board will continue to follow the principle of meritocracy based on the demand of daily business and consideration of benefits due to diversity of Board members. The principal responsibilities of the Nomination Committee are to seek the people qualified for being Directors and give sufficient consideration on the policy of Board members diversity throughout the selection process.

Nomination Committee will formulate measurable objectives for the selection of Directors. The selection of Director candidates will be based on a series of diversified aspects and references made to the business model and specific demand of the Company (including but not limited to, gender, age, race, language, cultural background, education background, industrial experience and professional experience).

Nomination Committee is responsible for reviewing the Board diversity policy to ensure the implementation of such policy, and responsible for the expansion and review of the measurable objectives and supervising the implementation progress of the measurable objectives. To ensure sustainable effectiveness of the Board, the Nomination Committee reviews the policy and measurable objectives at least once a year.

Currently, the Board consists of 7 members (3 females and 4 males) who have professional experience and qualification in various industries which include apparel, finance, accounting and information technology. Having regard to the composition of the Board and the measurable objectives, the Company considers that the Board is sufficiently diversified. The Board reviews the implementation and effectiveness of the Board diversity policy on an annual basis.

The Board also understands the importance of diversity at the employee level (including senior management). The Group employs people on their merit and respects the individual choices of employees, regardless of gender, age, religion and nationality, so that employees can achieve a balance between career and a better life in a diverse, equal and inclusive working environment.

The gender ratio of all employees of the Group (including senior management) as of June 30, 2024 is as follows:

Overall gender ratio between male and female: male accounting for 34.9%; female accounting for 65.1%

Nomination Policies of Directors and Standard for Selection and Recommendations

1. Policies and Principles

1.1. With a view of achieving a sustainable and balanced development, the Company sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development.

1.2. In determining the Board's composition, the Company would access the skills, experiences and diversified views and perspectives brought by the candidate as well as how he/she could contribute to the Board. Board diversity has been considered from a wide range of aspects, including but not limited to gender, age, cultural and educational background, geographical location, professional experiences, skills, knowledge and duration of service, as well as any other factors deemed to be relevant and applicable factors by the Board from time to time.

1.3. Appointment of members of the Board is based on the skills and experiences required for the sound operation of the Board as a whole, to ensure a balanced composition of skills and experiences of the Board members, while taking full consideration of the above objectives and requirements of Board diversity.

2. Measurable Objectives

2.1. The selection of candidates of directorship will be based on the Company's nomination policy and will take into account of this policy. The ultimate decision will be based on the merit of the relevant candidate, the benefits of diversity and his/her contribution to the Board.

REMUNERATION COMMITTEE

The Remuneration Committee comprises three members, including two independent non-executive Directors, namely Mr. Hu Huanxin (chairman) and Mr. Lam Yiu Por, and one executive Director, namely Mr. Wu Jian.

The main duties and responsibilities of the Remuneration Committee are as follows:

(a) to make recommendations to the Board on the Company's policy and structure for all Directors' and senior management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;

(b) to develop the remuneration policy for executive Directors, assess performance of executive Directors and approve the terms of executive Directors' service contracts;

(c) to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;

(d) either:

  (i) to determine, with delegated responsibility granted by the Board, the remuneration packages of individual executive Directors and senior management; or

  (ii) to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management.

  This should include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;

(e) to make recommendations to the Board on the remuneration of non-executive Directors;

(f) to consider salaries paid by comparable companies, time commitment and responsibility and employment conditions elsewhere in the Group;

(g) to review and approve compensation payable to executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive for the Company;

(h) to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;

(i) to review and approve matters relating to share schemes of the Company under Chapter 17 of the Listing Rules, including but not limited to, any adoption or change to the terms of options or awards granted or to be granted to any incentive scheme participant, vesting period of options or awards, performance targets and/or clawback mechanism, and ensure that the Company's employee incentive plan is in compliance with applicable regulations;

(j) to ensure that no Director or any of his/her associates is involved in deciding his/her own remuneration; and

(k) to consider other topics as defined or designated by the Board.

The written terms of reference of the Remuneration Committee are available on the websites of the Stock Exchange and the Company.

During Fiscal Year 2024, the Remuneration Committee held two meetings to:

- review the members and remuneration plan of the Company and its subsidiaries;
- make recommendations on the remuneration policy, plan and structure for the coming year;
- make recommendations to the Board on the remuneration package of the Directors and senior management; and
- consider and approve the grant of RSUs pursuant to the RSU Scheme.

The attendance of members of the Remuneration Committee at the meetings is set out in the following table:

Name of Directors	Actual attendance/ Required attendance
Mr. Hu Huanxin	2/2
Mr. Wu Jian	2/2
Mr. Lam Yiu Por	2/2

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The Company has adopted a remuneration policy for the Directors and senior management with the overall principle of motivating and promoting enthusiasm, initiative and spirit of the masters of employees at all levels to achieve the Company's strategic objectives.

The purpose of the Company's remuneration policy is to provide market competitive compensation, attract and retain outstanding talents, and build a high-performance and high-quality team on the premise of legal compliance, so as to motivate employee effectiveness and team productivity.

- The remuneration strategy focuses on the principles of legal compliance, market competitiveness, employee incentive, internal equity and cost savings;
- Offer market-leading remuneration for core functions and key positions that support the Company to realise its strategies;

- The Company will continue to pay attention to the fairness of remuneration payment, and carry out reasonable remuneration cost control on the premise of meeting the needs of the Company; and

- For management purpose, the remuneration is adjusted annually based on performance following the process of reporting — review — verification — approval.

The Company has adopted the model set out in the code provisions under the Corporate Governance Code by delegating the Remuneration Committee by the Board to determine the remuneration packages of the executive Directors and senior management. The Remuneration Committee is also responsible for making recommendations to the Board on remuneration packages of the non-executive Directors, including independent non-executive Directors. Annual discretionary bonuses of executive Directors and senior management will be measured by reference to the performance of their respective departments and business units (including but not limited to key performance indicators) and their individual performance, subject to the approval of the Remuneration Committee. With the objective of maximizing long-term Shareholders' value, the Remuneration Committee approves equity-based remuneration according to the individual performance and business objectives of the executive Directors and senior management, and grants share awards as appropriate in accordance with the RSU Scheme.

None of the Directors participated in any discussion of their personal remuneration. The Directors will abstain from voting on the relevant resolutions at the meeting of the Board or the Remuneration Committee at which their individual remuneration package is considered.

In the current financial year, the Remuneration Committee has reviewed the implementation and effectiveness of the remuneration policy for Directors and senior management, and concluded that the policy had been effectively implemented.

The remuneration of the senior management of the Company (whose biographies are set out on pages 22 to 24 of this Annual Report) for the Fiscal Year 2024 falls under the following bands:

Band of remuneration	Number of individuals
Below RMB1,000,000	0
RMB1,000,000 to RMB2,000,000	0
RMB2,000,000 to RMB3,000,000	1
Above RMB3,000,000	6

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for preparing the financial statements of the Company for the year ended June 30, 2024 which give a true and fair view of the affairs of the Company and the Group and of the Group's results and cash flows.

The management has provided to the Board such explanation and information as are necessary to enable the Board to carry out an informed assessment of the Company's financial statements, which are put to the Board for approval. The Company provides all members of the Board with monthly updates on the Company's performance, positions and prospects.

The Directors were not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Group's ability to continue as a going concern.

The statement by the auditor regarding its reporting responsibilities on the consolidated financial statements of the Company is set out in the Independent Auditor's Report on page 117 of this Annual Report.

RISK MANAGEMENT AND INTERNAL CONTROL

The Group believes that good corporate governance practices are very important for maintaining and promoting investor confidence and for the sustainable growth of the Group. The Group has therefore made continued efforts to uplift its quality of corporate governance. It has established a highly effective system of risk management (including environmental, social and governance risks) and internal control, and adopted a series of measures to ensure their safety and effectiveness. As a result, the Group is able to safeguard its assets and protect the interests of its Shareholders. The Board has authorised the Audit Committee to be responsible for the oversight of the Group's risk management and internal control systems and reviewing the effectiveness of such systems on a yearly basis. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

Annual review covers all important aspects of supervision, including financial, operational and compliance monitoring. As disclosed in the terms of reference of the Audit Committee, the Audit Committee is responsible for monitoring the Company's risk management and internal control systems. The Audit Committee oversees the risk management process and reviews the effectiveness of the risk management and internal control systems by conducting the following procedures:

- Review the Company's risk management process and policy;
- Review with senior management at least annually reports demonstrating the compliance with the risk management policy;
- Discuss with senior management at least annually the Company's major risk exposures and the steps the senior management has taken or should take to assess and mitigate such exposures; and
- Review the effectiveness of the Company's risk management practices on an ongoing basis.

During the Fiscal Year 2024, the Board has conducted a review on the effectiveness of the Group's risk management and internal control systems which covers financial, operational, compliance procedural and risk management functions and have considered the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial reporting functions, as well as those relating to the Company's ESG performance and reporting. The Board is not aware of any significant internal control and risk management weaknesses nor significant breach or limits of risk management policies, and considers the existing internal control system and risk management systems are effective and adequate. During the year ended June 30, 2024, the Company has complied with all of the provisions in relation to risk management and internal control under the Corporate Governance Code.

The Group has an independent internal audit department. The senior management, through the Company's internal audit department, is responsible for the annual risk reporting process. Members of the internal audit department meet with various members of the senior management to review and assess risks and discuss solutions to addressing material internal control defects (if any), including any changes relevant to a given year. Risks are compiled, ratings are assigned and mitigation plans are documented. The risk assessment is reviewed by certain members of the senior management and presented to the Audit Committee and the Board for their review. This is part of the on-going process to ensure that the effectiveness of material controls is monitored.

PROCESSES USED TO IDENTIFY, EVALUATE AND MANAGE SIGNIFICANT RISKS

The processes used to identify, evaluate and manage significant risks by the Group are summarised as follows:

RISK IDENTIFICATION

- Identify risks that may potentially affect the Group's business and operations.

RISK ASSESSMENT

- Assess the risks identified by using the assessment criteria developed by the management; and
- Consider the impact of the risks on the business and the likelihood of their occurrence.

RISK RESPONSE

- Prioritise the risks by comparing the results of the risk assessment; and
- Determine the risk management strategies and internal control processes to prevent, avoid and mitigate the risks.

RISK MONITORING AND REPORTING

- Perform ongoing and periodic monitoring of the risk and ensure that appropriate internal control processes are in place;
- Revise the risk management strategies and internal control processes in case of any significant change occurs; and
- Report the results of risk monitoring to the management and the Board regularly.

INFORMATION DISCLOSURE POLICY

An information disclosure policy is in place to ensure potential inside information being captured and confidentiality of such information being maintained until consistent and timely disclosure are made in accordance with the Listing Rules. The policy regulates the handling and dissemination of inside information, which includes:

- Designated reporting channels from different operation units informing any potential inside information to designated departments;
- Designated persons and departments to determine further escalation and disclosure as required; and
- Designated persons authorised to act as spokespersons and respond to external enquiries.

AUDITOR'S REMUNERATION

The auditor's remuneration in respect of the audit and non-audit services provided to the Company for the Fiscal Year 2024 is as follows:

Type of services	Amount (RMB'000)
Audit services	2,400
Non-audit services	210
Total	**2,610**

JOINT COMPANY SECRETARIES

Ms. Qian Xiaoping is the joint company secretary of the Company and is responsible for advising the Board on corporate governance matters and ensuring that Board policy and procedures, and applicable laws, rules and regulations are followed.

In order to uphold good corporate governance and ensure compliance with the Listing Rules and applicable Hong Kong laws, the Company also engages Ms. Ng Sau Mei of TMF Hong Kong Limited, a company secretarial service provider, as another joint company secretary of the Company, to assist Ms. Qian Xiaoping with the duties of the Company's company secretary. Ms. Qian Xiaoping is the primary contact person of Ms. Ng Sau Mei in the Company.

During the Fiscal Year 2024, Ms. Qian Xiaoping and Ms. Ng Sau Mei have undertaken no less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONSHIP

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and let investor understand the Group's business, performance and strategies. The Company also recognises the importance of timely and non-selective disclosure of information on the Company for the Shareholders and investors to make informed investment decisions.

The annual general meetings of the Company provide opportunity for Shareholders to communicate directly with the Directors. The Chairman of the Company and the chairmen of the Board Committees will attend the annual general meetings to answer Shareholders' questions. The auditor will also attend the annual general meetings to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor's independence.

To promote effective communication and to build an inter-relationship and communication channel between the Company and the Shareholders, the Company adopts a shareholders' communication policy and maintains a website at https://www.jiangnanbuyigroup.com.cn, where the up-to-date information on the Company's business operations and developments, financial information, corporate governance practices and other information are available for public access. Shareholders may at any time send their enquiries and concerns to the Board in writing either by email to ir@jnby.com or direct mailing to the principal place of business of the Company in Hong Kong for the attention of the company secretary. In addition, Shareholders who have any inquiries about their shares and dividends may contact the Company's share registrar in Hong Kong.

The Company believes that effective communication with the investment community in a timely manner through various media is essential. The Company's investor relations department focuses on provision of relevant public information to investors and analysts to enable them to make appropriate valuation of the Company's shares or any securities issued by the Group. Through investor/analyst briefings, group/individual meetings, investor conferences, non-deal roadshows and other events, institutional investors and analysts can interact with the senior management of the Company for updates on the development of the Group's strategic initiatives and operations.

The Board reviews the implementation and effectiveness of the shareholders' communication policy annually to ensure that the policy remains relevant to the Company's needs and reflects both the current regulatory requirements and good corporate governance practice, and would also discuss and consider any revisions that may be required.

Based on the Company's shareholders engagement works carried out during the financial year, the Board has conducted the annual review of the implementation and effectiveness of the shareholders' communication policy, and concluded that the policy was implemented effectively during the financial year.

GENERAL MEETINGS

To safeguard the Shareholders' interests and rights, a separate resolution will be proposed for each issue at general meetings, including the election of individual Directors.

All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and the poll results will be posted on the websites of the Company and the Stock Exchange in a timely manner after each general meeting.

CONVENING AN EXTRAORDINARY GENERAL MEETING AND PUTTING FORWARD PROPOSALS

According to the Articles of Association, the Board may whenever it thinks fit convene extraordinary general meetings. Any one or more member(s) of the Company holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the company secretary of the Company to require an extraordinary general meeting to be convened and to add resolutions to the meeting agenda of such meeting by the Board; the written requisition must state the objects of the meeting and the resolutions proposed, and must be signed by the relevant Shareholders and deposited at the principal place of business of the Company in Hong Kong, which is presently situated at Unit 9, 22/F, Seapower Tower, North Tower, Concordia Plaza, 1 Science Museum Road, Tsim Sha Tsui, Kowloon, Hong Kong, PRC and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself/herself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board to convene such general meeting shall be reimbursed to the requisitionist(s) by the Company.

As regards proposing a person for election as a Director by the Shareholders, the procedures are available on the website of the Company.

INVESTOR RELATIONS

The Company will also respond to the investors' inquiries on the Company's situation through convening meetings, attending investor forums and participating in/organising the roadshows from time to time, and provide the updated information on the Company's business and development in order to strengthen the relationship and communication between the Company and the investors.

During the Fiscal Year 2024, the Company conducted the following investor relations activities for the institutional investors and analysts in Mainland China, Hong Kong China and overseas:

- Investor/analyst briefings;
- Group/individual meetings;
- Investor conferences;
- Non-deal roadshows; and
- Store visits.

During the Fiscal Year 2024, the Company conducted 2 results announcement conferences, 11 roadshows and 110 investor meetings or online meetings, and participated in 12 forums. Investment community views are communicated regularly to the Board.

AMENDMENTS TO CONSTITUTIONAL DOCUMENTS

There were no changes in the Memorandum and Articles of Association of the Company during the Fiscal Year 2024.

ESG

JIANGNANBUYI

Environmental, Social and Governance Report

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1 INTRODUCTION

1.1 REPORTING SCOPE

Pursuant to the Environmental, Social and Governance Reporting Guide (the "**ESG Reporting Guide**") as set out in Appendix C2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Group has prepared the Environmental, Social and Governance Report (the "**ESG Report**") for the period from July 1, 2023 to June 30, 2024 ("**Fiscal Year 2024**", or "**this Fiscal Year**"). The ESG Report elaborates our philosophy in sustainable development and social responsibility in respect of the environment and the society and covers our headquarters and subsidiaries. No significant change is made to the disclosure scope from the previous year's ESG Report.

1.2 REPORTING PRINCIPLES

The basic reporting principles set out in the ESG Reporting Guide, i.e., "Materiality", "Quantitative", "Balance" and "Consistency", have been followed in the preparation of this ESG Report to determine, sort out and disclose ESG issues:

Materiality: Through stakeholder engagement and materiality assessment, 24 issues related to the Group's sustainable development were identified and prioritised. Those material environmental and social issues are highlighted in this report.

Quantitative: Measurable environmental and social key performance indicators (the "**KPIs**") are reported by the Group. To ensure the accuracy and traceability of these KPIs, the standards, methodologies and emission factors used for each indicator are also disclosed.

Balance: The ESG Report provides an unbiased picture of the Group's ESG performance following the principle of balance.

Consistency: Unless otherwise explained, the Group adopts consistent reporting principles and methodologies in the past and future to allow for meaningful comparisons of the Group's performance by stakeholders.

1.3 ABOUT JNBY

JNBY Design Limited (the "**Company**") and its subsidiaries (collectively the "**Group**", "**JNBY**", "**we**", "**us**", or "**our**") are an influential designer brand fashion group founded in 1994, listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**HKEX**") in 2016 (stock code: 03306), and headquartered in Hangzhou, China. Our principal activities include designing, promoting and selling fashion apparel, footwear, accessories and home products. As of June 30, 2024, our portfolio of brands includes JNBY (women's wear), CROQUIS (men's wear), jnby by JNBY (kids' wear), LESS (women's wear), POMME DE TERRE (kids' wear), JNBYHOME (lifestyle) and RE;RE;RE;LAB (sustainable lifestyle). Each brand focuses on a unique group of consumers and feature unique design identities. Our diversified and segmented brand portfolio allows us to offer products and services to consumers across most age groups. Meanwhile, we have continued to launch new consumer scenarios or products, including "BOX+ Project" and "JIANGNANBUYI+" multi-brand collection stores, to provide consumers with more value-added services.

Taking into account our customers' purchasing patterns and information needs, we have established an omni-channel interactive platform comprising physical retail stores, online platforms and the WeChat-based social media interactive marketing service platform, with each platform playing a critical role in communicating with fans and transforming our potential fans into loyal fans. We aim to build up a "JNBY Fans Economy" strategy, which is based on the same philosophy of lifestyle. As of June 30, 2024, JNBY had a total of 2,024 standalone retail stores globally, of which 2,006 were located in Mainland China, Hong Kong China and Taiwan China, with the rest in 7 countries (including Japan and Australia).

Upholding our corporate mission of "Better Design, Better Life" and embodying our core values of "Be Reliable, Embrace Diversity and Inclusion, Explore and Innovate, Effectively Implement, Keep Growing", we are committed to creating a lifestyle rich in artistic sensibility. We aim to bring more joy to our customers through a diverse range of artistic design products, allowing them to experience a more beautiful artistic life.

1.4 STATEMENT FROM THE BOARD

The board of directors of the Company (the "**Board**") and all directors of the Company (the "**Directors**") warrant that there are no false representations, misleading statements contained in, or material omissions from, this report. and the Board makes a statement regarding its oversight and management of ESG issues as follows:

The Board is the top-level body responsible for the Company's ESG strategy and management. The Company's ESG management representative is responsible for assisting the Board in directing and overseeing ESG work. The ESG working group is responsible for implementing the Company's ESG strategy and actions. For details about the governance framework, please refer to the "ESG Governance Framework" section in this report.

In this Fiscal Year, the Company continued to communicate extensively and in depth with stakeholders through multiple channels and conducted a materiality assessment to identify important ESG issues. The ESG working group of the Company has actively addressed the identified important issues (including product quality and safety, product development and design innovation, business ethics and integrity). The management approaches to these issues are highlighted in this report. For details about management policy and strategy, please refer to the "Corporate Governance" section in this report.

The Company has established its ESG strategy and goals to review and manage its impact on the environment, society and governance, and has incorporated the concept of sustainable development into its operations. The Board reviews the ESG strategy, goals, progress and completion on a regular basis.

In the future, the Board will continue to oversee the Group's ESG management and drive its improvement, making continuous efforts to realise the Group's vision of "creating sustainable fashion with JNBY characteristics" and to satisfy the needs and expectations of stakeholders.

1.5 ESG VISION

Four Pillars Of Vision

Adhering to the "people-oriented and nature-first" concept, we always believe that our long-term success depends not only on business model and profitability strategy, but also on our firm commitment to products, environment, talents and communities. As an influential fashion group of designer brands in China, we take "creating sustainable fashion with JNBY characteristics" as our sustainability vision, and carry out ESG governance activities in various areas, including product sustainability, environmental sustainability, talent sustainability, and community sustainability. We are always concerned about the sustainable development of the environment and practice the concept of sustainable development throughout the entire chain from product design to customer experience. Additionally, we also encourage employees' career development and emphasize the inheritance of intangible cultural heritage of humanity. Through various sustainable development practices, we continuously enrich the vitality of JNBY.

Vision: Create Sustainable Fashion with JNBY Characteristics

Product sustainability	Environmental sustainability	Talent sustainability	Community sustainability
Sustainable materials Product quality and safety R&D and innovation Brand power building All-domain fan relationship Sustainable supply chain Inheritance and innovation of non-heritage skills	Resource recycling Energy saving and emission reduction	Talent engagement and development Employee health and safety	Coordinated development within industries Contribution to local development

Sustainable Goals And Progress

Sustainable Goals	Progress in Fiscal Year 2024
By the end of Fiscal Year 2025, the Group's sustainable raw materials account for over 30% (inclusive) of the total weight of raw materials procurement	• Sustainable raw material procurement accounted for 22.4%.
Maximise the utilisation rate of fabrics and reduce the waste of various resources	• Adopted techniques such as "one-piece cutting" to improve fabric utilisation rate in product design process; • Improved the utilisation efficiency of stock fabrics and prioritised the stock fabrics in the production of large orders; used fabric remnants in the Sesame Lab for creative design; • Launched the sustainable lifestyle brand of RE;RE;RE;LAB with a focus on consuming 10–500 metres of stock fabrics.
By the end of Fiscal Year 2027, the annual electricity consumption per workstation and the annual water consumption per workstation of the headquarters of the Group in O õ ELi, Hangzhou, decreased by 10% respectively (based on Fiscal Year 2022)	• Increased energy-saving and water-saving efforts in daily business operations, reducing the annual water consumption per workstation by 3.3% and the annual electricity consumption per workstation by 1.2% compared to the Fiscal Year 2023.
Develop an ESG culture of "everyone participates and everyone creates"	• Continued the "Textile Possibility" project to pass on and innovate intangible cultural heritage techniques; • Launched the "Yak Wool Industry Revitalisation" project to promote sustainable fabrics, restore grassland ecology and protect animal welfare; • Carried out the "Aesthetic Education Class for Fabrics" charity activity to encourage joint participation by employees, members and media, so as to empower communities and villages; • Organised diversified ESG themed marketing activities to promote sustainable fashion concepts; • Integrated ESG concepts into supply chain access and assessment, and included the environmental and social risks of suppliers in the scope of management; • Actively promoted the concept of green and environmental protection, encouraged the conservation of electricity, water, and paper, and created a green office atmosphere.

JNBY's ESG Rating:

In Fiscal Year 2024, the Group received a "Low Risk" rating from Morningstar Sustainalytics, a "BBB" rating from MSCI ESG Ratings, and an "A" in the Wind ESG rating.

Industry Associations

JNBY maintains close communication and collaboration with industry associations and social communities. As a member of the National Apparel Technical Committee on Standardisation and other associations, we fully perform the important role in promoting synergistic development in the apparel industry.

Participating associations:
National Apparel Technical Committee on Standardisation
Texitile Sub-committee of the National Textile Technical Committee on Standardisation
Basic Sub-committee of the National Textile Technical Committee on Standardisation
Technical Committee on Standardisation of China National Textile and Apparel Council
China Silk Technical Committee on Standardisation
National Footwear Technical Committee on Standardisation

1.6 FISCAL YEAR 2024 HIGHLIGHTS

Key Performance Indicators

Economic Performance

Audited operating income of RMB**5,238** million	A year-on-year increase of **17.3**%

Social Performance

Investment in public welfare of RMB**1.67** million	A year-on-year increase of **542.0**%
1,596 employees in total	**57.0**% female senior executives

Environmental Performance

Greenhouse gas (GHG) emission intensity of **1.0** tCO_2e/workstation	A year-on-year decrease of **2.1**%
Recycling of **189** thousand metres of stock fabrics	A year-on-year increase of **139.2**%

Awards

Jiemian.com in 2023

Zhenshan Award

TMTPOST in 2023

Innovation Award in Sustainable Development

In Trend List in 2023

Top 10 Annual Brand

China National Textile and Apparel Council in 2023

Sustainable Fashion Practitioner

2023 Excellent Corporate ESG Cases

of Xinhuanet

Silver Award in 2024 Westlake District Youth

Volunteer Service Project Competition

The 13th Philanthropy Festival and 2023 ESG Summit

ESG Pioneer Enterprise of the Year in 2023

2023 Top 10 Innovative Textile Products —

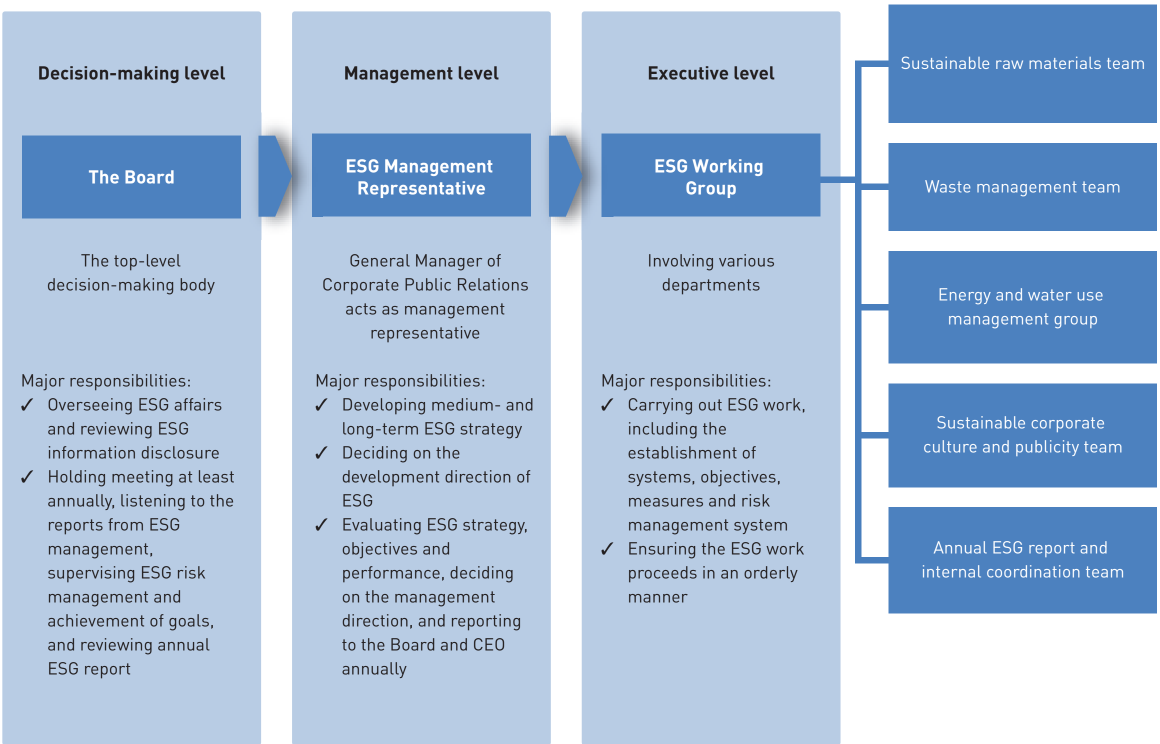
Green and Low-carbon Products

2 CORPORATE GOVERNANCE

At JNBY, we are convinced that corporate governance not only reflects our conformity to norms, but also our wisdom and responsibility. We are bent on building a corporate management structure featuring a clear division of authority and responsibilities, efficient operations, and integrity and honesty. Since corporate governance requires stakeholders' active participation and valuable opinions, we earnestly listen to and adopt suggestions from all parties to draw a blueprint of the Company with joint efforts. Guided by the four pillars of the ESG vision, we build a solid ESG management structure. Meanwhile, we stick to the bottom line of business ethics and information security. By constantly pursuing excellence and demanding high standards of self-requirement, we strive to achieve long-term development. Moreover, the Group believes in the significance of gender diversity in management. By the end of this Fiscal Year, the proportion of female management had reached 57%, demonstrating our commitment and achievement in gender equality and inclusion.

2.1 ESG GOVERNANCE FRAMEWORK

To realise our vision of sustainable development, we have included ESG factors into our business strategy and build an ESG governance framework with the Board as the top-level decision-making body. The Group's sustainable development strategy is implemented in a top-down manner.



ESG Governance Framework

2.2 MATERIALITY ASSESSMENT

In this Fiscal Year, the Group appointed third-party specialised agencies to assess existing ESG issues to ensure their compliance with the relevant requirements of the ESG Reporting Guide, as well as the best industry practices and trends. Our ESG Management Committee identified the significance of each issue to the Group's business development and to each of our stakeholders. The Committee also regarded the assessment results as an important basis to develop ESG management strategy and to prepare the ESG report. The materiality assessment steps and results are as follows:

Step 1: benchmarking and analysis

In accordance with the ESG Reporting Guide, 24 ESG issues were reassessed by taking into consideration of the current status of the Company, and were reviewed and approved by the ESG Management Committee

Step 2: analysis and prioritisation

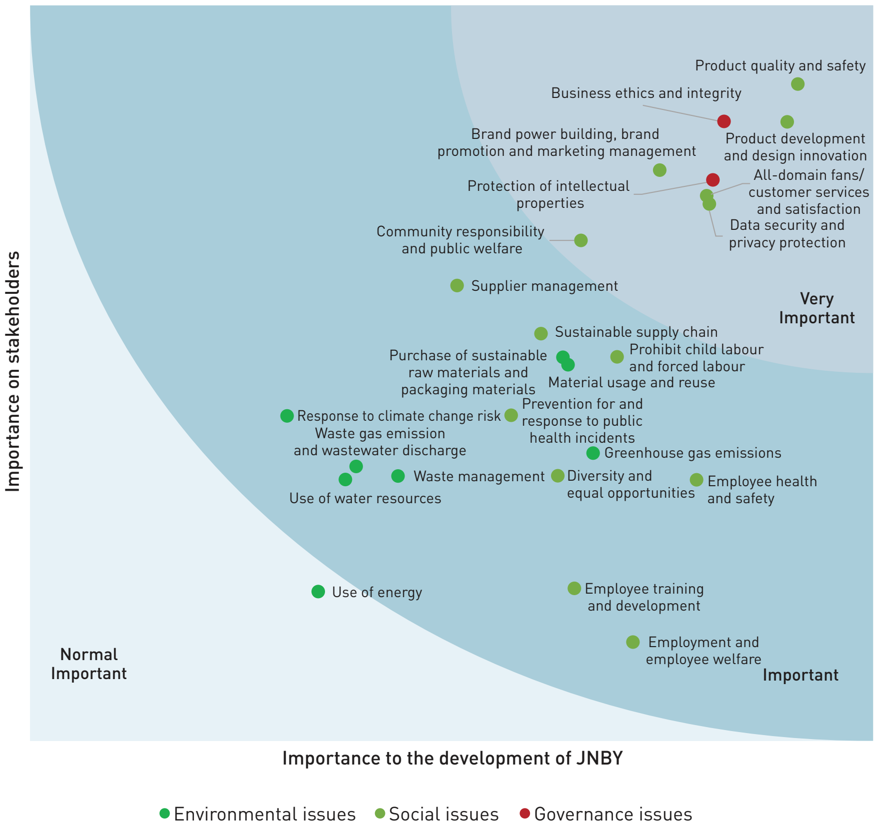
We benchmarked against the best practices in the industry, integrated case studies from market peers to reassess each issue based on "importance to the development of JNBY" and "importance on stakeholders", and a preliminary matrix was produced.

Step 3: assessment results validation

The assessment results were reviewed and confirmed by the ESG Management Committee and the working group of the Group. The final results are shown in the following materiality matrix.

The materiality assessment steps

JNBY ESG materiality assessment



Materiality Assessment Matrix

2.3 STAKEHOLDER ENGAGEMENT

The Group attaches great importance to the expectations and needs of its stakeholders. The communication channels and methods between the Group and stakeholders are continuously being improved. The issues important to stakeholders always get a great deal of attention and are dealt with actively. The Group hopes to share the opportunities of sustainable development with its stakeholders and promotes the sustainable development of the industry.

Stakeholders	Communication channels	Concerned ESG issues	Actions taken by the Group
Government and regulatory authorities	Policy guideline Regulatory documents Industrial meetings On-site inspection Off-site supervision	Product quality and safety Compliance operation Policy implementation	Implement regulatory policies Take supervisory assessments Carry out green operation Improve corporate governance
Shareholders and investors	Information disclosure General meetings Road shows Results announcements	Product quality and safety Business strategy Investment returns R&D and innovation	Maintain our brand value Publish results announcements on a regular basis, organise results release and non-trading roadshow Promote internal risk control
Employees	Labour union Workers' congress Intranet email Corporate events	Employment and employee welfare Employee health and safety Employee training and development Business ethics and integrity Diversity and equal opportunities	Utilise the functions of labour union Enrich employees' lives Establish learning platform Protect employees' rights
Distributors and suppliers	Regular meetings Daily interactions and visits Partnering agreements Strategy negotiations	Supplier management Procurement of sustainable raw materials and packaging materials	Hold promotional meetings Establish a transparent and fair procurement system Increase awareness on environmental and social risks Build positive business cooperative relationships
Media	News release Media platforms On-site interviews	Brand power building, brand promotion and marketing management Advertising Transparent disclosures	Organise open day for media agencies on a regular basis Publish news in a real-time manner Disclose information timely and objectively
Consumers	Customer hotline Satisfaction survey Marketing events Official websites	All-domain fans/customer services and satisfaction Product quality and safety Privacy protection	Establish a comprehensive quality control system Enhance service quality Protect consumers' rights
Community and the public	Charity activities Volunteer activities Community events	Community and charity Environmental protection	Participation in public welfare and charitable giving Organise volunteer activities on a regular basis Promote cultural knowledge
Artists and the fashion industry	Sponsorship events Communication activities	Fashion trends Artistic communication Artistic exchanges Protection of intellectual properties	Collaboration with designers Patronage of art exhibitions

2.4 BUSINESS ETHICS AND ANTI-CORRUPTION

Upholding the ideology of honesty, integrity, diligence and responsibility, we are devoted to rooting strict business ethics standards in corporate operations. We continuously strengthen the internal control mechanism, improve the anti-fraud system to foster a corporate culture of honesty and integrity. As a member of the Anti-Fraud Alliance, we strictly abided by all laws and regulations related to business ethics, such as the Company Law of the People's Republic of China (《中華人民共和國公司法》), the Law of the People's Republic of China Against Corruption and Bribery (《中華人民共和國反貪污賄賂法》), the Anti-Unfair Competition Law of the People's Republic of China (《中華人民共和國反不正當競爭法》), and the Interim Provisions on Banning Commercial Bribery (《關於禁止商業賄賂行為的暫行規定》), and have formulated relevant regulations such as the Internal Audit Policy (《內部審計制度》), the Anti-fraud Policy (《反舞弊制度》), the Credibility and Integrity System (《誠信與廉潔制度》), the Code of Conduct for Employee (《員工行為準則》) and the Employees' Reward and Punishment Policy (《員工獎懲制度》). We make every effort to improve the business ethics supervision and management mechanism and related systems and norms. At the same time, we have issued the Employee Manual (《員工手冊》) covering the honesty and integrity system. We have signed the Integrity Undertakings (《誠信承諾書》) with all employees of the headquarters, customers, suppliers, etc., to continuously strengthen the integrity management of the Group and to eliminate bribery, extortion, fraud, money laundering and other unlawful behaviours. During this Fiscal Year, to better respond to unauthorised sales of the Company's products or sales for third parties, we updated the Rules for Handling Online Unauthorised Sales (《線上非授權銷售處理規則》) to optimise the management of such violations.

The Group possesses a zero-tolerance attitude to any corruption and explicitly prohibits employee from falsification, unjust enrichment, fraud and disclosure of confidentiality. We regularly carry out planned and special audits, assess and update the Group's internal control, and implement necessary corrective measures. We have established a comprehensive reporting channel and processing procedure, through which employees and external stakeholders can report violations of professional ethics or related incidents via whistleblower email, telephone, and other means. The Group's Internal Audit Department is responsible for accepting and evaluating all kinds of complaints, and verifying, assigning or supervising these cases according to the actual situations. Employees who are proved to have committed fraud will be punished in accordance with relevant regulations; if any law is violated, the case will be referred to the judicial organ. For complaints and reports with real names, involved staff are required to keep confidential complainants and reporters. The legitimate rights of reporters are protected, and it is ensured that they will not suffer unfair treatment due to reporting.

Member of the Anti-Fraud Alliance

Reporting Channels:

- **Integrity mailbox:** LZ@jnby.com
- **7*24-hour reporting hotline:** 0571-88496199
- **DingTalk reporting:** JNBY -> Employee Feedback -> I want to report
- **Company website:** http://www.jiangnanbuyigroup.com.cn About us -> Contact us ->Red Flag Hotline
- **Mailing address:** Internal Audit Department, JNBY, Floor 3, Building 2, O ō ELi, No. 398, Tianmushan Road, Xihu District, Hangzhou, Zhejiang Province

We continue to advocate the concept of anti-corruption and integrity, and enhance the overall awareness of integrity and compliance across the Company through regular compliance training for employees and the Board. During this Fiscal Year, we delivered targeted training sessions on business ethics for core management, key management personnel of the Retail and Operation Centre and new recruits, involving over 700 participants. The Group has also implemented a strict integrity review system for talent selection and promotion processes. The Human Resources Center conducts investigations on candidates during the hiring or promotion phase, including aspects such as educational background, work experience, integrity, and conduct records. Individuals with a record of fraudulent behavior will not be hired or promoted to key positions.

By the end of this Fiscal Year, there was no corruption case in the Group.

Case: Integrity promotion and anti-fraud training for core management

In Fiscal Year 2024, more than 40 core management personnel attended the integrity promotion and anti-fraud training. The event highlighted JNBY's core concept of integrity and provided an in-depth interpretation of "trustworthy" in corporate values. By presenting data and real cases, we explored in detail the mindsets and patterns of fraudulent behaviours to enhance their awareness of anti-fraud. Leading by example, we urged team members to comply with national laws and regulations, as well as the Company's rules and regulations, thus fuelling the construction of the Company's integrity culture.

Training on integrity

2.5 RISK MANAGEMENT

In Fiscal Year 2024, JNBY made strategic adjustments by upgrading the previous Internal Control Department to Risk Management Department, which assumes full responsibility for the internal and external risk management of the Company. By means of resource integration and departmental coordination, we have established a comprehensive risk prevention and governance system, aiming at effectively reducing the overall risks faced by the Company.

To strengthen comprehensive risk management, we have formulated and continuously updated and optimised the Business Continuity Emergency Plan (《業務連續性應急預案》) with a closed-loop management mechanism of risk classification, identification, treatment, monitoring and archiving. JNBY takes a systematic and standardised approach to identify potential risks more accurately and develop business continuity plans to adopt proper risk mitigation measures. We continue to monitor changes in risks in an effort to ensure the Company's sound operations and sustainable development.

2.6 INFORMATION SECURITY AND PRIVACY

Protection of information security and privacy is not only a legal obligation of JNBY, but also the cornerstone of building trust with our consumers, employees and partners. Following the guideline of "prevention first, risk management, full participation, cooperation and sharing, and continuous improvement", we strictly comply with the Personal Information Protection Law of the People's Republic of China (《中華人民共和國個人信息保護法》), and have developed the Information Security and Privacy Management Manual (《信息安全和隱私管理手冊》), the Information Security Management Measures (《信息安全管理辦法》) and other relevant regulations, as well as a comprehensive information security management system. To ensure the effective operation of our information security management system, we have established an information security structure comprising the Information Security Committee, the Information Security and Privacy Leadership Team and the Information Security Task Force. Information security administrators are designated in each department to supervise and ensure the smooth operation of the information security management system.

In this Fiscal Year, we launched the "Special Project of Information Security and Personal Privacy Compliance" in terms of personal privacy security and information security. We engaged external experts to provide guidance for stronger capabilities on these fronts. After review, we finally met the certification standard of "ISO/IEC 27001 Information Security Management System" and "ISO/IEC 27701 Privacy Information Management System".

We value the management of employee information security and require all employees to sign the Integrity Undertakings (《誠信承諾書》) before induction, which clearly sets out employees' commitments to and responsibilities of information security. In the event of non-compliance and disciplinary offenses, employees will be punished accordingly in accordance with the relevant requirements of the Employees' Reward and Punishment Policy (《員工獎懲制度》). The Online Customer Regulations (《在線客戶規範》) require all service personnel to protect customer privacy strictly, and the Customer Department has set up rules to specify dos and don'ts for its posts to prevent the disclosure of the Group's trade secrets and customer information. During this Fiscal Year, we conducted various information security training and promotion activities, covering policies, objectives, introduction of information security administrators, definition of confidential information and other topics. Besides, we set up the "Hyacinth" information security column to raise employees' awareness by means of interpreting real cases and other methods, thus avoiding virus attacks.

To protect membership benefits, we take the initiative to remind customers to sign the relevant usage agreement and subscription instructions during the membership registration, and members may also access privacy agreement and user agreement through their accounts. The Group sets strict account permission in member information-related systems, so as to ensure the fairness, legality and necessity during the collection, processing and use of information. Any unauthorised or accidental use, deletion, leakage or transfer of such information to a third party will be addressed seriously. To enhance information security management, we regularly inspect the server room to guarantee the stable operation of equipment.

In response to data leaks, floods, fires and other extreme events, we have formulated the Personal Information Security Emergency Plan (《個人信息安全應急預案》) and other regulations to ensure the smooth business operation and data security of the Company.

In the past three years, no events related to privacy leakage occurred in the Group.

3 ADHERING TO PRODUCT SUSTAINABILITY TO LEAD GREEN FASHION

Adhering to a "people-oriented and nature-first" sustainability concept, the Group is committed to reducing the dependence on and consumption of natural resources by using and recycling sustainable raw materials. In addition to integrating arts and aesthetics, JNBY's every product embodies the care and responsibility for the Earth. Meanwhile, we continuously improve the product research and development (R&D) capability, strengthen quality management, and optimise customer services, showing our respect and care for every customer. As a commitment to customers, these efforts constitute the cornerstone of JNBY's product sustainability.

3.1 SUSTAINABLE RAW MATERIAL

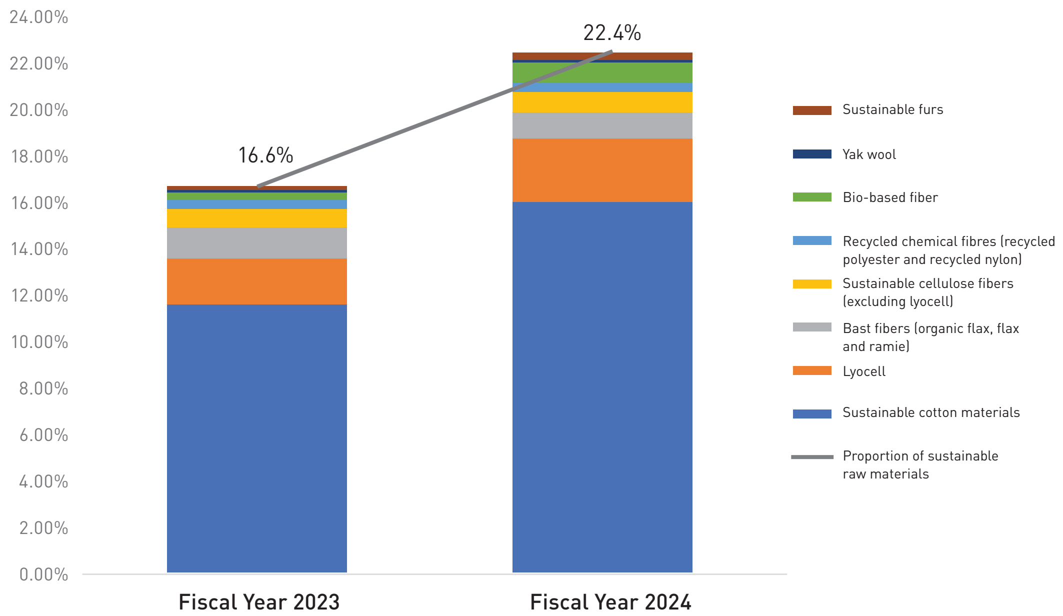
In promoting sustainable fashion, we are deeply aware of the profound impact of fabric selection, design, and innovation on environmental protection, biodiversity conservation, and social responsibility. We carefully select and manage sustainable fabrics throughout the entire lifecycle of our products and focus on sourcing certified, traceable raw materials to ensure their origin meets the standards of sustainable development.

Sustainable raw material application goals:

- By the end of Fiscal Year 2025, the Group's sustainable raw materials account for over 30% (inclusive) of the total weight of procured raw materials
- Maximise the utilisation rate of fabrics and reduce the waste of various resources

We work to design aesthetically pleasing and environmentally friendly products. On the one hand, we actively explore and use a wide range of sustainable raw materials such as sustainable cotton, recycled wool and sustainable chemical fibres. We continuously increase the proportion of sustainable raw materials used to promote the harmonious unity of fashion and sustainable development. As of the end of this Fiscal Year, our proportion of sustainable raw material procurement reached 22.4%.

Proportion of Sustainable Raw Materials Procurement Fiscal Year 2023-Fiscal Year 2024



To ensure the traceability and standardisation of organic textiles, we only purchase certified and traceable raw materials. In this Fiscal Year, JNBY obtained the labels of the Responsible Down Standard (RDS), Global Recycled Standard (GRS) and Recycled Claim Standard (RCS) for the first time, signifying that the down and recycled materials used by JNBY meet the requirements of the Chain of Custody. With these efforts, JNBY provides consumers with transparent, trustworthy and traceable products. In addition to actively fulfilling the corporate social responsibility, we contribute to the green and sustainable development of the industry.

Certification of sustainable raw materials received by JNBY			
EUROPEAN FLAX®	TENCEL™Lyocell	Naia™ Renew	Intertek Green Leaf Mark — Recycled Content Verification
Responsible Down Standard (RDS)	Global Recycled Standard (GRS)	Recycled Claim Standard (RCS)	Organic Content Standard (OCS)

- ***Sustainable fabric — Tibetan yak wool***

Tibetan yak wool is one of the rarest fibres in the world, offering greater warmth than wool (30% better than wool) and higher air permeability than cashmere. As a naturally degradable material shed by yaks every year, yak wool is collected in a more animal-friendly manner than wool and cashmere. Furthermore, yaks in Tibetan areas are grown and raised in a way that favours ecological balance. Meanwhile, Tibetan yaks are an important part of the ecological environment balance in Tibet, featured with low oxygen consumption, low carbon emission and no harm to vegetation roots when eating grass, and their feces can be used as fertilizers and carriers to transmit vegetation seeds.

In Fiscal Year 2024, JNBY launched the "Textile Possibility — Yak Wool Industry Revitalisation Project" with a number of partners. Besides, we took a series of measures, including developing international sustainable animal welfare standards, participating in grassland ecological restoration in pastoral areas, and conducting innovative R&D of yak-wool fabrics. All these efforts are aimed to fuel the industry development.

Tibetan yak pastures

- ***Sustainable fabric — Recycled wool***

Recycled wool is a crucial measure for the fashion industry to reuse resources. Derived from old clothes, textile waste and other used wool products, recycled wool becomes a new textile after being recycled and processed. Using this material reduces the demand for new resources, thereby indirectly lowering the resources consumed by sheep farming and mitigating the pressure on the environment. Compared with the environmental pollution due to landfill or waste incineration, producing recycled wool requires significantly less energy and water resources. Meanwhile, the recycled wool retains the natural benefits of wool, such as excellent warmth, air permeability and durability. Complying with the concept of environmental protection, this sustainable fabric raises resource efficiency and facilitates a circular economy in the fashion industry.

This year, JNBY launched the "Zero Waste Recycled Wool Coat" with this sustainable fabric and passed the GRS certification for the whole process. This coat was also recognised as "2023 Top 10 Innovative Textile Products — Green and Low-carbon Products" by virtue of its sustainability concept and innovative fabric development and application.

Zero Waste Recycled Wool Coat

- ***Sustainable fabrics — Sustainable natural plant fibres***

Traditional production of natural plant fibres often entails large consumption of pesticides, fertilisers and water resources, which may pollute the soil and water resources and take a potential toll on the health of workers and consumers. JNBY selects sustainable natural fibres not involving large amounts of pesticides and fertilisers during production as materials, including organic cotton, organic flax, hemp and ramie. Growing these fibres helps to increase organic matters in soil, promote carbon fixation, and maintain a healthy ecosystem, while slowing global warming. Furthermore, hemp and ramie grow with little or no irrigation, which hugely reduces water consumption.

- ***Sustainable fabrics — Sustainable chemical fibres***

In Fiscal Year 2024, we promoted the use of recycled polyester, recycled nylon, and sustainable materials like Polytrimethylene Terephthalate (PTT) and Polylatic Acid (PLA) to alleviate the dependence on traditional fossil products and reduce the plastic waste dump into lands and oceans. Recycled polyester is typically sourced from plastic bottles and polyester textiles, while recycled nylon comes from used nylon products. Such recyclables are collected, rinsed, and then converted into new polyester and nylon fibres after physical and chemical recycling. This process consumes little energy and generates fewer carbon emissions. PTT and PLA are two green alternatives extracted from renewable resources. As a biodegradable polymer obtained from biomass resources such as corn sugar, PLA can be completely degraded by industrial composting facilities after use, greatly lightening the burden on the environment.

- ***Sustainable fabrics — Sustainable cellulosic fibres***

Man-made cellulosic fibres are made from natural cellulose (cotton, hemp, bamboo, trees and shrubs) and are manufactured through chemical reactions that transform plant pulp into cellulose form, but it encounters problems like wood sources, chemicals and sewage discharge. In Fiscal Year 2024, we introduced more sustainable artificial cellulosic materials, including Naia™ Renew, Tencel™ Lyocell and Cuprammonium rayon, to further reduce the environmental footprint and enhance product sustainability.

- Tencel™ Lyocell: Its raw material is the wood pulp of natural coniferous trees from forests under sustainable forest management certified by the Forest Stewardship Council (FSC). The solvents used in the production process can be recycled and reused, and almost no waste is generated, thus making Tencel™ Lyocell one of the most environmentally-friendly man-made cellulose fibres.

- Cuprammonium rayon: It is made from cotton waste cottonseed linter, and the cuprammonia used in the production process can be recycled and reused. Additionally, we select suppliers who strictly control the use of chemicals in the production process, to effectively utilise cotton waste and reduce waste.

- Naia™ Renew: It is made from 60% sustainably sourced wood pulp and 40% certified recycled waste. During the whole production process, chemicals are used in a closed-loop manner, and the manufacturing processes are optimised, with only a low carbon and water footprint. The fibre is certified biodegradable and can return to nature at the end of the product lifecycle.

- ***Sustainable accessories — Eco-friendly buttons***

Apart from a wide range of sustainable fabrics, JNBY also uses various sustainable accessories, such as eco-friendly buttons made from plants and bio-materials. Compared with traditional polyester and plastic buttons, these buttons excel in the low-carbon feature and biodegradability. In Fiscal Year 2024, JNBY extensively used over 7.02 million eco-friendly buttons in more than 600 product items.

- Natural fruit buttons: They are made from the fruit of a South American palm. The fruit is known as ivory fruit for its hardness and texture similar to ivory. The powder ground during production can be used as livestock feed, achieving full resource utilization;

- Zetabi® cotton buttons: These light, soft and highly absorbent buttons are made from cotton by Bottonificio Lariano. As a patented material, Zetabi® cotton buttons show excellent pigment absorption during garment dyeing and become colourfast. Thanks to the lasting durability, these buttons are stable under all conditions and non-deformable even at high temperatures;

- Shell buttons: Shell buttons used for the 2023 autumn/winter series are made from recycled shell trimmings, which are processed into crushed granules and mixed with resin paste. Buttons produced in this way show diversified unique colours;

- Urea buttons: They are made from tapioca, corn starch, paper pulp and urea resin, the natural components of which are degradable given right temperature and humidity conditions.

Buttons made from cotton

3.2 ADVANCED PRODUCT R&D

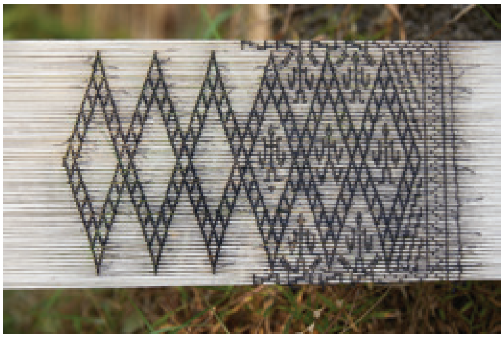
JNBY strives to promote the innovation and progress in product R&D. In Fiscal Year 2024, we made products more unique and competitive by inheriting intangible cultural heritage techniques and promoting digital and intelligent R&D. We not only focus on the protection and inheritance of traditional cultures, but also actively apply modern technology to optimise the R&D process, enhance efficiency and provide better quality products and services. With an integration of traditional craftsmanship and modern design, we constantly explore possibilities to meet consumer demand for high quality and personality, thus achieving a perfect mix of tradition and innovation.

3.2.1 Inheritance of Intangible Cultural Heritage Techniques

JNBY inherits and promotes China's diverse intangible cultural heritage techniques through the "Textile Possibility" project. We have travelled across the country to explore the origins and craftsmanship of traditional fabrics. By means of hands-on visits and field research, we have gained a deeper understanding of the essence of these traditional techniques. We adopt modern design and research methods to systematically refine and integrate comprehensive knowledge of traditional fabrics. In the form of annual research maps, we have documented the historical background, production techniques, functions, and cultural significance of fabrics, and finally output exhaustive research results.

On this basis, we explore the combination of cultural heritage and fabric innovation, so as to revitalise traditional fabrics and techniques in contemporary times. These efforts allow us to provide a platform for the public to learn about the precious apparel culture. We believe that as the "Textile Possibility" project continues, we can effectively preserve and pass on traditional Chinese fabric techniques, while injecting new vigour and inspiration into the modern fashion industry. We expect that these efforts will keep traditional fabrics and techniques sparkling in the new era.

As of June 2024, the research team of the "Textile Possibility" project visited 12 provinces and cities, extending structural materials and customising 290 samples, and examining and sorting out 34 types of traditional handicrafts. Besides, the team also visited 21 heritage craftsmen and their local communities, collecting over 120 traditional materials and tools. Based on the concept of "fabric that carries imagination", the team carried out a number of handicraft creation camps and exchanged research results with JNBY's internal design teams and external design colleges.



Silk fabrics of Hainan Li ethnic group

3.2.2 Digital and Intelligent R&D

JNBY has been committed to innovating products and improving efficiency with digital and intelligent R&D. In Fiscal Year 2024, by integrating the design board into a smart platform, we digitalised product colour expansion and material preparation, thereby streamlining the process from design to production. We applied 3D technology to bring a novel visual experience to consumers. On top of that, we launched a micro-customisation service that enables consumers to personalise products in accordance with their preferences. Meanwhile, we strengthened the merchandise information management. We realised endpoint access and online and offline synergy, so as to enhance the market response and consumers' purchasing experience.

3D outfit display and micro-customisation

3.3 EXPLORING SUSTAINABLE PRODUCT

JNBY continues to explore innovation in sustainable product design and works to reuse and recreate materials. We believe that the so-called obsolete and useless materials are resources that are only temporarily misplaced. Guided by this principle, we have established the Sesame Lab and RE;RE;RE;LAB brand to design and reuse "unused fabrics" and give them a new life and value.

- ***Sesame Lab***

To explore sustainable fashion with JNBY's characteristics, we established Sesame Lab, a design studio dedicated to re-imagination, reuse and recreation of textile fabrics for more possibilities of integrating materials with design.

Case: Aesthetic Education Class for Fabrics

Taking advantage of the expertise in textile and apparel design, JNBY developed a distinctive and innovative aesthetic education class for fabrics. The class aims to provide unique aesthetic education for primary students in rural villages and parent-child families in urban communities. During the class, stock fabrics are used as a raw material for artwork to make fabric stickers, cloth book covers and other handicrafts. It has not only enriched the children's artistic life, but also conveyed the educational idea of "love, nature and environmental protection". The project has consumed a total of 21 kg of fabrics in stock since the launch in October 2023.

Aesthetic Education Class for Fabrics

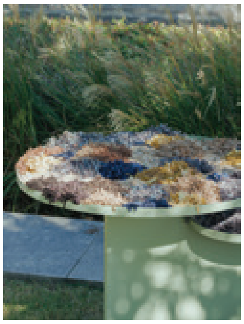
Case: Down phone bags

Designers at Sesame Lab cleverly designed mobile phone bags with down materials, making the item functional and stylish. The main part of these bags is made from down flakes used to test the down filling at the early stage of producing down jackets, while the straps are made from leftover trimmings during producing mesh dresses. This practice not only improves the raw material utilisation, but also conveys to the public how the fashion industry explores possibilities for sustainability with art and design.

Phone bags

Case: "Bird Architecture Project" artwork

This Fiscal Year, the Shanghai Urban Space Art Season (SUSAS) organised the "Bird Architecture Project", in which artists, designers and ornithologists worked together to create a series of small-scale "buildings" based on the habits of local birds. The project aimed to provide new habitats for birds in the city. Sesame Lab drew inspiration from subtle observations in daily life, such as the fact that mops drying on the balcony at home often become nesting material for birds. On this basis, we designed the "Help Build" square with cloth for birds. Materials used in this artwork were natural fibres such as cotton and linen, which were carefully woven by craftsmen to reveal a gentle, embracing tundra style. The artwork helped to provide beautiful and practical homes for birds in the city.



The artwork of "Help Build"

• *RE;RE;RE;LAB*

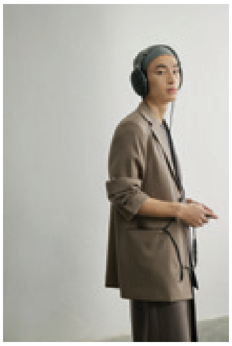
In this Fiscal Year, JNBY launched RE;RE;RE;LAB, a sustainable lifestyle brand of long-termism. The brand was born to solve the problem of stock sampling fabrics, instead of stimulating new consumer demand. The brand aims to "rethink, reuse and recreate" sampling fabrics and accessories and give them a new life. By virtue of unique design and craftsmanship, we create limited edition products full of surprises and explore possibilities of sustainable fashion.

Recycled materials: RE;RE;RE;LAB utilizes our inventory of fabric and accessories for development and design, while also using stock fabric to produce cloth bags as an alternative to traditional paper shopping bags, guiding consumers to reconsider the recycling of resources;

Sustainability in store design: During the store design phase, the brand extensively utilizes existing materials and props, giving them new life through modification and re-creation, and prepares for subsequent recycling and reuse;

Eco-friendly Concept Products: RE;RE;RE;LAB's 2024 spring/summer collection includes some items made from recyclable polyester materials or certified linen fabrics, minimizing the use of water resources to the greatest extent possible.

Waterless woven short-sleeved printed shirt made from recycled polyester



Double-breasted suit made from EUROPEAN FLAX® certified linen fabrics

Meanwhile, we continue to improve the utilisation efficiency of our stock fabrics in each aspect and prioritise the stock fabrics in the production of large orders. In this Fiscal Year, we consumed a total of 189 thousand metres of stock fabrics.

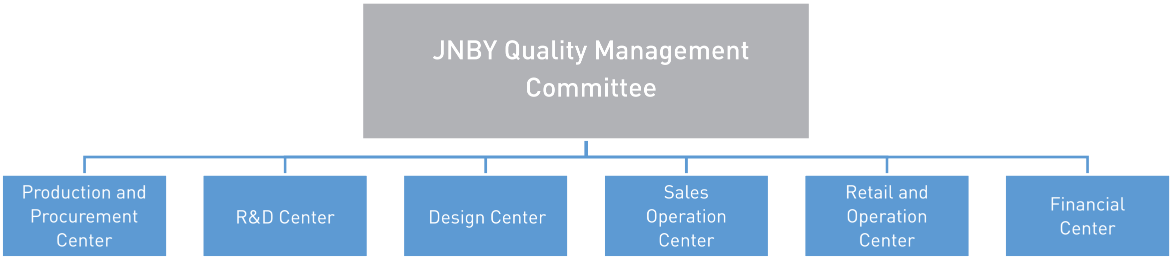
3.4 WHOLE-PROCESS QUALITY CONTROL

JNBY guarantees high standard and quality in every link of the product lifecycle from design to delivery. Abiding by relevant laws and regulations, we have formulated comprehensive systems and procedures for quality management, product quality inspection, product recall management, design review and labelling standard management. In doing so, we ensure "zero" mistake throughout the product lifecycle. By optimising and improving the quality management system, we have obtained a number of certifications, including the ISO 9001 Quality Management System. Besides, we have made significant progress in product standards and process standardisation, providing consumers with premium products.

3.4.1 Quality Management

Stemming from an artistic gene, while exploring the "art of living" and "living artistically," we focus on designing and producing products that are of high standards, aesthetically pleasing, and durable. Attaching great importance to the whole-process quality control of products, the Group strictly abides by laws and regulations such as the Product Quality Law of the People's Republic of China (《中華人民共和國產品質量法》) and the Law of the People's Republic of China on the Protection of Consumer Rights and Interests (《中華人民共和國消費者權益保護法》), and constantly improves internal standards that we have formulated the Sample Access and Elimination Mechanism (《樣品准入及淘汰制度》), the Compliance Regulations for Garment Suppliers (《成衣供應商遵守規範》), the Access Requirements for Textiles (《紡織品准入要求》), the Access Requirements for Children's Clothing and Infant Textiles (《童裝、嬰幼兒紡織品准入要求》), the Down Quality Inspection Standards (《羽絨質檢標準》), the Standards of Product Quality Inspection (《產品質量檢驗標準》), the Product Quality Control Process (《產品品控流程》) and other systems and processes, to ensure that products meet high standards from source to consumers.

To strengthen quality management, we have set up the Quality Management Committee, and developed a cross-departmental quality control system to clarify the management responsibility of each link. In this Fiscal Year, we integrated process sheets, approved sample sheets, QC inspection standard sheets and QA inspection standard sheets as a whole, achieving IT-enabled standard implantation and full process traceability. This initiative horizontally covered 4 major departments, 8 positions and more than 100 employees, ensuring compliance along the product chain. Moreover, JNBY has advanced in product standards, pattern standardisation and process standardisation. We have implemented the button fastness improvement project, established the pattern standards for shirts and suits, and continuously tracked and reviewed them. The work regarding process quality and process standardisation has been forwarded as well. In this Fiscal Year, JNBY's laboratory passed the stringent assessment by the expert group of China National Accreditation Service for Conformity Assessment (CNAS) and obtained the certification of "CNAS laboratory". This signifies that the laboratory can deliver testing services in accordance with international guidelines and issue testing reports recognised nationally and internationally. This not only benefits JNBY in enhancing corporate R&D and promote technological innovation and application. But also, it empowers suppliers with technology to facilitate the standardised and healthy development of the industry chain. Consequently, it provides an important assurance for delivering high-quality apparel products to consumers.



Thanks to the optimising quality management system, the Company has obtained the ISO 9001 Quality Management System Certification, with various products being awarded the Level 1 certification of the OEKO-TEX® STANDARD 100 for infant products. STANDARD 100 by OEKO-TEX® is one of the most well-known and widely used textile labels in the world. Certified children's textiles represent a complete absence of 100 known toxic substances, ensuring a closed-loop, safe process from raw materials to the production environment.

China National Accreditation Service for Conformity Assessment (CNAS) Certification

Level 1 certification of the OEKO-TEX® STANDARD 100 for infant products

• *Product quality inspection*

The Group implements a whole-process management approach to product quality and supervises all sections of the production process to ensure that the quality meets relevant standards and specifications. In addition, we regularly communicate the feedback on product quality from the distributors and consumers to the QC personnel to enable them to rectify the omissions and further improve the quality control procedure.

Supplier procurement	• OEM suppliers are required to procure raw materials from designated raw materials suppliers based on our design and specifications • Before placing orders to suppliers, we will specify in contracts the quality control standards of fabrics, which are consistent with or exceed national standards
Fabric development	• The colour fastness, slippage, pilling, bursting strength, breaking strength, shrinkage and other physical properties of a fabric will be strictly tested
Before mass production	• We will examine the colour consistency of all fabrics and simulate the wearing and washing habits of consumers with samples to see the deformity or pilling of fabric after a dozen times of washing
Third-party testing of fabric	• As per national and industrial standards, we will engage third-party testing agency to test the content, colour fastness, harmful substance (including formaldehyde, azo dyestuffs, PH value and odour) to ensure internal standards are met
Garments stored in the warehouse	• We will arrange Quality Control (QC) Department to spot-check the forepart, middle and end of the production lines • We will conduct on-site inspections of all raw materials, semi-finished products and parts used in the production process
Third-party garments inspection	• Professional third-party testing agency is appointed to inspect the garments to ensure they meet national and industrial standards • The products to be delivered by OEM suppliers are subject to strict internal and external inspection, to ensure their safety and quality

• *Product recall management*

In respect of product recall, we have developed the Rules for Batch Recall (《貨品批量召回規則》) to standardise the management of defective product recall, to eliminate the potential harm of defective products to consumers' health and safety and protect consumers' rights. Products may be recalled due to quality and non-quality reasons, and the Rules specified the different methods for handling these two types of product recall.

In addition, we have established an accountability mechanism after product recall. In the event of a product recall, the corresponding department shall provide a statement of responsibility within 2 to 4 weeks, the specific person or team will be held accountable, and results will be timely submitted to the Data Center and Human Resources Center, which will discuss remedial measures with relevant departments. The Standard Department of the R&D Center is responsible for reviewing the previous quality problems every quarter to correct them in time and improve relevant management.

By the end of this Fiscal Year, the Group did not recall any products sold or shipped due to health and safety problems.

3.4.2 Design Review

JNBY regards the originality of design as a core driver to brand success. From inspiration to confirmation of sample garment, each stage requires strict review. The design themes will be controlled by professionals such as the chief designer, general designer and chief creative officer. We also have established the "Group Creative Design Review Management Group" consisting of the CEO, COO, CMO, CFO and other non-design core management to review the product design in respect of various factors, including law, product and brand marketing. Besides, we have implemented a "pattern review mechanism", which combines third-party professional review systems and legal teams with a creative design review management group. This process involves both machine and human reviews of texts and patterns in the design to ensure that all creative patterns comply with laws, regulations, and company standards, safeguarding the compliance and rigor of the design.

3.4.3 Standardised Label Management

As an important part of product whole-process control, the Group highly values label management. We have established a label confirmation process co-managed by the Brand Center, Designing Center, Production and Procurement Center, Information Center, R&D Center and other departments. The Brand Center is responsible for reviewing the brand tags, certificate of repair, replacement and return warranties ("**3R Warranties**"), and labels, marks and drawings on inner and external packages every quarter, and preparing the drawings of marking according to the Guidelines on Tags, Special Washing and Caring Instructions and 3R Warranties (《掛牌、特殊洗滌保養說明、三包標準指導》). The drawings of marking will be further reviewed and handled by the Standard Department, and then submitted to the Production and Procurement Center for production after the accuracy of relevant contents is confirmed.

3.5 PREMIUM CUSTOMER SERVICE

JNBY always prioritises customer experience and satisfaction. With an all-round service system, we constantly enhance customer shopping experience and brand loyalty. We are devoted to building an overall and integrated sales network. Specifically, we operate offline physical stores and online digital platforms to accommodate different consumer shopping preferences. Meanwhile, we assure every customer of their full rights and interests by virtue of strict after-sales services.

3.5.1 Sale Services

To better ensure the quality of our service, we have formulated the Manual for Operating Direct-sale Stores (《直營店鋪運營手冊》) and the Store Service Evaluation Form (《門店服務考核表》), which clarify the standards for store management rules and regulations, employee handbook, the image of goods, six-step store management, eight-step sales management and other aspects. As the mobile Internet develops quickly and gains wide application, we carry out digital management at each point of sales. We strictly regulate the marketing materials available to shopping guides through POS and business centres. We make sure that all content is reviewed by the branding, Public Relations (PR) and legal departments, so as to eliminate any infringement or violation against the law.

To continuously enhance the professional competence of our sales teams, we conduct regular training to strengthen their product knowledge, seasonal themes and sales techniques. In this Fiscal Year, we also implemented customised training programmes that focused on key areas such as optimising service standards, handling frequently asked questions, resolving customer concerns before sales promotion, and improving conversion rates.

Case: Top sales staff cultivation training

In Fiscal Year 2024, we organised nearly 100 training sessions, both online and offline, to develop top sales staff, with nearly 10 thousand check-ins. The training covered a wide range of topics, including product recommendation strategies, customer retention, fashion aesthetics, and product knowledge. We expected our sales staff to be more confident and efficient in their work after receiving such comprehensive training, thereby delivering a more satisfying shopping experience to our customers.

Training activities

To objectively evaluate the service capability of JNBY shops from the customer's perspective and to commend employees for providing attentive sales services, we have continued to carry out the Mystery Shopper Programme ("**MSP**") and the "Star" programme. In this Fiscal Year, MSP tested over 1,300 shops nationwide on 62 indicators, including shop image, staff performance and service quality, the overall service quality score rate of the stores exceeds 88%. Meanwhile, the "Star" programme continued to improve the service awareness and capability of our staff through the sharing of customer communication and service skills in the form of experience sharing by outstanding employees.

On the path to digital transformation, we are making relentless efforts to meet the increasingly diversified and personalised needs of consumers. We have achieved a tailored online operation featuring in "one of its kind store" for all our brand shops, reconstructed the "people, products and stores" across the entire retail sector to extend our operation in the private sector and reinforce consumer loyalty. Customers can have a more convenient shopping experience with our "BOX+ Project", which offers professional styling advice and try-on services from experienced designers. In addition, we have enhanced our online marketing capabilities by introducing artificial intelligence (AI) into our product features, advantages, and benefits (FAB) brochures to automate product labelling, copywriting generation, and intelligent visual presentation. By the end of this Fiscal Year, the "BOX+ Project" had served a total of over 245 thousand members.

In Fiscal Year 2024, we were honoured with the Top 10 Brand of the Year Award in the 2023 In Trend List for our quality retail services and brand building efforts.

Top 10 Brand of the Year Award in the 2023 In Trend List

Note: In this Fiscal Year, the Group optimised the statistical calibre for the number of members served under the "BOX+ Project" and de-duplicated the cumulative number of members served for better management of member services.

3.5.2 After-Sales Service

JNBY always takes customer satisfaction as the core indicator of service quality. We have formulated the Customer Complaint Process Management (《客戶投訴流程管理》), the Shopping Guide Working Duties (《導購工作職責》) and other relevant standards and systems to efficiency handle customer complaints and further enhance our after-sales service. In this Fiscal Year, to better standardise complaint management across all platforms, we formulated the Standard Operating Procedure (SOP) for Classification and Handling of Customer Complaints (《客訴分層處理SOP》). The SOP classifies customer complaints into three levels and seven categories, and specifies the responsible departments and processes for handling complaints, further strengthening our after-sales service system. Meanwhile, we capture the customers' suggestions and requirements efficiently and conveniently including the 400 customer service hotline, online chat windows of online sales platforms and the customer feedback portal of WeChat Mall through the optimized customers' feedback.

Different types of after-sales problems from customers shall be handled by the after-sales specialist within 2 working days and customer feedback shall be responded as quickly as possible to address customer problems. Our online customer service team resolves customer issues with patience and sincerity, and meticulously records every communication. The Group's E-commerce Operation Centre and Digital Intelligence Retail Business Centre evaluate customer services based on established assessment criteria to ensure service quality.

Our offline shopping guides are responsible for handling product quality complaints, including taking follow-up actions and keeping customers informed of the progress, maintaining transparency in communication. In addition, we provide one-on-one pre-sales and after-sales services on WeCom and add the door-to-door pick-up service for product returns on the WeChat Store. We also pay regular follow-up visits to customers to understand their demands and feedback.

In addition, to further improve the professional ability of customer service staff, we have joined the Alliance College of Millions of Customer Service Staff. Through this platform, our customer service staff can obtain official explanations of platform rules, improve service skills, and learn how to deal with customers safeguarding their rights and how to use various official tools to continuously improve themselves and service quality. In this Fiscal Year, we launched several initiatives such as tiered training for the employees of the Digital Intelligence Retail Customer Service Centre, and enhancements in our quality inspection systems for product shipment and returns, as well as the pre-sales and after-sales processes. These initiatives yielded significant results, with the customer satisfaction rate of the private domain platform reaching 96.5%.

JNBY is committed to providing high-quality service, continuously improving customer satisfaction and brand loyalty. By the end of this Fiscal Year, the Group received a total of 20,712 complaints, with a responding and handling rate of 100%.

3.5.3 Distributor Management

To ensure the consistency in brand visual presentation and product display, and to enhance the shopping experience of our customers, we have implemented comprehensive and strict management measures across our distributor shops. We have formulated relevant management policies and rules to regulate the admission and operation of our distributors, such as the Operational Standards and Procedures for Distributor Admission Management (《經銷商准入管理作業標準及流程》) and the Rules for Handling Unauthorised Online Sales (《線上非授權銷售處理規則》), while requiring all distributors to sign the distribution agreement. We conduct regular and random on-site inspections of our distributors based on the Distributor Management and Development Capability Assessment Form (《經銷商管理及拓展能力評估表》) to ensure that they are in strict compliance with our operating standards and policies. We strictly follow the established standards for handling violations.

Furthermore, we encourage every distributor partner to actively innovate, jointly create and provide more scenarios for value-added services for fans/members and make full use of the omni-channel interactive platform to serve every fan/member of JNBY.

To improve the service quality and professionalism of our distributors, we organise distributor conferences and a series of training activities every year. At the distributor conferences, we recognise outstanding distributors and share their experiences and strategies through webinars to inspire the entire distributor network. In this Fiscal Year, we conducted pre-season training, new retail training, product category training, in-store training and crisis response training for our dealers nationwide to maximise their professional capabilities and service level.

Distributor conference

Distributor training — Problem analysis and resolution

3.5.4 Benefits for Customer

We stick to the strategy of centring our operation around the fan economy, encouraging operational innovation, and continuously creating and providing value-added services for fans in creating scenarios and touchpoints to build the "JNBY Fan Economy" system. To better serve our fan members, we have formulated the JNBY Membership Management Policy (《江南布衣會員管理規則》) to standardise membership management and enhance the member experience.

Our members are mainly categorised into Silver Members and Gold Members (for "JIANGNANBUYI+" only). We continue to upgrade our benefits for members of the Group, including membership packages, discount privileges, birthday privileges, interactive activities to win points, laundry and care benefits and other benefits. In addition, we have customised styling services of "BOX+ Project" exclusively available to Gold Members.

We hold Members' Festivals every year to provide members with more benefits like shopping rush, points-for-lottery, and brand vouchers.

3.5.5 Sustainable Marketing

In this Fiscal Year, we were committed to deepening consumer awareness of the value of sustainable fashion through a series of innovative marketing campaigns. We continued to enrich the consumer experience with JNBY's unique green marketing campaigns:

Case: Suzhou embroidery cultural experience activities

Suzhou embroidery is renowned for its versatile stitching techniques and excellent embroidery craftsmanship. In this Fiscal Year, JNBY (women's wear) embarked on a journey to preserve the intangible cultural heritage, integrating fashion design into Suzhou embroidery to create a fresh 3D visual effect. By the end of this Fiscal Year, we had organised five small-scale Suzhou embroidery experience activities, allowing our customers and members to experience the exquisite skills of this traditional Chinese handicraft. During the activities, we invited the bearer of the Suzhou embroidery to tell the story of the inheritance experience. After the activities, we presented each participant with a customised embroidered silk scarf. Such activities not only promoted the intangible cultural heritage, but also deepened customers' recognition of the JNBY brand.

Suzhou embroidery cultural experience

Case: Youth climate creativity exhibition

In April 2024, JNBY, together with yehyehyeh Innovation Society, organised the youth climate creativity exhibition "Measur-ably Closer: #CreateCOP" at Fotografiska, a contemporary museum of photography, art & culture video art centre. The exhibition showcased the creative works of young people from all over the world in the wake of climate disasters. The works documented the real-life situations of the people struggling to survive after climate disasters from a global perspective, so as to raise the public's awareness of climate change.

Shanghai temperature change map made by JNBY's stock fabrics

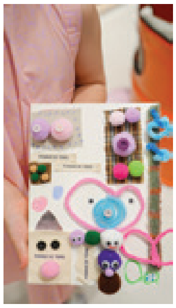
Case: Various "reusing" craft activities

With used fabrics, cardboard boxes and other materials, JNBY designed a series of DIY activities for children themed on environmental protection in this Fiscal Year, which brought fun to the members' parent-child life:

Through the fun activities of "making handicrafts with unused materials in daily life", such as using recycled cardboard boxes to make handicrafts, the children can engage in the discussions and practices of sustainable lifestyles, and recognise the importance of low-carbon living and caring for nature, thereby reducing the burden on the earth.

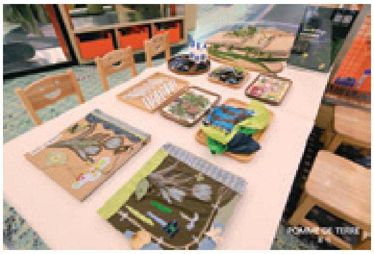
"Taking care of the earth for a day" of POMME DE TERRE

Decorating notebook covers with accessories such as used fabrics, watercolour pencils and chenille stems facilitates the reuse of the waste materials while conveying the idea of creating a better life.



"Making new covers for notebooks" of POMME DE TERRE

POMME DE TERRE's theme for Spring/Summer 2024 is "Sounds of Nature", which is expected to encourage everyone to listen to the sounds of nature. During the event, the children were on hand to listen to the unique sound produced by each plant while making a book of specimens with used fabrics and dried flowers. The event advocated for the coexistence of nature and art.



Searching for the sounds of nature by POMME DE TERRE X Rolling Hill

Exclusive keychains and denim pencil bags were created with used fabrics and accessories for the Autumn/Winter 2023 denim collection.

"DIY of denim pencil bags and creative collage works" workshop of Jnby by JNBY

The Company's stock fabrics were cut and shaped into creative collage works to decorate the semi-finished gloves, thereby making stylish and functional gloves.

"Warm little hands" of Jnby by JNBY

Case: LESS organised the "0" pressure reading parties for self-relaxation

In line with JNBY's philosophy that reading makes women "happier and more relaxed", LESS, a brand under JNBY, worked with well-known authors to organise 15 offline reading parties. The parties aimed to encourage women to let go of external pressures, achieve self-relaxation and growth, and explore new ways to reduce stress. Meanwhile, LESS set up "reading kiosks for self-relaxation" in 20 shops to attract new customers and increase the customer retention rate.

"0" pressure reading parties for self-relaxation

3.6 PROTECTING INTELLECTUAL PROPERTY RIGHTS

The Group believes that intellectual property rights are the key to an enterprise's core competitiveness. By continuously investing in R&D and innovation, we are constantly improving the quantity and quality of patents and copyrights. By the end of this Fiscal Year, the Group had a total of 827 trademarks, 139 patents (including design, invention and utility model patents), and 471 copyrights.

We place a strong emphasis on the protection of intellectual property rights, strictly abide by laws and regulations related to intellectual property rights, such as the Trademark Law of the People's Republic of China (《中華人民共和國商標法》), the Patent Law of the People's Republic of China (《中華人民共和國專利法》) and the Copyright Law of the People's Republic of China (《中華人民共和國著作權法》). We have signed the Integrity Undertakings (《誠信承諾書》) with all employees and the Declaration of Originality (《原創聲明》) with employees in design and related positions. In this way, we strive to ensure the effective protection and appropriate use of intellectual property rights in the Group through standardised management. We conduct intellectual property rights protection training for all employees and provide three special training sessions for key departments such as design and procurement, covering more than 200 employees in these critical departments. The Group has formulated the Guidelines on Work Related to Intellectual Property Rights (IPR) (《知識產權相關工作指引》) to guide all employees to develop awareness of and support IPR protection.

On the sales side, we have clarified in the distribution agreement that distributors shall not, under any circumstances, infringe upon the Group's trade secrets and intellectual property rights, including patents, trademarks and copyrights.

Note: The Group's intellectual property rights data is disclosed in accordance with the Madrid Agreement Concerning the International Registration of Marks (《商標國際註冊馬德里協定》).

4 ADVANCING ENVIRONMENTAL SUSTAINABILITY FOR A LOW-CARBON FUTURE

JNBY is committed to environmental sustainability for a green future. We are striving to incorporate energy saving and emission reduction, resource recycling, and proactive climate change initiatives into our daily operations. We firmly believe that with the dual drivers of innovation and responsibility, we can strike a balance between economic development and environmental protection, and contribute to a green and sustainable future. At JNBY, every initiative is taken after a thoughtful consideration of its impact on the future, and each practice shows tender care for the earth.

4.1 ENERGY CONSERVATION AND EMISSION REDUCTION

JNBY regards environmental sustainability as one of the pillars of the Company's sustainability strategy. We strictly abide by the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》), the Energy Conservation Law of the People's Republic of China (《中華人民共和國節約能源法》), the Water Law of the People's Republic of China (《中華人民共和國水法》) and other relevant laws and regulations, and continuously improve our environmental management system and the environmental management measures. We always select environmentally-friendly fabrics, and focus on the carbon footprint throughout the product lifecycle. We are also deeply aware of the impact of our operations on the natural environment, and actively promote the concept of environmental protection. We advocate about saving food and electricity in public places such as restaurants and meeting rooms through screens and signs; we also place reminders to save paper and water in print rooms and restrooms, taking practical actions to reduce waste of resources. In addition, we continue to organise activities such as rooftop tea picking, which not only enrich the cultural life of our employees, but also spread the concept of energy saving and carbon reduction, so that everyone can proactively practice environmental protection in their daily lives.

Slogans

Case: Rooftop tea picking

In the spring of 2024, when the tea plants of the "Tea Garden on the Rooftop" at JNBY headquarters were thriving, we held our second tea picking event. The tea plants in this carefully tended rooftop tea garden make full use of sunlight for photosynthesis, and the finished tea is packaged with eco-friendly paper and stock fabrics. This is an innovative step in exploring environmental protection and sustainability practices to reduce resource consumption and greenhouse gas emissions. The event continues JNBY's tradition of environmental protection. Through tea picking and tasting, we promote the lifestyle of energy conservation and environmental protection among our employees.

Rooftop tea packaged in eco-friendly bags

4.1.1 Resource Usage

The Group is committed to environmental sustainability, and incorporates the environmental philosophy into all aspects of its daily operations. To ensure the effective implementation of energy saving measures, we have set quantifiable energy saving targets and formulated energy management standards and rules such as the Vehicle Use System (《車輛使用制度》) and the Rules for Seasonal Management of Curtains, Air-conditioners and Lights (《窗簾空調燈季節性管理規則》). Meanwhile, we have adopted a series of management initiatives to ensure the achievement of these targets, further demonstrating our commitment to environmental protection.

Energy-saving Target

- By the end of Fiscal Year 2027, the annual electricity consumption per workstation of the Group's headquarters in OōELi, Hangzhou will decrease by 10%, respectively. (as compared with Fiscal Year 2022)

High-efficiency lighting with automatic sensors replaces the existing lighting fixtures

- Replacing some of the regular lighting fixtures in the stores with high-efficiency energy-saving lights is expected to save 2,125.8 kWh of electricity per store each year while ensuring the original brightness;
- Replacing the lighting fixtures in public areas (such as restrooms, tea rooms, etc.) with sensor lights that automatically turn off after 5 minutes and achieve multi-zone control.

Office area temperature control

- Establish rules for the raising and lowering of curtains, and automatically control the height of curtains by region and time segment in combination with climate and weather changes daily;
- Implement control over air conditioning temperature settings to maintain the office area temperature at 26°C.

Optimization of air conditioning use

- The air conditioning in the office area is adjusted from a unified switch to an individual switch to avoid waste caused by the unified switch when the office is unoccupied.

Management initiatives to save energy

In Fiscal Year 2024, the Group's KPIs for use of energy and materials are as follows:

KPIs[1,2,3]	Fiscal Year 2024	Fiscal Year 2023	Fiscal Year 2022
Electricity consumption (MWh)	**2,621.8**	2,596.0	2,333.4
Electricity consumption per workstation (MWh/workstation)	**1.8**	1.8	1.7
Total energy consumption (MWh)	**2,712.5**	2,676.4	2,424.1
Including: Indirect energy consumption (MWh)	**2,621.8**	2,596.0	2,333.4
Direct energy consumption (MWh)	**90.8**	80.4	90.7
Energy consumption per workstation (MWh/workstation)	**1.9**	1.9	1.8
Consumption of packaging materials (tons)[4]	**1,691.0**	1,205.4	1,215.5

Notes:

1. The energy consumed by the Group included electricity used in offices and motor vehicle oil. The total energy consumption was calculated according to the electricity consumption, oil consumption and the default values of fossil fuel related parameters as shown in the Appendix 1 of the Accounting Method and Reporting Guidelines of Greenhouse Gases Emissions of the Public Constructions Operating Enterprises (《公共建築運營企業溫室氣體排放核算方法與報告指南》) issued by the National Development and Reform Commission.

2. As the Group outsourced its production process, only the logistics center used packaging materials. Therefore, this report only discloses the consumption of packaging materials in the logistics center. The proportion of packaging materials used by each production unit is not applicable here.

3. The Group had no significant impact on the environment and natural resources during its operation. Therefore, A3 (The Environment and Natural Resources) and its key performance indicator A3.1 (Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them) are not applicable, relevant information is not disclosed in this ESG Report.

4. In this Fiscal Year, one of the Group's e-commerce sales platforms replaced the plastic packaging with the cardboard boxes, some of which were recycled ones. As a result, the total weight of packaging materials increased significantly.

4.1.2 Water Resources

The Group places a high priority on the sustainable use of water resources, establishing clear water conservation targets, and is committed to reducing water usage and improving water efficiency across the entire group. Upholding the principle of environmental protection, we have continued our water conservation policy by posting water-saving slogans in our offices to remind our employees of saving water at all times. In addition, we have installed sensor faucets at all toilets in our headquarters building to reduce water resources waste and enhance water efficiency and rational use. To further save water resources, we have made moderate adjustments to the water flow rate, such as shortening the water flow duration of the washroom sensors, without compromising the daily experience of our employees. In doing so, we aim to meet employees' demand while reducing water consumption.

Water-saving Target

- By the end of Fiscal Year 2027, the annual water consumption per workstation of the Group's headquarters in O ō ELi, Hangzhou will decrease by 10%, respectively. (as compared with Fiscal Year 2022)

In Fiscal Year 2024, the Group's KPIs for use of water are as follows:

KPIs[1]	Fiscal Year 2024	Fiscal Year 2023	Fiscal Year 2022
Water consumption (tons)	**10,291.6**	10,783.0	13,321.0
Water consumption per workstation (tons/workstation)	**12.1**	12.5	15.9

Note:

1. Domestic water from municipal water supply accounted for the main part of the Group's water consumption. Therefore, there was no problem in obtaining appropriate water source.

4.2 RESOURCE RECYCLING

JNBY continues to strengthen emission management. In accordance with the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》) and relevant laws and regulations, we have taken a number of measures to reasonably control waste, striving to eliminate pollution at the source, and reduce the generation and emission of pollutants during the production and operation. We strictly enforce the waste classification policy by installing recycling bins at each waste generation site and determining the type of recycling bin according to the type of waste to ensure effective waste classification.

JNBY actively advocates the concept of recycling and waste reduction, and endeavours to create a green working environment through continuous publicity and education. We have set targets for recycling within the Company and are actively developing ways to recycle materials. For example, we have achieved high-value use of waste by crushing and grinding waste particles into installation art pieces for shop displays. Our resource recycling initiatives have achieved significant results within the Company and have been widely recognised by international organisations. We have obtained the Global Recycled Standard (GRS) certification, and use clothes hangers validated by Intertek's Green Leaf Mark — Recycled Content Verification. These efforts mark our firm step towards environmental protection and sustainability.

Recycled polypropylene (PP) plastic and straw are used as raw materials to make eco-friendly clothes hangers. Each hanger made from the recycled materials saves 14.5 J of energy and 158.6 g of water, and reduces 63.4 g of CO_2 emissions, compared to a new plastic hanger made from virgin materials.

Clothes hangers made of recycled materials

Wood chips, broken bricks, cement waste and other waste from the construction or demolition of shops are recycled into flower containers, floor stands, display tables, mirrors, hooks and decorative ornaments. These materials are not only diversified both in vision and touch, but also align with the concept of being eco-friendly.

Mirrors made of renovation waste

The paper lampshade is designed based on the concept of eco-friendly and sustainable development, mainly using discarded packaging cardboards provided by JNBY. After cutting and shredding these cardboards, we designed the lampshade with double-sided curved shapes using digital modelling technology, and created plaster moulds for the application of lacquer. The lacquer gives the lampshade the texture of natural stone, enhancing the visual effect and durability. The whole process demonstrates the potential of recycling waste materials while bringing a modern artistic atmosphere to the interior space.

Chandelier made of waste paper

Mycelium, a natural material consisting of a network of hyphae, is waterproof and fully biodegradable, making it an eco-friendly and sustainable material. We first mix waste wood, wood chips, straw and other organic waste with mycelium, and then shape the mixture through specific moulds to form the main structure of the lamp. The translucent nature of mycelium makes the light soft and not dazzling, creating a warm and cosy atmosphere in the indoor space. Additionally, the product is environmentally friendly, as it can naturally decompose at the end of its life without causing pollution.

Lamps made of mycelium

Shop displays made of recyclable materials (display tables and floor lamps)

In Fiscal Year 2024, the Group's KPIs for emissions are as follows:

KPIs[1,2]	Fiscal Year 2024	Fiscal Year 2023	Fiscal Year 2022
Waste water amount (tons)	**8,233.3**	8,626.4	10,656.8
Total amount of non-hazardous waste (tons)[3]	**94.1**	160.1	170.3
Total amount of non-hazardous waste per workstation (Kg/workstation)	**64.3**	111.8	123.3

Notes:

1. The Group's operations do not involve the discharge of industrial wastewater. And the domestic wastewater generated from office space in daily operations is discharged into municipal pipelines for unified treatment.

2. The wastes generated in the Group's daily operations mainly include non-hazardous waste such as office waste and a small amount of hazardous waste such as toner cartridges and ink cartridges. Domestic waste is uniformly treated by the municipal agencies. Toner cartridges are recycled by the suppliers. Therefore, KPI A1.3 (Total hazardous waste produced and intensity) is not applicable.

3. In this Fiscal Year, the Group's paper-saving campaigns and other related initiatives resulted in a significant reduction in the amount of waste paper and other office waste.

4.3 RESPONSE TO CLIMATE CHANGE

JNBY fully recognises the importance of businesses in protecting the environment and tackling climate change. In 2021, JNBY has become one of the first fashion brands to join the "30 • 60 Campaign" (China Fashion Brands for Swift Actions in Climate-related Innovation and Carbon Neutrality Campaign). We actively respond to the country's commitments and objectives related to carbon peaking and carbon neutrality, and strive to reduce the impact of our own business on climate and the environment. This demonstrates not only our industry leadership, but also our strong commitment to environmental protection. By carefully assessing and taking measures, we strive to mitigate the pace of global warming in our business operations and actively prepare for potential operational risks that may arise from extreme weather and natural disasters.

By the end of the reporting period, we had engaged in drafting two product carbon footprint group standards, namely the Technical Specification for Carbon Footprint of Products — Textile Products for Children (《產品碳足跡評價技術規範童裝》) and the Requirements for Carbon Footprint Accounting and Reporting of Down, Feather and Down Products (《羽毛羽絨及製品碳足跡核算與報告要求》). These standards provide a unified and transparent process for lifecycle carbon footprint accounting, uncertainty analysis and assessment, results reporting and information disclosure for children's wear and down apparel products.

In order to actively address the transformational risks that might be brought by climate change and the potential operational risks that might be brought by extreme weather and natural disaster, the Risk Management Department has set up an initial management mechanism for climate risk management and established management processes for information collection, risk reporting and decision-making. In Fiscal Year 2025, JNBY will further optimise and adjust the climate risk management mechanism and improve the risk assessment and the formulation of risk response plans.

Information collection

- The Risk Management Department collects climate risk-related information from government climate policies, climate condition changes, extreme weather events, and advancements in key technologies

Risk reporting

- The Risk Management Department is responsible for identifying, assessing, and analyzing climate risks, and reporting these risks to the Company's management

Management decision-making

- The Company's management issues management decisions to the Risk Management Department and business departments

JNBY places a high priority on the ability to respond to extreme weather events. To effectively prevent and mitigate the impact of such events on our operations, we have formulated and implemented the Typhoon and Rainstorm Emergency Response Plan (《颱風、暴雨應急預案》), the Ice and Snow Emergency Response Plan (《冰雪天氣應急預案》) and other extreme weather emergency response plans, which clearly define the emergency response departments, the responsibilities of each department and the handling process. We have established an Emergency Rescue Leading Group and an Emergency Rescue Team to avoid or mitigate the negative impacts of extreme weather on the Company's normal operation to the greatest extent, ensuring the safety of the Company's property and employees' lives and property.

In addition, in order to improve the handling capacity of the Group's employees in sudden extreme weather, we carry out regular emergency drills and special drills for extreme weather disasters. These drills actively strengthen the publicity of emergency knowledge, and improve the awareness of prevention and risk-avoiding ability of employees.

In Fiscal Year 2024, the Group's KPIs for GHG are as follows:

KPIs[1,2]	Fiscal Year 2024	Fiscal Year 2023	Fiscal Year 2022
Total GHG emissions (Scopes 1 and 2) (tCO_2e)	**1,517.5**	1,500.2	1,663.9
Direct GHG emissions (Scope 1) (tCO_2e)	**22.3**	19.7	22.3
Energy indirect GHG emissions (Scope 2) (tCO_2e)	**1,495.2**	1,480.5	1,641.6
GHG emissions per workstation (tCO_2e/workstation)	**1.0**	1.0	1.2

Notes：

1. Based on its operations, the Group's greenhouse gas emissions mainly consist of the direct greenhouse gas emissions from the gasoline consumption of the Group's vehicles (Scope 1) and the indirect greenhouse gas emissions of energy caused by purchased power (Scope 2).

2. Greenhouse gas list includes carbon dioxide. GHG emissions are in carbon dioxide equivalence and is calculated based on the Accounting Method and Reporting Guidelines of Greenhouse Gases Emissions of the Public Constructions Operating Enterprises (《公共建築運營企業溫室氣體排放方法與報告指南》) issued by the National Development and Reform Commission, in which the electricity emission factor arising from purchased electricity is calculated using the emission factor for power grids in the Notice on Proper Management of GHG Emission Reporting of Enterprises in the Power Generation Industry from 2023 to 2025 (《關於做好2023-2025年發電行業企業溫室氣體排放報告管理有關工作的通知》) issued by the Ministry of Ecology and Environment.

4.4 SUSTAINABLE SUPPLY CHAIN

Adhering to fair and just procurement, we are committed to building a transparent and reasonable supply chain management system. We highlight the "ethical and responsible" cooperation model, indicating that we pay attention not only to the product quality, but also to the environmental and social impact of our production. Besides, we vigorously convey the concept of sustainability to our suppliers to encourage them to practise environmental protection in production, respect labour rights, and build a responsible supply chain.

4.4.1 Supplier Grading Access

The Group has established strict standards and processes for supplier admission. Our business units, together with financial and legal departments, conduct a comprehensive review of suppliers, including but not limited to legal disputes, business conditions and other potential risks that may affect cooperation.

When entering into contracts, we require suppliers to fulfil their commitments on organisational certification, intellectual property rights, confidentiality obligations, etc. Such requirements are clearly specified in the contract to ensure that our suppliers' conduct meets the JNBY's standards and expectations. Eligible suppliers in the above review will be included in the list of qualified suppliers. Our cooperation with suppliers will be based on their qualification and quota.

By the end of Fiscal Year 2024, the Group had 666 suppliers, 115 of which were newly approved in Fiscal Year 2024.

KPIs	Number of suppliers
Suppliers in China	658
Suppliers overseas	8

4.4.2 Assessment and Evaluation

To effectively obtain critical information about each supplier's integrity, product quality, delivery date, degree of cooperation and after-sales service, the Production and Procurement Center has set up an evaluation team with relevant department, and carries out regular multi-dimensional assessment of suppliers every year. Assessment scope includes: contract performance (contract performance rate, defective product rate, etc.), manual evaluation results (supplier's development and innovation ability, long-term development capacity, cooperation degree, etc.) and objective data (information from third-party platform, factory audit results, ESG indicators, etc.) three dimensions to ensure that they are compatible with our businesses and that their orders are of high quality and delivered on time.

To strengthen the management responsibility of purchasing managers, the management of suppliers is pegged to their annual performance. The list of suppliers is updated according to the assessment result. We determine whether to offer priority cooperation opportunities and whether to adjust orders based on the level of our suppliers, ensuring that the quality and timeliness of order completion, the capabilities of suppliers, and the needs of the brand's business are closely aligned.

4.4.3 Management of Environmental and Social Risks

The Group always carries out environmental and social risk management with high standards and strict requirements. The Group has established the Code of Conduct for Suppliers (《供應商行為準則》), which specifies multiple environmental and social indicators and requires suppliers to comply with all applicable laws, regulations and rules. We have incorporated international certification standards such as ISO 14001 (Environmental Management System), ISO 9001 (Quality Management System), ISO 45001 (Occupational Health and Safety Management System), and OEKO-TEX® STANDARD 100 (Textile Safety Standard) into our supplier management admission system. This ensures that our suppliers meet our requirements in terms of product quality, environmental protection, and employee health and safety.

While requiring suppliers to ensure product safety, the Group requires suppliers to ensure compliance in employment and prohibit forced labour, child labour, discrimination, harassment and abuse in their factories and in the communities where they operate. The Group also ensures that employees enjoy the right to freedom of association and collective bargaining, provides employees with a safe and healthy workplace.

In the selection and investigation of sustainable raw materials suppliers, we give priority to the supplier who use the green energy, pollution-free or low-pollution production processes, equipment and environmentally friendly materials, and we pay attention to the relevant environmental protection certification of suppliers, including Sustainable Textile and Leather Production (STeP), Global Organic Textile Standard (GOTS), Bluesign Certificate, OEKO-TEX® label, GRS, etc. In addition, the Group requires our suppliers to keep the honesty, integrity, transparency and openness principle, strictly eliminate all forms of corruption, bribery and extortion to ensure the integrity and integrity of the supply chain.

4.5 CHEMICAL MANAGEMENT

JNBY attaches great importance to the safety management of chemicals. We have developed the Management Policy on Key Safety Positions (《安全重點部位管理制度》) and the Key Equipment Inventory List (《重點設備盤點表》) to ensure the safe use and management of chemicals. In this Fiscal Year, we engaged a professional external team to conduct a comprehensive assessment of asset security risks. Accordingly, we set up explosion-proof cabinets for chemicals, and assigned special personnel for management to ensure the safe storage and use of chemicals.

In terms of chemical use, we have explicitly prohibited the use of polyfluoride chemicals (PFCs), alkylphenol (AP) and alkylphenol ethoxylates (APEOs) in production and operation at each factory. At present, 33 suppliers have been certified as Supplier to Zero under Zero Discharge of Hazardous Chemicals (ZDHC), marking our significant progress in the chemical supply chain management. We will continue to take proactive measures to promote the management of chemicals, reduce environmental impact, protect the interests of employees and consumers, and make unremitting efforts towards green production and sustainable development.

Supplier's certification under ZDHC

5 MAINTAINING TALENT SUSTAINABILITY TO PUT PEOPLE FIRST

2023 Employer Award — Zhaopin

JNBY always putting people first, we respect and motivate every employee to play a dynamic role in innovation and creativity. We prioritise the well-being of our employees by providing a comprehensive benefit package, and continuously investing in their professional skills and career development. We strive to create a safe, healthy and comfortable workplace to ensure that our employees can fully tap their potential in a diverse, equal and inclusive culture for a better work-life balance. Led by sustainable development, we devote our efforts to growing together with our employees.

5.1 EMPLOYMENT AND DEVELOPMENT

JNBY has established a sound talent management system, always upholding the philosophy of building harmonious labour relations. We regard employees as our core competitiveness. Through fair and open recruitment, we look for creative and independent talents, and provide them with training and development opportunities to continuously upgrade their skills for long-term career development. We inspire the potential of our employees, and grow with them to achieve common goals.

5.1.1 Labour Standards

The Group strictly abides by the Labour Law of the People's Republic of China (《中華人民共和國勞動法》), the Labour Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》), the Provisions on the Prohibition of Using Child Labour (《禁止使用童工規定》) and other relevant laws and regulations, resolutely eliminating any form of illegal employment practices. In the recruitment process, we implement a rigorous identity verification procedure, requiring applicants to provide genuine and valid identity documents to prevent the risk of employing child labor. Should any incident of child labor be discovered, we will immediately terminate the labor contract in accordance with the law and handle the related matters appropriately. By the end of this Fiscal Year, no violations related to the employment of child labour or forced labour occurred in the Group. We will continue to practise compliance operation to safeguard the rights and interests of our employees and ensure strict compliance with laws and regulations.

The Group strictly complies with labor law regulations, adopts the standard working hour system, the integrated working hour system and the irregular working hour system, and has obtained the permission from the Competent Administrative Department. We implement an overtime approval process, requiring employees to submit an overtime application and obtain approval from their supervisors before working beyond the statutory working hours. To strengthen supervision, the Human Resources Center has set up an overtime work risk warning line for each business department and conducts regular inspections to ensure our compliance with labor standards.

In order to give full effect to remuneration as a means to attract, retain and motivate talents, we have formulated the Remuneration Management System (《薪酬管理制度》), pursuant to which, the Group follows the principles of "efficiency, fairness and compliance", and determines and adjusts salary and rewarding systems in a scientific manner, allowing employees to be reasonably compensated commensurate to their contributions and that is competitive and motivating employees at different levels and positions. The Group also links the assessment mechanism and indicators for ESG management with the performance of relevant management, empowering sustainable value creation with a heightened sense of responsibility.

5.1.2 Equal Opportunities and Diversity

JNBY is committed to creating a diverse, equal and inclusive working environment. We have established the Recruitment Management System (《招聘管理制度》) to ensure that all applicants and employees are not discriminated against or treated differently in employment relationships due to factors such as race, gender, skin colour, age, family background, ethnic tradition, religion, physical condition, or other factors. We respect every employee and ensure their fair treatment in recruitment, promotion, and benefits. We strictly prohibit any form of corporal punishment, threats of violence, or any other form of verbal, physical, psychological and gendered disciplinary measures, including any form of sexual harassment, sexual abuse, physical punishment, mental or physical coercion, or verbal abuse. JNBY recognises gender equality as an important part of our corporate culture of pluralism, inclusiveness, and equality. We fully implement labour protection for female employees in every aspect of their life and work, including recruitment and employment, training and physical examination, promotion and work arrangement, and other special circumstances. Meanwhile, adhering to equal employment, we also recruit people with disabilities to engage in logistics and administration, providing them with more employment and development opportunities.

To enhance the cohesion among employees and safeguard their legitimate rights and interests, we have established the labour union to better listen to the voices of employees and enrich their leisure life. By the end of this Fiscal Year, members of the labour union of JNBY had reached over 1,285 members, accounting for 80.5% of all the employees. In this Fiscal Year, we held diverse employee activities such as trailwalk and the annual ceremony, not only providing employees with abundant social and leisure opportunities, but also enhancing the team cohesion and mutual support among employees.

By the end of this Fiscal Year, we had a total of 1,596 full-time employees in China. The employee structure is shown in the following table:

KPIs		Number of employees
Gender	Male	557
	Female	1,039
Age group	Under 30 years old	342
	30–50 years old	1,124
	Above 50 years old	130
Geographical region	Hangzhou	1,542
	Shanghai	6
	Beijing	6
	Other cities	42
Employment type	Senior management (responsible for strategies)	46
	Middle-level management (responsible for planning)	188
	Junior-level employee (responsible for implementation)	1,362

5.1.3 Talent Acquisition

The Group regards talents as the most valuable core competitiveness, and always respects the legitimate rights and interests of employees. We insist on establishing a fair, reasonable and competitive compensation and benefits system to arouse the work enthusiasm of our employees and effectively attract and retain talents. Adhering to the principle of fair and open recruitment, the Group has established the Headquarters' Recruitment Management Policy (《總部招聘管理制度》) and the Administrative Measures for Overseas Recruitment in Direct-sale Stores (《駐外直營招聘管理辦法》). We continuously improve the recruitment management system to attract high-quality talents. During the reporting period, we formulated and issued the Recruitment Management Policy (《招聘管理制度》) to further optimise the recruitment standards, selection process and other details.

To promote the diversification and efficiency of talent recruitment, we recruit industry talents each year through diversified ways such as internal recommendation, campus recruitment and social recruitment. We have developed MOKA, an intelligent recruitment management system and eHR, an electronic human resource management system, in order to improve recruitment efficiency and upgrade the employee servicing mode.

Case: Campus recruitment and cooperation by JNBY

In Fiscal Year 2024, JNBY launched a series of creative and enthusiastic campus recruitment activities to attract outstanding new talents to join us. Through close cooperation with 11 key universities, including four overseas universities, we welcomed the Party secretary of Beijing Institute of Fashion Technology and teachers of fashion design, as well as the deputy Party secretary of the School of International Business, Zhejiang International Studies University and teachers of related majors on their visits and exchanges. Such activities had not only deepened mutual cooperation and understanding, but also laid a foundation for the future fashion industry.

JNBY also interacted with secondary vocational schools, and won the award of "training base" for industry-academia-research cooperation, which further strengthened multi-cooperation, and provided practical and employment opportunities for students. In the future, we will continue to attract more outstanding talents to join us through diversified recruitment practices and closer cooperation with universities to jointly promote the Group's development and innovation.

Recruitment talk at Zhejiang Sci-Tech University

Visit by teachers of the School of International Business, Zhejiang International Studies University

Award of "training base"

Case: Social recruitment by JNBY

In Fiscal Year 2024, JNBY put more efforts in recruitment outreach and held a series of social recruitment activities, which received warm responses. We posted our recruitment advertising in the WeChat official account, with more than 42,000 views; our stand in the recruitment fair had been visited by more than 20,000 candidates. In the Candidate Interview Satisfaction Questionnaire (《候選人面試滿意度評價》) of this Fiscal Year, the candidates who participated in the interview gave high praise for our social recruitment activities, with the satisfaction score as high as 4.9 points (out of 5 points).

Recruitment site and present

In response to employee resignation, we have established the Headquarters Resignation Management System (《總部離職管理制度》) to standardise the resignation process and relevant authority at each point, and prohibit unfair or unreasonable dismissal in any form, so as to protect the legitimate rights of the Group and resigning employees. In this Fiscal Year, the Group's turnover rate is listed in the following table:

KPIs — turnover rate[1]		Employee
Gender	Male	12.6%
	Female	13.4%
Age group	Under 30 years old	22.6%
	30–50 years old	10.4%
	Above 50 years old	7.1%
Geographical region	Hangzhou	12.7%
	Shanghai	14.3%
	Beijing	0.0%
	Other cities	27.6%
Total		13.1%

Note:

1. Turnover rate = the cumulative number of resigned employees of a category in the year (L)/(the number of finally retained employees of this category in the year + L) × 100%.

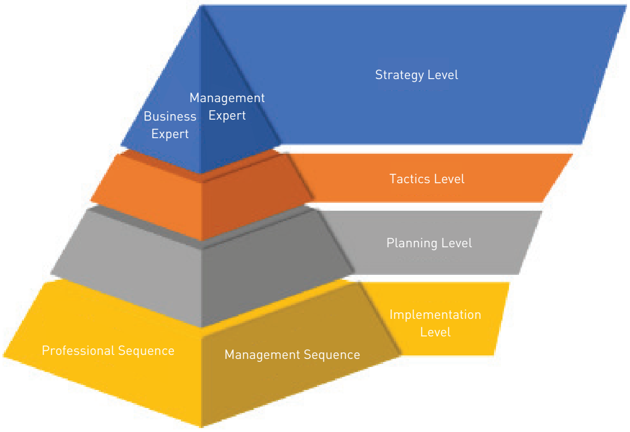
5.1.4 Talent Development

Talent pool is an important guarantee for our participation in competition and cooperation. The Group has set up a sound career development channel based on the characteristics of each position to ensure a strong talent pipeline and build up a strategic talent team. We aim to provide our employees with a broad platform for training and development to help them realise their career dreams.

Development Channel

We build a "fair, just and open" competition mechanism to provide double channels of development opportunities for employees. We divide internal positions horizontally into professional sequence and management sequence based on the features of different working positions, and connect targeted development channels between horizontal and vertical development, in order to meet the development pursuits of employees in different businesses, regions and fields, and realise their individual value growth.

In Fiscal Year 2024, to effectively plan internal human resources, enhance organisational capabilities and meet the talent needs for the Company's strategic development, we motivated our employees to improve their expertise for all-round development. We updated the job grade system and related standards, and added 3 levels in the management sequence and professional sequence, respectively, to provide a broader development channel for our employees.



JNBY employee career development channel

Case: Interviews of corporate values at JNBY

At JNBY, we firmly believe that every employee has their unique advantages, who can serve as the Group's role model. In Fiscal Year 2024, through a series of personal interviews, we dug deeper and shared the brilliant stories and highlights of our employees. In addition to acknowledging their individual achievements, such interviews have emphasised the importance of team cohesion, innovation ability and social responsibility. Through these true stories, we witnessed how our employees took the initiative to carry out their daily work. We hope that these stories can inspire and encourage more employees to realise their value. At JNBY, everyone's efforts will not be ignored, and everyone's growth will not be forgotten.

5.1.5 Employee Training

JNBY has set up a unique training system, and have established the Headquarters' Administrative Measure for Training (《總部培訓管理辦法》). We taking different job needs and resource allocation into account to develop a variety of featured training programs. We also align our training objectives with the corporate strategy. With principles of systematicness, institutionalisation, initiative, diversification and efficiency, we carry out training work in a sustainable, reasonable and efficient manner.

We are committed to building a learning organization, providing employees with multi-level and multi-channel learning and development opportunities, including expatriate training, inviting external lecturers to provide training, internal training, online training, and other forms, to continuously enhance the competitiveness of the enterprise. Each year, we formulate detailed training plans and assess and manage the effectiveness of training through organise exams, practical operations, on-site quizzes, and knowledge contests.

To help new employees get familiar with and adapt to the Company's culture, systems, and code of conduct, and become familiar with job requirements, we organize comprehensive induction training and on-the-job training. The content covers aspects such as company history, corporate culture, rules and regulations, job responsibilities, work norms, etc. For in-service employees, we provide necessary training on their general skills, professional expertise and management ability to enhance their competency in the current position and lay a solid foundation for their future career development. We encourage employees to participate in various training activities in their leisure time to continuously improve their personal qualities and business capabilities, and to expand their knowledge and skills.

In Fiscal Year 2024, JNBY carried out training sessions in a targeted and forward-looking manner. In specific, we conducted new recruitment training, including orientation training for new hires and targeted employee training, and continued to implement the comprehensive employee development scheme, such as training on leadership and brand marketing. We also introduced innovative training programs such as AI-generated content (AIGC) and responsible yak wool training. These diversified programs were designed to improve the professionalism and competency of our employees, and further enrich their knowledge spectrum. Meanwhile, we also carried out the "JN Open Class" project to explore internal training talents in addition to inviting external professionals to give lectures. In this Fiscal Year, we held a total of 7 open classes, and 3 internal development courses, covering job skills, communication methods, brand communication, etc., with 277 participants.

L+ leadership training camp

M+ leadership training camp

Brand marketing training

Case: Responsible yak wool training

In Fiscal Year 2024, we conducted basic knowledge training targeted for relevant employees based on the yak wool project development. This training aims to raise our employees' awareness of the yak wool project, including its origin, nature properties and sustainable production. In particular, we highlighted the environment-friendly methods practised by Tibetan herdsmen to collect yak wool, without the use of any harmful chemicals to ensure ecological balance and biodiversity conservation. After this training, our employees gained an in-depth understanding of the basics of yak wool and realised its importance in sustainable fashion. This has laid the groundwork for JNBY's subsequent exploration of this material, ensuring that our employees can better publicise and promote the use of sustainable materials.

In Fiscal Year 2024, 89.5% of employees in the Group received training and the average training duration per employee was 8.7 hours[1]. The details about training are shown in the following table:

KPIs		Percentage of employees trained	Average training hours completed
Gender	Male	31.4%	7.6
	Female	68.6%	9.3
Employment type	Senior management (responsible for strategies)	2.9%	57.2
	Middle-level management (responsible for planning)	12.5%	33.7
	Junior-level employee (responsible for implementation)	84.7%	3.6

Note:

1. To better manage the development needs of all employees, the Group develops training programs with different focuses every year. In this Fiscal Year, we prioritised diversified training programs for senior executives, including leadership training. This resulted in a decline in training hours per capita but a rise in training hours per senior executive.

5.2 EMPLOYEE BENEFITS AND CARE

We believe that only the mutual improvement in corporate growth and the interests of employees can facilitate stable win-win development and common prosperity. At JNBY, we are committed to providing a comprehensive benefit package and care for our employees. Besides the national mandated benefits including five insurances and a housing fund for all employees, we also provide them with a variety of special benefits and leaves to comprehensively enhance their happiness and sense of belonging.

5.2.1 Employee Benefits

In addition to national statutory leaves, JNBY has established a comprehensive and systematic welfare pyramid, covering five levels of remote welfare, recreational activities, livelihood welfare, healthcare and legal welfare. In addition to national statutory holidays, we provide employees with additional benefit leave, such as filial piety leave, (headquarters employee) serving age leave, parental leave and (one-child) nursing leave. Employees also enjoy benefits like annual physical examinations, mutual medical assistance, welfare benefits (canteen, commercial insurance, annual travel, etc.), business travel subsidies and employee purchase. For talents from other places, we provide them with such benefits as interview-based transportation allowances, interest-free loans for house purchases, settlement allowances or high-end talent apartments.

We focus on achieving a balance between employees' work and life, organize a variety of employee activities, and comprehensively enhance their sense of belonging. To alleviate the pressure on parents to accompany their children during summer vacation, we carry out the caring activities "Litter Migratory Birds" for employees' children at the headquarters during the winter and summer holidays to care for their growth with practical actions.

The Group have established 5 employee clubs called "Cola Clubs" to organise activities periodically, which are open to all employees for free and accept new joiners all the time. In addition, we organise annual celebrations, sports events, birthday parties, Christmas activities and others on a regular basis to enhance employees' sense of happiness. In Fiscal Year 2024, the Cola Clubs had 140 new members and held 124 events.

Basketball Cola Club

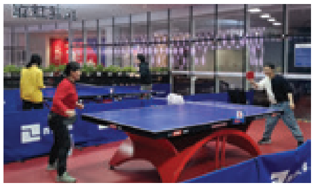
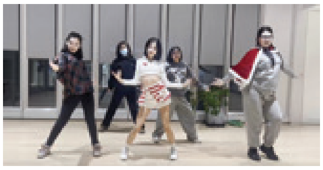


Table Tennis Cola Club

Yoga Cola Club

Badminton Cola Club



Hip-Hop Cola Club

Case: The 30th anniversary celebration of JNBY

In Fiscal Year 2024, on the occasion of JNBY's 30th anniversary, we held a series of activities and ceremonies and integrated the ESG concept to advocate every employee to practise green and low-carbon lifestyles. In the environmental "Trailwalk" activity, we made team uniforms from reusable and stock materials for more than 500 participants. Furthermore, we distributed garbage bags and encouraged employees to bring a large-capacity water bottle to ensure that no garbage was left behind during the 13 kilometers walk. In addition, we also called upon participants to donate books to children in mountainous areas, with 115 books donated as a result. During the annual celebration, we made decorations and displays from stock materials, and called on all participants to take away garbage after the end to keep the site clean. The greeting card in the annual celebration present was made from seed paper, which can be planted and reused for sustainability purposes. These initiatives have not only demonstrated our commitment to environmental protection, but also spread the green and low-carbon concept within and outside the Group.

The 30th anniversary of JNBY

Case: Reuse of stock fabrics

As a leader in the apparel industry, stock fabrics remain our focus of sustainable development. JNBY is dedicated to exploring the diversified sustainable use of stock fabrics, such as making gift packaging, gift labels and cutouts, and using them as holiday gifts for employees to convey the ESG concept while celebrating the holidays with them.

Kerchief made from stock fabrics

Labels for red envelopes made from stock fabrics

5.2.2 Employee Communication

The Group has established a labour union to protect the legitimate rights and interests of both employees and the Company, and to promote harmonious and stable labour relations, with an employee membership rate of 80.5%. We encourage all employees to actively participate in the Group's decision-making, and mobilise them to seek for solutions to the hot topics, challenges and focuses in the Group's development. In May 2024, the labour union, on behalf of the employees, renewed the Collective Contract (《集體合同》) and the Wage Agreement (《工資協議》) with the Group. This was of great significance for safeguarding the rights and interests of employees and promoting the harmony between the two parties.

5.3 EMPLOYEE HEALTH AND SAFETY

The Group strictly adheres to the relevant requirements of laws and regulations such as the Work Safety Law of the People's Republic of China (《中華人民共和國安全生產法》), the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases (《中華人民共和國職業病防治法》), the Fire Protection Law of the People's Republic of China (《中華人民共和國消防法》) and the Measures for the Administration of Contingency Plans for Work Safety Accidents (《生產安全事故應急預案管理辦法》), committed to creating a healthy and safe working environment. We have formulated a series of rules and regulations, including the Headquarters' Work Safety Management Policy (《總部安全生產管理制度》), the Comprehensive Contingency Plans for Work Safety Accidents (《安全生產綜合應急預案》), the Employees Occupational Injury Management Regime (《員工工傷管理制度》) and the Security Management Policy (《保安管理制度》), targeted at potential hidden dangers to establish a long-term effective mechanism for the investigation and management of safety production accident hazards in the Group, and to enhance employees' ability to respond to risks and prevent accidents.

Case: Employee travel safety warning and emergency support services

In this Fiscal Year, we cooperated with Ctrip to integrate travel safety warnings and emergency support services into the Group's internal travel system to further protect the travel safety of our employees. When there are special circumstances regarding an employee's travel destination or means of transportation, the system will send an early warning notice in advance. In case of any emergency, special personnel will be assigned to assist employees to adjust their schedule and protect their personal safety.

Attaching importance to occupational safety and health in various scenarios, JNBY insists on putting the life safety and occupational health of employees in the first place. We have set up an emergency organisation within the relevant departments responsible for warehousing to manage the safety and health of the Group's warehouses. This is achieved with the safety management framework, including the Emergency Rescue Command Group — the Emergency Rescue Office — the Fire Extinguishing Group, the Emergency Rescue Group, the Casualty Rescue Group, the Public Security Group and the Logistics Support Group.

To guarantee employees' health and safety, we put emphasis on safety culture development, conduct regular safety training and drills, and continuously cultivate and enhance employees' ability to deal with safety emergencies. In this Fiscal Year, we have continued to organize safety production training and "Safety Month" activities, and other initiatives focused on safety knowledge and skills, to further improve employees' safety awareness and competencies.

Safety production training

"Safety Month" educational training

Case: Fire prevention and disaster prevention

Fire safety management remains the top priority to protect the personal safety of employees and the property safety of the Group. For this purpose, we have formulated the Monthly Fire Inspection Policy (《消防月度檢查制度》) and the Fire Patrol Policy (《防火巡查制度》) to ensure the effective operation of fire protection facilities for fire safety, and improve the overall level of fire safety management. In addition, we inspect key devices such as gas equipment every year, and arrange special personnel to inspect small household appliances in the office. This is to ensure that they are power-off after work to avoid fire risks caused by electrical failures. We also carry out regular fire evacuation drills in office buildings and logistics centres every year to ensure that employees can evacuate in a quick and organised manner in the event of an emergency. In this way, we can effectively reduce the potential losses arising from emergencies such as fire.

Fire drill

We place a high priority on the occupational health of our employees, organize comprehensive physical examinations for all staff each year, and test canteen dishes and drinking water regularly to protect the health of our employees. Meanwhile, we regularly conduct occupational health knowledge training to enhance employees' awareness and skills regarding occupational health and safety, prevent and reduce the incidence of safety accidents and occupational diseases. In this Fiscal Year, we upgraded the physical examination package for our employees to the thousand-yuan level, with 94% of full-time employees completing the physical examination.

In Fiscal Year 2024, the Group's key performance indicators are shown in the table below:

KPIs	Employees
Number of work-related fatalities (Fiscal Year 2024)	0
Number of work-related fatalities (Fiscal Year 2023)	0
Number of work-related fatalities (Fiscal Year 2022)	0
Lost days due to work injuries (Fiscal Year 2024)	44.5 days

6 CREATING SUSTAINABLE COMMUNITY TO CONTRIBUTE TO SOCIETY

JNBY has always upheld the responsibility and mission of a corporate citizen and adhered to the principle of "realising corporate value while giving back to the society". In Fiscal Year 2024, we worked closely with numerous industry partners to achieve multiple important milestones. In this process, we actively participated in and organised a variety of social welfare activities, investing in education, rural revitalisation and children's healthy growth. By this way, we continued to promote social progress and well-being. In this Fiscal Year, we have accumulated a total of approximately RMB1.67 million in charitable donations and other contributions.

6.1 COORDINATED INDUSTRY DEVELOPMENT

For a long time, JNBY has maintained close interaction with many business partners. Through industry exchanges and empowerment, we keep promoting all-win and coordinated development of the industrial chain. In this Fiscal Year, we were invited to participate in a series of important industry exchange events, including the UN Civil Society Conference, the Boao Forum for Entrepreneurs and the Opening Forum of Global Youth Climate Creativity Exhibition. Through these platforms, we have discussed the cutting-edge topics and future trends of sustainable development with industry leaders, further consolidating our leading position in sustainable fashion, and promoting the entire industry towards green and low-carbon development.

Case: Textile Possibility — Yak Wool Industry Revitalisation Project

More than 95% of the world's yaks live on the Qinghai-Tibet Plateau, and their hair is a rare and sustainable natural raw material. As one of the earliest designer brands to use yak wool in China, JNBY implemented many initiatives in this Fiscal Year to explore the application and innovation of this rare material.

In this Fiscal Year, we joined hands with SHOKAY and other partners to launch the "Textile Possibility — Yak Wool Industry Revitalisation Project". Through this project, we not only launched the development of an international standard, the Farm Animal Welfare Requirements: Yaks (《農場動物福利要求　牦牛》), but also promoted the innovative research and development of yak wool fabrics. At the Sustainable Natural Fibre Global Conference held in Beijing, representatives from Inner Mongolia Academy of Agricultural & Animal Husbandry Sciences, Qinghai Academy of Agricultural and Forestry Sciences and JNBY officially launched China's first-ever animal welfare standards for yaks.

In addition, we also embarked on a yak wool exploration journey themed on "Natural Yak Wool from Snow Mountains" in Ruoergai County, Aba Prefecture, Sichuan. We participated in the ecological restoration of the grassland with many industry partners and our members, planting grass seeds on the 290-mu "black soil land" to support the ecological sustainability of the Ruoergai region, an important ecological area on the upper stream of the Yellow River. Through responsible and innovative practices, JNBY vividly interprets its understanding of sustainable fashion, and promotes the fashion industry to a greener and healthier future.

Development of international sustainability standards

Ecological restoration of grassland in pastoral areas

6.2 CONTRIBUTION TO COMMUNITY DEVELOPMENT

For a long time, JNBY has been committed to fulfilling social responsibility by various means to promote the development of public welfare undertakings. We also encourage and guide our employees to carry forward the spirit of selfless dedication and the courage to take responsibility, contributing to society with practical actions. We have organised a "Firefly" volunteer team composed of internal employees, with the concept of "A glimmer of light can make a bright Milky Way", always paying attention to public welfare and the common harmony and beauty of human society. We have developed the Measures for the Management of Disaster Relief Donations (《救災捐贈管理辦法》) to regulate the source and use of charity funds, the forms of activities, and the summary and evaluation of activities. In this Fiscal Year, JNBY visited underprivileged families and conducted rural revitalisation and various voluntary services to actively serve the community, demonstrating our social responsibility and values.

Rural Revitalisation

Case: "Aesthetic Education Class for Fabrics" public welfare project

Since 2023, JNBY has launched a public welfare project "Aesthetic Education Class for Fabrics". In active response to the national call on rural revitalisation and common prosperity, this project not only deepens aesthetic education and supports the development of rural children, but also promotes the comprehensive revitalisation of rural areas. Three curriculum systems have been thoughtfully created for the project: The inclusive courses are targeted at Hangzhou community parents and children as well as employee parents and children, using stock fabrics to make book covers and donating these books to the primary schools in remote mountainous areas, with the hope of addressing the shortage of extracurricular reading resources in rural areas; The quality courses are designed for rural primary pupils, exposing them to art creation and broadening their artistic vision with the help of aesthetic education courseware developed by JNBY Sesame Lab; The master courses for the public parent-child groups are developed and taught by artists, with an intention to promote artistic accomplishment and parent-child relationships through artistic creation.

To ensure the smooth implementation of the project, we recruit and select volunteers from the "Firefly" team, and provide professional training to help them serve as main lecturers and teaching assistants of the courses. Our volunteers not only teach art skills, but also interact with children and share the fun of art and culture, providing an opportunity for rural children to broaden their horizons and cultivate their interests. To date, 79 volunteers have participated in the project, contributing 530 hours of volunteer services. By the end of this Fiscal Year, we had carried out 17 activities, involving 398 students and parents, benefiting 60 rural children. With these efforts, JNBY actively popularises aesthetic education in rural areas, and empowers the prosperity of community culture and the development of rural education with art.

Volunteer team for "Aesthetic Education Class for Fabrics"

Charitable Donation

Case: Donating RMB500,000 to support charity by JNBY

In active response to the second Women's and Children's Charity Week of Zhejiang Province and the Charity Month activities themed on "Happiness from Your Kindness" of Xihu District, we donated RMB500,000 to the Charity Federation of Xihu District to support local philanthropy. As one of the vice-chairman units and organisers of the event, we donated RMB350,000 in cash and RMB150,000 in kind on site, to support a series of charity projects in Gudang Street. In the Charity Month, we not only provided support in the form of funds and materials, but also mobilised our employee volunteers to participate in on-site activities. We prepared 300 delicate gifts to express our gratitude for their participation. In the future, sticking to the concept of "business for the good", we will continue to pay attention to, support and participate in various charitable activities, contributing more to building and sharing a better life.

Donation in the Charity Month

Case: Donating RMB820,000 worth of warm clothing to help the earthquake-stricken areas in Gansu

In response to the severe disaster of the 6.2-magnitude earthquake in Jishishan County, Linxia, Gansu, we took immediate actions after the disaster. We contacted the local Civil Affairs Bureau at once, and donated more than 1,000 pieces of medium-style down jackets worth RMB820,000 to deliver warmth to victims against the cold wave. In the face of natural disasters, JNBY will never waver in its determination to tide over the difficulties together with the community.

Donations

Case: Central Saint Martins College of Art & Design Scholarship

This Fiscal Year is the third year of JNBY's scholarship cooperation with Central Saint Martins College of Art & Design. By providing a scholarship for one student per academic year, we hope to expose more talented students to cutting-edge international art and fashion concepts, and advance the development of original and innovative design. The Group insists on fulfilling its social responsibility, giving back to society, and supporting and encouraging the growing international fashion design talents. In this way, we help the fashion industry to embrace more colourful creation and more diversified development.

APPENDIX: INDEX OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE

Aspect	Description	Title of sections
A1	**Emissions**	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	ADVANCING ENVIRONMENTAL SUSTAINABILITY FOR A LOW-CARBON FUTURE > Energy Conservation and Emission Reduction
A1.1	The types of emissions and respective emissions data.	ADVANCING ENVIRONMENTAL SUSTAINABILITY FOR A LOW-CARBON FUTURE > Resource Recycling
A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	ADVANCING ENVIRONMENTAL SUSTAINABILITY FOR A LOW-CARBON FUTURE > Energy Conservation and Emission Reduction
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	ADVANCING ENVIRONMENTAL SUSTAINABILITY FOR A LOW-CARBON FUTURE > Resource Recycling
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	ADVANCING ENVIRONMENTAL SUSTAINABILITY FOR A LOW-CARBON FUTURE > Resource Recycling
A1.5	Description of emission target(s) set and steps taken to achieve them.	ADVANCING ENVIRONMENTAL SUSTAINABILITY FOR A LOW-CARBON FUTURE > Energy Conservation and Emission Reduction
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	ADVANCING ENVIRONMENTAL SUSTAINABILITY FOR A LOW-CARBON FUTURE > Resource Recycling

Aspect	Description	Title of sections
A2	**Use of Resources**	
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	ADVANCING ENVIRONMENTAL SUSTAINABILITY FOR A LOW-CARBON FUTURE > Energy Conservation and Emission Reduction
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in'000s) and intensity (e.g. per unit of production volume, per facility).	ADVANCING ENVIRONMENTAL SUSTAINABILITY FOR A LOW-CARBON FUTURE > Energy Conservation and Emission Reduction
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	ADVANCING ENVIRONMENTAL SUSTAINABILITY FOR A LOW-CARBON FUTURE > Energy Conservation and Emission Reduction
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	ADVANCING ENVIRONMENTAL SUSTAINABILITY FOR A LOW-CARBON FUTURE > Energy Conservation and Emission Reduction
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	ADVANCING ENVIRONMENTAL SUSTAINABILITY FOR A LOW-CARBON FUTURE > Energy Conservation and Emission Reduction
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	ADVANCING ENVIRONMENTAL SUSTAINABILITY FOR A LOW-CARBON FUTURE > Energy Conservation and Emission Reduction
A3	**The Environment and Natural Resources**	
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	ADVANCING ENVIRONMENTAL SUSTAINABILITY FOR A LOW-CARBON FUTURE > Energy Conservation and Emission Reduction
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	ADVANCING ENVIRONMENTAL SUSTAINABILITY FOR A LOW-CARBON FUTURE > Energy Conservation and Emission Reduction

Aspect	Description	Title of sections
A4	**Climate Change**	
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	ADVANCING ENVIRONMENTAL SUSTAINABILITY FOR A LOW-CARBON FUTURE > Response to Climate Change
A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	ADVANCING ENVIRONMENTAL SUSTAINABILITY FOR A LOW-CARBON FUTURE > Response to Climate Change
B1	**Employment**	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	MAINTAINING TALENT SUSTAINABILITY TO PUT PEOPLE FIRST > Employment and Development
B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	MAINTAINING TALENT SUSTAINABILITY TO PUT PEOPLE FIRST > Equal Opportunities and Diversity
B1.2	Employee turnover rate by gender, age group and geographical region.	MAINTAINING TALENT SUSTAINABILITY TO PUT PEOPLE FIRST > Talent Acquisition
B2	**Health and Safety**	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	MAINTAINING TALENT SUSTAINABILITY TO PUT PEOPLE FIRST > Employee Health and Safety
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	MAINTAINING TALENT SUSTAINABILITY TO PUT PEOPLE FIRST > Employee Health and Safety
B2.2	Lost days due to work injury.	MAINTAINING TALENT SUSTAINABILITY TO PUT PEOPLE FIRST > Employee Health and Safety
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	MAINTAINING TALENT SUSTAINABILITY TO PUT PEOPLE FIRST > Employee Health and Safety

Aspect	Description	Title of sections
B3	**Development and Training**	
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	MAINTAINING TALENT SUSTAINABILITY TO PUT PEOPLE FIRST > Talent Development
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	MAINTAINING TALENT SUSTAINABILITY TO PUT PEOPLE FIRST > Employee Training
B3.2	The average training hours completed per employee by gender and employee category.	MAINTAINING TALENT SUSTAINABILITY TO PUT PEOPLE FIRST > Employee Training
B4	**Labour Standards**	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	MAINTAINING TALENT SUSTAINABILITY TO PUT PEOPLE FIRST > Labour Standards
B4.1	Description of measures to review employment practices to avoid child and forced labour.	MAINTAINING TALENT SUSTAINABILITY TO PUT PEOPLE FIRST > Labour Standards
B4.2	Description of steps taken to eliminate such practices when discovered.	MAINTAINING TALENT SUSTAINABILITY TO PUT PEOPLE FIRST > Labour Standards
B5	**Supply Chain Management**	
General Disclosure	Policies on managing environmental and social risks of the supply chain.	ADVANCING ENVIRONMENTAL SUSTAINABILITY FOR A LOW-CARBON FUTURE > Sustainable Supply Chain
B5.1	Number of suppliers by geographical region.	ADVANCING ENVIRONMENTAL SUSTAINABILITY FOR A LOW-CARBON FUTURE > Sustainable Supply Chain
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	ADVANCING ENVIRONMENTAL SUSTAINABILITY FOR A LOW-CARBON FUTURE > Sustainable Supply Chain
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	ADVANCING ENVIRONMENTAL SUSTAINABILITY FOR A LOW-CARBON FUTURE > Sustainable Supply Chain
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	ADVANCING ENVIRONMENTAL SUSTAINABILITY FOR A LOW-CARBON FUTURE > Sustainable Supply Chain

Aspect	Description	Title of sections
B6	**Product Responsibility**	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	ADHERING TO PRODUCT SUSTAINABILITY TO LEAD GREEN FASHION > Whole-Process Quality Control
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	ADHERING TO PRODUCT SUSTAINABILITY TO LEAD GREEN FASHION > Whole-Process Quality Control
B6.2	Number of products and service related complaints received and how they are dealt with.	ADHERING TO PRODUCT SUSTAINABILITY TO LEAD GREEN FASHION > Premium Customer Service
B6.3	Description of practices relating to observing and protecting intellectual property rights.	ADHERING TO PRODUCT SUSTAINABILITY TO LEAD GREEN FASHION > Protecting Intellectual Property Rights
B6.4	Description of quality assurance process and recall procedures.	ADHERING TO PRODUCT SUSTAINABILITY TO LEAD GREEN FASHION > Whole-Process Quality Control
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	CORPORATE GOVERNANCE > Information Security and Privacy
B7	**Anti-corruption**	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	CORPORATE GOVERNANCE > Business Ethics and Anti-corruption
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	CORPORATE GOVERNANCE > Business Ethics and Anti-corruption
B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	CORPORATE GOVERNANCE > Business Ethics and Anti-corruption
B7.3	Description of anti-corruption training provided to directors and staff.	CORPORATE GOVERNANCE > Business Ethics and Anti-corruption
B8	**Community Investment**	
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	CREATING SUSTAINABLE COMMUNITY TO CONTRIBUTE TO SOCIETY
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	CREATING SUSTAINABLE COMMUNITY TO CONTRIBUTE TO SOCIETY
B8.2	Resources contributed (e.g. money or time) to the focus area.	CREATING SUSTAINABLE COMMUNITY TO CONTRIBUTE TO SOCIETY

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of JNBY Design Limited

(incorporated in the Cayman Islands with limited liability)

Opinion

What we have audited

The consolidated financial statements of JNBY Design Limited (the "**Company**") and its subsidiaries (the "**Group**"), which are set out on pages 121 to 181, comprise:

- the consolidated balance sheet as at 30 June 2024;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("**the Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in our audit is related to impairment provision of inventories.

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment provision of inventories Refer to notes 4(a) and 16 to the consolidated financial statements. The Group's gross inventories balance as at 30 June 2024 was RMB1,237 million, against which an impairment provision of RMB517 million was made. Inventories are stated at the lower of cost and net realisable value. Management has developed a model to assess the required amount of impairment provision of inventories as at each period end, which involves significant management judgement based on the consideration of key factors such as ageing profile, future sales projection, estimated future selling prices and selling expenses of the respective inventories. We considered this is a key audit matter because of the significance of the impairment provision of inventories on the Group's balance sheet and the significant management judgement involved in determination the appropriate level of impairment provision of inventories.	Our audit procedures relating to assessment of management's estimate of impairment provision of inventories are as follows: We assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors; We understood and evaluated management's internal control and assessment process of impairment provision of inventories and tested the key controls over management's estimation of impairment provision for inventories; We evaluated the outcome of prior period assessment of impairment provision of inventories to assess the effectiveness of management's estimation process; We discussed with management and evaluated the appropriateness of the method and assumptions in the impairment provision of inventories; We assessed the reasonableness of methods and assumptions applied to the provisions by challenging management's future sales projection of quantities, estimated future selling prices and selling expenses, with reference to historical trends for the past seasons on a season-by-season basis; We tested the ageing profile of inventories items on a sample basis by checking to relevant documents including the stock keeping units' records; We tested the mathematical accuracy of the calculation of the provision for inventories at the balance sheet date; We observed the physical conditions of the Group's inventories during stocktake to identify if any inventories were slow moving, damaged, or obsolete, and followed up on the management assessment and inclusion of provision on such damaged inventories in the total provision. Based on the above, we considered that management's assumptions adopted and applied in the determination of impairment provision of inventories were supportable by the evidence obtained and procedures performed.

Other Information

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and the Audit Committee for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Yuen Kwok Sun.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 5 September 2024

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(All amounts in RMB unless otherwise stated)

		Year ended 30 June	
		2024	2023
	Note	RMB'000	RMB'000
Revenue	5	**5,238,149**	4,465,124
Cost of sales	6	**(1,767,664)**	(1,548,132)
Gross profit		**3,470,485**	2,916,992
Selling and marketing expenses	6	**(1,827,142)**	(1,695,076)
Administrative expenses	6	**(506,259)**	(445,631)
(Provision for)/reversal of impairment on financial assets	6	**(2,031)**	462
Other income and gains, net	7	**59,213**	81,151
Operating profit		**1,194,266**	857,898
Finance income	9	**57,987**	38,260
Finance costs	9	**(37,791)**	(45,336)
Finance income/(costs), net		**20,196**	(7,076)
Share of loss of associates accounted for using the equity method	18	**(1,350)**	—
Profit before income tax		**1,213,112**	850,822
Income tax expense	10	**(364,973)**	(229,539)
Profit for the year		**848,139**	621,283
Currency translation differences			
Items that may not be reclassified to profit or loss		**10,862**	34,747
Items that may be reclassified to profit or loss		**10,198**	(13,642)
Other comprehensive income		**21,060**	21,105
Total comprehensive income for the year		**869,199**	642,388
Profit attributable to:			
— Shareholders of the Company		**849,087**	621,292
— Non-controlling interests		**(948)**	(9)
Total comprehensive income attributable to:			
— Shareholders of the Company		**870,148**	642,400
— Non-controlling interests		**(949)**	(12)
Earnings per share (expressed in RMB per share)			
— Basic	11	**1.67**	1.24
— Diluted	11	**1.64**	1.22

The notes on pages 126 to 181 are an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET

(All amounts in RMB unless otherwise stated)

		As at 30 June	
		2024	2023
	Note	RMB'000	RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	13	**427,199**	463,151
Investment properties	13	**37,453**	—
Right-of-use assets	14	**642,123**	769,585
Intangible assets	15	**126,140**	20,460
Prepayments, deposits and other assets	18	**27,150**	16,838
Amounts due from a related party	33(b)	**—**	107,839
Financial assets at fair value through profit or loss	20	**205,100**	210,911
Term deposits with initial term over 3 months	21	**51,780**	—
Deferred income tax assets	29	**260,931**	254,397
Total non-current assets		**1,777,876**	1,843,181
Current assets			
Inventories	16	**720,109**	790,334
Trade receivables	17	**121,657**	125,429
Prepayments, deposits and other assets	18	**337,226**	290,617
Amounts due from related parties	33(b)	**13,129**	1,477
Financial assets at fair value through profit or loss	20	**20,479**	—
Term deposits with initial term over 3 months	21	**679,784**	488,251
Restricted cash	22	**3,430**	1,391
Cash and cash equivalents	22	**698,645**	525,147
Total current assets		**2,594,459**	2,222,646
Total assets		**4,372,335**	4,065,827

	Note	As at 30 June 2024 RMB'000	2023 RMB'000
LIABILITIES			
Non-current liabilities			
Lease liabilities	14	**181,456**	219,546
Accruals and other liabilities	27	**—**	495
Amounts due to related parties	33(b)	**198,626**	243,161
Deferred income tax liabilities	29	**34,420**	5,317
Total non-current liabilities		**414,502**	468,519
Current liabilities			
Trade and bills payables	26	**260,889**	236,399
Lease liabilities	14	**177,687**	214,571
Contract liabilities	5(d)	**458,132**	368,876
Accruals and other liabilities	27	**780,935**	640,322
Amounts due to related parties	33(b)	**52,349**	49,138
Borrowings	28	**—**	99,514
Current income tax liabilities		**16,272**	6,965
Total current liabilities		**1,746,264**	1,615,785
Total liabilities		**2,160,766**	2,084,304
Net assets		**2,211,569**	1,981,523
EQUITY			
Equity attributable to shareholders of the Company			
Share capital	23	**4,622**	4,622
Shares held for restricted share unit ("**RSU**") scheme	23	**(87,216)**	(137,541)
Share premium	23	**510,007**	507,820
Other reserves	24	**266,831**	253,981
Retained earnings		**1,474,994**	1,352,682
Equity attributable to shareholders of the Company		**2,169,238**	1,981,564
Non-controlling interests	32	**42,331**	(41)
Total equity		**2,211,569**	1,981,523

The notes on pages 126 to 181 are an integral part of these consolidated financial statements.

The financial statements on pages 121 to 181 were approved by the board of directors (the "**Board**") on 5 September 2024 and were signed on its behalf.

Wu Jian	Li Lin
Director	Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(All amounts in RMB unless otherwise stated)

		Attributable to shareholders of the Company						
	Note	Share capital RMB'000	Share premium RMB'000	Shares held for RSU scheme RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 July 2022		4,622	508,254	(180,244)	228,863	1,123,499	(29)	1,684,965
Comprehensive income								
Profit for the year		—	—	—	—	621,292	(9)	621,283
Other comprehensive loss:								
Currency translation differences		—	—	—	21,108	—	(3)	21,105
Total comprehensive income		—	—	—	21,108	621,292	(12)	642,388
Transactions with shareholders								
Profit appropriations to statutory reserves	24(a)	—	—	—	245	(245)	—	—
Dividends	12	—	—	—	—	(391,864)	—	(391,864)
Share-based compensation	25	—	—	—	36,038	—	—	36,038
Purchase ordinary shares for RSU scheme	23	—	—	(6,404)	—	—	—	(6,404)
Transfer and exercise of RSUs	23, 24	—	(434)	49,107	(32,273)	—	—	16,400
Total transactions with shareholders		—	(434)	42,703	4,010	(392,109)	—	(345,830)
Balance at 30 June 2023		4,622	507,820	(137,541)	253,981	1,352,682	(41)	1,981,523

		Attributable to shareholders of the Company						
	Note	Share capital RMB'000	Share premium RMB'000	Shares held for RSU scheme RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 July 2023		**4,622**	**507,820**	**(137,541)**	**253,981**	**1,352,682**	**(41)**	**1,981,523**
Comprehensive income								
Profit for the year		**—**	**—**	**—**	**—**	**849,087**	**(948)**	**848,139**
Other comprehensive loss:								
Currency translation differences		**—**	**—**	**—**	**21,061**	**—**	**(1)**	**21,060**
Total comprehensive income		**—**	**—**	**—**	**21,061**	**849,087**	**(949)**	**869,199**
Transactions with shareholders								
Profit appropriations to statutory reserves	24(a)	**—**	**—**	**—**	**242**	**(242)**	**—**	**—**
Dividends	12	**—**	**—**	**—**	**—**	**(726,533)**	**—**	**(726,533)**
Non-controlling interest arising on acquisition of subsidiaries	32	**—**	**—**	**—**	**—**	**—**	**43,321**	**43,321**
Share-based compensation	25	**—**	**—**	**—**	**38,217**	**—**	**—**	**38,217**
Purchase ordinary shares for RSU scheme	23	**—**	**—**	**(20,687)**	**—**	**—**	**—**	**(20,687)**
Transfer and exercise of RSUs	23, 24	**—**	**2,187**	**71,012**	**(46,670)**	**—**	**—**	**26,529**
Total transactions with shareholders		**—**	**2,187**	**50,325**	**(8,211)**	**(726,775)**	**43,321**	**(639,153)**
Balance at 30 June 2024		**4,622**	**510,007**	**(87,216)**	**266,831**	**1,474,994**	**42,331**	**2,211,569**

The notes on pages 126 to 181 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

(All amounts in RMB unless otherwise stated)

	Note	Year ended 30 June 2024 RMB'000	2023 RMB'000
Cash flows from operating activities			
Cash generated from operations	30(a)	**1,943,646**	1,267,396
Income tax paid		**(340,679)**	(328,277)
Net cash generated from operating activities		**1,602,967**	939,119
Cash flows from investing activities			
Purchase of investment properties and other property, plant and equipment		**(135,337)**	(148,734)
Purchase of intangible assets		**(8,554)**	(6,661)
Proceeds from disposals of property, plant and equipment		**261**	626
Investment income received from financial products issued by commercial banks		**768**	894
Interest received		**40,829**	29,909
Payment of term deposits with initial term over 3 months		**(1,161,131)**	(827,129)
Proceeds from withdrawal of term deposits with initial term over 3 months		**939,174**	734,473
Payment for acquisition of subsidiaries, net of cash acquired	32	**(39,121)**	—
Payment for investments accounted for using the equity method		**(4,279)**	—
Payment of financial products issued by commercial banks		**(120,000)**	(90,000)
Loans granted to a related party	18	**(2,804)**	—
Loan repayments and interests received from a related party	33(a)	**112,391**	—
Dividends received from venture capital funds		**767**	674
Proceeds from redemption of financial products issued by commercial banks		**100,000**	90,000
Payment for financial assets at fair value through profit or loss	3.3	**(6,000)**	(23,825)
Net cash used in investing activities		**(283,036)**	(239,773)
Cash flows from financing activities			
Proceeds from exercise of RSUs		**18,461**	16,400
Proceeds from borrowings		**248,434**	297,070
Repayments of borrowings		**(350,000)**	(350,000)
Payment of lease liabilities	14	**(317,729)**	(337,068)
Dividends paid	12	**(726,533)**	(391,864)
Payment for repurchase of treasury shares	23	**(20,687)**	(6,404)
Net cash used in financing activities		**(1,148,054)**	(771,866)
Net increase/(decrease) in cash and cash equivalents		**171,877**	(72,520)
Cash and cash equivalents at beginning of the year	22	**525,147**	591,746
Exchange gain on cash and cash equivalents		**1,621**	5,921
Cash and cash equivalents at end of the year	22	**698,645**	525,147

The notes on pages 126 to 181 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2024
(All amounts in RMB unless otherwise stated)

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 Act, 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.

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

The consolidated financial statements of the Group have been approved for issue by the Board on 5 September 2024.

The Company's subsidiaries are companies with limited liabilities, details of which are set out in below table. Unless otherwise stated, the proportion of ownership interest held equals voting rights held by the Group.

Name of Company	Place of incorporation and operation/date of incorporation or acquisition	Particulars of issued/ paid-in capital	Ownership interest held by the Group As at 30 June		Ownership interest held by non-controlling interests As at 30 June		Principal activities
			2024	2023	2024	2023	
Directly owned							
Croquis Holdings Limited	BVI/14 December 2012	US$1,000	100%	100%	—	—	Investment holding
Indirectly owned							
Grand Vantage (China) Limited	Hong Kong, China/ 24 March 2011	HK$140,000,000	100%	100%	—	—	Investment holding and sales of apparel and accessory products
Grand Vantage International Holdings Limited	Hong Kong, China/ 23 May 2018	HK$10,000	80%	80%	20%	20%	Design of apparel and accessory
AP-DNA Co., Limited	Hong Kong, China/ 1 December 2018	HK$10,000	80%	80%	20%	20%	Design and sales of apparel and accessory products
Hangzhou Liancheng Huazhuo Industrial Co., Ltd.	The PRC/ 19 October 2012	US$35,000,000	100%	100%	—	—	Production and sales of apparel and accessory products
Hangzhou Huikang Huazhuo Import and Export Trade Co., Ltd.	The PRC/ 23 May 2008	RMB2,000,000	100%	100%	—	—	Overseas sales of apparel and accessory products
JNBY Finery Co., Ltd.	The PRC/ 21 June 2011	US$10,000,000	100%	100%	—	—	Design and sales of apparel and accessory products
Guangzhou JNBY Finery Co., Ltd.	The PRC/ 24 July 2012	RMB1,000,000	100%	100%	—	—	Retail of apparel and accessory products
Shenyang JNBY Finery Co., Ltd.	The PRC/ 13 August 2012	RMB6,000,000	100%	100%	—	—	Retail of apparel and accessory products
JNBY Finery (Beijing) Co., Ltd.	The PRC/ 18 October 2012	RMB2,000,000	100%	100%	—	—	Retail of apparel and accessory products
Chongqing Croquis Finery Sales Co., Ltd.	The PRC/ 9 August 2012	RMB1,000,000	100%	100%	—	—	Retail of apparel and accessory products

1. General information (continued)

Name of Company	Place of incorporation and operation/date of incorporation or acquisition	Particulars of issued/ paid-in capital	Ownership interest held by the Group As at 30 June 2024	2023	Ownership interest held by non-controlling interests As at 30 June 2024	2023	Principal activities
Wuhan Grand Vantage Croquis Finery Sales Co., Ltd.	The PRC/ 12 September 2012	RMB1,000,000	100%	100%	—	—	Retail of apparel and accessory products
Xi'an JNBY Finery Sales Co., Ltd.	The PRC/ 16 February 2013	RMB1,010,000	100%	100%	—	—	Retail of apparel and accessory products
Ningbo JNBY Finery Sales Co., Ltd.	The PRC/ 12 April 2013	RMB2,000,000	100%	100%	—	—	Retail of apparel and accessory products
JNBY Finery (Wuxi) Sales Co., Ltd.	The PRC/ 27 May 2013	RMB1,000,000	100%	100%	—	—	Retail of apparel and accessory products
Qingdao Huazhuo Finery Sales Co., Ltd.	The PRC/ 7 June 2013	RMB1,500,000	100%	100%	—	—	Retail of apparel and accessory products
Shanghai Huazhuo Finery Sales Co., Ltd.	The PRC/ 1 July 2013	RMB1,000,000	100%	100%	—	—	Retail of apparel and accessory products
Taiyuan JNBY Finery Co., Ltd.	The PRC/ 31 July 2015	RMB500,000	100%	100%	—	—	Retail of apparel and accessory products
Tianjin JNBY Huazhuo Finery Co., Ltd.	The PRC/ 17 August 2018	RMB2,000,000	100%	100%	—	—	Retail of apparel and accessory products
Ningbo Croquis Finery Co., Ltd.	The PRC/ 22 March 2019	RMB2,000,000	100%	100%	—	—	Retail of apparel and accessory products
Hangzhou Croquis Finery Co., Ltd.	The PRC/ 3 December 2021	RMB2,000,000	100%	100%	—	—	Retail of apparel and accessory products
Ningbo Huazhuo Croquis Finery Co., Ltd.	The PRC/ 5 May 2022	RMB2,000,000	100%	100%	—	—	Retail of apparel and accessory products
Hangzhou Yingbin Technology Co., Ltd. (a)	The PRC/ 30 April 2024	RMB14,787,216	51%	—	49%	—	Design, marketing and sales of sportswear and accessories
Hangzhou Huiju Brand Management Co., Ltd. (a)	The PRC/ 30 April 2024	RMB5,051,869/ RMB4,844,613	51%	—	49%	—	Design, marketing and sales of sportswear and accessories
Hangzhou Yuanhan Cultural Creative Co., Ltd. (a)	The PRC/ 30 April 2024	RMB1,000,000/ RMB10,200	51%	—	49%	—	Design, marketing and sales of sportswear and accessories
Hangzhou Kudong Sports Technology Development Co., Ltd. (a)	The PRC/ 30 April 2024	RMB10,000,000/ RMB500,000	51%	—	49%	—	Design, marketing and sales of sportswear and accessories

(a) During the year ended 30 June 2024, the Group acquired 51% equity interests in Hangzhou Huiju Brand Management Co., Ltd, Hangzhou Yingbin Technology Co., Ltd, Hangzhou Yuanhan Cultural Creative Co., Ltd and Hangzhou Kudong Sports Technology Development Co., Ltd. (collectively, "**Huiju**") at a cash consideration of approximately RMB96,441,000. Details are disclosed in Note 32 to the financial statements.

2. Basic of preparation and changes in accounting policies

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622.

HKFRSs comprise the following authoritative literature:

— Hong Kong Financial Reporting Standards

— Hong Kong Accounting Standards

— Interpretations developed by the Hong Kong Institute of Certified Public Accountants

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss, which have been measured at fair value.

Other than those material accounting policies information as disclosed in the notes to the relevant financial line items or transactions in the financial statements, a summary of the other accounting policies information has been set out in Note 37.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

(a) New and amended standards adopted by the Group

The following amendments to standards have been adopted by the Group for the first time for the financial year beginning on or after 1 July 2023:

— HKFRS 17, "Insurance Contracts"

— Amendments to HKAS 8, "Definition of Accounting Estimates"

— Amendments to HKAS 12, "International Tax Reform — Pillar Two Model Rules"

— Amendments to HKAS 1 and HKFRS Practice Statement 2, "Disclosure of Accounting Policies"

— Amendments to HKAS 12 — "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

2. Basic of preparation and changes in accounting policies (continued)

(b) New standards and interpretations not yet adopted

The following new standards and amendments to standards and interpretations have been published but are not mandatory for annual periods beginning after 1 July 2023 and have not been applied in preparing these consolidated financial statements.

	Effective Date
Amendments to HKAS 1 "Classification of liabilities as current or non-current"	1 January 2024
Amendments to HKAS 1 "Non-current liabilities with covenants"	1 January 2024
Amendment to HKFRS 16 "Lease liability in sale and leaseback"	1 January 2024
Amendments to HKAS 7 and HKFRS 7 "Supplier finance arrangements"	1 January 2024
Amendments to HKAS 21 "Lack of exchangeability"	1 January 2025
Amendments to HKFRS 10 and HKAS 28 "Sale or contribution of assets between an investor and its associate or joint venture"	To be determined
Hong Kong Interpretation 5 (Revised) "Presentation of financial statements — classification by the borrower of a term loan that contains a repayment on demand clause	1 January 2024

The Group will apply the above new standards and amendments to existing standards when they become effective. The Group anticipates that the application of the above new standards and amendments to existing standards have no material impact on the results and the financial position of the Group.

3. Financial risk management

3.1 Financial risk factors

The Group's businesses expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group currently does not use any derivative financial instruments to hedge certain risk exposures.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities of a Group entity are denominated in a currency that is not the entity's functional currency. The Group manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures.

The Group operates in the PRC with most of the Group's transactions denominated and settled in RMB. The Group's assets and liabilities, and transactions arising from its operations do not expose the Group to material foreign exchange risk as the Group's most recognised assets and liabilities in the consolidated balance sheet as at 30 June 2024 and 2023 are denominated in the respective Group companies' functional currencies.

(ii) Cash flow and fair value interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group has no significant interest-bearing assets and liabilities, except for the term deposits with initial term over 3 months (Note 21), cash and cash equivalents (Note 22), loan to related parties (Note 33(b)), and borrowings (Note 28). Those carried at floating rates expose the Group to cash flow interest rate risk whereas those carried at fixed rates expose the Group to fair value interest rate risk.

Loan carried at fixed rates expose the Group to fair value interest rate risk. Management does not anticipate significant impact to the interest-bearing loan resulted from fair value interest rate risk, because the interest rates are not expected to change significantly.

3. Financial risk management (continued)

3.1 Financial risk factors (continued)

(a) Market risk (continued)

(iii) Price risk

The Group's exposure to price risk arises from investments held by the Group and classified as financial assets at fair value through profit or loss. To manage its price risk arising from the investments, the Group diversifies its portfolio. The investments made by the Group are either for the purpose of improving investment yield or for strategic purpose.

(b) Credit risk

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. Credit risk is managed on a group basis. Credit risk arises from cash and cash equivalents, term deposits with initial term over 3 months, amounts due from related parties, trade receivables and other receivables. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated balance sheet.

(i) Risk management

For banks and financial institutions, only parties with good credit ratings are accepted. For other receivables, the Group makes periodic collective assessment and individual assessment on the recoverability of other receivables based on historical settlement records and past experiences. In view of good cooperation in history with debtors and sound collection history of receivables, the credit risk of other receivables is generally considered to be low. For distributors, the Group assesses the credit quality of each distributor, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Management. The utilisation of credit limits is regularly monitored. All of these major customers are generally with good credit history.

(ii) Impairment of financial assets

Credit risk of cash and cash equivalents, and term deposits with initial term over 3 months

There has been no recent history of default in relation to these financial institutions. The expected credit loss is immaterial.

Credit risk of trade receivables

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over lifetime and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP and price index of industries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

3. Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

(ii) Impairment of financial assets (continued)

Credit risk of trade receivables (continued)

On that basis, the loss allowance as at 30 June 2024 and 2023 were determined as follows for trade receivables:

	As at 30 June 2024		
	RMB'000	RMB'000	
	Gross carrying amount	Loss allowance	Expected loss rate
Within 3 months	**118,253**	**2,682**	**2.27%**
3 months to 6 months	**6,581**	**1,020**	**15.50%**
6 months to 1 year	**1,757**	**1,232**	**70.12%**
1 year to 2 years	**2,986**	**2,986**	**100.00%**
More than 2 years	**13,539**	**13,539**	**100.00%**
	143,116	**21,459**	**14.99%**

	As at 30 June 2023		
	RMB'000	RMB'000	
	Gross carrying amount	Loss allowance	Expected loss rate
Within 3 months	123,044	1,535	1.25%
3 months to 6 months	4,467	808	18.09%
6 months to 1 year	799	538	67.33%
1 year to 2 years	3,277	3,277	100.00%
More than 2 years	13,134	13,134	100.00%
	144,721	19,292	13.33%

3. Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

(ii) Impairment of financial assets (continued)

Credit risk of trade receivables (continued)

Net impairments losses on financial assets are provided as follows:

	Year ended 30 June	
	2024	2023
	RMB'000	RMB'000
Provision for/(reversal of) impairment on trade receivables	**4,103**	(2,418)
(Reversal of)/provision for impairment on other receivables	**(2,072)**	1,956
	2,031	(462)

Trade receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Credit risk of other receivables

Other receivables mainly include rental deposits and others. For other receivables, the directors make periodic individual assessment on the recoverability based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. For other receivables, management has assessed other receivables has not had a significant increase in credit risk since initial recognition and the Group provided impairment based on 12 months ECL during the years ended 30 June 2024 and 2023. The Group assessed and concluded the ECL for other receivables were insignificant.

3. Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

(ii) Impairment of financial assets (continued)

Credit risk of amounts due from related parties

The balance of the amounts due from related parties as at 30 June 2023 mainly represents loan to Huizhan Technology (Hangzhou) Co., Ltd, a company controlled by the controlling shareholders of the Group (Note 33(b)), the principal and interest of the loan have been received as at 30 June 2024. The Group assessed and concluded the ECL for amounts due from related parties were insignificant.

(c) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure it maintains sufficient cash and cash equivalents. Due to the dynamic nature of the underlying business, the Group's finance department maintains flexibility in funding by maintaining adequate cash and cash equivalents.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining year at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Within 1 year RMB'000	More than 1 year RMB'000
As at 30 June 2024		
Trade and bills payables	**260,889**	**—**
Amounts due to related parties	**65,471**	**228,176**
Accruals and other current liabilities	**552,052**	**—**
Lease liabilities	**186,761**	**190,769**
	1,065,173	**418,945**
As at 30 June 2023		
Trade and bills payables	236,399	—
Amounts due to related parties	59,656	291,322
Accruals and other current liabilities	459,477	495
Borrowings	100,000	—
Lease liabilities	230,975	233,426
	1,086,507	525,243

3.2 Capital management

The Group's primary objective when managing capital is to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group monitors capital (including share capital, share premium and other reserves on an as-if converted basis) by regularly reviewing the capital structure. As a part of this review, the Board consider the cost of capital and the risks associated with the issues share capital. The Group may adjust the amount of dividend paid to shareholders, return capital to shareholders and issue new shares.

3. Financial risk management (continued)

3.3 Fair value estimation

(i) Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

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

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

The following table presents the Group's assets that are measured at fair value as at 30 June 2024.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets at fair value through profit or loss				
— Venture capital funds	**—**	**—**	**190,009**	**190,009**
— Investment in a private company	**—**	**—**	**15,091**	**15,091**
— Financial products issued by commercial banks	**—**	**—**	**20,479**	**20,479**
	—	**—**	**225,579**	**225,579**

The following table presents the Group's assets that are measured at fair value as at 30 June 2023.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets at fair value through profit or loss				
— Venture capital funds	—	—	180,875	180,875
— Investment in a private company	—	—	30,036	30,036
	—	—	210,911	210,911

There were no transfers among level 1, 2 and 3 for recurring fair value measurements during the year.

3. Financial risk management (continued)

3.3 Fair value estimation (continued)

(i) Fair value hierarchy (continued)

(a) Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. The quoted market price already incorporates the market's assumptions with respect to changes in economic climate such as rising interest rates and inflation, as well as changes due to ESG risk. These instruments are included in level 1. Instruments included in level 1 comprise primarily DAX, FTSE 100 and Dow Jones equity investments classified as trading securities or financial assets at fair value through profit or loss.

(b) Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

(c) Financial instruments in level 3

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

(ii) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the year ended 30 June 2024.

	Venture capital funds RMB'000	Investment for a private company RMB'000	Financial products issued by commercial banks RMB'000	Total RMB'000
Closing balance as at 30 June 2023	**180,875**	**30,036**	**—**	**210,911**
Acquisitions	**6,000**	**—**	**120,000**	**126,000**
Disposals	**—**	**—**	**(100,768)**	**(100,768)**
Dividends received	**(767)**	**—**	**—**	**(767)**
Fair value change recognised in consolidated statement of comprehensive income	**910**	**(14,945)**	**1,247**	**(12,788)**
Currency translation differences	**2,991**	**—**	**—**	**2,991**
Closing balance as at 30 June 2024	**190,009**	**15,091**	**20,479**	**225,579**

3. Financial risk management (continued)

3.3 Fair value estimation (continued)

(ii) Fair value measurements using significant unobservable inputs (level 3) (continued)

The following table presents the changes in level 3 items for the year ended 30 June 2023.

	Venture capital funds RMB'000	Investment for a private company RMB'000	Financial products issued by commercial banks RMB'000	Total RMB'000
Closing balance as at 30 June 2022	158,840	10,000	—	168,840
Acquisitions	4,500	19,325	90,000	113,825
Disposals	—	—	(90,894)	(90,894)
Dividends received	(674)	—	—	(674)
Fair value change recognised in consolidated statement of comprehensive income	9,189	711	894	10,794
Currency translation differences	9,020	—	—	9,020
Closing balance as at 30 June 2023	180,875	30,036	—	210,911

3. Financial risk management (continued)

3.3 Fair value estimation (continued)

(ii) Fair value measurements using significant unobservable inputs (level 3) (continued)

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements

Description	Fair value at		Unobservable inputs	Range of inputs		Relationship of unobservable inputs to fair value
	30 June 2024	30 June 2023		2024	2023	
	RMB'000	RMB'000				
Venture capital funds	**190,009**	180,875	Net asset value, determined by the fair value of the investees of the funds mainly based on the latest round financing	**N/A**	N/A	The higher the net asset value, the higher the fair value.
Investment in a private company	**15,091**	30,036	Revenue growth rate	**6.1%~36.4%**	4.7%~77.3%	The higher the revenue growth rate, the higher the fair value.
			Discount for lack of marketability ("**DLOM**")	**43.0%**	44.4%	The higher the DLOM, the lower the fair value.
			Perpetuity growth rate	**2%**	2%	The higher the perpetuity growth rate, the higher the fair value.
Financial products issued by commercial banks	**20,479**	—	Expected return rate	**3.4~3.9%**	N/A	The higher the expected return rate, the higher the fair value.
	225,579	210,911				

3. Financial risk management (continued)

3.3 Fair value estimation (continued)

(ii) Fair value measurements using significant unobservable inputs (level 3) (continued)

There were no significant inter-relationships between unobservable inputs that materially affect fair values.

If the fair value of the financial assets at fair value through profit or loss held by the Group had been 10% higher/lower, the profit before income tax for the year ended 30 June 2024 would have been approximately RMB22,558,000 higher/lower (30 June 2023: RMB10,546,000).

4. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Net realisable value of inventories

Net realisable value of inventory is the estimated selling price in the ordinary course of business, less estimated costs of completion and applicable variable selling and marketing expenses.

The Group assesses the net realisable value of the inventories as well as the required amount of impairment of inventory provision at each balance sheet date, which involves significant judgement on determination of the estimated residual value of the inventory based on the consideration of key factors such as ageing profile, future sales projection, estimated future selling prices and selling expenses of the respective inventories. The Group performs regular check on the physical conditions of inventories and assesses possible write-down for any damaged inventories at each balance sheet date.

These key estimates are based on the current market condition and the historical experience of selling products of similar type, which are reassessed at each balance sheet date as they could change significantly as a result of changes in customer taste and competitors actions in response to severe industry cycle.

(b) Right of return

The Group offers right of return to distributors and end customers. The Group management estimates the amount of returns associated with sales in a specific period, which are deducted from the total revenue arising from such sales. Historical experience is used to estimate and provide for the returns, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. Management believes that the Group has processed sufficient historical experience and patterns to estimate sales returns based on different customer profiles, e.g. distributors, offline retail customers, online retail customers, etc. Such estimates are performed on a periodic basis taking into account the competitive landscape, economic environment, and changes in customer taste.

(c) Membership-based customer loyalty program

The Group offers a membership-based customer loyalty program, under which customers who joined the membership are able to accumulate reward points through purchases of goods and could redeem these reward points for vouchers entitling discount on a subsequent purchase. The Group accrues for contract liability as members accumulate points based on the estimated standalone selling price of the points expected to be redeemed. When members redeem awards, the accrued contract liability is reduced correspondingly.

4. Critical accounting estimates and judgements (continued)

(d) Determination of the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate);
- If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate);
- Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

The lease term is reassessed if any option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

5. Revenue and segment information

(a) Revenue

The Group is primarily engaged in the design, marketing and sales of fashion apparel, accessory products and household goods. Revenue from sales of goods is recognised at the point in time when control of the products is transferred to the customers.

(b) 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, jnby by JNBY and LESS, and emerging brands representing POMME DE TERRE (蓬馬), JNBYHOME, onmygame (Note 32), etc.

5. Revenue and segment information (continued)

(b) Segment information (continued)

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

	Year ended 30 June 2024			
	Mature brand RMB'000	Younger brands RMB'000	Emerging brands RMB'000	Total RMB'000
Revenue				
Mainland China	**2,919,867**	**2,176,553**	**109,619**	**5,206,039**
Outside mainland China	**24,303**	**7,584**	**223**	**32,110**
Revenue from external customers	**2,944,170**	**2,184,137**	**109,842**	**5,238,149**
Segment gross profit	**2,008,528**	**1,412,563**	**49,394**	**3,470,485**
Segment operating profit	**1,187,428**	**614,529**	**2,680**	**1,804,637**
Unallocated selling and marketing expenses, administrative expenses and net impairment losses on financial assets				**(669,584)**
Other income and gains, net				**59,213**
Total operating profit				**1,194,266**

	Year ended 30 June 2023			
	Mature brand RMB'000	Younger brands RMB'000	Emerging brands RMB'000	Total RMB'000
Revenue				
Mainland China	2,480,772	1,857,608	84,216	4,422,596
Outside mainland China	32,619	8,809	1,100	42,528
Revenue from external customers	2,513,391	1,866,417	85,316	4,465,124
Segment gross profit	1,689,045	1,188,332	39,615	2,916,992
Segment operating profit/(loss)	912,615	458,740	(5,422)	1,365,933
Unallocated selling and marketing expenses, administrative expenses and net impairment losses on financial assets				(589,186)
Other income and gains, net				81,151
Total operating profit				857,898

(c) Information about major customers

Since no revenue from sale to a single customer amounted to 10% or more of the Group's revenue for the reporting period, no major customer information is presented in accordance with HKFRS 8 Operating Segments.

5. Revenue and segment information (continued)

(d) Assets and liabilities related to contracts with customers

(i) Right of return assets and refund liabilities

	As at 30 June	
	2024	2023
	RMB'000	RMB'000
Right of goods return (Note 18)	**56,598**	58,406
Refund liabilities		
Rights of return (Note 27)	**165,990**	166,891
Sales rebates (Note 27)	**115,901**	72,002
	281,891	238,893

(ii) Liabilities related to contracts with customers

The Group has recognised the following liabilities relating to contracts with customers:

	As at 30 June	
	2024	2023
	RMB'000	RMB'000
Advances from distributors	**419,820**	339,732
Customer loyalty programme	**38,312**	29,144
Total current contract liabilities	**458,132**	368,876

(iii) Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities.

	Year ended 30 June	
	2024	2023
	RMB'000	RMB'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	**368,876**	300,250

(iv) Unsatisfied performance obligations

The following table shows the unsatisfied performance obligations as at 30 June 2024 and 30 June 2023.

	As at 30 June	
	2024	2023
	RMB'000	RMB'000
Advances from distributors	**419,820**	339,732
Customer loyalty programme	**38,312**	29,144
	458,132	368,876

(e) Accounting policy of revenue recognition

The Group is primarily engaged in the design, marketing and sales of fashion apparel, accessory products and household goods. Revenue from sales of goods is recognised at the point in time when control of the products is transferred to the customers.

In determining the transaction price for the sale of goods, the Group considers the effect of variable considerations, and consideration payable to the customers. No significant financing component is deemed present as the sales are made with a credit term consistent with market practice.

5. Revenue and segment information (continued)

(e) Accounting policy of revenue recognition (continued)

(i) Sales of goods — distributors

A significant portion of the Group's products are sold to distributors, who have discretion over both the selling price and the distribution channels for such products to be sold in their designated geographical areas. Distributors are generally required to pay deposits when placing purchase orders and are required to settle the full payment prior to delivery of the products.

Revenues are recognised upon delivery, which occurs when distributors pick up goods at the Group's premises or when goods are handed over to a third party forwarder as designated by a specific distributor. Delivery occurs when the risks of obsolescence and loss are transferred to the distributors, i.e., when the goods are delivered to the distributors or the third party forwarders in accordance with the sales contract, or the acceptance provisions have lapsed or the Group has objective evidence that all criteria for acceptance have been satisfied and there is no unfulfilled obligation that could affect the distributors' acceptance of the products.

The Group offers volume rebates to distributors as agreed in the sales contracts. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated volume discounts. Historical experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. A refund liability (included in accruals and other current liabilities) is recognised for expected volume discounts payable to distributors in relation to sales made until the end of the reporting period.

Distributors are also offered with right of return within the limit as agreed in the sales contracts. Revenue is adjusted for estimated expected returns based on historical pattern. Historical experience is used to estimate and provide for the returns, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. A refund liability (included in accruals and other current liabilities) is recognised for expected returns payable to distributors in relation to sales made. An asset for anticipate return (included in prepayments, deposits and other assets) and corresponding adjustment to cost of sales are also recognised for the right to recover products from distributors.

Receipt in advance from distributors before delivery of products are recognised as contract liabilities.

(ii) Sales of products — retail

The Group sells its products to end customers via a chain of retail outlets of the Group or over third party online retail platform such as Tmall.Com. Revenue is recognised when the acceptance by end customers can be reasonably estimated. For offline retail sales, revenue is recognised when the customer has accepted the product at the retail outlet. For online retail sales, acceptance can normally be estimated when control of the products is transferred to customers. Revenue is adjusted for the value of expected returns.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price need to be allocated. The Group operates a loyalty programme where customers accumulate points for purchases made which entitle them to discounts on future purchases. A contract liability for the award points is recognised at the time of the sale. Revenue is recognised when the points are redeemed or expired.

A receivable is recognised when the products are accepted as this is the point in time that consideration is unconditional because only the passage of time is required before the payment is due.

6. Expenses by nature

	Year ended 30 June 2024 RMB'000	2023 RMB'000
Cost of inventories sold	**1,620,362**	1,374,982
Employee benefit expenses (including share-based compensation expenses) (Note 8)	**486,503**	434,792
Workforce contracting expenses	**469,176**	412,001
Depreciation and amortisation (Notes 13, 14 &15)	**416,729**	415,579
— Right-of-use assets	**293,663**	293,623
— Investment properties and other property, plant and equipment	**118,940**	117,044
— Intangible assets	**4,126**	4,912
Promotion and marketing expense	**406,758**	411,663
Expenses relating to short-term leases and variable lease payments	**292,226**	236,833
Commission expenses to online platforms	**77,927**	68,160
Provision for inventories (Note 16)	**61,700**	109,252
Transportation and warehouse expense	**60,279**	52,176
Utilities charges and office expenses	**52,819**	50,694
Stamp duty, property tax and other surcharges	**45,307**	31,187
Entertainment and travelling expenses	**26,526**	20,082
Materials for apparel samples	**25,155**	22,699
Other professional service expenses	**23,958**	20,857
Auditors' remuneration	**2,610**	2,908
— Audit services	**2,400**	2,700
— Non-audit services	**210**	208
Provision for/(reversal of) impairment on financial assets	**2,031**	(462)
Others	**33,030**	24,974
Total cost of sales, selling and marketing expenses, net impairment losses on financial assets and administrative expenses	**4,103,096**	3,688,377

7. Other income and gains, net

	Year ended 30 June 2024 RMB'000	2023 RMB'000
Government grants (i)	**64,226**	64,968
Interest income from loans to a related party (Note 33)	**4,552**	4,590
Fair value gains of financial products (Note 3.3)	**1,247**	894
Fair value gains of venture capital funds (Note 3.3)	**910**	9,189
Gains on early termination of right-of-use assets (Note 14)	**442**	168
Losses on disposal of property, plant and equipment	**(629)**	(203)
Donations	**(1,168)**	(255)
Fair value (loss)/gain of investment for a private company (Note 3.3)	**(14,945)**	711
Others	**4,578**	1,089
	59,213	81,151

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

8. Employee benefit expenses

	Year ended 30 June 2024 RMB'000	2023 RMB'000
Salaries, bonus and other welfares	**405,037**	360,310
Social security contribution (a)	**22,929**	19,545
Housing fund	**20,320**	18,899
Share-based compensation (Note 25)	**38,217**	36,038
	486,503	434,792

(a) Employees of the PRC subsidiaries are required to participate in a defined contribution retirement scheme administered and operated by the local municipal government. The Group contributes funds which are calculated on fixed percentage of the employees' salary (subject to a floor and cap) as set by local municipal government to each scheme locally to fund the retirement benefits of the employees.

For the years ended 30 June 2024 and 2023, there were no forfeited contributions (by employers on behalf of employees who leave the plan prior to vesting fully in such contributions) which may be used by the employer to reduce the existing level of contributions.

(b) Five highest paid individuals

The five individuals whose emoluments including share-based compensation expenses (Note 25) were the highest in the Group for the year included one (during the year ended 30 June 2023: two) director whose emoluments are reflected in the analysis presented in Note 35. The emoluments paid and payable to the remaining four individuals (during the year ended 30 June 2023: three) were as follows:

	Year ended 30 June 2024 RMB'000	2023 RMB'000
Basic salaries and allowances	**8,255**	6,268
Discretionary bonuses	**13,649**	8,764
Social security contribution	**545**	385
Share-based compensation	**11,023**	8,408
	33,472	23,825

The emoluments including share-based compensation expenses (Note 25) of the remaining highest paid individuals fell within the following bands:

	Year ended 30 June 2024	2023
Emolument band:		
HK$6,500,001 to HK$7,000,000	**—**	1
HK$7,000,001 to HK$7,500,000	**—**	1
HK$8,000,001 to HK$8,500,000	**1**	1
HK$8,500,001 to HK$9,000,000	**2**	—
HK$9,000,001 to HK$9,500,000	**1**	—
	4	3

9. Finance income/(costs), net

	Year ended 30 June 2024 RMB'000	2023 RMB'000
Finance income		
Interest income on cash and cash equivalents, and term deposits with initial term over 3 months	**44,524**	31,050
Net foreign exchange gains on financing activities	**13,463**	7,210
	57,987	38,260
Finance costs		
Interest expenses on lease liabilities (Note 14 (a))	**(35,739)**	(41,760)
Interest expenses on bank borrowings	**(2,052)**	(3,576)
	(37,791)	(45,336)
Finance income/(costs), net	**20,196**	(7,076)

10. Tax expense

(a) Income tax expense

The income tax expense of the Group for the years ended 30 June 2024 and 2023 are analysed as follows:

	Year ended 30 June 2024 RMB'000	2023 RMB'000
Current income tax expense		
— Enterprise income tax expense	**298,174**	213,460
Deferred income tax charge (Note 29)	**66,799**	16,079
	364,973	229,539

(i) Cayman Islands income tax

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.

(ii) Hong Kong profits 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. No Hong Kong tax was provided for as there was no estimated assessable profit that was subject to Hong Kong profits tax during the years ended 30 June 2024 and 2023.

(iii) PRC enterprise income tax

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.

The income tax provision of the Group in respect of its operations in the PRC has been calculated at the applicable tax rate on the estimated assessable profits based on existing legislations, interpretations and practices.

Since the deferred income tax assets and liabilities shall be measured at the tax rates that are expected to apply to the year when the assets is realised or the liability is settled, the change in the applicable tax rate will affect the determination of the carrying values of deferred tax assets and liabilities of the Group's subsidiaries located in the PRC.

10. Tax expense (continued)

(a) Income tax expense (continued)

(iv) Preferential income tax rate

For certain subsidiaries of the Group in Mainland China, they are entitled to the preferential income tax rate for Small Low-profit Enterprises issued by the SAT. The applicable tax rate is 5% or 10% for the period from 1 January 2021 to 31 December 2024.

(v) PRC withholding income tax

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on the dividends declared to foreign investors from the foreign investment enterprises established in the PRC. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between the PRC and the jurisdiction of the foreign investors.

As filed with Hangzhou municipal tax bureau in October 2023, March and May 2024, Hangzhou Liancheng Huazhuo Industrial Co., Ltd., and JNBY Finery Co., Ltd. meet conditions and requirements stated in the Circular on the Non-residence Enterprise's Tax Treaty Under Double Taxation Agreement (Guoshui No.35, 2019) issued by the SAT. Therefore, the enacted withholding tax rate on the dividends from JNBY Finery Co., Ltd. and Hangzhou Liancheng Huazhuo Industrial Co., Ltd. is 5%.

(b) Numerical reconciliation of income tax expense to prima facie tax payable

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the effective tax rate applicable to profits of the companies comprising the Group as follows:

	Year ended 30 June 2024 RMB'000	2023 RMB'000
Profit before income tax	**1,213,112**	850,822
Tax calculated at domestic tax rate applicable to profits in the PRC (25%)	**303,278**	212,706
Preferential income tax benefits	**(2,339)**	(2,458)
Different tax jurisdiction	**109**	(399)
Interest income not subject to taxation	**(5,204)**	(1,090)
PRC dividend withholding income tax (i)	**73,538**	27,627
Research and development tax credit	**(9,975)**	(11,763)
Tax losses for which no deferred income tax asset was recognised	**664**	6
Tax differences related to the RSUs	**4,628**	5,984
Expenses not deductible for tax purpose	**274**	86
Utilisation of previously unrecognised deferred taxes	**—**	(1,160)
Income tax expense	**364,973**	229,539
Effective tax rate	**30.09%**	26.98%

(i) The Group adopted a general annual dividend policy of declaring dividends on an annual basis of 75% of its total net profit attributable to the Group for any particular fiscal year.

During the year ended 30 June 2024, the Group revised its estimation and recognised additional withholding tax of RMB39,112,000. The Group remitted additional PRC dividends to overseas subsidiaries for cash management due to the unexpected falling interest rate in the PRC. The Group also remitted special interim dividends (Note 12) considering its cash flow situation and the shareholders' expectation. The directors are of the view that these are one-off events and the Group will continue to follow the general annual dividend policy going forward.

10. Tax expense (continued)

(c) Tax losses

The unused tax losses were incurred by subsidiaries that are not likely to generate taxable income in the foreseeable future for which no deferred tax asset has been recognised. The tax losses in PRC can be carried forward and will expire in 5 years, and losses in Hong Kong can be carried forward indefinitely.

As at 30 June 2024, the Group did not recognise deferred income tax asset of RMB8,722,000 (2023: RMB8,059,000) in respect of accumulated tax losses amounting to RMB52,427,000 (2023: RMB48,842,000).

(d) Value-added tax ("VAT")

The Group's revenues are subject to output VAT generally calculated at 13%, 6%, 3% or 1% of the selling prices pursuant to different circumstances or tax incentives.

(e) Global minimum top-up tax

The Group has adopted International Tax Reform — Pillar Two Model Rules — Amendments to HKAS 12 upon their release on 23 May 2023. The amendments provide a temporary mandatory exception from deferred tax accounting for the top-up tax, which is effective immediately, and require new disclosures about the Pillar Two exposure from 31 December 2023. The mandatory exception applies retrospectively and the retrospective application has no impact on the consolidated financial statements because the Group's revenue scale is not within the policy scope.

11. Earnings per share

(a) Basic

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

	Year ended 30 June	
	2024	2023
	RMB'000	RMB'000
Profit attributable to shareholders of the Company	**849,087**	621,292
Weighted average number of ordinary shares in issue excluding shares held under the RSU scheme in issue (thousands of shares)	**506,938**	500,806
Basic earnings per share (expressed in RMB per share)	**1.67**	1.24

(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.

11. Earnings per share (continued)

(b) Diluted (continued)

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

	Year ended 30 June	
	2024 RMB'000	2023 RMB'000
Profit attributable to shareholders of the Company	**849,087**	621,292
Weighted average number of ordinary shares in issue excluding shares held under the RSU scheme in issue (thousands of shares)	**506,938**	500,806
Adjustments for share based compensation — RSUs (thousands of shares)	**11,812**	7,668
Weighted average number of ordinary shares for the calculation of diluted earnings per share (thousands of shares)	**518,750**	508,474
Diluted earnings per share (expressed in RMB per share)	**1.64**	1.22

12. Dividends

	Year ended 30 June	
	2024 RMB'000	2023 RMB'000
Dividends appropriated and paid by the Company	**726,533**	391,864

A final dividend of RMB322,591,000 that related to the year ended 30 June 2023 and an interim dividend of RMB218,604,000 that related to the six months ended 31 December 2023 were appropriated and paid during the year ended 30 June 2024. In addition to the interim dividend, the Group declared and paid a special interim dividend of RMB185,338,000 in order to celebrate its 30th anniversary.

A final dividend of RMB259,004,000 that related to the year ended 30 June 2022 and an interim dividend of RMB132,860,000 that related to the six months ended 31 December 2022 were appropriated and paid during the year ended 30 June 2023.

13. Investment properties and other property, plant and equipment

	Office equipment and others RMB'000	Machinery RMB'000	Motor vehicles RMB'000	Leasehold improvements RMB'000	Buildings RMB'000	Subtotal RMB'000	Investment properties (a) RMB'000	Total RMB'000
Year ended 30 June 2023								
Opening net book value	30,601	67,840	4,651	162,410	185,539	451,041	—	451,041
Additions	9,699	5,399	988	96,500	17,397	129,983	—	129,983
Depreciation	(11,155)	(9,087)	(970)	(85,770)	(10,062)	(117,044)	—	(117,044)
Disposals	(480)	(228)	(121)	—	—	(829)	—	(829)
Closing net book value	28,665	63,924	4,548	173,140	192,874	463,151	—	463,151
As at 30 June 2023								
Cost	71,016	94,362	10,062	344,346	232,940	752,726	—	752,726
Accumulated depreciation	(42,351)	(30,438)	(5,514)	(171,206)	(40,066)	(289,575)	—	(289,575)
Net book value	28,665	63,924	4,548	173,140	192,874	463,151	—	463,151
Year ended 30 June 2024								
Opening net book value	**28,665**	**63,924**	**4,548**	**173,140**	**192,874**	**463,151**	**—**	**463,151**
Additions	**7,402**	**1,869**	**1,467**	**63,188**	**9,676**	**83,602**	**37,594**	**121,196**
Acquisition of subsidiaries (Note 32)	**135**	**—**	**—**	**—**	**—**	**135**	**—**	**135**
Depreciation	**(10,883)**	**(9,349)**	**(1,192)**	**(86,669)**	**(10,706)**	**(118,799)**	**(141)**	**(118,940)**
Disposals	**(610)**	**(267)**	**(13)**	**—**	**—**	**(890)**	**—**	**(890)**
Closing net book value	**24,709**	**56,177**	**4,810**	**149,659**	**191,844**	**427,199**	**37,453**	**464,652**
As at 30 June 2024								
Cost	**75,644**	**94,897**	**11,399**	**342,717**	**242,616**	**767,273**	**37,594**	**804,867**
Accumulated depreciation	**(50,935)**	**(38,720)**	**(6,589)**	**(193,058)**	**(50,772)**	**(340,074)**	**(141)**	**(340,215)**
Net book value	**24,709**	**56,177**	**4,810**	**149,659**	**191,844**	**427,199**	**37,453**	**464,652**

Depreciation expenses have been charged to the consolidated statement of comprehensive income as follows:

	Year ended 30 June 2024 RMB'000	2023 RMB'000
Selling and marketing expenses	**102,706**	96,577
Administrative expenses	**16,234**	20,467
	118,940	117,044

(a) Investment properties

In May 2024, the Group acquired some commercial properties with lease arrangements from third parties in Hangzhou. Accordingly, these properties are accounted for as investment properties.

The investment properties are stated at cost less accumulated depreciation and less any impairment losses. As at 30 June 2024, the fair value of the Group's investment properties were approximately equivalent to the carrying amount of RMB37,453,000.

14. Leases

(a) Amounts recognised in the consolidated balance sheet

The consolidated balance sheet shows the following amounts relating to leases:

Right-of-use assets

	Offices RMB'000	Rented premises for stores RMB'000	Land use right RMB'000	Total RMB'000
Year ended 30 June 2023				
Opening net book value as at 1 July 2022	374,123	321,246	24,405	719,774
Additions	5,085	357,361	—	362,446
Early termination	(295)	(5,614)	—	(5,909)
Depreciation and amortisation	(53,343)	(239,722)	(558)	(293,623)
Modifications	—	(13,103)	—	(13,103)
Closing net book value as at 30 June 2023	325,570	420,168	23,847	769,585
Year ended 30 June 2024				
Opening net book value as at 1 July 2023	**325,570**	**420,168**	**23,847**	**769,585**
Additions	**8,185**	**172,240**	**—**	**180,425**
Acquisition of subsidiaries (Note 32)	**1,231**	**—**	**—**	**1,231**
Early termination	**(6,500)**	**(8,955)**	**—**	**(15,455)**
Depreciation and amortisation	**(51,095)**	**(242,010)**	**(558)**	**(293,663)**
Closing net book value as at 30 June 2024	**277,391**	**341,443**	**23,289**	**642,123**

Lease liabilities

	As at 30 June 2024 RMB'000	As at 30 June 2023 RMB'000
Lease liabilities	**434,117**	342,658
Lease liabilities due to related parties (Note 33)	**283,219**	326,720
At the beginning of the year	**717,336**	669,378
Lease payment	**(317,729)**	(337,068)
Acquisition of subsidiaries (Note 32)	**874**	—
Interest expenses (Note 9)	**35,739**	41,760
Additions	**180,425**	362,446
Modifications	**—**	(13,103)
Early termination	**(15,897)**	(6,077)
At the end of the year	**600,748**	717,336
Less: lease liabilities due to related parties (Note 33)	**(241,605)**	(283,219)
Lease liabilities	**359,143**	434,117

	As at 30 June 2024 RMB'000	As at 30 June 2023 RMB'000
Lease liabilities		
Current	**177,687**	214,571
Non-current	**181,456**	219,546
	359,143	434,117

14. Leases (continued)

(b) Amounts recognised in the consolidated statement of comprehensive income

The consolidated statement of comprehensive income shows the following amounts relating to leases:

	Year ended 30 June	
	2024	2023
	RMB'000	RMB'000
Depreciation charge of right-of-use assets		
Retail shops and offices	**293,105**	293,065
Land use right	**558**	558
Interest expenses	**35,739**	41,760
Expense relating to short-term leases	**94,585**	54,979
Expense relating to variable lease payments not included in lease liabilities	**197,641**	181,854
The cash outflow for leases as operating activities	**286,962**	243,056
The cash outflow for leases as financing activities	**317,729**	337,068

(c) The Group's leasing activities

The Group leases various offices and retail stores. Rental contracts are typically made for fixed periods of 3 months to 6 years but may have extension options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

(d) Variable lease payments

Some leases contain variable payment terms that are linked to sales generated from a store. Variable payment terms are used for certain reasons, including minimising the fixed costs base for newly established stores. Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

(e) Extension and termination options

Extension and termination options are included in a number of property leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations.

(f) Accounting policy of leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group elects not to separate lease and non-lease components and accounts for these as a single lease component.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

14. Leases (continued)

(f) Accounting policy of leases (continued)

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise an extension option, the right-of-use asset is depreciated over the underlying asset's useful life.

A change in the consideration for the lease, without increasing or decreasing the scope of the lease, results in a remeasurement of the lease liability and a corresponding adjustment to the right-of-use asset. The Group remeasures the lease liability, using the interest rate implicit in the lease for the remainder of the lease term, and it makes a corresponding adjustment to the right-of-use asset. The Group uses its incremental borrowing rate at the effective date of modification if the interest rate implicit in the lease is not readily determinable.

Payments associated with short-term leases of stores and offices and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

15. Intangible assets

	Goodwill RMB'000	Computer software RMB'000	Brands RMB'000	Others RMB'000	Total RMB'000
Year ended 30 June 2023					
Opening net book value	–	18,567	–	144	18,711
Additions	–	6,661	–	–	6,661
Amortisation charge	–	(4,892)	–	(20)	(4,912)
Closing net book value	–	20,336	–	124	20,460
As at 30 June 2023					
Cost	–	36,457	–	244	36,701
Accumulated amortisation	–	(16,121)	–	(120)	(16,241)
Net book value	–	20,336	–	124	20,460
Year ended 30 June 2024					
Opening net book value	**–**	**20,336**	**–**	**124**	**20,460**
Additions	**–**	**8,554**	**–**	**–**	**8,554**
Acquisition of subsidiaries (Note 32)	**51,352**	**–**	**49,900**	**–**	**101,252**
Amortisation charge	**–**	**(3,268)**	**(838)**	**(20)**	**(4,126)**
Closing net book value	**51,352**	**25,622**	**49,062**	**104**	**126,140**
As at 30 June 2024					
Cost	**51,352**	**45,011**	**49,900**	**244**	**146,507**
Accumulated amortisation	**–**	**(19,389)**	**(838)**	**(140)**	**(20,367)**
Net book value	**51,352**	**25,622**	**49,062**	**104**	**126,140**

Amortisation expenses have been charged to the consolidated statement of comprehensive income as follows:

	Year ended 30 June 2024 RMB'000	Year ended 30 June 2023 RMB'000
Selling and marketing expenses	**2,828**	1,734
Administrative expenses	**1,298**	3,178
	4,126	4,912

15. Intangible assets (continued)

(a) Accounting policy of intangible assets

Computer software and trademarks

Acquired computer software programs and trademarks are shown at historical cost less accumulated amortisation and accumulated impairment if any. Acquired computer software programs are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 10 years.

Brands

The brands were acquired as part of a business combination (Note 32). They are recognised at their fair value at the date of acquisition and are subsequently amortised on a straight-line based on their estimated useful lives of 10 years.

Goodwill

Goodwill is measured as described in Note 32. Goodwill on acquisitions of subsidiaries is included in intangible assets.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units ("**CGUs**") or group of CGUs that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes. The goodwill of RMB51,352,000 is allocated to the CGU of Huiju and monitored by management at Huiju level.

Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. The carrying value of the CGUs or group of CGUs containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed. Gains and losses on the disposal of CGUs or group of CGUs include the carrying amount of goodwill relating to the CGUs or group of CGUs disposed of.

(b) Impairment testing of goodwill

Goodwill is monitored by management at the CGU level. The goodwill of RMB51,352,000 represented the excess of total consideration over the fair value of identifiable net assets arisen from the acquisitions of Huiju disclosed in Note 32, which was included in emerging brands segment.

Management conducted impairment review on the goodwill according to HKAS 36 "Impairment of assets" which requires the Company to allocate the goodwill to the CGU and compare the unit's carrying amount with its recoverable amount.

The recoverable amount of the CGU of Huiju has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by management. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the respective industry in which the CGU operates.

(c) Impairment testing of goodwill

The key assumptions used for the value-in-use calculations during the year ended 30 June 2024 is disclosed as below:

	Five-year forecast period
Sales growth rate	7.4%–39.9%
Gross profit margin	59.0%–60.9%
Terminal growth rate	2.0%
Pre-tax discount rate	18.2%

The budgeted gross profit margins used in the goodwill impairment testing, were determined by management based on past performance and its expectation for market development. The expected sales growth rate and gross profit margins are following the business plan approved by the Group. Pre-tax discount rates reflect market assessments of the time value and the specific risks relating to the industry.

No impairment loss is recognised at the end of reporting period based on the impairment assessment performed.

16. Inventories

	As at June 30	
	2024	2023
	RMB'000	RMB'000
Finished goods	**1,056,806**	1,179,752
Raw materials	**27,739**	35,631
Commissioned processing materials	**152,473**	158,051
	1,237,018	1,373,434
Less: provision	**(516,909)**	(583,100)
	720,109	790,334

Movements of provision for inventories are analysed as follows:

	Year ended 30 June	
	2024	2023
	RMB'000	RMB'000
Beginning of the year	**583,100**	533,908
Addition of provision for inventories to net realisable value included in "cost of sales" (Note 6)	**61,700**	109,252
Release of provision upon sales of inventories written down in prior years	**(127,891)**	(60,060)
End of the year	**516,909**	583,100

(a) Accounting policy of inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods comprises raw materials and, where applicable, sub-contracting costs that have been incurred in bringing the inventories to their present condition. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling and marketing expenses.

17. Trade receivables

	As at 30 June	
	2024	2023
	RMB'000	RMB'000
Trade receivables	**143,116**	144,721
Less: provision for impairment	**(21,459)**	(19,292)
	121,657	125,429

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 date was as follows:

	As at 30 June	
	2024	2023
	RMB'000	RMB'000
Within 3 months	**118,253**	123,044
3 months to 6 months	**6,581**	4,467
6 months to 1 year	**1,757**	799
1 year to 2 years	**2,986**	3,277
More than 2 years	**13,539**	13,134
	143,116	144,721

The maximum exposure to credit risk as at the balance sheet date is the carrying value of the net trade receivables balances.

17. Trade receivables (continued)

The loss allowance for trade receivables as at 30 June reconcile to the opening allowances as follows:

	Year ended 30 June	
	2024	2023
	RMB'000	RMB'000
Beginning of the year	**19,292**	25,057
Provision for/(reversal of) impairment on trade receivables (Note 3.1)	**4,103**	(2,418)
Write-off of provision for impairment	**(1,936)**	(3,347)
End of the year	**21,459**	19,292

The carrying amounts of the Group's trade receivables were denominated in the following currencies:

	As at 30 June	
	2024	2023
	RMB'000	RMB'000
RMB	**120,336**	118,286
US$	**508**	6,165
Others	**813**	978
	121,657	125,429

The carrying amounts of the Group's trade receivables approximated their fair values as at each of the balance sheet date.

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for all trade receivables.

Information about the impairment of trade receivables and the Group's exposure to credit risk are set out in Note 3.1.

18. Prepayments, deposits and other assets

	As at 30 June	
	2024	2023
	RMB'000	RMB'000
Non-current assets		
Long-term prepaid expenses	**21,332**	16,838
Other non-current assets (a)	**5,818**	—
	27,150	16,838
Current assets		
Deposits and other receivables	**146,951**	122,780
Prepayment to suppliers	**67,666**	52,926
Right of goods return (Note 5)	**56,598**	58,406
Value-added tax recoverable	**26,952**	13,888
Prepaid expenses	**20,675**	18,881
Prepaid income tax	**17,952**	23,653
Staff advances	**432**	83
	337,226	290,617
	364,376	307,455

(a) The Group invested in Established & Sons Limited ("**ES**"), a company incorporated under the law of England, specializing in the design, development and sale of high-end furniture, at a consideration of approximately RMB4,279,000. The Group is able to exercise significant influence on ES and the investment was accounted for as an investment in an associate. In addition, the Group provided a loan of RMB2,804,000 to ES. The loan is interest free within 3 years and is entitled to an interest rate of 2% per annum over the Bank of England base rate after 3 years.

During the year ended 30 June 2024, the Group recognised a share of net loss of RMB1,350,000 related to the investment in ES.

19. Financial instruments by category

	As at 30 June	
	2024	2023
	RMB'000	RMB'000
Financial assets		
Financial assets at amortised cost		
— Trade and other receivables	**271,844**	248,292
— Cash and cash equivalents	**698,645**	525,147
— Term deposits with initial term over 3 months	**731,564**	488,251
— Amounts due from related parties	**2,408**	109,316
Financial assets at fair value through profit or loss	**225,579**	210,911
	1,930,040	1,581,917
Financial liabilities		
Liabilities at amortised cost		
— Trade and bills payables	**260,889**	236,399
— Other payables	**552,052**	459,972
— Borrowings	**—**	99,514
— Lease liabilities	**359,143**	434,117
— Amounts due to related parties	**250,975**	292,299
	1,423,059	1,522,301

The Group's exposure to various risks associated with the financial instruments is discussed in Note 3. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

20. Financial assets at fair value through profit or loss

	As at 30 June	
	2024	2023
	RMB'000	RMB'000
Included in non-current assets		
Venture capital funds (a)	**190,009**	180,875
Investment in a private company (b)	**15,091**	30,036
	205,100	210,911
Included in current assets		
Wealth management products (c)	**20,479**	—

20. Financial assets at fair value through profit or loss (continued)

The carrying amounts of the Group's financial assets at fair value through profit or loss were denominated in the following currencies:

	As at 30 June	
	2024	2023
	RMB'000	RMB'000
US$	**126,139**	123,755
RMB	**99,440**	87,156
	225,579	210,911

(a) This represents the Group's investments in venture capital funds as a limited partner. The nature and purpose of the venture capital funds is to achieve investment appreciation and ultimately realise the investment income through equity and equity-related investments in companies with investment value and development potential. These vehicles are financed through issuing units to investors. From time to time, the Group subscribed for certain interests as passive investors in the funds. The Group's maximum exposure to loss is limited to the carrying amount of the interests held by the Group.

As at 30 June 2024, the Group has made capital contributions of RMB51,000,000 into two venture capital funds, both of which are related parties of Mr. Wei Zhe, the non-executive director of the Group.

(b) The Group acquired 16.5% equity interests of Hangzhou Jiasheng Catering Management Co., Ltd. with a cash consideration of RMB29,325,000 in August 2022. As the Group has preferential rights over Hangzhou Jiasheng Catering Management Co., Ltd., it is accounted for as financial assets at fair value through profit or losses. For the year ended 30 June 2024, the Group recorded a loss of approximately RMB14,945,000 on the fair value change.

(c) This represents the Group's investment in wealth management product with expected return rates ranging from 3.4% to 3.9% per annum and maturity period within 1 year. The wealth management product is offered by a large state-owned financial institution in the Mainland China.

21. Term deposits with initial term over 3 months

	As at 30 June	
	2024	2023
	RMB'000	RMB'000
Included in non-current assets:		
Term deposits with initial term over 3 months	**51,780**	—
Included in current assets:		
Term deposits with initial term over 3 months	**679,784**	488,251

21. Term deposits with initial term over 3 months (continued)

The carrying amounts of the Group's term deposits with initial term over 3 months were denominated in the following currencies:

	As at 30 June	
	2024	2023
	RMB'000	RMB'000
HK$	**408,381**	41,998
US$	**239,096**	233,336
RMB	**84,087**	212,917
	731,564	488,251

The effective interest rate for the term deposits of the Group with initial term over 3 months for the year ended 30 June 2024 was 4.43% (during the year ended 30 June 2023: 3.89%).

Term deposits with initial term over 3 months were neither past due nor impaired. The fair value of these term deposits with initial term over 3 months approximated its carrying amount at year end.

22. Cash and bank balances

	As at 30 June	
	2024	2023
	RMB'000	RMB'000
Cash at bank and on hand	**698,645**	525,147
Restricted cash	**3,430**	1,391

Restricted cash represents guarantee deposits pledged to bank for issuance of bills payables and frozen deposits for property preservation due to a litigation.

Cash and bank balances were denominated in the following currencies:

	As at 30 June	
	2024	2023
	RMB'000	RMB'000
RMB	**627,444**	451,774
HK$	**57,430**	60,512
US$	**15,416**	10,656
Others	**1,785**	3,596
	702,075	526,538

23. Share capital, share premium and shares held for RSU Scheme

	Number of shares authorised	Number of shares issued	Share capital RMB'000	Share premium RMB'000	Shares held for RSU scheme RMB'000	Subtotal RMB'000
As at 1 July 2023	**1,000,000,000**	**518,750,000**	**4,622**	**507,820**	**(137,541)**	**374,901**
Purchase of ordinary shares for RSU Scheme (a)	**—**	**—**	**—**	**—**	**(20,687)**	**(20,687)**
Transfer and exercise of RSUs	**—**	**—**	**—**	**2,187**	**71,012**	**73,199**
As at 30 June 2024	**1,000,000,000**	**518,750,000**	**4,622**	**510,007**	**(87,216)**	**427,413**
As at 1 July 2022	1,000,000,000	518,750,000	4,622	508,254	(180,244)	332,632
Purchase of ordinary shares for RSU Scheme (a)	—	—	—	—	(6,404)	(6,404)
Transfer and exercise of RSUs	—	—	—	(434)	49,107	48,673
As at 30 June 2023	1,000,000,000	518,750,000	4,622	507,820	(137,541)	374,901

(a) During the year ended 30 June 2024, the Company repurchased 1,611,000 (during the year ended 30 June 2023: 1,032,000) of its own shares through the trustee of the RSU scheme at a total consideration of HK$22,792,000 (approximately RMB20,687,000) (during the year ended 30 June 2023: HK$7,169,000 (approximately RMB6,404,000)). As at 30 June 2024, there were 9,888,000 shares (30 June 2023: 16,739,000 shares) held through the trustee of the RSU scheme.

24. Other reserves

	Statutory reserves RMB'000	Share-based compensation reserve RMB'000	Currency translation differences RMB'000	Merger reserve(b) RMB'000	Total RMB'000
As at 1 July 2023	**157,505**	**106,105**	**(8,030)**	**(1,599)**	**253,981**
Appropriation to statutory reserves (a)	**242**	**—**	**—**	**—**	**242**
Share-based compensation (Note 25)	**—**	**38,217**	**—**	**—**	**38,217**
Currency translation differences	**—**	**—**	**21,061**	**—**	**21,061**
Transfer and exercise of RSUs	**—**	**(46,670)**	**—**	**—**	**(46,670)**
As at 30 June 2024	**157,747**	**97,652**	**13,031**	**(1,599)**	**266,831**
As at 1 July 2022	157,260	102,340	(29,138)	(1,599)	228,863
Appropriation to statutory reserves (a)	245	—	—	—	245
Share-based compensation (Note 25)	—	36,038	—	—	36,038
Currency translation differences	—	—	21,108	—	21,108
Transfer and exercise of RSUs	—	(32,273)	—	—	(32,273)
As at 30 June 2023	157,505	106,105	(8,030)	(1,599)	253,981

(a) In accordance with the respective articles of association and Board resolutions, the subsidiaries of the Group incorporated in the PRC appropriate 10% of the annual net profits, as determined under the PRC accounting standards, to the statutory surplus reserve fund before distributing any dividends. The statutory surplus reserve fund can be used to offset prior year losses, if any, and may be converted into paid-in capital. For the year ended 30 June 2024, approximately RMB242,000 (during the year ended 30 June 2023: RMB245,000) was appropriated from retained earnings to the statutory surplus reserve fund.

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

25. Share-based payments

The Company adopted the RSU scheme, under which the Board may grant RSUs to any qualifying participants, subject to the terms and conditions stipulated therein. RSUs vest gradually after the selected participants complete their service period of typically four years from the grant date. The selected participants are required to pay the exercise price, if any, upon satisfaction of terms and conditions set out in the relevant grant letter when they decide to exercise the RSUs. The participants are only entitled for the shares to be transferred to their account upon paying the exercise price, if any. During the year ended 30 June 2024, share based compensation of RMB38,217,000 were recognised by the Group (during the year ended 30 June 2023: RMB36,038,000).

The Group has appointed The Core Trust Company Limited as the trustee to assist with the administration and vesting of RSUs granted pursuant to the RSU scheme. As the relevant activities of the trustee are decided by the Group, and the Group benefits from the trustee's activities, the trustee is consolidated in the Group's financial statements as a structured entity.

Movements in the number of outstanding RSUs are as follows:

	Year ended 30 June			
	2024		2023	
	Weighted average exercise price per RSU	Number of outstanding RSUs	Weighted average exercise price per RSU	Number of outstanding RSUs
Opening balance	**HK$3.19**	**21,494,900**	HK$3.19	20,656,400
Granted (a)	**HK$3.20**	**9,930,000**	HK$3.20	8,990,000
Forfeited	**HK$3.20**	**(560,000)**	HK$3.20	(2,392,500)
Exercised	**HK$3.19**	**(8,462,600)**	HK$3.18	(5,759,000)
Ending balance	**HK$3.20**	**22,402,300**	HK$3.19	21,494,900

(a) On 7 September 2023, the Board resolved to grant 9,930,000 RSUs to selected grantees under the share award schemes with a graded vesting schedule of 25% per year over four years. The grantees are required to pay HK$3.2 per share for the exercise of RSUs upon satisfaction of terms and conditions.

On 30 August 2022, the Board resolved to grant 8,990,000 RSUs to selected grantees under the share award schemes with a graded vesting schedule of 25% per year over four years. The grantees are required to pay HK$3.2 per share for the exercise of RSUs upon satisfaction of terms and conditions.

The fair value of RSUs was calculated based on the fair value of underlying ordinary shares as at the grant date. Upon the consummation of the IPO, the fair value of the underlying ordinary shares was calculated based on the closing price of shares immediately before the date of the grant date.

Based on the closing price of shares immediately before the date of the grant date, the Company has used Binominal pricing model to determine the fair value of the RSUs granted during the year ended 30 June 2024 and 2023. The weighted average fair value of those RSUs granted during the year ended 30 June 2024 at the measurement date was RMB4.19 (HK$4.44) (during the year ended 30 June 2023: RMB3.46 (HK$4.02)). Key assumptions are set as below:

	Year ended 30 June	
	2024	2023
Risk free interest rate	**3.81%**	1.50%
Volatility	**49.10%**	45.00%
Dividend yield	**7.72%**	5.70%

25. Share-based payments (continued)

(a) (continued)

Management estimated the risk-free interest rate based on the yield of Hong Kong government bond with a maturity life equal to the life of shares. Volatility was estimated at the grant date based on the average of historical volatilities of the comparable companies with length commensurable to the time to maturity of the RSUs. Dividend yield is based on management estimation at the grant date.

(b) The Group is required to estimate the annual forfeiture rate in order to determine the amount of share-based compensation expenses charged to the consolidated statement of comprehensive income. As at 30 June 2024, the expected forfeiture rate was estimated at 3% (30 June 2023: 3%).

(c) The weighted average remaining contractual life of RSUs outstanding as at 30 June 2024 was 4.12 years (30 June 2023: 4.22 years).

26. Trade and bills payables

	As at 30 June	
	2024	2023
	RMB'000	RMB'000
Trade payables (a)	**260,533**	232,094
Bills payables	**356**	4,305
	260,889	236,399

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

	As at 30 June	
	2024	2023
	RMB'000	RMB'000
Within 6 months	**256,557**	229,211
6 months to 1 year	**3,806**	2,096
Over 1 year	**170**	787
	260,533	232,094

The Group's trade payables are denominated in RMB.

27. Accruals and other liabilities

	As at 30 June	
	2024	2023
	RMB'000	RMB'000
Non-current liabilities		
Payables for property, plant and equipment	**—**	495
Current liabilities		
Payroll and welfare payables	**168,428**	131,380
Provisions for sales returns (Note 5)	**165,990**	166,891
Provisions for sales rebates (Note 5)	**115,901**	72,002
Deposits received from suppliers (a)	**78,418**	49,764
Value-added and other taxes payables	**60,455**	49,465
Workforce contracting payables	**49,107**	34,250
Distribution deposits (b)	**39,180**	30,808
Accrued marketing and promotion expenses	**26,759**	29,590
Payables for leasehold improvements	**25,067**	38,563
Cash consideration payable for business combination (Note 32)	**15,721**	—
Payables for property, plant and equipment	**3,394**	3,544
Others	**32,515**	34,065
	780,935	640,322
	780,935	640,817

(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 would be refunded to the distributors when their distribution relationship with the Group was terminated.

28. Borrowings

	As at 30 June	
	2024	2023
	RMB'000	RMB'000
Short-term borrowings	—	99,514

As at 30 June 2023, the bills receivables issued by one 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 30 June 2023, the average discounted rate was 2.04% per annum.

29. Deferred income tax

The analysis of deferred income tax assets is as follows:

	As at 30 June	
	2024	2023
	RMB'000	RMB'000
Lease liabilities	**171,589**	203,161
Provision for inventories	**129,366**	145,774
Accrued expenses and provisions	**85,767**	71,281
Tax losses carried forward	**15,910**	12,351
Customer loyalty programme	**9,577**	7,285
Impairment for receivables	**3,786**	4,606
Others	**5,467**	2,335
Total deferred tax assets	**421,462**	446,793
Set-off of deferred tax assets pursuant to set-off provisions (a)	**(160,531)**	(192,396)
Net deferred tax assets	**260,931**	254,397
Deferred income tax assets:		
— to be recovered after more than 12 months	**158,523**	168,133
— to be recovered within 12 months	**102,408**	86,264
	260,931	254,397
Right-of-use assets	**160,531**	192,396
Provision for withholding income tax	**22,355**	5,317
Fair value adjustments arising from acquisition of subsidiaries (Note 32)	**12,065**	—
Total deferred tax liabilities	**194,951**	197,713
Set-off of deferred tax liabilities pursuant to set-off provisions (a)	**(160,531)**	(192,396)
Net deferred tax liabilities	**34,420**	5,317
Deferred income tax liabilities:		
— to be recovered after more than 12 months	**10,839**	—
— to be recovered within 12 months	**23,581**	5,317
	34,420	5,317
	226,511	249,080

(a) The deferred tax assets and deferred tax liabilities relating to right-of-use assets and lease liabilities have been offset in the consolidated financial statements.

29. Deferred income tax (continued)

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

	Lease liabilities RMB'000	Provision for inventories RMB'000	Accrued expenses and provisions RMB'000	Tax losses carried forward RMB'000	Customer loyalty programme RMB'000	Impairment for receivables RMB'000	Others RMB'000	Total RMB'000
As at 1 July 2022	189,030	133,476	82,384	5,216	4,683	5,589	2,415	422,793
Credited/(charged) to the consolidated statement of comprehensive income	14,131	12,298	(11,103)	7,135	2,602	(983)	(80)	24,000
As at 30 June 2023	203,161	145,774	71,281	12,351	7,285	4,606	2,335	446,793
Credited/(charged) to the consolidated statement of comprehensive income	**(31,572)**	**(16,408)**	**14,486**	**3,559**	**2,292**	**(820)**	**3,132**	**(25,331)**
As at 30 June 2024	**171,589**	**129,366**	**85,767**	**15,910**	**9,577**	**3,786**	**5,467**	**421,462**

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through the future taxable profit is probable. As at each of the balance sheet dates, the Group recognised deferred income tax assets in respect of losses that can be carried forward against future taxable income within five years.

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

	Right-of-use assets RMB'000	Provision for withholding income tax RMB'000	Fair value adjustments arising from acquisition of subsidiaries RMB'000	Total RMB'000
As at 1 July 2022	179,944	12,197	—	192,141
Debited to the consolidated statement of comprehensive income	12,452	27,627	—	40,079
Transferred to current tax liabilities	—	(34,507)	—	(34,507)
As at 30 June 2023	192,396	5,317	—	197,713
Acquisition of subsidiaries (Note 32)	**—**	**—**	**12,270**	**12,270**
Debited to the consolidated statement of comprehensive income	**(31,865)**	**73,538**	**(205)**	**41,468**
Transferred to current tax liabilities	**—**	**(56,500)**	**—**	**(56,500)**
As at 30 June 2024	**160,531**	**22,355**	**12,065**	**194,951**

As at 30 June 2024, the provisions of RMB22,355,000 (30 June 2023: RMB5,317,000) represented provision for withholding income tax were made for the planned profit distribution of the PRC subsidiaries.

30. Notes to consolidated statement of cash flow

(a) Cash generated from operations

	Year ended 30 June 2024 RMB'000	2023 RMB'000
Profit before income tax	**1,213,112**	850,822
Adjustments for:		
— Depreciation of investment properties, and other property, plant and equipment (Note 13)	**118,940**	117,044
— Depreciation of right-of-use assets (Note 14)	**293,663**	293,623
— Amortisation of intangible assets (Note 15)	**4,126**	4,912
— Provision for/(reversal of) impairment of financial assets (Note 3.1)	**2,031**	(462)
— Provision for inventories (Note 16)	**61,700**	109,252
— Losses on disposal of property, plant and equipment (Note 7)	**629**	203
— Gains on early termination of right-of -use assets (Note 7)	**(442)**	(168)
— Share based compensation (Note 25)	**38,217**	36,038
— Interest income (Note 9)	**(44,524)**	(31,050)
— Interest income from loans to a related party (Note 7)	**(4,552)**	(4,590)
— Interest expenses (Note 9)	**2,052**	3,576
— Interest expenses on lease liabilities (Note 14)	**35,739**	41,760
— Net foreign exchange gains from financing activities (Note 9)	**(13,463)**	(7,210)
— Fair value change in financial assets at fair value through profit or loss (Note 7)	**12,788**	(10,794)
— Share of loss of associates accounted for using the equity method (Note 18)	**1,350**	—
Operating profits before working capital changes	**1,721,366**	1,402,956
Changes in working capital:		
— Inventories	**23,093**	(70,763)
— Trade receivables	**(1,075)**	(18,450)
— Prepayments, deposits and other assets	**(53,459)**	(2,784)
— Trade and bills payables	**19,043**	(55,781)
— Contract liabilities and other current liabilities	**234,678**	12,218
Cash flow generated from operations	**1,943,646**	1,267,396

(b) Net debt reconciliation:

This section sets out an analysis of net debt and the movements in net debt for each of the years presented.

	As at 30 June 2024 RMB'000	2023 RMB'000
Cash and cash equivalents	**698,645**	525,147
Borrowings — repayable within one year	**—**	(99,514)
Lease liabilities (Note 14)	**(600,748)**	(717,336)
Net cash/(debt)	**97,897**	(291,703)

30. Notes to consolidated statement of cash flow (continued)

(b) Net debt reconciliation: (continued)

	Other assets	Liabilities from financing activities		
	Cash and cash equivalents RMB'000	Borrowings RMB'000	Lease liabilities RMB'000	Total RMB'000
Net debt as at 1 July 2022	591,746	(148,868)	(669,378)	(226,500)
Cash flows	(72,520)	52,930	337,068	317,478
Interest expense	—	(3,576)	(41,760)	(45,336)
Additions	—	—	(362,446)	(362,446)
Modification	—	—	13,103	13,103
Early termination	—	—	6,077	6,077
Foreign exchange adjustments	5,921	—	—	5,921
Net debt as at 30 June 2023	525,147	(99,514)	(717,336)	(291,703)
Cash flows	**171,877**	**101,566**	**317,729**	**591,172**
Interest expense	**—**	**(2,052)**	**(35,739)**	**(37,791)**
Additions	**—**	**—**	**(180,425)**	**(180,425)**
Acquisition of subsidiaries (Note 32)	**—**	**—**	**(874)**	**(874)**
Early termination	**—**	**—**	**15,897**	**15,897**
Foreign exchange adjustments	**1,621**	**—**	**—**	**1,621**
Net cash as at 30 June 2024	**698,645**	**—**	**(600,748)**	**97,897**

31. Commitments

(a) Capital commitments

As at 30 June 2024, the Group has uncalled capital commitments relating to the venture capital funds amounting to RMB28,500,000 (30 June 2023: RMB34,500,000) (Note 20).

(b) Operating lease commitments

As at 30 June 2024 and 2023, lease commitments for the Group for leases not yet commenced or short-term leases are as follows:

	As at 30 June	
	2024	2023
	RMB'000	RMB'000
Within 1 year	**44,961**	19,271

32. Business combination

(a) Summary of acquisition

On 30 April 2024, the Group completed the acquisition of 51% of the equity interest in Huiju from third parties at a cash consideration of approximately RMB96,441,000 and the acquisition is subject to a contingent consideration arrangement that set out in the share purchase agreement. After the acquisition, the Group has three out of the five seats of the board of directors of Huiju and is able to exercise effective control over Huiju. Huiju is principally engaged in the design, marketing and sales of functional sportswear and accessories for children and men. The contingent consideration arrangement requires the Group to pay or entitles the Group to receive from the founders of Huiju the contingent consideration, which is calculated based on net profits of Huiju adjusted by market conditions for a period of three years from 1 July 2025. As at the acquisition date and 30 June 2024, the fair value of contingent consideration was minimal.

The fair values of the identifiable assets and liabilities of Huiju as at 30 April 2024 were as follows:

	Note	Fair value recognised on acquisition RMB'000
Cash and bank balances		**41,599**
Intangible assets(i)	15	**49,900**
Property, plant and equipment	13	**135**
Right-of-use assets	14	**1,231**
Prepayments, deposits and other assets		**5,413**
Inventories		**14,568**
Other current assets		**736**
Accruals and other current liabilities		**(5,880)**
Trade and bills payables		**(5,136)**
Current income tax liabilities		**(1,012)**
Deferred tax liabilities	29	**(12,270)**
Lease liabilities	14	**(874)**
Net identifiable assets acquired		**88,410**
Less: non-controlling interests		**(43,321)**
Add: goodwill (ii)	15	**51,352**
Satisfied by cash		**96,441**

(i) The intangible assets are acquired brands of RMB49,900,000 as a result of this business combination.

(ii) The goodwill is attributable to the high growth, high return rate of the acquired business and synergies expected to arise after the acquisition, and it will not be deductible for tax purposes.

The Group recognised non-controlling interests in an acquired entity either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. This decision is made on an acquisition-by-acquisition basis. For the non-controlling interests in Huiju, the Group elected to recognise the non-controlling interests at its proportionate share of the acquired net identifiable assets.

Since the acquisition, Huiju contributed revenue of RMB19,989,000 and incurred net loss of RMB1,909,000 to the Group for the period from 1 May to 30 June 2024.

32. Business combination (continued)

(a) Summary of acquisition (continued)

Had the acquisition taken place on 1 July 2023, the revenue and the profit of the Group for the year ended 30 June 2024 would have been RMB5,313,541,000 and RMB853,078,000, respectively. These amounts have been calculated using Huiju's results and adjusting them for the additional amortisation that would have been charged assuming the fair value adjustments to brands had applied from 1 July 2023, together with the consequential tax effects.

An analysis of the cash flows in respect of the acquisition is as follows:

	RMB'000
Outflow of cash to acquire subsidiary, net of cash acquired	
Cash consideration	96,441
Less: cash consideration payable (iii)	(15,721)
Cash paid	80,720
Less: Cash balance of the acquired subsidiaries	(41,599)
Net outflow of cash — investing activities	39,121

(iii) Part of the consideration for the business combination is unconditional and will be paid one year after the acquisition date.

The Group incurred insignificant transaction costs for this acquisition. These transaction costs have been expensed and are included in other expenses in the consolidated statement of comprehensive income during the year.

(b) Non-controlling interest ("NCI")

Set out below is the summarised financial information for Huiju, which had NCI that accounted for 49% and that was material to the Group as at 30 June 2024. The amounts disclosed below for Huiju is before inter-company eliminations.

	Huiju 30 June 2024 RMB'000
Summarised balance sheet	
Current assets	**59,057**
Current liabilities	**(22,567)**
Net current assets	**36,490**
Non-current assets	**50,607**
Non-current liabilities	**(595)**
Net non-current assets	**50,012**
Net assets	**86,502**
Accumulated NCI	**42,386**

	For the period from 1 May 2024 to 30 June 2024 RMB'000
Summarised statement of comprehensive loss	
Revenue	**19,989**
Net loss for the period	**(1,909)**
Total comprehensive loss	**(1,909)**
Loss allocated to NCI	**(935)**

	For the period from 1 May 2024 to 30 June 2024 RMB'000
Summarised cash flows	
Net cash used in operating activities	**(7,278)**
Net cash used in investing activities	**(50)**
Net decrease in cash and cash equivalents	**(7,328)**

32. Business combination (continued)

(c) Accounting policy of business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognised any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financial institution under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the carrying value of the acquirer's previously held equity interest in the acquiree at the acquisition date is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

33. Significant related party transactions

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

Name	Relationship with the Group
Li Lin	One of the controlling shareholders
Wu Jian	One of the controlling shareholders
Huizhan Technology (Hangzhou) Co., Ltd	Controlled by the controlling shareholders
Hangzhou O ō Eli Commercial Operation Management Co., Ltd.	Controlled by the controlling shareholders
Hangzhou Huikang Industrial Co., Ltd.	Controlled by the controlling shareholders
Hangzhou Shangwei Apparel Co., Ltd.	Controlled by the controlling shareholders
Hangzhou JNBY Finery Co., Ltd.	Controlled by the controlling shareholders

33. Significant related party transactions (continued)

(a) Significant transactions with related parties

Saved as disclosed in note 18 and note 20, the Group had the following significant transaction with related parties, which are all continuing connected transactions except for utilities charged (Note 33(iv)), purchase of right-of-use assets under lease agreement (Note 33(vii)) and loan arrangement (Note 33(viii)(ix)) as disclosed below.

		Year ended 30 June	
		2024	2023
		RMB'000	RMB'000
(i)	Processing fee charged by a related party		
	Hangzhou Shangwei Apparel Co., Ltd.	**25,951**	22,620
(ii)	Framework sample apparel manufacturing charged by a related party		
	Hangzhou JNBY Finery Co., Ltd.	**32,614**	27,903
(iii)	Short-term lease expenses charged by a related party		
	Huizhan Technology (Hangzhou) Co., Ltd	**7,468**	8,379
	Hangzhou O ō Eli Commercial Operation Management Co., Ltd.	**309**	—
		7,777	8,379
(iv)	Utilities charged by related parties		
	Hangzhou O ō Eli Commercial Operation Management Co., Ltd.	**2,010**	2,048
(v)	Concession fees charged by a related party		
	Huizhan Technology (Hangzhou) Co., Ltd	**2,548**	1,825
(vi)	Sale of goods to a related party		
	Huizhan Technology (Hangzhou) Co., Ltd	**107**	205
(vii)	Purchase of right-of-use assets		
	Hangzhou Huikang Industrial Co., Ltd.	**3,100**	—
	Huizhan Technology (Hangzhou) Co., Ltd	**1,726**	—
		4,826	—
(viii)	Loan repayment and interests received from a related party		
	Huizhan Technology (Hangzhou) Co., Ltd (i)	**112,391**	—
(ix)	Interest income from loan granted a related party		
	Huizhan Technology (Hangzhou) Co., Ltd (i)	**4,552**	4,590

(b) Balances with related parties

	As at 30 June	
	2024	2023
	RMB'000	RMB'000
Due from related parties		
Current — Trade receivables:		
— Huizhan Technology (Hangzhou) Co., Ltd	**2,408**	1,477
Current — prepaid rent:		
— Hangzhou Huikang Industrial Co., Ltd.	**10,721**	—
	13,129	1,477
Non current — loan to a related party:		
— Huizhan Technology (Hangzhou) Co., Ltd (i)	**—**	107,839
	13,129	109,316

(i) In July 2021, the Group provided a loan to Huizhan Technology (Hangzhou) Co., Ltd with an interest rate of 4.9% per annum. As at 30 June 2024, the Group received the loan repayment and interests.

33. Significant related party transactions (continued)

(b) Balances with related parties (continued)

	As at 30 June	
	2024	2023
	RMB'000	RMB'000
Due to related parties		
Trade payables:		
— Hangzhou Shangwei Apparel Co., Ltd.	**5,430**	5,741
Other payables:		
— Hangzhou JNBY Finery Co., Ltd.	**3,837**	3,200
— Huizhan Technology (Hangzhou) Co., Ltd	**103**	139
	3,940	3,339
Current lease liabilities (Note 14):		
— Huizhan Technology (Hangzhou) Co., Ltd (ii)	**41,469**	36,769
— Hangzhou O ō Eli Commercial Operation Management Co., Ltd.	**—**	3,279
— Hangzhou Huikang Industrial Co., Ltd.	**1,510**	10
	42,979	40,058
	52,349	49,138
Non-current lease liabilities (Note 14):		
— Huizhan Technology (Hangzhou) Co., Ltd (ii)	**198,552**	228,984
— Hangzhou O ō Eli Commercial Operation Management Co., Ltd.	**—**	14,177
— Hangzhou Huikang Industrial Co., Ltd.	**74**	—
	198,626	243,161
	250,975	292,299

(ii) The Group leased premises mainly for office building from Huizhan Technology (Hangzhou) Co., Ltd and Hangzhou O ō Eli Commercial Operation Management Co., Ltd. with extension options. The Group has an option to renew the lease agreements with the lessors six months before the lease expiry based on the then market rent. Extension options for the lease arrangements are included in the lease term because the leases are reasonably certain to be extended to ten years taking into consideration of the significant leasehold improvements, historical lease durations and the costs and business disruption required to replace the leased assets.

(c) Key management compensation

Key management includes directors (Wu Jian, Li Lin and Wu Huating) whose emoluments are reflected in the analysis shown in Note 35 (a). The emoluments paid and payable to the remaining key management during the year are as follows:

	Year ended 30 June	
	2024	2023
	RMB'000	RMB'000
Basic salaries and allowances	**10,882**	9,134
Discretionary bonuses	**15,322**	12,480
Other benefits including pension	**801**	765
Share-based compensation	**14,083**	10,169
	41,088	32,548

34. Balance sheet and reserve movement of the Company

	Note	As at 30 June 2024 RMB'000	2023 RMB'000
ASSETS			
Non-current assets			
Investment in a subsidiary		**358,682**	324,255
Property, plant and equipment		**17,582**	17,907
Amounts due from related parties		**334,331**	318,683
Total non-current assets		**710,595**	660,845
Current assets			
Cash and cash equivalents		**18,892**	30,403
Term deposits with initial terms over 3 months		**154,327**	169,020
Prepayments, deposits and other assets		**629**	538
Total current assets		**173,848**	199,961
Total assets		**884,443**	860,806
LIABILITIES			
Accruals and other current liabilities		**535**	519
Total liabilities		**535**	519
Net assets		**883,908**	860,287
EQUITY			
Share capital		**4,622**	4,622
Shares held for RSU scheme	(a)	**(87,216)**	(137,541)
Share premium	(a)	**510,007**	507,820
Other reserves	(a)	**261,547**	259,138
Retained earnings	(a)	**194,948**	226,248
Total equity		**883,908**	860,287

The balance sheet of the Company was approved by the Board on 5 September 2024 and was signed on its behalf:

Wu Jian	Li Lin
Director	Director

34. Balance sheet and reserve movement of the Company (continued)

(a) Shares held for RSU scheme, share premium, other reserves and retained earnings movement of the Company

	Shares held for RSU scheme RMB'000	Share premium RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Subtotal RMB'000
As at 1 July 2023	**(137,541)**	**507,820**	**259,138**	**226,248**	**855,665**
Profit for the year	**—**	**—**	**—**	**695,233**	**695,233**
Dividends paid	**—**	**—**	**—**	**(726,533)**	**(726,533)**
Repurchase of ordinary shares for RSU Scheme	**(20,687)**	**—**	**—**	**—**	**(20,687)**
Share-based compensation	**—**	**—**	**38,217**	**—**	**38,217**
Currency translation difference	**—**	**—**	**10,862**	**—**	**10,862**
Transfer and exercise of RSUs	**71,012**	**2,187**	**(46,670)**	**—**	**26,529**
As at 30 June 2024	**(87,216)**	**510,007**	**261,547**	**194,948**	**879,286**
As at 1 July 2022	(180,244)	508,254	220,626	74,227	622,863
Profit for the year	—	—	—	543,885	543,885
Dividends paid	—	—	—	(391,864)	(391,864)
Repurchase of ordinary shares for RSU Scheme	(6,404)	—	—	—	(6,404)
Share-based compensation	—	—	36,038	—	36,038
Currency translation difference	—	—	34,747	—	34,747
Transfer and exercise of RSUs	49,107	(434)	(32,273)	—	16,400
As at 30 June 2023	(137,541)	507,820	259,138	226,248	855,665

35. Benefits and interests of directors

(a) Directors' and chief executive's emoluments

The remuneration of every director and the chief executive is set out below:

For the year ended 30 June 2024

Name	Fees	Salaries and allowances	Discretionary bonuses	Social security contribution	Share-based compensation	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive Directors						
Mr. Wu Jian (i)	**—**	**3,049**	**—**	**17**	**—**	**3,066**
Ms. Li Lin (i)	**—**	**5,049**	**—**	**17**	**—**	**5,066**
Ms. Wu Huating (ii)	**—**	**3,310**	**7,300**	**145**	**7,364**	**18,119**
Non-executive Director						
Mr. Wei Zhe (iii)	**360**	**—**	**—**	**—**	**—**	**360**
Independent Non-executive Directors						
Mr. Hu Huanxin (iv)	**300**	**—**	**—**	**—**	**—**	**300**
Mr. Lam Yiu Por (iv)	**360**	**—**	**—**	**—**	**—**	**360**
Ms. Han Min (iv)	**300**	**—**	**—**	**—**	**—**	**300**

For the year ended 30 June 2023

Name	Fees	Salaries and allowances	Discretionary bonuses	Social security contribution	Share-based compensation	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive Directors						
Mr. Wu Jian (i)	—	3,091	—	17	—	3,108
Ms. Li Lin (i)	—	5,091	—	17	—	5,108
Ms. Wu Huating (ii)	—	3,373	5,200	140	10,369	19,082
Non-executive Director						
Mr. Wei Zhe (iii)	300	—	—	—	—	300
Independent Non-executive Directors						
Mr. Hu Huanxin (iv)	250	—	—	—	—	250
Mr. Lam Yiu Por (iv)	300	—	—	—	—	300
Ms. Han Min (iv)	250	—	—	—	—	250

35. Benefits and interests of directors (continued)

(a) Directors' and chief executive's emoluments (continued)

(i) Mr. Wu Jian and Ms. Li Lin were appointed as directors on 26 November 2012. Mr. Wu Jian has resigned as Chief Executive Officer on 7 March 2019 and continued to serve as the chairman of the Board and executive director of the Company.

(ii) Ms. Wu Huating was appointed as Chief Executive Officer on 7 March 2019 and appointed as an executive director on 8 May 2019.

(iii) Appointed on 24 June 2013.

(iv) Appointed on 13 October 2016.

(b) Directors' retirement benefits and termination benefits

None of the retirement benefits was paid to or receivable by directors during the year ended 30 June 2024 (during the year ended 30 June 2023: Nil).

None of the termination benefits was paid by or receivable from the company, the subsidiary undertaking nor the controlling shareholders to the directors during the year ended 30 June 2024 (during the year ended 30 June 2023: Nil).

(c) Consideration provided to third parties for making available directors' services

During the year ended 30 June 2024, the Company does not pay consideration to any third parties for making available directors' services (during the year ended 30 June 2023: Nil).

(d) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

As at 30 June 2024, there are no loans, quasi-loans and other dealing arrangements in favour of directors, controlled bodies corporate by and controlled entities with such directors (30 June 2023: Nil).

(e) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Company's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year ended 30 June 2024 (during the year ended 30 June 2023: Nil).

36. Subsequent event

A final dividend in respect of the year ended 30 June 2024 of HK$0.86 (equivalent to approximately RMB0.81) per ordinary share, has been proposed by the Board and is to be approved at the annual general meeting on 24 October 2024. These financial statements do not reflect these dividend payables.

Except for the events as described above, there was no other significant event occurred during the period from 30 June 2024 to the approval date of the consolidated financial statements by the Board on 5 September 2024.

37. Summary of other accounting policies

37.1 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The functional currency of the Company, Croquis Holdings Limited and Grand Vantage (China) Limited is the HK$. The subsidiaries incorporated in the PRC considered RMB as their functional currency. As the major operations of the Group are within the PRC, the Group determined to present its consolidated financial statements in RMB (unless otherwise stated).

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income.

37. Summary of other accounting policies (continued)

37.1 Foreign currency translation (continued)

(b) Transactions and balances (continued)

Foreign exchange gains and losses that relate to borrowings and other financial asset are presented in the consolidated statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the consolidated statement of comprehensive income within 'other income and gains, net'.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in other comprehensive income.

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) income and expenses for each consolidated statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(iii) all resulting currency translation differences are recognised in other comprehensive income.

37.2 Investment properties

Investment properties are land and/or buildings which are owned to earn rental income and/or for capital appreciation. Investment properties are stated at cost less accumulated depreciation and impairment losses (Note 37.4). Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives of 20 years.

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

37.3 Property, plant and equipment

Property, plant and equipment, other than construction in progress, are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated statement of comprehensive income during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate the cost less impairment loss of each asset to its residual value over its estimated useful life, as follows:

	Estimated useful lives
Leasehold improvements	Shorter of remaining term of the lease and the estimated useful lives of assets
Machinery	10 years
Office equipment and others	3–10 years
Motor vehicles	5 years
Buildings	20 years

The assets' useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

37. Summary of other accounting policies (continued)

37.3 Property, plant and equipment (continued)

Construction-in-progress represents plant and machinery under construction or pending installation and is stated at cost less provision for impairment loss, if any. Cost includes the costs of construction and acquisition. When the assets concerned are available for use, the costs are transferred to property, plant and equipment and depreciated in accordance with the policy as stated above.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other income and gains, net' in the consolidated statement of comprehensive income.

37.4 Impairment of non-financial assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

37.5 Investments and other financial assets

37.5.1 Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortised cost

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("**FVOCI**").

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

37.5.2 Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

37.5.3 Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("**FVPL**"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other income and gains, together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

37. Summary of other accounting policies (continued)

37.5 Investments and other financial assets (continued)

37.5.3 Measurement (continued)

Debt instruments (continued)

FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other income and gains, net. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other income and gains, net and impairment expenses are presented as separate line item in the statement of comprehensive income.

FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other income and gains, net in the period in which it arises.

Equity instruments

The Group subsequently measures all equity instruments at fair value. Where the Group's management has elected to present fair value gains and losses on equity instruments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income and gains, net when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other income and gains, net in the statement of comprehensive income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

37.5.4 Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see note 17 for further details. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For deposits and other receivables, management considers that its credit risk has not increased significantly since initial recognition with reference to the counterparty historical default rate and current financial position. The impairment provision is determined based on the 12-month expected credit losses, which is close to zero. To assess whether there is a significant increase in credit risk, the Group compares the risk of default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition by considering available, reasonable and supportive forwarding-looking information.

37.6 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

37.7 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. See Note 37.4 for description of the Group's impairment policies.

37. Summary of other accounting policies (continued)

37.8 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

37.9 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

37.10 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Inside basis differences

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

(c) Offsetting

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

37. Summary of other accounting policies (continued)

37.11 Share-based payments

(a) Equity-settled share-based payments transactions

The Group received service from an employee as consideration for its equity instruments. The fair value of the employee services received in exchange for the grant of the RSUs is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the RSUs granted:

— including any market performance conditions;

— excluding the impact of any service and non-market performance vesting conditions; and

— including the impact of any non-vesting conditions.

At the end of each reporting period, the Group revises its estimates of the number of RSUs that are expected to vest based on the non-market performance and service conditions. It recognises the impact of the revision to original estimates, if any, in the consolidated statement of comprehensive income, with a corresponding adjustment to equity.

Service conditions are included in assumptions about the number of RSUs that are expected to vest. The total expense is recognised over the vesting period over which all of the specified vesting conditions are to be satisfied.

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

For the RSU scheme, the Group may purchase its own shares through the trustee of the share award scheme from the open market for the shares to be vested under the share award scheme. The shares purchased by the Group that are not yet vested for this share award scheme were recorded as treasury shares and recorded as "Shares held for RSU scheme" as a deduction under equity.

The RSU plan is administered by the Core Trust Company Limited, which is consolidated in accordance with the principles of consolidation. When the RSUs are exercised, the trust transfers the appropriate number of shares to employee. The proceeds received net of any directly attributable transaction costs are credited to share premium.

Upon exercise of the RSUs, the related costs of the purchased shares are reduced from the "Shares held for RSU scheme", and the related fair value of the RSUs are debited to share-based compensation reserve with the difference charged to equity.

The Group might modify the terms and conditions on which equity instruments were granted. If a modification increases the fair value of the equity instruments granted (for example, by reducing the exercise price of share options), the incremental fair value granted should be included in the measurement of the amount recognised for the services received over the remainder of the vesting period. The incremental fair value is the difference between the fair value of the modified equity instrument and that of the original equity instrument; both values are estimated as at the modification date. An expense based on the incremental fair value is recognised in addition to any amount in respect of the original instrument, and the original amount should continue to be recognised over the remainder of the original vesting period.

A grant of equity instruments, that is cancelled or settled during the vesting period, is treated as an acceleration of vesting. The Group recognise immediately the amount that otherwise would have been recognised for services received over the remainder of the vesting period.

(b) Share-based payments transactions among group entities

The grant by the Company of RSUs over its equity instruments to the employees or other service providers of the subsidiaries and the PRC operating entities are treated as a capital contribution in the separate financial statements of the Company. The fair value of consulting and employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investments in subsidiaries undertakings, with a corresponding credit to equity in the separate financial statements of the Company.

37. Summary of other accounting policies (continued)

37.12 Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing: the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares by the weighted average number of ordinary shares outstanding during the financial year, excluding treasury shares.

(b) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account: the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.