



# 2022 INTERIM REPORT

**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



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# Corporate Information

## CORPORATE NAME

Shanshan Brand Management Co., Ltd.

## LISTING INFORMATION

Place of listing: Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”)

Stock code: 1749

## BOARD OF DIRECTORS

### Executive Directors

Mr. Luo Yefei (Chairman)

Mr. Cao Yang (Vice Chairman)

Ms. Yan Jingfen

Ms. Zhou Yumei (Redesignated on 6 June 2022)

### Non-executive Directors

Ms. Zhao Chunxiang

Mr. Zheng Shijie (Retired on 6 June 2022)

Mr. Du Peng (Appointed on 6 June 2022)

### Independent Non-executive Directors

Mr. Chow Ching Ning

Mr. Wang Yashan

Mr. Wu Xuekai

## SUPERVISORS

Ms. Zhou Danna

Mr. Wang Yijun

Ms. Yang Yi

## JOINT COMPANY SECRETARIES

Ms. Yan Jingfen

Ms. Cheng Lucy

## AUTHORISED REPRESENTATIVES

Ms. Yan Jingfen

Ms. Cheng Lucy

## BOARD COMMITTEES

### Audit Committee

Mr. Chow Ching Ning (Chairman)

Mr. Wang Yashan

Mr. Wu Xuekai

### Remuneration Committee

Mr. Wang Yashan (Chairman)

Ms. Yan Jingfen

Mr. Wu Xuekai

### Nomination Committee

Mr. Luo Yefei (Chairman)

Mr. Wang Yashan

Mr. Wu Xuekai

## REGISTERED OFFICE AND HEADQUARTERS IN THE PEOPLE’S REPUBLIC OF CHINA (THE “PRC”)

238 Yunlin Middle Road

Wangchun Industrial Park

Ningbo, Zhejiang Province

The PRC

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

31/F., 148 Electric Road

North Point

Hong Kong

## COMPANY’S WEBSITE

<http://www.chinafirs.com>

## INDEPENDENT AUDITOR

BDO Limited

*Certified Public Accountants and  
Public Interest Entity Auditor*

25th Floor, Wing On Centre

111 Connaught Road Central

Hong Kong

## **LEGAL ADVISERS**

As to Hong Kong law  
Sidley Austin  
Level 39, Two International Finance Centre  
8 Finance Street  
Central  
Hong Kong

As to PRC law  
Shu Jin Law Firm  
12/F, Taiping Finance Tower  
6001 Yitian Road  
Futian District  
Shenzhen  
Guangdong Province  
The PRC

## **PRINCIPAL BANKERS**

Shanghai Pudong Development Bank  
Ningbo Yinzhou Sub-branch  
China Construction Bank  
Ningbo Sub-branch  
China CITIC Bank  
Ningbo Sub-branch

## **HONG KONG H SHARE REGISTRAR AND TRANSFER OFFICE**

Boardroom Share Registrars (HK) Limited  
Room 2103B, 21/F  
148 Electric Road  
North Point  
Hong Kong

# Management Discussion and Analysis

## BUSINESS REVIEW

Since 2022, under the complex international and domestic situations such as intensified geopolitical conflicts, rising risks of global stagflation, and repeated COVID-19 outbreaks, in the first half of the year, the domestic economy has apparently slowed. As economic activity contracted sharply due to the stringent city closures imposed in the PRC in response to the COVID-19 epidemic, the gross domestic product decreased to just 2.5% growth in the first half of 2022 from 12.7% growth in the first half of 2021. The national retail sales decreased 0.7% in the first half of 2022, which is in stark contrast to 23% growth in the first half of 2021.

Looking back on the first half of the year, the domestic COVID-19 epidemic still showed a trend of spreading. In order to combat the epidemic, the PRC local governments of many places implemented strict lockdown and restriction measures. Most of offline shopping malls and stores and cooperative arrangement stores operated by Shanshan Brand Management Co., Ltd. (the “**Company**”) and its subsidiaries (collectively, the “**Group**”) were closed or customer traffic was significantly decreased given that the government’s epidemic prevention and control required to stay at home and travel was restricted, resulting in a decrease of 23.3% and 32.8% in self-operated retail outlets under direct sales and cooperation arrangement channels under franchisee sales of the Group, respectively. Besides, as to the online e-commerce platform business, a logistics center has to be temporarily closed for over ten days to cooperate with the government’s epidemic prevention, and thus the product logistics delivery of the Group was confronted with the difficulties, resulting in a greater impact on the sales of e-commerce. Due to the adverse impact of the market environment, under the guidance of the annual business strategy of “steady development and high-quality development”, the Group actively adopted measures to deal with the impact and challenges encountered during the course of its operation. It adjusted the strategic layout of its business, improved its management measures, reduced expenses, and closed certain retail outlets with poor performance, but the impact of the decrease in revenue caused by the sluggish recovery of market consumption under the epidemic prevention and control has not been compensated. During the first half of 2022, the Group recorded operating revenue of RMB419.3 million, representing a year-on-year decrease of 18.8%. The Company recorded a profit of RMB0.2 million, representing a year-on-year decrease of RMB3.3 million.

Under the premise of a complex operating environment, 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 910 as at 31 December 2021 to 813 as at 30 June 2022, including 481 retail outlets under FIRS and 332 retail outlets under SHANSHAN, representing a decrease of approximately 10.7% in the total number of retail outlets.

Against the background of increasingly diversified consumption scenarios, the Group has made a comprehensive layout focusing on two major business segments, online and offline. In the first half of 2022, the Group reached strategic cooperation with a number of high-quality platforms and channels, and continued to promote the layout of offline high-quality channels and key markets. The Company continued to optimise the distribution network, resulting in a steady increase in sales to distributors in the first half of the year. At the same time, through the exploration in the business suit market, the order amount of new contracted customers has grown rapidly in the first half of the year, and the cyclicality of orders and shipments will be reflected in the second half of the year. At the same time, the Company continued to explore new retail consumption scenarios, promote the development of live e-commerce business, increase cooperation with high-quality online channels of trademark sub-licensing business, and continuously strengthen the brand recognition of FIRS and SHANSHAN among consumers.

## FINANCIAL REVIEW

### Revenue

The Group generated revenue primarily from sales to distributors, direct sales and franchisee sales. For the six months ended 30 June 2022 (the “**Period**”), the Group’s total revenue decreased by approximately 18.8% to RMB419.3 million from RMB516.5 million for the six months ended 30 June 2021, primarily attributable to the facts that (1) given the PRC local governments of many places implemented strict lockdown and restriction in order to combat the epidemic as the domestic COVID-19 epidemic showed a trend of spreading in the first half of 2022, the Group’s offline shopping malls and stores in many places were closed or customer traffic was significantly decreased given that the government’s epidemic prevention and control required to stay at home and travel was restricted, resulting in a decrease in revenue of 23.3% and 32.8% from self-operated retail store business and cooperation arrangement outlets, respectively; and (2) the Group is committed to establish high-quality terminal stores and continues to eliminate low-quality stores with poor performance, resulting in a significant decrease of 35.9% in the sales revenue of the SHANSHAN brand due to a decrease of 19.8% in the number of SHANSHAN stores as compared to the first half of 2021.

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:

	Six months ended 30 June			
	2022		2021	
	RMB'000 (unaudited)	%	RMB'000 (unaudited)	%
<b>Sales to distributors</b>	<b>48,224</b>	<b>11.5</b>	39,705	7.7
<b>Direct sales</b>				
E-commerce platforms	<b>67,658</b>	<b>16.1</b>	77,317	15.0
Self-operated retail outlets	<b>73,833</b>	<b>17.6</b>	96,235	18.6
<b>Franchisee sales</b>				
Cooperation arrangement	<b>148,944</b>	<b>35.5</b>	221,756	42.9
<b>Work uniforms</b>	<b>48,429</b>	<b>11.6</b>	53,982	10.5
<b>Trademark sub-licensing income</b>	<b>32,192</b>	<b>7.7</b>	27,484	5.3
<b>Total</b>	<b>419,280</b>	<b>100</b>	516,479	100

# Management Discussion and Analysis

## Revenue by brands

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

	Six months ended 30 June			
	2022		2021	
	RMB'000 (unaudited)	%	RMB'000 (unaudited)	%
<b>FIRS</b>	<b>239,812</b>	<b>57.2</b>	241,731	46.8
<b>SHANSHAN</b>	<b>171,544</b>	<b>40.9</b>	267,556	51.8
<b>Others</b>	<b>7,924</b>	<b>1.9</b>	7,192	1.4
<b>Total</b>	<b>419,280</b>	<b>100</b>	516,479	100

## Gross profit

The Group's gross profit decreased by approximately 21.9% to RMB203.4 million for the Period from RMB260.6 million for the six months ended 30 June 2021, primarily attributable to the decrease in revenue of the Group. Gross profit decreased at a rate basically comparable to the decrease in revenue.

## Other revenue

Other revenue mainly comprises sales of raw materials and interest income from banks. The Group's other revenue increased by approximately 25.0% to RMB0.5 million for the Period from RMB0.4 million for the six months ended 30 June 2021.

## Other gains and losses

During the Period, other losses of the Group amounted to RMB1.3 million. For the six months ended 30 June 2021, the Group recorded other losses of RMB10.3 million, which mainly represented the rental supporting fee of RMB3.7 million paid to franchisees and fair value loss of RMB6.4 million from derivative financial instruments.

## Selling and distribution expenses

Selling and distribution expenses mainly include store and e-commerce expenses, staff costs, advertising and promotional expenses, renovation costs and depreciation of the Group.

For the Period, the Group's selling and distribution expenses decreased by approximately 17.8% to RMB182.8 million from RMB222.3 million for the six months ended 30 June 2021, which was mainly attributable to the decrease in the revenue sharing fee paid to the franchisees as a result of the decline in sales revenue under cooperative arrangements.

## Administrative expenses

Administrative expenses mainly comprise staff costs, referral service fees and traveling expenses of the Group.

For the Period, the Group's administrative expenses remained relatively stable, decreased by approximately 2.7% to RMB18.2 million from RMB18.7 million for the six months ended 30 June 2021.

## Impairment loss on trade receivables, net

For the Period, the Group's impairment loss on trade receivables reversed to provision of RMB0.1 million from reversal of RMB5.2 million for the six months ended 30 June 2021.

## Impairment loss on other receivables, net

For the Period, the Group's impairment loss on other receivables reversed to reversal of RMB0.1 million from provision of RMB0.2 million for the six months ended 30 June 2021.

## Finance costs

Finance costs mainly include interests on bank borrowings of the Group.

For the Period, the Group's finance costs decreased by approximately 36.2% to RMB3.7 million from RMB5.8 million for the six months ended 30 June 2021, which was primarily attributable to the lower interest rates on bank borrowings.

## Income tax credit/(expense)

Income tax expense mainly represents the income tax payable by the Group according to the relevant PRC income tax rules. There was an income tax credit of RMB2.1 million for the Period (six months ended 30 June 2021: income tax expense of RMB0.8 million).



# Management Discussion and Analysis

## Discontinued operation

The Group has completed 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**”) on 13 December 2021. The comparative figures for the six months ended 30 June 2021 have been accordingly presented as discontinued operation.

## Profit for the Period

For the Period, the Group’s profit decreased to RMB0.2 million from RMB3.5 million for the six months ended 30 June 2021, which was primarily attributable to the decrease in sales revenue and gross profit.

## WORKING CAPITAL MANAGEMENT

	Six months ended 30 June 2022	Year ended 31 December 2021
Average inventory turnover days	320	294
Average trade receivables turnover days	71	62
Average trade payables turnover days	139	118

The Group’s average inventory turnover days increased from 294 days for the year ended 31 December 2021 to 320 days for the Period, mainly due to the production and sales rate of its products for spring and summer did not reach the expected target due to the epidemic.

The Group’s average trade receivables turnover days slightly increased from 62 days for the year ended 31 December 2021 to 71 days for the Period.

The Group’s average trade payables turnover days increased from 118 days for the year ended 31 December 2021 to 139 days for the Period. The slight increase in the turnover days was mainly attributable to the extension of trade payables turnover days as a result of the Group’s good and long-term cooperative relationship with suppliers.

\* for identification purpose only

## LIQUIDITY AND FINANCIAL RESOURCES

The Group maintained a solid financial position for the Period. As at 30 June 2022, the Group's cash and cash equivalents slightly decreased to approximately RMB73.8 million from approximately RMB84.3 million as at 31 December 2021. The Group's cash and cash equivalents were mainly denominated in Renminbi ("**RMB**") as at 30 June 2022.

As at 30 June 2022 and 31 December 2021, the Group's total bank borrowings amounted to approximately RMB155.0 million and RMB172.9 million, respectively. All bank borrowings for the Period and as at 30 June 2022 were denominated in RMB. Details of the bank borrowings of the Group are set out in note 16 to the condensed consolidated interim financial statements of this report. The Group's gearing ratio (total borrowings over total assets of the Group) was approximately 20.4% and 20.9% as at 30 June 2022 and 31 December 2021, respectively.

## TREASURY POLICIES

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the Period. The board (the "**Board**") of directors (the "**Directors**") of the Company 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 to ensure that the Group would meet its cash requirements from time to time.

## FOREIGN EXCHANGE RISK AND HEDGING

Most of the transactions of the Group are denominated in RMB. The net proceeds from the issuance of 33,400,000 overseas-listed-foreign-invested shares of the Company (the "**H Shares**") of the par value of RMB1 each at a price of HK\$3.78 per share on 27 June 2018 (the "**Share Offer**") were received in Hong Kong dollars and any payment of dividends to the holders of H Shares were or will be made in Hong Kong dollars, which expose the Group to market risks arising from changes in foreign exchange rates.

# Management Discussion and Analysis

## 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 30 June 2022, a total of RMB53.2 million of the proceeds from the Share Offer 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 use of proceeds	Planned amount	Unutilised balance as at 1 January 2022	Actual utilised amount during the Period	Unutilised amount as at 30 June 2022
	RMB (million)	RMB (million)	RMB (million)	RMB (million)
Retail network	20.9	–	–	–
Brand promotion and marketing	13.6	–	–	–
Information technology system	10.7	2.3	0.3	2.0 <sup>(Note)</sup>
Warehouses and logistics center	4.5	–	–	–
General working capital	5.5	–	–	–
Total	<u>55.2</u>	<u>2.3</u>	<u>0.3</u>	<u>2.0</u>

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

## INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the Period (six months ended 30 June 2021: Nil).

## EMPLOYEE AND REMUNERATION POLICIES

As at 30 June 2022, the Group had 349 employees (31 December 2021: 384 employees). Employee costs, including Directors' emoluments, amounted to approximately RMB36.6 million for the Period (six months ended 30 June 2021: RMB45.4 million). The remuneration policy for the Directors and senior management is based 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 individual performances of the Directors and 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 senior management with reference to the salaries paid by comparable companies in the market, time commitment and responsibilities of the Directors and the senior management as well as the financial performance of the Group.

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

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

## 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, there was no plan for material investments or capital assets as at 30 June 2022. 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 30 June 2022 as compared with that as at 31 December 2021.

## PLEDGE OF ASSET

As at 30 June 2022, the Group pledged deposits of RMB20.0 million to secure outstanding bills payables (31 December 2021: RMB18.9 million to secure derivative financial liabilities). Save for the aforementioned pledged deposits, the Group did not pledge other assets as securities.

## CONTINGENT LIABILITIES

As at 30 June 2022, the Group had no material contingent liabilities (31 December 2021: Nil).

# Management Discussion and Analysis

## EVENTS AFTER THE PERIOD

As at the date of this report, the number of COVID-19 confirmed cases in the PRC is on the rise. In view of the duration of the epidemic and the extent of the impact on the economy, the Group anticipates that the epidemic may have further negative impact on the Group, the extent of which is subject to further assessment based on the actual situation. In addition, in order to cope with the continuing impact of the epidemic, the Group has actively organised COVID-19 vaccination for its employees under the principle of equality and voluntariness. The management of the Group will also continue to monitor the development of the epidemic and proactively take effective operational management measures to address the negative impact.

Save as disclosed in this report, there were no other significant events that might affect the Group after the Period and up to the date of this report.

## OUTLOOK AND PLANS

In the second half of 2022, in the face of the persistence of the epidemic, frequent geopolitical conflicts, sluggish economic recovery and complex market environment, a certain negative impact may be brought to the business of the Group. However, through the experience summed up by the Group in dealing with the uncertainties in the past, the Group, in combination with a series of effective operating measures, still has sufficient confidence in the development of the industry and the Company. Facing many difficulties and challenges, according to the development theme of “steady development and high-quality development”, the Group will adhere to the operation and management policy of “seeking benefits from management”, so as to promote the steady growth of the Company’s business and profits.

The Group will actively make deployment for 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 capitalising the golden period of new retail and live-streaming e-commerce to continuously enhance the online promotion of brands, 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.

Relying on the two core brands, FIRS and SHANSHAN, the Group will strengthen the asset value of core brands and actively construct a multi-category platform matrix, in a bid to create more high-quality products and services for consumers. The Company will adhere to platform development, actively explore the business suit market, and enhance service awareness for business suit customers.

# Corporate Governance and Other Information

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

As at 30 June 2022, the interests and short positions of the Directors, supervisors (the “**Supervisors**”) and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the “**SFO**”) as 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 for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”), which shall be deemed to apply to the Supervisors to the same extent as it applies to the Directors, respectively, were as follows:

### Long positions in the domestic shares of the Company (the “Domestic Shares”)

Name of Directors/ Supervisors/ Chief Executive	Class of Shares	Capacity/ Nature of Interests	Number of Shares Interested	Approximate Percentage of Shareholding in the Relevant Class of Shares	Approximate Percentage of Shareholding in the Total Shares
Mr. Luo Yefei (“ <b>Mr. Luo</b> ”) <sup>(Note 1)</sup>	Domestic Shares	Interest of a controlled corporation/ Corporate interest; Interest of spouse/Family interest; Beneficial owner/Personal interest	22,673,000	22.673%	16.996%
Ms. Zhou Yumei (“ <b>Ms. Zhou YM</b> ”) <sup>(Notes 1 &amp; 2)</sup>	Domestic Shares	Interest of a controlled corporation/ Corporate interest; Interest of spouse/Family interest	22,673,000	22.673%	16.996%

Notes:

- Mr. Luo, an executive Director and the chairman of the Board (the “**Chairman**”), interested in and was deemed to be interested in 22,673,000 Domestic Shares within the meaning of Part XV of the SFO, which represents 22.673% of the total number of issued Domestic Shares and 16.996% of the total number of issued shares of the Company. It comprises (i) 9,338,000 Domestic Shares directly owned by Mr. Luo; and (ii) 13,335,000 Domestic Shares beneficially owned by Shaanxi Maoye Gongmao Co., Ltd.\* (陝西茂業工貿有限公司) (“**Shaanxi Maoye**”), a company owned as to 80% by Mr. Luo and 20% by Ms. Zhou YM, the wife of Mr. Luo. Ms. Zhou YM is also the sole director of Shaanxi Maoye. By virtue of the SFO, each of Mr. Luo and Ms. Zhou YM is deemed to be interested in the Domestic Shares held by Shaanxi Maoye.
- Ms. Zhou YM is an executive Director and the wife of Mr. Luo. By virtue of the SFO, Ms. Zhou YM is deemed to be interested in the same number of Domestic Shares in which Mr. Luo is interested in.

\* for identification purpose only

## Corporate Governance and Other Information

Save as disclosed above, as at 30 June 2022, none of the Directors, Supervisors or chief executive of the Company had or was deemed to have any other interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), as 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.

### SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2022, corporations or persons (other than the Directors, Supervisors or chief executive of the Company) which or who had interests or short positions in the shares and the underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

#### Long positions in the Domestic Shares

Name of Substantial Shareholders	Class of Shares	Capacity/ Nature of Interests	Number of Shares Interested	Approximate Percentage of Shareholding in the Relevant Class of Shares	Approximate Percentage of Shareholding in the Total Shares
Ningbo Shanshan Co., Ltd. ("Shanshan") (Notes 1, 9 & 10)	Domestic Shares	Beneficial owner/ Personal interest	25,834,600	63.182%	47.363%
	Domestic Shares	Person having security interest/Other interest	37,347,000		
Shanshan Group Co., Ltd. ("Shanshan Group") (Notes 2, 9 & 10)	Domestic Shares	Interest of a controlled corporation/Corporate interest	25,834,600	63.182%	47.363%
	Domestic Shares	Interest of a controlled corporation/Corporate interest	37,347,000		
Ningbo Yonggang Clothing Investment Co., Ltd. ("Ningbo Yonggang") (Notes 3, 9 & 10)	Domestic Shares	Interest of a controlled corporation/Corporate interest	25,834,600	63.182%	47.363%
	Domestic Shares	Interest of a controlled corporation/Corporate interest	37,347,000		
Shanshan Holding Co., Ltd. ("Shanshan Holding") (Notes 4, 9 & 10)	Domestic Shares	Interest of a controlled corporation/Corporate interest	25,834,600	63.182%	47.363%
	Domestic Shares	Interest of a controlled corporation/Corporate interest	37,347,000		

## Corporate Governance and Other Information

Name of Substantial Shareholders	Class of Shares	Capacity/ Nature of Interests	Number of Shares Interested	Approximate Percentage of Shareholding in the Relevant Class of Shares	Approximate Percentage of Shareholding in the Total Shares
Ningbo Qinggang Investment Co., Ltd. (" <b>Qinggang Investment</b> ") (Notes 5, 9 & 10)	Domestic Shares	Interest of a controlled corporation/ Corporate interest	25,834,600	63.182%	47.363%
	Domestic Shares	Interest of a controlled corporation/ Corporate interest	37,347,000		
Mr. Zheng Yonggang (" <b>Mr. Zheng</b> ") (Notes 6, 9 & 10)	Domestic Shares	Interest of a controlled corporation/Corporate interest	25,834,600	63.182%	47.363%
	Domestic Shares	Interest of a controlled corporation/Corporate interest	37,347,000		
Ms. Zhou Jiqing (" <b>Ms. Zhou</b> ") (Notes 6, 9 & 10)	Domestic Shares	Interest of a controlled corporation/Corporate interest	25,834,600	63.182%	47.363%
	Domestic Shares	Interest of a controlled corporation/Corporate interest	37,347,000		
Ningbo Liankangcai Brand Management Co., Ltd. (" <b>Ningbo Liankangcai</b> ") (Note 7)	Domestic Shares	Beneficial owner/Personal interest; Person providing security interest/Other interest	24,012,000	24.012%	18.000%
Ms. Li Xinghua (" <b>Ms. Li</b> ")	Domestic Shares	Beneficial owner/Personal interest	14,807,400	14.807%	11.100%
Shaanxi Maoye (Note 8)	Domestic Shares	Beneficial owner/Personal interest; Person providing security interest/Other interest	13,335,000	13.335%	9.996%
Mr. Zhang Jincan	Domestic Shares	Beneficial owner/ Personal interest	6,670,000	6.670%	5.000%

### Notes:

- (1) Shanshan is a joint stock company with limited liability established in the PRC, whose issued shares are listed on the Shanghai Stock Exchange (stock code: 600884). Shanshan is owned as to approximately 32.01% by Shanshan Group, approximately 9.17% by Ningbo Pengze Trading Co., Ltd.\* (寧波朋澤貿易有限公司) (a corporation of which Shanshan Group is interested in 100% of its registered capital), approximately 5.22% by Shanshan Holding, approximately 3.48% by Ningbo Yinzhou Jiulun Investment Co., Ltd.\* (寧波市鄞州捷倫投資有限公司) (a corporation of which Shanshan Holding is interested in 100% of its registered capital), approximately 0.03% by Mr. Zheng and approximately 50.09% by other public shareholders.

\* for identification purpose only



## Corporate Governance and Other Information

- (2) Shanshan Group is directly interested in approximately 32.01% of the registered share capital of Shanshan and indirectly interested in approximately 9.17% of the registered share capital of Shanshan through Ningbo Pengze Trading Co., Ltd.\* (寧波朋澤貿易有限公司), and (together with Shanshan Holding) controls the majority of the board of directors of Shanshan. By virtue of the SFO, Shanshan Group is deemed to be interested in the same number of Domestic Shares in which Shanshan is interested.
- (3) Ningbo Yonggang is interested in approximately 10.44% of the registered capital of Shanshan Group, and (together with Shanshan Holding) controls the majority of the board of directors of Shanshan. By virtue of the SFO, Ningbo Yonggang is deemed to be interested in the same number of Domestic Shares in which Shanshan is interested.
- (4) Shanshan Holding is directly interested in approximately 5.22% of the registered share capital of Shanshan. Further, Shanshan Holding is indirectly interested in (a) approximately 32.01% of the registered share capital of Shanshan through (i) Ningbo Yonggang (a corporation of which Shanshan Holding is interested in approximately 97.65% of its registered capital); and (ii) Shanshan Group (a corporation of which Shanshan Holding is directly interested in approximately 54.08% and indirectly interested in approximately 10.44% through Ningbo Yonggang); (b) approximately 9.17% of the registered share capital of Shanshan through Ningbo Pengze Trading Co., Ltd.\* (寧波朋澤貿易有限公司) (a wholly-owned subsidiary of Shanshan Group); and (c) approximately 3.48% of the registered share capital of Shanshan through its wholly-owned subsidiary, Ningbo Yinzhou Jielun Investment Co., Ltd.\* (寧波市鄞州捷倫投資有限公司). By virtue of the SFO, Shanshan Holding is deemed to be interested in the same number of Domestic Shares in which Shanshan is interested.
- (5) Qinggang Investment is interested in approximately 44.55% of the registered capital of Shanshan Holding. By virtue of the SFO, Qinggang Investment is deemed to be interested in the same number of Domestic Shares in which Shanshan is interested.
- (6) Qinggang Investment is owned as to 51% by Mr. Zheng and 49% by Ms. Zhou. By virtue of the SFO, both Mr. Zheng and Ms. Zhou are deemed to be interested in the same number of Domestic Shares in which Shanshan is interested.
- (7) Ningbo Liankangcai is owned as to 18.60% by Mr. Luo and 19% by Ms. Yan Jingfen, both are the executive Directors. On 18 March 2021, Ningbo Liankangcai provided guarantee by 24,012,000 Domestic Shares in favour of Shanshan for its obligations to the guarantee on the bank loans granted to the Group.
- (8) Shaanxi Maoye is owned as to 80% by Mr. Luo, an executive Director and 20% by Ms. Zhou YM, an executive Director and the wife of Mr. Luo. By virtue of the SFO, Ms. Zhou YM is deemed to be interested in the Domestic Shares held by Mr. Luo and Shaanxi Maoye. On 30 March 2020, Shaanxi Maoye provided guarantee by 10,000,000 Domestic Shares in favour of Shanshan for its obligations to the guarantee on the bank loans granted to the Group. On 18 March 2021, Shaanxi Maoye further provided guarantee by 3,335,000 Domestic Shares in favour of Shanshan for its obligations to the guarantee on the bank loans granted to the Group.
- (9) On 30 March 2020, Shaanxi Maoye provided a guarantee by 10,000,000 Domestic Shares in favour of Shanshan for its obligations to the guarantee on the bank loans granted to the Group. By virtue of the SFO, each of Shanshan Group, Ningbo Yonggang, Shanshan Holding, Qinggang Investment, Mr. Zheng and Ms. Zhou (either through direct or indirect interest) is therefore deemed to be interested in the 10,000,000 Domestic Shares of security interest held by Shanshan.
- (10) On 18 March 2021, each of Ms. Li, Ningbo Liankangcai and Shaanxi Maoye provided guarantee by 30,815,400, 24,012,000 and 3,335,000 Domestic Shares respectively in favour of Shanshan for its obligations to the guarantee on the bank loans granted to the Group. By virtue of the SFO, each of Shanshan Group, Ningbo Yonggang, Shanshan Holding, Qinggang Investment, Mr. Zheng and Ms. Zhou (either through direct or indirect interest) is therefore deemed to be interested in the abovementioned Domestic Shares of security interest held by Shanshan. On 8 April 2022, Ms. Li ceased to provide the guarantee by the Company's shares she held.

Save as disclosed above, as at 30 June 2022, there are no other corporations or persons (other than a Director, Supervisor or chief executive of the Company) which or who had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO.

\* for identification purpose only

### CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

The Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

### COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Board and the Company's management are committed to maintaining high standards of corporate governance. The Board firmly believes that conducting the Group's business in a transparent and responsible manner and following good corporate governance practices serve its long-term interests and the shareholders' interests of the shareholders of the Company. The Board considers that the Company has complied with all the code provisions of the Corporate Governance Code as contained in Part 2 of Appendix 14 to the Listing Rules (the "CG Code") during the Period except for the following deviation:

Pursuant to code provision C.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.

Presently, the Company does not have a position of the title "chief executive officer". However, Mr. Luo, an executive Director and the Chairman, has been carrying out the duties of the chief executive officer. 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.

### AUDIT COMMITTEE

The audit committee of the Board (the "Audit Committee") comprises all three independent non-executive Directors, namely Mr. Chow Ching Ning (committee chairman), Mr. Wang Yashan and Mr. Wu Xuekai. The Audit Committee has reviewed the Group's unaudited condensed consolidated interim results for the Period and this report.

## Corporate Governance and Other Information

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

The Company did not redeem any of its H Shares listed on the Stock Exchange nor did the Company or any of its subsidiaries purchase or sell any of such H Shares during the Period.

### COMPLIANCE WITH MODEL CODE

The Company has adopted the Model Code as its own code of conduct for dealing in securities of the Company by the Directors and the Supervisors. In response to specific enquiries made by the Company to each of the Directors and the Supervisors, all the Directors and the Supervisors confirmed that they had complied with the Model Code during the Period.

### COMPETING INTERESTS

As at 30 June 2022, none of the Directors, the Supervisors, the controlling shareholders of the Company or their respective close associates had any interests in any business which competed or might compete, either directly or indirectly, with the business of the Group or had any other conflicts of interest with the Group.

### CHANGES IN INFORMATION OF DIRECTORS

The changes in Directors' information since the Company's 2021 annual report as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules during the Period and up to the date of this report are set out below:

Mr. Zheng Shijie retired as a non-executive Director due to other job allocation at the conclusion of an annual general meeting of the Company held on 6 June 2022.

Subsequent to Mr. Zheng Shijie's retirement, Mr. Du Peng has been appointed as a non-executive Director with effect from 6 June 2022.

Ms. Zhou Yumei has been redesignated as an executive Director on 6 June 2022.

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

Ningbo, the PRC, 23 August 2022

# Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2022

	Notes	Six months ended 30 June	
		2022 RMB (unaudited)	2021 RMB (unaudited) (re-presented)
<b>Continuing operations</b>			
Revenue	4	<b>419,280,331</b>	516,478,895
Cost of sales		<b>(215,854,646)</b>	(255,913,381)
Gross profit		<b>203,425,685</b>	260,565,514
Other revenue		<b>540,870</b>	379,194
Other gains and losses		<b>(1,264,040)</b>	(10,269,622)
Selling and distribution expenses		<b>(182,839,993)</b>	(222,326,718)
Administrative expenses		<b>(18,202,890)</b>	(18,668,730)
(Provision for)/reversal of impairment loss on trade receivables, net		<b>(52,153)</b>	5,194,631
Reversal of/(provision for) impairment loss on other receivables, net		<b>84,677</b>	(152,691)
Finance costs	5	<b>(3,693,718)</b>	(5,769,511)
Share of result of an associate		<b>196,248</b>	2,638,317
Share of result of a joint venture		<b>(64,063)</b>	(354,113)
(Loss)/profit before income tax	6	<b>(1,869,377)</b>	11,236,271
Income tax credit/(expense)	8	<b>2,093,941</b>	(838,927)
Profit and total comprehensive income for the period from continuing operations		<b>224,564</b>	10,397,344
<b>Discontinued operation</b>			
Loss for the period from discontinued operation		<b>–</b>	(6,858,562)
Profit for the period		<b>224,564</b>	3,538,782

# Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2022

	Notes	Six months ended 30 June	
		2022 RMB (unaudited)	2021 RMB (unaudited) (re-presented)
Profit and total comprehensive income for the period attributable to:			
Owners of the Company			
– from continuing operations		<b>224,564</b>	10,397,344
– from discontinued operation		<b>–</b>	(4,115,137)
		<b>224,564</b>	6,282,207
Non-controlling interests			
– from discontinued operation		<b>–</b>	(2,743,425)
		<b>224,564</b>	3,538,782
Earnings per share attributable to owners of the Company		<b>RMB Cents</b>	RMB Cents
Basic and diluted	9		
– from continuing operations		<b>0.17</b>	7.79
– from discontinued operation		<b>–</b>	(3.08)
		<b>0.17</b>	4.71

# Condensed Consolidated Statement of Financial Position

As at 30 June 2022

	Notes	As at 30 June 2022 RMB (unaudited)	As at 31 December 2021 RMB (audited)
<b>Non-current assets</b>			
Property, plant and equipment	11	30,358,885	35,518,392
Right-of-use assets		20,341,407	27,717,568
Intangible assets		9,183,612	5,987,008
Interest in an associate		9,541,013	12,224,364
Interest in a joint venture		1,034,539	1,098,601
Prepayments, deposits and other receivables	13	6,947,986	8,166,622
Deferred tax assets		21,276,448	19,182,507
		<b>98,683,890</b>	109,895,062
<b>Current assets</b>			
Inventories		365,579,417	389,727,583
Contract assets		667,979	483,229
Trade and bills receivables	12	162,802,491	174,973,472
Prepayments, deposits and other receivables	13	36,559,263	46,143,503
Financial asset at fair value through profit or loss		181,462	–
Amount due from a related company	18(a)	–	37,161
Income tax recoverable		1,713,320	1,047,487
Pledged deposits		20,009,047	18,856,703
Cash and cash equivalents		73,776,474	84,265,326
		<b>661,289,453</b>	715,534,464
<b>Current liabilities</b>			
Trade and bills payables	14	168,695,103	160,396,647
Contract liabilities		25,611,584	31,563,525
Other payables and accruals	15	164,444,650	204,154,282
Interest-bearing bank borrowings	16	155,000,000	172,877,546
Amount due to a joint venture	18(a)	858,194	858,034
Amount due to controlling shareholder	18(a)	600,000	–
Amount due to a related company	18(a)	315,115	–
Derivative financial liabilities		–	8,562,934
Income tax payable		665,833	–
Lease liabilities		9,102,321	13,828,748
		<b>525,292,800</b>	592,241,716
<b>Net current assets</b>		<b>135,996,653</b>	123,292,748
<b>Total assets less current liabilities</b>		<b>234,680,543</b>	233,187,810

## Condensed Consolidated Statement of Financial Position

As at 30 June 2022

	Notes	As at 30 June 2022 RMB (unaudited)	As at 31 December 2021 RMB (audited)
<b>Non-current liabilities</b>			
Other payables and accruals		7,180,000	7,710,000
Amount due to controlling shareholder	18(a)	3,300,000	–
Lease liabilities		12,476,763	13,978,594
<b>Total non-current liabilities</b>		<b>22,956,763</b>	21,688,594
<b>Net assets</b>		<b>211,723,780</b>	211,499,216
<b>Capital and reserves</b>			
Share capital	17	133,400,000	133,400,000
Reserves		78,323,780	78,099,216
		<b>211,723,780</b>	211,499,216

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2022

	Share capital RMB	Capital reserve RMB	Statutory surplus reserve RMB	Merger reserve RMB	Accumulated profits RMB	Attributable to ordinary equity holders of the Company RMB	Non-controlling interests RMB	Total equity RMB
<b>At 31 December 2021 (audited)</b>	133,400,000	73,109,956	10,434,068	(41,226,670)	35,781,862	211,499,216	-	211,499,216
Profit and total comprehensive income for the period	-	-	-	-	224,564	224,564	-	224,564
<b>At 30 June 2022 (unaudited)</b>	<u>133,400,000</u>	<u>73,109,956</u>	<u>10,434,068</u>	<u>(41,226,670)</u>	<u>36,006,426</u>	<u>211,723,780</u>	<u>-</u>	<u>211,723,780</u>
<b>At 31 December 2020 (audited)</b>	133,400,000	73,109,956	10,434,068	(41,226,670)	23,409,997	199,127,351	7,548,278	206,675,629
Profit and total comprehensive income for the period	-	-	-	-	6,282,208	6,282,208	(2,743,426)	3,538,782
<b>At 30 June 2021 (unaudited)</b>	<u>133,400,000</u>	<u>73,109,956</u>	<u>10,434,068</u>	<u>(41,226,670)</u>	<u>29,692,205</u>	<u>205,409,559</u>	<u>4,804,852</u>	<u>210,214,411</u>



# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022 RMB (unaudited)	2021 RMB (unaudited)
<b>Cash flows from operating activities</b>		
Cash generated from/(used in) operations	<u>38,890,988</u>	<u>(12,177,470)</u>
<b>Net cash generated from/(used in) operating activities</b>	<u>38,890,988</u>	<u>(12,177,470)</u>
<b>Cash flows from investing activities</b>		
(Increase)/decrease in pledged deposits	(1,152,344)	2,201,113
Interest received	392,181	653,194
Purchase of property, plant and equipment	(11,147,995)	(10,205,324)
Proceeds from disposal of property, plant and equipment	–	3,251
Dividend received from an associate	2,879,600	1,380,000
Purchase of intangible assets	<u>(220,880)</u>	<u>(1,102,886)</u>
<b>Net cash used in investing activities</b>	<u>(9,249,438)</u>	<u>(7,070,652)</u>
<b>Cash flows from financing activities</b>		
Interest elements on lease rentals paid	(584,983)	(1,063,721)
Capital elements on lease rentals paid	(9,217,873)	(11,967,491)
Interest paid	(3,108,586)	(4,705,790)
Proceeds from bank borrowings	160,000,000	166,308,038
Repayment of bank borrowings	<u>(187,218,960)</u>	<u>(191,662,302)</u>
<b>Net cash used in financing activities</b>	<u>(40,130,402)</u>	<u>(43,091,266)</u>
<b>Net decrease in cash and cash equivalents</b>	<u>(10,488,852)</u>	<u>(62,339,388)</u>
<b>Cash and cash equivalents at beginning of period</b>	<u>84,265,326</u>	<u>111,326,251</u>
<b>Cash and cash equivalents at end of period</b>	<u>73,776,474</u>	<u>48,986,863</u>

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2022

## 1. CORPORATE INFORMATION

Ningbo Shanshan Garment Brand Management Co., Ltd. (“**Shanshan Garment Brand**”), the predecessor of the Company, was established as a limited liability company in 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 H Shares have been listed on 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. BASIS OF PREPARATION AND PRESENTATION

This unaudited condensed consolidated interim financial information for the Period has been prepared in accordance with the applicable disclosure provisions of the Listing Rules and Hong Kong Accounting Standard (“**HKAS**”) 34, Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). This unaudited condensed consolidated interim financial information should be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2021, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”).

The unaudited condensed consolidated interim financial statements for the Period have been prepared under the historical cost basis except for those financial assets that are measured at fair value.

This unaudited condensed consolidated interim financial information is presented in RMB, unless otherwise stated. This unaudited condensed consolidated interim financial information has been approved for issue by the Directors on 23 August 2022.

Except as described below, the accounting policies adopted are consistent with those of the annual financial statements of the Group for the year ended 31 December 2021, as described in 2021 annual financial statements.

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2022

## 2. BASIS OF PREPARATION AND PRESENTATION (CONTINUED)

### Adoption of new or revised HKFRSs – effective 1 January 2022

In the current period, the Group has applied for the first time the following new or revised HKFRSs issued by the HKICPA, which are relevant to and effective for the Group's condensed consolidated financial statements for the annual period beginning on 1 January 2022:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020

The adoption of the above new or revised HKFRSs does not have any significant impact to the results and financial position of the Group.

## 3. USE OF JUDGEMENTS AND ESTIMATES

In preparing the condensed consolidated interim financial statements, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to 2021 annual financial statements.

## 4. SEGMENT INFORMATION AND REVENUE

### (a) Reportable segment

During the 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 did not contain profit or loss information of a 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 the trading of garments in the PRC. The executive Directors allocate resources and assess performance on an aggregated basis.

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2022

## 4. SEGMENT INFORMATION AND REVENUE (CONTINUED)

### (a) Reportable segment (Continued)

In the following table, revenue from continuing operations is disaggregated by primary geographical market, major products and service lines, brand names and timing of revenue recognition.

	Six months ended 30 June	
	2022 RMB (unaudited)	2021 RMB (unaudited) (re-presented)
<b>Primary geographical market</b>		
PRC	<b>419,280,331</b>	516,478,895
<b>Major product/service</b>		
Standard garment products	<b>387,088,397</b>	488,994,487
Trademark sub-licensing income	<b>32,191,934</b>	27,484,408
	<b>419,280,331</b>	516,478,895
<b>Revenue by brands</b>		
FIRS	<b>239,811,898</b>	241,731,005
SHANSHAN	<b>171,543,842</b>	267,556,145
Others	<b>7,924,591</b>	7,191,745
	<b>419,280,331</b>	516,478,895
<b>Timing of revenue recognition</b>		
At a point in time	<b>411,355,740</b>	509,287,150
Transferred over time	<b>7,924,591</b>	7,191,745
	<b>419,280,331</b>	516,478,895

### (b) Geographic information

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

### (c) Information about major customer

During the Period, there was no customer with transactions exceeding 10% of the Group's revenue.

## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2022

### 5. FINANCE COSTS

	Six months ended 30 June	
	2022 RMB (unaudited)	2021 RMB (unaudited) (re-presented)
Interest expenses on bank borrowings	<b>3,108,586</b>	4,705,790
Interest expenses on lease liabilities	<b>585,132</b>	1,063,721
	<b>3,693,718</b>	5,769,511

### 6. (LOSS)/PROFIT BEFORE INCOME TAX

(Loss)/profit before income tax is arrived at after charging/(crediting):

	Six months ended 30 June	
	2022 RMB (unaudited)	2021 RMB (unaudited) (re-presented)
Advertising and promotional expenses	<b>4,998,541</b>	4,127,858
Amortisation of intangible assets	<b>517,908</b>	377,046
Depreciation of property, plant and equipment	<b>15,795,594</b>	15,745,707
Depreciation of right-of-use assets	<b>9,360,188</b>	12,802,609
Loss on disposal of property, plant and equipment	<b>511,908</b>	–
Provision for/(reversal of) impairment loss on trade receivables, net	<b>52,153</b>	(5,194,631)
(Reversal of)/ provision for impairment loss on other receivables, net	<b>(84,677)</b>	152,691
Cost of inventories sold	<b>205,163,136</b>	249,432,756
Written down on inventories, net (included in cost of sales)	<b>10,823,105</b>	6,480,625
Fair value loss on financial asset at fair value through profit or loss	<b>393,076</b>	–
Fair value loss on derivative financial liabilities	<b>8,562,934</b>	6,445,322
Expenses relating to leases of low value assets	–	13,835
Expenses relating to short-term leases	<b>9,018,632</b>	9,426,924
Expenses relating to variable lease payments	<b>6,788,195</b>	6,056,791
Staff costs	<b>36,618,308</b>	45,437,223

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2022

## 7. DIVIDENDS

No dividend was paid, declared or proposed during the Period (six months ended 30 June 2021: Nil).

The Board does not recommend the payment of any interim dividend for the Period (six months ended 30 June 2021: Nil).

## 8. INCOME TAX (CREDIT)/EXPENSE

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

The income tax has been recognised in profit or loss as follows:

	Six months ended 30 June	
	2022	2021
	RMB	RMB
	(unaudited)	(unaudited)
		(re-presented)
Deferred tax (credit)/expense	<b>(2,093,941)</b>	838,927

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2022

## 9. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the six months ended 30 June 2022 and 2021.

	Six months ended 30 June	
	2022 RMB (unaudited)	2021 RMB (unaudited) (re-presented)
<b>Earnings</b>		
Profit for the purpose of basic and diluted earnings per share attributable to owners of the Company		
– Continuing operations	224,564	10,397,344
– Discontinued operation	–	(4,115,137)
	<u>224,564</u>	<u>6,282,207</u>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purposes of basic and diluted profit per share	<u>133,400,000</u>	<u>133,400,000</u>
<b>Earnings per share</b>	<b>RMB Cents</b>	<b>RMB Cents</b>
– Continuing operations	0.17	7.79
– Discontinued operation	–	(3.08)
	<u>0.17</u>	<u>4.71</u>

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2022

## 10. DISCONTINUED OPERATION

On 23 December 2020, the Company announced to execute the procedures for the voluntary liquidation of Lubiam Apparel, a 60% owned subsidiary.

The voluntary liquidation was completed on 13 December 2021 (the “**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.

<b>Consolidated Statement of Profit or Loss and Other Comprehensive Income</b>	Period from 1 January 2021 to the Date of Liquidation RMB
Revenue	5,517,570
Cost of sales	<u>(4,714,040)</u>
Gross profit	<u>803,530</u>
Other revenue	296,057
Other gains and losses	(875,608)
Selling and distribution expenses	(4,939,085)
Administrative expenses	(5,655,145)
Reversal of impairment on trade receivables, net	<u>1,029,289</u>
Loss for the period from discontinued operation	<u><u>(9,340,962)</u></u>



# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2022

## 10. DISCONTINUED OPERATION (CONTINUED)

<b>Consolidated Statement of Cash Flows</b>	Period from 1 January 2021 to the Date of Liquidation RMB
Net cash outflow from operating activities	(5,404,388)
Net cash inflow from investing activities	<u>301,362</u>
Net cash outflows	<u><u>(5,103,026)</u></u>

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

	Period from 1 January 2021 to the Date of Liquidation RMB
Depreciation of property, plant and equipment	4,995
Loss on disposal of property, plant and equipment	310,196
Reversal of impairment on trade receivables, net	(1,029,289)
Expenses relating to short-term lease	185,896
Trademark payment	<u><u>982,975</u></u>

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

## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2022

### 11. PROPERTY, PLANT AND EQUIPMENT

During the Period, the Group acquired property, plant and equipment of approximately RMB11,147,995 (six months ended 30 June 2021: RMB10,205,324).

In addition, during the Period, the Group disposed of certain property, plant and equipment with a carrying amount of RMB511,908 (six months ended 30 June 2021: Nil).

### 12. TRADE AND BILLS RECEIVABLES

	As at 30 June 2022 RMB (unaudited)	As at 31 December 2021 RMB (audited)
Trade receivables	211,833,210	224,052,038
Bills receivables	100,000	–
	<u>211,933,210</u>	<u>224,052,038</u>
Less: Provision for impairment	(49,130,719)	(49,078,566)
	<u>162,802,491</u>	<u>174,973,472</u>

An ageing analysis of the trade and bills receivables at the end of each reporting period, based on the invoice date is as follow:

	As at 30 June 2022 RMB (unaudited)	As at 31 December 2021 RMB (audited)
Within 3 months	114,287,792	128,950,354
Over 3 months but within 6 months	21,704,481	8,965,444
Over 6 months but within 1 year	24,171,896	33,636,931
Over 1 year	2,638,322	3,420,743
	<u>162,802,491</u>	<u>174,973,472</u>

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.

## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2022

### 13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 30 June 2022 RMB (unaudited)	As at 31 December 2021 RMB (audited)
Prepayments	<b>31,660,803</b>	27,295,773
Deposits and other receivables	<b>13,162,189</b>	28,414,772
	<b>44,822,992</b>	55,710,545
Less: Provision for impairment	<b>(1,315,743)</b>	(1,400,420)
	<b>43,507,249</b>	54,310,125
Less: Non-current portion included in prepayments, deposits and other receivables	<b>(6,947,986)</b>	(8,166,622)
	<b>36,559,263</b>	46,143,503

### 14. TRADE AND BILLS PAYABLES

	As at 30 June 2022 RMB (unaudited)	As at 31 December 2021 RMB (audited)
Trade payables	<b>129,695,103</b>	160,396,647
Bills payables	<b>39,000,000</b>	-
	<b>168,695,103</b>	160,396,647

## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2022

### 14. TRADE AND BILLS PAYABLES (CONTINUED)

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

	As at 30 June 2022 RMB (unaudited)	As at 31 December 2021 RMB (audited)
Within 3 months	<b>52,480,078</b>	117,389,488
Over 3 months but within 6 months	<b>83,214,583</b>	23,487,015
Over 6 months but within 1 year	<b>21,770,094</b>	14,035,037
Over 1 year	<b>11,230,348</b>	5,485,107
	<b>168,695,103</b>	160,396,647

### 15. OTHER PAYABLES AND ACCRUALS

	As at 30 June 2022 RMB (unaudited)	As at 31 December 2021 RMB (audited)
Deposits received	<b>148,494,418</b>	177,842,029
Other tax payables	<b>10,050,857</b>	12,717,616
Refund liabilities	<b>6,449,292</b>	10,012,015
Others	<b>6,630,083</b>	11,292,622
	<b>171,624,650</b>	211,864,282
Less: Non-current portion included in other payables and accruals	<b>(7,180,000)</b>	(7,710,000)
	<b>164,444,650</b>	204,154,282

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2022

## 16. INTEREST-BEARING BANK BORROWINGS

	As at 30 June 2022 RMB (unaudited)	As at 31 December 2021 RMB (audited)
Bank borrowings denominated in:		
– United States dollars (“ <b>USD</b> ”) (Note a)	–	20,066,886
– Euro (“ <b>EUR</b> ”) (Note b)	–	67,810,660
– RMB (Note c)	<b>155,000,000</b>	85,000,000
	<b>155,000,000</b>	172,877,546

Notes:

- (a) As at 31 December 2021, the bank borrowing of USD3,150,000, which was unsecured, interest-bearing at fixed interest rate of USD LIBOR +3.49% per annum and repayable within one year.
- (b) As at 31 December 2021, the bank borrowing of EUR9,400,000 which was unsecured, interest-bearing at 3-month EURIBOR +0.28% per annum and repayable within one year.
- (c) As at 30 June 2022, bank borrowings denominated in RMB were unsecured, interest-bearing at a range from loan prime rate (“**LPR**”) -0.2% to LPR +1.25% (31 December 2021: 5.00%) per annum and repayable within one year.
- (d) Non-controlling shareholders of the Company, Shaanxi Maoye, Ningbo Liankangcai and Ms. Li 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. On 8 April 2022, Ms. Li ceased to provide the guarantee by the Company’s shares she held.

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.

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2022

## 17. SHARE CAPITAL

	Number of shares	RMB
Registered domestic shares capital and H Shares At 31 December 2021 and 30 June 2022	<u>133,400,000</u>	<u>133,400,000</u>

## 18. RELATED PARTY DISCLOSURES

### (a) Amounts due from/(to) a related company/a joint venture/controlling shareholder

	As at 30 June 2022 RMB (unaudited)	As at 31 December 2021 RMB (audited)
Amount due (to)/from a related company	<u>(315,115)</u>	<u>37,161</u>
Amount due to a joint venture	<u>(858,194)</u>	<u>(858,034)</u>
Amount due to controlling shareholder	<u>(3,900,000)</u>	–
Less: Non-current portion included in amount due to controlling shareholder	<u>3,300,000</u>	–
	<u>(600,000)</u>	–

#### **Amounts due from/(to) a related company/a joint venture**

Amounts are unsecured, interest-free and repayable on demand.

#### **Amount due to controlling shareholder**

On 30 September 2021, the Company entered into a trademark licensing agreement (the “**Agreement**”) with Shanshan Group. Based on the Agreement, the Company had to pay licensing fees of RMB3,900,000 for 2022-2025 and accordingly, recognised as an intangible asset. Details for the Agreement are set out in the announcement of the Company dated 30 September 2021.

## Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2022

### 18. RELATED PARTY DISCLOSURES (CONTINUED)

#### (b) Transactions with related parties

In addition to the transactions disclosed elsewhere in these condensed consolidated financial statements, the Group entered into the following transactions with related parties:

	Six months ended 30 June	
	2022 RMB (unaudited)	2021 RMB (unaudited)
<b>Sale of finished goods to:</b>		
– a joint venture	–	8,890
<b>Sale of raw materials to:</b>		
– a joint venture	–	377
<b>Purchase from:</b>		
– an associate	–	(2,181,938)
<b>Rental expenses charged by:</b>		
– related companies	(1,731,355)	(1,086,547)
<b>Water and electricity expenses charged by:</b>		
– a related company	(559,872)	(361,773)

#### (c) Compensation of key management personnel

The remuneration of Directors and other members of key management during the Period was as follows:

	Six months ended 30 June	
	2022 RMB (unaudited)	2021 RMB (unaudited)
Short-term benefits	2,015,679	1,178,496
Contributions to defined contribution retirement plan	84,782	85,177
	<u>2,100,461</u>	<u>1,263,673</u>

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2022

## 19. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

HKFRS 13 requires disclosures for financial instruments that are measured at fair value by levels of the fair value measurement hierarchy. 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).

The following table presents the Group's assets measured at fair values in the condensed consolidated statement of financial position in accordance with the fair value hierarchy at 30 June 2022.

	Level 1 RMB (unaudited)	Level 2 RMB (unaudited)	Level 3 RMB (unaudited)	Total RMB (unaudited)
Assets				
Financial asset at fair value through profit or loss				
– Listed equity investments	181,462	–	–	181,462

There were no transfers between levels 1 and 2 or into or out of level 3 during the Period.



# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2022

## 20. COMMITMENTS

### (a) Operating lease commitments

Total future minimum lease payments under non-cancellable short-term operating leases were due as follows:

	As at 30 June 2022 RMB (unaudited)	As at 31 December 2021 RMB (audited)
Not later than one year	<u>5,634,884</u>	<u>6,917,408</u>

The operating leases of certain retail shops also call for additional rentals, which will be based on a certain percentage of revenue of the operation being undertaken therein pursuant to the terms and condition as stipulated in the respective agreements. As the future revenue of these retail shops could not be accurately determined as at the end of each reporting period, the relevant contingent rentals have not been included in the determination of the operating lease commitments.

### (b) Capital commitments

	As at 30 June 2022 RMB (unaudited)	As at 31 December 2021 RMB (audited)
Commitments for the acquisition of: Property, plant and equipment	<u>253,600</u>	<u>1,392,137</u>

## 21. CONTINGENT LIABILITIES

As at 30 June 2022 and 31 December 2021, the Group had no significant contingent liabilities.