杉杉品牌運營股份有限公司
Shanshan Brand Management Co., Ltd.

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 1749)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

AUDITED ANNUAL RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Shanshan Brand Management Co., Ltd. (the "**Company**") hereby announces the audited consolidated annual results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2021 (the "**Year**"), together with the comparative figures for the year ended 31 December 2020 (the "**FY2020**").

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2021

	Notes	2021 RMB	2020 RMB (Re-presented)
Continuing operations			
Revenue	4	**993,032,379**	887,472,993
Cost of sales		**(507,811,003)**	(459,342,332)
Gross profit		**485,221,376**	428,130,661
Other revenue		**1,473,052**	1,163,014
Other gains and losses		**(3,742,191)**	19,543,343
Selling and distribution expenses		**(409,008,150)**	(442,034,758)
Administrative expenses		**(38,734,104)**	(44,397,289)
Impairment loss on property, plant and equipment		**(1,234,532)**	(4,819,915)
Impairment loss on right-of-use assets		**(792,846)**	(1,337,379)
Impairment loss on trade receivables, net		**(4,945,250)**	(1,704,676)
Impairment loss on deposits and other receivables, net		**(1,318,812)**	(784,250)
Finance costs		**(8,868,161)**	(11,926,395)
Share of result of an associate		**2,751,038**	(1,072,068)
Share of result of a joint venture		**(595,569)**	(55,830)
Profit/(loss) before income tax	5	**20,205,851**	(59,295,542)
Income tax (expense)/credit	7	**(2,229,409)**	2,436,421
Profit/(loss) and total comprehensive income for the year from continuing operations		**17,976,442**	(56,859,121)
Discontinued operation			
Loss for the year from discontinued operation		**(9,340,962)**	(19,084,450)
Profit/(loss) for the year		**8,635,480**	(75,943,571)

	Notes	2021	2020
		RMB	*RMB*
			(Re-presented)
Profit/(loss) and total comprehensive income for the year attributable to:			
– Owners of the Company			
– from continuing operations		**17,976,442**	(56,859,121)
– from discontinued operation		**(5,604,577)**	(11,450,670)
		12,371,865	(68,309,791)
– Non-controlling interests			
– from discontinued operation		**(3,736,385)**	(7,633,780)
		8,635,480	(75,943,571)
Earnings/(loss) per share attributable to the owners of the Company			
– Basic and dilutive	*9*		
– from continuing operations		**0.13**	(0.43)
– from discontinued operation		**(0.04)**	(0.08)
		0.09	(0.51)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Notes	**2021** **RMB**	2020 RMB
Non-current assets			
Property, plant and equipment		**35,518,392**	37,812,175
Right-of-use assets		**27,717,568**	42,263,598
Intangible assets		**5,987,008**	5,777,271
Interest in an associate		**12,224,364**	10,905,176
Interest in a joint venture		**1,098,601**	1,694,170
Prepayments, deposits and other receivables	*11*	**8,166,622**	10,321,602
Deferred tax assets		**19,182,507**	21,411,916
Total non-current assets		**109,895,062**	130,185,908
Current assets			
Inventories		**389,727,583**	428,466,391
Contract assets		**483,229**	–
Trade and bills receivables	*10*	**174,973,472**	162,834,347
Prepayments, deposits and other receivables	*11*	**46,143,503**	32,713,930
Amount due from a related company		**37,161**	39,161
Income tax recoverable		**1,047,487**	1,047,487
Pledged deposits		**18,856,703**	22,000,000
Cash and cash equivalents		**84,265,326**	111,326,251
Total current assets		**715,534,464**	758,427,567

	Notes	2021 RMB	2020 RMB
Current liabilities			
Trade and bills payables	*12*	**160,396,647**	168,666,155
Contract liabilities	*13*	**31,563,525**	43,166,717
Other payables and accruals	*14*	**204,154,282**	224,082,402
Interest-bearing bank borrowings	*15*	**172,877,546**	202,244,422
Amount due to a joint venture		**858,034**	927,380
Derivative financial liabilities		**8,562,934**	–
Lease liabilities		**13,828,748**	19,345,617
Total current liabilities		**592,241,716**	658,432,693
Net current assets		**123,292,748**	99,994,874
Total assets less current liabilities		**233,187,810**	230,180,782
Non-current liabilities			
Other payables and accruals	*14*	**7,710,000**	–
Lease liabilities		**13,978,594**	23,505,153
Total non-current liabilities		**21,688,594**	23,505,153
Net assets		**211,499,216**	206,675,629
Capital and reserves			
Share capital	*16*	**133,400,000**	133,400,000
Reserves		**78,099,216**	65,727,351
		211,499,216	199,127,351
Non-controlling interests		**–**	7,548,278
Total equity		**211,499,216**	206,675,629

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

1. GENERAL

Ningbo Shanshan Garment Brand Management Co., Ltd ("**Shanshan Garment Brand**"), the predecessor of the Company, was established as a limited liability company in the People's Republic of China (the "**PRC**") on 23 August 2011. On 18 May 2016, Shanshan Garment Brand was converted into a joint stock company with limited liability and renamed as Shanshan Brand Management Co., Ltd. The address of its registered office and principal place of business is No. 238, Yunlin Middle Road, Wangchun Industrial Park, Ningbo, Zhejiang Province, the PRC. The Company's overseas-listed foreign shares (the "**H Shares**") have been listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") since 27 June 2018.

The Group is principally engaged in the design, marketing and sale of formal and casual business menswear in the PRC.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Adoption of new/revised HKFRSs

The Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") has issued a number of new/revised HKFRSs that are first effective for the current accounting period of the Group:

- Amendments to HKFRS 9, Hong Kong Accounting Standard ("**HKAS**") 39, HKFRS 7, HKFRS 4 and HKFRS 16, Interest rate benchmark reform – phase 2

- Amendments to HKFRS 16, Covid-19-related rent concessions beyond 30 June 2021

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16, Interest rate benchmark reform – phase 2

The amendments provide targeted reliefs from (i) accounting for changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities as modifications, and (ii) discontinuing hedge accounting when an interest rate benchmark is replaced by an alternative benchmark rate as a result of the reform of interbank offered rates ("**IBOR reform**"). The amendments do not have an impact on these financial statements as the Group does not have contracts that are indexed to benchmark interest rates which are subject to the IBOR reform.

Amendment to HKFRS 16, Covid-19-related rent concessions beyond 30 June 2021

The Group previously applied the practical expedient in HKFRS 16 such that as lessee it was not required to assess whether rent concessions occurring as a direct consequence of the COVID-19 pandemic were lease modifications, if the eligibility conditions are met. One of these conditions requires the reduction in lease payments affect only payments originally due on or before a specified time limit. The 2021 amendment extends this time limit from 30 June 2021 to 30 June 2022.

(b) New/revised HKFRSs that have been issued but are not yet effective

The following new/revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and HK Interpretation 5 (2020), Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause[2]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[2]
Amendments to HKAS 8	Definition of Accounting Estimates[2]
Amendments to HKAS 12	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction[2]
Amendments to HKAS 16	Proceeds before Intended Use[1]
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract[1]
Amendments to HKFRS 3	Reference to the Conceptual Framework[1]
Annual Improvements Project	Annual Improvements to HKFRSs 2018 – 2020[1]

[1] Effective for annual periods beginning on or after 1 January 2022.

[2] Effective for annual periods beginning on or after 1 January 2023.

Amendments to HKAS 1, Classification of Liabilities as Current or Non-current and HK Interpretation 5 (2020), Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability and explain that rights are in existence if covenants are complied with at the end of the reporting period. The amendments also introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

HK Interpretation 5 (2020) was revised as a consequence of the Amendments to HKAS 1 issued in August 2020. The revision to HK Interpretation 5 (2020) updates the wording in the interpretation to align with the Amendments to HKAS 1 with no change in conclusion and do not change the existing requirements.

The Directors do not anticipate that the application of the amendments and revision in the future will have a material impact on the Group's consolidated financial statements.

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

The amendments change the requirements in HKAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in HKAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

Guidance and examples have been developed to explain and demonstrate the application of the 'four-step materiality process' described in HKFRS Practice Statement 2.

The Directors are currently assessing the impact that the application of the amendments will have on the Group's consolidated financial statements.

Amendments to HKAS 8, Definition of Accounting Estimates

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

The definition of a change in accounting estimates was deleted. However, the concept of changes in accounting estimates was retained in the Standard with the following clarifications:

- A change in accounting estimate that results from new information or new developments is not the correction of an error

- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors

The Directors are currently assessing the impact that the application of the amendments will have on the Group's consolidated financial statements.

Amendments to HKAS 12, Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying HKFRS 16 at the commencement date of a lease.

Following the amendments to HKAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in HKAS 12.

The Directors are currently assessing the impact that the application of the amendments will have on the Group's consolidated financial statements.

Amendments to HKAS 16, Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, the proceeds from selling such items, and the cost of producing those items, is recognised in profit or loss.

The Directors are currently assessing the impact that the application of the amendments will have on the Group's consolidated financial statements.

Amendments to HKAS 37, Onerous Contracts – Cost of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling a contract' comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (e.g. direct labour and materials) or an allocation of other costs that relate directly to fulfilling contracts (e.g. the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The Directors are currently assessing the impact that the application of the amendments will have on the Group's consolidated financial statements.

Amendments to HKFRS 3, Reference to the Conceptual Framework

The amendments update HKFRS 3 so that it refers to the revised Conceptual Framework for Financial Reporting 2018 instead of the version issued in 2010. The amendments add to HKFRS 3 a requirement that, for obligations within the scope of HKAS 37, an acquirer applies HKAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of HK(IFRIC)-Int 21 Levies, the acquirer applies HK(IFRIC)-Int 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. The amendments also add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The Directors do not anticipate that the application of the amendments in the future will have a material impact on the Group's consolidated financial statements.

Annual Improvements to HKFRSs 2018-2020

The annual improvements amends a number of standards, including:

- HKFRS 1, First-time Adoption of Hong Kong Financial Reporting Standards, which permit a subsidiary that applies paragraph D16(a) of HKFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to HKFRSs.

- HKFRS 9, Financial Instruments, which clarify the fees included in the "10 per cent" test in paragraph B3.3.6 of HKFRS 9 in assessing whether to derecognise a financial liability, explaining that only fees paid or received between the entity and the lender, including fees paid or received by either the entity or the lender on other's behalf are included.

- HKFRS 16, Leases, which amend Illustrative Example 13 to remove the illustration of reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

- HKAS 41, Agriculture, which remove the requirement to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

The Directors are currently assessing the impact that the application of the amendments will have on the Group's consolidated financial statements.

3. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs, HKASs and Interpretations (hereinafter collectively referred to as the "**HKFRSs**") and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

(b) Basis of measurement and going concern assumption

The consolidated financial statements have been prepared under the historical cost basis, except for financial asset and liability stated at fair values, which are measured at fair value.

It should be noted that accounting estimates and assumptions are used in the preparation of the consolidated financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates.

(c) Functional and presentation currency

The consolidated financial statements are presented in Renminbi ("**RMB**"), which is the same as the functional currency of the Company and its subsidiaries.

4. SEGMENT INFORMATION AND REVENUE

(a) Reportable segment

During the reporting period, the information reported to the executive directors, who are the chief operating decision makers for the purpose of resource allocation and assessment of performance, is the financial information of the Group as a whole as reported under HKFRSs. Such information does not contain profit or loss information of particular product or service line or geographical area. Therefore, the executive directors have determined that the Group has only one single reportable segment which is trading of garments in the PRC. The executive directors allocate resources and assess performance on an aggregated basis.

(b) Geographic information

During the reporting period, the Group's operations and non-current assets are situated in the PRC in which all of its revenue was derived.

(c) Information about major customer

During the reporting period, there is no customer with transactions exceeded 10% of the Group's revenue.

(d) Revenue

The following summary describes the operations of the Group's revenue from continuing operations by reportable segments:

Revenue from contracts with customer within the scope of HKFRS 15:

	2021	2020
	RMB	*RMB*
		(Re-presented)
Trading of garments	**939,009,267**	829,012,665
Trading of accessories	**45,302,724**	45,422,200
Trademark sub-licensing income	**8,720,388**	13,038,128
	993,032,379	887,472,993

5. PROFIT/(LOSS) BEFORE INCOME TAX

	2021	2020
	RMB	*RMB*
		(Re-presented)
Continuing operations		
Profit/(loss) before income tax is arrived at after charging/(crediting):		
Amortisation and depreciation		
– Amortisation of intangible assets	**741,329**	547,031
– Depreciation of right-of-use assets	**23,061,162**	25,823,584
– Depreciation of property, plant and equipment	**30,650,454**	43,613,818
Total amortisation and depreciation	**54,452,945**	69,984,433
Impairment loss on		
– Trade receivables, net	**4,945,250**	1,704,676
– Deposits and other receivables, net	**1,318,812**	784,250
– Property, plant and equipment	**1,234,532**	4,819,915
– Right-of-use assets	**792,846**	1,337,379
Total impairment loss, net	**8,291,440**	8,646,220
(Reversal of)/write down of inventories		
– Finished goods (included in cost of sales)	**14,337,705**	5,225,354
– Raw materials (included in other revenue)	**(958,868)**	178,307
Total write down of inventories, net	**13,378,837**	5,403,661
Expenses relating to lease		
– Short-term lease	**18,738,701**	18,448,136
– Variable lease payment	**6,278,410**	5,055,545
– Low value assets	**–**	13,835
Total expenses relating to lease	**25,017,111**	23,517,516
Auditor's remuneration		
– Audit services	**654,080**	767,045
– Non-audit services	**426,414**	432,165
Total auditor's remuneration	**1,080,494**	1,199,210
Advertising and promotional expenses	**13,926,450**	22,637,885
Cost of inventories sold	**493,473,298**	453,938,671
Fair value loss on derivative financial liabilities	**10,895,820**	–

6. DIVIDEND

No dividend was paid or proposed during the Year, nor has any dividend been proposed since the end of reporting period (2020: Nil).

7. INCOME TAX EXPENSE/(CREDIT)

Income tax expense/(credit) recognised in the consolidated statement of profit or loss and other comprehensive income are as follow:

	2021	2020
	RMB	*RMB*
		(Re-presented)
Continuing operations		
Income tax:		
– Under provision in respect of prior years	**–**	910,094
Deferred taxation	**2,229,409**	(3,346,515)
Income tax expense/(credit)	**2,229,409**	(2,436,421)

The PRC Enterprise Income Tax represents tax charged on the estimated assessable profits arising in Mainland China. The Group and its subsidiaries operating in Mainland China are subject to the PRC Enterprise Income Tax rate of 25%.

8. DISCONTINUED OPERATION

On 23 December 2020, the Company announced to execute the procedures for the voluntary liquidation of Lubiam (Ningbo) Apparel Co., Ltd.* (寧波魯彼昂姆服飾有限公司) ("**Lubiam Apparel**"), a 60% owned subsidiary.

The voluntary liquidation was completed on 13 December 2021 ("**Date of Liquidation**") and constituted discontinued operation under HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" as Lubiam brand, represented one of the major business lines of the Group.

(a) **Results of discontinued operation**

Consolidated Statement of Profit or Loss and Other Comprehensive Income	**Period from 1 January 2021 to the Date of Liquidation** *RMB*	Year ended 31 December 2020 *RMB*
Revenue	**5,517,570**	12,213,227
Cost of sales	**(4,714,040)**	(17,071,761)
Gross profit/(loss)	**803,530**	(4,858,534)
Other revenue	**296,057**	603,993
Other gains and losses	**(875,608)**	559,855
Selling and distribution expenses	**(4,939,085)**	(9,954,430)
Administrative expenses	**(5,655,145)**	(5,192,704)
Reversal of impairment/(impairment loss) on trade receivables, net	**1,029,289**	(242,630)
Loss for the year from discontinued operation	**(9,340,962)**	(19,084,450)

Consolidated Statement of Cash Flows	**Period from 1 January 2021 to the Date of Liquidation** *RMB*	Year ended 31 December 2020 *RMB*
Net cash outflow from operating activities	**(5,404,388)**	(9,156,449)
Net cash inflow from investing activities	**301,362**	222,559
Net cash outflows	**(5,103,026)**	(8,933,890)

Loss before taxation has been arrived at after charging/(crediting):

	Period from 1 January 2021 to the Date of Liquidation	Year ended 31 December 2020
	RMB	*RMB*
Depreciation of property, plant and equipment	**4,995**	1,694,306
Loss on disposal of property, plant and equipment	**310,196**	–
(Reversal of impairment)/impairment loss on trade receivables, net	**(1,029,289)**	242,630
Expenses relating to short-term lease	**185,896**	1,784,589
Expenses relating to variable lease payment	**–**	1,942,154
Trademark payment	**982,975**	1,682,975

For the purpose of presenting the discontinued operation, certain comparative figures in the consolidated statement of profit or loss and other comprehensive income, consolidated statement of cash flows and the related notes have been re-presented to present the results of the Lubiam Apparel as discontinued operation in the comparative period.

9. EARNINGS/(LOSS) PER SHARE

The basic and diluted earnings/(loss) per share attributable to the owners of the Company are calculated as follows:

	2021	2020
	RMB	*RMB*
		(Re-presented)
Profit/(loss) for the purposes of basic and diluted earnings/(loss) per share attributable to owners of the Company		
– Continuing operations	**17,976,442**	(56,859,120)
– Discontinued operation	**(5,604,577)**	(11,450,670)
	12,371,865	(68,309,790)

	2021	2020
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings/(loss) per share	**133,400,000**	133,400,000

	2021	2020
	RMB	*RMB*
		(Re-presented)
Earnings/(loss) per share		
– Continuing operations	**0.13**	(0.43)
– Discontinued operation	**(0.04)**	(0.08)
	0.09	(0.51)

10. TRADE AND BILLS RECEIVABLES

	2021	2020
	RMB	*RMB*
Trade receivables	**224,052,038**	233,524,516
Less: Provision for impairment	**(49,078,566)**	(71,260,169)
	174,973,472	162,264,347
Bills receivables	**–**	570,000
	174,973,472	162,834,347

Included in trade and bills receivables are trade debtors (net of impairment losses) with the following ageing analysis, based on invoice dates, as of end of reporting period.

	2021	2020
	RMB	*RMB*
Within 3 months	**128,950,354**	140,148,601
Over 3 months but within 6 months	**8,965,444**	15,962,437
Over 6 months but within 1 year	**33,636,931**	6,109,186
Over 1 year	**3,420,743**	614,123
	174,973,472	162,834,347

The Group offers a general credit period from 30 to 240 days on sale of goods to customers which depends on the financial ability of these business partners.

11. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2021	2020
	RMB	*RMB*
Deposits and other receivables *(Note a)*	**28,414,772**	19,168,016
Less: Provision for impairment *(Note b)*	**(1,400,420)**	(2,403,962)
	27,014,352	16,764,054
Prepayments *(Note c)*	**27,295,773**	26,271,478
	54,310,125	43,035,532
Less: Non-current portion included in prepayments, deposits and other receivables	**(8,166,622)**	(10,321,602)
	46,143,503	32,713,930

(a) Deposits and other receivables mainly represent refundable earnest money paid to the shopping malls and online platform operators and advances paid to franchisees.

Deposits consist of an amount of RMB600,000 paid to a substantial shareholder in accordance with the trademark licensing agreement.

(b) Movements in provision for impairment of deposits and other receivables are as follows:

	2021	2020
	RMB	*RMB*
At beginning of year	**2,403,962**	1,619,712
Write-off	**(2,322,354)**	–
Recognised in profit or loss, net	**1,318,812**	784,250
At end of year	**1,400,420**	2,403,962

(c) The breakdown of prepayments is as follows:

	2021	2020
	RMB	*RMB*
Prepayments to suppliers	**7,054,982**	5,672,649
Prepayments to original equipment manufacturer suppliers	**9,070,197**	8,538,704
Prepayments for short-term leases	**2,445,945**	3,481,429
Prepayments to advertising companies	**6,379,827**	652,376
Prepayments for renovation	**472,231**	2,327,584
Others	**1,872,591**	5,598,736
	27,295,773	26,271,478

12. TRADE AND BILLS PAYABLES

	2021	2020
	RMB	*RMB*
Trade payables	**160,396,647**	148,926,155
Bills payables	**–**	19,740,000
	160,396,647	168,666,155

The trade payables are normally due to be settled within twelve months. The ageing analysis, based on invoice date, is as follows:

	2021	2020
	RMB	*RMB*
Within 3 months	**117,389,488**	126,377,607
Over 3 months but within 6 months	**23,487,015**	17,170,466
Over 6 months but within 1 year	**14,035,037**	3,227,602
Over 1 year	**5,485,107**	2,150,480
	160,396,647	148,926,155

13. CONTRACT LIABILITIES

	2021	2020
	RMB	*RMB*
Contract liabilities arising from:		
Trading of garments		
– Prepaid cards	**2,177,156**	7,855,407
– Advance from customers	**26,302,543**	34,444,419
	28,479,699	42,299,826
Trademark sub-licensing income	**3,083,826**	866,891
	31,563,525	43,166,717

Movements in contract liabilities:

	2021	2020
	RMB	*RMB*
Balance as at 1 January	**43,166,717**	29,326,585
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at beginning of year	**(41,724,101)**	(27,585,784)
Increase in contract liabilities as a result of receiving advances from customers	**30,120,909**	41,425,916
Balance as at 31 December	**31,563,525**	43,166,717

Contract liabilities represent advances received from the customers for trading of garments and trademark sub-licensing income. These advances are recognised as contract liabilities until the transactions are completed.

14. OTHER PAYABLES AND ACCRUALS

	2021	2020
	RMB	*RMB*
Deposits received *(Note a)*	**177,842,029**	190,004,363
Other tax payables	**12,717,616**	20,685,586
Refund liabilities *(Note b)*	**10,012,015**	7,181,688
Others	**11,292,622**	6,210,765
	211,864,282	224,082,402
Less: Non-current portion included in other payables and accruals	**(7,710,000)**	–
	204,154,282	224,082,402

(a) The deposits received represent interest-free refundable deposits from franchisees, distributors and sub-licensing users according to the sale contracts. The breakdown of deposits received is as follows:

	2021	2020
	RMB	*RMB*
Deposits received from franchisees	**158,242,017**	174,903,256
Deposits received from distributors	**16,830,823**	12,501,107
Deposits received from sub-licensing users	**2,599,189**	2,600,000
Deposits received from others	**170,000**	–
	177,842,029	190,004,363

(b) Refund liabilities represent the estimated volume rebate to be settled by inventories to customers.

Movements in provision for refund liabilities are as follows:

	2021	2020
	RMB	*RMB*
At beginning of year	**7,181,688**	8,132,900
Addition of provision	**9,441,422**	6,115,085
Utilised of provision	**(6,611,095)**	(7,066,297)
At end of year	**10,012,015**	7,181,688

15. INTEREST-BEARING BANK BORROWINGS

	2021	2020
	RMB	*RMB*
Bank borrowings denominated in United States dollars ("**USD**") *(Note a)*	**20,066,886**	70,338,422
Bank borrowings denominated in Euro ("**EURO**") *(Note b)*	**67,810,660**	96,906,000
Bank borrowings denominated in RMB *(Note c)*	**85,000,000**	35,000,000
	172,877,546	202,244,422

(a) As at 31 December 2021, a bank borrowing of USD3,150,000 (equivalent to RMB20,066,886), bears interest at LIBOR +3.49% per annum and repayable within one year.

(b) As at 31 December 2020, a bank borrowing of EURO12,400,000 (equivalent to RMB96,906,000) bears interest at 3-month EURIBOR +0.28% per annum and repayable within one year. The borrowing was fully repaid during the Year.

In March 2021, the Group entered into a loan agreement with a bank for EURO9,400,000 (equivalent to RMB67,810,660). The borrowing bears interest at 3-month EURIBOR +0.28% per annum and repayable within one year.

(c) As at 31 December 2021, bank borrowings denominated in RMB bears at fixed interest rate of 5.00% to 5.10% (31 December 2020: 5.00%) per annum and repayable within one year.

(d) Non-controlling shareholders of the Company, Shaanxi Maoye Gongmao Co., Ltd. ("**Shaanxi Maoye**"), Ningbo Liankangcai Brand Management Co., Ltd., and Ms. Li Xinghua provided a further guarantee, by the Company's shares they held, in favour of Ningbo Shanshan Co., Ltd. for its obligations to the guarantee given to the bank borrowings as disclosed in Notes a, b and c above. Shaanxi Maoye is controlled by certain directors of the Company.

The Directors estimated the fair value of the interest-bearing bank borrowings by discounting their future cash flows at the market rate, and the Directors considered that the carrying amounts of the Group's interest-bearing bank borrowings approximate to their fair values at each reporting date.

16. SHARE CAPITAL

	Number of shares	**RMB**
Registered domestic share capital and H Shares		
At 31 December 2020 and 31 December 2021	133,400,000	133,400,000

17. CAPITAL COMMITMENTS

	2021	2020
	RMB	*RMB*
Commitments for the acquisition of:		
Property, plant and equipment	**1,392,137**	–

18. CONTINGENT LIABILITIES

As at 31 December 2021 and 2020, the Group had no significant contingent liabilities.

19. EVENTS AFTER REPORTING PERIOD

In early 2022, reported COVID-19 infections remained to be high around the world as the Omicron variant remains to dominate new cases around the world. In the PRC, temporary lock down policy has been imposed in certain areas and has affected business and economic activities. The Group will pay close attention to the development of the COVID-19 outbreak and evaluate its impact on the financial position and operating results of the Group. As at the date on which this announcement were authorised for issue, the Group was not aware of any material adverse effects on the financial statements as a result of the COVID-19 outbreak.

BUSINESS REVIEW

2021, the second year of the outbreak and global spread of the coronavirus disease (“**COVID-19**”), witnessed a unprecedented blow to global economy, intensified global inflation and larger development disparities between different regions. China, as an emerging economy, upheld the guidance of normalized epidemic prevention for “dynamic zeroing”. On this basis, the domestic garment industry embraced steady recovery in manufacturing with continuous improvement in domestic sales, rapid growth of exports, booms in corporate profits. Generally, the industry as a whole continued the development trend of steady recovery, featuring with development characteristics such as continuous deepening in industry transformation and innovation, accelerated digital empowerment and brand upgrading supported by the rise of China-made goods. However, as the exterior environment of the industry is becoming more and more complicated and factors such as the epidemic have a certain impact on the continued recovery of domestic and external market demand, while raw material prices remain high and the higher pressure of rising costs on enterprises, the foundation for a stable and sound industry still needs to be further consolidated.

After a brief decline in 2020, the apparel industry, in which the Group operates, as a mass consumer goods sector, showed a good growth momentum in 2021. According to the National Bureau of Statistics data, from January to December 2021, the industrial value-added of enterprises above designated size in the apparel industry of China achieved a year-on-year increase of 8.5% and the growth rate raised by 17.5 percentage points compared with the same period of the previous year. Enterprises above designated size recorded an output of 23.541 billion pieces of garment products, representing a year-on-year increase of 8.38%, and the growth rate raised by 16.03 percentage points compared with the same period of the previous year.

During the Year, in the face of localised outbreaks of the epidemic in the PRC, the challenges of the market environment and various unfavorable factors in the operation, the Group adhered to the strategic positioning of “platform-based development”, and actively took a variety of effective measures to deal with the impact and challenges brought by the market environment under the guidance of the annual operation strategy of “Innovation Development & Connotation Development”. The Group enhanced its operating capabilities and profitability, which included analysing consumption trends, actively exploring new retail formats, incubating new growth poles, amplifying new growth points, researching market consumption and fashion trends, optimising product structure, and enhancing product design and quality. The Group has adjusted its sales and distribution network by optimising channel network structure. In addition, the Group endeavored to build a flexible supply chain with digital empowerment, so as to constantly strengthen the linkage between headquarters and terminals, and improve the efficiency of supply chain. The Group had taken measures to dispose of its inventories via multiple channels and other measures to increase the turnover rate of goods, reasonably control the inventory, and improve the production and sales rate of products. Thanks to active response and intensive efforts throughout the Year, the financial performance and operating conditions of the Group showed a good trend of growth during the Year. During the Year, the Group recorded profit for the Year revenue of RMB993.0 million, representing a year-on-year increase of 11.9%. And it recorded a profit of RMB8.6 million, representing an increase of RMB84.5 million as compared with the loss of RMB75.9 million of the corresponding period of last year, turning losses into profits.

The Group strove for a stable and high-quality development, and continued to refine operation on business and terminal layout and explored potential and existing markets. Based on the judgements on the operation environment and consumption trends, the Group is committed to establish high-quality terminal stores and continues to eliminate low-quality stores with poor performance so as to optimise distribution network. Upon restructuring in terminal channels, the number of retail outlets of the Group decreased from 995 as at 31 December 2020 to 910[note] as at 31 December 2021, including 502 retail outlets under FIRS and 408 retail outlets under SHANSHAN, representing a decrease of approximately 8.5% in the total number of retail outlets.

In 2021, the Group strengthened strategic cooperation with high-quality partners, strengthened the structure optimisation of FIRS channels, and performed well in newly expanded terminal stores. At the same time, the Group continued to deepen its efforts in the business suit market by actively approaching prospective customers, which has led to a steady increase in contracted customers and brought a positive effect on growth of the business suit segment. In addition, while empowering offline terminal business, the Group continued to strengthen the layout of business and deeply engage in new retail and traditional e-commerce business, so as to link online and offline retail scenarios.

The Board believes that the series of initiatives taken by the Group have exerted positive influence on enhancing the financial performance of the Group for the Year.

Note: Excluding the numbers of LUBIAM brand stores of Lubiam Apparel, a non-wholly-owned subsidiary of the Company which has been voluntarily liquidated. As of 31 December 2021, the liquidations of all LUBIAM brand stores completed and all stores closed (2020: 8).

FINANCIAL REVIEW

Revenue

The Group generated revenue primarily from sales to distributors, direct sales and franchisee sales. For the Year, the Group's total revenue increased by approximately 11.9% to RMB993.0 million from RMB887.5 million for the FY2020, primarily attributable to (i) a significant increase of approximately 58.0% in the revenue of the Group's e-commerce platform business compared to that for the FY2020 as the Group continued to strengthen the layout of online business and deeply engage in new retail scenarios; and (ii) the expansion of business suit market, the growth of distributor order business, and a great impact on distributor order of the outbreak of the COVID-19 epidemic in early 2020. Please refer to the sections headed "Revenue by sales channels" and "Revenue by brands" below for details.

Revenue by sales channels

The breakdown of the total revenue by sales channels is as follows:

	Year ended 31 December			
	2021		2020	
	RMB'000	***%***	*RMB'000*	*%*
Sales to distributors	**103,620**	**10.4**	78,988	8.9
Direct sales				
E-commerce platforms	**240,150**	**24.2**	151,989	17.1
Self-operated retail outlets *(note 1)*	**164,357**	**16.6**	145,602	16.4
Franchisee sales *(note 2)*	**387,679**	**39.0**	442,546	49.9
Work uniforms	**88,506**	**8.9**	55,310	6.2
Trademark sub-licensing income	**8,720**	**0.9**	13,038	1.5
Total	**993,032**	**100.0**	887,473	100.0

Notes:

(1) Excluding sales revenue from sales of Lubiam Apparel (a non-wholly-owned subsidiary of the Company which was voluntarily liquidated) to self-operated retail outlets, amounted to RMB5,518 thousand for the Year (2020: RMB8,804 thousand).

(2) Excluding revenue from sales of Lubiam Apparel (a non-wholly-owned subsidiary of the Company which was voluntarily liquidated) to franchisees, such revenue for the FY2020 amounted to RMB3,409 thousand.

Revenue by brands

The breakdown of the total revenue by brands is as follows:

	Year ended 31 December			
	2021		2020	
	RMB'000	*%*	*RMB'000*	*%*
FIRS	**524,163**	**52.8**	375,621	42.3
SHANSHAN	**460,149**	**46.3**	498,814	56.2
Others	**8,720**	**0.9**	13,038	1.5
Total *(note)*	**993,032**	**100.0**	887,473	100.0

Note: Excluding revenue from sales of Lubiam Apparel to LUBIAM brand, amounted to RMB5,518 thousand for the Year (2020: RMB12,213 thousand).

Gross profit

For the Year, the Group's gross profit increased by approximately 13.3% to RMB485.2 million from RMB428.1 million for the FY2020, primarily attributable to the increases in revenue of e-commerce platforms, business suit channels and distribution channels.

Other revenue

Other revenue mainly comprises the Group's income derived from the sale of raw materials and interest income from banks. For the Year, the Group's other revenue increased by approximately 25.0% to RMB1.5 million from RMB1.2 million for the FY2020.

Other gains and losses

For the Year, other net losses amounted to RMB3.7 million which mainly represented the fair value loss on derivative financial liabilities of RMB10.9 million.

Net other gains for the FY2020 of RMB19.5 million mainly represented the gain of RMB16.9 million on disposal of 20% equity interest of Le Coq Sportif (Ningbo) Co., Ltd., an associate of the Company and aggregate exchange gain of RMB5.7 million recorded from the borrowings in USD.

Selling and distribution expenses

Selling and distribution expenses mainly include the Group's store and e-commerce expenses, staff costs, advertising and promotional expenses, renovation costs, depreciation on property, plant and equipment and right-of-use assets.

For the Year, the Group's selling and distribution expenses decreased by approximately 7.5% to RMB409.0 million from RMB442.0 million for the FY2020, mainly attributable to the decreases in (i) the product sharing paid to franchisees; and (ii) depreciation of property, plant and equipment.

Administrative expenses

Administrative expenses mainly include staff costs attributable to administrative expenses, travelling expenses, office rental expenses and legal and professional fees.

For the Year, the Group's administrative expenses, decreased by approximately 12.8% to RMB38.7 million from RMB44.4 million for the FY2020, mainly attributable to handling fee of RMB2.4 million for the issuance of bank guarantee for the Group's USD loan for the FY2020.

Impairment loss on trade receivables, net

For the Year, the Group's impairment loss on trade receivables increased to RMB4.9 million from RMB1.7 million for the FY2020, mainly attributable to the Group's provision for an impairment allowance on trade receivables aged more than 6 months but less than 1 year of RMB13.5 million.

Finance costs

Finance costs mainly include interests on bank borrowings of the Group, borrowing interests payable to a related company and interest expenses on lease liabilities.

For the Year, the Group's finance costs decreased by approximately 25.2% to RMB8.9 million from RMB11.9 million for the FY2020. The decrease was mainly due to the decrease in bank borrowings for the Year compared to that for the FY2020 and the settlement of the borrowings from related companies for the FY2020, resulting in the decrease in interest expense of borrowings.

Income tax credit/(expense)

Income tax credit/(expense) mainly represents the income tax payable by the Group according to the relevant PRC income tax laws and regulations. Income tax expense for the Year amounted to RMB2.2 million compared with income tax credit of RMB2.4 million for the FY2020. The turn from an income tax credit to an expense was attributed to the write-off on certain trade receivables for the FY2020, resulting in a deferred tax.

Profit/(loss) for the year

For the Year, the Group recorded profit for the year of RMB8.6 million from loss of RMB75.9 million for the FY2020, which was mainy because (i) income of sales increase resulting to the increase in gross profit; and (ii) the Group continued to refine operations and strengthen internal management, resulting in a decrease in selling and distribution expenses and administrative expenses.

WORKING CAPITAL MANAGEMENT

	31 December 2021	2020
Average inventory turnover days	**294**	357
Average trade receivables turnover days	**62**	71
Average trade payables turnover days	**118**	153

The Group's average inventory turnover days decreased from 357 days as at 31 December 2020 to 294 days as at 31 December 2021, which was primarily attribute to the Group's quick respond to the demands on the market by creating a flexible supply chain, resulting in a faster inventory turnover for the Year.

The Group's average trade receivables turnover days remained relatively stable, decreasing from 71 days as at 31 December 2020 to 62 days as at 31 December 2021.

The Group's average trade payables turnover days decreased from 153 days as at 31 December 2020 to 118 days as at 31 December 2021, which was primarily attributable to the reduction in the trade payables turnover days for the Year as a result of the Group's continuously implementation of the demand-oriented replenishment of commodities, and the rapid return mechanism of hot style, which accelerated the linkage with suppliers.

LIQUIDITY AND FINANCIAL RESOURCES

The Group maintained a solid financial position for the Year. The Group's cash and cash equivalents decreased from RMB111.3 million as at 31 December 2020 to RMB84.3 million as at 31 December 2021, and its pledged deposits decreased to RMB18.9 million as at 31 December 2021 from RMB22.0 million as at 31 December 2020. The decrease in the cash and cash equivalents was primarily attributable to the acquisition of property, plant and equipment and the settlement of the bank borrowings. The cash and cash equivalents were mainly denominated in RMB.

As at 31 December 2021 and 31 December 2020, the Group's total bank borrowings amounted to approximately RMB172.9 million and RMB202.2 million, respectively. The bank borrowings as at 31 December 2021 carried fixed interest rate for RMB loans at 5% to 5.10% per annum and variable rates of USD LIBOR +3.49% per annum and 3-month EURIBOR +0.28% per annum for USD and EURO bank borrowings, respectively (31 December 2020: fixed interest rate for RMB loans at 5.0% per annum and variable rates of USD LIBOR +1.00% and 3-month EURO LIBOR +0.28% for USD and EURO bank borrowings). All bank borrowings were denominated in RMB, EURO and USD and repayable within a year from the respective year end dates. The Group's gearing ratios (total borrowings over total assets of the Group) were approximately 20.9% and 22.8% as at 31 December 2021 and 31 December 2020, respectively.

TREASURY POLICIES

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a solid liquidity position throughout the Year. The Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time. Surplus cash will be invested appropriately so that the Group will have adequate cash for its business operation and business development.

FOREIGN EXCHANGE RISK AND HEDGING

Most of the Group's transactions are denominated in RMB. In addition, the Group also exposes to the foreign exchange risks arising from the bank loans denominated in EURO and USD. The Group is committed to mitigating the potential adverse impact of the unpredictability of financial markets on the Group's financial performance and had used derivative financial instruments to control the exchange rate risk.

USE OF PROCEEDS FROM THE SHARE OFFER

The H Shares were listed on the Main Board of the Stock Exchange on 27 June 2018. The total net proceeds from the Share Offer amounted to approximately HK$66.4 million (equivalent to approximately RMB55.2 million). As at 31 December 2021, a total of RMB52.9 million of the proceeds from the offering of Shares had been utilised for the following purposes which are consistent with that disclosed in the prospectus of the Company dated 12 June 2018 (the "**Prospectus**"):

	Planned amount	**Unutilised balance as at 1 January 2021**	**Actual utilised amount during the Year**	**Unutilised amount as at 31 December 2021**
	RMB (million)	*RMB (million)*	*RMB (million)*	*RMB (million)*
Retail network	20.9	–	–	–
Brand promotion and marketing	13.6	–	–	–
Information technology system	10.7	4.4	2.1	2.3*(note)*
Warehouses and logistics center	4.5	–	–	–
General working capital	5.5	–	–	–
Total	55.2	4.4	2.1	2.3

Note: Due to delay in project progress during the COVID-19 epidemic, the Group expects to utilise the proceeds in the fourth quarter of 2022 in upgrading its information technology system.

EMPLOYEE AND REMUNERATION POLICIES

As at 31 December 2021, the Group had 384 employees (31 December 2020: 523 employees). Employee costs, including Directors' emoluments, amounted to approximately RMB80.6 million for the Year. The remuneration policy for the Directors and the senior management focuses on their experience, level of responsibility and general market conditions. Any discretionary bonus and other performance bonus are linked to the profit performance of the Group and the performance of the Directors and individual senior management. The Group provides and arranges on-the-job training for the employees.

The remuneration committee of the Board reviews and recommends to the Board for consideration and approval of the remuneration and compensation packages of the Directors and the senior management with reference to the salaries paid by comparable companies in the market, time commitment, responsibilities of the Directors and the senior management as well as the Group's financial performance.

ENVIRONMENTAL MANAGEMENT

Being a socially and environmentally responsible enterprise, the Group is dedicated to achieving environmental friendly and sustainable development by abiding by relevant laws and regulations, including the "**Environmental Protection Law of the People's Republic of China**" and the regulations implemented by the environmental protection bureaus of the relevant PRC local governments during its daily operation. The Group has also attained the ISO14001 "Environment Management Systems" Certification. An environmental, social and governance report of the Group will be issued in accordance with the Environmental, Social and Governance Reporting Guide as contained in Appendix 27 to the Listing Rules and will be included in the 2021 annual report of the Company which will be published on the respective websites of the Stock Exchange and the Company and despatched to the shareholders of the Company (the "**Shareholders**") in due course.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group did not have any significant investments, material acquisitions and disposals of assets, subsidiaries, associates or joint ventures during the Year.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in the Prospectus regarding the upgrading of the information technology system of the Group and capital commitment used for the acquisition of property, plant and equipment of RMB1,392,137, there was no plan for material investments or capital assets as at 31 December 2021. The Company's expected source of funding for the coming year will tentatively come from the Group's existing internal resources and from bank borrowings.

CAPITAL STRUCTURE

There was no change in the capital structure of the Company as at 31 December 2021 as compared with that as at 31 December 2020.

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 31 December 2021 (31 December 2020: Nil).

PLEDGE OF ASSET

As at 31 December 2021, the Group did not pledge deposits as secure for outstanding bills payables (31 December 2020: RMB10,000,000). In addition, RMB18,856,703 was placed as securities for the derivative financial liabilities by the Group (31 December 2020: Nil). Save as disclosed above, the Group did not pledge any of its assets as securities for outstanding bills payables, derivative financial liabilities and bank borrowings.

OUTLOOK AND STRATEGIES

Looking forward to 2022, industry uncertainties still exist. Since March 2022, the domestic COVID-19 epidemic has been spreading in multiple places. Due to the impact of relevant epidemic prevention and control measures in the physical stores, the Group's operations in 2022 may be negatively affected to a certain extent. Nevertheless, the Group will remain confident and overcome difficulties together. In the face of difficulties and challenges, according to the development theme of "steady development and high-quality development", adhering to the operation and management policy of "seeking benefits from management", and based on the in-depth management of the three core assets of "talents", "products" and "capital", the Group will strive to resolve risks such as frequent epidemics and rising raw material prices, and strive to achieve the preservation and appreciation of the Company's core assets, so as to promote the steady growth of the Company's business and profits.

The Group will actively uphold, new business forms and new concepts by paying close attention to consumers' preferences and capturing consumer trends to create new product and service experiences that meet the needs of target consumer groups based on the application of customer data. By linking online and offline consumer scenarios, building smart stores, and constructing digital marketing centres, the Group will promote a consumer-focused "research, production and sales" retail system, which helps the Group's business to achieve innovative and high-quality development.

Benefiting from the good genes and modern management and operation methods of national brands of Chinese clothing, the Group remains optimistic about the future development prospects. Based on the two core brands of FIRS and SHANSHAN, the Group will stick to the original intention, follow the trend of domestic products, to create high-quality products loved by consumers and give full play to the core brand equity value and brand value, and strive to explore new business cooperation opportunities while enhancing its existing businesses, so as to continuously increase its market share and profitability.

EVENTS AFTER THE REPORTING PERIOD

Since January 2020, the outbreak of the COVID-19 epidemic has had a significant adverse impact on the Group's business and operating performance. As at the date of this announcement, the COVID-19 epidemic continues to spread globally while sporadic outbreaks appear in many places in China. In view of the duration, location and severity of the COVID-19 epidemic, the management of the Group anticipates that the COVID-19 epidemic may have further negative impact on the Group in 2022, the extent of which is subject to further assessment based on the actual situation. The management of the Group will also continue to monitor the development of the COVID-19 epidemic and take proactive measures to reduce the negative impact of the COVID-19 epidemic and the related preventive and control measures on the financial position and operating results of the Group.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Year, the Company did not redeem any listed securities nor did the Company or any of its subsidiaries purchase or sell any of the Company's listed securities.

CORPORATE GOVERNANCE PRACTICES

The Board firmly believes that conducting the businesses of the Group in a transparent and responsible manner and complying with good corporate governance practices serve its long-term interests and those of the Shareholders. Various measures have been adopted to enhance the management efficiency of the Company and thus to protect the interest of the Shareholders.

The Company has adopted the Corporate Governance Code (the "**CG Code**") as contained in Appendix 14 to the Listing Rules as its own code of corporate governance. During the Year, the Company has applied the principles and complied with all the applicable code provisions as set out in the CG Code which were in force during the Year and as at 31 December 2021 except for the following deviations:

Pursuant to the then code provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.

During the Year, Mr. Luo Yefei ("**Mr. Luo**"), an executive Director and the general manager of the Company, has been the chairman of the Board (the "**Chairman**"). Presently, the Company does not have a position of the title "chief executive officer". Mr. Luo has been carrying out the duties of the chief executive officer during the Year. The Board considers that the current structure facilitates the execution of the Group's business strategies and maximises the effectiveness of its operation.

In addition, as all major decisions are made in consultation with the members of the Board and relevant Board committees, and there are three independent non-executive Directors offering independent perspectives, the Board is of the view that there are adequate safeguards in place to ensure sufficient balance of powers within the Board. The Board shall nevertheless review the structure from time to time to ensure that appropriate action is being taken as and when appropriate.

Pursuant to the then code provision E.1.2 of the CG Code, the Chairman should attend the annual general meeting of the Company. However, Mr. Luo, the Chairman, was unable to attend the annual general meeting of the Company held on 4 June 2021 (the "**2021 AGM**") due to other business engagements. In the absence of the Chairman, Mr. Cao Yang ("**Mr. Cao**"), the vice Chairman and an executive Director, acted as chairman of the 2021 AGM to ensure an effective communication with the Shareholders. Mr. Luo has followed up with Mr. Cao for any opinions or concerns of the Shareholders expressed at the 2021 AGM.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "**Model Code**") as its own code of conduct governing the securities transactions by the Directors and the supervisors on terms no less exacting than the required standard as set out in the Model Code. Following a specific enquiry made by the Company with each of the Directors and the supervisors, all the Directors and the supervisors have confirmed that they had complied with the Model Code during the Year.

REVIEW BY THE AUDIT COMMITTEE

The audit committee of the Board (the "**Audit Committee**") comprises three independent non-executive Directors, namely Mr. Chow Ching Ning, Mr. Wang Yashan and Mr. Wu Xuekai. Mr. Chow Ching Ning who has the appropriate professional qualifications as required by the Listing Rules is the chairman of the Audit Committee.

The Audit Committee has reviewed the accounting standards and practices adopted by the Group and discussed the internal control and financial reporting matters for the Year. The Audit Committee has also reviewed the annual results of the Group for the Year.

SCOPE OF WORK OF BDO LIMITED

The figures in respect of the Group's results for the Year contained in the financial information set out on pages 2 to 22 of this announcement have been agreed by the Group's independent auditor, BDO Limited ("**BDO**"), to the amounts set out in the Group's consolidated financial statements for the Year as approved by the Board. The work performed by BDO in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by HKICPA and consequently no assurance has been expressed by BDO in this preliminary announcement.

FINAL DIVIDEND

The Board has resolved not to recommend the payment of a final dividend for the Year (2020: Nil). There is no arrangement that the shareholder of the Company has waived or agreed to waive any dividends.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND 2021 ANNUAL REPORT

This annual results announcement is published on the Stock Exchange's website at http://www.hkexnews.hk and on the Company's website at http://www.chinafirs.com. The 2021 annual report of the Company will be available on both websites and will be despatched to the Shareholders in due course.

By Order of the Board
Shanshan Brand Management Co., Ltd.
Luo Yefei
Chairman

Ningbo, the PRC, 29 March 2022

As at the date of this announcement, the Board comprises:

Executive Directors:
Mr. Luo Yefei *(Chairman)*
Mr. Cao Yang *(Vice Chairman)*
Ms. Yan Jingfen

Non-executive Directors:
Ms. Zhao Chunxiang
Ms. Zhou Yumei
Mr. Zheng Shijie

Independent Non-executive Directors:
Mr. Chow Ching Ning
Mr. Wang Yashan
Mr. Wu Xuekai

* *for identification purpose only*