江南布衣
JIANGNANBUYI

JNBY DESIGN LIMITED (Stock Code: 03306)

2021/2022 ANNUAL REPORT

This annual report is printed on environmental paper

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INFORMATION ON JNBY GROUP

We are a leading designer brand fashion house based in China. According to the information provided by CIC [Note], in 2021, we ranked the first in the Chinese designer brand fashion industry in terms of total retail sales. We design, promote and sell contemporary apparel, footwear and accessories as well as household products. As at June 30, 2022, our brand portfolio comprises a number of brands in three stages— the Mature brand namely JNBY, three Younger brands, namely (i) CROQUIS (速寫), (ii) jnby by JNBY and (iii)LESS, as well as various Emerging brands, such as POMME DE TERRE (蓬馬) and JNBYHOME, each targeting at a distinct customer segment and having a uniquely defined design identity based on our Group's universal brand philosophy — "Just Naturally Be Yourself".

Our products target at middle- and upper-income customers who seek to express their individuality through fashionable products. Our broad range of product offering and brand portfolio create a lifestyle ecosystem that enables us to address our customers' needs at different stages and scenarios of their lives, which in turn allows us to build a large, diversified and loyal customer base. We started our business in 1994 by selling women's apparel. According to a survey conducted by CIC [Note], our Mature brand, JNBY, is considered the most unique and recognizable women's apparel designer brand in China, ranks the first in terms of brand awareness and enjoys the highest brand loyalty in terms of the number of customers with repeated purchases among top 10 women's apparel designer brands in China. We expanded our brand portfolio between 2005 and 2011 to include CROQUIS (速寫), jnby by JNBY and LESS. During 2016–2019, we further launched various Emerging brands, such as POMME DE TERRE (蓬馬) and JNBYHOME, so that our product mixes could be more diversified and segmented and we could cover consumers of most age groups. Meanwhile, we have launched such new consumption scenarios or products as "Box Project" and "JNBY Group +" multi-brand collection stores to provide consumers with more value-added services.

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

Note: China Insights Consultancy Limited, the industry consultant

JNBY

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

jnby by JNBY

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

POMME DE TERRE 蓬马

Year of launch:
2016
Slogan:
Don't be serious
Target customers:
Juveniles between 6 and 14 who are exploring their own identity
Design concepts:
Tactile, Sophisticated, Footloose

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Year of launch:
2019
Slogan:
All about Personality
Target customers:
The young community between 18 and 35 which shares an acute standard and judgement on uniqueness, sense of design and cultural attractiveness
Design concepts:
High street, Individualistic, Chic, Stylish

CROQUIS 速写

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

Design concepts:
Elegant, Playful, Contemporary and Tactile

LESS

Year of launch:
2011
Slogan:
less is more
Target customers:
A new generation of female professionals between 30 and 45 who are independent, sophisticated,rational, and pursue simple living
Design concepts:
Simplified, Exquisite, Independent and Rational

JNBYHOME

Year of launch:
2016
Slogan:
Live Lively
Target customers:
People who pursue a high quality of life with a proactive and free attitude

Design concepts:
Diversity, Comfort, Individuality, Curiosity

COMPANY INTRODUCTION

INFORMATION ON JNBY GROUP

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Note: China Insights Consultancy Limited, the industry consultant

CORPORATE INFORMATION

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

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

NON-EXECUTIVE DIRECTOR

Mr. Wei Zhe

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

BOARD COMMITTEES

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

JOINT COMPANY SECRETARIES

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

AUTHORIZED REPRESENTATIVES

Mr. Wu Jian
Ms. Ng Sau Mei

REGISTERED OFFICE

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

HEADQUARTERS

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 709, 7/F, Lippo Sun Plaza
28 Canton Road
Tsim Sha Tsui
Kowloon
Hong Kong

AUDITOR

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

THE CAYMAN ISLANDS PRINCIPAL REGISTRAR AND TRANSFER OFFICE

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

HONG KONG SHARE REGISTRAR

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

PRINCIPAL BANKS

Bank of Hangzhou, Guanxiangkou Branch
Huaxia Bank, Heping Branch

COMPANY'S WEBSITE

http://www.jnbygroup.com/

STOCK CODE

3306

LISTING DATE

October 31, 2016

FINANCIAL SUMMARY

For the year ended June 30,	2022 RMB'000	2021 RMB'000	Increase/ (Decrease) %
Financial Summary			
Revenue	**4,085,868**	4,126,225	(1.0)%
Gross profit	**2,607,370**	2,597,352	0.4%
Operating profit	**775,852**	883,861	(12.2)%
Net profit	**558,873**	647,195	(13.6)%
Net cash flows from operating activities	**852,874**	1,336,578	(36.2)%
Basic earnings per share (RMB)	**1.12**	1.30	(13.8)%
Diluted earnings per share (RMB)	**1.10**	1.29	(14.7)%
Financial Ratios			
Gross profit margin	**63.8%**	62.9%	0.9%
Operating profit ratio	**19.0%**	21.4%	(2.4)%
Net profit margin	**13.7%**	15.7%	(2.0)%

	As of June 30, 2022	As of June 30, 2021
Liquidity Ratios		
Trade receivables turnover days	**10.0**	9.6
Trade and bills payables turnover days	**67.4**	52.3
Inventory turnover days	**189.6**	192.3
Capital Ratio		
Debt to assets ratio[1]	**56.8%**	55.1%

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

CONSOLIDATED RESULTS

For the year ended June 30,	2022 RMB'000	2021 RMB'000	2020 RMB'000	2019 RMB'000	2018 RMB'000
Revenue	**4,085,868**	4,126,225	3,099,431	3,358,168	2,864,059
Gross profit	**2,607,370**	2,597,352	1,849,655	2,056,059	1,825,800
Gross profit margin	**63.8%**	62.9%	59.7%	61.2%	63.7%
Operating profit	**775,852**	883,861	485,005	644,973	556,064
Net profit	**558,873**	647,195	346,698	484,779	410,351
Net profit margin	**13.7%**	15.7%	11.2%	14.4%	14.3%
Profit attributable to the shareholders	**558,880**	647,201	346,708	484,787	410,351
ASSETS					
Non-current assets	**1,720,147**	1,329,688	728,071	455,509	318,054
Current assets	**2,179,688**	2,488,955	2,106,138	1,829,443	1,803,795
EQUITY AND LIABILITIES					
Total equity	**1,684,965**	1,716,251	1,485,912	1,411,076	1,287,879
Non-current liabilities	**466,084**	466,418	91,511	13,105	10,541
Current liabilities	**1,748,786**	1,635,974	1,256,786	860,771	823,429

CHAIRMAN'S STATEMENT

The global economy was still affected by the pandemic over the past year, and our retail environment faced unprecedented challenges due to various factors including the repeated pandemic in China and the slowdown in consumption growth. Meanwhile, China's economic development still maintained its leading position in the world and has achieved positive economic growth. In the post-pandemic era, the normalization of pandemic not only accelerates the change of business environment and consumer behavior, but also allows consumers to gradually adapt to the consumption modes and options under the new normal. With consumption recovery and a younger consumer base, the number of people pursuing good lifestyles is growing rapidly, the demand of consumers for personalized and fashionable products continues to rise and young consumers have a growing preference for products and brands with strong brand strength, hence a huge potential for the market segment where the designer brands operate. Besides, the pandemic has not only accelerated the transition of consumers from traditional retails to diversified new consumption scenarios, but also prompted consumers to turn to brands they trust more. Therefore, the market segment where the designer brands operate has shown a centralized competition trend.

As a leading designer brand fashion group in China, JNBY Design Limited (the "**Company**") and its subsidiaries (the "**Group**") adapts to market changes and seizes market opportunities in an active manner. In addition to further adherence to the strategies of "design-driven", "multi-brand large-scale development" and "fans economy", the Group has further increased investment in brand strength, strengthened the comprehensive capacity building to support the sustainable and large-scale development of multi-brands, and continued to optimize the construction of a fan-focused global retail network. With the valuable experience accumulated in fighting the pandemic in the past, we continued to care for employees with a people-oriented approach, focused on optimizing and improving our own outstanding capabilities, continued to improve our digital and intelligent capabilities, optimized business operation efficiency, reasonably controlled our daily expenses, maintained abundant cash flow, and strived to minimize the adverse impacts.

Thanks to the efforts of all employees, the Group's performance showed great resilience against the backdrop of greater uncertainty, cash flow reserves continued to be healthy and sufficient. Revenue and net profit for the year ended June 30, 2022 ("**Fiscal Year 2022**") amounted to RMB4.09 billion and RMB560 million, respectively, decreasing by 1.0% and 13.6% as compared with that for the year ended June 30, 2021 ("**Fiscal Year 2021**"), respectively. As of June 30, 2022, the total amount of the Group's cash and cash equivalents and term deposits with initial term over 3 months were approximately RMB830 million, after deduction of bank loans. Meanwhile, the Board recommended a final dividend of HK$0.57 per ordinary share, together with an interim dividend of HK$0.39 per ordinary share, the total dividends for the year ended June 30, 2022 amounted to HK$0.96 per ordinary share. Amidst the challenging environment, we constantly dedicate ourselves to achieving quality earnings through operation excellence, so as to generate shareholders' value by emphasizing on shareholder returns.

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

REVENUE

We derive our revenue primarily from sales of our products to distributors and to end-customers in our self-operated stores and through online channels. Our revenue is stated net of sales rebate, sales returns and value added taxes.

The total revenue for Fiscal Year 2022 amounted to RMB4,085.9 million, a decrease of 1.0% or RMB40.3 million as compared with RMB4,126.2 million for Fiscal Year 2021. The decrease in the revenue was mainly due to the impact of the recurring pandemic in many provinces and regions in China on the whole retail environment.

Including standalone offline stores abroad, our sales network has covered all provinces, autonomous regions and municipalities in Mainland China and across nine other countries and regions around the world. The tables below set forth the information on the number of our standalone retail stores around the world by different brands and "JNBY Group +" multi-brand collection stores, respectively:

Number of our standalone retail stores around the world by different brands	As of June 30, 2022	As of June 30, 2021
Mature Brand		
JNBY	**921**	926
Subtotal	**921**	926
Younger Brands		
CROQUIS (速寫)	**313**	312
jnby by JNBY	**471**	470
LESS	**204**	185
Subtotal	**988**	967
Emerging Brands		
POMME DE TERRE (蓬馬)	**31**	28
JNBYHOME	**—**	—
Others	**4**	2
Subtotal	**35**	30
"JNBY Group +" multi-brand collection stores	**12**	8
Total	**1,956**	1,931

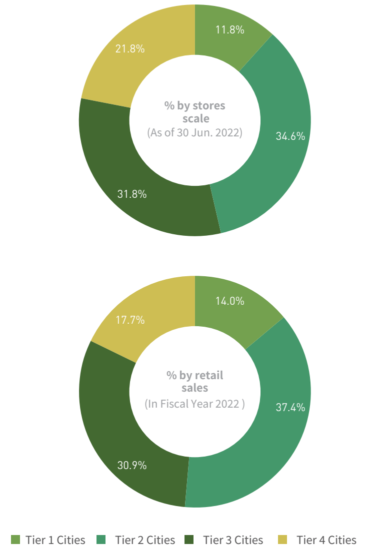
Number and geographic distribution of our standalone retail stores by sales channels	As of June 30, 2022	As of June 30, 2021
Mainland China		
Self-operated stores	**551**	544
Distributor-operated stores	**1,381**	1,357
Outside Mainland China		
Self-operated stores	**1**	1
Distributor-operated stores	**23**	29
Total	**1,956**	1,931

As of June 30, 2022, the total number of our standalone retail stores in countries and regions all over the world (excluding points of sale) was 1,956, and the following charts show the geographic distribution of our retail stores (including standalone distributor-operated and self-operated stores) across Mainland China, Hong Kong and Taiwan region as well as the distribution of our stores and retail sales by city tiers across Mainland China respectively:

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

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

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



Same store sales growth of offline shops

In Fiscal Year 2022, the customer traffic of our offline shops recorded a significant decline affected by the pandemic preventive and control measures implemented in various places, as the pandemic became severe in many provinces and regions. Although we have provided consumers with more value-added services by continuously launching and upgrading new consumption scenarios or products such as "Box Project" and "JNBY Group +" multi-brand collection stores, while gradually upgrading the store image of all brands in order to provide customers with more comfortable shopping experience, same store sales of offline retail shops for Fiscal Year 2022 recorded a decrease of 3.7%, which was mainly due to the facts that:

i. the substantial decrease in customer traffic as a result of the pandemic;

ii. as a result of customer traffic, the incremental retail sales generated by the inventory sharing and allocation system was RMB824.9 million for Fiscal Year 2022, representing a decrease of 15.7% as compared with RMB978.0 million for Fiscal Year 2021;

iii. the Gross Merchandise Volume (GMV) through digital and smart retail channels including "Box Project (不止盒子)", "WeChat Mall (微商城)" and "Diversified Social E-commerce (多元化社交電商)" reached RMB649.4 million, representing an increase of over 1.3 times as compared to RMB279.7 million for Fiscal Year 2021 due to continuous utilization of Internet+ mindsets and technologies. Most of such digital and smart retail sales were reflected in same store sales growth of offline shops, which are still insufficient to cover the significant decline in customer traffic of our offline shops.

Members-related data

As of June 30, 2022, the Group had over 5.9 million membership accounts (without duplication) (as of June 30, 2021: over 4.9 million), including our more than 5.6 million subscribers (without duplication) on the WeChat platform (as of June 30, 2021: over 4.4 million). The proportion of the Group's digital members on the WeChat platform remained stable, being over 90% (as of June 30, 2021: over 90%). During Fiscal Year 2022, the retail sales contributed by our members remained stable, accounting for approximately 70% of our total retail sales.

In Fiscal Year 2022, the number of active members accounts of the Group[note 1] (without duplication) was over 420,000 (Fiscal Year 2021: over 430,000), among these membership accounts, the number of WeChat active members accounts[note 2] (without duplication) was over 410,000 (Fiscal Year 2021: over 420,000). In Fiscal Year 2022, the number of active members accounts and the number of WeChat active members accounts slightly decreased compared with that in Fiscal Year 2021, which was mainly arising from the impact of the recurring pandemic in many provinces and regions in China in Fiscal Year 2022 on the retail industry.

In Fiscal Year 2022, the number of membership accounts with annual purchases totaling over RMB5,000 was over 211,000 (Fiscal Year 2021: over 209,000), and the retail sales contributed by those membership accounts reached RMB2.78 billion (Fiscal Year 2021: RMB2.61 billion), accounting for over 40% of the total retail sales from offline channels. Among these membership accounts, the number of subscribers on our WeChat platform with annual purchases totaling over RMB5,000 was over 211,000 for Fiscal Year 2022 (Fiscal Year 2021: over 208,000). In Fiscal Year 2022, members accounts and WeChat members accounts with annual purchases totaling over RMB5,000 increased as compared with that in Fiscal Year 2021, mainly due to the preliminary results of the Group's initiatives to continue to strengthen its brand power, enabling the loyalty of our top members to continue to increase.

NOTE 1: ACTIVE MEMBERS ACCOUNTS ARE MEMBERSHIP ACCOUNTS ASSOCIATED WITH AT LEAST TWO PURCHASES FOR A PERIOD OF ANY 180 CONSECUTIVE DAYS WITHIN THE LAST 12 MONTHS.

NOTE 2: WECHAT ACTIVE MEMBERS ACCOUNTS ARE ACTIVE MEMBERS WHO ARE ALSO THE SUBSCRIBERS OF OUR WECHAT PLATFORM.

Revenue by brands

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

	For the year ended June 30,					
	2022		2021		Increase/(Decrease)	
	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)
Mature Brand:						
JNBY	**2,311,835**	**56.5%**	2,298,790	55.7%	13,045	0.6%
Subtotal	**2,311,835**	**56.5%**	2,298,790	55.7%	13,045	0.6%
Younger Brands:						
CROQUIS (速寫)	**645,042**	**15.8%**	692,311	16.8%	(47,269)	(6.8)%
jnby by JNBY	**592,668**	**14.5%**	656,721	15.9%	(64,053)	(9.8)%
LESS	**461,132**	**11.3%**	391,307	9.5%	69,825	17.8%
Subtotal	**1,698,842**	**41.6%**	1,740,339	42.2%	(41,497)	(2.4)%
Emerging Brands:						
POMME DE TERRE (蓬馬)	**34,780**	**0.9%**	50,034	1.2%	(15,254)	(30.5)%
JNBYHOME	**28,054**	**0.7%**	26,139	0.6%	1,915	7.3%
Others	**12,357**	**0.3%**	10,923	0.3%	1,434	13.1%
Subtotal	**75,191**	**1.9%**	87,096	2.1%	(11,905)	(13.7)%
Total revenue[1]	**4,085,868**	**100.0%**	4,126,225	100.0%	(40,357)	(1.0)%

NOTE:

(1) INCLUDES REVENUE RECORDED BY "JNBY GROUP +" MULTI-BRAND COLLECTION STORES OF RMB117.7 MILLION.

For Fiscal Year 2022, the Group's revenue declined due to the impact of the recurring pandemic on the whole retail environment. Revenue generated from the Group's mature brand with a history of over 20 years, JNBY brand, increased by 0.6% or RMB13.0 million. Revenue generated from the younger brands portfolio, consisting of brands which were successively launched from 2005 to 2011, namely CROQUIS (速寫), jnby by JNBY and LESS, decreased by 2.4% aggregately. Revenue from the emerging brands portfolio, consisting of various new brands, such as POMME DE TERRE (蓬馬) and JNBYHOME, amounted to RMB75.2 million, accounting for an aggregate of 1.9% of the total revenue.

Revenue by sales channels

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

	For the year ended June 30,					
	2022		2021		Increase/(Decrease)	
	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)
Offline channels						
Self-operated stores	**1,671,459**	**40.9%**	1,755,911	42.6%	(84,452)	(4.8)%
Distributor-operated stores[1]	**1,730,164**	**42.4%**	1,709,602	41.4%	20,562	1.2%
Online channels	**684,245**	**16.7%**	660,712	16.0%	23,533	3.6%
Total revenue	**4,085,868**	**100.0%**	4,126,225	100.0%	(40,357)	(1.0)%

NOTE:

(1) INCLUDE STORES OPERATED BY OVERSEAS CUSTOMERS.

For Fiscal Year 2022, absolute amounts of revenue generated from sales through our offline channels decreased as compared with that for Fiscal Year 2021. Revenue generated from sales through our online channels increased by 3.6% compared with that for Fiscal Year 2021 and accounted for 16.7% of our total revenue for Fiscal Year 2022, increasing from 16.0% for Fiscal Year 2021.

Revenue by geographical distribution

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

	For the year ended June 30,					
	2022		2021		Increase/(Decrease)	
	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)
Mainland China	**4,049,168**	**99.1%**	4,095,830	99.3%	(46,662)	(1.1)%
Outside Mainland China[1]	**36,700**	**0.9%**	30,395	0.7%	6,305	20.7%
Total revenue	**4,085,868**	**100.0%**	4,126,225	100.0%	(40,357)	(1.0)%

NOTE:

(1) HONG KONG, TAIWAN AND OTHER OVERSEAS COUNTRIES AND REGIONS.

GROSS PROFIT AND GROSS PROFIT MARGIN

The Group's gross profit increased by 0.4% from RMB2,597.4 million for Fiscal Year 2021 to RMB2,607.4 million for Fiscal Year 2022.

The Group's overall gross profit margin increased from 62.9% for Fiscal Year 2021 to 63.8% for Fiscal Year 2022, which was mainly attributable to the enhancement of the comprehensive brand power of the Group.

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

	For the year ended June 30,					
	2022		2021		Increase/(Decrease)	
	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)
Mature Brand:						
JNBY	**1,490,551**	**64.5%**	1,459,840	63.5%	30,711	2.1%
Subtotal	**1,490,551**	**64.5%**	1,459,840	63.5%	30,711	2.1%
Younger Brands:						
CROQUIS (速寫)	**412,214**	**63.9%**	428,373	61.9%	(16,159)	(3.8)%
jnby by JNBY	**350,985**	**59.2%**	404,829	61.6%	(53,844)	(13.3)%
LESS	**310,598**	**67.4%**	259,896	66.4%	50,702	19.5%
Subtotal	**1,073,797**	**63.2%**	1,093,098	62.8%	(19,301)	(1.8)%
Emerging Brands:						
POMME DE TERRE (蓬馬)	**21,372**	**61.4%**	26,313	52.6%	(4,941)	(18.8)%
JNBYHOME	**13,260**	**47.3%**	12,170	46.6%	1,090	9.0%
Others	**8,390**	**67.9%**	5,931	54.3%	2,459	41.5%
Subtotal	**43,022**	**57.2%**	44,414	51.0%	(1,392)	(3.1)%
Total	**2,607,370**	**63.8%**	2,597,352	62.9%	10,018	0.4%

	For the year ended June 30,					
	2022		2021		Increase/(Decrease)	
	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)
Offline channels						
Self-operated stores	**1,193,761**	**71.4%**	1,230,511	70.1%	(36,750)	(3.0)%
Distributor-operated stores	**1,015,807**	**58.7%**	939,480	55.0%	76,327	8.1%
Online channels	**397,802**	**58.1%**	427,361	64.7%	(29,559)	(6.9)%
Total	**2,607,370**	**63.8%**	2,597,352	62.9%	10,018	0.4%

SELLING AND MARKETING EXPENSES AND ADMINISTRATIVE EXPENSES

In Fiscal Year 2022, selling and marketing expenses were RMB1,511.3 million (Fiscal Year 2021: RMB1,429.2 million), which primarily consist of: (i) expenses relating to short-term leases and variable lease payments; (ii) the amortisation of right-of-use assets; (iii) our service outsourcing expenses; and (iv) our employee benefit expenses. In percentage terms, the selling and marketing expenses accounted for 37.0% of our revenue in Fiscal Year 2022 (Fiscal Year 2021: 34.6%), the increase in the expense ratio as compared to the previous year was mainly attributable to the increase in the investment in long-term brand power building.

The administrative expenses for Fiscal Year 2022 were RMB377.3 million (Fiscal Year 2021: RMB328.3 million), which primarily consist of: (i) employee benefit expenses; (ii) product development outsourcing fees; and (iii) professional service expenses. In percentage terms, administrative expenses accounted for 9.2% of our revenue in Fiscal Year 2022 (Fiscal Year 2021: 8.0%), the increase in the expense ratio as compared to the previous year was mainly attributable to the increases in investment relating to talent reserve and expenses for the lease of office building.

FINANCE INCOME/(COSTS), NET

The Group's finance costs, net for Fiscal Year 2022 was RMB0.2 million (Fiscal Year 2021: financial income, net of RMB2.7 million). The decrease in financial income, net was mainly due to the increase of the interest expenses on lease liabilities.

NET PROFIT AND NET PROFIT MARGIN

Due to the above-mentioned factors, net profit for Fiscal Year 2022 was RMB558.9 million, representing a decrease of 13.6% or RMB88.3 million as compared with RMB647.2 million for Fiscal Year 2021. Net profit margin decreased from 15.7% for Fiscal Year 2021 to 13.7% for Fiscal Year 2022.

CAPITAL EXPENDITURE

The Group's capital expenditure mainly consists of payments for construction of our logistic center, property, plant and equipment, intangible assets and decoration of office building and our self-operated stores. The Company's capital expenditure for Fiscal Year 2022 was RMB140.0 million (Fiscal Year 2021: RMB128.5 million).

PROFIT BEFORE INCOME TAX

The Group's profit before income tax decreased by 12.5% from RMB886.6 million for Fiscal Year 2021 to RMB775.6 million for Fiscal Year 2022. The decrease in the profit before income tax was mainly due to the decrease in the Group's operating profit.

FINANCIAL POSITION

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

As at June 30, 2022, the Group's cash and cash equivalents were RMB591.7 million (June 30, 2021: RMB549.0 million), of which 86.2% was denominated in RMB, 1.2% in US dollars and 12.6% in other currencies. Net cash inflow from operating activities in Fiscal Year 2022 was RMB852.9 million, a decrease of 36.2% as compared with RMB1,336.6 million in Fiscal Year 2021.

As at June 30, 2022, our short-term bank loans amounted to RMB148.9 million, representing (i) the short-term loans of RMB49.8 million borrowed from Industrial and Commercial Bank of China on September 3, 2021, (ii) the short-term loans of RMB49.8 million borrowed from Industrial and Commercial Bank of China on March 17, 2022, (iii) the short-term loans of RMB49.3 million borrowed from Industrial and Commercial Bank of China on May 17, 2022.

The above short-term borrowings were utilized to supplement the Group's funds and enhance the usage efficiency of our own funds.

SIGNIFICANT INVESTMENT EVENTS

SUBSCRIPTION OF FINANCIAL PRODUCTS

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

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

INVESTMENT FUNDS

On June 10, 2021, the Group signed a subscription agreement in relation to a venture capital fund as a limited partner with a total capital commitment of US$10,000,000. During the year ended June 30, 2022, the Group made capital contributions of US$2,200,000. The subscription mentioned above does not constitute a notifiable transaction of the Company.

On July 15, 2021, the Group signed the subscription agreements in relation to two venture capital funds as a limited partner with a total capital commitment of RMB60,000,000. Both venture capital funds are related parties of Mr. Wei Zhe, a non-executive Director. During the year ended June 30, 2022, the Group made capital contributions of RMB51,000,000. The Group has uncalled capital commitments of RMB9,000,000 in accordance with the subscription agreements. The subscriptions mentioned above are set out in the announcement of the Company dated July 15, 2021.

On June 10, 2022, the Group signed the subscription agreement in relation to a venture capital fund as a limited partner with a total capital commitment of USD3,500,000. During the year ended June 30, 2022, the Group made capital contributions of USD3,500,000. The subscription mentioned above does not constitute a notifiable transaction of the Company.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

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

HUMAN RESOURCES

The number of the Group's employees has increased to 1,497 as of June 30, 2022 (June 30, 2021: 1,397). The total staff costs for Fiscal Year 2022 (including basic salaries and allowances, social security insurance, discretionary bonuses and share-based compensation expenses) were RMB367.5 million (Fiscal Year 2021: RMB357.7 million), representing 9.0% of our revenue (Fiscal Year 2021: 8.7%).

EVENTS AFTER THE BALANCE SHEET DATE

A final dividend in respect of the year ended June 30, 2022 of HK$0.57 (equivalent to approximately RMB0.49) per ordinary share has been proposed by the Board and is to be approved at the annual general meeting on October 21, 2022. These financial statements do not reflect these dividend payables.

Except for the events as described above, there was no other significant event occurred during the period from June 30, 2022 to the approval date of the consolidated financial statements by the Board on August 30, 2022.

PLEDGE OF ASSETS

As at June 30, 2022, the Group did not have any secured bank borrowings.

CONTINGENT LIABILITIES

As at June 30, 2022, the Group did not have any material contingent liabilities.

USE OF PROCEEDS FROM LISTING

The Company's net proceeds from listing were approximately HK$684.0 million (equivalent to approximately RMB596.6 million), after deduction of underwriting fees and related expenses. As of June 30, 2022, the proceeds amounting to a total of RMB596.6 million have been used. These proceeds shown as following have been used for the purposes as stated in the prospectus of the Company dated October 19, 2016 (the "**Prospectus**").

Item	The planned use of proceeds (RMB million)	As at June 30, 2022 The actual used amount (RMB million)	For the year ended June 30, 2022 The actual used amount (RMB million)	As at June 30, 2022 Proceeds amount (RMB million)
To strengthen our omni-channel interactive platform	167.4	167.4	—	—
To expand our product offering and brand portfolio	179.3	179.3	7.0	—
To establish a new logistics center	220.1	220.1	—	—
For general purposes	29.8	29.8	—	—
Total	596.6	596.6	7.0	—

As at June 30, 2022, all net process from listing has been fully utilized.

OUTLOOK

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

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

- to continue to attract and cultivate new JNBY fans through further optimizing designer brand portfolio and product offerings by way of self-incubation or mergers, through continuous enhancement of forward-looking design and R&D capabilities as well as through comprehensive strengthening of brand influence;

- adopting internet thinking and technology to further enhance our domestic and foreign retail network, increase our strategic investments in store visual merchandising and image development and proactively plan for omni-channel digital intelligence retail ecosystem, in order to optimize our omni-channel interactive marketing platform and intelligent quick response supply chain management capability, as well as being capable to establish an appropriate scaled operation in each sub-segment;

- to enhance fans' experience in diversified omni-channel retail network by adhering to the strategy with data as the driver, technology as the carrier and fans economy as the core, encouraging operational innovation, constantly creating and providing scenarios for value-added services and customer touchpoints to our fans;

- to establish a corporate governance structure integrated with Environment, Social and Governance ("**ESG**") to facilitate the implementation of ESG practices and gradually fulfill its commitment in the ESG sector, thus ensuring the sustainable, healthy and high-quality development of the Company's business in a long run.

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

The Board currently consists of 7 directors (the "**Directors**"), comprising 3 executive Directors, 1 non-executive Director and 3 independent non-executive Directors.

EXECUTIVE DIRECTORS

Mr. Wu Jian (吳健), aged 54, is the co-founder of our Group and an executive Director and the Chairman of our Company. Mr. Wu is primarily responsible for formulating the overall development strategies and overseeing the operation of our Group. Since late 1994, Mr. Wu has been devoted to retailing of Ms. Li Lin's apparel designs and the establishment and development of our Group. With over 25 years of experiences of business operation in the apparel industry, Mr. Wu has been the key driver of our business strategies and achievements to date and will continue to oversee the management of our operations and business.

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

Ms. Li Lin (李琳), aged 51, is the co-founder of our Group and an executive Director and chief creative officer of our Group. With over 25 years of experience in the apparel designing and retailing business, Ms. Li is primarily responsible for the design and innovation of our apparel business. In late 1994, Ms. Li began selling womenswear in Hangzhou, and gradually created and developed her own designs. Ms. Li and Mr. Wu opened their first retail store offering Ms. Li's own designs in 1996, and established Hangzhou JNBY in 1997.

Ms. Li has served as a council member of Beijing Ullens Center for Contemporary Art (UCCA) since November 2013. Ms. Li graduated from Zhejiang University (浙江大學) with a bachelor's degree in chemistry in July 1992. Ms. Li is the wife of Mr. Wu Jian, the Chairman of our Group and executive Director.

Ms. Wu Huating (吳華婷), aged 47, is the chief executive officer of the Company and an executive Director. Ms. Wu is primarily responsible for the Group's overall strategy development, business planning and development. Ms. Wu has over 20 years of experience in the operation, management and investment of retail and internet industries. She was a partner of Vision Knight Capital General Partners Ltd., a private equity investment fund, from 2011 to 2018. Prior to joining Vision Knight Capital General Partners Ltd., Ms. Wu had been employed by Alibaba (China) Network Technology Co., Ltd. and served as senior director since 2006. She was mainly responsible for company brand, business marketing operations as well as marketing channel management, operation and optimization of Internet online marketing. In addition, she served as director of market development for UTStarcom Holdings Corp. from 2002 to 2006. She was also the product manager of Hangzhou Tingyi International Food Co., Ltd. under Ting Hsin International Group from 1998 to the end of 2001.

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

NON-EXECUTIVE DIRECTOR

Mr. Wei Zhe (衛哲), aged 51, joined our Group on June 24, 2013 when he was appointed as a non-executive Director. He is mainly responsible for providing strategic advice on the business development of our Group. Mr. Wei has over 20 years of experience in both investment and operational management in the PRC. Prior to joining our Group, Mr. Wei served as corporate finance manager at Coopers & Lybrand (now part of PricewaterhouseCoopers) from 1995 to 1998, and as managing director and head of investment banking at Orient Securities Company Limited from 1998 to 2000. Mr. Wei was a vice chairman, from 2002 to 2006, and a consultant, from 2007 to 2011, of China Chain Store & Franchise Association (中國連鎖經營協會). From 2003 to 2006, Mr. Wei was also the chief representative for Kingfisher's China sourcing office, Kingfisher Asia Ltd. Mr. Wei joined Alibaba Group and served as senior vice president of the B2B Division from November 2006 to January 2007, and president of the B2B Division and executive vice-president of Alibaba Group, from February 2007 to February 2011. He was the chief executive officer of Alibaba.com Limited, a leading worldwide B2B e-commerce company once listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (Stock Code: 01688 and delisted in June 2012) from October 2007 to February 2011. He was voted as one of "China's Best CEOs" by FinanceAsia magazine in 2010. He has served as a director of Vision Knight Capital General Partners Ltd., a private equity investment fund since June 2011. Mr. Wei graduated from Shanghai International Studies College (上海外國語學院), Shanghai, with a bachelor's degree in international business management in July 1993. He also completed the EMBA corporate finance evening program at London Business School, London, United Kingdom in June 1998.

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lam Yiu Por (林曉波), aged 45, is an independent non-executive Director. He is primarily responsible for providing independent advice and judgment to our Board, and supervising operations of our Group. He joined our Group on October 13, 2016 when he was appointed as an independent non-executive Director. Mr. Lam now serves as the chief financial officer and joint company secretary of Dingdang Health Technology Group Ltd.

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

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

Ms. Han Min (韓敏), aged 48, is an independent non-executive Director. She is primarily responsible for providing independent advice and judgment to our Board, and supervising operations of our Group. She joined our Group on October 13, 2016 when she was appointed as an independent non-executive Director. Ms. Han has been working at Alipay (China) Information Technology Co., Ltd. (支付寶(中國)信息技術有限公司) ("**Alipay**") since January 2006. She served in a number of positions in Alipay from her joining in January 2006, including the director of the marketing operation department, the general manager of the merchants business department, the general manager of the consumers business department. Ms. Han worked at Alibaba (China) Network Technology Co., Ltd. (阿里巴巴(中國)網絡技術有限公司) from September 1999 to December 2005, during which she served various positions in the company, including director of the operation department, director of the international cooperation and development department, and director of the marketing department. Ms. Han graduated from Hangzhou Dianzi University (杭州電子科技大學) (formerly known as Hangzhou Dianzi Industrial College (杭州電子工業學院)), Hangzhou, with a bachelor's degree majoring in foreign trade in July 1997. In November 2008, she graduated from the University of Bath, U.K., with a master's degree of business administration.

Mr. Hu Huanxin (胡煥新), aged 54, is an independent non-executive Director. He is primarily responsible for providing independent advice and judgment to our Board, and supervising operations of our Group. Mr. Hu joined our Group on October 13, 2016 when he was appointed as an independent non-executive Director. Prior to joining our Group, Mr. Hu served in various roles with Cadbury, including general manager of Great China supply chain. From 2008 to 2009, Mr. Hu was employed by Vivalis, a cosmetics company based in the United Kingdom. Mr. Hu also served as the chief operating officer of Daphne International Holdings Limited, a company listed on the Stock Exchange (Stock Code: 00210) from 2010 to 2015. From March 2015 to December 2017, Mr. Hu has served as the chief operating officer of Yango Holdings Company Limited, the parent company of Yango Group Co., Ltd, a company listed on the Shenzhen Stock Exchange (Stock Code: 000671) and Fujian Longking Co., Ltd., a company listed on the Shanghai Stock Exchange (Stock Code: 600388). He founded Wuxi Baoding Jiafeng Private Equity Fund Management Partnership (Limited Partnership) and is the executive partner of the company.

Mr. Hu graduated from Sun Yet-Sun University (中山大學), Guangzhou, with a bachelor's degree in international economics and trade in July 1990. Mr. Hu has served as a director of the board of Lingnan (University) College of Sun Yet-Sun University and as president of the Shanghai alumni association of Lingnan University since September 2014.

SENIOR MANAGEMENT

Mr. Zhu Qian (朱乾), aged 41, was appointed as chief financial officer when he joined our Group in November 2013, and was appointed as the chief strategy officer in August 2021. He was in charge of the overseas market and domestic distribution business of our JNBY, CROQUIS (速寫), jnby by JNBY, LESS and POMME DE TERRE (蓬馬) brands, the direct sale business of jnby by JNBY and POMME DE TERRE (蓬馬) brands of our Group from November 2014 to April 2019. He currently mainly focuses on the overall strategies, business planning and development, merger and acquisition, capital market and risk management matters of the Group.

Mr. Zhu has over 15 years of working experience in the auditing and financial industry. Prior to joining our Group, Mr. Zhu worked at PriceWaterhouseCoopers LLP from August 2003 to November 2013, where he last served as a senior manager and was primarily responsible for audit business.

Mr. Zhu was granted with the qualification of Certified Public Accountant issued by Shanghai Institute of Certified Public Accountants in August 2006. Mr. Zhu received a certificate for SHICPA-SNAI TOPCPA executive (上海市註冊會計師協會行業優秀人才) jointly issued by Shanghai Institute of Certified Public Accountant and Shanghai National Accounting Institute in August 2013. Mr. Zhu graduated from Shanghai University of Finance and Economics (上海財經大學), Shanghai, in July 2003 with a bachelor's degree of economics majoring in public finance (asset management and evaluation) and a dual degree of management majoring in accounting.

Ms. Huang Sheng (黃盛), aged 47, joined our Group since September 9, 2019 and served as the Group's chief marketing officer. She is primarily responsible for the development of brand marketing strategy, membership operation of our Group, digital retailing, channel development, and direct sale business management for JNBY brand, CROQUIS (速寫) brand and LESS brand.

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

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

Mr. Guan Hongchun (管宏春), aged 42, joined the Group in May 2021 and was appointed as the chief operating officer. He is mainly responsible for the Group's data center, R&D center, APN business, POMME DE TERRE (蓬馬) business and the business and operation management of overseas business division, and is also responsible for the distribution business management of JNBY, CROQUIS (速寫), LESS and jnby by JNBY brands.

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

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

Mr. Nie Yanlu (聶延路), aged 51, joined our Group in August 2002 and was appointed as the vice president of the Group from April 2019. Mr. Nie has over 20 years of working experience in operating and marketing. Since he joined our Group, he served in various positions in Huikang Industrial responsible for marketing of JNBY brand, including marketing director and general manager of business department from August 2002 to June 2011. Mr. Nie joined JNBY Finery in June 2011, and served as general manager of JNBY Brand Business Center. He was appointed as the general manager of JNBY Brand & CROQUIS (速寫) Brand Business Department of our Group in August 2015. Upon his appointment as the vice president of the Group in April 2019, he is primarily responsible for the distribution of our JNBY brand and CROQUIS (速寫) brand products, as well as the distribution and self-operated businesses of jnby by JNBY and POMME DE TERRE (蓬馬) brands. He currently mainly focuses on the distribution business of CROQUIS (速寫) brand.

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

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

Ms. Wu Liwen (吳立文), aged 59, was appointed as the general manager of Production and Purchase Center of our Group since joining our Group on July 23, 2004. She is primarily responsible for overseeing manufacturing and purchasing affairs for our business operation. She has served as director in a number of our subsidiaries. Ms. Wu has over 15 years of working experience in the apparel manufacturing business. From July 2004 to October 2012, Ms. Wu served as the general manager of production and purchase center of Huikang Industrial. Ms. Wu worked in Shenyang No.9 People's Hospital (瀋陽市第九人民醫院) from July 1987 to July 2004, where she last served as the director of ultra-sonographic section.

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

Mr. Fan Yongkui (範永奎), aged 38, was appointed as the financial director of our Group when he joined our Group in September 2015, and was appointed as the vice president of the Group in August 2021. He is primarily responsible for accounting, financial management, logistics center operation, legal affairs, internal audit works and internal control related matters of our Group. Since joining our Group, Mr. Fan has served as supervisor in a number of our subsidiaries.

Mr. Fan has over 15 years of working experience in the accounting and financial industry. Prior to joining our Group, Mr. Fan worked at Zhejiang Zhongcheng Accounting Firm (浙江中誠會計師事務所) as an auditor from September 2006 to April 2008. He also worked as project manager at Lixin Accounting Firm (立信會計師事務所) from May 2008 to June 2010, mainly responsible for projects of initial public offering in Shanghai Stock Exchange and Shenzhen Stock Exchange. From July 2010 to September 2015, he served as financial analysis manager of Zhejiang Dahua Technology Co., Ltd. (浙江大華技術股份有限公司), a company listed on the Shenzhen Stock Exchange (Stock Code: 002236) and engaged in the design, manufacturing, development of computer software and electronics.

Mr. Fan was granted with the qualification of Certified Public Accountant issued by Zhejiang Province Institute of Certified Public Accountants in April 2009. He also received a certificate for Certified Public Valuer from Zhejiang Province Ministry of Human Resources and Social Security in December, 2011. He was granted with the qualification of Registered Tax Agent issued by Zhejiang Province Ministry of Human Resources and Social Security in June 2013. He obtained a lawyer's practice certificate issued by the Ministry of Justice of the People's Republic of China in April 2021. Mr. Fan graduated from Zhejiang University (浙江大學), with a bachelor's degree in landscape architecture in June 2006.

Mr. Xie Peiwang (謝培旺), aged 40, joined our Group in December 2015. Since joining our Group, he is primarily responsible for the overall operation of e-commerce. He serves as the general manager of our e-commerce operation centre, served as the director of our omnichannel membership operation department from March 2017 to November 2019 and also serves as the general manager of the business centre of JNBYHOME since March 2019. Mr. Xie has over 15 years of working experience in the internet industry, and worked at Alibaba Group from 2008 to 2015, during which he served in various operation roles across men's apparel and women's apparel.

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

Mr. Fang Lei (方磊), aged 40, was appointed as the project manager of the information center when joining the Group in March 2014, and was appointed as the director of the information center in March 2017. He was appointed as the chief information officer in August 2021, and is primarily responsible for the formulation of information planning, the establishment of information and technology platform as well as the design and research and development of Internet products of the Group.

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

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

DIRECTORS' REPORT

The Board is pleased to present the annual report (the "**Annual Report**") and the audited consolidated financial statements of the Group for the year ended June 30, 2022.

GLOBAL OFFERING

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

PRINCIPAL BUSINESS

The Company is principally engaged in the design, promotion and sales of female, male and youth contemporary apparel, footwear and accessories. The analysis of the Group's principal business for the year ended June 30, 2022 is set out in note 5 of the consolidated financial statements.

RESULTS

The results of the Group for the year ended June 30, 2022 are set out in the consolidated statement of comprehensive income on page 94 of this Annual Report.

DIVIDEND POLICY

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

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

FINAL DIVIDEND

The Board has recommended the payment of a final dividend of HK$0.57 per ordinary share (equivalent to approximately RMB0.49 per ordinary share) for the year ended June 30, 2022.

The final dividend is subject to the approval of the Shareholders at the annual general meeting of the Company (the "**AGM**") to be held on October 21, 2022, and will be paid on November 3, 2022 to those Shareholders whose names appear on the Company's register of members on October 27, 2022.

BUSINESS REVIEW

In recent years, although the COVID-19 pandemic is still spreading globally, benefiting from the relatively optimistic pandemic prevention and control situation in China, the domestic consumer market and the apparel industry have recovered and recorded a strong rebound. Meanwhile, the COVID-19 pandemic has also accelerated changes in the business environment and consumer behavior. In the post-pandemic era, China will retain its role as the engine of global consumption growth. With consumption upgrades and a younger consumer base, the number of people pursuing good lifestyles is growing rapidly, the demand of consumers for personalized and fashionable products continues to rise and young consumers have a growing preference for products and brands with strong brand strength, hence a huge potential for the market segment where the designer brands operate. Besides, the pandemic has not only accelerated the transition of consumers from traditional retails to diversified new consumption scenarios, but also prompted consumers to turn to brands they trust more. Therefore, the market segment where the designer brands operate has shown a centralized competition trend.

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

MAJOR RISKS AND UNCERTAINTIES

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

(I) RISKS RELATING TO BRAND RECOGNITION

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

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

(II) FIERCE COMPETITION

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

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

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

(IV) SUPPLY CHAIN

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

(V) INFORMATION TECHNOLOGY SYSTEMS

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

KEY RELATIONSHIPS

(I) FANS

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

(II) DISTRIBUTORS

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

(III) EMPLOYEES

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

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

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

(IV) SUPPLIERS

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

ENVIRONMENTAL POLICIES AND PERFORMANCE

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

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

FINANCIAL SUMMARY

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

MAJOR CUSTOMERS AND SUPPLIERS

MAJOR CUSTOMERS

The transaction amounts of our Group's top five customers accounted for 5.8% of the Group's total revenues (Fiscal Year 2021: 5.6%) for the Fiscal Year 2022 while the transaction amounts of our single largest customer accounted for 2.7% of the Group's total revenues (Fiscal Year 2021: 2.2%).

MAJOR SUPPLIERS

The transaction amounts of our Group's top five suppliers accounted for 15.3% of the total purchases (Fiscal Year 2021: 13.8%) for the Fiscal Year 2022 while the transaction amounts of our single largest supplier accounted for 4.2% of the Group's total purchases (Fiscal Year 2021: 4.0%).

None of the Directors, any of their respective close associates or any Shareholders (which to the knowledge of the Directors owns more than 5% of the Company's shares in issue) are interested in the five top clients or suppliers of the Group during the Fiscal Year 2022.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Company and the Group during the Fiscal Year 2022 are set out in note 13 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the Company's share capital during the Fiscal Year 2022 are set out in note 23 to the consolidated financial statements.

RESERVES

Details of the movements in the reserves of the Company and the Group during the Fiscal Year 2022 are set out in note 24 to the consolidated financial statements.

RESERVES AVAILABLE FOR DISTRIBUTION

As at June 30, 2022, the Company's reserves available for distribution amounted to approximately RMB803.1 million (June 30, 2021: RMB897.6 million).

BANK AND OTHER BORROWINGS

Details of the bank and other borrowings of the Company and the Group during the Fiscal Year 2022 are set out in note 28 to the consolidated financial statements.

DIRECTORS

The Directors during the Fiscal Year 2022 and up to the date of this Annual Report are as follows:

EXECUTIVE DIRECTORS:

Mr. Wu Jian *(Chairman)*

Ms. Li Lin

Ms. Wu Huating

NON-EXECUTIVE DIRECTOR:

Mr. Wei Zhe

INDEPENDENT NON-EXECUTIVE DIRECTORS:

Mr. Lam Yiu Por

Ms. Han Min

Mr. Hu Huanxin

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

The particulars of Directors who are subject to re-election at the AGM are set out in the circular to Shareholders to be dated September 15, 2022.

DIRECTORS AND SENIOR MANAGEMENT

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

CONFIRMATION OF INDEPENDENCE FROM THE INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive Directors a confirmation of his/her independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") and the Company considers all of the independent non-executive Directors are independent persons during the Fiscal Year 2022.

DIRECTORS' SERVICE CONTRACTS AND LETTERS OF APPOINTMENT

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

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

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in the paragraph of "Connected transactions" below and in this Annual Report, no Director has a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company, any of its subsidiaries or fellow subsidiaries was a party during the Fiscal Year 2022 and up to the date of this Annual Report.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Fiscal Year 2022.

EMOLUMENT POLICY

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

Details of the emoluments of the Directors, and the five highest paid individuals during the Fiscal Year 2022 are set out in notes 34 and 8 to the consolidated financial statements.

RETIREMENT AND EMPLOYEE BENEFITS SCHEME

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

CHANGES IN INFORMATION OF DIRECTORS

Mr. Wei Zhe has served as an executive director of Vision Deal HK Acquisition Corp., a company listed on the Main Board of the Stock Exchange (Stock Code: 07827) since February 2022.

Save as disclosed above, during Fiscal Year 2022, no other change in the information of the Directors need to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

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

As at June 30, 2022, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules were as follows:

Name of Directors	Nature of Interests	Number of Shares	Percentage of Shareholding in the Company (%)	Long Position/ Short Position/ Lending Pool
Mr. Wu Jian[1]	Founder of a discretionary trust; Beneficiary of a trust; Spouse interest	318,681,000	61.43	Long position
Ms. Li Lin[2]	Founder of a discretionary trust; Beneficiary of a trust; Spouse interest	318,681,000	61.43	Long position
Ms. Wu Huating[3]	Beneficial owner; Beneficiary of a trust	8,194,000	1.58	Long position

Notes:

(1) Ahead Global Holdings Limited, a company indirectly wholly owned by the Wu Family Trust, directly holds the entire issued share capital of Ninth Capital Limited which in turn holds 152,100,000 shares of the Company. The Wu Family Trust is a discretionary trust established by Mr. Wu Jian (as the settlor), and its discretionary beneficiaries include Mr. Wu Jian, Ms. Li Lin and their children. Ms. Li Lin is beneficially interested in the entire issued share capital of Ninth Investment Limited which in turn holds 154,781,000 shares of the Company. Pursuant to the Li Personal Trust, the Li Personal Trust Nominee holds 11,800,000 shares as the nominee of The Core Trust Company Limited. The Li Personal Trust Nominee is wholly owned by The Core Trust Company Limited in its capacity as the nominee of the Li Personal Trust, and Ms. Li Lin is the settlor of the Li Personal Trust. Accordingly, Mr. Wu Jian is deemed to be interested in the 152,100,000 shares, 154,781,000 shares and 11,800,000 shares held by Ninth Capital Limited, Ninth Investment Limited and the Li Personal Trust Nominee, respectively. Pursuant to the SFO, Mr. Wu Jian, as the spouse of Ms. Li Lin, is deemed to be interested in the same number of shares in which Ms. Li Lin is interested.

(2) Puheng Limited, a company indirectly wholly owned by the Li Family Trust, directly holds the entire issued share capital of Ninth Investment Limited which in turn holds 154,781,000 shares of the Company. The Li Family Trust is a discretionary trust established by Ms. Li Lin (as the settlor), and its discretionary beneficiaries include Ms. Li Lin, Mr. Wu Jian and their children. Pursuant to the Li Personal Trust, the Li Personal Trust Nominee holds 11,800,000 shares as the nominee of The Core Trust Company Limited. The Li Personal Trust Nominee is wholly owned by The Core Trust Company Limited in its capacity as the nominee of the Li Personal Trust, and Ms. Li Lin is the settlor of the Li Personal Trust. Mr. Wu Jian is beneficially interested in the entire issued share capital of Ninth Capital Limited which in turn holds 152,100,000 shares of the Company. Accordingly, Ms. Li Lin was deemed to be interested in the 154,781,000 shares, 11,800,000 shares and 152,100,000 shares held by Ninth Investment Limited, the Li Personal Trust Nominee and Ninth Capital Limited, respectively. Pursuant to the SFO, Ms. Li Lin, as the spouse of Mr. Wu Jian, was deemed to be interested in the same number of shares in which Mr. Wu Jian is interested.

(3) Ms. Wu Huating is interested in (i) 194,000 shares of the Company held by her and (ii) restricted share units ("**RSUs**") representing 8,000,000 shares of the Company that were granted to her pursuant to the RSU Scheme, which are subject to the vesting schedule and performance targets or review.

Save as disclosed above, as at June 30, 2022, none of the Directors or the chief executive of the Company had or was deemed to have any interest or short position in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or required to be recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this Annual Report, at no time during the Fiscal Year 2022 was the Company or its subsidiaries a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debentures of the Company or any other body corporate or had exercised any such right.

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

As at June 30, 2022, as far as the Directors are aware, the following persons (other than the Directors and chief executives of the Company) had interests or short positions in the shares or underlying shares of the Company which were required to be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, and which were required to be entered in the register maintained by the Company pursuant to Section 336 of the SFO:

Name of Shareholders	Nature of Interests	Number of Shares	Percentage of Shareholding in the Company (%)	Long Position/ Short Position/ Lending Pool
Credit Suisse Trust Limited[1],[2]	Trustee	306,881,000	59.16	Long position
Ahead Global Holdings Limited[1]	Interest in a controlled corporation	152,100,000	29.32	Long position
Li Family Limited[2]	Interest in a controlled corporation	154,781,000	29.84	Long position
Ninth Capital Limited[1]	Beneficial owner	152,100,000	29.32	Long position
Ninth Investment Limited[2]	Beneficial owner	154,781,000	29.84	Long position
Puheng Limited[2]	Interest in a controlled corporation	154,781,000	29.84	Long position
Seletar Limited[1],[2]	Nominee for another person	306,881,000	59.16	Long position
Serangoon Limited[1],[2]	Nominee for another person	306,881,000	59.16	Long position
Wu Family Limited[1]	Interest in a controlled corporation	152,100,000	29.32	Long position
TCT (BVI) Limited[3]	Trustee	39,156,100	7.55	Long position
The Core Trust Company Limited[3]	Trustee	39,156,100	7.55	Long position
Energetic Design Limited[4]	Nominee for another person	27,356,100	5.27	Long position

Notes:

(1) As at the date of this Annual Report, to the best knowledge of the Directors, Ninth Capital Limited holds 152,100,000 shares of the Company, representing approximately 29.32% of the issued shares of the Company. Credit Suisse Trust Limited, as the trustee of the Wu Family Trust, holds the entire issued share capital of Wu Family Limited through its nominee companies Seletar Limited and Serangoon Limited. Wu Family Limited holds the entire issued share capital of Ahead Global Holdings Limited which in turn holds the entire issued share capital of Ninth Capital Limited. Ninth Capital Limited holds 152,100,000 shares of the Company. The Wu Family Trust is a discretionary trust established by Mr. Wu Jian (as the settlor), and its discretionary beneficiaries are Mr. Wu Jian, Ms. Li Lin and their children. Accordingly, each of Mr. Wu Jian, Credit Suisse Trust Limited, Seletar Limited, Serangoon Limited, Wu Family Limited and Ahead Global Holdings Limited is deemed to be interested in the 152,100,000 shares of the Company held by Ninth Capital Limited.

(2) As at the date of this Annual Report, to the best knowledge of the Directors, Ninth Investment Limited holds 154,781,000 shares of the Company, representing approximately 29.84% of the issued shares of the Company. Credit Suisse Trust Limited, as the trustee of the Li Family Trust, holds the entire issued share capital of Li Family Limited through its nominee companies Seletar Limited and Serangoon Limited. Li Family Limited holds the entire issued share capital of Puheng Limited, which in turn holds the entire issued share capital of Ninth Investment Limited. Ninth Investment Limited holds 154,781,000 shares of the Company. The Li Family Trust is a discretionary trust established by Ms. Li Lin (as the settlor), and its discretionary beneficiaries are Ms. Li Lin, Mr. Wu Jian and their children. Accordingly, each of Ms. Li Lin, Credit Suisse Trust Limited, Seletar Limited, Serangoon Limited, Li Family Limited and Puheng Limited is deemed to be interested in the 154,781,000 shares of the Company held by Ninth Investment Limited.

(3) TCT (BVI) Limited is the wholly-owned subsidiary of The Core Trust Company Limited. Such 39,156,100 shares represent the same batch of shares.

(4) Energetic Design Limited is the wholly-owned subsidiary of TCT (BVI) Limited. Accordingly, TCT (BVI) Limited is deemed to be interested in the 27,356,100 shares held by Energetic Design Limited.

Save as disclosed above, as at June 30, 2022, the Directors were not aware of any persons (who were not Directors or chief executives of the Company) who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

RESTRICTED SHARE UNIT SCHEME

We have adopted the RSU Scheme in order to incentivize senior management, designers and key employees for their contribution to our Group and to attract and retain suitable personnel to enhance the development of our Group. The total number of shares under the RSU Scheme does not exceed 70,000,000 shares and is valid for a period to June 30, 2029, with the remaining period of about 6 years and 9 months. The RSU Scheme was approved and adopted by the Board on May 16, 2014, and amended on February 3, 2018, May 14, 2018, May 8, 2019 and August 30, 2022, a summary of principal terms of which is set out in "Statutory and General Information — D. Share Incentive Scheme — 1. RSU Scheme" in Appendix IV of the Prospectus, and the Company's announcements dated February 3, 2018, May 14, 2018, May 8, 2019 and August 30, 2022.

OUTSTANDING RSUs

Prior to the Company's shares listed on the Main Board of the Stock Exchange, RSUs in respect of an aggregate of 11,776,040 shares of the Company, representing approximately 2.27% of the issued shares of the Company as at June 30, 2022, had been granted to 89 RSU participants of the Group pursuant to the RSU Scheme. We have appointed The Core Trust Company Limited as the trustee to assist with the administration and vesting of RSUs granted pursuant to the RSU Scheme.

There are twelve vesting schedules under the RSU Scheme as at June 30, 2022:

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

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

During the year ended June 30, 2022, 11,980,000 RSUs have been granted, 737,000 forfeited and no RSUs lapsed. As at June 30, 2022, there were a total of 26,545,622 RSUs outstanding.

The following is a summary table showing details of the RSUs granted under the RSU Scheme as at June 30, 2022. As of June 30, 2022, a total of 14,775,000 RSUs, representing 14,775,000 shares, were granted to the connected persons of the Company, among which 13,000,000 RSUs (of which 5,000,000 RSUs were cancelled) were granted to a Director.

		As at July 1, 2021	Year ended June 30, 2022				As at June 30, 2022
Shares Represented by RSUs	Date of Grant	Outstanding	Granted	Exercised	Cancelled	Forfeited	Outstanding
9,764,560	June 30, 2014	5,830,716	—	679,500	—	—	**5,151,216**
711,480	November 20, 2014	6	—	—	—	—	**6**
280,000	September 10, 2015	500	—	500	—	—	**—**
50,000	November 23, 2015	9,500	—	9,500	—	—	**—**
500,000	December 7, 2015	100,000	—	—	—	—	**100,000**
680,000	February 25, 2017	563,000	—	5,000	—	—	**558,000**
30,000	August 29, 2017	7,500	—	7,500	—	—	**—**
15,000,000	February 3, 2018	3,992,900	—	495,400	—	25,000	**3,472,500**
1,240,000	May 14, 2018	280,000	—	120,000	—	—	**160,000**
180,000	August 28, 2018	140,000	—	—	—	—	**140,000**
10,000,000	May 8, 2019	5,000,000	—	—	—	—	**5,000,000**
492,500	July 9, 2019	281,500	—	11,500	—	6,000	**264,000**
2,755,000	October 17, 2019	636,500	—	210,600	—	6,000	**419,900**
11,980,000	October 29, 2021	—	11,980,000	—	—	700,000	**11,280,000**
Total		16,842,122	11,980,000	1,539,500	—	737,000	**26,545,622**

Note:

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

The weighted average closing price of the shares immediately before the dates on which the RSUs were exercised in Fiscal Year 2022 was approximately HK$17.58.

EXPECTED RETENTION RATE OF GRANTEES

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

EQUITY-LINKED AGREEMENT

There was no equity-linked agreement entered into by the Company or any of its subsidiaries in the Fiscal Year 2022 or subsisted at the end of the year.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During Fiscal Year 2022, save as the trustee of the RSU Scheme purchased a total of 2,239,500 shares of the Company with HK$27.5 million at the Stock Exchange pursuant to rules of the RSU Scheme and terms of the trust in order to grant shares to selected participants, none of the Company or any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

PRE-EMPTIVE RIGHTS

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

NON-COMPETITION UNDERTAKING

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

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

Based on the information and confirmation provided by the controlling Shareholders, the independent non-executive Directors have reviewed the implementation of non-competition undertaking during the Fiscal Year 2022, and are satisfied that the controlling Shareholders have complied with the Deed of Non-Competition.

DIRECTORS' INTEREST IN COMPETING BUSINESS

Save as disclosed in this Annual Report, none of the Directors or their associates had any interest in any business which directly or indirectly compete or may compete with the businesses of our Group during the Fiscal Year 2022.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

CONTINUING CONNECTED TRANSACTIONS

For the year ended June 30, 2022, the non-exempt continuing connected transactions conducted by the Group were described as follows:

LEASE OF OFFICES AND RETAIL STORES

Huizhan Technology (Hangzhou) Co., Ltd.* ("**Huizhan Technology**") is indirectly owned by the Founders as to 84.6%, thus, pursuant to Chapter 14A of the Listing Rules, Huizhan Technology is a connected person of the Company.

On November 23, 2018, JNBY Finery entered into a lease with Huizhan Technology, pursuant to which Huizhan Technology agreed to lease the building located in Tianmuli D, 398 Tianmushan Road, Xihu District, Hangzhou, Zhejiang, China (中國浙江省杭州市西湖區天目山路398號天目里D座) and 100 associated underground parking lots with a total leasing area of 23,906.76 square meters for above-ground structures and approximately 2,000.00 square meters for underground structures for a term of 3 years commencing from December 1, 2019 and ending on November 30, 2022. The rent and homeowners association fee are payable annually in advance and the utilities is payable monthly. The leased property is used for office purpose. For the year ended June 30, 2022, the total lease payment, homeowners association fee and utilities payable was RMB35,691,924. This lease agreement has been terminated and consolidated into a lease agreement with Huizhan Technology and Huizhan Property on May 24, 2022.

On November 23, 2018, JNBY Finery entered into a lease with Huizhan Technology, pursuant to which Huizhan Technology agreed to lease the multi-function hall located in Floor 1–2, Tianmuli D1, 398 Tianmushan Road, Xihu District, Hangzhou, Zhejiang, China (中國浙江省杭州市西湖區天目山路398號天目里D1座1–2層) with a total leasing area of approximately 2,342.00 square meters. JNBY Finery is permitted to rent based on actual needs in a period of 3 years commencing from December 1, 2019 and ending on November 30, 2022. The rent payable is RMB40,000.00 per day with an estimate of no more than RMB1,200,000.00 per annum based on actual needs of the Company to be paid within 30 days after renting. The leased property is used for advertising campaign purpose. For the year ended June 30, 2022, the total lease payment payable was RMB201,835. This lease agreement has been terminated and consolidated into a lease agreement with Huizhan Technology and Huizhan Property on May 24, 2022.

On January 1, 2013, JNBY Finery entered into a lease with Huikang Industrial, pursuant to which Huikang Industrial agreed to lease a premise of 383.01 square meters located at 403 Wulin Road, Xiacheng District, Hangzhou, Zhejiang, China (中國浙江省杭州市下城區武林路403號) for retail store purpose. The lease was renewed on February 27, 2019 for a term of 3 years commencing from July 1, 2019 and ending on June 30, 2022. The rent payable is RMB1,993,430, RMB2,093,101 and RMB2,197,756 for the years ended/ending June 30, 2020, 2021 and 2022, respectively. The payment is scheduled to be paid in advance annually. For the year ended June 30, 2022, there was no total lease payment payable as the store was closed due to COVID in the year ended June 30, 2022.

On January 1, 2013, JNBY Finery entered into a lease with the Founders, pursuant to which the Founders agreed to lease a premise of 415.55 square meters located at 79 Wen'er West Road, Xihu District, Hangzhou, Zhejiang, China (中國浙江省杭州市西湖區文二西路79號) for retail store purpose. The lease was renewed on February 27, 2019 for a term of 3 years commencing from July 1, 2019 and ending on June 30, 2022. The rent payable is RMB373,766, RMB392,454 and RMB412,076 for the years ended/ending June 30, 2020, 2021 and 2022, respectively. The payment is scheduled to be paid in advance annually. For the year ended June 30, 2022, there was no total lease payment payable as the store was closed due to COVID in the year ended June 30, 2022.

On January 1, 2013, JNBY Finery entered into a lease with the Founders, pursuant to which the Founders agreed to lease a premise of 275.63 square meters located at 234 Wenyi Road, Xihu District, Hangzhou, Zhejiang, China (中國浙江省杭州市西湖區文一路234號) for retail store purpose. The lease was renewed on February 27, 2019 for a term of 3 years commencing from July 1, 2019 and ending on June 30, 2022. The rent payable is RMB425,427, RMB446,698 and RMB469,033 for the years ended/ending June 30, 2020, 2021 and 2022, respectively. The payment is scheduled to be paid in advance annually. For the year ended June 30, 2022, the total lease payment payable was RMB446,698.

On February 27, 2019, Liancheng Huazhuo entered into a lease with Huikang Industrial, pursuant to which Huikang Industrial agreed to lease a premise of 6,700 square meters located at 350 Hongda Road, Economic and Technology Development District, Xiaoshan District, Hangzhou, Zhejiang, China (中國浙江省杭州市蕭山區經濟技術開發區鴻達路350號) for a term of 3 years commencing from July 1, 2019 and ending on June 30, 2022. On May 28, 2020, the annual rent payable was amended to RMB1,440,000 paying in advance. The leased property is used for employee dormitory purpose. For the year ended June 30, 2022, the total lease payment payable was RMB1,371,429. This lease agreement has been terminated and consolidated into a lease agreement with Huikang Industrial on May 24, 2022.

On April 8, 2021, JNBY Finery entered into a lease with Huikang Industrial, pursuant to which Huikang Industrial agreed to lease a premise of 7,685 square meters located at 350 Hongda Road, Economic and Technology Development District, Xiaoshan District, Hangzhou, Zhejiang, China (中國浙江省杭州市蕭山區經濟技術開發區鴻達路350號) for a term of one year commencing from April 8, 2021 and ending on April 7, 2022. The rent payable is calculated based on the actual days of usage and standard usage fee (RMB63,000 per day) to be paid monthly in arrears. The leased property is used for holding products ordering fair purpose. For the year ended June 30, 2022, there was no total lease payment payable as the premise was not used during such financial year.

On February 14, 2022, the Group entered into a lease with Huizhan Technology, pursuant to which Huizhan Technology agreed to lease a premise of 3,840 square meters located at 3F-8F, Block 16, Tianmu Qingshui Commercial Center, 398 Tianmushan Road, Xihu District, Hangzhou, Zhejiang, China (中國浙江省杭州市西湖區天目山路398號天目清水商業中心16號樓3層至8層) with a term of approximately two months commencing from February 14, 2022. The rent payable is calculated based on the actual days of usage (RMB42,000 per day) and standard usage fee (RMB350 per person) to be paid monthly in arrears. The leased property is used for holding products ordering fair purpose. For the year ended June 30, 2022, the total lease payment payable was RMB1,245,272.

APPAREL MANUFACTURING AGREEMENT

Hangzhou Shangwei Apparel Co., Ltd. ("**Shangwei Apparel**") is an entity controlled by the Founders, thus, pursuant to Chapter 14A of the Listing Rules, Shangwei Apparel is a connected person of the Company.

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

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

The annual caps for such transactions are approximately RMB40.0 million, RMB40.0 million for the years ending June 30, 2023, 2024, respectively. For the year ended June 30, 2022, the annual cap for such transactions of the Group was RMB40.0 million, and the total fees for apparel manufacturing actually payable was RMB28.2 million without exceeding the annual cap for such transactions.

For more details, please see the announcement of the Company regarding connected transaction and continuing connected transaction dated February 27, 2019 and May 24, 2022.

SAMPLES OUTSOURCING AGREEMENT

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

On February 27, 2019, Liancheng Huazhuo entered into new framework sample apparel agreement with Hangzhou JNBY, pursuant to which Liancheng Huazhuo and Hangzhou JNBY agreed to renew the framework sample outsourcing service agreement, and Hangzhou JNBY agreed to manufacture and provide sample apparel for our designs for a term of three years commencing from July 1, 2019 and ended on June 30, 2022. The term of above sample apparel agreement was renewed on May 24, 2022 for two years commencing from July 1, 2022 and ending on June 30, 2024.

The annual caps for such transactions are approximately RMB40.0 million, RMB40.0 million for the years ending June 30, 2023 and 2024, respectively. For the year ended June 30, 2022, the total fee for outsourcing service actually payable was RMB32.8 million without exceeding the annual cap for such transaction.

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

CONCESSION AGREEMENT

On May 24, 2022, JNBY Finery entered into a concession agreement with Huizhan Technology, pursuant to which Huizhan Technology granted to us the sole and exclusive right to operate retail business of the Group's brands at specified premises in the O ō Eli Complex under the proprietary owned by Huizhan Technology for retail stores purpose with a term of two years commencing from July 1, 2022 and ending on June 30, 2024.

The annual caps for such transactions are approximately RMB5 million and RMB5 million for the years ending June 30, 2023 and 2024, respectively. For the year ended June 30, 2022, the total concession fees actually payable was RMB2.0 million without exceeding the annual cap for such transaction.

For more details, please see the announcement of the Company regarding connected transaction and continuing connected transaction dated May 24, 2022.

MULTI-PURPOSE SPACE FRAMEWORK AGREEMENT

On May 24, 2022, JNBY Finery has entered into a multi-purpose space framework agreement with Huizhan Technology, pursuant to which the Group may use the multi-purpose open space at the O ō Eli Complex from time to time for various purposes, including but not limited to hosting promotional activities, organizing fashion shows and housing other events with a term of two years commencing from July 1, 2022 and expiring on June 30, 2024.

The annual caps for such transactions are approximately RMB12 million and RMB12 million for the years ending June 30, 2023 and 2024, respectively.

For more details, please see the announcement of the Company regarding connected transaction and continuing connected transaction dated May 24, 2022.

CONNECTED TRANSACTIONS

For the year ended June 30, 2022, the non-exempt connected transactions conducted by the Group were described as follows:

LOAN AGREEMENT

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

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

SUBSCRIPTION AGREEMENTS

On July 15, 2021, Liancheng Huazhuo entered into two subscription agreements, pursuant to which Liancheng Huazhuo agreed to be a limited partner and invest RMB30 million in each of two funds, which are Suzhou Xiangzhong Venture Capital Partnership (Limited Partnership)* (蘇州祥仲創業投資合夥企業(有限合夥)) ("**Fund I**") and Suzhou Weixin Taike Venture Capital Partnership (Limited Partnership)* (蘇州維新鈦氪創業投資合夥企業(有限合夥)) ("**Fund II**"). The term of the Fund I and Fund II will terminate on the sixth and the eighth anniversary, respectively of the initial closing date but may be extended a one-year period for two times with the consent of the investor advisory committee. The Group made capital contributions of Fund I and Fund II will be determined by the their general partners based on the actual fund-raising situation. For the year ended June 30, 2022, the final commitments of Fund I and Fund II was RMB30 million and RMB21 million, respectively.

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

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

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

LEASE AGREEMENTS

On October 17, 2019, JNBY Finery entered into a lease with Huizhan Technology, pursuant to which Huizhan Technology agreed to lease an underground premise of 1,058.42 square meters located at Tianmuli D, 398 Tianmushan Road, Xihu District, Hangzhou, Zhejiang, China (中國浙江省杭州市西湖區天目山路398號天目里D座) for a term of 3 years commencing from April 1, 2020 and ending on March 31, 2023. The rent payable for the underground premises is RMB66,030 monthly, the homeowners association fee payable is RMB18,450 monthly and the utilities will be billed based on actual usage. The rent and homeowners association fee are payable in advance annually and utilities is payable monthly. The leased property is used for staff canteen purpose. For the year ended June 30, 2022, the total lease payment, homeowners association fee and utilities payable was RMB935,804. This lease agreement has been terminated and consolidated into a lease agreement with Huizhan Technology and Huizhan Property on May 24, 2022.

On May 28, 2020, JNBY Finery entered into a lease with Huizhan Technology, pursuant to which Huizhan Technology agreed to lease an underground premise of 2,428.5 square meters located at Tianmuli D, 398 Tianmushan Road, Xihu District, Hangzhou, Zhejiang, China (中國浙江省杭州市西湖區天目山路398號天目里D座) for a term of three years commencing from July 1, 2020 and ending on June 30, 2023. The rent payable is RMB1,776,000 paying annually in advance. The leased property is used for warehouse purpose. For the year ended June 30, 2022, the total lease payment payable was RMB1,629,358. This lease agreement has been terminated and consolidated into a lease agreement with Huizhan Technology and Huizhan Property on May 24, 2022.

On May 28, 2020, Liancheng Huazhuo entered into a lease with Huikang Industrial, pursuant to which Huikang Industrial agreed to lease a premise of 1,980 square meters located at 350 Hongda Road, Economic and Technology Development District, Xiaoshan District, Hangzhou, Zhejiang, China (中國浙江省杭州市蕭山區經濟技術開發區鴻達路350號) for a term of three years commencing from July 1, 2020 and ending on June 30, 2023. The rent payable is RMB672,000 paying annually in advance. The leased property is used for office purpose. For the year ended June 30, 2022, the total lease payment payable was RMB640,000. This lease agreement has been terminated and consolidated into a lease agreement with Huikang Industrial on May 24, 2022.

On September 29, 2020, JNBY Finery entered into a lease with Huikang Industrial, pursuant to which Huikang Industrial agreed to lease a premise of 850 square meters located at Blue Sea Times International Building, 39 Yile Road, Xihu District, Hangzhou, Zhejiang, China (中國浙江省杭州市西湖區益樂路39號藍海時代國際大廈) for a term of one year and nine months commencing from October 1, 2020. The rent payable is RMB600,000 paying annually in advance. The leased property is used for office purpose. For the year ended June 30, 2022, the total lease payment payable was RMB571,429. This lease agreement has been terminated and consolidated into a lease agreement with Huikang Industrial on May 24, 2022.

On April 8, 2021, JNBY Finery entered into a lease with Huizhan Technology, pursuant to which Huizhan Technology agreed to lease a premise of 6,047.44 square meters located at 398 Tianmushan Road, Xihu District, Hangzhou, Zhejiang, China (中國浙江省杭州市西湖區天目山路398號天目里) for a term of approximately one year and eight months commencing from April 8, 2021 and expiring on November 30, 2022. The annual rent payable is RMB12,140,236, the annual property management services fee payable is RMB1,233,678; and the utilities will be billed based on actual usage. The rent and property management services fee are payable in cash annually in advance and the utilities is payable in cash monthly in arrears. The leased property is used for office purpose. For the year ended June 30, 2022, the total lease payment, property management services fee and utilities payable was RMB12,301,678. This lease agreement has been terminated and consolidated into a lease agreement with Huizhan Technology on May 24, 2022.

On April 8, 2021, JNBY Finery entered into a lease with Huizhan Technology, pursuant to which Huizhan Technology agreed to lease an underground premise with 180 car parking lots located at B3/F, 398 Tianmushan Road, Xihu District, Hangzhou, Zhejiang, China (中國浙江省杭州市西湖區天目山路398號天目里地下三層) for a term of approximately one year and eight months commencing from April 8, 2021 and expiring on November 30, 2022. The rent payable is RMB1,296,000 paying annually in advance. The leased property is used for car-parking purpose. For the year ended June 30, 2022, the total lease payment payable was RMB1,188,991. This lease agreement has been terminated and consolidated into a lease agreement with Huizhan Technology on May 24, 2022.

On May 24, 2022, JNBY Finery entered into a lease with Huizhan Technology and Huizhan Property, pursuant to which Huizhan Technology and Huizhan Property agreed to lease a premise of approximately 35,519 sq m of space in total located at the O ō Eli Complex for a term of two years commencing from July 1, 2022 and ending on June 30, 2024. The fee payable for the period from July 1, 2022 to June 30, 2023 shall be paid in advance on June 30, 2022 and include annual rent of approximately RMB48,903,531 and annual management fee and public utilities fees of approximately RMB6,332,083. The leased property is used as the Group's headquarters with supporting facilities such as office building, staff canteen and parking spaces.

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

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

For more details, please refer to the announcement of the Company dated May 24, 2022 in relation to the connected transactions.

For details of the above connected transactions, please refer to note 32 to the consolidated financial statements.

In the Fiscal Year 2022, our independent non-executive Directors have reviewed the above continuing connected transactions and have confirmed that such transactions were entered into:

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

(ii) on normal or better commercial terms; and

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

The auditor of the Company has performed certain agreed-upon audit procedures for the above continuing connected transactions entered into by the Group in the year ended June 30, 2022, and concluded that such transactions:

(1) have been approved by the Board;

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

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

The related party transactions mentioned in note 32 to the consolidated financial statements constitute the connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules, and are in compliance with the disclosure requirements in Chapter 14A of the Listing Rules.

Save as disclosed in this Annual Report, there were no connected transactions or continuing connected transactions which are required to be disclosed by the Company in the Fiscal Year 2022 in accordance with the provisions concerning the disclosure of connected transactions under Chapter 14A of the Listing Rules.

CHARITY DONATION

The charity donation of the Group and other donation aggregately accounted for RMB1.4 million during the Fiscal Year 2022.

MATERIAL LEGAL PROCEEDINGS

During the Fiscal Year 2022, the Company was not involved in any material legal proceedings or arbitrations. To the best knowledge of the Directors, there is no material legal proceeding or claim which is pending or threatening against the Company.

PERMITTED INDEMNITY PROVISIONS

In the Fiscal Year 2022 and up to the date of this Annual Report, there were no permitted indemnity provisions which were or are currently in force, and are beneficial to the Directors (whether they were entered into by the Company or others) or any directors of the Company's connected companies (if they were entered into by the Company). The Company has purchased appropriate directors' and officers' liability insurance for its Directors and senior staff.

TAX RELIEF AND EXEMPTION OF HOLDERS OF LISTED SECURITIES

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

EVENTS AFTER THE BALANCE SHEET DATE

Details of the significant events after the balance sheet date are set out in note 35 to the consolidated financial statements.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") has, together with the senior management and the external auditor of the Company, reviewed the accounting principles and practices adopted by our Group as well as the audited consolidated financial statements of the Group for the Fiscal Year 2022.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high level of corporate governance practices. Information about the corporate governance practices adopted by the Company are set out in the corporate governance report on pages 45 to 58 in this Annual Report.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge of the Directors, at least 25% (being the minimum public float prescribed by the Stock Exchange and the Listing Rules) of the Company's entire issued share capital were held by the public at any time during Fiscal Year 2022 and up to the date of this Annual Report.

AUDITOR

PricewaterhouseCoopers ("**PwC**") is appointed as auditor of the Company for the year ended June 30, 2022. PwC has audited the accompanying financial statements which were prepared in accordance with the HKFRSs.

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

By Order of the Board
Wu Jian
Chairman
Hong Kong, August 30, 2022

CORPORATE GOVERNANCE REPORT

The Board is pleased to present this corporate governance report set out in the Company's Annual Report for the Fiscal Year 2022.

CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining a high standard of corporate governance to safeguard the interests of its Shareholders and enhance its value and accountability. The Company has adopted the Corporate Governance Code (the "**Corporate Governance Code**") contained in Appendix 14 to the Listing Rules as its own corporate governance code. The Company has been in compliance with all applicable code provisions under the Corporate Governance Code during the Fiscal Year 2022. The Company will continue to review and monitor its corporate governance practices in order to ensure compliance with the Corporate Governance Code.

THE BOARD

RESPONSIBILITIES

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

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

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

BOARD COMPOSITION

During the year ended June 30, 2022 and as at the date of this Annual Report, the Board comprised three executive Directors, one non-executive Director and three independent non-executive Directors as set out below:

EXECUTIVE DIRECTORS:

Mr. Wu Jian

Ms. Li Lin

Ms. Wu Huating

NON-EXECUTIVE DIRECTOR:

Mr. Wei Zhe

INDEPENDENT NON-EXECUTIVE DIRECTORS:

Mr. Lam Yiu Por

Ms. Han Min

Mr. Hu Huanxin

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

During Fiscal Year 2022, the Board has met the requirements of Rules 3.10(1) and 3.10(2) of the Listing Rules relating to the appointment of at least three independent non-executive directors with at least one possessing appropriate professional qualifications or accounting or related financial management expertise.

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

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

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

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

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

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

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

INDUCTION AND CONTINUOUS PROFESSIONAL DEVELOPMENT

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

During the year ended June 30, 2022, the Company has arranged all Directors to watch a series of videos regarding "Duties of Directors and Role and Function of Board Committees" launched on the website of the Stock Exchange. In addition, all Directors developed themselves through 1) conducting focused discussion on issues relating to the business and operations of the Company at committee meetings; and 2) research, reading and study of relevant regulations and standards in order to strengthen the skills and knowledge relevant for their respective roles.

All Directors have provided the Company with their respective training records in compliance with code provision C.1.4 (previous code provision A.6.5) of the Corporate Governance Code.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

APPOINTMENT AND RE-ELECTION OF DIRECTORS

The Company has entered into a service contract with each of the executive Directors, save for Ms. Wu Huating, and the letter of appointment with the non-executive Director is for an initial fixed term of three years commencing from October 13, 2019 and will continue automatically upon expiry of the fixed term. The letter of appointment entered into with each of the independent non-executive Directors was for an initial fixed term of three years and will continue automatically upon expiry of the fixed term. Ms. Wu Huating has entered into a service contract with the Company for an initial term of three years commencing from May 8, 2019 and will continue automatically upon expiry of the fixed term. The service contracts and letters of appointment are subject to termination in accordance with their respective terms. The service contracts may be renewed in accordance with the Articles of Association and the applicable Listing Rules.

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

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

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

BOARD MEETINGS

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

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

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

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

During Fiscal Year 2022, six Board meetings and one general meeting were held, and the attendance of the individual Directors at the Board meetings and general meeting is set out in the table below:

Directors	Board meetings attended/Eligible to attend Board meetings	General meeting attended/Eligible to attend General meeting
Mr. Wu Jian	6/6	1/1
Ms. Li Lin	6/6	1/1
Ms. Wu Huating	6/6	1/1
Mr. Wei Zhe	6/6	1/1
Mr. Lam Yiu Por	6/6	1/1
Ms. Han Min	6/6	1/1
Mr. Hu Huanxin	6/6	1/1

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code of conduct regarding Directors' securities transactions. Specific enquiry has been made to all the Directors and each of the Directors has confirmed that he/she has complied with the required standards as set out in the Model Code during Fiscal Year 2022.

DELEGATION BY THE BOARD

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

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

CORPORATE GOVERNANCE FUNCTION

The Board is responsible for the corporate governance of the Group. It fulfills the corporate governance functions as required by the provisions of the Corporate Governance Code, and reviews the corporate governance practices at appropriate time. During Fiscal Year 2022, the Board reviewed the corporate governance policies and practices of the Company and reviewed the disclosures made in this corporate governance report. The Board has approved and adopted the terms of reference in relation to the fulfillment of corporate governance functions as set out in the Corporate Governance Code.

BOARD COMMITTEES

AUDIT COMMITTEE

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

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

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

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

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

(d) where the Board disagrees with the Audit Committee's view on the selection, appointment, resignation or dismissal of the external auditors, the Company should include in the Corporate Governance Report a statement from the Audit Committee explaining its recommendation and also the reason(s) why the Board has taken a different view;

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

(f) regarding (e) above:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

During Fiscal Year 2022, the Audit Committee held three meetings to discuss and consider the following:

- review the annual results of the Company and its subsidiaries for the year ended June 30, 2021;

- review the interim results of the Company and its subsidiaries for the six months ended December 31, 2021; and

- review the audit service plan and the plan on preparing environmental, social and governance report.

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

Name of Directors	Actual attendance/ Required attendance
Mr. Lam Yiu Por	3/3
Ms. Han Min	3/3
Mr. Hu Huanxin	3/3

NOMINATION COMMITTEE

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

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

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

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

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

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

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

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

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

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

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

During Fiscal Year 2022, the Nomination Committee held one meeting to discuss and consider the following:

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

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

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

Board Diversity Policy

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

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

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

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

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

Nomination Policies of Directors and Standard for Selection and Recommendations

1. Policies and Principles

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

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

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

2. Measurable Objectives

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

REMUNERATION COMMITTEE

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

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

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

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

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

(d) either:

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

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

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

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

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

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

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

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

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

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

During Fiscal Year 2022, the Remuneration Committee held two meetings to discuss and consider the following:

- to review the members and remuneration plan of the Company and its subsidiaries;
- to make recommendations on the remuneration policy, plan and structure for the coming year; and
- to make recommendations to the Board on the remuneration package of the Chief Executive Officer.

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

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

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The remuneration of Directors and senior management of the Company (whose biographies are set out on pages 20 to 24 of this Annual Report) for the Fiscal Year 2022 falls under the following bands:

Band of remuneration	Number of individuals
Below RMB1,000,000	4
RMB1,000,000 to RMB2,000,000	0
RMB2,000,000 to RMB3,000,000	1
Above RMB3,000,000	10

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for preparing the financial statements of the Company for the year ended June 30, 2022 which give a true and fair view of the affairs of the Company and the Group and of the Group's results and cash flows.

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

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

The statement by the auditor regarding its reporting responsibilities on the consolidated financial statements of the Company is set out in the Independent Auditor's Report on page 92 of this Annual Report.

RISK MANAGEMENT AND INTERNAL CONTROL

The Group believes that good corporate governance practices are very important for maintaining and promoting investor confidence and for the sustainable growth of the Group. The Group has therefore made continued efforts to uplift its quality of corporate governance. It has established a highly effective system of internal control and risk management and adopted a series of measures to ensure their safety and effectiveness. As a result, the Group is able to safeguard its assets and protect the interests of its Shareholders. During the Fiscal Year 2022, the Board has conducted a review on the effectiveness of the Group's internal control and risk management systems which covers financial, operational, compliance procedural and risk management functions and have considered the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function. The Board is not aware of any significant internal control and risk management weaknesses nor significant breach or limits of risk management policies, and considers the existing internal control system and risk management systems effective and adequate. During the year ended June 30, 2022, the Company has complied with all of the provisions in relation to risk management and internal control under the Corporate Governance Code

The Group has an independent internal audit department, which is responsible for reviewing risk management procedures and internal control system annually. This is part of the on-going process to ensure that the effectiveness of material controls is monitored.

PROCESSES USED TO IDENTIFY, EVALUATE AND MANAGE SIGNIFICANT RISKS

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

RISK IDENTIFICATION

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

RISK ASSESSMENT

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

RISK RESPONSE

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

RISK MONITORING AND REPORTING

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

INFORMATION DISCLOSURE POLICY

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

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

AUDITOR'S REMUNERATION

The auditor's remuneration in respect of the audit and non-audit services provided to the Company for the Fiscal Year 2022 is as follows:

Type of services	Amount (RMB'000)
Audit services	2,700
Non-audit services	696
Total	**3,396**

JOINT COMPANY SECRETARIES

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

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

During the Fiscal Year 2022, Ms. Qian Xiaoping and Ms. Ng Sau Mei have undertaken no less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONSHIP

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

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

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

GENERAL MEETINGS

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

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

CONVENING AN EXTRAORDINARY GENERAL MEETING AND PUTTING FORWARD PROPOSALS

According to the Articles of Association, the Board may whenever it thinks fit convene extraordinary general meetings. Any one or more member(s) of the Company holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the company secretary of the Company to require an extraordinary general meeting to be convened by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself/herself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board to convene such general meeting shall be reimbursed to the requisitionist(s) by the Company.

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

INVESTOR RELATIONS

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

AMENDMENTS TO CONSTITUTIONAL DOCUMENTS

There were no changes in the Memorandum and Articles of Association of the Company during Fiscal Year 2022.

JIANGNANBUYI

Environmental, Social and Governance Report

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1 INTRODUCTION

1.1 ABOUT JNBY

We are a leading designer brand fashion house based in China. According to the information provided by CIC [Note], in 2021, we ranked the first in the Chinese designer brand fashion industry in terms of total retail sales. We design, promote and sell contemporary apparel, footwear and accessories as well as household products. As at June 30, 2022, our brand portfolio comprises brands in three stages — the Mature brand namely JNBY, three Younger brands, namely (i) CROQUIS (速寫), (ii) jnby by JNBY and (iii)LESS, as well as various Emerging brands, such as POMME DE TERRE (蓬馬) and JNBYHOME, each targeting at a distinct customer segment and having a uniquely defined design identity based on our Group's universal brand philosophy —"Just Naturally Be Yourself".

Our products target at middle— and upper-income customers who seek to express their individuality through fashionable products. Our broad range of product offering and brand portfolio create a lifestyle ecosystem that enables us to address our customers' needs at different stages and scenarios of their lives, which in turn allows us to build a large, diversified and loyal customer base. We started our business in 1994 by selling women's apparel. According to a survey conducted by CIC [Note], our Mature brand, JNBY, is considered the most unique and recognizable women's apparel designer brand in China, ranks the first in terms of brand awareness and enjoys the highest brand loyalty in terms of the number of customers with repeated purchases among top 10 women's apparel designer brands in China. We expanded our brand portfolio between 2005 and 2011 to include CROQUIS (速寫), jnby by JNBY and LESS. During 2016–2019, we further launched various Emerging brands, such as POMME DE TERRE (蓬馬) and JNBYHOME, so that our product mixes could be more diversified and segmented and we could cover consumers of most age groups. Meanwhile, we have launched such new consumption scenarios or products as "Box Project" and "JNBY Group +" multi-brand collection stores to provide consumers with more value-added services.

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

As one of the most influential designer brand fashion houses in China, we have consistently emphasized sustainable and healthy development. While growing our own company and extending our corporate ideals, it is our obligation to contribute back to society. In order to contribute to the transformation of the industry and the world toward sustainability, we have incorporated more sustainable elements into our operations and have a dedicated organizational structure to ensure the implementation of corresponding work, setting goals and actively carrying out ESG governance activities in various areas such as environmental sustainability, product sustainability, talent sustainability, and social sustainability.

Note: China Insights Consultancy Limited (灼識諮詢), the industry consultant

1.2 REPORTING SCOPE

Pursuant to the Environmental, Social and Governance Reporting Guide (the "**ESG Reporting Guide**") as set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Group has prepared the Environment, Social and Governance Report (the "**ESG Report**") for the period from July 1, 2021 to June 30, 2022 ("**Fiscal Year 2022**", the "**Reporting Period**"). This report elaborates our philosophy in sustainable development and social responsibility in respect of the environment and the society and covers our headquarters and the subsidiaries in various regions. No significant change is made to the disclosure scope from the previous year's ESG Report.

1.3 REPORTING PRINCIPLES

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

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

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

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

Consistency: The Group adopts consistent reporting principles and methodologies to allow for meaningful comparisons of ESG data over time by stakeholders. Any changes that may affect such comparisons are explained.

2 SUSTAINABILITY MANAGEMENT

2.1 ESG VISION AND STRATEGY

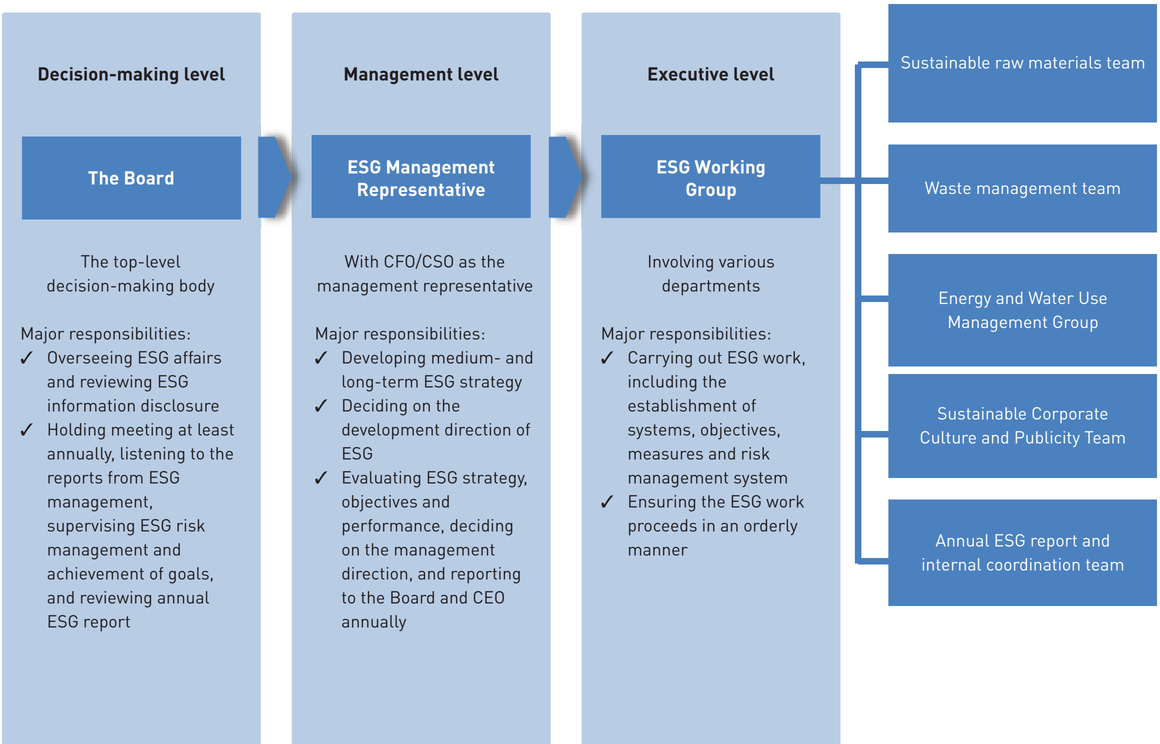
As one of the most influential fashion houses of designer brands in China, JNBY always deems creating a harmonious and beautiful environment as a key performance of its own corporate social responsibility. Adhering to a "people- and nature-oriented" sustainability concept, the Group incorporates sustainability into all aspects of business operations and keeps close attention to the sustainability of products, talents, environment and communities in order to contribute to global sustainable development.

Vision: Create Sustainable Fashion with JNBY Characteristics			
Product sustainability	**Talent sustainability**	**Environmental sustainability**	**Community sustainability**
Sustainable materials Product quality and safety R&D and innovation Brand power building All-domain fan relationship Sustainable supply chain	Talent engagement and development Employee health and safety	Resource recycling Energy saving and emission reduction	Coordinated development within industries Contribution to local development

Sustainable Development Goals	
✓	By the end of Fiscal Year 2025, the Group's sustainable raw materials account for over 30% (inclusive) of the total weight of raw materials procurement
✓	Maximize the utilization rate of fabrics and reduce the waste of various resources
✓	By the end of Fiscal Year 2027, the annual electricity consumption per work station and the annual water consumption per work station of the headquarters of the Group in O ō ELi, Hangzhou, decreased by 10% respectively (based on Fiscal Year 2022)
✓	Develop an ESG culture of "everyone participates and everyone creates"

2.2 ESG GOVERNANCE FRAMEWORK

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



2.3 MATERIALITY ASSESSMENT

In this Fiscal Year, we re-examined the material ESG issues and prioritized them to identify those relevant to the Group. The materiality assessment was conducted in the following manner:

Step 1: ESG topics identification

In accordance with the ESG Reporting Guide, 24 ESG issues were identified by taking into consideration of the current status of the Company and peer cases in the fashion industry, and further reviewed and discussed by the management.

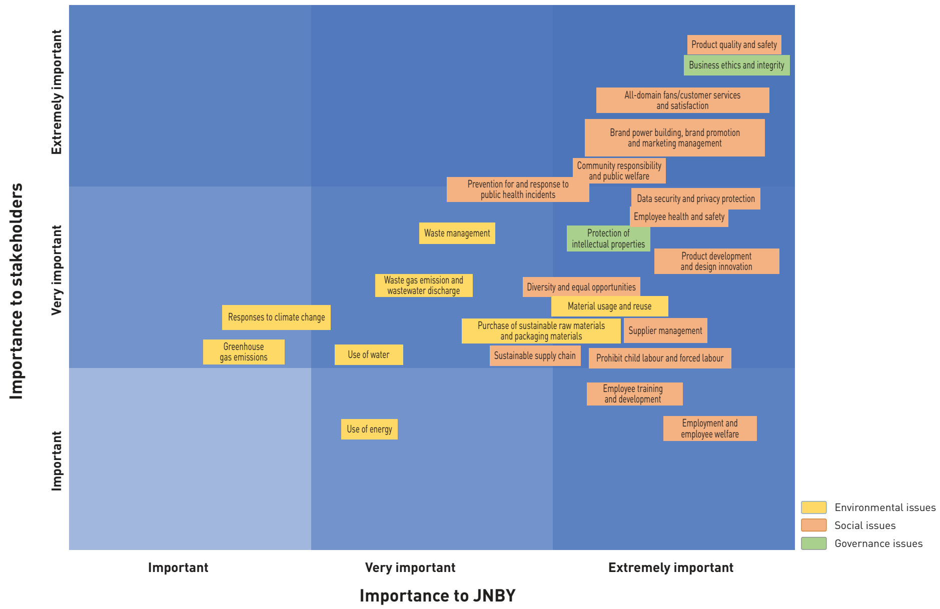
Step 2: analysis and prioritization

Nearly 200 internal and external stakeholders were invited to complete questionnaires to assess each issue based on "importance to JNBY" and "impact on stakeholders", and a preliminary matrix was produced.

Step 3: assessment results validation

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

We invited the representatives of internal and external stakeholders to participate in the materiality assessment questionnaire on ESG issues to understand stakeholders' expectations and concerns on JNBY ESG issues, and received feedbacks from nearly 400 stakeholders, including consumers, suppliers, employees, shareholders, media, etc.



Materiality Assessment Matrix

2.4 STAKEHOLDER ENGAGEMENT

The Group places a high value on the expectations and needs of its stakeholders. The communication channels and methods between the Group and stakeholders are being improved. The issues important to stakeholders always get a great deal of attention and are dealt with actively. The Group hopes to share the opportunities of sustainable development with its stakeholders.

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

2.5 STATEMENT FROM THE BOARD

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

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

In this Fiscal Year, the Company communicated with stakeholders extensively and in depth through multiple channels and conducted a materiality assessment to identify important ESG issues. The ESG working group has actively addressed the identified important issues (including product quality and safety, procurement of sustainable raw materials and packaging materials, use and recycling of materials and waste discharge). The management approaches to these issues are highlighted in this report. For details about management policy and strategy, please refer to the sections headed "ESG Vision and Strategy" and "Materiality Assessment" in this report.

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

In the future, the Board will continue to oversee the Group's ESG management and drive its improvement, making continuous efforts to realize the Group's vision of Sustainable Fashion By JNBY.

3 PRODUCT SERVICES

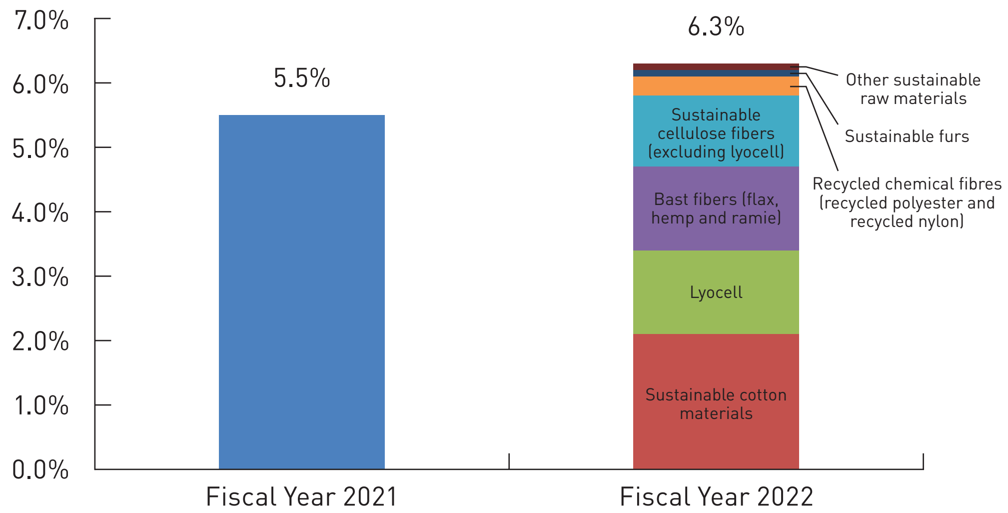
As a fashion house of designer brands integrating design, production and marketing, we are committed to providing consumers with reliable and high-quality products and services, while continuously promoting the sustainable development and transformation of ourselves and the industry chain. We actively focus on the concept of sustainable fashion, implement a multi-brand strategy with the guidance that "design interprets interesting and high-quality life", and continue to explore sustainable raw materials, recyclable and pollution-free production processes to offer meaningful and quality lifestyle to the multi-dimensional retail market. We strive to return to the basics during our endless exploration and realize the flow and recycling of beauty.

3.1 PROCUREMENT OF SUSTAINABLE RAW MATERIALS

Adhering to the core value concept of "better design, better life", the Group makes full use of innovative research and technology to promote green, low-carbon, environment-friendly and sustainable development, and work diligently to explore the application of sustainable raw materials to reduce resource consumption, improve the quality of recycled products and provide reliable products to consumers. We have set a goal for the use of sustainable raw materials: i.e., by the end of Fiscal Year 2025, the Group's sustainable raw materials account for over 30% (inclusive) of the total weight of raw materials purchased. In this Fiscal Year, we have spared no effort to move towards the goal and the proportion of sustainable raw material procurement reached 6.3%. Various sustainable raw materials, including sustainable cotton materials, lyocell, bast fibers, and sustainable cellulose fibers (excluding lyocell) have been used in our products. In the future, we will further increase the proportion of sustainable raw material procurement, and continue to create fashionable and sustainable products for our consumers.

Proportion of sustainable raw materials procurement: 30%

Proportion of Sustainable Raw Materials Procurement FY2021-FY2022



Certification of sustainable raw materials received by JNBY

Global Organic Textile Standard (GOTS)

Global Recycled Standard (GRS)

Tencel

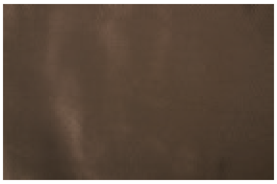
Naia Renew

In order to ensure the traceability and standardization of organic textiles and encourage the reduction of resource consumption, the sustainable cotton materials and the recycled materials used in the Group's products have received certification from the Global Organic Textile Standard (GOTS) and the Global Recycled Standard (GRS) respectively. The Group uses Tencel Lyocell fiber fabrics from FSC-certified sustainable timbers. The raw materials are produced with a toxic-free and pollution-free process and can be naturally degraded after the end of life.

• *RENEW acetic acid twill*

RENEW acetic acid twill is made from 100% Naia™ Renew cellulosic acetic fiber. In cooperation with EASTMAN and with its patented carbon regeneration technology, we reduce mixed plastic waste into molecular monomers before synthesize them into acetic acid raw materials, together with sustainably sourced wood pulp, to produce Naia™ Renew cellulosic acetic fiber (60% sustainably sourced wood pulp and 40% certified recycled waste plastics). This innovative technology not only solves the problem of plastic waste treatment, but also turns plastics into degradable acetic acid materials, hence achieving the sustainable development goals such as energy saving, emission reduction and plastic recycling.

At the same time, we have introduced the world's leading weaving and dyeing and finishing technology DV One in the fabric production process, which has greatly improved the impact of fabrics and garments on the environment. According to the third-party CO2 Carbonstop, carbon dioxide emissions can be reduced by an average of 0.9 kg each dress by use of Naia™ Renew raw materials and DV One production process. In addition, the fabric has such advantages as softness, skin-friendly, breathable and comfortable, and has a silk-like appearance, but has better color fastness, which is not easy to fade and aging.

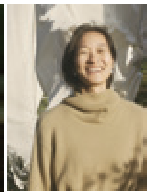


• *Organic cotton poplin*

The 60s fine twisted cotton yarn of organic cotton poplin fabric is 100% from the global high-quality organic cotton base, and the organic cotton yarn has passed the Global Organic Textile Standard (GOTS) certification. Organic cotton is grown from non-transgenic seeds, and its planting process adopts organic cultivation method, without using chemical fertilizers and pesticides, which is healthy and environmentally friendly, energy-saving, water-saving and pollution-free. The fabric uses high-density weaving method, and such advanced dyeing and finishing processes as mercerizing give the cloth a silky soft luster and delicate texture, a smooth, full fabric hand, and good toughness.

• *Yak wool yarn*

Yak wool is a unique natural fiber in Tibetan areas, with good toughness, high strength and moisture resistance better than cashmere. The warmth of yak wool is about 30% higher than that of cashmere, the air permeability is 1.6 times of cashmere, and the fiber strength is 1.5 times of cashmere. The suppliers we select adhere to the concept of sustainable development, build an integrated production line near the farm, and train the herders to gently grasp the yak wool that falls off naturally by hand or a comb. The yak wool yarn feels fluffy and thick, and it is not too tight to wear. It has both the warm and fluffy feeling of woolen yarn and a sense of fine lines.



3.2 PROTECTION OF INTELLECTUAL PROPERTIES

The intellectual property is an important indicator of the core competitiveness of the Group, and the quantity and quality of the patents and copyrights reflect our innovation and R&D level. We strictly abide by all laws and regulations related to intellectual property, such as the Trademark Law of the People's Republic of China (《中華人民共和國商標法》), the Patent Law of the People's Republic of China (《中華人民共和國專利法》) and the Copyright Law of the People's Republic of China (《中華人民共和國著作權法》). Since its establishment, JNBY has always attached great importance to the registration and protection of intellectual property rights and continues to increase its R&D investment and pays great attention to patent innovation. For protection of intellectual properties, standardized management of our intellectual property is conducted on division basis, and related registration and protection process is clarified to ensure the effectiveness of the company's intellectual property. Our Group Affairs Department has established clear registration procedures for trademarks, patents and copyrights. The use of trademarks is controlled by each brand's Business Center, and the right protection efforts related to trademarks and products are uniformly managed by the Group Affairs Department and the Legal Department.

As at the end of Fiscal Year 2022, the Group had a total of 669 trademarks, 50 patents (including design, invention and utility model patents), and 138 copyrights.

3.3 QUALITY WHOLE-PROCESS CONTROL

In order to meet customers' requirements for product quality, we strictly abide by such laws and regulations as the Product Quality Law of the People's Republic of China (《中華人民共和國產品質量法》), pay close attention to product innovation and quality and constantly improve internal standards. We have developed the Sample Access and Elimination Mechanism (《樣品准入及淘汰制度》), the Compliance Regulations for Garment Suppliers (《成衣供應商遵守規範》), the Standards of Product Quality Inspection (《產品質量檢驗標準》) and the Product Quality Control Process (《產品品控流程》) to provide consumers with high-quality products.

3.3.1 Product quality management

In Fiscal Year 2022, being safety-oriented, JNBY has developed the Access Requirements for Textiles (《紡織品准入要求》), the Access Requirements for Children's Clothing and Infant Textiles (《童裝、嬰幼兒紡織品准入要求》), Down Standards (《羽絨標準》), the Standards of Product Quality Inspection (《產品質量檢驗標準》), the Product Quality Control Process (《產品品控流程》) and other internal control standards to provide customers with high-quality products and services. In order to increase the awareness of quality management responsibilities in each aspect, clarify management responsibilities, enhance market satisfaction on products and user experience, and protect the reputation of our brands, we have set up a quality management committee to build a quality control system managed by multiple departments to effectively identify and manage the after-sales hidden dangers and after-sales batch quality problems of products.

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

JNBY's whole-process management of product quality

3.3.2 Creative design review

As a well-known designer brand in China, we have strict requirements and standards for the selection and management of product design. In Fiscal Year 2022, the Group established the "Group Creative Design Review Management Group" consisting of the CEO, COO, CMO and other core management to review the product design in respect of various factors, including law, product and brand marketing. A product will go through a series of strict and integrated processes from the source of inspiration for creative design to the confirmation of sample apparel, and the whole process will be reviewed by the chief designer, general designer and creative design special review team to ensure the preciseness of creative design.

3.3.3 Product recall

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

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

During this Fiscal Year, no products were recalled by the Group due to health and safety problems.

3.3.4 Label management

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

➢ jnby for mini **Product certification allows consumers to be 100% at ease**

We have always been careful to protect the health and safety of our little fans. In Fiscal Year 2022, jnby for mini launched the OEKO-TEX100 safety fabric series, which protects babies' skin and accompanies their growth, thus being a safe choice for mothers. STANDARD 100 by OEKO-TEX® is one of the most well-known and widely used textile labels in the world, proving that our products are tested from raw materials, yarns, fabrics, finished products to accessories, which are free of harmful substances, green and environmental protection.

OEKO-TEX®
CONFIDENCE IN TEXTILES
STANDARD 100

3.4 PROVIDING HIGH-QUALITY SERVICES

The Group always aims to build up a JNBY lifestyle ecosystem we advocate, implements a design and brand-driven strategy, continuously optimizes our designer brand portfolio, enhances forward-looking design and research and development capabilities, comprehensively enhances our brand strength, makes full use of Internet thinking and technology, continues to enhance our retail network all across China and over the globe, actively deploys omni-channel digital and intelligent retail ecosystem to expand new consumption scenarios, optimizes the ability of the intelligent responsive supply chain, and constantly creates and provides scenarios for value-added services and customer touchpoints to our fans who wish to express their individuality, so as to lead the way in building up a JNBY lifestyle ecosystem we advocate. We persist to take "fans economy" as the core, provide consumers with thoughtful and considerate pre-sales and after-sales services, provide members with a variety of fan benefits, provide distributors with comprehensive trainings, continue to improve customers' shopping experience, and allow customers to enjoy our high-quality services, while understanding and loving JNBY's brand concept and lifestyle, and becoming a practitioner of JNBY's life concept.

3.4.1 Considerate sale services

To build a standard and consistent operating model for direct-sale stores and facilitate the retail team to have a clearer understanding of the Company's system and management standards, we has prepared the Manual for Operating Direct-sale Stores (《直營店鋪運營手冊》) and Store Service Evaluation Form (《門店服務考核表》), which clarify the standards for store management rules and regulations, employee manual, image of goods, six-step store management, eight-step sales management and other aspects. In addition, we regularly carry out product display matching training to improve the sales skills of retail store staff and empower sales assistants to provide professional styling advices, so as to create a comfortable shopping experience for customers with professional fashion acumen and quality service.

We have built professional styling and delivery services named "BOX+ Box Project" and created an independently developed applet focusing on "matching", hence forming a matrix composed of public account, applet and other selling channels, to provide members with all brand mix matching. Users can initiate the box demand at any time, and the stylists/shop assistants will build the box as needed. We have more than 50 stylists to provide members with professional fashion matching services. "BOX+ Box Project" has served more than 200,000 members and delivered more than 400,000 boxes.

➢ "Star" Project

In order to better integrate and coexist with the new generation group, JNBY has established the "Star" Project to provide standardized operating procedures for stores and create a comprehensive and brand-new shopping experience for customers. From April 2022, JNBY started the "Star" Project to carry on, including but not limited to, a nationwide census of mysterious visitors, a circular spot check of standardized stores, regional secret visits, and continuous requirements for "Zero" tolerance behavior and supervision of the implementation of punishment mechanisms in various districts, so as to promote and enhance the service awareness of all employees.

3.4.2 Thoughtful after-sales services

We always regard customer satisfaction as the core standard of our continuous improvement of service. The channels to receive customers' feedbacks are being optimized. The Group captures the customers' suggestions and requirements efficiently and conveniently through customer service hotline (400-), online chat windows of online sales platforms and customer feedback portal of WeChat Mall. To further enhance our after-sales services, we have formulated the Customer Complaint Process Management (《客戶投訴流程管理》), the Shopping Guide Working Duties (《導購工作職責》) and other relevant systems to address complaints on different platforms and specify corresponding handling departments and procedures. In Fiscal Year 2022, we continued to optimize the Terminal After-Sales Judgment and Maintenance Service Process (《終端售後判定與維修服務流程》), pursuant to which, different types of after-sales problems from customers shall be handled by the after-sales specialist within 2 working days and customer feedback shall be responded as quick as possible to address customer problems.

Customers' complaints will be handled by our online customer service staff in a patient and sincere manner and with detailed records, and such service staff are subject to assessment by the E-commerce Operation Center and Digital Intelligence Retail Business Center according to relevant criteria. Our offline shopping guides are responsible for handling product quality complaints, including taking follow-up actions and keeping customers informed of the progress. By the end of Fiscal Year 2022, the Group received a total of 15,490 complaints, 100% of them were responded and addressed.

Note: In Fiscal Year 2022, in order to collect consumers 'opinions more comprehensively, further improve the service quality and provide consumers with better shopping experience, the Group has expanded the scope of customer complaint statistics channels, including online platform, 400 hotline, etc.

In addition, to further improve the professional ability of customer service staff, we have joined the Alliance College of Millions of Customer Service Staff. Through this platform, our customer service staff can obtain official explanations of platform rules, improve service skills, learn how to deal with customers safeguarding their rights and how to use various official tools, so as to continuously improve themselves and service quality.

3.4.3 Distributor management

We have established a standardized distributor approval and assessment system to provide customers with more convenient shopping experience. We encourage every distributor partner to actively innovate, jointly and continuously create and provide more scenarios for value-added services for fans/members and make full use of the omni-channel interactive platform to serve every fan/member of JNBY.

In order to engage consumers, we continue to empower distributors and organize a series of distributor training, such as new guide training, training for the beginning of a new season and in-store training, so as to improve their professional ability to the greatest extent. We always believe that distributors are important partners and family members of JNBY. During the COVID-19 pandemic in 2020, we took proactive measures and formulated a return policy for our distributors, allowing 100% returns of spring products, in a bid to work with our partners to go through this hard time. At the same time, we continued to encourage distributors to provide fans/members with more value-added service scenarios to establish partnership with distributors for common progress and development.

Training for the beginning of Spring/ Summer 2022

In-store training

3.4.4 Diverse benefits for fans

JNBY adheres to the "fan economy" as the core, encourages operational innovation, continues to create more exclusive services and quality experience and provides more value-added services for members. In Fiscal Year 2022, we updated the rights and interests of our members again, including shortening the upgrade cycle of members, adding new membership levels, and continuously increasing the benefits of points to improve the experience of members.

We provide a number of personalized member activities and privileges for members at different levels. The Group holds the Member's Festival annually to provide more benefits to our members in the form of point-for-coupon, free gifts, discount purchase using points, interactive fission games, live broadcast, points bank and so on. During the "Care Week", members have the priority to enjoy personal cares, consumption voucher package, personal care gifts and other benefits. In addition, members can participate in regular member marketing activities, such as time-limited points-for-cash, member group rights package, special discount for VIP, member gift rewards, etc. Private community fans can also enjoy the privilege of monthly online new product preview, limited Jiangnan good things recommendation, etc.

3.4.5 Sustainable marketing

We always hope to inject new vitality into the discarded textiles, allowing them to be discovered and cherished, and continue in our lives in some form. Therefore, we give waste textiles a second life by making fabric stocks into eco-friendly recycled products or by the way of sustainable marketing, etc., to promote sustainability to consumers, while actively exploring the mode of waste fabric reuse with JNBY characteristics. In Fiscal Year 2022, we carried out a series of innovative marketing activities to bring more diversified experiences to our members.

- In autumn/winter 2021, the Group launched the yak wool series, embarking on a journey at an altitude of 4,600m with its partners, demonstrating the natural power of the plateau through natural materials and original handicrafts, and the uninhibited beauty of yak wool with ingenious workmanship.

- During the Christmas holidays in 2021, POMME DE TERRE (蓬馬) collected fallen leaves from autumn to winter, and worked with fans to make a unique "Christmas Tree" to usher in the coming of Christmas, and called on the public to practice environmentally sustainable behavior in daily life, including refusing excessive consumption, washing rather than discarding, and green travel.

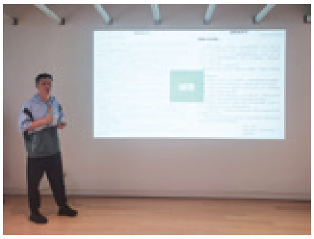
- During the period from December 2021 to the Spring Festival 2022, the Group, together with PINWUSTUIO, launched the "GuoGuo Tiger" series of artworks in the year of Tiger in "JNBY+" multi-brand collection stores nationwide, showing the interesting and vivid artistic image of "GuoGuo Tiger". The handmade bamboo cage with strong Oriental charm, combined with the tiger patchwork, is a collision between traditional handicraft and contemporary design language. While sending our best new-year wishes, we hope to share JNBY's exploration and thinking of Chinese traditional culture and art, as well as its creative expression of responsibility for sustainable fashion with consumers.

- In March 2022, in order to let customers have a better understanding of our concept of environmental protection regeneration, we organized an activity to give consumers who purchase our designated products a pet nest or key chain made from stock fabric.

3.5 PRIVACY PROTECTION

The Group remains committed to making best efforts to protect the privacy of customers and information security. We strictly abide by the Data Security Law of the People's Republic of China (《中華人民共和國數據安全法》), Personal Information Protection Law of the People's Republic of China (《中華人民共和國個人信息保護法》) and other relevant laws and regulations, and formulate strict data security management system, so as to protect and manage data security and the privacy of users. In order to regulate our business departments and to assist third-party suppliers in managing data security in the course of relevant business processes, we have established the Information Security and User Privacy Protection Measures (《信息安全與用戶隱私保護措施》) to reduce the risk of data security. To protect membership benefits, we take the initiative to remind customers to sign the relevant usage agreement and subscription instructions during the membership registration, meanwhile, we manage account permissions strictly in the member management system and customer relationship management system. SkyGuard background policy is adopted and SkyGuard client-side is installed to limit access to authorized personnel. Customer-related data are collected and processed in a fair and legal way and on a necessary basis, and measures are taken to ensure such data will not be viewed, processed, deleted or used without authorization. Any unauthorized or accidental use, deletion, disclosure or transfer of such information to a third party without authorization will be addressed seriously. In addition, we arrange routine inspections of the machine room and make use of various technologies and means to monitor and record the operation and maintenance personnel's operations on servers, network equipment, databases and other equipment.

We require all employees to sign the Integrity Undertakings (《誠信承諾書》) before onboarding, and to strictly abide by the relevant confidentiality obligations in the Code of Conduct for Employees (《員工行為準則》) and the Credibility and Integrity System (《誠信與廉潔制度》). In the event of non-compliances and disciplinary offenses, employees will be punished accordingly in accordance with the relevant requirements of the Employees' Reward and Punishment Policy. The Online Customer Regulations (《在線客戶規範》) requires all service personnel to strictly protect customer privacy, and the Customer Satisfaction Center has set up rules to specify dos and don'ts for its posts to prevent the disclosure of the Group's trade secrets and customer information. In addition, we attach importance to employee data security training, and constantly emphasize the importance of ensuring data security and protecting customer privacy in our internal training centers. In the past three years, no events related to privacy disclosure occurred in the Group.



Confidentiality training

3.6 SUSTAINABLE SUPPLY CHAIN

Following the principle of fair and impartial procurement, JNBY has established and improved the procurement system and supplier management regime, formulated the Code of Conduct for Suppliers (《供應商行為準則》), and strictly controlled the introduction, daily management and assessment of suppliers. In order to guide suppliers to fulfill their environmental and social responsibilities, we continuously enhance our suppliers' awareness of sustainable development, and lead suppliers to operate together with JNBY in an "ethical and responsible" (有道德、負責任) mode, striving to create a responsible supply chain.

3.6.1 Grading access system

The Group has established the Evaluation System and Access for Supplier (《供應商的准入與定期考評制度》). Strict standards and procedures are applied to the approval of suppliers, and regular evaluations are strictly conducted on approved suppliers based on contract performance (contract amount, contract performance rate, defective product rate, deduction, etc.), manual evaluation results (supplier's development and innovation ability, problem-solving skills, cooperation degree, etc.) and objective data (information from Tianyancha.com, factory audit results, ESG indicators, etc.). Information about legal disputes, business and other cooperation risks is considered to ensure that the suppliers are safe and reliable. In Fiscal Year 2022, we updated and improved the supplier reviewing process and further revised the verification and approval of the supplier access procedures. Upon strict review, we will require the approved suppliers to fulfill their commitments to the statement of undertaking for organizations, intellectual property and confidentiality in the contract, include them in the list of qualified suppliers and cooperate according to the quota requirements.

As at the end of Fiscal Year 2022, the Group had 2,940 suppliers, 248 of which were newly approved in Fiscal Year 2022.

Key performance indicators	Number of suppliers
Suppliers in China	2,915
Suppliers overseas	25

Note: The statistical scope of suppliers includes the total number of approved suppliers, such as raw materials suppliers, fabric and accessory suppliers, garment suppliers, etc., as of the end of this Fiscal Year. The Group will continuously improve the statistical and management methods of data in respect of suppliers, and consider adopting measures that better express the business facts in future disclosure.

3.6.2 Assessment and evaluation

To effectively obtain the first-hand information about each supplier's integrity, quality, delivery date, degree of cooperation and after-sales service, control the supplier's capacity and business matching and ensure the quality and timeliness of completion of orders, the Production and Procurement Center has set up an evaluation team with relevant departments to grade suppliers taking into consideration information from Tianyancha.com, daily records of supplier accident and annual amount of orders. Furthermore, to enhance the procurement managers' awareness of their responsibility, the management of suppliers is included in the annual performance evaluation of these managers. They are responsible for grading supplies, updating the list of suppliers accordingly, determining cooperation priority and making necessary adjustments to orders.

3.6.3 Management of environmental and social risks

The Group has established the Code of Conduct for Suppliers (《供應商行為準則》), which specifies multiple environmental and social indicators and requires suppliers to comply with all applicable laws and regulations related to environment, social and working conditions, health and safety, and labor issues.

We have incorporated ISO 14001 and ISO 9001 performance indicators into the supplier management and evaluation system to examine the employment of suppliers and environmental protection, so as to avoid relevant risks.

In the selection and investigation of sustainable raw materials suppliers, we pay attention to the relevant environmental protection certification of suppliers, including Global Organic Textile Standard (GOTS), Bluesign Certificate, Oeko-Tex label, Global Recycle Standard Certification (GRS), etc. A unified management system of sustainable supplier list has been established to reduce the environmental and social risks in the process of sustainable procurement.

For environmental risk management, the Group requires manufacturers and suppliers to comply with all relevant environmental laws, regulations and rules in factories and communities where they operate, give priority to the use of pollution-free or low-pollution production processes, equipment and environmentally friendly materials, provide a safe and healthy working environment for employees, and regularly conduct work-related safety and health training for employees, and continue to practice environmental protection in all related business cooperated with us to achieve sustainable development.

4 PEOPLE-ORIENTED

Talent development is always the source of sustainable development of enterprises. In JNBY, we uphold a people-oriented approach, and are committed to creating an equal and diversified corporate culture, developing a fair and impartial talent mechanism, optimizing talent retention, promotion and development system, and designing a full range of remuneration and welfare system and diversified care policy to join hands with our employees and grow together.

4.1 PROTECT EMPLOYEES' RIGHTS

In strict compliance the Labor Law of the People's Republic of China (《中華人民共和國勞動法》), the Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》and other laws and regulations, the Group protects the basic rights of employees actively and strives to establish a fair and inclusive working environment, and provides multi-dimension, multi-channel and all-round cares to the satisfaction of employees, and enhances employees' sense of belonging and happiness.

4.1.1 Equal opportunities and diversity

We are always committed to establishing an equal and diverse working environment for our employees under the principles of inclusion, diversity and equal opportunities. During the employment, we ensure that we treat every employee equally and will not discriminate against every employee due to factors such as race, gender, skin colour, age, family background, ethnic tradition, religion and physical quality, and allow every employee to have same opportunity in respect of recruitment, promotion, benefits and welfare. We respect every employee, and strictly prohibit any form of corporal punishment, threats of violence or any other form of verbal, physical, psychological and gender disciplinary measures, including any form of sexual harassment, sexual abuse, corporal punishment, mental or physical oppression or verbal insults etc.

As at the end of this Fiscal Year, we had 1,497 employees in China. The composition of employees is shown in the table below:

Key performance indicators		Employees
Gender	Male	500
	Female	997
Age group	Under 30 years old	406
	30–50 years old	982
	Above 50 years old	109
Employment type	Senior management (responsible for strategies)	43
	Middle-level management (responsible for planning)	128
	Junior-level employee (responsible for implementation)	1,326

4.1.2 Engagement of diversified talents

The Group has established the Headquarters' Recruitment Management Policy (《總部招聘管理制度》) and the Administrative Measures for Overseas Recruitment in Direct-sale Stores (《駐外直營招聘管理辦法》). Adhering to the principle of fair and open recruitment, the Group continuously attracts outstanding talents through internal recruitment, social recruitment, campus recruitment and various other channels, and lays a solid talent foundation for the high-quality and sustainable development of JNBY. In Fiscal Year 2022, the Group has connected MOKA, an intelligent recruitment management system, and the newly launched EHR system to further improve recruitment efficiency.

➢ JNBY Launches Online Live Recruitment

In order to identify and attract more talents, with resources from external online recruitment platforms, we organized a live recruitment for the first time to recruit outstanding talents in a mode of "contactless" live broadcast in order to support business development, which attracted more than 1,000 candidates.

We have established the resignation management system to standardize the resignation process and relevant authority at each point, and prohibit unfair or unreasonable dismissal in any form, so as to protect the legitimate rights of the Group and resigning employees. The Group's turnover rate in this Fiscal Year is listed in the following table:

Key performance indicator — turnover rate		Employee
Gender	Male	15.7%
	Female	15.8%
Age group	Under 30 years old	23.0%
	30–50 years old	12.6%
	Above 50 years old	13.5%
Total		15.8%

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

4.1.3 Remuneration and promotion

In order to give full effect to remuneration as a means to attract, retain and motivate talents, we have formulated the "Headquarters Remuneration Management System" (《總部薪酬管理制度》), pursuant to which, the Group follows the principles of "efficiency, fairness and compliance", and determines and adjusts salary and rewarding systems in a scientific manner, allowing employees to be reasonably compensated commensurate to their contributions and motivating employees at different levels and positions.

Our employees are entitled to national statutory benefits, including social insurance, housing provident fund, subsidy for high temperature, paid leave, etc. We further provide parental leave and (one-child) nursing leave according to the "Population and Family Planning Act" (《人口與計劃生育條例》). In order to improve employees' sense of happiness and satisfaction, we provide employees with a variety of supplementary benefits and cares, such as holidays, annual physical examinations, mutual medical assistance, welfare benefits (canteen, commercial insurance, annual travel, etc.), business travel subsidies and employee purchase, etc.

We care for female employees and provide prenatal check-up leave and maternity leave to female employees, as well as breastfeeding leave (one hour per working day during the period from the end of maternity leave to the baby's first birthday) to female employees complying with national childbearing policies. During the pandemic, adhering to a people-oriented approach, we launched the "WE care" project to support high-to-medium-risk areas seriously affected by the pandemic, and distributed our care package to all employees in Shanghai.

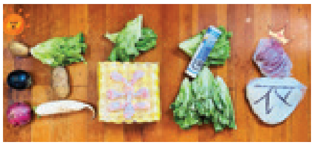
In order to maintain work-life balance of our employees, we organize kinds of activities on a regular basis to diversify their daily life. In Fiscal Year 2022, we have established five "Cola Clubs" (可樂部) to organize activities periodically, such as hip-hop, yoga, and ball games, which are open to all employees for free. Every year, we organize annual meetings, sports meetings, birthday parties, Christmas activities and others to enhance employees' sense of belonging.

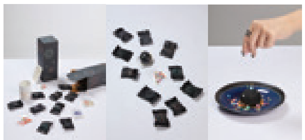

Hip-Hop Cola Club


Yoga Cola Club


Basketball Cola Club


JNBY annual meeting


Pandemic vegetable care package


Mid-Autumn gift box for employees

Diversified employee benefits and activities

➢ Lab about Nothing DIY on "Women's Day"

On March 8, 2022, in celebration of the "Women's Day", all female employees were given a half-day holiday. We provided 62% off coupons to all regular female employees, and organized a DIY workshop in the Lab about Nothing. In addition, on March 3, we launched the "Spine Care Day" activity, providing healthcare services available for female employees only, and to further improve their sense of happiness and belonging.



Lab about Nothing DIY works on "Women's Day"

4.1.4 Labor standards

We strictly abide by the Labor Law of the People's Republic of China (《中華人民共和國勞動法》), the Provisions on the Prohibition of Using Child Labor (《禁止使用童工規定》) and other relevant laws and regulations, and eliminate all potential illegal employment practices such as the employment of child labor and forced labor. Before employment, we strictly follow the identity review process, and all applicants shall present true and valid evidence of their identification to prevent the risk of child labor. Immediately after noticing any misuse of child labor, we will immediately terminate the labor contract with such labor and take proper follow-up measures in strict compliance with laws and regulations.

The Group adopts standard working hour system, integrated working hour system and irregular working hour system, and has obtained the permission from the competent administrative department. In addition, if an employee needs to work overtime due to work needs, he/she is required to apply for overtime work in advance to obtain approval from his/her superior. To avoid violation of labor standards, the Human Resources Center has set limits on overtime hours for each business department and carries out supervision and inspection.

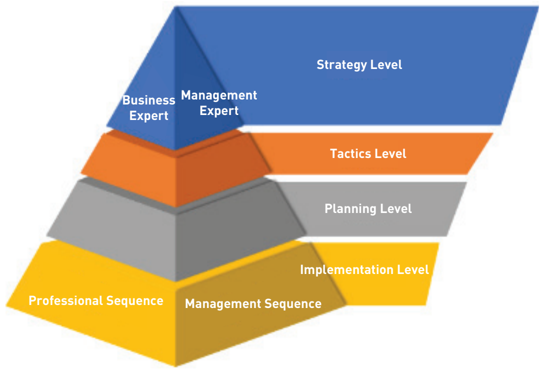
During the Fiscal Year 2022, no violations related to the employment of child labor or forced labor occurred in the Group.

4.2 TRAINING AND DEVELOPMENT

We attach great importance to the motivation and training of employees, continue to build and optimize the employee development system, provide employees with a clear and smooth development path, comprehensive and objective talent evaluation, and provide multi-level and multi-channel learning and development opportunities.

4.2.1 Career development channel

JNBY expects to provide extensive development space for its employees. We build a "fair, just and open" competition mechanism to open vertical or horizontal career channels for employees with equal emphasis on morality and talent. We divide it into management sequence and professional sequence based on different capabilities, tools and responsibilities required for work, and create targeted career promotion channels to meet the development pursuits of employees in different businesses, regions and fields, and realize individual value growth.



JNBY employee career development channel

4.2.2 Employee training

We attach great importance to employees' comprehensive quality and career growth, and have established the Headquarters' Administrative Measure for Training (《總部培訓管理辦法》). With principles of systematicness, institutionalization, initiative, diversification and efficiency, we carry out training work in an efficient and orderly manner, and provide employees with multi-level and multi-channel learning and development opportunities, so as to build a learning organization and continuously improve our competitiveness. We combined training needs with resource allocation, and training objectives with enterprise strategy to continuously improve employees' knowledge level and drive their career development.

Following the principle of diversification, the Group provided employees with various forms of training such as expatriate training, inviting external lecturers to provide training, internal training and online training. To help new employees get familiar with and adapt to the company's culture, systems and code of conduct, know about the Group and their jobs, and be competent for their work as soon as possible, we organized induction training and on-the-job training for new employees, providing information on company history, corporate culture, rules and regulations, job responsibilities, work norms, etc. In order to help the development of retained employees, we provided knowledge and skills training required for their positions, including general skills training, professional skills training and management skills training.

In Fiscal Year 2022, we carried out a series of training programs with JNBY's characteristics, such as project thinking reconstruction training, performance management training, and new manager training, to improve the comprehensive quality and professional level of employees and fully tap their potential.

Special training camp for new managers

Project thinking reconstruction internal training

Performance management internal training

Training for new employees

During the Reporting Period, 82.8% of employees in the Group received training and the average training duration per employee was 13.3 hours. The details about training are shown in the following table:

Key performance indicators		Percentage of employees trained	Average training hours completed
Gender	Male	29.7%	13.2
	Female	70.3%	13.3
Employment type	Senior management (responsible for strategies)	3.1%	36.5
	Middle-level management (responsible for planning)	8.8%	12.8
	Junior-level employee (responsible for implementation)	88.1%	12.5

4.3 HEALTH AND SAFETY

Safe production is one of the major responsibilities of an enterprise. We always strictly abide by the requirements of national laws and regulations such as the Work Safety Law of the People's Republic of China (《中華人民共和國安全生產法》), the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases (《中華人民共和國職業病防治法》), the Fire Protection Law of the People's Republic of China (《中華人民共和國消防法》) and the Measures for the Administration of Contingency Plans for Work Safety Accidents (《生產安全事故應急預案管理辦法》), have established a series of rules and regulations such as the Headquarters' Work Safety Management Policy (《總部安全生產管理制度》), the Comprehensive Contingency Plans for Work Safety Accidents (《安全生產綜合應急預案》), the Employees Occupational Injury Management Regime (《員工工傷管理制度》) and the Security Management Policy (《保安管理制度》), and have established a management system and a long-term effective mechanism of identifying and eliminating the potential risks of safety production accidents in accordance with the highest safety standards. In order to improve our employees' abilities to deal with safety risks and prevent accidents, we have carried out a series of safety culture construction and education and training to strengthen their safety education.

➢ Pandemic Prevention and Control

During the pandemic, the Company has always put the health and safety of its employees in the first place. To ensure the health and safety of its employees, it carried out strict sterilization and personnel control every day in JNBY office building and OōELi park, and took measures such as temperature measurement in the lobby, pandemic prevention inspection in the lobby and pandemic prevention inspection in the canteen. In Fiscal Year 2022, we issued more than ten notices and announcements on the adjustment of pandemic prevention and control measures.

➢ Fire Drill

We attach great importance to fire safety and have always strictly complied with fire safety regulations. We regularly carry out fire knowledge learning and fire drills related to security and production safety to improve employees' awareness of fire safety, so as to better prevent fire risks in the workplace.

Fire drill of JNBY

We are committed to creating a safe working environment for our employees and protecting them from occupational hazards. We regularly carry out occupational health knowledge training and provide physical examination for all employees once every year. The Group's key performance indicators during the Reporting Period are shown in the table below:

In this Fiscal Year, there were 79 lost days due to work injuries.

Key performance indicators	Number of employees
Number of work-related fatalities (Fiscal Year 2022)	0
Number of work-related fatalities (Fiscal Year 2021)	0
Number of work-related fatalities (Fiscal Year 2020)	0

4.4 ADHERING TO BUSINESS ETHICS

The Company strictly abided by all laws and regulations related to business ethics, such as the Company Law of the People's Republic of China (《中華人民共和國公司法》), the Law of the People's Republic of China Against Corruption and Bribery (《中華人民共和國反貪污賄賂法》), the Anti-Unfair Competition Law of the People's Republic of China (《中華人民共和國反不正當競爭法》), and the Interim Provisions on Banning Commercial Bribery (《關於禁止商業賄賂行為的暫行規定》), to ensure the operational compliance of the Group. The Company pays attention to the construction of business ethics, integrity and compliance, and has formulated and issued relevant regulations such as Internal Audit Policy (《內部審計制度》), the Anti-fraud Policy (《反舞弊制度》), the Credibility and Integrity System (《誠信與廉潔制度》), the Code of Conduct for Employee (《員工行為準則》) and the Employees' Reward and Punishment Policy (《員工獎懲制度》). We also required key positions in major business departments, customers and suppliers to sign the Integrity Undertakings (《誠信承諾書》), continuously strengthened the integrity management of the Group and did our best to eliminate illegal acts such as bribery, extortion, fraud and money laundering.

We strive to build a sound business ethics management and supervision framework, provide smooth channels for compliance consultation, complaints and whistle-blowing, and strictly investigate violations against laws and regulations. We have set up 24-hour reporting hotline, integrity mailbox, DingTalk reporting channel and mailing address, as well as direct submission channel for integrity complaints on the official website (http://www.jnbygroup.com/index.do), which are made available to all employees, customers, supplier and partners to encourage internal employees and external parties to report suspicious behavior. The Internal Audit Department is responsible for accepting and evaluating all kinds of complaints, and transferring, assigning or supervising these cases according to the actual situations. Employees who are proved to have committed fraud will be punished in accordance with relevant regulations; if any law is violated, the case will be transferred to the judicial organ. Involved staff are required to keep confidential anonymous complaints and reporters. The legitimate rights of real-name and anonymous reporters are protected, and it is ensured that they will not suffer unfair treatment due to reporting.

➢ **Reporting Channels**

- Integrity mail-box: lz@jnby.com
- 24-hour reporting hotline: 0571–88496199
- DingTalk reporting: JNBY -> Employee Feedback -> Reporting
- Company website: http://www.jnbygroup.com, About Us -> Contact Us -> Supervision Hotline
- Mailing address: JNBY Internal Audit Department, 3rd Floor, O ō ELi No.2 Building, 398 Tianmushan Road, Xihu District, Hangzhou, Zhejiang

We publicized compliance to the Board and regularly provided training, propaganda and education to employees, so as to ensure that directors and employees could understand all relevant contents of the Group's integrity policy and their responsibilities in complying with the Group's anti-fraud policy. Employees who are proved to have committed fraud will be punished in accordance with relevant regulations; if any law is violated, the case will be transferred to the judicial organ. In addition, the Group regularly conducted special audits to evaluate and update the Group's internal controls and implement rectification measures. The Group also required the Human Resources Center to investigate the educational background, work experience, integrity and behavior records of the applicant/employee to be recruited or promoted to important positions. It is prohibited to recruit or promote anyone with a record of fraud to an important position.

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

5 GREEN DEVELOPMENT

The Group adheres to its green commitment, strictly abides by the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》), the Energy Conservation Law of the People's Republic of China (《中華人民共和國節約能源法》) and other relevant laws and regulations, constantly improves environmental management system and optimizes environmental management measures. While paying attention to product innovation and quality control, we continue to integrate the concept of green development into our operations and product design, insist on resource conservation and environmental protection, and strive to minimize the impact on the natural environment during our operations, and contribute to the construction of ecological civilization where man and nature coexist harmoniously.

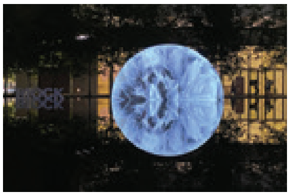
5.1 FULL UTILIZATION OF FABRICS

The Group has actively adopted effective measures including marking optimization and recycling to deal with waste of "fabric scraps" and "fabric stocks" in the industry, so as to effectively increase the utilization rate of fabrics and reduce their waste. We design and create the artwork of life such as dolls, ornaments and clothes by using spare and old fabric stocks, so as to realize recreation of every spare fabric and maximize its value.

In 2021, we established Lab about Nothing dedicated to re-imagination, reuse and recreation of all discarded textile fabrics. It is difficult for the laboratory to produce two identical products due to diversity of fabric scraps and accessories. Lab about Nothing started its journey of exploring the reuse of fabric stocks by making wall sound-absorbing panels from fabric stocks. Since its establishment, we have made many interesting products from fabric stocks, each with a unique meaning.

➢ Light Up the Mirror Moon with Creativity

On the eve of the Mid-Autumn Festival in 2021, led by Hangzhou O ō ELi and the buyer shop B1OCK, the Mid-Autumn Festival Moon Art Installation (月亮藝術裝置) jointly completed by Imagokentics (想像力學實驗室) and Lab about Nothing was presented in Shuijing Square (水鏡廣場) of O ō ELi. Lab about Nothing collected and carefully screened a variety of white stock scraps, made them into two semi-circular patchworks with a diameter of 6 meters, and installed them on a semi-circular steel frame. In the daytime, it is a moon with mottled textures of various fabrics on its surface under the sunlight, while at night, the screen made of fabric stocks presents a flowing and colorful new media visual image, showing two completely different moons in water.



Mini bow tie

Beanbag

JNBYHOME 5th anniversary computer bag

Tissue box

5.2 STRENGTHENING ENERGY CONSERVATION AND EMISSION REDUCTION

The Group pays attention to energy conservation and emission reduction in its daily operations to avoid resource waste. We continue to improve energy performance, improve the utilization efficiency of energy, paper and water resources, and take a series of measures to reduce resource consumption.

Saving electricity

Further optimize the rules on the use of air conditioners, lights and curtains, and formulate the rules on the use of seasonal equipment to reduce energy waste

Saving water

Water-saving slogans are posted in office places and induction faucets are installed to improve water utilization

Saving paper

Save paper and reduce unnecessary printing times by such means as reducing the number of printers, default printing on both sides and calling for reuse via reminders

➢ Emission Reduction Target

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

During the Reporting Period, our KPIs for use of resources are as follows:

Key performance indicators	Fiscal Year 2022
Electricity consumption (MWh)	2,344.7
Electricity consumption per work station (MWh/work station)	1.7
Total energy consumption (MWh)	2,435.4
Including: Indirect energy consumption (MWh)	2,344.7
Direct energy consumption (MWh)	90.7
Energy consumption per work station (MWh/work station)	1.8
Water consumption (ton)	16,207.0
Water consumption per work station (ton/work station)	19.3
Consumption of packaging materials (ton)	1,215.5

Notes:

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

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

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

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

5. The data range of the Group's use of resources was adjusted in this Fiscal Year to only include the consumption of headquarters in OōELi, Hangzhou, and data comparison will be carried out in the 2023 Fiscal Year based on the target.

We continue to strengthen emission management and take a number of measures to reasonably control waste, strive to eliminate pollution at the source, and reduce the generation and emission of pollutants during its production and operation.

- Membership information has been electronically managed. Physical cards are replaced with electronic membership cards and electronic coupons;
- Garbage classification has been strictly enforced. Recycle bins are placed at locations where the garbage is generated, and the types of recycle bins are based on the types of garbage.

During the Reporting Period, our KPIs for emissions are as follows:

Key performance indicators	Fiscal Year 2022
Total GHG emissions (Scopes 1 and 2) (tCO_2e)	1,671.8
Direct GHG emissions (Scope 1) (tCO_2e)	22.3
Energy indirect GHG emissions (Scope 2) (tCO_2e)	1,649.5
GHG emissions per work station (tCO_2e/work station)	1.2
Wastewater amount (ton)	12,965.6
Total amount of non-hazardous waste (tons)	359.3
Total amount of non-hazardous waste per work station (Kg/m^2)	260.2

Notes:

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

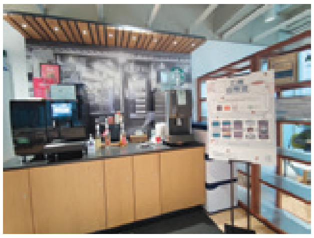
2. Greenhouse gas inventory includes carbon dioxide. GHG emissions are in carbon dioxide equivalence and is calculated based on the Accounting Method and Reporting Guidelines of Greenhouse Gases Emissions of the Public Constructions Operating Enterprises (《公共建築運營企業溫室氣體排放方法與報告指南》) issued by the National Development and Reform Commission.

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

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

5. The data range of the Group was adjusted in this Fiscal Year to only include the consumption of headquarters in O ō ELi, Hangzhou, and data comparison will be carried out in the 2023 Fiscal Year based on the target.

We constantly deliver the low-carbon and green environmental protection concept to our employees, create a green office atmosphere, and carry out activities such as using self-owned coffee cups, online tree planting and collection of stories on World Environment Day to enhance our employees' awareness and capacity of environmental protection, so as to create sustainable fashion with JNBY characteristics together with our employees.



Encouraging self-owned cups when buying coffee

> **Arbor Day's Online Tree Planting Activity**

In March 2022, JNBY launched the Arbor Day online tree planting activity. Nearly 200 employees joined the "JNBY Tree" activity, exchanged their low-carbon behaviors for energy, and earned extra points by participating in ESG Q&As. The activity recorded watering amounting to 943,736g and acquired 104,200g of energy for answering questions. We have successfully planted two firs, a pinus sylvestris and a picea asperata, bringing green to Liangshan Prefecture, Linxia and Dingxi that belongs to JNBY.

5.3 RESPONSE TO CLIMATE CHANGE

As a leading designer brand fashion group in China, we are committed to working with our employees, customers, supplier partners and communities to promote climate change response and continue to transform to low-carbon economy. In October 2021, JNBY became one of the first fashion brands to join the "30 • 60 Campaign" (China Fashion Brands for Swift Actions in Climate-related Innovation and Carbon Neutrality Campaign (中國時尚品牌氣候創新碳中和加速計劃)). We take the initiative to undertake more environmental responsibilities, support the "Fashion Climate Innovation Special Fund of China Green Carbon Foundation (中國綠色碳匯基金會時尚氣候創新專項基金)", and promote the low-carbon transformation of the industry, while actively communicating carbon reduction targets with our peers to promote an innovative model of climate action industrial chain synergy.

JNBY joined the "30 • 60 Campaign" to promote low-carbon transformation of the industry

In order to actively addresses the potential operational risks that might be brought by extreme weather and natural disasters, we have established and implemented the Emergency Plan for Extreme Weather Disasters (《極端天氣災害應急預案》). We have established an emergency rescue leading group and an emergency rescue team with clear responsibilities, and the extreme weather is being monitored closely to avoid or mitigate the negative impacts of extreme weather on the Company's normal operation to the greatest extent, ensure the safety of the Company's property and employees' lives and property, and improve the Company's general ability in emergency. In order to improve the handling capacity of the Group's employees in sudden extreme weather, we carry out an emergency drill for extreme weather disasters every three years, actively strengthen the publicity of emergency knowledge and provide regular training, so as to improve the awareness of prevention and risk avoiding ability of employees.

6 SOCIAL WELFARE

JNBY always remembers its original mission of "realizing corporate value while giving back to the society". We expect to bring more positive energy to the society with our own actions. In Fiscal Year 2022, the Group actively organized and participated in various social welfare activities, and continued to invest resources in areas such as education assistance and pandemic fighting, with the total charitable donations and other donations amounting to approximately RMB1.4 million on an accumulative basis.

➢ Central Saint Martins College of Art & Design Scholarship

JNBY always attaches great importance to originality and innovation capacity. In order to expose more talented students to cutting-edge international art and fashion concepts, support and motivate international fashion design talents, the Group announced to renew the scholarship cooperation with Central Saint Martins College of Art & Design in Fiscal Year 2022 to provide financial assistance and support to art students. The Group will pay full tuition for a graduate-level student each academic year for three consecutive years, and two of which are exclusively for Chinese students. The establishment of this scholarship demonstrates JNBY's social responsibility as a modern Chinese enterprise and the concept of helping the innovation and diversified development of the fashion industry.

➢ Children's Care Project in Guangyuan City, Sichuan Province

A thriving education makes a thriving country, while a powerful education makes a powerful country. JNBY believes that education is one of the greatest drivers of sustainable social development. As such, we actively carry out various student assistance activities to help students realize their ideals and their own value. In November 2021, JNBY donated RMB1.05 million to the Education Foundation of Zhejiang Gongshang University to support the implementation of the children's care project in Guangyuan City, Sichuan Province and contribute to the development of education industry.

➢ Delivering Pandemic Prevention Materials to Frontline Workers

During the Spring Festival of 2022, due to recurrence of the pandemic in Hangzhou, public servants stayed on the front line of the pandemic to serve the people. JNBY, through Gudang sub-district office of Xihu District, Hangzhou City and the Charity Federation of Xihu District, Hangzhou City, cared for the pandemic staff in the sub-district office by donating 200 down coats and a large number of materials such as bread, instant noodles and milk to send its warmth in the cold winter and contribute to the smooth progress of the anti-pandemic work.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of JNBY Design Limited

(Incorporated in the Cayman Islands with limited liability)

Opinion

What we have audited

The consolidated financial statements of JNBY Design Limited (the "**Company**") and its subsidiaries (the "**Group**"), which are set out on pages 94 to 149, which comprise:

- the consolidated balance sheet as at 30 June 2022;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

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

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

Independence

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

Key Audit Matters

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

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

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment provision of inventories Refer to notes 2.12, 4(a), and 16 to the consolidated financial statements. The Group's gross inventories balance as at 30 June 2022 was RMB1,363 million, against which an impairment provision of RMB534 million was made. Inventories are stated at the lower of cost and net realisable value. Management has developed a model to assess the required amount of impairment provision of inventories as at each period end, which involves significant management judgement based on the consideration of key factors such as aging profile, future sales projection, estimated future selling prices and selling expenses of the respective inventories. We considered this is a key audit matter because of the significance of the impairment provision of inventories on the Group's balance sheet and the significant management judgement involved in determination the appropriate level of impairment provision of inventories.	Our audit procedures relating to assessment of management's estimate of impairment provision of inventories are as follows: We assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors; We understood and evaluated management's internal control and assessment process of impairment provision of inventories and tested the key controls over management's estimation of impairment provision for inventories; We evaluated the outcome of prior period assessment of impairment provision of inventories to assess the effectiveness of management's estimation process; We discussed with management and evaluated the appropriateness of the method and assumptions in the impairment provision of inventories; We assessed the reasonableness of methods and assumptions applied to the provisions by challenging management's future sales projection of quantities, estimated future selling prices and selling expenses, with reference to historical trends for the past seasons on a season-by-season basis; We tested the aging profile of inventories items on a sample basis by checking to relevant documents including the stock keeping units' records; We tested the mathematical accuracy of the calculation of the provision for inventories at the balance sheet date; We observed the physical conditions of the Group's inventories during stocktake to identify if any inventories were slow moving, damaged, or obsolete, and followed up on the management assessment and inclusion of provision on such damaged inventories in the total provision. Based on the above, we considered that management's assumptions adopted and applied in the determination of impairment provision of inventories were supportable by the evidence obtained and procedures performed.

Other Information

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 30 August 2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(All amounts in RMB unless otherwise stated)

		Year ended 30 June	
		2022	2021
	Note	RMB'000	RMB'000
Revenue	5	**4,085,868**	4,126,225
Cost of sales	6	**(1,478,498)**	(1,528,873)
Gross profit		**2,607,370**	2,597,352
Selling and marketing expenses	6	**(1,511,291)**	(1,429,158)
Administrative expenses	6	**(377,334)**	(328,275)
(Provision for)/reversal of impairment on financial assets	6	**(5,590)**	1,806
Other income and gains, net	7	**62,697**	42,136
Operating profit		**775,852**	883,861
Finance income	9	**38,180**	32,125
Finance costs	9	**(38,396)**	(29,396)
Finance (costs)/income, net		**(216)**	2,729
Profit before income tax		**775,636**	886,590
Income tax expense	10	**(216,763)**	(239,395)
Profit for the year		**558,873**	647,195
Other comprehensive loss			
Items that may not be reclassified to profit or loss:			
Currency translation differences		**(3,389)**	(39,900)
Total comprehensive income for the year		**555,484**	607,295
Profit attributable to:			
— Shareholders of the Company		**558,880**	647,201
— Non-controlling interests		**(7)**	(6)
Total comprehensive income attributable to:			
— Shareholders of the Company		**555,492**	607,301
— Non-controlling interests		**(8)**	(6)
Earnings per share (expressed in RMB per share)			
— Basic	11	**1.12**	1.30
— Diluted	11	**1.10**	1.29

The notes on pages 99 to 149 are an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET

(All amounts in RMB unless otherwise stated)

	Note	As at 30 June 2022 RMB'000	2021 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	13	**451,041**	398,299
Right-of-use assets	14	**719,774**	640,068
Intangible assets	15	**18,711**	15,698
Prepayments, deposits and other assets	18	**15,683**	20,167
Amounts due from a related party	32(b)	**103,249**	—
Financial assets at fair value through profit or loss	20	**168,840**	54,712
Deferred income tax assets	29	**242,849**	200,744
Total non-current assets		**1,720,147**	1,329,688
Current assets			
Inventories	16	**828,823**	706,838
Trade receivables	17	**103,682**	119,105
Prepayments, deposits and other assets	18	**268,685**	240,945
Amounts due from a related party	32(b)	**2,356**	2,623
Financial assets at fair value through profit or loss	20	**—**	131,062
Term deposits with initial term over 3 months	21	**384,396**	739,370
Cash and cash equivalents	22	**591,746**	549,012
Total current assets		**2,179,688**	2,488,955
Total assets		**3,899,835**	3,818,643

The notes on pages 99 to 149 are an integral part of these consolidated financial statements.

		As at 30 June	
		2022	2021
	Note	RMB'000	RMB'000
LIABILITIES			
Non-current liabilities			
Lease liability	14	**168,059**	125,689
Accruals and other current liabilities	27	**4,579**	5,413
Amounts due to related parties	32(b)	**281,249**	318,912
Deferred income tax liabilities	29	**12,197**	16,404
Total non-current liabilities		**466,084**	466,418
Current liabilities			
Trade payables	26	**289,211**	256,492
Lease liabilities	14	**174,599**	121,647
Contract liabilities	5	**300,250**	309,776
Accruals and other current liabilities	27	**714,705**	622,253
Amounts due to related parties	32(b)	**57,531**	44,082
Borrowings	28	**148,868**	243,619
Current income tax liabilities		**63,622**	38,105
Total current liabilities		**1,748,786**	1,635,974
Total liabilities		**2,214,870**	2,102,392
Net assets		**1,684,965**	1,716,251
EQUITY			
Equity attributable to shareholders of the Company			
Share capital	23	**4,622**	4,622
Shares held for restricted share units ("**RSU**") scheme	23	**(180,244)**	(164,430)
Share premium	23	**508,254**	668,308
Other reserves	24	**228,863**	192,057
Retained earnings		**1,123,499**	1,015,715
Equity attributable to shareholders of the Company		**1,684,994**	1,716,272
Non-controlling interests		**(29)**	(21)
Total equity		**1,684,965**	1,716,251

The notes on pages 99 to 149 are an integral part of these consolidated financial statements.

The financial statements on pages 94 to 98 were approved by the board of directors (the "**Board**") on 30 August 2022 and were signed on its behalf.

Wu Jian	Li Lin
Director	Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(All amounts in RMB unless otherwise stated)

	Note	Share capital RMB'000	Share premium RMB'000	Shares held for RSU Scheme RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
		Attributable to shareholders of the Company						
Balance at 1 July 2020		4,622	665,520	(172,414)	222,095	766,104	(15)	1,485,912
Comprehensive income								
Profit for the year		—	—	—	—	647,201	(6)	647,195
Other comprehensive loss:								
Currency translation differences		—	—	—	(39,900)	—	—	(39,900)
Total comprehensive income		—	—	—	(39,900)	647,201	(6)	607,295
Transactions with shareholders								
Profit appropriations to statutory reserves	24(a)	—	—	—	1,975	(1,975)	—	—
Liquidation of a subsidiary		—	—	—	(232)	232	—	—
Dividend	12	—	—	—	—	(395,847)	—	(395,847)
Share-based compensation	25	—	—	—	16,523	—	—	16,523
Purchase ordinary shares for RSU Scheme	23	—	—	(5,883)	—	—	—	(5,883)
Transfer and exercise of RSUs	24	—	2,788	13,867	(8,404)	—	—	8,251
Total transactions with shareholders		—	2,788	7,984	9,862	(397,590)	—	(376,956)
Balance at 30 June 2021		4,622	668,308	(164,430)	192,057	1,015,715	(21)	1,716,251

	Note	Share capital RMB'000	Share premium RMB'000	Shares held for RSU Scheme RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
		Attributable to shareholders of the Company						
Balance at 1 July 2021		**4,622**	**668,308**	**(164,430)**	**192,057**	**1,015,715**	**(21)**	**1,716,251**
Comprehensive income								
Profit for the year		**—**	**—**	**—**	**—**	**558,880**	**(7)**	**558,873**
Other comprehensive loss:								
Currency translation differences		**—**	**—**	**—**	**(3,388)**	**—**	**(1)**	**(3,389)**
Total comprehensive income		**—**	**—**	**—**	**(3,388)**	**558,880**	**(8)**	**555,484**
Transactions with shareholders								
Profit appropriations to statutory reserves	24(a)	**—**	**—**	**—**	**469**	**(469)**	**—**	**—**
Dividend	12	**—**	**(161,458)**	**—**	**—**	**(450,627)**	**—**	**(612,085)**
Share-based compensation	25	**—**	**—**	**—**	**44,633**	**—**	**—**	**44,633**
Purchase ordinary shares for RSU Scheme	23	**—**	**—**	**(22,737)**	**—**	**—**	**—**	**(22,737)**
Transfer and exercise of RSUs	24	**—**	**1,404**	**6,923**	**(4,908)**	**—**	**—**	**3,419**
Total transactions with shareholders		**—**	**(160,054)**	**(15,814)**	**40,194**	**(451,096)**	**—**	**(586,770)**
Balance at 30 June 2022		**4,622**	**508,254**	**(180,244)**	**228,863**	**1,123,499**	**(29)**	**1,684,965**

CONSOLIDATED STATEMENT OF CASH FLOWS

(All amounts in RMB unless otherwise stated)

		Year ended 30 June	
		2022	2021
	Note	RMB'000	RMB'000
Cash flows from operating activities			
Cash generated from operations	30(a)	**1,090,432**	1,545,190
Income tax paid		**(237,558)**	(208,612)
Net cash generated from operating activities		**852,874**	1,336,578
Cash flows from investing activities			
Purchase of property, plant and equipment		**(134,439)**	(124,118)
Purchase of intangible assets		**(5,549)**	(4,381)
Proceeds from disposals of property, plant and equipment		**271**	359
Investment income received from financial products issued by commercial banks		**1,783**	7,528
Interest received		**36,999**	19,639
Payment of term deposits with initial term over 3 months		**(792,708)**	(1,369,991)
Proceeds from withdrawal of term deposits with initial term over 3 months		**1,150,837**	859,217
Payment of financial products issued by commercial banks		**(70,000)**	(310,000)
Loans granted to a related party	32	**(150,000)**	—
Loan repayments and interests received from a related party	32	**50,976**	—
Proceeds from redemption of financial products issued by commercial banks		**200,000**	440,000
Payment for financial assets at fair value through profit or loss	3.3	**(97,995)**	(54,712)
Net cash generated from/(used in) investing activities		**190,175**	(536,459)
Cash flows from financing activities			
Proceeds from exercise of RSUs		**3,419**	8,251
Proceeds from borrowings		**147,492**	239,509
Repayments of borrowings		**(246,000)**	(190,000)
Payment of lease liabilities		**(272,072)**	(236,597)
Dividends paid	12	**(612,085)**	(395,847)
Payment for repurchase of treasury shares	23	**(22,737)**	(5,883)
Net cash used in financing activities		**(1,001,983)**	(580,567)
Net increase in cash and cash equivalents		**41,066**	219,552
Cash and cash equivalents at beginning of the year	22	**549,012**	336,672
Exchange gain/(losses) on cash and cash equivalents		**1,668**	(7,212)
Cash and cash equivalents at end of the year	22	**591,746**	549,012

The notes on page 99 to 149 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022
(All amounts in RMB unless otherwise stated)

1. General information

JNBY Design Limited (the "**Company**") was incorporated in the Cayman Islands on 26 November 2012 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. Pursuant to the resolution passed by the board of directors (the "**Board**") on 8 June 2016, the Company changed its name from Croquis Investment Limited to the present one.

The Company and its subsidiaries (collectively, the "**Group**") are primarily engaged in the design, marketing and sales of fashion apparel, accessory products and household goods in the People's Republic of China (the "**PRC**") and overseas.

The Company completed its initial public offering and listed its shares on the Main Board of The Stock Exchange of Hong Kong Limited on 31 October 2016.

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

These consolidated financial statements of the Group have been approved for issue by the Board on 30 August 2022.

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

Name of Company	Place of incorporation and operation/date of incorporation	Particulars of issued/ paid-in capital	Ownership interest held by the Group As at 30 June 2022	2021	Ownership interest held by non-controlling interests As at 30 June 2022	2021	Principal activities
Directly owned							
Croquis Holdings Limited	BVI/ 14 December 2012	US$1,000	100%	100%	—	—	Investment holding
Indirectly owned							
Grand Vantage (China) Limited	Hong Kong/ 24 March 2011	HK$140,000,000	100%	100%	—	—	Investment holding and sales of apparel and accessory products
Grand Vantage International Holdings Limited	Hong Kong/ 23 May 2018	HK$10,000	80%	80%	20%	20%	Design of apparel and accessory
AP-DNA Co., Limited	Hong Kong/ 1 Dec 2018	HK$10,000	80%	80%	20%	20%	Design and sales of apparel and accessory products
Hangzhou Liancheng Huazhuo Industrial Co., Ltd.	The PRC/ 19 October 2012	US$35,000,000	100%	100%	—	—	Production and sales of apparel and accessory products
Hangzhou Huikang Huazhuo Import and Export Trade Co., Ltd.	The PRC/ 23 May 2008	RMB2,000,000	100%	100%	—	—	Overseas sales of apparel and accessory products
JNBY Finery Co., Ltd.	The PRC/ 21 June 2011	US$10,000,000	100%	100%	—	—	Design and sales of apparel and accessory products
Guangzhou JNBY Finery Co., Ltd.	The PRC/ 24 July 2012	RMB1,000,000	100%	100%	—	—	Retail of apparel and accessory products
JNBY Finery (Hefei) Co., Ltd.	The PRC/ 4 July 2012	RMB2,000,000	100%	100%	—	—	Retail of apparel and accessory products
Shenyang JNBY Finery Co., Ltd.	The PRC/ 13 August 2012	RMB6,000,000	100%	100%	—	—	Retail of apparel and accessory products
Changsha JNBY Finery Co., Ltd.	The PRC/ 13 September 2012	RMB1,000,000	100%	100%	—	—	Retail of apparel and accessory products
JNBY Finery (Beijing) Co., Ltd.	The PRC/ 18 October 2012	RMB2,000,000	100%	100%	—	—	Retail of apparel and accessory products
Chongqing Croquis Finery Sales Co., Ltd.	The PRC/ 9 August 2012	RMB1,000,000	100%	100%	—	—	Retail of apparel and accessory products

1. General information (continued)

Name of Company	Place of incorporation and operation/date of incorporation	Particulars of issued/ paid-in capital	Ownership interest held by the Group As at 30 June		Ownership interest held by non-controlling interests As at 30 June		Principal activities
			2022	2021	2022	2021	
Wuhan Grand Vantage Croquis Finery Sales Co., Ltd.	The PRC/ 12 September 2012	RMB1,000,000	100%	100%	—	—	Retail of apparel and accessory products
Xi'an JNBY Finery Sales Co., Ltd.	The PRC/ 16 February 2013	RMB1,010,000	100%	100%	—	—	Retail of apparel and accessory products
Ningbo JNBY Finery Sales Co., Ltd.	The PRC/ 12 April 2013	RMB2,000,000	100%	100%	—	—	Retail of apparel and accessory products
JNBY Finery (Wuxi) Sales Co., Ltd.	The PRC/ 27 May 2013	RMB1,000,000	100%	100%	—	—	Retail of apparel and accessory products
Qingdao Huazhuo Finery Sales Co., Ltd.	The PRC/ 7 June 2013	RMB1,500,000	100%	100%	—	—	Retail of apparel and accessory products
Shanghai Huazhuo Finery Sales Co., Ltd.	The PRC/ 1 July 2013	RMB1,000,000	100%	100%	—	—	Retail of apparel and accessory products
Taiyuan JNBY Finery Co., Ltd.	The PRC/ 31 July 2015	RMB500,000	100%	100%	—	—	Retail of apparel and accessory products
Tianjin JNBY Huazhuo Finery Co., Ltd.	The PRC/ 17 Aug 2018	RMB2,000,000	100%	100%	—	—	Retail of apparel and accessory products
Ningbo Croquis Finery CO., LTD	The PRC/ 22 Mar 2019	RMB2,000,000	100%	100%	—	—	Retail of apparel and accessory products
Hangzhou Croquis Finery CO., LTD	The PRC/ 03 December 2021	RMB2,000,000	100%	—	—	—	Retail of apparel and accessory products
Ningbo Huazhuo Croquis Finery CO., LTD	The PRC/ 5 May 2022	RMB2,000,000	100%	—	—	—	Retail of apparel and accessory products

2. Summary of significant accounting policies

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

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by HKICPA and the disclosure requirements of Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss, which have been measured at fair value.

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

2. Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Group

The following amendments to standards have been adopted by the Group for the first time for the financial year beginning on or after 1 July 2021:

— Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 "Interest Rate Benchmark Reform Phase 2"

— Amendments to HKFRS 16. "COVID-19-Related Rent Concessions"

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

(b) New standards and interpretations not yet adopted

The following new standards and amendments to standards and interpretations have been published but are not mandatory for annual periods beginning after 1 July 2021 and have not been applied in preparing these consolidated financial statements.

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

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

2. Summary of significant accounting policies (continued)

2.2 Subsidiaries

2.2.1 Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

(a) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in a loss of control are accounted for as equity transactions — that is, as transactions with the shareholders of the subsidiary in their capacity as shareholders. The difference between fair value of any consideration paid and the relevant share acquired of the carrying amount of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(b) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

2.2.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company based on dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.3 Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

2. Summary of significant accounting policies (continued)

2.3 Associates (continued)

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in note 2.10. The Group determines at each reporting date whether there is any objective evidence that associates accounted for using the equity method are impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the investment and its carrying value and recognises the amount in "Other income and gains, net" in the consolidated income statement.

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (the "**CODM**"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as executive directors that make strategic decisions.

2.5 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The functional currency of the Company, Croquis Holdings Limited and Grand Vantage (China) Limited is the Hong Kong dollar ("**HK$**"). The subsidiaries incorporated in the PRC considered RMB as their functional currency. As the major operations of the Group are within the PRC, the Group determined to present its consolidated financial statements in RMB (unless otherwise stated).

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income.

Foreign exchange gains and losses that relate to borrowings and other financial asset are presented in the consolidated statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the consolidated statement of comprehensive income within 'other income and gains, net'.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in other comprehensive income.

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) income and expenses for each consolidated statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(iii) all resulting currency translation differences are recognised in other comprehensive income.

2. Summary of significant accounting policies (continued)

2.6 Property, plant and equipment

Property, plant and equipment, other than construction in progress, are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated statement of comprehensive income during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate the cost less impairment loss of each asset to its residual value over its estimated useful life, as follows:

	Estimated useful lives
Leasehold improvements	Shorter of remaining term of the lease and the estimated useful lives of assets
Machinery	10 years
Office equipment and others	3–10 years
Motor vehicles	5 years
Buildings	20 years

The assets' useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Construction-in-progress represents plant and machinery under construction or pending installation and is stated at cost less provision for impairment loss, if any. Cost includes the costs of construction and acquisition. When the assets concerned are available for use, the costs are transferred to property, plant and equipment and depreciated in accordance with the policy as stated above.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other income and gains, net' in the consolidated statement of comprehensive income.

2.7 Land use right

Land use right represents upfront prepayments made for the land use right at historical cost and are expensed in the consolidated statement of comprehensive income on a straight-line basis over the periods of the leases or when there is impairment, the impairment is expensed in the consolidated statement of comprehensive income.

2.8 Intangible assets

Computer software and trademarks

Acquired computer software programs and trademarks are shown at historical cost less accumulated amortisation and accumulated impairment if any. Acquired computer software programs are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 10 years.

2.9 Impairment of non-financial assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2. Summary of significant accounting policies (continued)

2.10 Investments and other financial assets

2.10.1 Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortised cost

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("**FVOCI**").

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

2.10.2 Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

2.10.3 Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("**FVPL**"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other income and gains, together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other income and gains, net. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other income and gains, net and impairment expenses are presented as separate line item in the statement of comprehensive income.

FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other income and gains, net in the period in which it arises.

2. Summary of significant accounting policies (continued)

2.10 Investments and other financial assets (continued)

2.10.3 Measurement (continued)

Equity instruments

The Group subsequently measures all equity instruments at fair value. Where the Group's management has elected to present fair value gains and losses on equity instruments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income and gains, net when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other income and gains, net in the statement of comprehensive income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

2.10.4 Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see note 17 for further details. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For deposits and other receivables, management considers that its credit risk has not increased significantly since initial recognition with reference to the counterparty historical default rate and current financial position. The impairment provision is determined based on the 12-month expected credit losses, which is close to zero. To assess whether there is a significant increase in credit risk, the Group compares the risk of default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition by considering available, reasonable and supportive forwarding-looking information.

2.11 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

2.12 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods comprises raw materials and, where applicable, sub-contracting costs that have been incurred in bringing the inventories to their present condition. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.13 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. See Note 2.10 for description of the Group's impairment policies.

2.14 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

2. Summary of significant accounting policies (continued)

2.15 Share capital and shares held for RSU Scheme

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Where the Company's shares are acquired from the market by the trustee under the employee share scheme, the total consideration of shares acquired from the market (including any directly attributable incremental costs) is presented as shares held for employee share scheme and deducted from total equity until the shares are cancelled, transferred or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs, is included in equity attributable to the Company's equity holders.

2.16 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.17 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

2.18 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

2. Summary of significant accounting policies (continued)

2.18 Current and deferred income tax (continued)

(b) Deferred income tax

Inside basis differences

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

(c) Offsetting

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2.19 Employee benefits

(a) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(b) Pension obligations

In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the PRC under which the Group and the employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries, subject to certain ceiling. The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employee payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post-retirement benefits of its employees. The assets of these plans are held separately from those of the Group in an independent fund managed by the PRC government. The Group's contributions to these plans are expensed as incurred.

(c) Housing funds, medical insurances and other social insurances

Employees of the Group in the PRC are entitled to participate in various government-supervised housing funds, medical insurance and other employee social insurance plan. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group has no further payment obligation once the contributions have been paid. The contribution is recognised as employee benefit expense when they are due.

2. Summary of significant accounting policies (continued)

2.20 Share-based payments

(a) Equity-settled share-based payments transactions

The Group received service from an employee as consideration for its equity instruments. The fair value of the employee services received in exchange for the grant of the RSUs is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the RSUs granted:

— including any market performance conditions;

— excluding the impact of any service and non-market performance vesting conditions; and

— including the impact of any non-vesting conditions.

At the end of each reporting period, the Group revises its estimates of the number of RSUs that are expected to vest based on the non-market performance and service conditions. It recognises the impact of the revision to original estimates, if any, in the consolidated statement of comprehensive income, with a corresponding adjustment to equity.

Service conditions are included in assumptions about the number of RSUs that are expected to vest. The total expense is recognised over the vesting period over which all of the specified vesting conditions are to be satisfied.

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

For the RSU Scheme, the Group may purchase its own shares through the trustee of the share award scheme from the open market for the shares to be vested under the share award scheme. The shares purchased by the Group that are not yet vested for this share award scheme were recorded as treasury shares and recorded as "Shares held for RSU Scheme" as a deduction under equity.

The RSU plan is administered by the Core Trust Company Limited, which is consolidated in accordance with the principles in note 2.3. When the RSUs are exercised, the trust transfers the appropriate number of shares to employee. The proceeds received net of any directly attributable transaction costs are credited to share premium.

Upon exercise of the RSUs, the related costs of the purchased shares are reduced from the "Shares held for RSU Scheme", and the related fair value of the RSUs are debited to share-based compensation reserve with the difference charged to equity.

The Group might modify the terms and conditions on which equity instruments were granted. If a modification increases the fair value of the equity instruments granted (for example, by reducing the exercise price of share options), the incremental fair value granted should be included in the measurement of the amount recognised for the services received over the remainder of the vesting period. The incremental fair value is the difference between the fair value of the modified equity instrument and that of the original equity instrument; both values are estimated as at the modification date. An expense based on the incremental fair value is recognised in addition to any amount in respect of the original instrument, and the original amount should continue to be recognised over the remainder of the original vesting period.

A grant of equity instruments, that is cancelled or settled during the vesting period, is treated as an acceleration of vesting. The Group recognise immediately the amount that otherwise would have been recognised for services received over the remainder of the vesting period.

2. Summary of significant accounting policies (continued)

2.20 Share-based payments (continued)

(b) Share-based payments transactions among group entities

The grant by the Company of RSUs over its equity instruments to the employees or other service providers of the subsidiaries and the PRC operating entities are treated as a capital contribution in the separate financial statements of the Company. The fair value of consulting and employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investments in subsidiaries undertakings, with a corresponding credit to equity in the separate financial statements of the Company.

2.21 Provisions and contingent liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past transactions or events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

2.22 Revenue recognition

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

In determining the transaction price for the sale of goods, the Group considers the effect of variable considerations, and consideration payable to the customers. No significant financing component is deemed present as the sales are made with a credit term consistent with market practice.

(a) Sales of goods — distributors

A significant portion of the Group's products are sold to distributors, who have discretion over both the selling price and the distribution channels for such products to be sold in their designated geographical areas. Distributors are generally required to pay deposits when placing purchase orders and are required to settle the full payment prior to delivery of the products.

Revenues are recognised upon delivery, which occurs when distributors pick up goods at the Group's premises or when goods are handed over to a third party forwarder as designated by a specific distributor. Delivery occurs when the risks of obsolescence and loss are transferred to the distributors, i.e., when the goods are delivered to the distributors or the third party forwarders in accordance with the sales contract, or the acceptance provisions have lapsed or the Group has objective evidence that all criteria for acceptance have been satisfied and there is no unfulfilled obligation that could affect the distributors' acceptance of the products.

The Group offers volume rebates to distributors as agreed in the sales contracts. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated volume discounts. Historical experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. A refund liability (included in accruals and other current liabilities) is recognised for expected volume discounts payable to distributors in relation to sales made until the end of the reporting period.

2. Summary of significant accounting policies (continued)

2.22 Revenue recognition (continued)

(a) Sales of goods — distributors (continued)

Distributors are also offered with right of return within the limit as agreed in the sales contracts. Revenue is adjusted for estimated expected returns based on historical pattern. Historical experience is used to estimate and provide for the returns, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. A refund liability (included in accruals and other current liabilities) is recognised for expected returns payable to distributors in relation to sales made. An asset for anticipate return (included in prepayments, deposits and other assets) and corresponding adjustment to cost of sales are also recognised for the right to recover products from distributors.

Receipt in advance from distributors before delivery of products are recognised as contract liabilities.

(b) Sales of products — retail

The Group sells its products to end customers via a chain of retail outlets of the Group or over third party online retail platform such as Tmall.Com. Revenue is recognised when the acceptance by end customers can be reasonably estimated. For offline retail sales, revenue is recognised when the customer has accepted the product at the retail outlet. For online retail sales, acceptance can normally be estimated when online payment transaction is completed through third-party payment platform. Revenue is adjusted for the value of expected returns.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price need to be allocated. The Group operates a loyalty programme where customers accumulate points for purchases made which entitle them to discounts on future purchases. A contract liability for the award points is recognised at the time of the sale. Revenue is recognised when the points are redeemed or expired.

A receivable is recognised when the products are accepted as this is the point in time that consideration is unconditional because only the passage of time is required before the payment is due.

2.23 Interest income

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes, see note 9 below. Any other interest income is included in other income.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

2.24 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

2.25 Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group elects not to separate lease and non-lease components and accounts for these as a single lease component.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

2. Summary of significant accounting policies (continued)

2.25 Leases (continued)

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise an extension option, the right-of-use asset is depreciated over the underlying asset's useful life.

A change in the consideration for the lease, without increasing or decreasing the scope of the lease, results in a remeasurement of the lease liability and a corresponding adjustment to the right-of-use asset. The Group remeasures the lease liability, using the interest rate implicit in the lease for the remainder of the lease term, and it makes a corresponding adjustment to the right-of-use asset. The Group uses its incremental borrowing rate at the effective date of modification if the interest rate implicit in the lease is not readily determinable.

Payments associated with short-term leases of stores and offices and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

2.26 Dividend distributions

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

2.27 Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing: the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares by the weighted average number of ordinary shares outstanding during the financial year, excluding treasury shares.

(b) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account: the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

3. Financial risk management

3.1 Financial risk factors

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

(a) Market risk

(i) Foreign exchange risk

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

The Group operates in the PRC with most of the Group's transactions denominated and settled in RMB. The Group's assets and liabilities, and transactions arising from its operations do not expose the Group to material foreign exchange risk as the Group's most recognised assets and liabilities in the consolidated balance sheet as at 30 June 2022 are denominated in the respective Group companies' functional currencies.

(ii) Cash flow and fair value interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group has no significant interest-bearing assets and liabilities, except for the term deposits with initial term over 3 months (Note 21), cash and cash equivalents (Note 22), loan to related parties (Note 32(b)), and borrowings (Note 28). Those carried at floating rates expose the Group to cash flow interest rate risk whereas those carried at fixed rates expose the Group to fair value interest rate risk.

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

(iii) Price risk

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

(b) Credit risk

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

(i) Risk management

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

3. Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

(ii) Impairment of financial assets

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

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

Credit risk of trade receivables

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

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

On that basis, the loss allowance as at 30 June 2022 and 30 June 2021 were determined as follows for trade receivables:

	As at 30 June 2022		
	RMB'000 Gross carrying amount	RMB'000 Loss allowance	Expected loss rate
Within 3 months	**100,083**	**3,411**	**3.41%**
3 months to 6 months	**7,173**	**1,254**	**17.48%**
6 months to 1 year	**2,974**	**1,883**	**63.32%**
1 year to 2 years	**740**	**740**	**100.00%**
more than 2 years	**17,769**	**17,769**	**100.00%**
	128,739	**25,057**	**19.46%**

	As at 30 June 2021		
	RMB'000 Gross carrying amount	RMB'000 Loss allowance	Expected loss rate
Within 3 months	114,991	4,128	3.59%
3 months to 6 months	8,186	1,426	17.42%
6 months to 1 year	4,014	2,532	63.08%
1 year to 2 years	4,731	4,731	100.00%
more than 2 years	13,405	13,405	100.00%
	145,327	26,222	18.04%

3. Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

(ii) Impairment of financial assets (continued)

Credit risk of trade receivables (continued)

Net impairments losses on financial assets are provided as follows:

	Year ended 30 June	
	2022	2021
	RMB'000	RMB'000
Provision/(reversal of) for impairment on trade receivables	**5,174**	(2,616)
Impairments losses on other receivables	**416**	810
	5,590	(1,806)

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

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

Credit risk of other receivables

Other receivables mainly include rental deposits and others. For other receivables, the directors make periodic individual assessment on the recoverability based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. For other receivables, management has assessed other receivables has not had a significant increase in credit risk since initial recognition and the Group provided impairment based on 12m ECL during the year ended 30 June 2022 and 2021. The Group assessed and concluded the ECL for other receivables were insignificant.

3. Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

(ii) Impairment of financial assets (continued)

Credit risk of amounts due from related parties

The balance of the amounts due from related parties as at 30 June 2022 mainly represents loan to Huizhan Technology (Hangzhou) Co., Ltd, a company controlled by the controlling shareholders of the Group (Note 32). The loan is guaranteed by Wu Jian and Li Lin, the controlling shareholders of the Group. Huizhan Technology (Hangzhou) Co., Ltd. further agreed that the Group shall be entitled to deduct the rental fees payable if it fails to repay any of the outstanding loan amount. The Group assessed and concluded the ECL for amounts due from related parties were insignificant.

(c) Liquidity risk

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

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

	Within 1 year RMB'000	More than 1 year RMB'000
As at 30 June 2022		
Trade payables	**289,211**	**—**
Amounts due to related parties	**65,412**	**349,755**
Accruals and other current liabilities	**565,663**	**4,579**
Borrowings	**150,000**	**—**
Lease liabilities	**182,837**	**182,035**
	1,253,123	**536,369**
As at 30 June 2021		
Trade payables	256,492	—
Amounts due to related parties	61,423	386,996
Accruals and other current liabilities	397,693	5,413
Borrowings	246,000	—
Lease liabilities	130,851	131,562
	1,092,459	523,971

3. Financial risk management (continued)

3.2 Capital management

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

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

3.3 Fair value estimation

(i) Fair value hierarchy

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

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

Specific valuation techniques used to value financial instruments include:

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

The following table presents the Group's assets that are measured at fair value as at 30 June 2022.

	Key input	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets at fair value through profit or loss					
— Venture capital funds	Net asset value of venture capital funds, determined by the fair value of the investees of the funds mainly based on the latest round financing	—	—	**158,840**	**158,840**
— Investment for a private company	the latest round financing	—	—	**10,000**	**10,000**
		—	—	**168,840**	**168,840**

3. Financial risk management (continued)

3.3 Fair value estimation (continued)

(i) Fair value hierarchy (continued)

The following table presents the Group's assets that are measured at fair value as at 30 June 2021.

	Key input	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets at fair value through profit or loss					
— Venture capital funds	Net asset value of venture capital funds, determined by the fair value of the investees of the funds mainly based on the latest round financing	—	—	54,712	54,712
— financial products issued by commercial banks	Bank quoted expected return	—	131,062	—	131,062
		—	131,062	54,712	185,774

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

(a) Financial instruments in level 1

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

(b) Financial instruments in level 2

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

(c) Financial instruments in level 3

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

3. Financial risk management (continued)

3.3 Fair value estimation (continued)

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

The following table presents the changes in level 3 items for the periods ended 30 June 2022.

	Venture capital funds RMB'000	Investment for a private company RMB'000	Total RMB'000
Closing balance as at 30 June 2021	54,712	—	54,712
Acquisitions	87,995	10,000	97,995
Fair value change recognised in consolidated statement of comprehensive income	13,501	—	13,501
Currency translation differences	2,632	—	2,632
Closing balance as at 30 June 2022	**158,840**	**10,000**	**168,840**

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

Description	Fair value at 30 June 2022 RMB'000	Fair value at 30 June 2021 RMB'000	Unobservable inputs	Range of inputs 2022	Range of inputs 2021	Relationship of unobservable inputs to fair value
Venture capital funds	**158,840**	54,712	Net asset value, determined by the fair value of the investees of the funds mainly based on the latest round financing	**N/A**	N/A	The higher the net asset value, the higher the fair value.
Investment for a private company	**10,000**	—	the latest round financing	**N/A**	N/A	The higher the net asset value, the higher the fair value.
	168,840	54,712				

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

If the fair value of the financial assets at fair value through profit or loss held by the Group had been 5% higher/lower, the profit before income tax for the year ended 30 June 2022 would have been approximately RMB8,442,000 higher/lower (30 June 2021: RMB2,736,000).

4. Critical accounting estimates and judgements

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

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

(a) Net realisable value of inventories

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

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

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

(b) Right of return

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

(c) Membership-based customer loyalty program

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

(d) Determination of the lease term

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

The following factors are normally the most relevant:

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

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

5. Segment information

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

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

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

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

	Year ended 30 June 2022			
	Mature brand RMB'000	Younger brands RMB'000	Emerging brands RMB'000	Total RMB'000
Revenue				
Mainland China	**2,282,459**	**1,692,095**	**74,614**	**4,049,168**
Outside mainland China	**29,376**	**6,747**	**577**	**36,700**
Revenue from external customers	**2,311,835**	**1,698,842**	**75,191**	**4,085,868**
Segment gross profit	**1,490,551**	**1,073,797**	**43,022**	**2,607,370**
Segment operating profit	**813,066**	**412,813**	**1,855**	**1,227,734**
Unallocated selling and marketing expenses, administrative expenses and net impairment losses on financial assets				**(514,579)**
Other income and gains, net				**62,697**
Total operating profit				**775,852**

	Year ended 30 June 2021			
	Mature brand RMB'000	Younger brands RMB'000	Emerging brands RMB'000	Total RMB'000
Revenue				
Mainland China	2,276,487	1,732,432	86,911	4,095,830
Outside mainland China	22,303	7,907	185	30,395
Revenue from external customers	2,298,790	1,740,339	87,096	4,126,225
Segment gross profit	1,459,840	1,093,098	44,414	2,597,352
Segment operating profit/(loss)	802,072	476,527	(706)	1,277,893
Unallocated selling and marketing expenses, administrative expenses and net impairment losses on financial assets				(436,168)
Other income and gains, net				42,136
Total operating profit				883,861

5. Segment information (continued)

Since no revenue from sale to a single customer amounted to 10% or more of the Group's revenue for the reporting period, no major customer information is presented in accordance with HKFRS 8 Operating Segments.

Assets and liabilities related to contracts with customers

(i) Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods at a point in time.

(ii) Right of return assets and refund liabilities

	30 June 2022 RMB'000	30 June 2021 RMB'000
Right of return assets (Note 18)	**85,547**	53,279
Refund liabilities		
Rights of return (Note 27)	**258,551**	138,628
Sales rebates (Note 27)	**70,089**	61,647
	328,640	200,275

Rights of return have increased by RMB119,923,000 as a result of the impact of Covid-19 in 2022. The Group plans to provide more return quotas to distributors to get through the pandemic.

(iii) Liabilities related to contracts with customers

The Group has recognised the following liabilities relating to contracts with customers:

	30 June 2022 RMB'000	30 June 2021 RMB'000
Advances from distributors	**281,512**	290,362
Customer loyalty programme	**18,738**	19,414
Total current contract liabilities	**300,250**	309,776

(iv) Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities.

	Year ended 30 June	
	2022 RMB'000	2021 RMB'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	**309,776**	326,541

(v) Unsatisfied performance obligations

The following table shows the unsatisfied performance obligations as at 30 June 2022 and 30 June 2021.

	30 June 2022 RMB'000	30 June 2021 RMB'000
Advances from distributors	**281,512**	290,362
Customer loyalty programme	**18,738**	19,414
	300,250	309,776

6. Expenses by nature

	Year ended 30 June	
	2022	2021
	RMB'000	RMB'000
Cost of inventories sold	**1,316,098**	1,381,018
Workforce contracting expenses	**376,933**	333,077
Employee benefit expenses (including share-based compensation expenses) (Note 8)	**367,454**	357,732
Promotion and marketing expense	**340,920**	286,361
Depreciation and amortisation (Notes 13, 14 &15)	**323,403**	253,892
— Right-of-use assets	**228,091**	183,032
— Property, plant and equipment	**92,776**	68,580
— Intangible assets	**2,536**	2,280
Expenses relating to short-term leases and variable lease payments	**276,500**	306,344
Provision for inventories (Note 16)	**107,796**	118,921
Commission expenses to online platforms	**52,324**	48,441
Utilities charges and office expenses	**50,911**	50,088
Transportation and warehouse expense	**48,487**	46,469
Stamp duty, property tax and other surcharges	**29,158**	29,829
Other professional service expenses	**21,894**	15,927
Consumables and service fee for apparel design	**21,727**	23,907
Entertainment and travelling expenses	**12,377**	12,317
Provision/(reversal of) for impairment losses on financial assets	**5,590**	(1,806)
Auditors' remuneration	**3,396**	2,676
— Audit services	**2,700**	2,448
— Non-audit services	**696**	228
Others	**17,745**	19,307
Total cost of sales, selling and marketing expenses, net impairment losses on financial assets and administrative expenses	**3,372,713**	3,284,500

7. Other income and gains, net

	Year ended 30 June	
	2022	2021
	RMB'000	RMB'000
Government grants (i)	**45,594**	34,465
Fair value gains of venture capital funds (Note 20)	**13,501**	—
Interest income from loans to a related party (Note 32)	**4,225**	—
Fair value gains of financial products (ii)	**721**	5,499
Gains on early termination of right-of-use assets (Note 14)	**357**	1,106
Losses on disposal of property, plant and equipment	**(833)**	(641)
Donations	**(1,397)**	(688)
Others	**529**	2,395
	62,697	42,136

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

(ii) Fair value gains represent primarily fair value gains from the Group's investment in financial products issued by commercial banks (Note 20).

8. Employee benefit expenses

	Year ended 30 June 2022 RMB'000	Year ended 30 June 2021 RMB'000
Salaries, bonus and other welfares	**291,769**	320,881
Social security contribution (a)	**19,296**	13,156
Housing fund	**11,756**	7,172
Share-based compensation (Note 25)	**44,633**	16,523
	367,454	357,732

(a) Employees of the PRC subsidiaries are required to participate in a defined contribution retirement scheme administered and operated by the local municipal government. The Group contributes funds which are calculated on fixed percentage of the employees' salary (subject to a floor and cap) as set by local municipal government to each scheme locally to fund the retirement benefits of the employees. To provide relief to businesses impacted by the COVID-19, the Chinese government announced the rules of reduction and exemption of corporate social insurance contributions in 2020.

For the years ended 30 June 2022 and 2021, there were no forfeited contributions (by employers on behalf of employees who leave the plan prior to vesting fully in such contributions) which may be used by the employer to reduce the existing level of contributions.

(b) Five highest paid individuals

The five individuals whose emoluments including share-based compensation expenses (Note 25) were the highest in the Group for the year included two (during the year ended 30 June 2021: one) director whose emoluments are reflected in the analysis presented in Note 34. The emoluments paid and payable to the remaining three individuals (during the year ended 30 June 2021: four) were as follows:

	Year ended 30 June 2022 RMB'000	Year ended 30 June 2021 RMB'000
Basic salaries and allowances	**5,121**	4,714
Discretionary bonuses	**4,663**	10,767
Social security contribution	**361**	369
Share-based compensation	**10,936**	3,807
	21,081	19,657

The emoluments including share-based compensation expenses (Note 25) of the remaining highest paid individuals fell within the following bands:

	Year ended 30 June 2022	Year ended 30 June 2021
Emolument band:		
HK$5,000,001 to HK$5,500,000	**—**	1
HK$5,500,001 to HK$6,000,000	**—**	2
HK$6,000,001 to HK$6,500,000	**1**	—
HK$6,500,001 to HK$7,000,000	**—**	1
HK$8,000,001 to HK$8,500,000	**1**	—
HK$11,000,001 to HK$11,500,000	**1**	—
	3	4

9. Finance (costs)/income, net

	Year ended 30 June	
	2022	2021
	RMB'000	RMB'000
Finance income		
Interest income on cash and cash equivalents, and term deposits with initial term over 3 months	**32,849**	26,424
Net foreign exchange gains on financing activities	**5,331**	5,701
	38,180	32,125
Finance costs		
Interest expenses on lease liabilities	**(34,639)**	(22,969)
Interest expenses on bank borrowings	**(3,757)**	(6,427)
	(38,396)	(29,396)
Finance (costs)/income, net	**(216)**	2,729

10. Tax expense

(a) Income tax expense

The income tax expense of the Group for the years ended 30 June 2022 and 2021 are analysed as follows:

	Year ended 30 June	
	2022	2021
	RMB'000	RMB'000
Current income tax expense		
— Enterprise income tax expense	**235,575**	229,973
Deferred income tax (benefit)/charge (Note 29)	**(18,812)**	9,422
	216,763	239,395

(i) Cayman Islands income tax

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

(ii) Hong Kong profits tax

Entities incorporated in Hong Kong are subject to Hong Kong profits tax at a rate of 8.25% on assessable profits up to HK$2,000,000 and 16.5% on any part of assessable profits over HK$2,000,000 for the years presented. No Hong Kong tax was provided for as there was no estimated assessable profit that was subject to Hong Kong profits tax during the years ended 30 June 2022 and 2021.

(iii) PRC enterprise income tax

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

The income tax provision of the Group in respect of its operations in the PRC has been calculated at the applicable tax rate on the estimated assessable profits based on existing legislations, interpretations and practices.

Since the deferred income tax assets and liabilities shall be measured at the tax rates that are expected to apply to the year when the assets is realised or the liability is settled, the change in the applicable tax rate will affect the determination of the carrying values of deferred tax assets and liabilities of the Group's subsidiaries located in the PRC.

(iv) Preferential income tax rate

For certain subsidiaries of the Group in Mainland China, they are entitled to the preferential income tax rate for Small Low-profit Enterprises issued by the SAT. The applicable tax rate is 5% or 10% for the period from 1 January 2019 to 31 December 2022.

10. Tax expense (continued)

(a) Income tax expense (continued)

(v) PRC withholding income tax

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on the dividends declared to foreign investors from the foreign investment enterprises established in the PRC. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between the PRC and the jurisdiction of the foreign investors.

As filed with Hangzhou municipal tax bureau in April 2022, JNBY Finery Co., Ltd. and Hangzhou Liancheng Huazhuo Industrial Co., Ltd. meet conditions and requirements stated in the Circular on the Non-residence Enterprise's Tax Treaty Under Double Taxation Agreement (Guoshui No.35,2019) issued by the SAT. Therefore, the enacted withholding tax rate on the dividends from JNBY Finery Co., Ltd. and Hangzhou Liancheng Huazhuo Industrial Co., Ltd. is 5%.

(b) Numerical reconciliation of income tax expense to prima facie tax payable

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the effective tax rate applicable to profits of the companies comprising the Group as follows:

	Year ended 30 June	
	2022	2021
	RMB'000	RMB'000
Profit before income tax	**775,636**	886,590
Tax calculated at domestic tax rate applicable to profits in PRC (25%)	**193,909**	221,648
Preferential income tax benefits	**(2,126)**	(3,327)
Different tax jurisdiction	**314**	304
Interest income not subject to taxation	**(726)**	(911)
PRC withholding income tax on the retained earnings intended to be distributed (Note 29)	**23,293**	24,343
Research and development tax credit	**(6,365)**	(3,572)
Tax losses for which no deferred income tax asset was recognised	**144**	636
Tax differences related to the RSUs	**8,072**	726
Expenses not deductible for tax purpose	**248**	157
Utilisation of previously unrecognised deferred taxes	**—**	(609)
Income tax expense	**216,763**	239,395
Effective tax rate	**27.95%**	27.00%

10. Tax expense (continued)

(c) Tax losses

The unused tax losses were incurred by subsidiaries that are not likely to generate taxable income in the foreseeable future for which no deferred tax asset has been recognised.

The tax losses in PRC can be carried forward and will expire in 5 years, and losses in Hong Kong can be carried forward indefinitely.

As at 30 June 2022, the Group did not recognise deferred income tax asset of RMB9,213,000 (30 June 2021: RMB9,069,000) in respect of accumulated tax losses amounting to RMB55,856,000 (30 June 2021: RMB54,982,000).

(d) Value-added tax ("VAT")

The Group's revenues are subject to output VAT generally calculated at 13%, 3% or 1% of the selling prices pursuant to different circumstances or tax incentives.

11. Earnings per share

(a) Basic

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

	Year ended 30 June	
	2022	2021
	RMB'000	RMB'000
Profit attributable to shareholders of the Company	**558,880**	647,201
Weighted average number of ordinary shares in issue excluding shares held under the RSU Scheme in issue (thousands of shares)	**498,068**	498,068
Basic earnings per share (expressed in RMB per share)	**1.12**	1.30

(b) Diluted

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

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

	Year ended 30 June	
	2022	2021
	RMB'000	RMB'000
Profit attributable to shareholders of the Company	**558,880**	647,201
Weighted average number of ordinary shares in issue excluding shares held under the RSU Scheme in issue (thousands of shares)	**498,068**	498,068
Adjustments for share based compensation — RSUs (thousands of shares)	**8,123**	3,980
Weighted average number of ordinary shares for the calculation of diluted EPS (thousands of shares)	**506,191**	502,048
Diluted earnings per share (expressed in RMB per share)	**1.10**	1.29

12. Dividends

	Year ended 30 June	
	2022	2021
	RMB'000	RMB'000
Dividends appropriated and paid by the Company	**612,085**	395,847

A final dividend of RMB298,155,000 that related to the year ended 30 June 2021, an interim dividend of RMB152,472,000 that related to the six months ended 31 December 2021 and a special dividend of RMB161,458,000 out of share premium account relating to the year ended 30 June 2021 were appropriated and paid during the year ended 30 June 2022 (A final dividend of RMB234,048,000 that related to the year ended 30 June 2020 and an interim dividend of RMB161,799,000 that related to the six months ended 31 December 2020 were appropriated and paid during the year ended 30 June 2021).

13. Property, plant and equipment

	Office equipment and others RMB'000	Machinery RMB'000	Motor vehicles RMB'000	Leasehold improvements RMB'000	Buildings RMB'000	Construction-in-progress RMB'000	Total RMB'000
Year ended 30 June 2021							
Opening net book value	19,478	52,356	1,057	24,384	192,776	34,069	324,120
Additions	19,003	8,425	2,034	42,272	2,324	69,701	143,759
Transfer from Construction-in-progress	—	—	—	103,667	—	(103,667)	—
Depreciation	(8,159)	(6,569)	(448)	(44,024)	(9,380)	—	(68,580)
Disposals	(413)	(562)	(25)	—	—	—	(1,000)
Closing net book value	29,909	53,650	2,618	126,299	185,720	103	398,299
As at 30 June 2021							
Cost	57,717	67,837	7,327	253,261	206,185	103	592,430
Accumulated depreciation	(27,808)	(14,187)	(4,709)	(126,962)	(20,465)	—	(194,131)
Net book value	29,909	53,650	2,618	126,299	185,720	103	398,299
Year ended 30 June 2022							
Opening net book value	**29,909**	**53,650**	**2,618**	**126,299**	**185,720**	**103**	**398,299**
Additions	**11,817**	**10,996**	**2,948**	**100,792**	**8,227**	**11,842**	**146,622**
Transfer from Construction-in-progress	**2**	**10,812**	**—**	**—**	**1,131**	**(11,945)**	**—**
Depreciation	**(10,118)**	**(7,523)**	**(915)**	**(64,681)**	**(9,539)**	**—**	**(92,776)**
Disposals	**(1,009)**	**(95)**	**—**	**—**	**—**	**—**	**(1,104)**
Closing net book value	**30,601**	**67,840**	**4,651**	**162,410**	**185,539**	**—**	**451,041**
As at 30 June 2022							
Cost	**63,836**	**89,428**	**10,275**	**297,038**	**215,543**	**—**	**676,120**
Accumulated depreciation	**(33,235)**	**(21,588)**	**(5,624)**	**(134,628)**	**(30,004)**	**—**	**(225,079)**
Net book value	**30,601**	**67,840**	**4,651**	**162,410**	**185,539**	**—**	**451,041**

Depreciation expenses have been charged to the consolidated statement of comprehensive income as follows:

	Year ended 30 June	
	2022 RMB'000	2021 RMB'000
Selling and marketing expenses	**72,133**	53,355
Administrative expenses	**20,643**	15,225
	92,776	68,580

14. Leases

(a) Amounts recognised in the consolidated balance sheet

The balance sheet shows the following amounts relating to leases:

Right-of-use assets

	Offices (i) RMB'000	Rented premises for stores (ii) RMB'000	Land use right RMB'000	Total RMB'000
Year ended 30 June 2022				
Opening net book value as at 1 July 2021	**375,220**	**239,885**	**24,963**	**640,068**
Additions	**17,492**	**273,509**	**—**	**291,001**
Early termination	**(161)**	**(6,282)**	**—**	**(6,443)**
Depreciation and amortisation	**(47,610)**	**(179,923)**	**(558)**	**(228,091)**
Modification	**29,182**	**(5,943)**	**—**	**23,239**
Closing net book value as at 30 June 2022	**374,123**	**321,246**	**24,405**	**719,774**
Year ended 30 June 2021				
Opening net book value as at 1 July 2020	6,684	163,939	25,521	196,144
Additions	400,084	236,884	—	636,968
Early termination	—	(10,012)	—	(10,012)
Depreciation and amortisation	(31,548)	(150,926)	(558)	(183,032)
Closing net book value as at 30 June 2021	375,220	239,885	24,963	640,068

Lease liabilities

	2022 RMB'000	2021 RMB'000
Lease liabilities at the beginning of the year	**247,336**	182,718
Lease liabilities due to related parties (Note 32)	**352,035**	4,431
	599,371	187,149
Lease payment	**(272,072)**	(236,597)
Interest expenses	**34,639**	22,969
Additions	**291,001**	636,968
Modification	**23,239**	—
Early termination	**(6,800)**	(11,118)
	669,378	599,371
Less: lease liabilities due to related parties (Note 32)	**(326,720)**	(352,035)
Lease liabilities at the end of the year	**342,658**	247,336

(i) For the relocation of the headquarters, the Group leased premises from Huizhan Technology (Hangzhou) Co., Ltd, a related party controlled by the controlling shareholders of the Group (Note 32). The Group leased premises mainly for office building for lease terms of 19 months, 26 months and 33 months commencing from 1 October 2020 and 1 April 2021 with extension options. The Group has an option to renew the lease agreements with the lessor six months before the lease expiry based on the then market rent.

Extension options for the lease arrangements are included in the lease term because the leases are reasonably certain to be extended to ten years taking into consideration of the significant leasehold improvements, historical lease durations and the costs and business disruption required to replace the leased assets. As a result, right of use assets of RMB389,988,000 was recorded during the year ended 30 June 2021 (Note 32).

During the year ended 30 June 2022, the Group entered several agreements with Huizhan Technology (Hangzhou) Co., Ltd to modify the existing lease arrangements with additional space and increased rent. As a result, right-of-use assets of RMB36,003,000 was recorded for the lease modification and additions (Note 32).

14. Leases (continued)

(a) Amounts recognised in the consolidated balance sheet (continued)

(ii) The Group chose to record the rent concessions occurring as a direct consequence of the COVID-19 pandemic as lease modifications. The rent concessions represented reduced lease payments due on or before 30 June 2022 and there was no substantive change to other terms and conditions of the lease. Rent concessions totaling approximately RMB5,943,000 (during the year ended 30 June 2021: nil) have been accounted for as lease modification by decreasing the lease liability and making a corresponding adjustment to the right-of-use asset.

	As at 30 June 2022 RMB'000	As at 30 June 2021 RMB'000
Lease liabilities		
Current	**174,599**	121,647
Non-current	**168,059**	125,689
	342,658	247,336

(b) Amounts recognised in the consolidated statement of comprehensive income

The consolidated statement of comprehensive income shows the following amounts relating to leases:

	Year ended 30 June	
	2022 RMB'000	2021 RMB'000
Depreciation charge of right-of-use assets		
Retail shops and offices	**227,533**	182,474
Land use right	**558**	558
Interest expense	**34,639**	22,969
Expense relating to short-term leases	**69,399**	70,039
Expense relating to variable lease payments not included in lease liabilities	**207,101**	236,305

The total cash outflow for leases in 2022 was RMB272,072,000 (during the year ended 30 June 2021: RMB236,597,000).

(c) The Group's leasing activities

The Group leases various offices and retail stores. Rental contracts are typically made for fixed periods of 3 months to 6 years but may have extension options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

(d) Variable lease payments

Some leases contain variable payment terms that are linked to sales generated from a store. Variable payment terms are used for certain reasons, including minimising the fixed costs base for newly established stores. Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

(e) Extension and termination options

Extension and termination options are included in a number of property leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations.

15. Intangible assets

	Computer software RMB'000	Others RMB'000	Total RMB'000
Year ended 30 June 2021			
Opening net book value	13,376	221	13,597
Additions	4,381	—	4,381
Amortisation charge	(2,230)	(50)	(2,280)
Closing net book value	15,527	171	15,698
As at 30 June 2021			
Cost	24,247	244	24,491
Accumulated amortisation	(8,720)	(73)	(8,793)
Net book value	15,527	171	15,698
Year ended 30 June 2022			
Opening net book value	**15,527**	**171**	**15,698**
Additions	**5,549**	**—**	**5,549**
Amortisation charge	**(2,509)**	**(27)**	**(2,536)**
Closing net book value	**18,567**	**144**	**18,711**
As at 30 June 2022			
Cost	**29,796**	**244**	**30,040**
Accumulated amortisation	**(11,229)**	**(100)**	**(11,329)**
Net book value	**18,567**	**144**	**18,711**

Amortisation expenses have been charged to the consolidated statement of comprehensive income as follows:

	Year ended 30 June	
	2022 RMB'000	2021 RMB'000
Administrative expenses	**1,097**	972
Selling and marketing expense	**1,439**	1,308
	2,536	2,280

16. Inventories

	As at June 30	
	2022 RMB'000	2021 RMB'000
Finished goods	**1,154,093**	1,003,862
Raw materials	**33,317**	27,554
Commissioned processing materials	**175,321**	177,623
	1,362,731	1,209,039
Less: provision	**(533,908)**	(502,201)
	828,823	706,838

Movements of provision for inventories are analysed as follows:

	Year ended 30 June	
	2022 RMB'000	2021 RMB'000
Beginning of the year	**502,201**	452,658
Addition of provision for inventories to net realisable value included in "cost of sales" (Note 6)	**107,796**	118,921
Release of provision upon sales of inventories written down in prior years	**(76,089)**	(69,378)
End of the year	**533,908**	502,201

17. Trade receivables

	As at 30 June	
	2022	2021
	RMB'000	RMB'000
Trade receivables	**128,739**	145,327
Less: provision for impairment	**(25,057)**	(26,222)
	103,682	119,105

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

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

	As at 30 June	
	2022	2021
	RMB'000	RMB'000
Within 3 months	**100,083**	114,991
3 months to 6 months	**7,173**	8,186
6 months to 1 year	**2,974**	4,014
1 year to 2 years	**740**	4,731
more than 2 years	**17,769**	13,405
	128,739	145,327

The maximum exposure to credit risk as at the balance sheet date is the carrying value of the net trade receivables balances.

The loss allowance for trade receivables as at 30 June reconcile to the opening allowances as follows:

	Year ended 30 June	
	2022	2021
	RMB'000	RMB'000
Beginning of the year	**26,222**	29,704
Provision for/(reversal of) impairment on trade receivables (Note 3.1)	**5,174**	(2,616)
Write-off of provision for impairment	**(6,339)**	(866)
End of the year	**25,057**	26,222

The carrying amounts of the Group's trade receivables were denominated in the following currencies:

	As at 30 June	
	2022	2021
	RMB'000	RMB'000
RMB	**96,518**	115,982
US$	**6,370**	2,972
Others	**794**	151
	103,682	119,105

The carrying amounts of the Group's trade receivables approximated their fair values as at each of the balance sheet date.

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for all trade receivables.

Information about the impairment of trade receivables and the Group's exposure to credit risk are set out in Note 3.1.

18. Prepayments, deposits and other assets

	As at 30 June	
	2022	2021
	RMB'000	RMB'000
Long-term prepayments		
Long-term prepaid expenses	**15,683**	11,726
Advance payments for long-term assets	**—**	8,441
	15,683	20,167
Current assets		
Deposits and other receivables	**107,221**	96,942
Right of goods return	**85,547**	53,279
Prepayment to suppliers	**52,199**	52,742
Prepaid expenses	**18,168**	36,602
Value added tax recoverable	**5,464**	1,237
Staff advances	**86**	143
	268,685	240,945
	284,368	261,112

19. Financial instruments by category

	As at 30 June	
	2022	2021
	RMB'000	RMB'000
Financial assets		
Financial assets at amortised cost		
— Trade and other receivables	**210,989**	216,047
— Cash and cash equivalents	**591,746**	549,012
— Term deposits with initial term over 3 months	**384,396**	739,370
— Amounts due from related parties	**105,605**	2,623
Financial assets at fair value through profit or loss	**168,840**	185,774
	1,461,576	1,692,826
Financial liabilities		
Liabilities at amortised cost		
— Trade payables	**289,211**	256,492
— Other payables	**570,242**	403,106
— Borrowings	**148,868**	243,619
— Lease liabilities	**342,658**	247,336
— Amounts due to related parties	**338,780**	362,994
	1,689,759	1,513,547

The Group's exposure to various risks associated with the financial instruments is discussed in Note 3. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

20. Financial assets at fair value through profit or loss

	As at 30 June	
	2022	2021
	RMB'000	RMB'000
Included in non-current assets		
Venture capital funds (a)	**158,840**	54,712
Investment in a private company	**10,000**	—
	168,840	54,712
Included in current assets		
Wealth management products (b)	**—**	131,062

20. Financial assets at fair value through profit or loss (continued)

The carrying amounts of the Group's Financial assets at fair value through profit or loss were denominated in the following currencies:

	As at 30 June	
	2022	2021
	RMB'000	RMB'000
US$	**105,448**	54,712
RMB	**63,392**	131,062
	168,840	185,774

(a) This represents the Group's investments in venture capital funds as a limited partner. The nature and purpose of the venture capital funds is to achieve investment appreciation and ultimately realise the investment income through equity and equity-related investments in companies with investment value and development potential. These vehicles are financed through issuing units to investors. From time to time, the Group subscribed for certain interests as passive investors in the funds. The Group's maximum exposure to loss is limited to the carrying amount of the interests held by the Group.

In July 2021, the Group signed the subscription agreements of two venture capital funds as a limited partner for a total capital commitment of RMB60,000,000. Both venture capital funds are related parties of Mr. Wei Zhe, the non-executive director of the Group. During the year ended 30 June 2022, the Group made capital contributions of RMB51,000,000. The Group has uncalled capital commitments of RMB9,000,000 in accordance with the subscription agreements (Note 31).

(b) This represents the Group's wealth management products with interest rates ranging from 2.6% to 3.6% per annum and maturity period within 1 year. The fair value gains from the Group's wealth management products during the year ended 30 June 2022 is RMB721,000 (during the year ended 30 June 2021: RMB5,499,000) (Note 7). These wealth management products are offered by large state-owned or reputable financial institutions in the Mainland China with potential return rate linked to the exchange rate.

21. Term deposits with initial term over 3 months

	As at 30 June	
	2022	2021
	RMB'000	RMB'000
Term deposits with initial term over 3 months	**384,396**	739,370

The carrying amounts of the Group's term deposits with initial term over 3 months were denominated in the following currencies:

	As at 30 June	
	2022	2021
	RMB'000	RMB'000
RMB	**384,396**	546,000
US$	**—**	193,370
	384,396	739,370

The effective interest rate for the term deposits of the Group with initial term over 3 months for the year ended 30 June 2022 was 3.17% (during the year ended 30 June 2021: 2.77%).

Term deposits with initial term over 3 months were neither past due nor impaired. The fair value of these term deposits with initial term over 3 months approximated its carrying amount at year end.

22. Cash and bank balances

	As at 30 June	
	2022	2021
	RMB'000	RMB'000
Cash at bank and on hand	**591,746**	549,012

Cash and bank balances were denominated in the following currencies:

	As at 30 June	
	2022	2021
	RMB'000	RMB'000
RMB	**510,293**	497,627
HK$	**71,944**	32,514
US$	**6,993**	17,320
Others	**2,516**	1,551
	591,746	549,012

23. Share capital, share premium and shares held for RSU Scheme

	Number of shares authorised	Number of shares issued	Share capital RMB'000	Share premium RMB'000	Shares held for RSU Scheme RMB'000	Subtotal RMB'000
As at 1 July 2021	**1,000,000,000**	**518,750,000**	**4,622**	**668,308**	**(164,430)**	**508,500**
Purchase of ordinary shares for RSU Scheme (a)	**—**	**—**	**—**	**—**	**(22,737)**	**(22,737)**
Dividend (Note 12)	**—**	**—**	**—**	**(161,458)**	**—**	**(161,458)**
Transfer and exercise of RSUs	**—**	**—**	**—**	**1,404**	**6,923**	**8,327**
As at 30 June 2022	**1,000,000,000**	**518,750,000**	**4,622**	**508,254**	**(180,244)**	**332,632**

	Number of shares authorised	Number of shares issued	Share capital RMB'000	Share premium RMB'000	Shares held for RSU Scheme RMB'000	Subtotal RMB'000
As at 1 July 2020	1,000,000,000	518,750,000	4,622	665,520	(172,414)	497,728
Purchase of ordinary shares for RSU Scheme (a)	—	—	—	—	(5,883)	(5,883)
Transfer and exercise of RSUs	—	—	—	2,788	13,867	16,655
As at 30 June 2021	1,000,000,000	518,750,000	4,622	668,308	(164,430)	508,500

(a) During the year ended 30 June 2022, the Company repurchased 2,239,500 (during the year ended 30 June 2021: 804,500) of its own shares through the trustee of the RSU Scheme at a total consideration of HK$27,464,000 (approximately RMB22,737,000) (during the year ended 30 June 2021: HK$7,020,000 (approximately RMB5,883,000)). As at 30 June 2022, there were 21,466,000 shares (30 June 2021: 20,251,000 shares) held through the trustee of the RSU Scheme.

24. Other reserves

	Statutory reserves RMB'000	Share-based compensation reserve RMB'000	Currency translation differences RMB'000	Merger reserve (b) RMB'000	Total RMB'000
As at 1 July 2021	**156,791**	**62,615**	**(25,750)**	**(1,599)**	**192,057**
Appropriation to statutory reserves (a)	**469**	**—**	**—**	**—**	**469**
Share-based compensation (Note 25)	**—**	**44,633**	**—**	**—**	**44,633**
Currency translation differences	**—**	**—**	**(3,388)**	**—**	**(3,388)**
Transfer and exercise of RSUs	**—**	**(4,908)**	**—**	**—**	**(4,908)**
As at 30 June 2022	**157,260**	**102,340**	**(29,138)**	**(1,599)**	**228,863**
As at 1 July 2020	155,048	54,496	14,150	(1,599)	222,095
Appropriation to statutory reserves (a)	1,975	—	—	—	1,975
Liquidation of subsidiaries	(232)	—	—	—	(232)
Share-based compensation (Note 25)	—	16,523	—	—	16,523
Currency translation differences	—	—	(39,900)	—	(39,900)
Transfer and exercise of RSUs	—	(8,404)	—	—	(8,404)
As at 30 June 2021	156,791	62,615	(25,750)	(1,599)	192,057

(a) In accordance with the respective articles of association and Board resolutions, the subsidiaries of the Group incorporated in the PRC appropriate 10% of the annual net profits, as determined under the PRC accounting standards, to the statutory surplus reserve fund before distributing any dividends. The statutory surplus reserve fund can be used to offset prior year losses, if any, and may be converted into paid-in capital. For the year ended 30 June 2022, approximately RMB469,000 (during the year ended 30 June 2021: RMB1,975,000) was appropriated from retained earnings to the statutory surplus reserve fund.

(b) During the reorganisation to form the current Group prior to the IPO, the Group acquired the equity interests of certain Group entities from the controlling shareholders. The difference between the considerations paid and their original investments have been recognised as merger reserve.

25. Share-based payments

The Company adopted the RSU Scheme, under which the Board may grant RSUs to any qualifying participants, subject to the terms and conditions stipulated therein. RSUs vest gradually after the selected participants complete their service period of typically four years from the grant date. The selected participants are required to pay the exercise price, if any, upon satisfaction of terms and conditions set out in the relevant grant letter when they decide to exercise the RSUs. The participants are only entitled for the shares to be transferred to their account upon paying the exercise price, if any. During the year ended 30 June 2022, share based compensation of RMB44,633,000 were recognised by the Group (during the year ended 30 June 2021: RMB16,523,000).

The Group has appointed The Core Trust Company Limited as the trustee to assist with the administration and vesting of RSUs granted pursuant to the RSU Scheme. As the relevant activities of the trustee are decided by the Group, and the Group benefits from the trustee's activities, the trustee is consolidated in the Group's financial statements as a structured entity.

Movements in the number of outstanding RSUs are as follows:

	Year ended 30 June 2022		Year ended 30 June 2021	
	Weighted average exercise price per RSU	Number of RSUs	Weighted average exercise price per RSU	Number of RSUs
Opening balance	**HK$3.08**	**8,333,250**	HK$2.99	10,961,500
Granted during the year (a)	**HK$3.20**	**11,980,000**	—	—
Forfeited	**HK$3.15**	**(737,000)**	—	—
Vested	**HK$2.95**	**(2,503,251)**	HK$2.69	(2,628,250)
Ending balance	**HK$3.19**	**17,072,999**	HK$3.08	8,333,250

(a) On 29 October 2021, the Board resolved to grant 11,980,000 RSUs to 37 selected grantees under the share award schemes. Pursuant to the vesting schedule, 25% of the RSUs granted shall be vested prior to 31 August 2022, 2023, 2024 and 2025, respectively. The grantees are required to pay HK$3.2 per share for the exercise of RSUs upon satisfaction of terms and conditions.

The fair value of RSUs was calculated based on the fair value of underlying ordinary shares as at the grant date. Upon the consummation of the IPO, the fair value of the underlying ordinary shares was calculated based on the closing price of shares immediately before the date of the grant date.

Based on the closing price of shares immediately before the date of the grant date, the Company has used Binominal pricing model to determine the fair value of the RSUs granted during the year ended 30 June 2022. The weighted average fair value of those RSUs granted during the year ended 30 June 2022 at the measurement date was RMB6.80 (HK$8.28). Key assumptions are set as below:

Risk free interest rate	1.19%
Volatility	43.00%
Dividend yield	5.70%

Management estimated the risk-free interest rate based on the yield of Hong Kong government bond with a maturity life equal to the life of shares. Volatility was estimated at the grant date based on the average of historical volatilities of the comparable companies with length commensurable to the time to maturity of the RSUs. Dividend yield is based on management estimation at the grant date.

(b) The Group is required to estimate the annual forfeiture rate in order to determine the amount of share-based compensation expenses charged to the consolidated statement of comprehensive income. As at 30 June 2022, the expected forfeiture rate was estimated at 3% (30 June 2021: 3%).

(c) The weighted average remaining contractual life of RSUs outstanding as at 30 June 2022 was 4.52 years (30 June 2021: 3.39 years).

26. Trade payables

	As at 30 June 2022 RMB'000	As at 30 June 2021 RMB'000
Trade payables (a)	**289,211**	256,492

(a) Ageing analysis of trade payables based on invoices was as follows:

	As at 30 June 2022 RMB'000	As at 30 June 2021 RMB'000
Within 6 months	**282,792**	250,799
6 months to 1 year	**5,046**	2,994
1 to 2 years	**483**	1,160
2 to 3 years	**890**	1,539
	289,211	256,492

The Group's trade payables are denominated in RMB.

27. Accruals and other current liabilities

	As at 30 June 2022 RMB'000	As at 30 June 2021 RMB'000
Non-current liabilities		
Payables for property, plant and equipment	**4,579**	5,413
Current liabilities		
Provisions for sales returns (Note 5)	**258,551**	138,628
Payroll and welfare payables	**96,668**	161,670
Provisions for sales rebates (Note 5)	**70,089**	61,647
Value-added and other taxes payables	**52,374**	62,890
Payables for leasehold improvements	**50,052**	49,361
Deposits received from suppliers (a)	**48,853**	38,600
Distribution deposits (b)	**30,966**	30,831
Workforce contracting payables	**29,691**	27,315
Accrued marketing and promotions expenses	**16,601**	19,796
Payables for property, plant and equipment	**6,722**	2,837
Rentals	**9,512**	2,749
Others	**44,626**	25,929
	714,705	622,253
	719,284	627,666

(a) Deposits received from suppliers represent non-interest bearing deposits received from third-party suppliers for quality assurance.

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

28. Borrowings

	As at 30 June	
	2022	2021
	RMB'000	RMB'000
Short-term borrowings	**148,868**	243,619

As at 30 June 2022, the bills receivables issued by one subsidiary to another subsidiary of the Group for intra-group transaction settlement were discounted to commercial banks with recourse. The directors were of the view that balance under such factoring arrangements were borrowings from banks. As at 30 June 2022, the average discounted rate was 2.57% per annum (30 June 2021: 2.73%).

29. Deferred income tax

The analysis of deferred income tax assets is as follows:

	Year ended 30 June	
	2022	2021
	RMB'000	RMB'000
Total deferred tax assets	**422,793**	354,520
Set-off of deferred tax assets pursuant to set-off provisions (a)	**(179,944)**	(153,776)
Net deferred tax assets	**242,849**	200,744
Deferred income tax assets:		
— to be recovered after more than 12 months	**147,277**	130,704
— to be recovered within 12 months	**95,572**	70,040
	242,849	200,744
Total deferred tax liabilities	**192,141**	170,180
Set-off of deferred tax liabilities pursuant to set-off provisions (a)	**(179,944)**	(153,776)
Net deferred tax liabilities	**12,197**	16,404
Deferred income tax liabilities:		
— to be recovered within 12 months	**12,197**	16,404
	230,652	184,340

(a) The deferred tax assets and deferred tax liabilities relating to right-of-use assets and lease liabilities have been offset in the consolidated financial statements.

The gross movement of the deferred income tax assets is as follows:

	Year ended 30 June	
	2022	2021
	RMB'000	RMB'000
Beginning of the year	**200,744**	185,823
Credited in the consolidated statement of comprehensive income (Note 10)	**42,105**	14,921
End of the year	**242,849**	200,744

29. Deferred income tax (continued)

	Provision for inventories RMB'000	Customer loyalty programme RMB'000	Accrued expenses and provisions RMB'000	Tax losses carried forward RMB'000	Impairment for receivables RMB'000	Others RMB'000	Total RMB'000
As at 1 July 2020	113,163	3,929	48,455	7,238	7,047	5,991	185,823
Credited/(charged) to the consolidated statement of comprehensive income	12,386	923	7,723	(4,573)	(832)	(706)	14,921
As at 30 June 2021	125,549	4,852	56,178	2,665	6,215	5,285	200,744
Credited/(charged) to the consolidated statement of comprehensive income	**7,927**	**(169)**	**26,206**	**2,551**	**(626)**	**6,216**	**42,105**
As at 30 June 2022	**133,476**	**4,683**	**82,384**	**5,216**	**5,589**	**11,501**	**242,849**

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through the future taxable profit is probable. As at each of the balance sheet dates, the Group recognised deferred income tax assets in respect of losses that can be carried forward against future taxable income within five years.

The gross movement of the deferred income tax liabilities is as follows:

	Year ended 30 June 2022 RMB'000	2021 RMB'000
Beginning of the year	**16,404**	14,561
Debited in the consolidated statement of comprehensive income (Note 10)	**23,293**	24,343
Transferred to current tax liabilities	**(27,500)**	(22,500)
End of the year	**12,197**	16,404

The Group adopted a general annual dividend policy of declaring dividends on an annual basis of 75% of its total net profit attributable to the Group for any particular fiscal year. Accordingly, the directors planned to remit 75% of annual profits of its PRC subsidiaries to Grand Vantage (China) Limited. As a result, the Group recognised withholding tax expense of RMB23,293,000 (during the year ended 30 June 2021: RMB24,343,000) at a 5% withholding tax rate for 75% of the annual profits of PRC subsidiaries.

As at 30 June 2022, the provisions of RMB12,197,000 (30 June 2021: RMB16,404,000) represented provision for withholding income tax were made for the planned profit distribution of the PRC subsidiaries.

30. Notes to consolidated statement of cash flow

(a) Cash generated from operations

	Year ended 30 June 2022 RMB'000	Year ended 30 June 2021 RMB'000
Profit before income tax	**775,636**	886,590
Adjustments for:		
— Depreciation of property, plant and equipment (Note 13)	**92,776**	68,580
— Depreciation of right-of-use assets (Note 14)	**228,091**	183,032
— Amortisation of intangible assets (Note 15)	**2,536**	2,280
— Provision for impairment of financial assets (Note 3.1)	**5,590**	(1,806)
— Provision for inventories (Note 16)	**107,796**	118,921
— Losses on disposal of property, plant and equipment (Note 7)	**833**	641
— Gains on early termination of right-of -use assets (Note 7)	**(357)**	(1,106)
— Share based compensation (Note 25)	**44,633**	16,523
— Interest income (Note 9)	**(32,849)**	(26,424)
— Interest income on loans to related parties (Note 7)	**(4,225)**	—
— Interest expenses (Note 9)	**3,757**	6,427
— Interest expenses on lease liabilities (Note 14)	**34,639**	22,969
— Net foreign exchange gains from financing activities (Note 9)	**(5,331)**	(5,701)
— Fair value change in fair value of venture capital funds (Note 7)	**(13,501)**	—
— Fair value change in financial products (Note 7)	**(721)**	(5,499)
Operating profits before working capital changes	**1,239,303**	1,265,427
Changes in working capital:		
— Inventories	**(229,780)**	78,363
— Trade receivables	**10,516**	(21,699)
— Prepayments, deposits and other assets	**(40,660)**	8,236
— Trade and bills payables	**35,546**	76,534
— Contract liabilities and other current liabilities	**75,507**	138,329
Cash flow generated from operations	**1,090,432**	1,545,190

(b) Net debt reconciliation:

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

	As at 30 June 2022 RMB'000	As at 30 June 2021 RMB'000
Cash and cash equivalents	**591,746**	549,012
Borrowings — repayable within one year	**(148,868)**	(243,619)
Lease liabilities (Note 14)	**(669,378)**	(599,371)
Net debt	**(226,500)**	(293,978)
Cash and cash equivalents	**591,746**	549,012
Gross debt — fixed interest rates	**(818,246)**	(842,990)
Net debt	**(226,500)**	(293,978)

30. Notes to consolidated statement of cash flow (continued)

(b) Net debt reconciliation: (continued)

	Other assets	Liabilities from financing activities		
	Cash and cash equivalents RMB'000	Borrowings RMB'000	Lease liabilities RMB'000	Total RMB'000
Net debt as at 30 June 2020	336,672	(187,683)	(187,149)	(38,160)
Cash flows	219,552	(49,509)	236,597	406,640
Interest expense	—	(6,427)	(22,969)	(29,396)
Additions	—	—	(636,968)	(636,968)
Early termination	—	—	11,118	11,118
Foreign exchange adjustments	(7,212)	—	—	(7,212)
Net debt as at 30 June 2021	549,012	(243,619)	(599,371)	(293,978)
Cash flows	**41,066**	**98,508**	**272,072**	**411,646**
Interest expense	**—**	**(3,757)**	**(34,639)**	**(38,396)**
Additions	**—**	**—**	**(314,240)**	**(314,240)**
Early termination	**—**	**—**	**6,800**	**6,800**
Foreign exchange adjustments	**1,668**	**—**	**—**	**1,668**
Net debt as at 30 June 2022	**591,746**	**(148,868)**	**(669,378)**	**(226,500)**

31. Commitments

(a) Capital commitments

As at 30 June 2022, the Group has uncalled capital commitments relating to the venture capital funds amounting to RMB9,000,000 (30 June 2021: US$ 2,200,000) (Note 20).

(b) Operating lease commitments

As at 30 June 2022 and 2021, lease commitments for the Group for leases not yet commenced or short-term leases are as follows:

	As at 30 June	
	2022	2021
	RMB'000	RMB'000
Within 1 year	**13,506**	27,832

32. Significant related party transactions

The following persons/companies are related parties of the Group that had balances and/or transactions with the Group for all the years presented.

Name	Relationship with the Group
Li Lin	One of the controlling shareholders
Wu Jian	One of the controlling shareholders
Li Ming	Close family member of the controlling shareholders
Huizhan Technology (Hangzhou) Co., Ltd	Controlled by the controlling shareholders
Hangzhou Huikang Industrial Co., Ltd.	Controlled by the controlling shareholders
Hangzhou Shangwei Apparel Co., Ltd.	Controlled by the controlling shareholders
Hangzhou JNBY Finery Co., Ltd.	Controlled by the controlling shareholders

(a) Significant transactions with related parties

Saved as disclosed in note 20, the Group had the following significant transaction with related parties, which are all continuing connected transactions except for utilities charged (Note 32 (iv)), purchase and modification of right-of-use assets under lease agreement (Note 32(vii)) and loan arrangement (Note 32(viii)(ix)(x)) as disclosed below.

		Year ended 30 June	
		2022	2021
		RMB'000	RMB'000
(i)	Processing fee charged by a related party		
	Hangzhou Shangwei Apparel Co., Ltd.	**28,170**	21,931
(ii)	Framework sample apparel manufacturing charged by a related party		
	Hangzhou JNBY Finery Co., Ltd.	**32,772**	32,491
(iii)	Short-term lease expenses charged by related parties		
	Huizhan Technology (Hangzhou) Co., Ltd	**1,770**	374
	Hangzhou Huikang Industrial Co., Ltd.	**—**	2,380
	Li Ming	**—**	112
	Wu Jian	**—**	67
		1,770	2,933
(iv)	Utilities charged by related parties		
	Huizhan Technology (Hangzhou) Co., Ltd	**1,732**	1,294
(v)	Concession fees charged by a related party		
	Huizhan Technology (Hangzhou) Co., Ltd	**1,652**	1,450
(vi)	Sale of goods to a related party		
	Huizhan Technology (Hangzhou) Co., Ltd	**656**	491
(vii)	Purchase and modifications of right-of-use assets		
	Huizhan Technology (Hangzhou) Co., Ltd (Note 14)	**36,003**	389,988
	Hangzhou Huikang Industrial Co., Ltd.	**4,879**	2,805
		40,882	392,793
(viii)	Loan granted to a related party		
	Huizhan Technology (Hangzhou) Co., Ltd	**150,000**	—

32. Significant related party transactions (continued)

(a) Significant transactions with related parties (continued)

In July 2021, The Group provided a loan to Huizhan Technology (Hangzhou) Co., Ltd. in the principal amount of RMB150,000,000 with an interest rate of 4.90% per annum. Mr. Wu Jian and Ms. Li Lin provide personal guarantee to the Group. RMB50,000,000 repayments were received in December 2021, and the remaining RMB100,000,000 outstanding loan balance are due on 30 June 2024.

		Year ended 30 June	
		2022	2021
		RMB'000	RMB'000
(ix)	Loan repayment from a related party Huizhan Technology (Hangzhou) Co., Ltd	**50,000**	—
(x)	Interest income from loan granted a related party Huizhan Technology (Hangzhou) Co., Ltd	**4,225**	—

(b) Balances with related parties

	As at 30 June	
	2022	2021
	RMB'000	RMB'000
Due from a related party		
Current — Trade receivables:		
— Huizhan Technology (Hangzhou) Co., Ltd	**2,356**	2,623
Non current — loan to a related party:		
— Huizhan Technology (Hangzhou) Co., Ltd	**103,249**	—
	105,605	2,623
Due to related parties		
Trade payables:		
— Hangzhou Shangwei Apparel Co., Ltd.	**8,710**	5,338
— Hangzhou JNBY Finery Co., Ltd.	**—**	545
	8,710	5,883

	As at 30 June	
	2022	2021
	RMB'000	RMB'000
Other payables:		
— Hangzhou JNBY Finery Co., Ltd.	**3,175**	4,756
— Huizhan Technology (Hangzhou) Co., Ltd	**175**	320
	3,350	5,076
Current lease liabilities:		
— Huizhan Technology (Hangzhou) Co., Ltd (Note 14)	**43,067**	32,711
— Hangzhou Huikang Industrial Co., Ltd.	**2,404**	412
	45,471	33,123
	57,531	44,082
Non-current lease liabilities:		
— Huizhan Technology (Hangzhou) Co., Ltd (Note 14)	**279,744**	318,272
— Hangzhou Huikang Industrial Co., Ltd.	**1,505**	640
	281,249	318,912
	338,780	362,994

(c) Key management compensation

Key management includes directors (Wu Jian, Li Lin and Wu Huating) whose emoluments are reflected in the analysis shown in Note 34 (a). The emoluments paid and payable to the remaining key management during the year are as follows:

	Year ended 30 June	
	2022	2021
	RMB'000	RMB'000
Basic salaries and allowances	**11,031**	6,916
Discretionary bonuses	**9,887**	11,451
Other benefits including pension	**796**	475
Share-based compensation	**16,478**	4,750
	38,192	23,592

33. Balance sheet and reserve movement of the Company

	Note	As at 30 June 2022 RMB'000	 2021 RMB'000
ASSETS			
Non-current assets			
Investment in a subsidiary		**288,217**	243,564
Amounts due from related parties		**295,509**	287,068
Total non-current assets		**583,726**	530,632
Current assets			
Cash and cash equivalents		**43,268**	12,599
Term deposits with initial terms over 3 months		**—**	193,370
Prepayments, deposits and other assets		**517**	1,203
Total current assets		**43,785**	207,172
Total assets		**627,511**	737,804
LIABILITIES			
Accruals and other current liabilities		**26**	19
Total liabilities		**26**	19
Net assets		**627,485**	737,785
EQUITY			
Share capital		**4,622**	4,622
Shares held for RSU Scheme	(a)	**(180,244)**	(164,430)
Share premium	(a)	**508,254**	668,308
Other reserves	(a)	**220,626**	176,320
Retained earnings	(a)	**74,227**	52,965
Total equity		**627,485**	737,785

The balance sheet of the Company was approved by the Board on 30 August 2022 and was signed on its behalf:

Wu Jian	Li Lin
Director	Director

33. Balance sheet and reserve movement of the Company (continued)

(a) Shares held for RSU Scheme, share premium, other reserves and retained earnings movement of the Company

	Shares held for RSU Scheme RMB'000	Share premium RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Subtotal RMB'000
As at 1 July 2021	**(164,430)**	**668,308**	**176,320**	**52,965**	**733,163**
Profit for the year	**—**	**—**	**—**	**471,889**	**471,889**
Dividends paid	**—**	**(161,458)**	**—**	**(450,627)**	**(612,085)**
Repurchase of ordinary shares for RSU Scheme	**(22,737)**	**—**	**—**	**—**	**(22,737)**
Share-based compensation	**—**	**—**	**44,633**	**—**	**44,633**
Currency translation difference	**—**	**—**	**4,581**	**—**	**4,581**
Transfer and exercise of RSUs	**6,923**	**1,404**	**(4,908)**	**—**	**3,419**
As at 30 June 2022	**(180,244)**	**508,254**	**220,626**	**74,227**	**622,863**
As at 1 July 2020	(172,414)	665,520	216,062	43,351	752,519
Profit for the year	—	—	—	405,461	405,461
Dividends paid	—	—	—	(395,847)	(395,847)
Repurchase of ordinary shares for RSU Scheme	(5,883)	—	—	—	(5,883)
Share-based compensation	—	—	16,523	—	16,523
Currency translation difference	—	—	(47,861)	—	(47,861)
Transfer and exercise of RSUs	13,867	2,788	(8,404)	—	8,251
As at 30 June 2021	(164,430)	668,308	176,320	52,965	733,163

34. Benefits and interests of directors

(a) Directors' and chief executive's emoluments

The remuneration of every director and the chief executive is set out below:

For the year ended 30 June 2022

Name	Fees RMB'000	Salaries and allowances RMB'000	Discretionary bonuses RMB'000	Social security contribution RMB'000	Share-based compensation RMB'000	Total RMB'000
Executive Directors						
Mr. Wu Jian (i)	**—**	**3,000**	**—**	**16**	**—**	**3,016**
Ms. Li Lin (i)	**—**	**5,000**	**—**	**16**	**—**	**5,016**
Ms. Wu Huating (ii)	**—**	**3,251**	**3,503**	**124**	**14,067**	**20,945**
Non-executive Director						
Mr. Wei Zhe (iii)	**300**	**—**	**—**	**—**	**—**	**300**
Independent Non-executive Directors						
Mr. Hu Huanxin (iv)	**250**	**—**	**—**	**—**	**—**	**250**
Mr. Lam Yiu Por (iv)	**300**	**—**	**—**	**—**	**—**	**300**
Ms. Han Min (iv)	**250**	**—**	**—**	**—**	**—**	**250**

For the year ended 30 June 2021

Name	Fees RMB'000	Salaries and allowances RMB'000	Discretionary bonuses RMB'000	Social security contribution RMB'000	Share-based compensation RMB'000	Total RMB'000
Executive Directors						
Mr. Wu Jian (i)	—	1,345	—	16	—	1,361
Ms. Li Lin (i)	—	2,988	—	16	—	3,004
Ms. Wu Huating (ii)	—	2,956	4,120	114	7,925	15,115
Non-executive Director						
Mr. Wei Zhe (iii)	300	—	—	—	—	300
Independent Non-executive Directors						
Mr. Hu Huanxin (iv)	250	—	—	—	—	250
Mr. Lam Yiu Por (iv)	300	—	—	—	—	300
Ms. Han Min (iv)	250	—	—	—	—	250

34. Benefits and interests of directors (continued)

(a) Directors' and chief executive's emoluments (continued)

(i) Mr. Wu Jian and Ms. Li Lin were appointed as directors on 26 November 2012. Mr. Wu Jian has resigned as Chief Executive Officer on 7 March 2019 and continued to serve as the chairman of the Board and executive director of the Company.

(ii) Ms. Wu Huating was appointed as Chief Executive Officer on 7 March 2019 and appointed as an executive director on 8 May 2019.

(iii) Appointed on 24 June 2013.

(iv) Appointed on 13 October 2016.

(b) Directors' retirement benefits and termination benefits

None of the retirement benefits was paid to or receivable by directors during the year (during the year ended 30 June 2021: Nil).

None of the termination benefits was paid by or receivable from the company, the subsidiary undertaking nor the controlling shareholders to the directors during the year (during the year ended 30 June 2021: Nil).

(c) Consideration provided to third parties for making available directors' services

During the year ended 30 June 2022, the Company does not pay consideration to any third parties for making available directors' services (during the year ended 30 June 2021: Nil).

(d) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

As at 30 June 2022, there are no loans, quasi-loans and other dealing arrangements in favour of directors, controlled bodies corporate by and controlled entities with such directors (30 June 2021: Nil).

(e) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Company's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year (during the year ended 30 June 2021: Nil).

35. Subsequent event

A final dividend in respect of the year ended 30 June 2022 of HK$0.57 (equivalent to approximately RMB0.49) per ordinary share, has been proposed by the Board and is to be approved at the annual general meeting on 21 October 2022. These financial statements do not reflect these dividend payables.

Except for the events as described above, there was no other significant event occurred during the period from 30 June 2022 to the approval date of the consolidated financial statements by the Board on 30 August 2022.