江南布衣+

JNBY DESIGN LIMITED (Stock Code: 03306)

2016/17 ANNUAL REPORT

JNBY

Year of launch: 1999
Slogan: Just Naturally Be Yourself
Target customers: Women between 25 and 40
Design concepts: Modern (現代), vigorous (活力), charming (意趣) and serene (坦然)

jnby by JNBY

Year of launch: 2011
Slogan: Free Imagination
Target customers: Children between 3 and 10
Design concepts: Freedom (自由), imagination (想像力), joyful (快樂) and sincerity (真實)

Pomme de terre 蓬 马

Year of launch: 2016
Slogan: Don't be serious
Target customers: Teenagers between 8 and 14
Design concepts: Texture (質感), nifty (俏皮), quirky (鬼馬) and yuppy (雅痞)

CROQUIS 速写

Year of launch: 2005
Slogan: Follow your heart
Target customers: Men between 30 and 45
Design concepts: Modern (當代), textured (質感), thoughtful (玩味) and elegant (優雅)

less

Year of launch: 2003[(1)]
Slogan: less is more
Target customers: Professional women between 30 and 45
Design concepts: Simplified (簡約), refined (精緻), independent (獨立) and rational (理性)

(1) We acquired 100% ownership of less brand in 2011.

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 (多樣性), comfort (舒適), individuality (自我) and curiosity (好奇心)

INFORMATION ON JNBY GROUP

INFORMATION ON JNBY

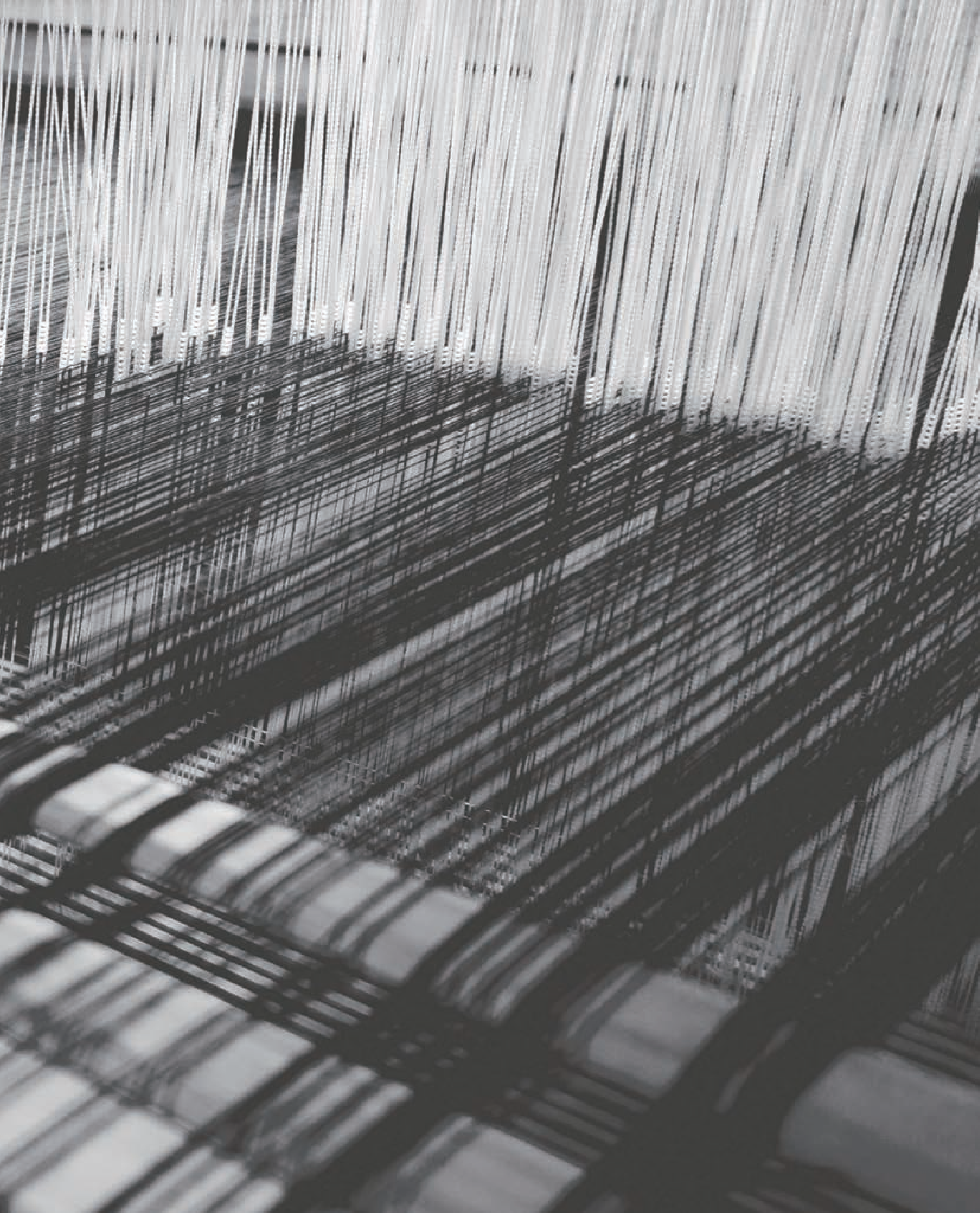
We are a leading designer brand fashion house based in China. We design, promote and sell contemporary apparel, footwear and accessories for women, men, children and teenagers as well as household products. Our brand portfolio currently comprises six brands – (i) JNBY, (ii) CROQUIS, (iii) jnby by JNBY, (iv) less, (v) Pomme de terre and (vi) 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 of their lives, which in turn allows us to build a large and loyal customer base. We started our business in 1994 by selling women's apparel. According to a survey conducted by CIC (Note), our flagship brand, JNBY, is considered the most unique and recognizable women's apparel designer brand in China, ranks 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 further expanded our brand portfolio between 2005 and 2011 to include CROQUIS, jnby by JNBY and less. In 2016, we launched Pomme de terre for teenagers and JNBYHOME, with designer household products and furniture products, to enhance our brand portfolio and enable us to serve consumers of most age groups.

Taking into account our fans' purchasing patterns and information needs, we have established an omni-channel interactive platform comprising brick-and-mortar retail stores, online platforms and social network platform on WeChat, with each component playing a critical role in 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

CONTENTS



CORPORATE INFORMATION

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

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

NON-EXECUTIVE DIRECTORS

Mr. Wei Zhe
Mr. Zhang Beili

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

COMPANY SECRETARY

Ms. Ng Sau Mei (ACIS, ACS)

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

3/F, Blue Ocean
Times Building
No. 39 Yile 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

COMPLIANCE ADVISER

First Shanghai Capital Limited
19/F, Wing On House
71 Des Voeux Road 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

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKS

Bank of Hangzhou
Guanxiangkou Branch
Huaxia Bank, Heping Branch

COMPANY'S WEBSITE

http://www.jnbygroup.com/

STOCK CODE

3306

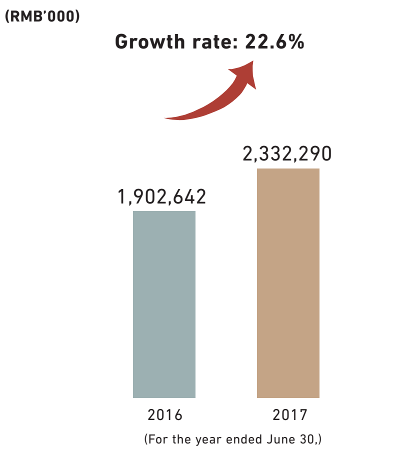
LISTING DATE

October 31, 2016

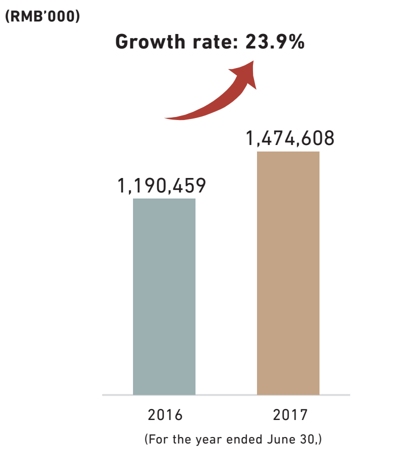
FINANCIAL SUMMARY

For the year ended June 30,	2017 RMB'000	2016 RMB'000	increase %
FINANCIAL SUMMARY			
Revenue	2,332,290	1,902,642	22.6%
Gross profit	1,474,608	1,190,459	23.9%
Operating profit	459,636	343,004	34.0%
Net profit	331,572	239,336	38.5%
Basic earnings per share (RMB)	0.71	0.62	
Diluted earnings per share (RMB)	0.70	0.61	
Financial Ratios			
Gross profit margin	63.2%	62.6%	0.6%
Operating profit ratio	19.7%	18.0%	1.7%
Net profit margin	14.2%	12.6%	1.6%

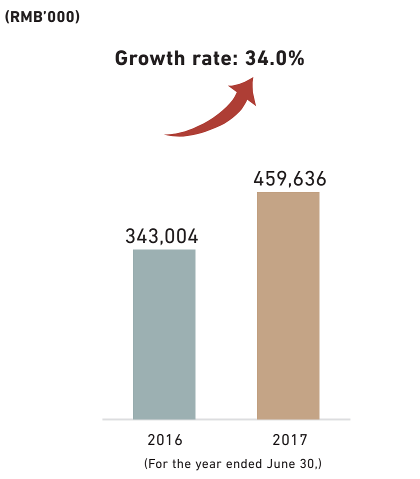
+ Revenue



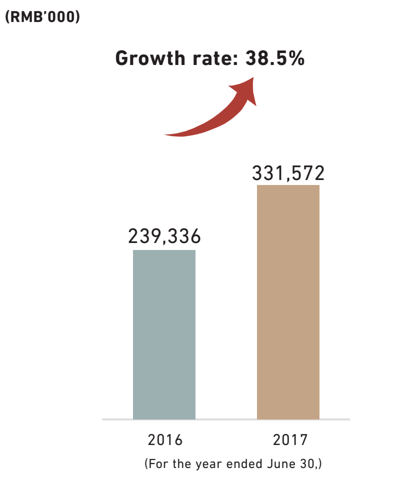
+ Gross profit



+ Operating profit



+ Net profit



	As of June 30, 2017	As of June 30, 2016
Liquidity Ratios		
Trade receivables turnover days	12.6	14.3
Trade and bills payables turnover days	55.7	50.3
Inventory turnover days	214.5	213.3
Capital Ratios		
Debt to assets ratio	34.7%	71.0%

Note: Debt to assets ratio = Total liabilities/Total assets

CONSOLIDATED RESULTS

For the year ended June 30,	2017 RMB'000	2016 RMB'000	2015 RMB'000	2014 RMB'000
Revenue	2,332,290	1,902,642	1,613,093	1,383,435
Gross profit	1,474,608	1,190,459	990,551	802,976
Gross profit margin	63.2%	62.6%	61.4%	58.0%
Operating profit	459,636	343,004	296,365	226,690
Net profit	331,572	239,336	196,952	149,916
Net profit margin	14.2%	12.6%	12.2%	10.8%
Profit attributable to the shareholders	331,572	239,336	196,819	149,464

	As of June 30, 2017 RMB'000	As of June 30, 2016 RMB'000	As of June 30, 2015 RMB'000	As of June 30, 2014 RMB'000
ASSETS				
Non-current assets	208,815	156,338	96,934	79,967
Current assets	1,716,167	838,175	940,504	881,557
EQUITY AND LIABILITIES				
Total equity	1,257,239	287,942	499,454	306,545
Non-current liabilities	13,449	8,500	120,825	21,931
Current liabilities	654,294	698,071	417,159	633,048

CHAIRMAN'S STATEMENT

In recent years, coupled with the slowdown in the growth rate of the PRC economy, the growth of consumption also decelerated, posing greater challenge for the apparel industry. Meanwhile, benefiting from the upgraded consumption trend, with the rapid increase in the number of people pursuing distinguished life styles as well as the rising demand for personalized and stylish products, consumers have become increasingly demanding for products that can represent their personality, creating huge opportunities in the designer brand market segment.

The year ended June 30, 2017 ("**Fiscal Year 2017**") was the first fiscal year after the listing of JNBY Design Limited (the "**Company**"). As a leading designer brand fashion group in China, the Company and its subsidiaries (the "**Group**") continued to penetrate into this market segment, adhering to the strategic guidelines of "design-driven" and nurturing a "Fans Economy", and with the concerted efforts of all our staff, the Group continued to make breakthroughs in its results, our income growth rate accelerated, our net profit steadily increased and our operating cash flow remained healthy and sufficient. In Fiscal Year 2017, the Group's revenue was RMB2,332 million, representing an increase of 22.6% as compared with the year ended June 30, 2016 ("**Fiscal Year 2016**"), our net profit exceeded RMB331 million, representing an increase of 38.5% as compared with Fiscal Year 2016.

In Fiscal Year 2017, benefiting from the upgraded consumption trend, the growth rate of revenue from our flagship brand JNBY further increased, and revenue from our brands other than JNBY, including CROQUIS (速寫), jnby by JNBY and less, all increased significantly, and the percentage of their aggregate revenue to total revenue also showed a trend of steady increase. In addition, we launched Pomme de terre (蓬馬) for children and teenagers and JNBYHOME, our designer household products and furniture products during the year to enhance our brand portfolio.

In Fiscal Year 2017, we focused on building our fans, utilized internet infrastructure and technologies, and constantly strengthened and optimized the establishment of our omni-channel interactive platform. As of June 30, 2017, the brick-and-mortar retail stores operated by us globally reached 1,591, including 39 overseas points of sales, and our sales network has covered all provinces, autonomous regions and municipalities in China and across 17 other countries and regions around the world. We have over 2.0 million membership accounts with more than 1.5 million online members with WeChat accounts. In Fiscal Year 2017, the headline exposure of the Group stood at a leading level within the industry, the efficiency of inventory replenishment among various channels continued to increase, and the number of active members increased significantly. While our fans base has constantly enlarged, the loyalty of fans was maintained at a high level.

Going forward, we will continue to focus on building our fans, constantly expand and diversify our product offering and brand portfolio based on our Group's universal brand philosophy, fully make use of internet thinking and technologies, continuously optimize our omni-channel interactive platform, constantly create and provide services for our fans at different age groups, and gradually nurture a life-style ecosystem for our fans to cater for their needs at different stages of life. We also believe that, with the constant expansion and diversification of our products and brand portfolio, and through building a larger and more loyal fans groups, we could further develop our design-driven platform, so as to achieve sustainable long-term growth on the basis of such foundation.

Last but not least, on behalf of the board of director of the Company (the "**Board**"), I would like to take this opportunity to express my heartfelt gratitude to all our shareholders, business partners and staff for their continued support and confidence in the Group. The Group is 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**").

Wu Jian
Chairman of the Board
August 30, 2017

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 the Fiscal Year 2017 was RMB2,332.3 million, representing an increase of RMB429.7 million or 22.6% as compared with RMB1,902.6 million for the Fiscal year 2016. The increase in the revenue was mainly due to the expansion of the Group's retail network and the same store sales growth of the retail stores.

The total number of brick-and-mortar retail stores operated by us globally increased from 1,316 as of June 30, 2016 to 1,591 as of June 30, 2017, including 39 overseas points of sales, and our sales network has covered all provinces, autonomous regions and municipalities in China and across 17 other countries and regions around the world. The table below sets forth the information on the total number of brick-and-mortar retail stores for the various brands operated by us globally and the geographic distribution of our brick-and-mortar retail stores by sales channel.

	As of June 30, 2017	As of June 30, 2016
JNBY	766	712
jnby by JNBY	376	300
CROQUIS (速寫)	278	211
less	115	93
Pomme de terre (蓬馬)[1]	53	–
JNBYHOME[2]	3	–
Total	1,591	1,316

Notes:

(1) We introduced Pomme de terre (蓬馬) in March 2016 and opened the first Pomme de terre (蓬馬) standalone store in July 2016, and no revenue was recorded under this brand in Fiscal year 2016.

(2) We introduced JNBYHOME in December 2016 and opened the first JNBYHOME standalone store in January 2017.

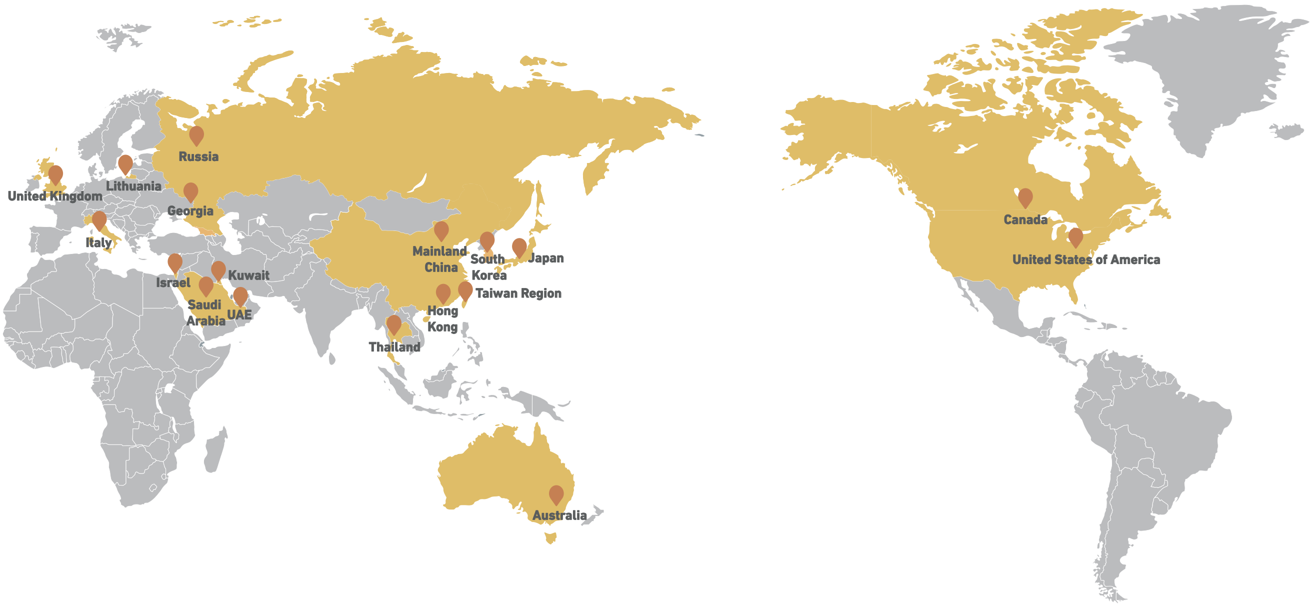
	As of June 30, 2017	As of June 30, 2016
Mainland China		
Self-operated stores[1]	504	431
Distributor-operated stores	1,049	855
Hong Kong, Taiwan region and other overseas countries and regions		
Self-operated stores	3	1
Distributor-operated stores[2]	35	29
Total	1,591	1,316

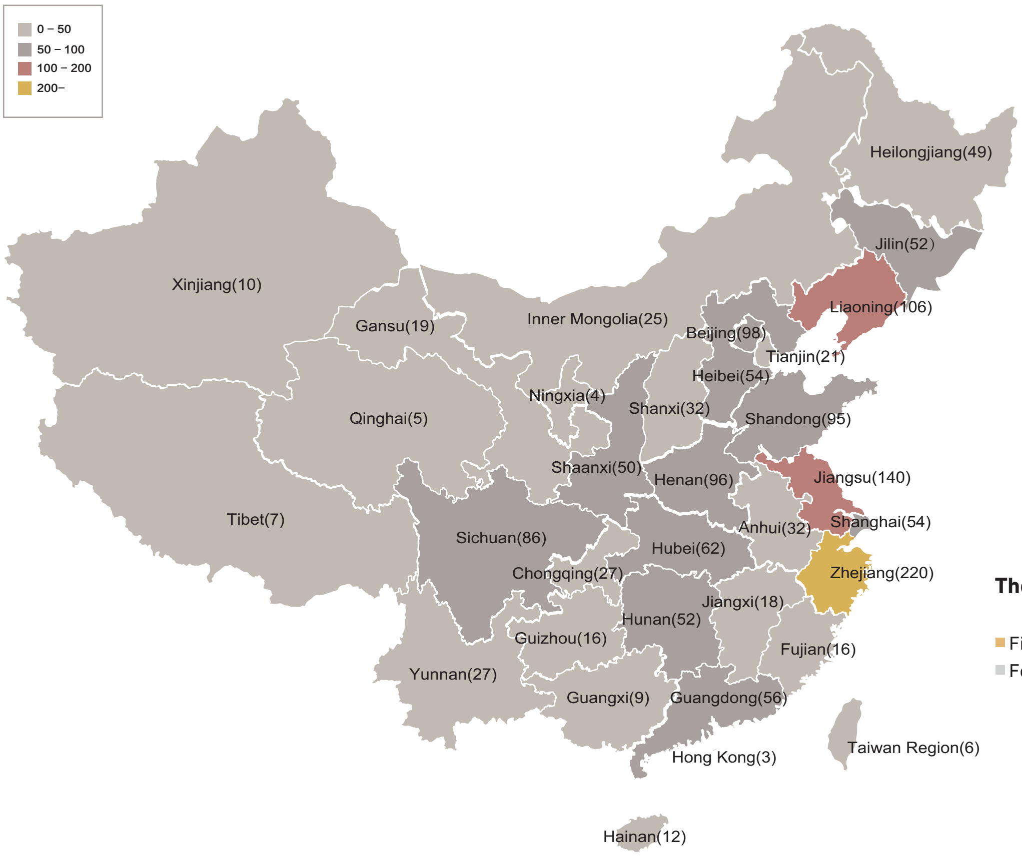
Notes:

(1) Historically, a small number of our self-operated stores were managed by the third-party manager.

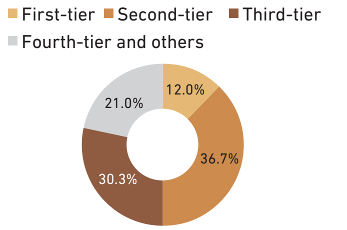
(2) Consists of stores operated by overseas customers.

The following maps and chart show the retail network distribution of our stores in countries and regions all over the world (including retail stores and points of sales), the geographic distribution of our retail stores (including distributor-operated and self-operated stores) across Mainland China, Hong Kong and Taiwan region as well as the distribution of stores by city tiers across Mainland China as at June 30, 2017, respectively:





The number of stores by city tiers across Mainland China



SAME STORE SALES GROWTH

Driven by the "Fans Economy" strategy, same store sales growth rate of our retail stores reached 8.0% for Fiscal year 2017, which was mainly due to (i) the incremental retail sales of RMB445.6 million generated by the inventory sharing and allocation system in Fiscal year 2017 (representing 11.3% of total retail sales for Fiscal year 2017) (Fiscal year 2016: incremental retail sales of RMB236.3 million, representing 7.3% of total retail sales for Fiscal year 2016); and (ii) an increase of member purchases driven by our social network platform on WeChat. Retail sales contributed by our members accounted for 62.6% of our total retail sales for Fiscal year 2017 (Fiscal year 2016: 56.7%). As of June 30, 2017, we had over 2.0 million membership accounts (as of June 30, 2016: over 1.2 million) with more than 1.5 million subscribers on our WeChat platform (as of June 30, 2016: over 720,000). The number of active members for Fiscal year 2017 (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, without duplication) was over 260,000 (Fiscal year 2016: over 190,000), and the number of membership accounts with annual purchases totalling over RMB5,000 for Fiscal year 2017 reached 118,000 (Fiscal year 2016: more than 90,000), thereby contributing retail sales amounting to RMB1.40 billion (Fiscal year 2016: RMB1.08 billion).

REVENUE BY PRODUCT SEGMENTS AND BRANDS

The following table sets forth a breakdown of our revenue by product segments (women, men, children and teenagers, and household products) and by brands, each expressed in the absolute amount and as a percentage to our total revenue, for the years indicated:

	2017		2016		Increase	
	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)
Women						
JNBY	1,365,875	58.5%	1,197,610	62.9%	168,265	14.1%
less	169,302	7.2%	122,685	6.4%	46,617	38.0%
Men						
CROQUIS (速寫)	488,840	21.0%	379,595	20.0%	109,245	28.8%
Children and Teenagers						
jnby by JNBY	293,500	12.6%	202,752	10.7%	90,748	44.8%
Pomme de terre (蓬馬)[(1)]	13,138	0.6%	–	–	13,138	–
Household						
JNBYHOME[(2)]	1,635	0.1%	–	–	1,635	–
Total revenue	2,332,290	100.0%	1,902,642	100.0%	429,648	22.6%

Notes:

(1) We introduced Pomme de terre (蓬馬) in March 2016 and opened the first Pomme de terre (蓬馬) standalone store in July 2016, and no revenue was recorded under this brand in Fiscal year 2016.

(2) We introduced JNBYHOME in December 2016 and opened the first JNBYHOME standalone store in January 2017.

Benefiting from the upgraded consumption trend, revenue generated from sales of products under JNBY (the core brand of the Group) increased by 14.1% or RMB168.3 million in Fiscal year 2017, showing an accelerated growth. Significant increase was also recorded in revenue generated from sales of products of our CROQUIS (速寫), jnby by JNBY, and less brands, which were successfully launched from 2005 to 2011. The products of Pomme de terre (蓬馬) brand launched in 2016 recorded a revenue of RMB13.1 million in Fiscal year 2017. The designer household products of JNBYHOME brand launched in December 2016 also recorded a revenue of RMB1.6 million in Fiscal year 2017. The revenue from sales of non-JNBY products, as a percentage of total revenue, increased from 37.1% in Fiscal year 2016 to 41.5% in Fiscal year 2017.

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 as well as online channels. The following table sets out a breakdown of our revenue by sales channels, each expressed in the absolute amount and as a percentage to our total revenue, for the year indicated.

For the year ended June 30,	2017		2016		Increase	Growth rate
	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)
Offline channels						
Self-operated stores[1]	1,143,487	49.0%	940,759	49.4%	202,728	21.5%
Distributor-operated stores[2]	1,001,566	43.0%	819,041	43.1%	182,525	22.3%
Online channels	187,237	8.0%	142,842	7.5%	44,395	31.1%
Total revenue	2,332,290	100.0%	1,902,642	100.0%	429,648	22.6%

Notes:

(1) Historically, a small number of our self-operated stores were managed by the third-party manager.

(2) Consists of stores operated by overseas customers.

In Fiscal year 2017, absolute amounts of revenue generated from sales through our offline and online channels continued to increase as compared with that in Fiscal year 2016. As a percentage to our total revenue, revenues generated from sales through our offline and online channels have remained generally stable.

GROSS PROFIT AND GROSS PROFIT MARGIN

The Group's gross profit increased by 23.9% from RMB1,190.5 million for Fiscal year 2016 to RMB1,474.6 million for Fiscal year 2017, which was primarily attributable to the expansion of the Group's retail network and the increase in the same-store sales of our retail stores.

The Group's overall gross profit margin improved from 62.6% for Fiscal year 2016 to 63.2% for Fiscal year 2017, which was primarily attributable to (i) the continuous increase in the sales of products of CROQUIS (速寫) and less brands and the generally higher gross profit margins of those products; and (ii) the continuous increase in the sales of new products through online channels and the generally higher gross profit margins of those products.

The following table sets out the breakdown of the gross profit and gross profit margin of products by each of our brands and sales channels.

For the year ended June 30,	2017		2016		Increase/(Decrease)	
	Gross profit/ (loss)	Gross profit/ (loss) margin	Gross profit	Gross profit margin		
	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)
Women						
JNBY	849,461	62.2%	727,430	60.7%	122,031	16.8%
less	118,024	69.7%	78,986	64.4%	39,038	49.4%
Men						
CROQUIS (速寫)	330,916	67.7%	259,396	68.3%	71,520	27.6%
Children and Teenagers						
jnby by JNBY	172,251	58.7%	124,647	61.5%	47,604	38.2%
Pomme de terre (蓬馬)[1]	5,232	39.8%	–	–	5,232	–
Household						
JNBYHOME[2]	(1,276)	(78.1%)	–	–	(1,276)	–
Total	1,474,608	63.2%	1,190,459	62.6%	284,149	23.9%

Notes:

(1) We introduced Pomme de terre (蓬馬) in March 2016 and opened the first Pomme de terre (蓬馬) standalone store in July 2016, and no revenue was recorded under this brand in Fiscal year 2016.

(2) We introduced JNBYHOME in December 2016 and opened the first JNBYHOME standalone store in January 2017.

For the year ended June 30,	2017		2016		Increase	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin		
	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)
Offline channels						
Self-operated stores	832,161	72.8%	679,833	72.3%	152,328	22.4%
Distributor-operated stores[1]	551,995	55.1%	455,428	55.6%	96,567	21.2%
Online channels	90,452	48.3%	55,198	38.6%	35,254	63.9%
Total	1,474,608	63.2%	1,190,459	62.6%	284,149	23.9%

Notes:

(1) Consists of stores operated by overseas customers.

SELLING AND MARKETING EXPENSES AND ADMINISTRATIVE EXPENSES

In Fiscal year 2017, selling and marketing expenses were RMB859.1 million (Fiscal year 2016: RMB712.4 million), which primarily consist of: (i) the operating lease rental related to the leasing of self-operated stores and offices; (ii) our concession fees payable to department stores; (iii) our service outsourcing expenses; and (iv) our employee benefit expenses. In percentage terms, the selling and marketing expenses accounted for 36.8% of our revenue in Fiscal year 2017 (Fiscal year 2016: 37.4%), the decrease in the percentage was mainly attributable to the increase of operating efficiency of self-operated stores. The administrative expenses for Fiscal year 2017 was RMB197.6 million (Fiscal year 2016: RMB157.4 million) which, among others, primarily consist of: (i) employee benefit expenses, including directors' emoluments of the Company, (ii) product development outsourcing fees and (iii) professional service expenses. In percentage terms, administrative expenses accounted for 8.5% of our revenue in Fiscal year 2017 (Fiscal year 2016: 8.3%), representing an increase in the expenses related to professional services and investment in research and development as compared with that for the previous year.

OTHER INCOME AND GAINS, NET

Other income and gains for Fiscal year 2017 amounted to RMB41.7 million (Fiscal year 2016: RMB22.3 million), mainly due to an increase in government grants received in Fiscal year 2017. Other income and gains include government grants, interest income from the related party loans, exchange losses, losses on disposal of property, plant and equipment and other, investment income and the provision for losses on the idle land.

FINANCE INCOME/(COSTS), NET

The Group's net finance income/(costs) for Fiscal year 2017 was net income of RMB8.8 million (Fiscal year 2016: net financial costs of RMB1.1 million). The decrease in net financial costs and increase in net income were mainly due to the decrease in the interest expenses on the borrowings and more interest income earned as compared with last fiscal year.

PROFIT AND NET PROFIT MARGIN, NET

Due to the above-mentioned factors, net profit for Fiscal year 2017 was RMB331.6 million, representing an increase of 38.5% or RMB92.3 million as compared with RMB239.3 million for Fiscal year 2016. Net profit margin increased from 12.6% for Fiscal year 2016 to 14.2% for Fiscal year 2017.

CAPITAL EXPENDITURE

The Group's capital expenditure mainly consisted of payments for construction of our logistic base, property, plant and equipment, intangible assets and decoration of our self-operated stores. The Group's capital expenditure for Fiscal year 2017 was RMB56.5 million (Fiscal year 2016: RMB62.5 million).

PROFIT BEFORE INCOME TAX

The Group's profit before income tax increased by 37.0%, from RMB341.9 million for Fiscal year 2016 to RMB468.5 million for Fiscal year 2017. The increase in the profit before income tax was mainly due to the increase in the Group's operating profit.

FINANCIAL POSITION

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

As of June 30, 2017, the Group's cash and cash equivalents were RMB494.3 million (June 30, 2016: RMB167.5 million), of which 26.0% was denominated in RMB, 73.4% in US dollars and 0.6% in other currencies. Net cash inflow from operating activities in Fiscal year 2017 was RMB290.6 million, representing a decrease of 2.2% as compared with RMB297.2 million in Fiscal year 2016.

SIGNIFICANT INVESTMENT EVENT

SUBSCRIPTION OF WEALTH MANAGEMENT PRODUCTS

On January 20, 2017, March 3, 2017 and April 12, 2017, JNBY Finery, a subsidiary of the Company, subscribed for the BOH Wealth Management Product with a principal of RMB40,000,000, RMB50,000,000 and RMB50,000,000, respectively. Each of the January subscription, March subscription and April subscription by itself does not constitute a notifiable transaction of the Company. However, on an aggregated basis, the highest of the applicable percentage ratios (as defined in the Listing Rules) of the January subscription, March subscription and April subscription exceeds 5% but all the applicable percentage ratios are less than 25%. As such, the subscriptions constitute discloseable transactions of the Company. For details of the transactions, please refer to the announcement of the Company dated April 12, 2017.

On June 9, 2017, JNBY Finery, a subsidiary of the Company, subscribed for the BOH Wealth Management Product with a principal of RMB80,000,000. The June subscription 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

In order to cope with the Group's development plan, the number of the Group's employees increased to 886 as of June 30, 2017 (June 30, 2016: 770). The total staff costs for Fiscal year 2017 (including basic salaries and allowances, social security insurance, discretionary bonuses, share-based compensation expenses) were RMB162.5 million (Fiscal year 2016: RMB136.9 million), representing 6.9% of our revenue (Fiscal year 2016: 7.2%).

PLEDGE OF ASSETS

As of June 30, 2017, the Group did not have any secured bank borrowings.

CONTINGENT LIABILITIES

As of June 30, 2017, the Group did not have any material contingent liabilities.

USE OF PROCEEDS FROM LISTING

The Company's net proceeds from listing are approximately HK$684.0 million (equivalent to approximately RMB596.6 million), after deduction of underwriting fees and commissions and related expenses. As of June 30, 2017, the proceeds amounting to a total of RMB113.3 million have been used. These proceeds have been used for the purposes as stated in the prospectus of the Company dated October 19, 2016 as follows.

Item	**Amount** (RMB million)
To strengthen our omni-channel interactive platform	61.1
To expand our product offering and brand portfolio	14.0
To establish a new logistics center	8.4
For general purposes	29.8
Total	113.3

OUTLOOK

With the rapid growth of the number of people pursuing distinguished life styles as well as the rising demand for personalized and stylish products, consumers are increasingly seeking products that can represent their personality, creating huge opportunities in the designer brand market segment. Benefiting from the upgraded consumption trend, we, as a leading designer fashion group, remain full of confidence about our future. We will continue to maintain and strengthen our position as a leading designer brand fashion house based in China, thus we continue to pursue the following strategies:

- expand and diversify our product and brand portfolio by further enhancing our design capabilities and brand awareness;
- further enhance our retail network and optimize our omni-channel interactive platform by adopting internet thinking and technology; and
- improve fans experience to improve same store sales growth.

FINAL DIVIDEND

The Board has recommended the payment of a final dividend of RMB0.4794 per ordinary share for the year ended June 30, 2017, representing a total payout of RMB248.7 million, accounting for 75% of the net profit after taxation of the Company for Fiscal Year 2017.

This proposed final dividend is subject to the approval of the Shareholders at the annual general meeting (the "**AGM**") to be held on October 20, 2017, and will be paid on October 31, 2017 to those Shareholders whose names appear on the Company's register of members on October 26, 2017.

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

The Board currently consists of 8 directors ("**Directors**"), comprising 3 executive Directors, 2 non-executive Directors and 3 independent non-executive Directors.

EXECUTIVE DIRECTORS

Mr. Wu Jian (吳健), aged 49, is the co-founder of our Group and an executive Director of our Company. Mr. Wu is also the Chairman and chief executive officer who 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 20 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. Currently he is studying part time in Business School of City University of Hong Kong, for an executive master of business administration degree. 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 46, is the co-founder of our Group and an executive Director and chief creative officer of our Group. With over 20 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 board member of Beijing Ullens Center for Contemporary Art (UCCA) since November 2013, and a board member of Institute of Asian Art of Vancouver Art Gallery since October 2015. 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, chief executive officer and executive Director of our Group, and sister of Mr. Li Ming, an executive Director of our Group.

Mr. Li Ming (李明), aged 43, was appointed as our executive Director on June 29, 2016. Mr. Li joined our Group on March 28, 2005, serving as the chief designer of JNBY brand department in Hangzhou JNBY, where he was mainly responsible for the image designing of JNBY-brand stores. Mr. Li has been taking a leading role in the designing and development of CROQUIS (速寫) brand props since July 2007. Since August 2011, Mr. Li has served as a designer in the brand department of our Group. Mr. Li has been responsible for the market research and brand planning for our houseware business since November 2013. Mr. Li graduated from Zhejiang University of Media and Communications (浙江傳媒學院), Hangzhou, majoring in art and literature in July 1996. Mr. Li is the brother of Ms. Li Lin, an executive Director of our Company.

NON-EXECUTIVE DIRECTORS

Mr. Wei Zhe (衛哲), aged 46, joined our Group on June 24, 2013 when he was appointed as a non-executive Director of our Company. 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 served as an 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 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 has also served as non-executive director in Zhong Ao Home Group Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 01538) since April 2015. Mr. Wei has been an independent director of two listed companies, including Leju Holdings Limited since April 2014, a company listed on the New York Stock Exchange (Stock Code: LEJU), and Zall Development Group Ltd. since April 2016, a company listed on the Main Board of the Stock Exchange (Stock Code: 02098).

Mr. Zhang Beili (張倍力, formerly known as Zhang Peili (張培力)**)** (also used as a stage name, commonly used in art exhibition), aged 59, was appointed as our non-executive Director on June 29, 2016. He is mainly responsible for providing advice on our products from the artistic design aspect. Mr. Zhang has been a professor in China Academy of Art (中國美術學院, formerly known as Zhejiang Academy of Art (浙江美術學院)) since 2010. Mr. Zhang is the executive curator of Shanghai Branch of OCT Contemporary Art Terminal ("OCAT" OCT當代藝術中心) and a member of the academic committee of OCAT. Mr. Zhang received the Artist of the Year Award of the ninth Award of Art China (第九屆AAC藝術中國年度藝術家大獎) granted by Artron.Net in May 2015. The retrospective exhibition called "Certain Pleasure (確切的快感)", which collects Mr. Zhang's major works of art, was held at the Minsheng Contemporary Art Museum (民生現代美術館) from July 16 to August 14, 2011. A research exhibition called "RECORD", "REPEAT" was held at the Art Institute of Chicago in the United States from March 31, 2017 to July 9, 2017. The exhibition was held for the first time by the Art Institute of Chicago for Asian artists.

Mr. Zhang graduated from China Academy of Art, Hangzhou, in July 1984 with a bachelor's degree majoring in oil painting. Mr. Zhang obtained the qualification for teaching in institutions of higher education (高等學校教師資格) granted by Department of Education of Zhejiang Province (浙江省教育廳) in December 2010.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lam Yiu Por (林曉波), aged 41, is an independent non-executive Director of our Company. 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. The following table sets forth the summary of Mr. Lam's working experience prior to joining our Group:

Period of Services	Name of the Companies	Principal Business Activities	Position	Responsibilities
Since November 2013	L'sea Resources International Holdings Limited (listed on the Stock Exchange, Stock Code: 00195)	Mining and sales of tin metal	Vice president and chief financial officer	Accounting, compliance matters and investor relations
Since November 2015	DeNOx Environmental & Technology Holdings Limited (listed on the Stock Exchange, Stock Code: 01452)	Manufacturing of plate-type DeNOx catalyst	Independent non-executive director	Providing independent advice and judgment to our Board
Since November 2016	China Tontine Wines Group Limited (listed on the Stock Exchange, Stock Code: 00389)	Manufacturing and sale of wine	Independent non-executive director	Providing independent advice and judgment to our Board
July 2004 to December 2005	Zhongtian International Limited (listed on the Stock Exchange, Stock Code: 02379)	Property holding and sale of intelligent electronic products	Qualified accountant and financial controller	Financial reporting and investor relations
December 2005 to May 2008	SSY Group limited (formerly known as Lijun International Pharmaceutical (Holding) Co., Ltd., listed on the Stock Exchange, Stock Code: 02005)	Research, development, manufacturing and sale of finished medicines and pharmaceutical products	Qualified accountant, chief financial officer and company secretary	Company secretarial matters and financial reporting
June 2012 to February 2014	GR Properties Limited (formerly known as Buildmore International Limited, listed on the Stock Exchange, Stock Code: 00108)	Property investment, hotel management and manufacture and sales of dye-sublimation printed products	Independent non-executive director, chairman of the audit committee	Providing independent advice and judgment to our Board
December 2014 to March 2016	Yat Sing Holdings Limited (listed on the Stock Exchange, Stock Code: 03708)	Provision of building maintenance and renovation services	Independent non-executive director	Providing independent advice and judgment to our Board
April 2015 to May 2017	Zhong Ao Home Group Limited (listed on the Stock Exchange, Stock Code: 01538)	Provision of property management services	Non-executive director	Providing independent advice and judgment to our Board

Mr. Lam received his bachelor degree of arts in accountancy from the Hong Kong Polytechnic University (香港理工大學), Hong Kong, in November 1997. Mr. Lam has been a member of the Hong Kong Institute of Certified Public Accountants, an associate of the Institute of Chartered Secretaries and Administrators, an associate of 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 since October 2004, March 2006, March 2006, September 2006 and November 2007, respectively.

Ms. Han Min (韓敏), aged 43, is an independent non-executive Director of our Company. 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 49, is an independent non-executive Director of our Company. 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. Since March 2015, 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).

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 36, was appointed as chief financial officer when he joined our Group in November 2013. He is primarily responsible for business strategy, planning, development, overall operation and financial management, as well as investor relations management of our Group, and has been in charge of the distribution business of our JNBY, CROQUIS (速寫), jnby by JNBY, less and Pomme de terre (蓬馬) brand products in our Group, the direct sale business of jnby by JNBY and Pomme de terre (蓬馬) brand products and oversea business of the Group simultaneously since November 2014.

Mr. Zhu has over 14 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 assurance 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 successfully completing the SHICPA-SNAI TOPCPA executive development program (上海市註冊會計師協會行業優秀人才培養項目) 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 degree of economics majoring in public finance (asset management and evaluation) and a dual degree of management majoring in accounting.

Mr. Nie Yanlu (聶延路), aged 46, joined our Group in August 2002. 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 has also served as legal representative and general manager in a number of our subsidiaries. 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. He is primarily responsible for the distribution and operation of our JNBY brand and CROQUIS (速寫) brand products.

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

Mr. Nie graduated from Harbin Radio & TV University (哈爾濱廣播電視大學), Harbin, in July 1995, majoring in management of industrial enterprise. Currently he is studying part time in Guanghua School of Management, Peking University (北京大學光華管理學院), Beijing, for an executive master of business administration degree.

Mr. Shen Chenxi (申晨曦), aged 50, has been the Vice President for retail operation of our Group since joining our Group in November 2014. He is primarily responsible for direct sale business management for three of our brands, including JNBY brand, CROQUIS (速寫) brand and less brand. Mr. Shen has also served as general manager in a number of our subsidiaries.

Mr. Shen has over 20 years of working experience in the retail business and operation. Prior to joining our Group, Mr. Shen worked at Walmart China Investment Co., Ltd. (沃爾瑪中國投資有限公司), a retail corporation that runs a chain of supermarkets, as a general manager of shopping center from December 1995 to December 2002, during which period he was primarily responsible for overall operation management. He worked at B&Q China Decoration and Building Materials Co., Ltd. (百安居中國裝飾建材有限公司) from January 2003 to January 2011, a company focused on retails of household building materials, during which period he served as vice president for operation and was primarily responsible for retail operations. He successively worked as general manager of Operation Centre of North Management Department and Xi'an Area Business Management Company at Dalian Wanda Commercial Real Estate Co., Ltd. (大連萬達商業地產股份有限公司), a commercial real estate development and management company, from April 2011 to August 2013, and his responsibilities included operation management of Wanda Plaza in the Northern part of China, as well as attracting investments for and property management of Wanda Plaza in Xi'an Area.

Mr. Shen received a certificate for completing junior college courses majoring in English in Self-taught Higher Education Examinations issued by Shanxi Province Self-taught Higher Education Examinations Commission in June, 1989.

Ms. Wu Liwen (吳立文), aged 54, 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 10 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 chairman of the Second Committee of the Second Branch of Taiwan Democratic Self-Government League (台灣民主自治聯盟) of Hangzhou city, Zhejiang Province since October 2016, and a member of the 11th Zhejiang Hangzhou Committee of the Chinese People's Political Consultative Conference (CPPCC) since March 2017. 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 chief executive officer and executive Director of our Group.

Ms. Zhu Yongrong (朱勇榮), aged 42, joined our Group in 2005. From January 2014 to December 2015, Ms. Zhu served as the general manager of jnby by JNBY Brand Business Department of our Group. Since January 2016, she worked as the general manager of Business Department of Children's Wears of our Group, and is primarily responsible for the distribution and operation and direct sale business of our jnby by JNBY brand and Pomme de terre (蓬馬) brand products. Ms. Zhu has over 16 years of working experience in retail business and operations; she served in the management of retail operations since joining our Group. Ms. Zhu also served as general manager in a number of our subsidiaries.

Ms. Zhu received a graduation certificate for completing junior college courses majoring in apparel design in Jiangxi Youth Apparel College(江西青年服裝學院)issued by the Education Committee of Jiangxi Province in July 1996.

Mr. Fan Yongkui (範永奎), aged 33, was appointed as the financial director of our Group when he joined our Group in September 2015. He is primarily responsible for accounting and financial management of our Group. Since joining our Group, Mr. Fan has served as supervisor in a number of our subsidiaries.

Mr. Fan has approximately 10 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. Mr. Fan graduated from Zhejiang University (浙江大學), Hangzhou, with a bachelor's degree in landscape architecture in June 2006.

DIRECTORS' REPORT

The Board is pleased to announce the annual report (the "**Annual Report**") and the audited consolidated financial statements of the Group for the year ended June 30, 2017.

GLOBAL OFFERING

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

PRINCIPLE BUSINESS

The Company is principally engaged in the design, promotion and sales of contemporary apparel, footwear and accessories for women, men, children and teenagers as well as household products. The analysis of the Group's principal business for the year ended June 30, 2017 is set out in note 5 of the consolidated financial statements.

RESULTS

The results of the Group for the year ended June 30, 2017 are set out in the consolidated statement of comprehensive income on page 56 of this Annual Report.

FINAL DIVIDEND

The Board recommended the payment of a final dividend of RMB0.4794 per ordinary share for the year ended June 30, 2017. The final dividend is subject to the approval of Shareholders at the AGM to be held on October 20, 2017 and the final dividend will be payable on October 31, 2017 to the Shareholders whose names appear on the register of members of Company on October 26, 2017.

BUSINESS REVIEW

In recent years, following the decelerated rate of growth in the Chinese economy, coupled with the slower growth in spending, the apparel industry is expected to face greater challenge. Meanwhile, there is a rapid growth in the number of people pursuing distinguished life styles thanks to the expansion of consumption, leading to increasing demand for personalized and stylish products. Consumers have become increasingly demanding for products that can express their individuality, thereby creating huge opportunities in the designer brand market segment.

The year 2017 marks the first fiscal year of JNBY Group after its listing. As a leading designer brand fashion group in China, the Group continued to penetrate into this market segment. Adhering to the strategic guidelines of "design-driven" and nurturing a "Fans Economy", the Group has once again achieved a breakthrough in its results. Details of business review and prospect of the Company are disclosed in the section headed "Management Discussion and Analysis" on pages 10 to 16 of this Annual Report. Details of the key financial performance indicators are set out in the section headed "Financial Summary" on pages 7 to 8 of this Annual Report. Important event affecting the Group that has occurred since the end of Fiscal Year 2017 is set out in note 31 to the financial statements.

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 five additional brands, namely, CROQUIS (速寫), jnby by JNBY, less, Pomme de terre (蓬馬) and JNBYHOME, 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.

(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 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 Guangdong, Zhejiang and Jiangsu Provinces. 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 fitting 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) 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.

(III) 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 appliance. The Group will review its environmental practices from time to time and have 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 four financial years is set out on page 8 of this Annual Report. This summary does not form part of the audited consolidated financial statements.

USE OF THE PROCEEDS FROM LISTING

The Company's net proceeds from listing are approximately HK$684.0 million (equivalent to approximately RMB596.6 million), after deduction of underwriting fees and commissions and related expenses. The proceeds amounting to a total of RMB113.3 million for Fiscal Year 2017 have been used. These proceeds have been used for the purposes stated in the prospectus of the Company dated October 19, 2016 as following.

Item	**Amount** (RMB million)
To strengthen our omni-channel interactive platform	61.1
To expand our product offering and brand portfolio	14.0
To establish a new logistics center	8.4
For general purposes	29.8
Total	113.3

MAJOR CUSTOMERS AND SUPPLIERS

MAJOR CUSTOMERS

The transaction amounts of our Group's top five customers accounted for 6.1% of the Group's total revenues (Fiscal Year 2016: 6.5%) for the Fiscal Year 2017 while the transaction amounts of our single largest customer accounted for 1.6% of the Group's total revenues (Fiscal Year 2016: 1.7%).

MAJOR SUPPLIERS

The transaction amounts of our Group's top five suppliers accounted for 17.0% of the total purchases (Fiscal Year 2016: 18.7%) while the transaction amounts of our single largest supplier accounted for 4.3% of the Group's total purchases (Fiscal Year 2016: 4.8%).

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Company and the Group during the Fiscal Year 2017 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 2017 are set out in note 22 to the consolidated financial statements.

RESERVES

Details of the movements in the reserves of the Company and the Group during the Fiscal Year 2017 are set out on pages 87 and 58 of the consolidated financial statements.

RESERVES AVAILABLE FOR DISTRIBUTION

During the Fiscal Year 2017, the Company's reserves available for distribution amounted to approximately RMB799.5 million (June 30, 2016: RMB180.2 million).

DIRECTORS

The Directors during the Fiscal Year 2017 and up to the date of this Annual Report are as follows:

Executive Directors:
Mr. Wu Jian *(Chairman)*
Ms. Li Lin
Mr. Li Ming

Non-executive Directors:
Mr. Wei Zhe
Mr. Zhang Beili

Independent Non-executive Directors:
Mr. Lam Yiu Por (Appointed on October 13, 2016)
Ms. Han Min (Appointed on October 13, 2016)
Mr. Hu Huanxin (Appointed on October 13, 2016)

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 shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting. Accordingly, Mr. Wu Jian, Ms. Li Lin and Mr. Wei Zhe, shall 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 sent out in the circular to Shareholders to be dated September 19, 2017.

DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and senior management of the Company are set out on pages 17 to 20 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 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 from the Listing Date up to June 30, 2017.

DIRECTORS' SERVICE CONTRACTS AND LETTERS OF APPOINTMENT

Each of our executive Directors has entered into a service contract with our Company on October 13, 2016, 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 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, 2016. The letters of appointment with each of our independent non-executive Directors are for an initial fixed term of three years. 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, or has proposed to enter, 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 2017 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 2017.

EMOLUMENT POLICY

The Remuneration Committee was set up for reviewing the Group's emolument policy and structure for all remuneration 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 2017 are set out in notes 33 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 OF INFORMATION IN RELATION TO THE DIRECTORS

There was no change to any information required to be disclosed in relation to any Director pursuant to Rule 13.51(2)(a) to (e) and (g) of the Listing Rules during the Listing Date and up to the date of this Annual Report.

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

As at June 30, 2017, 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 taken under such provisions of the SFO), or which were recorded in the register required to be kept 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 of the Listing Rules were as follows:

Name of Directors	Nature of Interests	Number of Shares	Approximate 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	318,881,000	61.47	Long position
Ms. Li Lin (2)	Founder of a discretionary trust; Beneficiary of a trust	318,881,000	61.47	Long position
Mr. Wei Zhe (3)	Interest in a controlled corporation	15,342,000	2.96	Long position

Save as disclosed above, as at June 30, 2017, 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 taken under such provisions of the SFO), or required to be recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

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, their children and the W&L Trust. The W&L Trust is a discretionary trust established by Mr. Wu Jian and Ms. Li Lin (both as the settlors), and its discretionary beneficiaries are 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 12,000,000 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 his 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 was deemed to be interested in the 152,100,000 shares, 154,781,000 shares and 12,000,000 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, was 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, their children and the W&L Trust. The W&L Trust is a discretionary trust established by Mr. Wu Jian and Ms. Li Lin (both as the settlors), and its discretionary beneficiaries are Mr. Wu Jian, Ms. Li Lin and their children. Pursuant to the Li Personal Trust, the Li Personal Trust Nominee holds 12,000,000 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 his 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, 12,000,000 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) Vision Knight Capital General Partners Ltd., a company owned as to 61.60% by Mr. Wei Zhe, holds 98.33% of the issued share capital of Bright Sunshine Group Limited through its wholly controlled corporation Vision Knight Capital (China) Fund I, L.P., and Bright Sunshine Group Limited holds 15,342,000 shares of the Company. Accordingly, Mr. Wei Zhe was deemed to be interested in the 15,342,000 shares held by Bright Sunshine Group Limited.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this Annual Report, at no time during the Fiscal Year 2017 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 debt securities 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, 2017, as far as the Directors are concerned, 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 pursuant to Section 336 of the SFO:

Name of Shareholder	Nature of Interest	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
VNCR Holdings Limited	Beneficial owner	34,129,000	6.58	Long position

Save as disclosed above, as at June 30, 2017, the Directors were not aware of any persons (who were not Directors or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

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, their children and the W&L Trust. The W&L Trust is a discretionary trust established by Mr. Wu Jian and Ms. Li Lin (both as settlors), 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, their children and the W&L Trust. The W&L Trust is a discretionary trust established by Mr. Wu Jian and Ms. Li Lin (both as settlors), and its discretionary beneficiaries are Mr. Wu Jian, Ms. Li Lin 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.

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 RSU Scheme does not exceed 12,000,000 shares and is valid for a period of ten years from June 30, 2014, 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, 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 Company's prospectus dated October 19, 2016.

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 total issued shares of the Company as at June 30, 2017, had been granted to 89 RSU participants 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 five vesting schedules under the RSU Scheme: (i) the RSU participants shall vest as to 20%, 20%, 30% and 30% prior to August 31, 2015, 2016, 2017 and 2018, respectively; (ii) the RSU participants shall vest as to 25%, 25%, 25% and 25% prior to August 31, 2016, 2017, 2018 and 2019, respectively; (iii) the RSU participants shall vest as to 25%, 25%, 25% and 25% prior to August 31, 2017, 2018, 2019 and 2020, respectively; (iv) the RSU participants shall vest as to 20%, 20%, 30% and 30% prior to August 31, 2017, 2018, 2019 and 2020, respectively; and (v) the RSU participants shall vest as to 25%, 25%, 25% and 25% prior to August 31, 2018, 2019, 2020 and 2021, 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, 2017, 760,000 RSUs have been granted, 597,339 RSUs have been forfeited and no RSU has been cancelled. As at June 30, 2017, there were a total of 11,635,701 RSUs outstanding. If all the outstanding RSUs are exercised, there would be a dilution effect on the shareholdings of the shareholders of the Company of approximately 2.24% as at June 30, 2017.

The following is a summary table showing details of the RSUs granted under the RSU Scheme as at June 30, 2017. As of June 30, 2017, a total of 875,000 RSUs, representing 875,000 Shares, were granted to the connected persons of the Company who are not directors of the Company.

Shares Represented by RSUs	Date of Grant	As at July 1, 2016 Outstanding	During the year ended June 30, 2017 Granted	Exercised	Cancelled	Forfeited	As at June 30, 2017 Outstanding
9,764,560	June 30, 2014	9,764,560	–	14,000	–	191,765	9,558,795
450,000	July 23, 2014	450,000	–	40,000	–	360,000	50,000
711,480	November 20, 2014	711,480	–	249,000	–	35,574	426,906
170,000	December 1, 2014	10,000	–	–	–	10,000	–
10,000	March 9, 2015	10,000	–	–	–	–	10,000
280,000	September 10, 2015	280,000	–	–	–	–	280,000
50,000	November 23, 2015	50,000	–	–	–	–	50,000
500,000	December 7, 2015	500,000	–	–	–	–	500,000
80,000	December 15, 2016	–	80,000	–	–	–	80,000
680,000	February 25, 2017	–	680,000	–	–	–	680,000
Total		11,776,040	760,000	303,000	–	597,339	11,635,701

Note: The closing price of the shares immediately before the date on which the RSUs were granted on December 15, 2016 was HK$6.38.

The closing price of the shares immediately before the date on which the RSUs were granted on February 25, 2017 was HK$6.90.

The weighted average closing price of the shares immediately before the dates on which the RSUs were exercised in Fiscal Year 2017 was approximately HK$6.32.

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 2017 or subsisted at the end of the year.

PURCHASE, REDEMPTION OR SALE OF THE LISTED SECURITIES

During the period from the Listing Date to the date of this Annual Report, 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 this prospectus (the "**Design Business**").

For details of the Deed of Non-Competition, please see "Non-Competition Undertaking" under the section headed "Relationship with Our Controlling Shareholders" in the Company's prospectus dated October 19, 2016.

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 2017, 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 period from the Listing Date to June 30, 2017,

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

For the year ended June 30, 2017, the non-exempt continuing connected transactions conducted by the Group were described as follow:

LEASE OF OFFICES AND RETAIL STORES

The Company, as tenant, entered into a number of leases on December 1, 2012, December 25, 2015 and July 1, 2016 and/or amended on June 29, 2016 with our Founders or entities controlled by our Founders. Pursuant to which our Founders or entities controlled by our Founders agreed to lease to us the properties in Hangzhou for offices or retail stores purpose. The term of the lease is from the Listing Date and is due to expire on June 30, 2019. For the year ended June 30, 2017, the annual cap for such transactions of the Group was RMB10,855,004.84, and the total lease payment actually paid or payable was RMB9,819,620.42 without exceeding the annual cap for such transactions.

LOGISTICS AND WAREHOUSING SERVICES

Huikang Industrial entered into an agreement on December 25, 2015 and amended on October 13, 2016 with Hangzhou Liancheng Huazhuo Industrial Co., Ltd., under which Huikang Industrial agreed to provide to us logistics and warehousing services. The term of the agreement is from the Listing Date and is due to expire on June 30, 2019 at an annual fee of RMB2.64/piece for the first year. For the year ended June 30, 2017, the annual cap for such transactions of the Group was RMB20,071,000.00, and the total fees for logistics and warehousing services actually paid or payable was RMB19,068,970.60 without exceeding the annual cap for such transactions.

APPAREL MANUFACTURING AGREEMENT

Hangzhou Shangwei Apparel Co., Ltd. ("**Shangwei Apparel**") is an entity controlled by the Founders of the Company, 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. For the year ended June 30, 2017, the annual cap for such transactions of the Group was RMB40,000,000.00, and the total fees for apparel manufacturing actually paid or payable was RMB35,965,650.64 without exceeding the annual cap for such transactions.

SAMPLES OUTSOURCING AGREEMENT

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

We entered into a framework samples outsourcing service agreement on May 30, 2015 and amended on October 13, 2016 with Hangzhou JNBY, under 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. For the year ended June 30, 2017, the annual cap for such transactions of the Group was RMB24,362,000.00, and the total fees for outsourcing services actually paid or payable was RMB22,546,323.40 without exceeding the annual cap for such transactions.

For details of the above connected transactions, please refer to note 30 to the consolidated financial statements.

In the Fiscal Year 2017, 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 auditors of the Company have performed certain agreed-upon audit procedures for the above continuing connected transactions entered into by the Group in the year ended June 30, 2017, and concluded that such transactions:

(1) have been approved by the Board;

(2) have followed the pricing policies of the Group in all material aspects, if they involve the goods or services provided by the Group;

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

(4) have an aggregate amount not exceeding the relevant cap disclosed in the prospectus dated October 19, 2016 and the Company's announcement dated April 5, 2017.

The related party transactions mentioned in note 30 to the consolidated financial statements constituted 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 2017 in accordance with the provisions concerning the disclosure of connected transactions under Chapter 14A of the Listing Rules.

CHARITABLE DONATIONS

In the Fiscal Year 2017, the Group has made charitable and other donations totaling RMB0.96 million.

MATERIAL LEGAL PROCEEDINGS

During the Fiscal Year 2017, the Company were 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 2017 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 liability insurance for its Directors and senior staff.

EVENTS AFTER THE BALANCE SHEET DATE

Details of significant events occurring after the balance sheet date are set out in Note 31 to the consolidated financial statements.

AUDIT COMMITTEE

The Audit Committee of the Company ("**Audit Committee**") has, together with external auditor of the Company, reviewed the accounting principles and practices adopted by our Company as well as the audited consolidated financial statements for the year ended June 30, 2017.

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 31 to 38 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 the period from the Listing Date to June 30, 2017 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, 2017. 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 forthcoming AGM. A resolution for re-appointment of PwC as auditor of the Company will be proposed at the AGM.

By Order of the Board
Chairman
Wu Jian

Hong Kong, August 30, 2017

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 2017.

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 and Corporate Governance Report (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 period from the Listing Date to June 30, 2017, except for Code Provision A.2.1 which stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The Company will continue to review and monitor its corporate governance practices in order to ensure the 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, 2017 and as at the date of this Annual Report, the Board comprised three executive Directors, two non-executive Directors and three independent non-executive Directors as set out below:

Executive Directors:
Mr. Wu Jian
Ms. Li Lin
Mr. Li Ming

Non-Executive Directors:
Mr. Wei Zhe
Mr. Zhang Beili

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 the period from the Listing Date to June 30, 2017, 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, 2017, the Company has organized all Directors, namely Mr. Wu Jian, Ms. Li Lin, Mr. Li Ming, Mr. Wei Zhe, Mr. Zhang Beili, Mr. Lam Yiu Por, Ms. Han Min and Mr. Hu Huanxin 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 A.6.5 of the Corporate Governance Code.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Under 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. Mr. Wu Jian is concurrently the Chairman of the Board and the chief executive officer of the Company (the "**Chief Executive Officer**"). However, due to Mr. Wu Jian's background, qualifications and experience in the Company, he is considered the most suitable person to take both roles under the current circumstances. The Board is of the view that it is appropriate and in the best interests of the Company that Mr. Wu Jian holds both positions at the current stage, as it helps to maintain the continuity of the policies and the stability and efficiency of the operations of the Company. The Board also meets regularly on a quarterly basis to review the operations of the Company led by Mr. Wu Jian. Accordingly, the Board believes that such arrangement will not impact on the balance of power and authorizations between the Board and the management of the Company. The Board will continue to review and consider splitting the roles of Chairman of the Board and Chief Executive Officer at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

The Company has entered into a service contract with each of the executive Directors, and a letter of appointment with each of the non-executive Directors for an initial fixed term of three years commencing from October 13, 2016. The letter of appointment entered into with each of the independent non-executive Directors was for an initial fixed term of three years. 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 will adopt 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 or Board Committee 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 the period from the Listing Date to June 30, 2017, four Board meetings and no general meeting were held, and the attendance of the individual Directors at the Board meetings is set out in the table below:

Directors	Board meetings attended/Eligible to attend Board meetings
Mr. Wu Jian	4/4
Ms. Li Lin	4/4
Mr. Li Ming	4/4
Mr. Wei Zhe	3/4
Mr. Zhang Beili	3/4
Mr. Lam Yiu Por	3/4
Ms. Han Min	3/4
Mr. Hu Huanxin	3/4

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 since the Listing Date up to June 30, 2017.

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. Since the Listing Date up to June 30, 2017, 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 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 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, half-year report and, if prepared for publication, quarterly reports, 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 auditors; 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 auditors.

(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 arrangements 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) 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 for inspection on the websites of the Stock Exchange and the Company for inspection.

During the period from the Listing Date to June 30, 2017, the Audit Committee held two meetings to discuss and consider the following:

- review the interim results of the Company and its subsidiaries as of December 31, 2016; 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 are set out in the following table:

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

NOMINATION COMMITTEE

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

The main duties and responsibilities of the Nomination Committee of the Company 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; and

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

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

During the period from the Listing Date to June 30, 2017, the Nomination Committee did not hold any meeting since the Company was just listed on the Stock Exchange on October 31, 2016.

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 the period from Listing Date to June 30, 2017, the Remuneration Committee held one meeting to discuss and consider the following:

- to review the members and remuneration plan of the Company and its subsidiaries.

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

Name of Directors	Actual attendance/ Required attendance
Mr. Hu Huanxin	1/1
Mr. Wu Jian	1/1
Mr. Lam Yiu Por	1/1

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The remuneration of Directors and senior management of the Company (whose biographies are set out on pages 17 to 20 of this Annual Report) for the Fiscal Year 2017 falls under the following bands:

Band of remuneration	Number of individuals
Below RMB1,000,000	6
RMB1,000,000 to RMB2,000,000	3
RMB2,000,000 to RMB3,000,000	5

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended June 30, 2017 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 auditors regarding their reporting responsibilities on the consolidated financial statements of the Company is set out in the Independent Auditor's Report on page 55 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. The Board is of the view that the systems of internal control and risk management are effective and there are no irregularities or improprieties identified.

During the Fiscal Year 2017, 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, 2017, 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.

PROCESS 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 2017 is as follows:

Type of services	Amount (RMB)
Audit services	4,072,210
Non-audit services consulting	755,849
Total	4,828,059

COMPANY SECRETARY

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 the company secretary of the Company. Mr. Wu Jian, the Executive Director and the authorized representative of the Company, is her primary contact person in the Company.

For the Fiscal Year 2017, Ms. Ng Sau Mei has undertaken no less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

Mr. Zhang Li, the former joint company secretary of the Company, resigned as a joint company secretary of the Company on January 3, 2017.

SHAREHOLDERS' RIGHTS AND INVESTOR RELATIONS

ENQUIRIES TO THE BOARD

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, accurate and transparent disclosure of information on the Company which is available to the shareholders and investors.

To promote effective communication, 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.

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 of the Company 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 independence.

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 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 address to the investors' inquiries on the Company's situation through convening meetings, attending to the Investor Forum and participating roadshow 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

The Company has adopted the revised and restated Memorandum and Articles of Association on October 13, 2016, which are effective on the Listing Date. There were no changes in the Memorandum and Articles of Association for the period from the Listing Date to June 30, 2017.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1. INTRODUCTION

JNBY Design Limited (the "Company", together with its branches/subsidiaries, the "Group" or "we") is a leading designer brand fashion house based in China. Each of our brands targets a distinct customer segment and has a uniquely defined design identity based on our Group's universal brand philosophy – "Just Naturally Be Yourself".

Regarding customer experience as a top priority, the Group strives to provide excellent products and services by placing stringent control on every section of the supply chain of products. Paying attention to the establishment of our own corporate culture, we respect personal values, explore the potential of our staff and care for the physical and mental health of our staff in order to further build up our core competence. In compliance with a philosophy of sustainable development in daily business operations including product design, choice of fabrics, supply chain management and brand marketing, the Group promotes stable business development while presenting a good corporate image. The Group takes concrete actions to undertake social responsibility in pursuit of mutual development of the Company with employees, partners, consumers and the society.

Pursuant to the Environmental, Social and Governance Reporting Guide as set out in Appendix 27 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange team of Hong Kong Limited (the "Stock Exchange"), the Group has prepared the Environmental, Social and Governance Report (the "ESG Report") for this fiscal year with a time frame from July 1, 2016 to June 30, 2017. 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 branches/subsidiaries in various regions.

2. ESG GOVERNANCE

The Group takes initiatives to fulfil environmental, social and governance responsibilities. Our board of directors (the "Board") supports the commitments made by the Group in fulfilling corporate social responsibility and assumes all responsibilities arising from our environmental, social and governance strategies and reporting. The Board is responsible for evaluating and determining our risks relating to environment, society and governance, conducting stakeholder evaluation and substantive analysis, and establishing an appropriate and effective environmental, social, governance risk management and internal control system based on the analysis results. Our management provides confirmation on the effectiveness of the ESG system to the Board at regular meetings.

In order to have comprehensive management on environment, society and governance, the Group has set up an ESG working team which is led by the internal control, audit and compliance departments, with direct participation of the department heads from the affairs department and brand department of the Group, the human resources department at the headquarters and direct self-operated stores, the production and procurement centre, the research and development centre, the electronic commerce operation centre and other departments. The Group also has designated personnel responsible for ESG management and reporting. The ESG working team regularly reports to our management and gives proper advices on improvement.

3. QUALITY PRODUCTS AND SERVICES

The Group attaches great importance to the quality of products and services. In strict compliance with the laws and regulations in relation to product responsibility such as the Product Quality Law of the People's Republic of China (《中華人民共和國產品質量法》) and the Consumer Protection Law of the People's Republic of China (中華人民共和國消費者權益保護法), the Group strives to establish the best design platform in China and conveys its core values of "Better Design, Better Life" to consumers with quality products and genuine services.

3.1. DESIGN, RESEARCH AND DEVELOPMENT

The Group uses a design-driven retailing model which allows our talented and experienced designers considerable creative freedom to focus on originality in the design process. This empowers our designers to leverage their experiences and pursue their artistic vision, rather than following and simply reacting to the latest trends.

In order to safeguard our design quality, the Group spares no effort to build a team of designers which comprises the chief creative officer and chief designers who all have worked for the Group for over 16 years. The team launches over 4,000 designs in Fiscal Year 2017.

The Group has set up a fabric development team within the design department to choose unique fabrics for customers based on the design philosophy of getting close to the nature. The Group is committed to choosing quality raw materials when it comes to fabric choice, such as natural organic cotton with Global Organic Textile Standard (GOTS) certification and pure wool with certification of The Woolmark Company. We also take initiative in choosing environmentally friendly raw materials. For example, 20% of the Terylene used in denim for some designs comes from the regenerated Terylene produced from the recycling of coke bottles.

With our devotion in the unique texture and style of pure handmade designs and commitment in handcrafts and creations, we have established the JNBY Fabric Lab to develop our own fabric collection for our brands and provide unique and original design for woven fabric. Besides, the Group takes initiatives to choose environmentally friendly materials such as recycled nylon, organic cotton jersey and VITA fabric, among which VITA fabric is a 100% environmentally friendly functional fabric made with 78% environmentally friendly nylon in which the yarn is 100% extracted from recycled materials.

Excellent designer team

Over 4,000 designs in Fiscal Year 2017

3.2. QUALITY ASSURANCE

In strict compliance with the relevant industry standards such as the National General Safety Technical Code for Textile Products (《國家紡織產品基本安全技術規範》) (GB 18401-2010) and the Safety Technical Code for Infants and Children Textile Products (《嬰幼兒及兒童紡織產品安全技術規範》) (GB 31701-2015), the Group has formulated more stringent product standards for itself, such as the JNBY Requirements and Standards on Textile Products (《江南布衣紡織產品要求標準》), the JNBY Requirements and Standards on Primary and Secondary School Uniforms (《江南布衣中小學生校服要求標準》) and the JNBY Requirements and Standards on Infants Textile Products (《江南布衣嬰幼兒紡織產品要求標準》). Moreover, we have taken the lead in the formulation of the Accessories Standard (Q/JNBY 001-2016) as our own standard and have filed such standard with the competent authorities. In order to regulate the working procedures, the Group has formulated standardised operation procedures including the Standard Department Working Procedures (《標準部工作流程》) and the Label Recognition Procedures (《標識確認流程》) to provide further assurance on product quality.

The Group has set up a quality management committee to mitigate quality issues before the products rolling off the factory and established a quality management and control system under the concerted management by the operation department, standard department, quality management committee, research and development centre, data evaluation department and other departments.

- COMPLETE PROCESS OF QUALITY CONTROL

The Group puts great emphasis on quality control in every respect of business operations and strives to make sure that our products fulfil all internal reference standards and specifications. From raw material procurement and OEM production to packaging and inventory storage, we put stringent quality control standards in place during business operations.

Raw materials: For the raw materials sourced by our OEM suppliers on their own, we require the suppliers to purchase raw materials from designated raw material suppliers in accordance with our designs and specifications. For the raw materials provided to our OEM suppliers by us, we arrange our quality control staff to carry out inspections of such raw materials.

We request samples of raw materials for testing prior to placing orders with our suppliers. The Group specifics the quality inspection standards of fabric in the contracts and requires the fabric to fulfil or exceed the national standard requirements. For example, the Group requires the down content and filling power of the 90% white duck down used in down products to reach ≥86% and ≥17 respectively, higher than those required in the national requirement GB/T14272-2011 (≥81% and ≥14).

≥17

Our internal control standard requires the filling power of the 90% white duck down to reach ≥17, higher than that required in the national requirement GB/T14272-2011 (≥14).

≥86%

Our internal control standard requires the down content of the 90% white duck down to reach ≥86%, higher than that required in the national requirement GB/T14272-2011 (≥81%).

The Group has formulated the fabric inspection procedures and finished product sampling inspection procedures to manage and control the raw materials procured by the Group and the raw materials sourced by the finish product suppliers on their own via internal and external inspections. When developing a fabric, the Group conducts inspection on the fabric in terms of fibre content, colour fastness, hazardous substance (formaldehyde, azo dyes, PH value and peculiar smell) and other aspects according to the relevant national and industry standards through a third party inspection institution so as to guarantee the compliance with the internal standard requirements. In addition, our internal laboratory inspects the colour fastness, slippage, pilling, bursting strength, breaking strength, shrinkage and other physical indicators on the fabric for raw materials. When proceeding with mass production, in addition to the above inspections, we also conduct a complete colour inspection on all fabrics through our internal laboratory and simulates the wearing and washing habits of consumers with small samples to test the deformity and pilling of fabric after a dozen times of washing. We engage a professional third party inspection institution to monitor and inspect our finished products to make sure our products to comply with the relevant national and industry standards.

Production and warehousing: During the production process of OEM manufacturers, we arrange for our quality control staff to conduct on-site inspections of all raw materials used in the production process and semi-finished products and parts by sampling in the key operation points at the forepart, middle and end of the production lines according to the relevant requirements under the Standard Department Working Procedures (《標準部工作流程》) for quality control. We achieve the collaboration of the fabric team and quality control team at the headquarters with the production lines throughout the whole process. Prior to the delivery of goods by OEM manufacturers, we conduct stringent internal and external inspections on products and deliver the products to customers only after the fulfilment of standard requirements in terms of function, safety and quality.

Distributor and consumer feedback: We relay feedback from distributors and consumers on product quality issues to our quality control staff, which implements corrective measures in our quality control procedures when necessary.

3.3. QUALITY SERVICES

The Group sells our products through a comprehensive and integrated omni-channel interactive platform comprising multiple offline and online sales networks. Adhering to the customer-first service philosophy, the Group regards quality service as its core competitiveness and strengthens its communication with customers though considerate sales services, thoughtful after-sale services and personalised membership activities to improve their satisfaction.

- AFTER-SALE SERVICES

The Group has 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 systems to enhance its after-sale services, including follow-ups on product quality, providing follow-up services and maintenance outlets and others. The Group mainly acquires the after-sale feedback from customers through 400 customer service hotlines, online chat windows of online sales platforms and customer feedback portal of WeChat Mall and has formulated the specific response procedures for complaints through stores, mail, media and other channels.

The Group has formulated the Rules of Changing and Refunding for Products (《關於貨品退換貨的處理規則》) to improve the handling of changing and refunding for products and enhance the effectiveness of management by compiling regulations and standards. Pursuant to the rules, the Group specifies the types of changing and refunding into charged maintenance, free maintenance, allowing for changing and refunding and others based on the products and the reasons for changing and refunding, and requires to supplement a Statement for Changing and Refunding due to Quality Issues (《質量問題退換貨説明》) for every case of product returns due to quality issues for better follow-up management and accountability.

With respect to customers complaints, the Group has formulated the Judgment Criteria for Customer Service Errors (《客服服務失誤評判標準明細》) for online services, which requires the online customer service staff to handle customer complaints with patience and sincerity and keep records for such complaints, and conducts regular checks on the abnormal orders by the electronic commerce operation centre, and for offline services, the Group requires its salespersons to follow up the product quality and provides follow-up services and maintenance outlets for customers.

- MEMBER CARE

The Group has established a customer relationship management system to provide better shopping experience through targeted sales, reward redemption and member privilege, and enhance member loyalty. We carry out survey and analysis of customer satisfaction and the buying habit of our brand members and potential customers simultaneously when new items are displayed in retail stores with a view to integrating customer needs into our design philosophy.

To provide brand members with the best shopping experience beyond their expectation, the Group organises exclusive sales days for members every month and provides daily visit awards, tailor-made posters, lucky draws and points redemption events as well as membership coupons from time to time for online customers. The Group gives away coupons to be used in the members' birthday months. Our customer service representatives also send out birthday wishes and warm regards on their birthdays. The VIP group established by the Group gives away member gifts and exclusive prizes every month.

In addition, offline salespersons manage members of retail stores through our internal system, follow their updates and send out wishes on their birthdays to maintain member relationship. Our retail stores also organise member activities regularly to provide add-value services to customers, and communicate brand value and enhance customer shopping experience at the same time.

Birthday coupons are added to the members' account at the beginning of their birthday month.

Member coupons are added to the members' account at the beginning of each month.

Members' Day, privilege and zone activities are held each month.

Brand members can enjoy certain member discounts.

One point is earned for every dollar purchased in-store, which can redeem discount, cash coupons and prizes.

Premium members can join the VIP group to enjoy privilege gifts.

PORTABLE PHOTO STUDIO

In March 2017, the Group turned a store into a mini portable photo studio and employed a team of photographers and stylists to capture the real and natural face of children in the most creative and energetic shape. The size of demonstrative stage is only one sqm but the characteristics and energy illustrated by the children in front of that stage is the footprint of the children's growth alongside jnby by JNBY.

3.4 COMPLIANCE IN OPERATIONS

The Group adopts a highly integrated business operations model, thus smoothly and effectively integrating every key aspect of the products. The Group strictly complies with the Trademark Law of the People's Republic of China (《中華人民共和國商標法》), the Law of the People's Republic of China on Protection of Consumers' Rights and Interests (《中華人民共和國消費者權益保護法》), the People's Republic of China Advertising Law (《中華人民共和國廣告法》) and 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》), etc. during the operations, adhering to strict compliance with market rules for operations.

- TAG MANAGEMENT

The Group formulated Guidelines on Attaching, Special Washing and Maintenance and Warranty Policy (《掛牌、特殊洗滌保養說明、三包標準指導》), standardising the tag information and package design for women's wear, men's wear, children's wear and accessories, explaining on special washing and warranty information, and establishing a comprehensive tag confirmation process, which monitors the accountability from draft design to final tag attaching to ensure the reasonability of the use of tag.

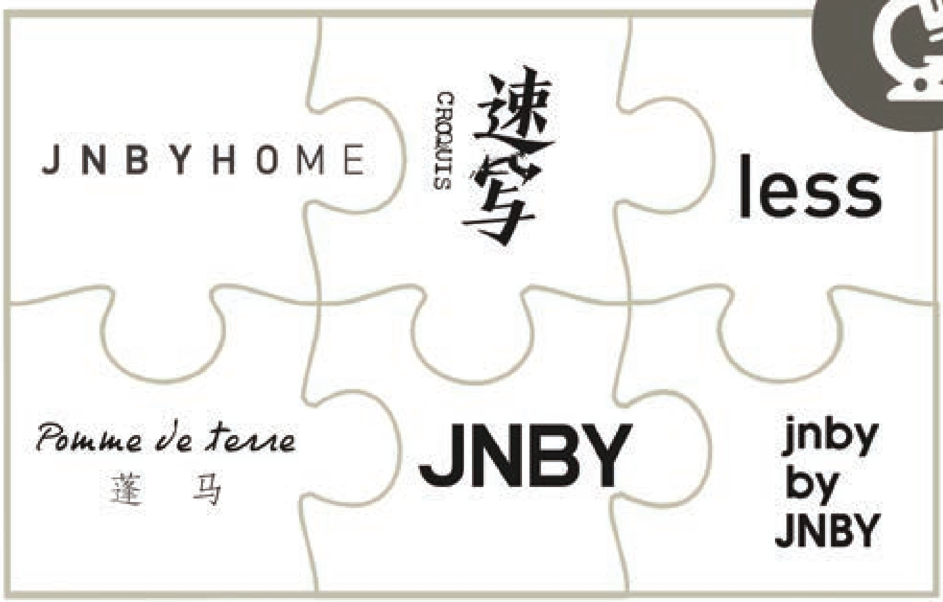
- BRAND PROMOTION

All the contents the Group posted on WeChat and Weibo are reviewed internally to avoid any sensitive words and false information as well as plagiarism in order to confirm the originality and truthfulness of the posts. The Group also conducts contents check to comply with platform media rules.

The Group's brands and trademarks are the key to our success and future development. We uphold the brand value through various channels and methods.

As at June 30, 2017, we had 265 trademarks registered in the People's Republic of China, and 8 trademarks registered in other countries and regions. In the promotion projects cooperating with third parties, the Group manages the use of consistent brand visual image among all the occasions that need the trademarks of the Group and its own brands, which requires the confirmation and approval from the branding department.

The Group has also formulated the Image Design Standard for all the retail stores to maintain a consistent look and enhance brand value.



265
trademarks registered in the People's Republic of China

8
trademarks registered internationally

- PRIVACY PROTECTION

The Group places importance in privacy protection for customers. In the membership management system and customer relationship management system, account permissions are strictly set to restrict the use of the customers' personal information and the consumers' information. Rules for Online Customer Representatives also require all the staff to keep the customers' personal information confidential. The Group also includes confidentiality terms in the Employee Guideline and requires all employees to keep business information secret.

- ANTI-CORRUPTION

To prevent, control and mitigate the possible risks that the Company may encounter alongside the challenging business environment, and guarantee the implementation of the Company's strategic goals and sustainable, stable and healthy development, the Group has established a sound internal control system comprised of the Internal Audit System, the Risk Management System, the Anti-corruption System and the relevant requirements in accordance with the Company Law of the People's Republic of China (《中華人民共和國公司法》), "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 Prohibiting Commercial Bribery (《關於禁止商業賄賂行為的暫行規定》).

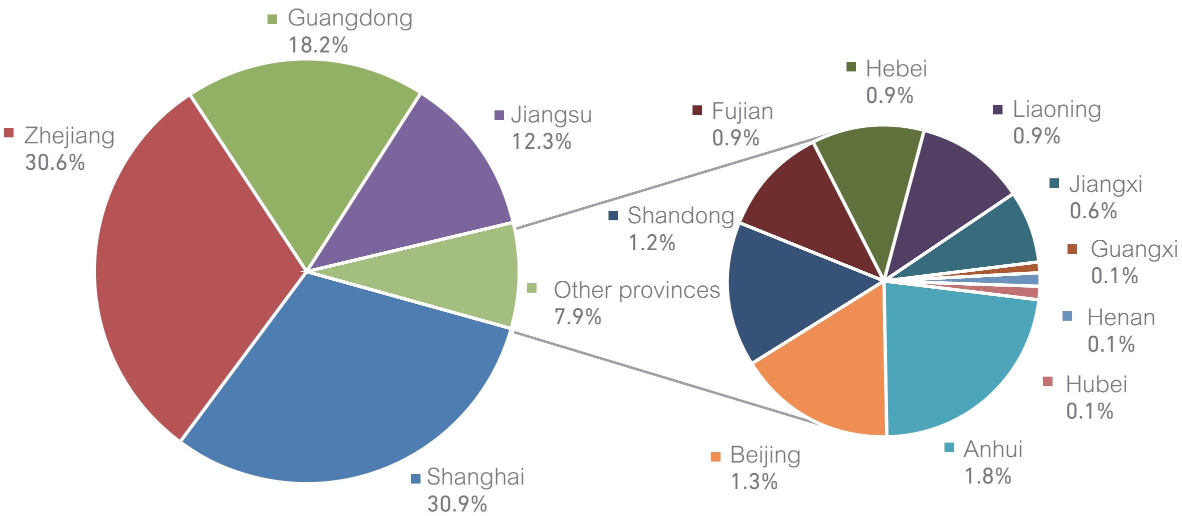
The Group has provided various ways, including telephone, email and public social media account, for reporting and releasing on anti-bribery and whistle-blowing procedures. The Group regularly provides training and education to the employees to ensure that they understand all the relevant information of the Company's anti-bribery policy, how serious the Company's attitude towards anti-bribery act is and the role of the Company and themselves in anti-bribery policy. The Group stimulates all the business departments to build on integrity and fairness when conducting business with customers, suppliers and other relevant business units. We also communicate the relevant information and requirements of the Company's anti-bribery policy to them.

The Group has also set up a mechanism of accountability, remedy and penalty for bribery acts, including leadership and direct responsibility. Leadership responsibility means that the relevant management members are held liable for corruption due to their defaults or oversight on their part; and direct responsibility means that the relevant management members or executives are held liable for corruption due to their direct operation or involvement in the concerned decisions, or their authorisation, instruction, order, connivance, harbouring and incorrect performance on their part.

Meanwhile, the Group requires the human resources department to carry out checks on key personnel to be appointed or promoted on their education background, work experience, integrity, act etc. No one is allowed to be appointed or promoted to the key personnel positions if any record of corruption is discovered. Employees conducting proven corruption act are subject to the Company's penalty in accordance with the relevant regulations and even juridical authorities' ruling if it violates any laws.

4. SUPPLIER MANAGEMENT

The suppliers of the Group consist of four types: (i) fabric suppliers, which provide the processing suppliers of the Group with raw materials and fabrics; (ii) finished product suppliers, which process raw materials and fabrics purchased on their own and provide the Group with the finished products; (iii) processing suppliers, which process raw materials and fabrics provided by the Group and provide the Group with the processed products; and (iv) other suppliers. As the Group outsource its production of all products, the Group extremely values the management of the supply chain and suppliers.



The Group has formulated the "Supplier Access and Regular Appraisal System" and has strictly conformed to the "Supplier Access Rules" to select suppliers. The assessment standards include suppliers' overall track record, product quality and quality control efficiency, past relationship with the Group, price, reliability, financial positions, reputation, experience, ability to meet the delivery time arrangement set by the Group, and productivity. In order to realise the design concept to the greatest extent, the Group would consult the designers when selecting suppliers which provide special fabrics and crafts.

Upon the confirmation of cooperation, the Group will classify the suppliers by defining the base line of different categories by craft and way of processing. The Group supervises and controls the key procedures of the suppliers' production. Each key procedure is monitored and controlled by the production and procurement staff in order to guarantee the finished products' conformity with the quality control standards of the Group. The Group conducts horizontal comparison on suppliers of the same category. The Group also rates the suppliers through recording the delivery and quality control of the suppliers with the operation feedback forms to determine whether to continue the cooperation with the suppliers.

The Group actively pays attention to the environmental and social performance of the suppliers. Before confirming the cooperation with suppliers, the Group will conduct on-site visits and inspect the working environment of the workers of suppliers, in order to investigate and make judgment on the employment and environmental protection performance of the suppliers. The Group focuses on various performances of the suppliers, such as the compliance with pollutant emissions standards and the reasonability of energy usage, whether they employ child labour and whether they protect the proper interests of the employees.

5. STAFF RELATIONS

Good staff relations are essential to the development of the Group, and the corporate success relies on the quality and reliable services provided by the employees. Therefore, the Group actively establishes favourable cooperative relations with the staff. The Group lays emphasis on staff training and development, and regularly carries out team building activities for different departments to attract and retain the staff and enhance their knowledge, skills and comprehensive quality.

5.1. PROTECTING STAFF INTERESTS

The Group has strictly complied with the requirements of laws and regulations such as the Labour Law of the People's Republic of China and the Labour Contract Law of the People's Republic of China. On this basis, the Group has formulated the system comprised of the Recruitment System, the Demission Management System, the Attendance System, the Remuneration System and the Promotion System, which are applicable to all employees. The Group has also established a complete set of systems for its retail system, such as the Administrative Measures for Recruitment of Oversea Retail Staff, the Administrative Measures for Entry of Oversea Retail Staff and the Administrative Measures for Demission of Oversea Retail Staff, to regulate the recruitment, entry and dismissal procedures for the retail store employees.

- STAFF RECRUITMENT

The Group insists on the recruitment principle of "impartiality and openness" and "recommendation of talents regardless of whether they are relatives or not". All employees are treated equally without discrimination regardless of gender, race, religion, political affiliation, sexual orientation, marital status and other factors. The Group upholds the principle of equal pay for equal work. It appraises employees according to their educational background, professional skills, and the manpower market conditions. The Group also recruits and promotes employees with reference to their work attitude, disposition of professional ability and overall performance. In addition, the Group has also formulated the dismissal leaving office procedures to complete the leaving office of employees in accordance with reasonable and lawful procedures.

The Group has strictly complied with the laws and regulations such as the Labour Law of the People's Republic of China, the Labour Contract Law of the People's Republic of China and the Provisions on the Prohibition of Using Child Labour, and prohibits child labour. The Group verifies the identification and academic certificates of the employee at the time he/she reports for duty in order to prevent child labour employment risks.

- PROMOTION AND DEVELOPMENT

Adhering to the principle of "valuing both moral and talent, and offering equal opportunities", the Group provides the employees with dual-channel development opportunities which create a promotion path for horizontal development between professional and managerial positions and offer wider promotion and development space to the employees. Employees can vertically develop their career within the professional sequence, and become specialist until a certain level by keeping on studying the professional proficiency intensively; they can also choose to develop their career horizontally by entering management sequence when the management positions are available. In addition, the Group has set up a career path for sales employees of the retail system, where they can be promoted to sales directors from junior shop assistants, providing a clear career direction for sales staff.

- WORKING HOURS AND LEAVES

The Group has adopted standard working hour system, cumulative working hour system and flexible working hour system which have been approved by the competent administrative department. The human resources department sets the overtime-hour risk warning limits for every business division and conducts supervision and inspection in order to avoid any breach of labour regulations. The Group has established the Attendance System to regulate the working hours and leaves of the employees. Other than the statutory holidays, the employees of the Group can also enjoy benefit holidays, such as "Jiangnan Filial Holiday" and "Jiangnan Goddess Holiday", which are featured with JNBY characteristics. The Group offers the employees with one paid outing holiday every year for team outing, laying a foundation for excellent team building. The Group respects the employees' interests, so forced labour does not exist in the Group.

- REMUNERATION AND BENEFITS

The remuneration distribution of the Group emphasises employees' performance by following the remuneration principles of internal impartiality, employee incentives, market competitiveness, costs saving and legitimacy on the basis of the position value, the employee performance and the remuneration level in the market. The Group offers competitive remuneration to attract quality talents, stimulate employees and enhance labour efficiency, realising the optimization of position values and the rapid enhancement of individual capability. The Group offers market-leading remuneration for the key positions with core functions that support the company to perform the strategies.

The Group provides the employees with various extra benefits by different measures such as regular internal purchase activities and allowance for high temperature etc. The Group provides employees with free canteen, holds food festival in every October and periodically conducts satisfaction survey on dishes. Employees can even exchange their training points for benefits by phases in every quarter, granting employees' wishes.

Migratory birds

The Group closely concerns employees' life difficulties. In order to look after the unattended children in summer holiday while their parents are working, the Group carries out the summer tutorial class, namely "Migratory Birds", providing employees' children with activity facilities.

- STAFF ACTIVITIES

To enrich employees' leisure time, the Group has established the "Staff Fun Club" which organises various interest groups for employees and holds different activities for employees, such as matchmaking events and photography contest. Moreover, the Group has established the internal social intercourse platform to create a more harmonious and vigorous working environment for employees through posting the news of Jiangnan, including interviews with employees and stories of outstanding employees.

5.2. DEVELOPMENT AND TRAINING

It is the responsibility of a company to provide each of its employees with growth potential and broad development prospect for them to grow rapidly and determine their own career path. It is also the fundamental cornerstone for a flourishing company to ignite endless happiness and sense of accomplishment at work among its employees. Therefore, the Group places staff development and training as the top priority of its management.

The Group has developed the Training System as the management guidelines for training of direct sales personnel and staff at headquarters. The Group has established platforms such as "Jiangnan College" (江南學院) and "Retail Institute" (零售學院) at its headquarters to fully tap the internal training instructor resources, and a team of internal training instructors to effectively pass on the related technology and corporate culture of the Company and deliver shared knowledge.

Based on the training needs and resource allocation, the Group's headquarters will prepare its training plan in line with the business needs each year. Training is divided into the following three categories by training targets:

- TRAINING FOR NEW EMPLOYEES

Within the first one to two months of the new staff entry, the Group organises training for new employees to help them better understand the business, and adapt to the new working environment and their respective roles as soon as possible. Training can be divided into induction training and on-the-job training, covering mainly company introduction, corporate culture, job responsibilities, work practices and processes.

- TRAINING FOR EXISTING EMPLOYEES

The Group has set up a platform named "Jiangnan Public Lectures" to conduct a large-scale public training every month for enhancing the professionalism of Jiangnan staff through courses such as "emotional management", "emotional expression" and "time management", which provides a platform for internal staff to learn from and share knowledge with each other. The Group also operates the Growth Focus Online Learning Enterprise (成長Focus在線學習企業號). Through regular uploading of fragmented teaching content, it helps to broaden the horizons of employees, improve learning efficiency and create an atmosphere of internal sharing and learning. The content is divided into three categories, namely "Essential Knowledge" (乾貨鋪), "References" (品書屋) and "Micro Information" (微信息).

- MANAGEMENT TRAINING

The Group operates a "M +" training program for its management members, which is a training system project established based on the management's role requirements from three angles of management role recognition, business management and team management.

The Group has formulated the Training Management System for Direct Sales to standardise the training of employees in the direct sales mechanism. The Group provides training to sales personnel regularly to update their knowledge on seasonal product themes, sales techniques, product selection, mix and match, fashion trends, customer service and store operations. Sales and fashion consultants are trained on a regular basis through private meetings at headquarters, on-site training sessions in retail stores, and mobile applications to enhance their knowledge on products, better comprehend the theme of the latest season and improve their sales techniques.

In addition, the Group has developed the Internal Training Instructor for Direct Sales, and set up an internal training instructor platform. A "Successor" mechanism is established among the direct sales personnel to enhance the business competency of direct sales personnel in an all-round manner through instruction, assistance and coaching. For the supporting staff of the direct sales system, the Group adopts a project-based training model to carry out training on staff responsibilities and competency model. The Group has improved the overall quality and business competency of the direct sales staff through innovative training activities such as "Training Course for Gold Seller" and "Fashion Coordinator Contest".

Gold Seller

In March 2017, the Group held the second phase of the Training Course for Gold Seller for its direct sales mechanism for duration of three days, where the learners could put their knowledge in practice through the combination of training and application.

Courses were divided into three sectors, namely VIP Management, Management Team and Products Inside-out (玩轉貨品), covering three major areas, namely self-improvement, store management and performance growth.

5.3. HEALTH AND SAFETY

The Group strictly abides by the Law on the Prevention and Control of Occupational Diseases of the People's Republic of China (《中華人民共和國職業病防護法》), Regulations Concerning the Labour Protection of Female Staff and Workers (《女職工勞動保護規定》) and other relevant laws and regulations to proactively provide a comfortable and safe working environment for employees.

The Group organises annual body checks for all staff to prevent and control disease. The Group also regularly organises a wide range of lectures on health knowledge and various sports activities for employees to relax and exercise their bodies so as to remind employees of the balance of health and work.

In order to strengthen the management of environmental hygiene and food safety of the Company's canteen, the Group has formulated the Company Canteen Management System which clearly defines that the management department responsible for daily management of the canteen, inspection and supervision over the hygiene conditions, food safety, operational safety and food quality, to provide the staff with a hygienic, safe, decent and orderly dining environment.

Each office of the Group is equipped with fire-fighting facilities according to the fire protection regulations. Employees receive regular fire-fighting training from firefighters. New employees will also be informed of the fire escape routes during induction.

6. ENVIRONMENTAL PROTECTION

The Group strictly abides by the Law of Environmental Protection of the People's Republic of China (《中華人民共和國環境保護法》and 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. Due to the outsourcing of production and logistics processes, the daily operation of the Group does not involve significant environmental impacts and resource consumption. Nevertheless, the Group insists on promoting environmental-friendly and sustainable office practices and habits. The Group has formulated the 6S Office Management System to create a more efficient, clean and environmental-friendly office environment for employees through the requirements of "Seiri (Sort), Seiton (Set in order), Seiso (Clean), Seiketsu (Standardise), Shitsuke (Maintain shared qualities) and Safety".

The Group is deeply concerned about the environmental protection and resource conservation during its day-to-day operations:

- **Energy**: The Group's energy consumption includes power usage at offices and fuel oil for motor vehicles. To reduce energy consumption, the Group encourages employees to cut consumption and reduce waste from the source to promote green office. The Group has formulated the Vehicle Use and Safety Management System of the Company to strengthen management over the use of vehicles, so as to improve vehicle efficiency. The Group strives to enhance the energy-saving awareness of its employees and minimise energy consumption by various means including putting up energy-saving signs.

- **Exhaust gas and greenhouse gases**: The Group's gas emissions are exhaust emissions from motor vehicles. Greenhouse gases emissions are mainly derived from direct greenhouse gases emissions (category I) caused by fuel combustion of motor vehicles and indirect energy discharges (category II) caused by purchase of electricity. The Group adopts various energy-saving methods to reduce exhaust gas and greenhouse gases emissions.

- **Water**: The Group's water usage mainly comes from domestic water in offices. The Group promotes water conservation at all levels through various means, including putting up water-saving signs in office premises and installing sensor faucets to improve water efficiency.

- **Wastewater**: The business operation of the Group does not involve the discharge of industrial wastewater. The domestic wastewater generated in office premises in daily operation is discharged into the municipal pipeline for standardised treatment.

- **Waste**: The waste generated during the Group's daily operations mainly includes non-hazardous wastes such as domestic waste, PCB waste and a small amount of hazardous waste such as toner cartridges and ink cartridges. Domestic waste is handed to municipal government for standardised treatment, while a small amount of scrap from PCB proofing are processed by qualified company and all cartridges are recycled by the suppliers.

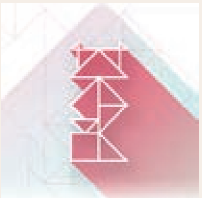
- **Others**: The Group implements electronic management on its members in replacement of physical card form for the issuance of electronic membership cards and electronic coupons to its members. The Group's latest visual identity ("VI") materials, including paper folders and card cases, are made of environmentally friendly paper materials. The Group requires its employees to print on both sides, print informal documents with recycled paper, and actively promote paperless office by encouraging employees to think twice before printing, so as to cultivate staff awareness of resource conservation.

7. ENGAGEMENT IN PUBLIC WELFARE

The Group cares deeply for the public welfare. Bearing in mind its corporate social responsibility and mission; it serves the community and reciprocate the society to its best with a positive attitude. In order to standardise the charity and public welfare activities of the Group, the Group has formulated the Charity and Public Welfare Activities Management System to carry out more forms of public welfare activities in line with the business features of the Group.

7.1 IMAGOKENTICS (想像力學實驗室)

Imagokentics is a non-profit making art centre founded in 2008 in response to JNBY Group's initiative. It is an organisation specialising in exploring new forms of arts, focusing on identifying and promoting innovative objects and establishing a platform for artists to share ideas and develop works. Upon the establishment, Imagokentics successively sponsored a number of cutting-edge art sites, projects and personal practices. At present, the ongoing projects (space) of Imagokentics include Delicacies of the Month (月食), Classroom (課堂) and Tea Club (茶部). In addition, we collaborate with artists with novel concepts. Over the past year, we have launched three art labs (8 Hz Hypnosis Laboratory (8赫茲催眠實驗室), Doom (不日歸) and Sensory Labs (感官造物實驗室)), the Great Maritime (大航海), cinema art projects and several exhibitions, and have accepted the invitations from ART021 Shanghai Contemporary Art Fair (上海021藝術博覽會) and the West Bund Art and Design Fair (西岸藝術博覽會) as one of the two non-profit making exhibitors.



The Tea Club is a new form of art experiment, creation, display and sales area. For every two months, we invite artists with similar brand design concepts to hold exhibitions at Imagokentics exhibition hall.

On the 20th of each month, we invite different artists to create an unprecedented menu of dishes in the Imagokentics kitchen, with 20 guests as tasters.

On the 29th of each month, we invite people from different industry backgrounds to select a passage from the mandatory education curriculum and explain in their own views and means. Participants can reserve seats online.

7.2 CHILD-CARE

The Group pays attention to the growth and development of children and carries out various caring activities.

- DONATIONS

At the end of 2016, the Group organised donations to the Baima Snow Mountain Tibetan School. After announcement, the event received enthusiastic responses from the staff, whom brought their clothes, quilts, books and toys at home to the Company to express their love. A total of 269 clothes, 50 books, 32 pairs of gloves and other protective clothing, 6 pairs of shoes and over 400 pieces of learning tools have been donated during the event.

- LIGHT UP THE LONELY STAR

During March 31 to April 10, 2017, the Group cooperated with the Autistic Children's Photography Program (自閉症兒童攝影計劃) to launch the "Light up the Lonely Star" event on the WeChat member platform. Photographic works from 40 kids with autism were selected for this event, a puzzle piece will be revealed for every 100 points donated or every purchase at McMore by a Wechat member. The Group will donate RMB20 for each revealed piece, and an additional RMB10,000 for over 1,000 participants. During the event period, the total number of participants was 2,000, and the accumulated charity fund was RMB50,000.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of JNBY Design Limited
(Incorporated in 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") set out on pages 56 to 88, which comprise:

- the consolidated balance sheet as at 30 June 2017;
- 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 a summary of significant accounting policies.

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 2017, 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 judgment, 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 note 16 "Inventories" and note 4 "Critical accounting estimates and judgments" to the consolidated financial statements. The Group's gross inventories balance as at 30 June 2017 was RMB744 million, against which an impairment provision of RMB174 million was made. Inventories are stated at the lower of cost and net realisable value. Management developed a model to assess the required amount of impairment of inventory provision as at each period end, which involves significant management judgment on determination of the estimated residual value of the inventory based on the Group's marketing and retail pricing strategy, sales forecast of each product collection with reference to the historical pattern, and the price markdown necessary to sell off-season products at certain stage of the product lifecycle based on the general historical pattern on a season-by-season basis.	Our audit procedures relating to assessment of management's estimate of impairment provision of inventory are as follows: We obtained the inventory provision model from management and discussed with them the rationale and the bases and assumptions used by management in developing such model. We discussed with management the general pattern of the Company's product lifecycle, and understood and checked the pricing policy at each stage of the product lifecycle by making reference to historical pricing policy adopted in the past at different stages of the product lifecycle of the inventory. We understood and validated management's process and key controls in determining the key parameters affecting the results of the model, e.g. actual sales volume at each stage of the product lifecycle, total production amount, proper recording of individual products in the right production season and the price markdowns necessary to sell any off-season products on a season-by-season basis.

Key Audit Matter	How our audit addressed the Key Audit Matter
Management also performed regular check on the physical conditions of inventories and made provision for those damaged inventories at the balance sheet date. We focused on this area because of the significant judgements exercised by management in determining an appropriate level of inventory provisions.	We assessed the reasonableness of the key assumptions applied to estimate the impairment provision by: (1) evaluating the general deviation of management's estimate of sales ratio by comparing the sales forecast made by management in prior years against the actual sales amount; (2) inquiring management and other relevant employees other than the Company's finance team on whether there was any unexpected changes in plans for price markdowns or disposals of off-season inventories; and (3) assessing the reasonableness of the future sales projection made by management by comparing to the actual sales for the past seasons on a season-by-season basis. We tested the mathematical accuracy of the inventory impairment provision model as well as the total of the impairment provision at the balance sheet date. We observed the physical conditions of the Company's inventories during the year-end inventory count by management to identify any slow moving, damaged, or obsolete inventories, and compared with management inventory count results and followed up on the management assessment and inclusion of provision on such damaged inventories in the total provision. Based on the results of the procedures above, we found that management's judgements in estimating the impairment provision of the inventory as at 30 June 2017 were supportable by the available evidences.

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 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 judgment 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, related safeguards.

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 Leung Po Wah, Pauline.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 30 August 2017

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(All amounts in RMB unless otherwise stated)

	Note	Year ended 30 June 2017 RMB'000	2016 RMB'000
Revenue	5	2,332,290	1,902,642
Cost of sales	6	(857,682)	(712,183)
Gross profit		1,474,608	1,190,459
Selling and marketing expenses	6	(859,115)	(712,381)
Administrative expenses	6	(197,606)	(157,409)
Other income and gains, net	7	41,749	22,335
Operating profit		459,636	343,004
Finance income	9	9,840	1,437
Finance costs	9	(1,016)	(2,535)
Finance income/(costs), net		8,824	(1,098)
Profit before income tax		468,460	341,906
Income tax expense	10	(136,888)	(102,570)
Profit for the year		331,572	239,336
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences		(1,260)	1,965
Total comprehensive income for the year		330,312	241,301
Profit attributable to:			
Shareholders of the Company		331,572	239,336
Total comprehensive income attributable to:			
Shareholders of the Company		330,312	241,301
Earnings per share (expressed in RMB per share)			
– Basic	11	0.71	0.62
– Diluted	11	0.70	0.61

The notes on pages 60 to 88 are an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET

(All amounts in RMB unless otherwise stated)

	Note	As at 30 June 2017 RMB'000	2016 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	13	58,577	33,649
Land use rights	14	49,354	50,386
Intangible assets	15	6,643	5,003
Prepayments, deposits and other receivables	18	5,967	5,795
Deferred income tax assets	27	88,274	61,505
Total non-current assets		208,815	156,338
Current assets			
Inventories	16	569,550	438,686
Trade receivables	17	83,406	77,801
Prepayments, deposits and other receivables	18	223,824	132,486
Amounts due from related parties	30(b)	10,205	14,008
Available-for-sale financial assets	19	130,597	–
Term deposits with initial term over 3 months	20	203,251	–
Restricted cash	21	1,000	7,671
Cash and cash equivalents	21	494,334	167,523
Total current assets		1,716,167	838,175
Total assets		1,924,982	994,513
EQUITY			
Equity attributable to Shareholders of the Company			
Share capital	22	4,622	16
Shares held for restricted share units ("RSU") Scheme	22	(66)	–
Share premium	22	639,003	–
Other reserves	23	131,229	96,984
Retained earnings		482,451	190,942
Total equity		1,257,239	287,942
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities	27	13,449	8,500
Current liabilities			
Trade and bills payables	25	151,067	110,663
Deferred revenue		26,386	14,090
Accruals and other current liabilities	26	460,578	327,519
Amounts due to related parties	30(b)	8,131	9,294
Current income tax liabilities		8,132	6,505
Dividend payables	12	–	230,000
Total current liabilities		654,294	698,071
Total liabilities		667,743	706,571
Total equity and liabilities		1,924,982	994,513

The notes on pages 60 to 88 are an integral part of these consolidated financial statements.

The financial statements on pages 56 to 59 were approved by the board of directors on 30 August 2017 and were signed on its behalf.

Director　　　　Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(All amounts in RMB unless otherwise stated)

		Attributable to shareholders of the Company					
	Note	Share capital	Share Premium	Shares held for RSU Scheme	Other reserves	Retained earnings	Total equity
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 July 2015		16	–	–	54,614	444,824	499,454
Comprehensive income							
Profit for the year		–	–	–	–	239,336	239,336
Other comprehensive income:							
Currency translation differences		–	–	–	1,965	–	1,965
Total comprehensive income		–	–	–	1,965	239,336	241,301
Transactions with shareholders							
Profit appropriations to statutory reserves	23(a)	–	–	–	29,447	(29,447)	–
Share-based compensation	24	–	–	–	10,958	–	10,958
Dividend		–	–	–	–	(463,771)	(463,771)
Total transactions with shareholders		–	–	–	40,405	(493,218)	(452,813)
Balance at 30 June 2016		16	–	–	96,984	190,942	287,942
Balance at 1 July 2016		16	–	–	96,984	190,942	287,942
Comprehensive income							
Profit for the year		–	–	–	–	331,572	331,572
Other comprehensive income:							
Currency translation differences		–	–	–	(1,260)	–	(1,260)
Total comprehensive income		–	–	–	(1,260)	331,572	330,312
Transactions with shareholders							
Profit appropriations to statutory reserves	23(a)	–	–	–	40,063	(40,063)	–
Share-based compensation	24	–	–	–	5,960	–	5,960
Issuance of ordinary shares	22	4,606	628,514	(95)	–	–	633,025
Vest and transfer of RSUs	22	–	10,489	29	(10,518)	–	–
Total transactions with shareholders		4,606	639,003	(66)	35,505	(40,063)	638,985
Balance at 30 June 2017		4,622	639,003	(66)	131,229	482,451	1,257,239

The notes on pages 60 to 88 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

(All amounts in RMB unless otherwise stated)

	Note	Year ended 30 June 2017 RMB'000	2016 RMB'000
Cash flows from operating activities			
Cash generated from operations	28	447,701	432,930
Income tax paid		(157,081)	(135,744)
Net cash generated from operating activities		290,620	297,186
Cash flows from investing activities			
Purchase of land use rights		–	(27,892)
Purchase of property, plant and equipment		(54,108)	(33,450)
Purchase of intangible assets		(2,378)	(1,195)
Proceeds from disposals of property, plant and equipment		836	1,701
Repayments of loans received from a related party		–	145,000
Cash designated for restriction		(31,143)	(15,359)
Cash released from restriction		37,814	12,002
Income received from structured investment products		899	538
Interest received		4,807	28,791
Payment of term deposits with initial term of over 3 months		(746,540)	–
Proceeds from disposal of term deposits with initial term of over 3 months		532,856	–
Payment of available-for-sale financial assets		(220,000)	(180,000)
Proceeds from disposal of available-for-sale financial assets		90,000	180,000
Net cash (used in)/generated from investing activities		(386,957)	110,136
Cash flows from financing activities			
Proceeds from issuance of ordinary shares		647,614	–
Proceeds from bank borrowings		100,000	25,115
Repayments of bank borrowings		(100,000)	(152,375)
Repayments of borrowings from the controlling shareholders of the Company		–	(30,720)
Interest paid		(1,016)	(2,751)
Dividends paid	12	(230,000)	(233,771)
Payment to non-controlling interests for liquidation of a subsidiary		–	(487)
Net cash generated from/(used in) financing activities		416,598	(394,989)
Net increase in cash and cash equivalents		320,261	12,333
Cash and cash equivalents at beginning of the year	21	167,523	154,981
Exchange gains on cash and cash equivalents		6,550	209
Cash and cash equivalents at end of the year	21	494,334	167,523

The notes on pages 60 to 88 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2017
(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 on 8 June 2016, the Company changed its name from Croquis Investment Limited to the present one.

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

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

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 of directors (the "Board") on 30 August 2017.

The Company's subsidiaries are companies with limited liabilities, details of which as at 30 June 2017 are set out in below table:

Name of Company	Place of incorporation and operation/date of incorporation	Issued and paid up capital	Attributable equity interest of the Group	Principal activities
Directly owned				
Croquis Holdings Limited	BVI/14 December 2012	US$1,000	100%	Investment holding
Indirectly owned				
Grand Vantage (China) Limited	Hong Kong/24 March 2011	HK$140,000,000	100%	Investment holding and sales of apparel and accessory products
Hangzhou Liancheng Huazhuo Industrial Co., Ltd.	The PRC/19 October 2012	US$35,000,000	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%	Overseas sales of apparel and accessory products
JNBY Finery Co., Ltd.	The PRC/21 June 2011	US$10,000,000	100%	Design and sales of apparel and accessory products
Hangzhou Woquan Finery Co., Ltd.	The PRC/3 September 2012	RMB2,000,000	100%	Retail of apparel and accessory products
Guangzhou JNBY Finery Co., Ltd.	The PRC/24 July 2012	RMB1,000,000	100%	Retail of apparel and accessory products
JNBY (Tianjin) Finery Co., Ltd.	The PRC/13 August 2012	RMB1,000,000	100%	Retail of apparel and accessory products
JNBY Finery Hefei Co., Ltd.	The PRC/4 July 2012	RMB2,000,000	100%	Retail of apparel and accessory products
Shenyang JNBY Finery Co., Ltd.	The PRC/13 August 2012	RMB6,000,000	100%	Retail of apparel and accessory products
Changsha JNBY Finery Co., Ltd.	The PRC/13 September 2012	RMB1,000,000	100%	Retail of apparel and accessory products
JNBY Finery (Beijing) Co., Ltd.	The PRC/18 October 2012	RMB2,000,000	100%	Retail of apparel and accessory products
Chongqing Croquis Finery Sales Co., Ltd.	The PRC/9 August 2012	RMB1,000,000	100%	Retail of apparel and accessory products
Wuhan Grand Vantage Croquis Finery Sales Co., Ltd.	The PRC/12 September 2012	RMB1,000,000	100%	Retail of apparel and accessory products
Xi'an JNBY Finery Sales Co., Ltd.	The PRC/16 February 2013	RMB1,010,000	100%	Retail of apparel and accessory products
Zhengzhou JNBY Finery Sales Co., Ltd.	The PRC/28 September 2012	RMB1,000,000	100%	Retail of apparel and accessory products
Ningbo JNBY Finery Sales Co., Ltd.	The PRC/12 April 2013	RMB2,000,000	100%	Retail of apparel and accessory products
JNBY Finery (Wuxi) Sales Co., Ltd.	The PRC/27 May 2013	RMB1,000,000	100%	Retail of apparel and accessory products
Qingdao Huazhuo Finery Sales Co., Ltd.	The PRC/7 June 2013	RMB1,500,000	100%	Retail of apparel and accessory products
Shanghai Huazhuo Finery Sales Co., Ltd.	The PRC/1 July 2013	RMB1,000,000	100%	Retail of apparel and accessory products
Taiyuan JNBY Finery Co., Ltd.	The PRC/31 July 2015	RMB500,000	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 has been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by HKICPA as set out below. The consolidated financial statements has been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets.

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

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 2016:

- HKFRS 14 "Regulatory Deferral Accounts"
- Amendment to HKFRS 11 on accounting for acquisitions of interests in joint operations
- Amendments to HKAS 16 and HKAS 38 on clarification of acceptable methods of depreciation and amortisation
- Amendments to HKAS 16 and HKAS 41 on Agriculture: bearer plants
- Amendment to HKAS 27 on equity method in separate financial statements
- Annual improvements 2014
- Amendments to HKFRS 10, HKFRS 12 and HKAS 28 on investment entities: applying the consolidation exception
- Amendments to HKAS 1 for the disclosure initiative

The adoption of these amendments did not have any impact on the current period or any prior period and is not likely to affect future periods.

(b) New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 July 2016 and have not been applied in preparing this consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except for the following as set out below:

HKFRS 9, 'Financial instruments'

The new standard addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. While the Group has yet to undertake a detailed assessment of the classification and measurement of financial assets, debt instruments currently classified as available-for-sale (AFS) financial assets would appear to satisfy the conditions for classification as at fair value through other comprehensive income (FVOCI) and hence there will be no change to the accounting for these assets. There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The derecognition rules have been transferred from HKAS 39 Financial Instruments: Recognition and Measurement and have not been changed. The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under HKAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI, contract assets under HKFRS 15 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts. While the Group has not yet undertaken a detailed assessment of how its impairment provisions would be affected by the new model, it may result in an earlier recognition of credit losses. The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Group is yet to assess HKFRS 9's full impact. The Group does not intend to adopt HKFRS 9 before its mandatory date.

HKFRS 15, 'Revenue from contracts with customers'

The HKICPA has issued a new standard for the recognition of revenue. This will replace HKAS 18 which covers contracts for goods and services and HKAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption. The Group is currently assessing the impacts of adopting HKFRS 15 on its financial statements. Based on the preliminary assessment, the Group has identified the following area which is likely to be affected:

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 BASIS OF PREPARATION (Continued)

(b) New standards and interpretations not yet adopted (Continued)

Sales with a right of return

HKFRS 15 requires separate presentation on the balance sheet of the right to recover the goods from the customer and the refund obligation. Currently when the customers are allowed to return the products, the Group estimates the level of returns and makes an adjustment against revenue and cost of sales. The Group expects that the adoption of HKFRS 15 will not materially affect how the Group recognises revenue and cost of sales when the customers have a right of return. However, the new requirement to recognise separately a return asset for the products expected to be returned will impact the presentation in the consolidated statement of financial position as the Group currently adjusts the carrying amounts of inventory for the expected returns, instead of recognising a separate asset.

The Group is assessing the impact of HKFRS 15. HKFRS 15 is mandatory for financial years commencing on or after 1 January 2018. At this stage, the Group does not intend to adopt the standard before its effective date.

HKFRS 16, 'Leases'

Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of RMB291,406,000 (Note 29). However, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the group's profit and classification of cash flows. Some of the commitments may be covered by the exception for short-term and low value leases and some commitments may relate to arrangements that will not qualify as leases under HKFRS 16. The Group is assessing the impact of HKFRS 16. The new standard is mandatory for financial years commencing on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date.

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.

(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 on the basis of 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 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 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'.

Translation differences on non-monetary financial 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. Translation differences on non-monetary financial assets, such as equities classified as available for sale, are included 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.

2.5 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	3-5 years
Motor vehicles	5 years

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

Construction in progress represents buildings under construction 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.

2.6 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 INTANGIBLE ASSETS

Computer Software

Acquired computer software programmes are shown at historical cost less accumulated amortisation and accumulated impairment if any. Acquired computer software programmes 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.

2.8 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.

2.9 FINANCIAL ASSETS

2.9.1 Classification

The Group classifies its financial assets in the following categories: loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise 'trade receivables', 'prepayments, deposits and other receivables', 'amounts due from related parties', 'term deposits with initial term over 3 months' 'restricted cash' and 'cash and cash equivalents' in the balance sheet (Note 2.13 and 2.14).

(b) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

2.9.2 Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the consolidated statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the consolidated statement of comprehensive income as part of other income. Dividends on available-for-sale equity instruments are recognised in the consolidated statement of comprehensive income as part of other income when the Group's right to receive payments is established.

2.10 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 IMPAIRMENT OF FINANCIAL ASSETS

(a) Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated statement of comprehensive income. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated statement of comprehensive income.

(b) Assets classified as available for sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

For debt securities, if any such evidence exists the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is reclassified from equity and recognised in profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment was recognised in profit or loss, the impairment loss is reversed through the consolidated statement of comprehensive income.

For equity investments, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is reclassified from equity and recognised in profit or loss. Impairment losses recognised in the consolidated statement of comprehensive income on equity instruments are not reversed through the consolidated statement of comprehensive income.

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 2.9 for further information about the Group's accounting for trade receivables and Note 2.11 for description of the Group's impairment policies.

2.14 CASH AND CASH EQUIVALENTS

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

2.15 SHARE CAPITAL

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.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 CURRENT AND DEFERRED INCOME TAX

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current income tax

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

(b) Deferred income tax

Inside basis differences

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

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

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 income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.18 EMPLOYEE BENEFITS

(a) 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.

(b) 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 are recognised as employee benefit expense when they are due.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 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.

The proceeds received net of any directly attributable transaction costs are credited to share capital and share premium.

(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.

2.20 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 the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the consolidated financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

2.21 REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below. The Group bases its estimates of return on historical results, taking into consideration the type of customers, the type of transactions and the specifics of each arrangement.

(a) Sales of goods – distributors

A significant part of the Group's products are sold to distributors, which have discretion over both price and distribution methods for products to be sold in their designated geographical areas.

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 the distributor, the risks of obsolescence and loss have been transferred to the distributors, and acceptance by distributors occurs. Acceptance refers to either of the situations that distributors accept the goods 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. Distributors are also offered with right of return within the limit as agreed in the sales contracts. Revenue is adjusted for estimated rebates and expected returns based on historical pattern.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 REVENUE RECOGNITION (Continued)

(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 Group can reasonably estimate the acceptance by end customers. For offline retail sales, acceptance by end customers is estimated based on historical experience on product returns. 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 operates a loyalty programme where customers accumulate points for purchases made which entitle them to discounts on future purchases. The reward points are recognised as a separately identifiable component of the initial sale transaction by allocating the fair value of the consideration received between the award points and the other components of the sale such that the reward points are initially recognised as deferred revenue at their fair value. Revenue from the reward points is recognised when the points are redeemed or expired.

2.22 INTEREST INCOME

Interest income is recognised on a time-proportion basis using the effective interest method.

2.23 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.

Government grants relating to costs are deferred and recognised in the consolidated statement of comprehensive income over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to property, plant and equipment and land use rights are included in liabilities as other non-current liabilities and are credited to the consolidated statement of comprehensive income on a straight-line basis over the expected lives of the related assets.

2.24 OPERATING LEASES

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated statement of comprehensive income on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

2.25 DIVIDEND DISTRIBUTIONS

Dividends distributed to the Company's shareholders is recognised as a liability in the Group's and the Company's consolidated financial statements in the year in which the dividend distributions are approved by the Company's shareholders or directors, where appropriate.

3. FINANCIAL RISK MANAGEMENT

3.1 FINANCIAL RISK FACTORS

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and fair value interest rate 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

The functional currencies of most of the Company's subsidiaries are RMB as majority of the revenues of these companies are derived from operations in the PRC. The Group is exposed to foreign currency risks with respect to foreign currency denominated financial assets as at 30 June 2017. The Group does not hedge against any fluctuation in foreign currency. Details of the Group's trade receivables, term deposits with initial term over 3 months, and cash and cash equivalents as at 30 June 2017, which are denominated in currencies other than RMB, are disclosed in Notes 17, 20 and 21 respectively.

As at 30 June 2017, if RMB had strengthened/weakened by 5% against US$ with all other variables held constant, the pre-tax profit for the year ended 30 June 2017 would have been RMB2,305,000 (30 June 2016: RMB8,000) lower/higher, mainly as a result of foreign exchange losses/gains on translation of US$ dominated trade receivables, term deposits with initial term over 3 months, and cash and cash equivalents.

(ii) Cash flow and fair value interest rate risk

The Group's interest rate risk mainly arises from the structured deposits held by the Group and classified as available for sale, the term deposits with initial term over 3 months held by the Group.

The sensitivity analysis is determined based on the exposure to interest risk of available for sale financial assets and term deposits with initial term over 3 months at the end of each reporting period. If the interest rate of the respective instruments held by the Group had increased/decreased by 10%, the profit before income tax would increase/decrease by RMB259,000 for the year ended 30 June 2017 (2016: Nil).

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 FINANCIAL RISK FACTORS (CONTINUED)

(b) Credit risk

Credit risk is managed on a group basis. Credit risk arises from restricted cash, cash and cash equivalents, available-for-sale financial assets, and term deposits with initial term over 3 months with banks, as well as credit exposures to customers, including outstanding receivables.

As at 30 June 2017, most of the Group's restricted cash, cash and cash equivalents, available-for-sale financial assets, and term deposits with initial term over 3 months were deposited in the major financial institutions in the PRC with good credit rating. The Group categorises its major counterparties into the following groups:

Group 1 – Top 4 banks in the PRC (China Construction Bank, Bank of China, Agricultural Bank of China, and Industrial and Commercial Bank of China), China Construction Bank (Asia) and Citi Bank in Hong Kong;

Group 2 – Other major listed banks and regional banks in the PRC; and

Group 3 – Other banks and financial institutions.

As at 30 June **Category**	**2017** RMB'000	**2016** RMB'000
Group 1	42,592	113,871
Group 2	785,551	60,513
Group 3	–	–
	828,143	174,384

For sales to distributors, deposits and advances are received in most cases before delivery is made. For other customers with credit terms granted, the Group has policies in place to ensure credit terms are only granted to customers with an appropriate credit history and the Group performs periodic credit evaluations of these customers, taking into account their financial position, past experience and other factors. Normally the Group does not require collaterals from trade debtors. Provisions are made for the balance past due when management considers the loss from non-performance by the customers is likely. Sales to customers on internet are settled by third-party online payment platforms.

(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 businesses, 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 2017		
Trade payables	147,915	1,152
Amounts due to related parties	8,131	–
Accruals and other current liabilities	163,013	–
	319,059	1,152
As at 30 June 2016		
Dividend payables	230,000	–
Trade payables	94,387	935
Amounts due to related parties	9,294	–
Accruals and other current liabilities	124,053	–
	457,734	935

3.2 CAPITAL MANAGEMENT

The Group's primary objectives when managing capital are 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 directors of the Company consider the cost of capital and the risks associated with the issued share capital. The Group may adjust the amount of dividends paid to shareholders, return capital to shareholders and issue new shares.

In the opinion of the directors of the Company, the Group's capital risk is low.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 FAIR VALUE ESTIMATION

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).

The following table presents the Group's assets that are measured at fair value as at 30 June 2017.

	Level 1	**Level 2**	**Level 3**	**Total**
	RMB'000	RMB'000	RMB'000	RMB'000
Available-for-sale financial assets	–	–	130,597	130,597

As at 30 June 2017, the Group had no liabilities that are measured at fair value. As at 30 June 2016, the Group did not have any financial instruments that are measured in the consolidated balance sheet at fair value.

(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 available-for-sale.

(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.

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

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

(c) Financial instruments in level 3

The following table presents the changes in level 3 instruments for the year ended 30 June 2017.

	Available-for-sale financial assets
	RMB'000
Opening balance	–
Additions	220,000
Disposals of available-for-sale financial assets	(90,000)
Investment interest income recognized in consolidated statement of comprehensive income under 'other gains, net'	597
Closing balance	130,597

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 realizable value of the inventories as well as the required amount of impairment of inventory provision at each balance sheet date, which involves significant judgment on determination of the estimated residual value of the inventory based on the Group's marketing and retail pricing strategy, sales forecast of each product collection, and the price markdown necessary to sell off-season products at certain stage of the product lifecycle based on the general historical pattern on a season-by-season basis. 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 manufacturing and selling products of similar nature, which are reassessed at each balance sheet date as they could change significantly as a result of changes in customer taste and competitor actions in response to severe industry cycle.

(b) Income taxes and deferred income tax

The Group is subject to income taxes in a number of jurisdictions. Significant judgement is required in determining the provision for income taxes in various jurisdictions. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences and tax losses are recognised when management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. When the expectation is different from the original estimate, such differences will impact the recognition of deferred income tax assets and taxation charges in the period in which such estimate is changed.

(c) 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. The Group 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, world fashion trend, and disposable income level of specific geographical areas.

(d) Volume rebates

The Group offers volume rebates to distributors as agreed in the sales contracts. Revenue is adjusted for estimated rebates in the respective period. Rebates are offered to certain distributors upon reaching minimum sales thresholds for a specified period or based on certain percentage of sales volume. Volume rebates are reasonably estimated based on the Group's past experience and sales forecasts.

(e) 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 deferred revenue as members accumulate points on the consideration of the proportion of vouchers expected to be redeemed. When members redeem awards, the accrued liability is reduced correspondingly.

(f) Fair value of share-based compensation expenses

As mentioned in Note 2.19, the Group awarded RSUs under the scheme to eligible senior management and employees, and used the fair value of underlying ordinary shares to determine the total fair value of the RSUs awarded.

The fair values of RSUs granted are measured on the respective grant dates based on the fair value of the underlying shares. In addition, the Group is required to estimate the expected percentage of grantees that will remain in employment with the Group. The Group only recognises an expense for those RSUs expected to vest over the vesting period during which the grantees become unconditionally entitled to these share-based awards. Changes in these estimates and assumptions could have a material effect on the determination of the fair value of the RSUs and the amount of such share-based awards expected to become vested, which may in turn significantly impact the determination of the share-based compensation expenses.

The fair value of the RSUs at the time of grant is to be expensed over the vesting period of these share-based awards based on an accelerated graded attribution approach. Under the accelerated graded attribution approach, each vesting installment of a graded vesting award is treated as a separate share-based award, which means that each vesting installment will be separately measured and attributed to expense, resulting in accelerated recognition of share-based compensation expenses.

Based on the fair value of the share-based awards, the expected turnover rate of grantees and the probability that the performance conditions for vesting would be met, the corresponding share-based compensation expenses recognised by the Group in respect of their services rendered for the year ended 30 June 2017 is RMB5,960,000 (2016:RMB10,958,000).

5. SEGMENT INFORMATION

The Group operates as four operating segments. The operating segments are reported in a manner consistent with the internal reporting provided to the CODM.

The Group is principally engaged in designing, marketing and selling apparel, accessory products and household goods. Over 99% of its revenue are derived in the PRC during the years presented.

Management has determined the operating segments based on the information reviewed by the executive directors for the purposes of allocating resources and assessing performance. The executive directors consider the business from both a geographic and product perspective. Geographically, the executive directors considers the performance in the PRC and overseas. From a product perspective, the executive directors separately considers the product lines for women, men, children and teenagers, and household goods in these geographies. Management assesses the performance of the operating segments based on operating profit.

	For the year ended 30 June 2017				
	Women	**Men**	**Children and teenagers**	**Household goods**	**Total**
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue					
The PRC	1,522,135	486,476	304,768	1,635	2,315,014
Overseas	13,043	2,364	1,869	–	17,276
Revenue from external customers	1,535,178	488,840	306,637	1,635	2,332,290
Segment gross profit/(loss)	967,486	330,916	177,483	(1,277)	1,474,608
Segment operating profit/(loss)	448,790	159,372	42,728	(8,224)	642,666
Unallocated expense					(224,779)
Other income and gains, net					41,749
Total operating profit					459,636

	For the year ended 30 June 2016				
	Women	**Men**	**Children and teenagers**	**Household goods**	**Total**
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue					
The PRC	1,305,845	378,112	202,503	–	1,886,460
Overseas	14,450	1,483	249	–	16,182
Revenue from external customers	1,320,295	379,595	202,752	–	1,902,642
Segment gross profit	806,416	259,396	124,647	–	1,190,459
Segment operating profit	347,335	117,156	43,782	–	508,273
Unallocated expense					(187,604)
Other income and gains, net					22,335
Total operating profit					343,004

6. EXPENSES BY NATURE

	Year ended 30 June	
	2017	**2016**
	RMB'000	RMB'000
Raw materials consumed and consumable used	974,910	728,211
Changes in inventories of finished goods and commissioned processing materials (Note 16)	(225,366)	(89,704)
Workforce contracting expenses	220,729	159,413
Operating lease rental	204,947	180,049
Concession fees payable to department stores and shopping malls	164,516	133,160
Employee benefit expenses (including share-based compensation expenses) (Note 8)	162,531	136,872
Promotion and marketing expense	97,914	65,019
Provision for write-downs of inventories to net realisable value (Note 16)	84,770	51,093
Transportation and warehouse expense	40,951	28,649
Depreciation and amortisation (Note 13, 14 &15)	33,800	30,308
Utilities charges and office expenses	33,478	30,623
Stamp duty, property tax and other surcharges	23,422	25,666
Apparel design fee	19,104	9,514
Listing expense	17,204	13,783
Commission expenses to online platforms	16,929	13,515
Entertainment and travelling expenses	14,193	11,698
Other professional service expenses	11,650	6,670
Auditors' remuneration	4,828	2,265
– Assurance service	4,072	1,740
– Non-assurance services	756	525
Provision for trade receivable (Note 17)	1,969	838
Store management fees	1,587	36,401
Others	10,337	7,930
Total cost of sales, selling and marketing expenses and administrative expenses	1,914,403	1,581,973

7. OTHER INCOME AND GAINS, NET

	Year ended 30 June	
	2017	**2016**
	RMB'000	RMB'000
Government grants (i)	40,300	22,726
Investment income (ii)	1,496	538
Foreign exchange losses	(1,641)	(238)
Losses on disposal of property, plant and equipment	(26)	(165)
Interest income of loans to a related party (Note 30(a))	–	5,553
Provision for loss in association with idle land	–	(6,915)
Others	1,620	836
	41,749	22,335

(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 incomes.

(ii) Investment income represent primarily interest income gained from Group's investment on available-for-sale financial assets (Note 19).

8. EMPLOYEE BENEFIT EXPENSES

	Year ended 30 June	
	2017	2016
	RMB'000	RMB'000
Salaries, bonus and other welfares	141,948	113,186
Social security insurances (a)	10,349	9,253
Housing Fund	4,274	3,475
Share-based compensation (Note 24)	5,960	10,958
	162,531	136,872

(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.

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year included two (2016: two) directors whose emoluments are reflected in the analysis presented in Note 33. The emoluments paid and payable to the remaining three individuals were as follows:

	Year ended 30 June	
	2017	2016
	RMB'000	RMB'000
Basic salaries and allowances	2,214	1,859
Discretionary bonuses	5,773	4,962
Social security insurance	228	212
Share-based compensation	1,133	2,231
	9,348	9,264

The emoluments of the remaining three highest paid individuals fell within the following bands:

	Year ended 30 June	
	2017	2016
Emolument band:		
RMB2,000,000 to RMB3,000,000	2	2
RMB3,000,000 to RMB4,000,000	–	1
RMB4,000,000 to RMB5,000,000	1	–
	3	3

9. FINANCE INCOME/(COSTS), NET

	Year ended 30 June	
	2017	2016
	RMB'000	RMB'000
Finance income		
Interest income on cash and cash equivalents, restricted cash and term deposits with initial term over 3 months	7,237	1,437
Net foreign exchange gains on financing activities	2,603	–
	9,840	1,437
Finance costs		
Interest expenses on bank borrowings	(1,016)	(2,535)
Finance income/(costs), net	8,824	(1,098)

10. TAX EXPENSE

(a) INCOME TAX EXPENSE

The income tax expense of the Group for the years ended 30 June 2017 and 2016 are analysed as follows:

	Year ended 30 June	
	2017	**2016**
	RMB'000	RMB'000
Current income tax expense		
– Enterprise income tax expense	150,208	112,220
Deferred income tax expense (Note 27)	(13,320)	(9,650)
	136,888	102,570

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	
	2017	**2016**
	RMB'000	RMB'000
Profit before income tax	468,460	341,906
Tax calculated at domestic tax rate applicable to profits in PRC (25%)	117,115	85,477
Effect of difference between Hong Kong income tax rate and domestic tax rate	1,124	571
PRC withholding income tax on dividends (Note 27)	13,449	11,653
Tax losses for which no deferred income tax asset was recognised	452	750
Write-off of deferred income tax asset recognised in prior years	635	–
Effect of tax preferential enterprise income tax rate	–	(8)
Expenses not deductible for tax purpose		
– Share based compensation	1,490	2,739
– Other permanent difference	2,623	1,388
Income tax expense	136,888	102,570
Effective tax rate	29.22%	30.00%

(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

Enterprises incorporated in Hong Kong are subject to profits tax rates of 16.5% 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 2017 and 2016.

(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) Tax effect of the preferential rate

During the year ended 30 June 2017, no tax reductions and exemptions were granted to the subsidiaries of the Company in the PRC. For the year ended June 30, 2016, certain subsidiaries of the Group enjoyed preferential income tax rates as qualified small and thin-profit, and have obtained approvals from the relevant tax authorities in the PRC.

(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 approved by the State Administration of Taxation (the 'SAT'), JNBY Finery Co., Ltd. and Hangzhou Liancheng Huazhuo Industrial Co., Ltd. meet conditions or requirements stated in the Circular on the Non-residence Enterprise's Tax Treaty Under Double Taxation Agreement (Guoshui No.124, 2009) issued by the SAT. Hence, the relevant withholding tax accrued and paid was reduced from 10% to 5% of the total dividends distributed by JNBY Finery Co., Ltd. and Hangzhou Liancheng Huazhuo Industrial Co., Ltd.

(b) VALUE-ADDED TAX ("VAT")

The Group's revenues are subject to output VAT generally calculated at 17% or 3% of the selling prices pursuant to different circumstances. Input credit relating to input VAT paid on purchases can be used to offset the output VAT.

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	
	2017	**2016**
	RMB'000	RMB'000
Profit attributable to shareholders of the Company	331,572	239,336
Weighted average number of ordinary shares in issue* excluding shares held under the RSU scheme in issue (thousands of shares)	466,432	388,064
Basic earnings per share (expressed in RMB per share)	0.71	0.62

(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	
	2017	**2016**
	RMB'000	RMB'000
Profit attributable to shareholders of the Company	331,572	239,336
Weighted average number of ordinary shares in issue* excluding shares held under the RSU scheme in issue (thousands of shares)	466,432	388,064
Adjustments for share based compensation – RSUs (thousands of shares)	7,230	6,352
Weighted average number of ordinary shares for the calculation of diluted EPS	473,662	394,416
Diluted earnings per share (expressed in RMB per share)	0.70	0.61

* The weighted average number of ordinary shares for the purpose of basic earnings per share for the years presented has been retrospectively adjusted for the effects of the capitalisation of the ordinary shares which took place on 31 October 2016 (Note 22).

12. DIVIDENDS

A dividend of RMB230,000,000 that relates to the year ended 30 June 2016 was paid during the year ended 30 June 2017. A dividend in respect of the year ended 30 June 2017 of RMB0.4794 per share, totaling approximately RMB248,680,000, is to be proposed at the annual general meeting on 20 October 2017. These financial statements do not reflect this dividend payable.

13. PROPERTY, PLANT AND EQUIPMENT

	Office equipment and others	Machinery	Motor vehicles	Leasehold improvements	Construction -in-progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 30 June 2016						
Opening net book value	5,820	1,490	2,382	16,148	1,380	27,220
Additions	4,219	675	514	31,415	574	37,397
Depreciation	(3,384)	(107)	(836)	(24,775)	–	(29,102)
Disposals	(474)	(160)	(97)	(1,135)	–	(1,866)
Closing net book value	6,181	1,898	1,963	21,653	1,954	33,649
As at 30 June 2016						
Cost	17,722	2,309	4,713	92,871	1,954	119,569
Accumulated depreciation	(11,541)	(411)	(2,750)	(71,218)	–	(85,920)
Net book value	6,181	1,898	1,963	21,653	1,954	33,649
Year ended 30 June 2017						
Opening net book value	6,181	1,898	1,963	21,653	1,954	33,649
Additions	4,552	5,091	103	34,575	13,499	57,820
Depreciation	(2,697)	(241)	(745)	(28,347)	–	(32,030)
Disposals	(74)	–	–	(788)	–	(862)
Closing net book value	7,962	6,748	1,321	27,093	15,453	58,577
As at 30 June 2017						
Cost	22,021	7,400	4,816	119,402	15,453	169,092
Accumulated depreciation	(14,059)	(652)	(3,495)	(92,309)	–	(110,515)
Net book value	7,962	6,748	1,321	27,093	15,453	58,577

Depreciation expenses have been charged to the consolidated statement of comprehensive income as follows:

	Year ended 30 June	
	2017	2016
	RMB'000	RMB'000
Selling and marketing expenses	28,898	26,064
Administrative expenses	3,132	3,038
	32,030	29,102

14. LAND USE RIGHTS

	Year ended 30 June	
	2017	2016
	RMB'000	RMB'000
Opening net book value	50,386	23,109
Addition	–	27,892
Amortisation charges	(1,032)	(615)
Closing net book value	49,354	50,386

The Group's land use rights are located in Hangzhou, the PRC, and with an original lease period of 50 years.

Amortisation of land use rights has been charged to the consolidated statement of comprehensive income as follows:

	Year ended 30 June	
	2017	2016
	RMB'000	RMB'000
Administrative expenses	1,032	615

15. INTANGIBLE ASSETS

	Computer software
	RMB'000
Year ended 30 June 2016	
Opening net book value	4,399
Additions	1,195
Amortisation charge	(591)
Closing net book value	5,003
As at 30 June 2016	
Cost	6,636
Accumulated amortisation	(1,633)
Net book value	5,003
Year ended 30 June 2017	
Opening net book value	5,003
Additions	2,378
Amortisation charge	(738)
Closing net book value	6,643
As at 30 June 2017	
Cost	9,014
Accumulated amortisation	(2,371)
Net book value	6,643

Amortisation expenses have been charged to the consolidated statement of comprehensive income as follows:

	Year ended 30 June	
	2017	2016
	RMB'000	RMB'000
Administrative expenses	738	591

16. INVENTORIES

	As at June 30	
	2017	2016
	RMB'000	RMB'000
Finished goods	547,839	409,518
Raw materials	39,068	67,283
Commissioned processing materials	156,691	69,646
Less: provision	(174,048)	(107,761)
	569,550	438,686

The cost of inventories recognised as "cost of sales" amounted to approximately RMB834,314,000 (2016:RMB690,307,000).

Movements of provision for inventories are analysed as follows:

	Year ended 30 June	
	2017	2016
	RMB'000	RMB'000
Beginning of the year	107,761	56,668
Addition of provision for inventories to net realised value included in "cost of sales" (Note 6)	84,770	51,093
Reversal of provision upon disposal of inventories	(18,483)	–
End of the year	174,048	107,761

17. TRADE RECEIVABLES

	As at 30 June	
	2017	2016
	RMB'000	RMB'000
Trade receivables	92,795	85,670
Less: provision for impairment	(9,389)	(7,869)
	83,406	77,801

The trade receivables are mainly derived from sales proceeds from department stores and are generally collectible within 45 to 90 days from the invoice date.

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

	As at 30 June	
	2017	2016
	RMB'000	RMB'000
Within 3 months	81,898	76,384
3 months to 6 months	2,601	2,120
6 months to 1 year	1,538	1,791
1 year to 2 years	2,148	1,826
more than 2 years	4,610	3,549
	92,795	85,670

17. TRADE RECEIVABLES (CONTINUED)

Ageing analysis of past due but not impaired trade receivables was as follows:

	As at 30 June	
	2017	2016
	RMB'000	RMB'000
3 months to 6 months	1,305	1,060
6 months to 1 year	203	357
	1,508	1,417

Based on the past experience and review of the operating situation with the customers, the directors are of the view that as at 30 June 2017, past due trade receivables amounting to approximately RMB1,508,000 were not impaired (30 June 2016: RMB1,417,000). There has not been a significant change in their credit quality and the balances are considered fully recoverable.

Movement of the provision for impairment of trade receivables was as follows:

	Year ended 30 June	
	2017	2016
	RMB'000	RMB'000
Beginning of the year	7,869	7,031
Provision for trade receivables (Note 6)	1,969	838
Write-off of provision for impairment	(449)	–
End of the year	9,389	7,869

As at 30 June 2017, trade receivables of approximately RMB9,389,000 of the Group are impaired (30 June 2016: RMB7,869,000). The individually impaired receivables mainly relate to certain customers who are in unexpectedly difficult financial situation.

The maximum exposure to credit risk as at the balance sheet date is the carrying value of the net trade receivables balances.

The carrying amounts of the Group's trade receivables were denominated in the following currencies:

	As at 30 June	
	2017	2016
	RMB'000	RMB'000
RMB	87,968	81,999
US$	4,410	3,276
Others	417	395
	92,795	85,670

The carrying amounts of the Group's trade receivables approximated their fair values as at each of the balance sheet dates.

18. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 30 June	
	2017	2016
	RMB'000	RMB'000
Long-term prepayments		
Long-term prepaid expenses	5,967	5,795
Current assets		
Prepayment to suppliers	85,588	49,343
Deposits and other receivables	84,416	62,466
Value added tax recoverable	30,656	6,134
Prepaid expenses	20,507	13,438
Interest receivables	2,430	–
Staff advances	227	106
Prepayment of listing expense	–	999
	223,824	132,486
	229,791	138,281

As at 30 June 2017 and 2016, the fair value of deposits and other receivables approximated their carrying amounts.

The maximum exposure to credit risk at each of the reporting date is the carrying value of each class of prepayment, deposits and other receivables mentioned above.

19. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	As at 30 June	
	2017	2016
	RMB'000	RMB'000
Investment in structured deposits	130,597	–

The available-for-sale financial assets represented RMB-denominated principal protected structured deposits with interest rate ranging from 3.75% to 3.85% per annum and maturity period within 1 year. These structured deposits are offered by a listed commercial bank in the PRC. The fair value of these available-for-sale financial assets approximated its carrying amount at year end.

20. TERM DEPOSITS WITH INITIAL TERM OVER 3 MONTHS

	As at 30 June	
	2017	2016
	RMB'000	RMB'000
US$ term deposits	203,251	–

The effective interest rate for the term deposits of the Group with initial term over 3 months for the year ended 30 June 2017 was 2.00% (2016: nil).

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.

21. CASH AND BANK BALANCES

	As at 30 June	
	2017	**2016**
	RMB'000	RMB'000
Cash at bank and on hand	180,416	167,523
Short-term bank deposit (a)	313,918	–
Total cash and cash equivalents	494,334	167,523
Restricted cash (b)	1,000	7,671

(a) The short-term bank deposit is denominated in US$ with initial term of one month. The effective interest rate of the deposit for the year ended 30 June 2017 was 1.80% (2016: nil).

(b) Restricted cash represents guarantee deposits pledged to bank for issuance of bills payables.

Cash and bank balances were denominated in the following currencies:

	As at 30 June	
	2017	**2016**
	RMB'000	RMB'000
RMB	129,327	154,073
US$	362,964	19,804
Others	3,043	1,317
	495,334	175,194

22. SHARE CAPITAL, SHARE PREMIUM AND SHARES HELD FOR RSU SCHEME

	Number of shares authorised	**Number of shares issued**	**Share capital**	**Share premium**	**Shares held for RSU Scheme(d)**	**Subtotal**
			RMB'000	RMB'000	RMB'000	RMB'000
As at 1 July 2016	1,000,000,000	1,950,000	16	–	–	16
Capitalisation of share premium (a)	–	398,050,000	3,567	(3,472)	(95)	–
Issuance of ordinary shares upon IPO(b)	–	118,750,000	1,039	663,627	–	664,666
Share issuance cost(c)	–	–	–	(31,641)	–	(31,641)
Vest and transfer of RSUs	–	–	–	10,489	29	10,518
As at 30 June 2017	1,000,000,000	518,750,000	4,622	639,003	(66)	643,559
As at 1 July 2015	50,000	2,500	16	–	–	16
Increase in authorised shares capital and issuance new shares	1,000,000,000	1,950,000	16	–	–	16
Cancellation/repurchase of shares	(50,000)	(2,500)	(16)	–	–	(16)
As at 30 June 2016	1,000,000,000	1,950,000	16	–	–	16

The Company was incorporated on 26 November 2012 in the Cayman Islands with an initial authorised share capital of US$50,000 divided into 50,000 shares with a par value of US$1 each, of which 2,500 shares have been issued and fully paid in cash.

Pursuant to a resolution passed by the shareholders on 9 June 2016, the authorised share capital of the Company was increased by creation of 1,000,000,000 ordinary shares of par value of HK$0.01 each. The Company allotted and issued 1,950,000 new shares fully paid to the current members on a pro rata basis at the subscription price of HK$0.01. In addition, the Company also repurchased the 2,500 existing shares of US$1.00 each. Following such repurchase, the authorised but unissued 50,000 shares of par value US$1.00 each were diminished.

(a) Pursuant to a resolution passed by the shareholders on 13 October 2016, the Company issued additional 398,050,000 shares at a par value of HK$0.01 each to the then registered shareholders of the Company in proportion to their then shareholdings immediately before the listing of the Company's shares on 31 October 2016, by capitalisation of share premium of HK$3,980,500 ("Capitalisation").

(b) On 31 October 2016, upon the Company's IPO on the Main Board of The Stock Exchange of Hong Kong Limited, the Company issued 100,000,000 new ordinary shares at par value of HK$0.01 per share at an issue price of HK $6.4 each. On 18 November 2016, the Company issued 18,750,000 additional new ordinary shares at par value of HK$0.01 per share at an issue price of HK$6.4 each to cover over-allotment in the global offering.

(c) Share issuance costs mainly included fees for underwriting commission, legal counsels, and reporting accountant and other related costs. Incremental costs that were directly attributable to the issue of the new ordinary shares, amounting to RMB31,641,000 was treated as a deduction from share premium.

(d) As at 30 June 2017, an aggregate of 8,265,281 shares (30 June 2016: 11,776,040 shares) of the Company have been granted to the senior management and selected employees under RSU scheme (Note 24). The ordinary shares held for RSU scheme were regarded as treasury shares and had been deducted from shareholders' equity as the directors are of the view that such shares are within the Company's control until the shares are vested unconditionally to the participants and hence are considered as treasury shares in substance.

23. OTHER RESERVES

	Statutory reserves	Share-based compensation reserve	Currency translation differences	Merger reserve	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 July 2016	71,838	22,537	4,208	(1,599)	96,984
Appropriation to statutory reserves(a)	40,063	–	–	–	40,063
Share based compensation (Note 24)	–	5,960	–	–	5,960
Currency translation differences	–	–	(1,260)	–	(1,260)
Vest and transfer of RSUs	–	(10,518)	–	–	(10,518)
As at 30 June 2017	111,901	17,979	2,948	(1,599)	131,229
As at 1 July 2015	42,391	11,579	2,243	(1,599)	54,614
Appropriation to statutory reserves(a)	29,447	–	–	–	29,447
Share based compensation (Note 24)	–	10,958	–	–	10,958
Currency translation differences	–	–	1,965	–	1,965
As at 30 June 2016	71,838	22,537	4,208	(1,599)	96,984

(a) In accordance with the respective articles of association and board resolutions, certain subsidiaries of the Group incorporated in the PRC appropriate certain percentage of the annual statutory net profits, after offsetting any prior year losses 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 2017, approximately RMB40,063,000 (2016: RMB29,447,000) was appropriated from retained earnings to the statutory surplus reserve fund.

24. SHARE-BASED PAYMENTS

The Company adopted the RSU scheme, under which the board of directors may grant RSUs to any qualifying participants, subject to the terms and conditions stipulated therein.

Movements in the number of outstanding RSUs are as follows:

	Number of shares held for RSU scheme
As at 1 July 2016	11,776,040
Granted(a)	760,000
Forfeited(b)	(597,339)
Vested and transferred(c)	(3,673,420)
As at 30 June 2017	8,265,281
As at 1 July 2015	11,106,040
Granted(a)	830,000
Forfeited(b)	(160,000)
As at 30 June 2016	11,776,040

The fair value of RSUs was calculated based on the fair value of underlying ordinary shares as at the grant date.

Before the Company consummated its IPO on the Main Board of The Stock Exchange of Hong Kong Limited, the directors used the discounted cash flow method to determine the fair value of the underlying equity of the Group and adopted equity allocation method to determine the fair value of the underlying ordinary share. Key assumptions, such as discount rate and projections of future performance, are required to be determined by the directors with best estimates.

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 on which the RSUs were granted.

(a) On 15 December 2016, 80,000 RSUs were granted to a selected employee, of which 25%, 25%, 25% and 25% shall be vested within two months after 30 June 2017, 2018, 2019 and 2020, respectively. On 25 February 2017, 680,000 RSUs were granted to selected employees, of which 25%, 25%, 25% and 25% shall be vested within two months after 30 June 2018, 2019, 2020 and 2021, respectively.

(b) During the year ended 30 June 2017, 420,000 RSUs (2016: 160,000 RSUs) were lapsed as a result of termination of employment of the relevant employees. 177,339 RSUs (2016: nil) were lapsed as a result of failure to satisfy performance conditions of the relevant employees.

(c) During the year ended 30 June 2017, 303,000 (2016: nil) of the vested RSUs were exercised.

(d) The Group has to estimate the expected yearly percentage of grantees that will stay within the Group at the end of vesting periods of the RSU scheme in order to determine the amount of share-based compensation expenses charged to the consolidated statement of comprehensive income. As at 30 June 2017, the expected retention rate was assessed to be 97% (30 June 2016: 100%).

25. TRADE AND BILLS PAYABLES

	As at 30 June	
	2017	**2016**
	RMB'000	RMB'000
Trade payables (a)	149,067	95,322
Bills payables (b)	2,000	15,341
	151,067	110,663

(a) Ageing analysis of trade payables based on invoices was as follows:

	As at 30 June	
	2017	**2016**
	RMB'000	RMB'000
Within 6 months	145,338	92,852
6 months to 1 year	2,577	1,535
1 to 2 years	1,070	926
2 to 3 years	82	9
	149,067	95,322

(b) Bills payables represented bank acceptance notes issued by the Group with maturity within three months.

The Group's trade and bills payables are denominated in RMB.

26. ACCRUALS AND OTHER CURRENT LIABILITIES

	As at 30 June	
	2017	**2016**
	RMB'000	RMB'000
Advances from distributors	118,523	61,621
Non-refundable deposits from distributors(a)	109,956	79,118
Payroll and welfare payables	66,505	60,399
Provisions for sales returns	47,114	36,342
Provisions for sales rebates	35,716	22,135
Distribution deposits (b)	27,032	14,692
Workforce contracting payables	18,218	11,376
Marketing and promotions	5,137	5,925
Payables for construction-in-progress	5,091	–
Payables for leasehold improvements	5,027	6,406
Value-added and other taxes payables	2,581	2,328
Rentals	1,743	2,011
Accruals and payables for listing expenses	–	11,794
Others	17,935	13,372
	460,578	327,519

(a) Non-refundable deposits from distributors refer to cash deposits received from third-party distributors for placing orders on seasonal products at the Group's trade fair. Such deposits, which is non-interest bearing, would be used to offset the payments for orders placed by the distributors but is non-refundable if the orders are subsequently cancelled by the distributors.

(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 the distribution relationship with the Group was terminated.

27. DEFERRED INCOME TAX

The analysis of deferred income tax assets is as follows:

	Year ended 30 June	
	2017	**2016**
	RMB'000	RMB'000
Deferred income tax assets:		
– to be recovered after more than 12 months	44,678	28,524
– to be recovered within 12 months	43,596	32,981
	88,274	61,505
Deferred income tax liabilities:		
– to be recovered within 12 months	13,449	8,500
	74,825	53,005

The gross movement of the deferred income tax assets is as follows:

	Year ended 30 June	
	2017	**2016**
	RMB'000	RMB'000
Beginning of the year	61,505	40,202
Credited in the consolidated statement of comprehensive income (Note 10)	26,769	21,303
End of the year	88,274	61,505

27. DEFERRED INCOME TAX (CONTINUED)

	Provision for inventories	Deferred revenue	Accrued expenses and provisions	Tax losses carried forward	Impairment for receivables	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 30 June 2015	14,166	1,601	21,480	1,878	1,077	40,202
Recognised/(charged) in the consolidated statement of comprehensive income	12,773	1,922	6,707	(293)	194	21,303
As at 30 June 2016	26,939	3,523	28,187	1,585	1,271	61,505
Recognised/(charged) in the consolidated statement of comprehensive income	16,572	3,073	6,826	(418)	716	26,769
As at 30 June 2017	43,511	6,596	35,013	1,167	1,987	88,274

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. As at 30 June 2017, the Group did not recognise deferred income tax assets RMB452,000 (2016: RMB750,000) in respect of tax losses amounting to RMB2,512,000 (2016: RMB4,502,000).

The gross movement of the deferred income tax liabilities is as follows:

	Year ended 30 June	
	2017	**2016**
	RMB'000	RMB'000
Beginning of the year	8,500	13,925
Debited in the consolidated statement of comprehensive income (Note 10)	13,449	11,653
Settled within current tax liabilities	(8,500)	(17,078)
End of the year	13,449	8,500

As at 30 June 2017, the provisions of RMB13,449,000 (30 June 2016: RMB8,500,000) represented provision for withholding income tax were made for the planned profit distribution of the PRC subsidiaries.

28. CASH GENERATED FROM OPERATIONS

	Year ended 30 June	
	2017	**2016**
	RMB'000	RMB'000
Profit before income tax	468,460	341,906
Adjustments for:		
– Depreciation of property, plant and equipment (Note 13)	32,030	29,102
– Amortisation of land use rights (Note 14)	1,032	615
– Amortisation of intangible assets (Note 15)	738	591
– Provision for impairment of receivables (Note 17)	1,969	838
– Write-down of inventories (Note 16)	84,770	51,093
– Losses on disposal of property, plant and equipment (Note 7)	26	165
– Share based compensation (Note 8)	5,960	10,958
– Interest income (Note 9)	(7,237)	(1,437)
– Net foreign exchange gain from financing activities (Note 9)	(2,603)	–
– Interest expenses on bank borrowings (Note 9)	1,016	2,535
– Investment income (Note 7)	(1,496)	(538)
– Interest income on loans to a related party (Note 7)	–	(5,553)
Operating profits before working capital changes	584,665	430,275
Changes in working capital:		
– Inventories	(215,634)	(96,277)
– Trade receivables	(7,574)	21,722
– Prepayments, deposits and other receivables	(85,276)	(29,743)
– Trade and bills payables	41,003	24,622
– Accruals and other current liabilities	130,517	82,331
Cash flow generated from operations	447,701	432,930

29. COMMITMENTS

(a) CAPITAL COMMITMENTS

As at 30 June 2017, the capital expenditure contracted but not provided for amounted to RMB110,012,000 (30 June 2016: RMB2,894,000).

(b) OPERATING LEASE COMMITMENTS

The future aggregate minimum lease payments under non-cancellable operating leases for the Group's operating premises are as follows:

	As at 30 June	
	2017	**2016**
	RMB'000	RMB'000
No later than 1 year	124,853	105,131
Later than 1 year and no later than 5 years	94,553	75,715
Later than 5 years	–	152
	219,406	180,998

30. 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
Hangzhou Huikang Industrial Co., Ltd.	Controlled by the controlling shareholders
Hangzhou Shangwei Apparal Co., Ltd.	Controlled by the controlling shareholders
Hangzhou JNBY Finery Co., Ltd.	Controlled by the controlling shareholders
Hangzhou New Shangwei Finery Co., Ltd.	Controlled by the controlling shareholders
United City Investment Limited	Controlled by the controlling shareholders
Shenzhen Hengyi Finery Co., Ltd.	Controlled by close family member of the controlling shareholders (relationship was ceased since April 2016)
JNBY (Canada) Enterprises Inc.	Controlled by close family member of the controlling shareholders (relationship was ceased since April 2016)
Ninth Investment Limited	Ultimate holding company
Ninth Capital Limited	One of the shareholders
N&N Capital Limited	One of the shareholders (relationship was ceased since November 2016)
W&L Capital Limited	One of the shareholders (relationship was ceased since November 2016)

30. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(a) SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES

The Group had the following significant transactions with related parties, which are all continued transactions except for purchase of goods from a related party (Note 30(a)(i)), rental income from a related party (Note 30(a)(vii)) and interest income from a related party (Note 30(a)(viii)) as disclosed below:

		Year ended 30 June	
		2017	**2016**
		RMB'000	RMB'000
(i)	Purchase of goods from a related party		
	Hangzhou Huikang Industrial Co., Ltd.	–	23,374
(ii)	Processing fee		
	Hangzhou Shangwei Apparal Co., Ltd.	28,229	32,550
	Hangzhou New Shangwei Finery Co., Ltd.	7,736	4,398
	Shenzhen Hengyi Finery Co., Ltd	–	9,189
		35,965	46,137
(iii)	Workforce contracting		
	Hangzhou JNBY Finery Co., Ltd.	22,546	18,619
(iv)	Sales of goods		
	JNBY (Canada) Enterprises Inc.	–	397
(v)	Operating lease expenses charged by related parties		
	Hangzhou Huikang Industrial Co., Ltd.	9,446	10,447
	Hangzhou JNBY Finery Co., Ltd.	1,680	1,640
	Wu Jian	1,009	644
		12,135	12,731
(vi)	Logistics and warehousing expenses charged by a related party		
	Hangzhou Huikang Industrial Co., Ltd.	19,069	14,025
(vii)	Rental income from a related party		
	Hangzhou New Shangwei Finery Co., Ltd.	–	891
(viii)	Interest income from a related party		
	Hangzhou Huikang Industrial Co., Ltd.	–	5,553

(b) BALANCES WITH RELATED PARTIES

	As at 30 June	
	2017	**2016**
	RMB'000	RMB'000
Due from related parties		
Prepaid operating lease expenses:		
– Hangzhou Huikang Industrial Co., Ltd.	8,993	12,836
– Hangzhou JNBY Finery Co., Ltd.	882	840
– Wu Jian	330	332
	10,205	14,008
Due to related parties		
Trade payables:		
– Hangzhou Shangwei Apparal Co., Ltd.	4,319	4,317
– Hangzhou New Shangwei Finery Co., Ltd.	1,108	511
	5,427	4,828
Other payables:		
– Hangzhou JNBY Finery Co., Ltd.	2,704	2,920
– Ninth Investment Limited	–	775
– N&N Capital Limited	–	383
– United City Investment Limited	–	226
– Ninth Capital Limited	–	112
– W&L Capital Limited	–	50
	2,704	4,466
	8,131	9,294

(c) KEY MANAGEMENT COMPENSATION

Key management includes directors (Wu Jian and Li Lin) whose emoluments are reflected in the analysis shown in Note 33 (a). The emoluments payable to the remaining key management during the year are as follows:

	Year ended 30 June	
	2017	**2016**
	RMB'000	RMB'000
Basic salaries and allowances	4,535	3,958
Discretionary bonuses	4,900	3,864
Other benefits including pension	471	443
Share-based compensation	1,961	3,733
	11,867	11,998

31. EVENTS AFTER THE BALANCE SHEET DATE

Pursuant to a resolution of the board of directors on 30 August 2017, a final dividend of RMB0.4794 per share totalling approximately RMB248,680,000 was proposed. Such final dividend will be subject to the approval from the shareholders at the 2017 annual general meeting.

32. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

	Note	As at 30 June 2017 RMB'000	2016 RMB'000
ASSETS			
Non-current assets			
Investment in a subsidiary		163,427	157,467
Amounts due from subsidiaries		637,254	16,302
Total non-current assets		800,681	173,769
Current assets			
Cash and cash equivalents		2,240	–
Prepayments, deposits and other receivables		89	176
Dividend receivables		1,365	237,500
Total current assets		3,694	237,676
Total assets		804,375	411,445
EQUITY			
Share capital		4,622	16
Shares held for RSU scheme		(66)	–
Share premium	(a)	639,003	–
Other reserves	(a)	149,420	158,383
Retained earnings	(a)	11,067	21,808
Total equity		804,046	180,207
LIABILITIES			
Current liabilities			
Accruals and other current liabilities		329	1,155
Amounts due to a subsidiary		–	83
Dividend payables		–	230,000
Total current liabilities		329	231,238
Total liabilities		329	231,238
Total equity and liabilities		804,375	411,445

The balance sheet of the Company was approved by the board of directors on 30 August 2017 and was signed on its behalf:

Director　　　　Director

32. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (CONTINUED)

(a) SHARE PREMIUM, OTHER RESERVES AND RETAINED EARNINGS MOVEMENT OF THE COMPANY

	Share premium	Other reserves	Retained earnings	Sub total
	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 July 2016	–	158,383	21,808	180,191
Loss for the year	–	–	(10,741)	(10,741)
Issuance of ordinary shares	628,514	–	–	628,514
Share-based compensation	–	5,960	–	5,960
Currency translation difference	–	(4,405)	–	(4,405)
Vest and transfer of RSUs	10,489	(10,518)	–	(29)
As at 30 June 2017	639,003	149,420	11,067	799,490
As at 1 July 2015	–	146,465	10,163	156,628
Profit for the year	–	–	475,416	475,416
Dividends paid	–	–	(463,771)	(463,771)
Share-based compensation	–	10,958	–	10,958
Currency translation difference	–	960	–	960
As at 30 June 2016	–	158,383	21,808	180,191

33. BENEFITS AND INTERESTS OF DIRECTORS

(a) DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

For the year ended 30 June 2017

Emoluments paid or payable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking

Name	Salaries and allowances	Discretionary bonuses	Social security insurance	Share-based compensation	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive Directors					
Mr. Wu Jian (i)	2,420	–	56	–	2,476
Ms. Li Lin (i)	2,216	–	33	–	2,249
Mr. Li Ming (iii)	361	289	69	–	719
Non-executive Directors					
Mr. Wei Zhe (ii)	–	–	–	–	–
Mr. Zhang Beili (iv)	169	–	–	–	169
Independent Non-executive Directors					
Mr. Hu Huanxin (v)	169	–	–	–	169
Mr. Lam Yiu Por (v)	202	–	–	–	202
Ms. Han Min (v)	169	–	–	–	169

33. BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

(a) DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (CONTINUED)

For the year ended 30 June 2016

Name	Salaries and allowances	Discretionary bonuses	Social security insurance	Share-based compensation	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive Directors					
Mr. Wu Jian (i)	2,326	124	78	–	2,528
Ms. Li Lin (i)	2,327	95	78	–	2,500
Mr. Li Ming (iii)	–	289	–	–	289
Non-executive Directors					
Mr. Wei Zhe (ii)	–	–	–	–	–
Mr. Zhang Beili (iii)	–	–	–	–	–
Independent Non-executive Directors					
Mr. Hu Huanxin (iv)	–	–	–	–	–
Mr. Lam Yiu Por (iv)	–	–	–	–	–
Ms. Han Min (iv)	–	–	–	–	–

(i) Appointed on 26 November 2012. Mr. Wu Jian is also the chief executive officer of the Group.

(ii) Appointed on 24 June 2013.

(iii) Appointed on 29 June 2016.

(iv) Appointed on 13 October 2016.

(b) DIRECTORS' RETIREMENT BENEFITS AND TERMINATION BENEFITS

None of the retirement benefits was paid or receivable by directors during the year (2016: 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 (2016: Nil).

(c) CONSIDERATION PROVIDED TO THIRD PARTIES FOR MAKING AVAILABLE DIRECTORS' SERVICES

During the year ended 30 June 2017, the Company does not pay consideration to any third parties for making available directors' services (2016: 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 2017, there are no loans, quasi-loans and other dealing arrangements in favour of directors, controlled bodies corporate by and controlled entities with such directors (2016: 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 (2016: Nil).