



杉杉品牌運營股份有限公司

Shanshan Brand Management Co., Ltd.

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

Stock Code : 1749

2024

INTERIM REPORT

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Corporate Information

CORPORATE NAME

Shanshan Brand Management Co., Ltd.

LISTING INFORMATION

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

Stock code: 1749

BOARD OF DIRECTORS

Executive Directors

Mr. Luo Yefei (Chairman)
Mr. Cao Yang (Vice Chairman)
Ms. Yan Jingfen
Ms. Zhou Yumei

Non-executive Directors

Mr. Du Peng
Mr. Shen Jinxin

Independent Non-executive Directors

Mr. Chow Ching Ning
Mr. Wang Yashan
Mr. Wu Xuekai

SUPERVISORS

Ms. Zhou Danna
Mr. Wang Yijun
Ms. Yang Yi

JOINT COMPANY SECRETARIES

Ms. Yan Jingfen
Ms. Cheng Lucy

AUTHORISED REPRESENTATIVES

Ms. Yan Jingfen
Ms. Cheng Lucy

BOARD COMMITTEES

Audit Committee

Mr. Chow Ching Ning (Chairman)
Mr. Wang Yashan
Mr. Wu Xuekai

Remuneration Committee

Mr. Wang Yashan (Chairman)
Ms. Yan Jingfen
Mr. Wu Xuekai

Nomination Committee

Mr. Luo Yefei (Chairman)
Mr. Wang Yashan
Mr. Wu Xuekai

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

238 Yunlin Middle Road
Wangchun Industrial Park
Ningbo, Zhejiang Province
The PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

31/F., 148 Electric Road
North Point
Hong Kong

COMPANY’S WEBSITE

<http://www.chinafirs.com>

INDEPENDENT AUDITOR

BDO Limited
*Certified Public Accountants and
Public Interest Entity Auditor*
25th Floor, Wing On Centre
111 Connaught Road Central
Hong Kong

LEGAL ADVISERS

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

As to PRC law
Shu Jin Law Firm
11-12/F, Taiping Finance Tower
6001 Yitian Road
Futian District
Shenzhen
Guangdong Province
The PRC

PRINCIPAL BANKERS

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

HONG KONG H SHARE REGISTRAR AND TRANSFER OFFICE

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

Management Discussion and Analysis

BUSINESS REVIEW

In the first half of 2024, the complexity, severity and uncertainty of the international external environment increased significantly, and the domestic structural adjustment continued to deepen, which brought new challenges. However, as supported by the macro policies coming into effect, the recovery of external demand and the accelerated development of new-quality productivity and other factors, the national economy remained generally steady in the first half of the year as a result. According to the statistics of the National Bureau of Statistics, the social retail sales of garment and textile rose at an cumulative growth rate of 1.3% in January to June 2024, the overall market of the apparel industry is in a state of recovery.

During the six months ended 30 June 2024 (the “**Period**”), Shanshan Brand Management Co., Ltd. (the “**Company**”) and its subsidiaries (collectively, the “**Group**”) seized upon the two core brands, namely FIRS and SHANSHAN, and moved forward under pressure during the Period while always insist on focusing to the core provinces and cities, and adhere to the core business strategy of “high-quality development”, which enabled us to continue to operate in a stable manner and maintained stable results. During the Period, the Group’s operating revenue amounted to RMB475.7 million, representing a slight decrease of approximately 4.8% as compared with the corresponding period of last year. Profit amounted to RMB13.2 million, representing an increase of approximately 16.8% compared with the corresponding period of last year.

During the Period, the Group enhanced brand cultural value and promoted the brand culture of Shanshan suits. In the 2024 China’s Fall/Winter International Fashion Week held in Beijing, the Company cooperated with the China Fashion Association (中國服裝設計師協會) to launch a series of major events, including the China Suits Trend Show with the theme of “Kick-off” (“啟序”), “The Revival of Domestic Brands, the Re-emergence of Glory – China Suit Industry Development Forum” (“國牌煥新榮耀再現 – 中國西服產業發展論壇”) and the launch ceremony of “2025 White Paper on the China Suit Trends” (《2025中國西服流行趨勢白皮書》). “Suit Industry Development Forum” and “2025 China Suit Trend White Paper” launching ceremony and other important activities, which highlighted Shanshan’s core development strategies of focusing on the category of suits and striving to become the “top brand in suits”.

During the Period, Shanshan brand's industrial park project for 5G new quality productive forces of the Group located at Wangchun Industrial Park, Haishu District, Ningbo City, Zhejiang Province was officially launched, aiming to establish a benchmark industrial park integrating research and development of apparels, design center, new retail live base, multi-brand incubation, intelligent manufacturing and intelligent warehousing characterised by ecological energy-saving, low-carbon environmental protection and technological intelligence. The foundation of the industrial park project was successfully laid, which signified that the Company has been paying more attention to technology research and development and innovation, while at the same time demonstrating that the Company was fully committed to promoting digital transformation of the enterprise and intelligent manufacturing.

During the Period, the Group further upgraded its omni-channel marketing network and deepened its efforts in the offline end-market, focused on the core provinces and cities, and expanded its shops in the core locations of high-quality shopping malls, in order to enhance brand attractiveness by rebranding and creating an immersive shopping experience. In the face of market changes, the Group continued to improve store quality and reduce inefficient stores. The total number of terminal stores was adjusted from 709 as at 31 December 2023 to 677 as at 30 June 2024, including 454 FIRS stores and 223 SHANSHAN stores, the number of stores decreased by approximately 4.5%. At the same time, through promoting the plan of "thousands of stores in hundreds of cities", the establishment of membership system and retail skill training, the Group has empowered targeted capacities of terminal stores and franchisees to enhance the operating capabilities of franchisees through a multi-pronged approach. In addition, the Group continuously increased the investments in live e-commerce, social e-commerce and private e-commerce, and continuous launching of e-commerce popular products has led to significant growth in e-commerce platform results. At the meantime, the Group strengthened the control of e-commerce authorization, developed and maintained quality authorized e-commerce customers continuously, optimized the new retail scenarios and accelerated the territory-wide deployment of online marketing.

Management Discussion and Analysis

FINANCIAL REVIEW

Revenue

The Group generated revenue primarily from sales to distributors, direct sales and franchisee sales. For the Period, the Group's total revenue slightly decreased by approximately 4.8% to RMB475.7 million from RMB499.5 million for the six months ended 30 June 2023, primarily attributable to the Group's continued efforts to improve store quality and reduce inefficient store, and the revenue of cooperative arrangement franchisees of the SHANSHAN brand decreased compared with the same period of last year.

Please refer to the sections headed "Revenue by sales channels" and "Revenue by brands" below for details.

Revenue by sales channels

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

	Six months ended 30 June			
	2024		2023	
	RMB'000 (unaudited)	%	RMB'000 (unaudited)	%
Sales to distributors	47,316	9.9	52,606	10.5
Direct sales				
E-commerce platforms	171,230	36.0	144,324	28.9
Self-operated retail stores	74,109	15.6	73,690	14.7
Franchisee sales				
Cooperation arrangement	94,390	19.8	145,154	29.1
Business suit	34,833	7.3	40,293	8.1
Trademark sub-licensing income	53,791	11.4	43,390	8.7
Total	475,669	100	499,457	100

Revenue by brands

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

	Six months ended 30 June			
	2024		2023	
	RMB'000 (unaudited)	%	RMB'000 (unaudited)	%
FIRS	339,122	71.3	281,140	56.3
SHANSHAN	133,170	28.0	214,554	43.0
Others	3,377	0.7	3,763	0.7
Total	475,669	100	499,457	100

Gross profit

The Group's gross profit slightly decreased by approximately 3.3% to RMB196.2 million for the Period from RMB202.8 million for the six months ended 30 June 2023, primarily attributable to the decrease in the Group's revenue during the Period.

Other revenue

Other revenue mainly comprises sales of raw materials and interest income from banks. The Group's other revenue increased by approximately 66.7% to RMB2.0 million for the Period from RMB1.2 million for the six months ended 30 June 2023, which was mainly attributable to the increase in the sales of raw materials of the Group.

Other gain and loss, net

During the Period, the Group changed from other gains of RMB1.2 million for the six months ended 30 June 2023 to other losses of RMB2.0 million for the Period, which was mainly attributable to the Group's donation of supplies against cold weather for public welfare to the earthquake in Jishishan County, Linxia, Gansu Province, the PRC at the beginning of the year.

Selling and distribution expenses

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

For the Period, the Group's selling and distribution expenses decreased by approximately 7.9% to RMB151.7 million from RMB164.7 million for the six months ended 30 June 2023, which was mainly attributable to the decrease in revenue from cooperative arrangement channels which led to the decrease in commission sharing of cooperative arrangement franchisees.

Management Discussion and Analysis

Administrative expenses

Administrative expenses mainly comprise staff costs of the Group, professional fees including but not limited to audit fees, legal fees, and company secretarial services, printing expenses, consultancy fees, and research and development expenses.

For the Period, the Group's administrative expenses increased by approximately 7.9% to RMB21.8 million from RMB20.2 million for the six months ended 30 June 2023, which was mainly attributable to the increase in employee salaries and bonuses.

Reversal of (impairment loss)/impairment loss on trade receivables, net

Reversal of impairment loss on trade receivables of RMB0.1 million was recorded for the Period as compared with an impairment loss of RMB0.8 million recorded for the six months ended 30 June 2023.

Reversal of (impairment loss)/impairment loss on deposits and other receivables, net

Reversal of impairment loss for deposits and other receivables of RMB0.1 million was recorded for the Period as compared with an impairment loss of RMB0.1 million recorded for the six months ended 30 June 2023.

Finance costs

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

Finance costs of the Group decreased by approximately 5.4% from RMB3.7 million for the six months ended 30 June 2023 to RMB3.5 million for the Period, which was mainly attributable to the decrease in interests expenses on lease liabilities.

Income tax expense

Income tax expense mainly represents the income tax payable by the Group in accordance with the relevant income tax rules in the PRC. Income tax expense for the Period was RMB6.4 million (six months ended 30 June 2023: RMB1.4 million).

Profit for the Period

The Group's profit increased by 16.8% from RMB11.3 million for the six months ended 30 June 2023 to RMB13.2 million for the Period, which was mainly due to the decrease in the Group's selling and distribution expenses.

WORKING CAPITAL MANAGEMENT

	Six months ended 30 June 2024	Year ended 31 December 2023
Average inventory turnover days	152	149
Average trade receivables turnover days	77	74
Average trade payables turnover days	85	85

The Group's average inventory turnover days slightly increased from 149 days for the year ended 31 December 2023 to 152 days for the Period.

The Group's average trade receivables turnover days slightly increased from 74 days for the year ended 31 December 2023 to 77 days for the Period.

The average trade payables turnover days of the Group for the Period aligned with 85 days for the year ended 31 December 2023.

LIQUIDITY AND FINANCIAL RESOURCES

The Group maintained a solid financial position for the Period. As at 30 June 2024, the Group's cash and cash equivalents decreased to approximately RMB76.1 million from approximately RMB143.2 million as at 31 December 2023. The Group's cash and cash equivalents were mainly denominated in Renminbi ("RMB") as at 30 June 2024.

The Group's total bank borrowings were kept at approximately RMB135 million as at 30 June 2024 and 31 December 2023. All bank borrowings for the Period and as at 30 June 2024 were denominated in RMB. Details of the bank borrowings of the Group are set out in note 15 to the condensed consolidated interim financial statements of this report. The Group's gearing ratio (total borrowings over total assets of the Group) was approximately 20.4% and 18.6% as at 30 June 2024 and 31 December 2023, respectively.

Management Discussion and Analysis

TREASURY POLICIES

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the Period. The board of directors of the Company (the “**Directors**” and the “**Board**”, respectively) closely monitors the Group’s liquidity position to ensure that the liquidity structure of the Group’s assets, liabilities and other commitments can meet its funding requirements from time to time. Surplus cash will be invested appropriately to ensure that the Group would meet its cash requirements from time to time.

FOREIGN EXCHANGE RISK AND HEDGING

Most of the transactions of the Group are denominated in RMB. The payment of dividends to the holders of overseas-listed foreign shares of the Company (the “**H Shares**”) were or will be made in Hong Kong dollars, which expose the Group to market risks arising from changes in foreign exchange rates.

USE OF PROCEEDS FROM THE SHARE OFFER

The H Shares were listed on the Main Board of the Stock Exchange on 27 June 2018. The total net proceeds from the issuance of 33,400,000 H Shares of par value of RMB1 each at a price of HK\$3.78 per share on 27 June 2018 (the “**Share Offer**”) amounted to approximately HK\$66.4 million (equivalent to approximately RMB55.2 million).

As at 30 June 2024, a total of RMB55.2 million of the proceeds from the Share Offer had been fully utilised for the following purposes which were consistent with that disclosed in the prospectus of the Company dated 12 June 2018:

Planned use of proceeds	Planned amount RMB (million)	Unutilised balance as at	Actual utilised amount during	Unutilised amount as at
		1 January 2024 RMB (million)	the Period RMB (million)	30 June 2024 RMB (million)
Retail network	20.9	–	–	–
Brand promotion and marketing	13.6	–	–	–
Information technology system	10.7	0.3	0.3	–
Warehouses and logistics center	4.5	–	–	–
General working capital	5.5	–	–	–
Total	<u>55.2</u>	<u>0.3</u>	<u>0.3</u>	<u>–</u>

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the Period (six months ended 30 June 2023: Nil).

EMPLOYEE AND REMUNERATION POLICIES

As at 30 June 2024, the Group had 324 employees (30 June 2023: 327 employees). Employee costs, including Directors' emoluments, amounted to approximately RMB23.9 million for the Period (six months ended 30 June 2023: RMB21.0 million). The remuneration policy for the Directors and senior management is based on their experience, level of responsibility and general market conditions. Any discretionary bonus and other performance bonus are linked to the profit performance of the Group and the individual performances of the Directors and senior management. The Group provides and arranges on-the-job training for the employees.

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

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

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

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As disclosed in the circular of the Company dated 2 December 2023, the estimated total costs of the industrial park project was RMB280 million (including the land use rights of a land located in Wangchun Industrial Park, Haishu District, Ningbo City, Zhejiang Province, the PRC (the "**Land Use Rights**")). As at 30 June 2024, the Company settled the consideration of the Land Use Rights amounted to RMB40,118,400 and signed contracts for the construction of the industrial park project in the amount of RMB109,576,462. Save as disclosed above, the Company did not have any other plan for material investments or capital assets as of 30 June 2024. The Company's expected source of funding for the coming year will tentatively come from the Group's existing internal resources and from bank borrowings for the development of the industrial park project.

CAPITAL STRUCTURE

There was no change in the capital structure of the Company as at 30 June 2024 as compared with that as at 31 December 2023.

PLEDGE OF ASSET

As at 30 June 2024, the Group pledged deposits of RMB24.5 million as guarantee deposits for bills payable, project construction of the industrial park project and guarantee deposits for other contracts (31 December 2023: RMB4.2 million to secure bills payables). Save for the aforementioned pledged deposits, the Group did not pledge other assets.

Management Discussion and Analysis

CONTINGENT LIABILITIES

As at 30 June 2024, the Group had no material contingent liabilities (31 December 2023: Nil).

EVENT AFTER THE PERIOD

There was no significant event that might affect the Group subsequent to the Period and up to the date of this report.

OUTLOOK AND PLANS

In the second half of 2024, as the market operating environment continues to be under pressure, the Group will focus more on core categories, quality channels and talent cultivation to solidify the main theme of high-quality development. The Group will continue to strengthen its brand influence and brand publicity, enhance its brand value, push forward the upgrading of its brand image and introduce spokespersons for Shanshan brand, so as to bring more fashionable choices to consumers.

The Group will continue to focus on the single product strategy of suits and strengthen the innovation of product technology: through refined operation and differentiated competition strategies, the Group will consolidate the market share of Shanshan's suits. In terms of innovation of product technology, Shanshan's suits will introduce advanced design concepts and production technology around the creation spirit of "fit + technology" to promote the continuous improvement and iterative upgrade of product technology.

In the second half of 2024, the Group will continue to promote digital transformation of the enterprise and optimize product design, supply chain management, marketing and other aspects, so as to improve the overall operational efficiency, decision-making accuracy and management standard. Meanwhile, the Group will actively optimize its channel structure, focus on quality offline terminal channels and expand its market distribution in core provinces and cities, continue to penetrate into emerging areas such as live e-commerce, social e-commerce and private e-commerce, so as to reach its target consumers in a more precise and efficient manner and achieve an omni-channel and multi-scene market coverage.

Corporate Governance and Other Information

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

As at 30 June 2024, the interests and short positions of the Directors, supervisors (the “**Supervisors**”) and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the “**SFO**”) as recorded in the register required to be kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”), which shall be deemed to apply to the Supervisors to the same extent as it applies to the Directors, respectively, were as follows:

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

Name of Directors/ Supervisors/ Chief Executive	Class of Shares	Capacity/ Nature of Interests	Number of Shares Interested	Approximate Percentage of Shareholding in the Relevant Class of Shares	Approximate Percentage of Shareholding in the Total Shares
Mr. Luo Yefei (“ Mr. Luo ”) (Note 1)	Domestic Shares	Interest of a controlled corporation/ Corporate interest; Interest of spouse/Family interest; Beneficial owner/Personal interest	24,674,000	24.674%	18.496%
Ms. Zhou Yumei (“ Ms. Zhou YM ”) (Notes 1 & 2)	Domestic Shares	Interest of a controlled corporation/ Corporate interest; Interest of spouse/Family interest	24,674,000	24.674%	18.496%

Notes:

- Mr. Luo, an executive Director and the chairman of the Board (the “**Chairman**”), interested in and was deemed to be interested in 24,674,000 Domestic Shares within the meaning of Part XV of the SFO, which represents 24.674% of the total number of issued Domestic Shares and 18.496% of the total number of issued shares of the Company. It comprises (i) 11,339,000 Domestic Shares directly owned by Mr. Luo; and (ii) 13,335,000 Domestic Shares beneficially owned by Shaanxi Maoye Gongmao Co., Ltd.* (陝西茂葉工貿有限公司) (“**Shaanxi Maoye**”), a company owned as to 80% by Mr. Luo and 20% by Ms. Zhou YM, the wife of Mr. Luo. Ms. Zhou YM is also the sole director of Shaanxi Maoye. By virtue of the SFO, each of Mr. Luo and Ms. Zhou YM is deemed to be interested in the Domestic Shares held by Shaanxi Maoye.
- Ms. Zhou YM is an executive Director and the wife of Mr. Luo. By virtue of the SFO, Ms. Zhou YM is deemed to be interested in the same number of Domestic Shares in which Mr. Luo is interested in.

Save as disclosed above and so far as is known to the Directors, as at 30 June 2024, none of the Directors, Supervisors or chief executive of the Company had or was deemed to have any other interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

* for identification purpose only

Corporate Governance and Other Information

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

As at 30 June 2024, so far as was known to or otherwise notified to any Directors or the chief executive of the Company, the following corporations or persons (other than the Directors, Supervisors or chief executive of the Company) which or who had interests or short positions in the shares and the underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO:

Long positions in the Domestic Shares

Name of Substantial Shareholders	Class of Shares	Capacity/ Nature of Interests	Number of Shares Interested	Approximate Percentage of Shareholding in the Relevant Class of Shares	Approximate Percentage of Shareholding in the Total Shares
Ningbo Shanshan Co., Ltd. ("Shanshan") (Notes 2&10)	Domestic Shares	Beneficial owner/ Personal interest	25,834,600	43.774%	32.814%
	Domestic Shares	Person having security interest/ other interest	17,938,931		
Shanshan Group Co., Ltd. ("Shanshan Group") (Notes 3&10)	Domestic Shares	Interest of a controlled corporation/ Corporate interest	25,834,600	43.774%	32.814%
	Domestic Shares	Interest of a controlled corporation/ Corporate interest	17,938,931		
Ningbo Yonggang Clothing Investment Co., Ltd. ("Ningbo Yonggang") (Notes 4&10)	Domestic Shares	Interest of a controlled corporation/ Corporate interest	25,834,600	43.774%	32.814%
	Domestic Shares	Interest of a controlled corporation/ Corporate interest	17,938,931		
Shanshan Holding Co., Ltd. ("Shanshan Holding") (Notes 5&10)	Domestic Shares	Interest of a controlled corporation/ Corporate interest	25,834,600	43.774%	32.814%
	Domestic Shares	Interest of a controlled corporation/ Corporate interest	17,938,931		
Ningbo Qinggang Investment Co., Ltd. ("Qinggang Investment") (Notes 6&10)	Domestic Shares	Interest of a controlled corporation/ Corporate interest	25,834,600	43.774%	32.814%
	Domestic Shares	Interest of a controlled corporation/ Corporate interest	17,938,931		

Corporate Governance and Other Information

Name of Substantial Shareholders	Class of Shares	Capacity/ Nature of Interests	Number of Shares Interested	Approximate Percentage of Shareholding in the Relevant Class of Shares	Approximate Percentage of Shareholding in the Total Shares
The late Mr. Zheng Yonggang ("Mr. Zheng") (Notes 1, 7&10)	Domestic Shares	Interest of a controlled corporation/ Corporate interest	25,834,600	63.182%	47.363%
	Domestic Shares	Interest of a controlled corporation/ Corporate interest	37,347,000		
Ms. Zhou Jiqing ("Ms. Zhou") (Notes 7&10)	Domestic Shares	Interest of a controlled corporation/ Corporate interest	25,834,600	43.774%	32.814%
	Domestic Shares	Interest of a controlled corporation/ Corporate interest	17,938,931		
Ningbo Liankangcai Brand Management Co., Ltd. ("Ningbo Liankangcai") (Note 8)	Domestic Shares	Beneficial owner/ Personal interest; Person providing security interest/ Other interest	24,012,000	24.012%	18.000%
Shaanxi Maoye (Note 9)	Domestic Shares	Beneficial owner/ Personal interest	13,335,000	13.335%	9.996%
Ms. Zhao Yongzhi	Domestic Shares	Beneficial owner/ Personal interest	12,806,400	12.806%	9.600%
Mr. Zhang Jincan	Domestic Shares	Beneficial owner/ Personal interest	6,670,000	6.670%	5.000%

Notes:

- Mr. Zheng passed away on 10 February 2023.
- Shanshan is a joint stock company with limited liability established in the PRC, whose issued shares are listed on the Shanghai Stock Exchange (stock code: 600884). Shanshan is owned as to approximately 34.55% by Shanshan Group, approximately 9.07% by Ningbo Pengze Trading Co., Ltd.* (寧波朋澤貿易有限公司) (a corporation of which Shanshan Group is interested in 100% of its registered capital), approximately 3.19% by Shanshan Holding, approximately 3.44% by Ningbo Yinzhou Jielun Investment Co., Ltd.* (寧波市鄞州捷倫投資有限公司) (a corporation of which Shanshan Holding is interested in 100% of its registered capital), approximately 0.03% by the late Mr. Zheng and approximately 49.72% by other public shareholders.

* for identification purpose only

Corporate Governance and Other Information

- (3) Shanshan Group is directly interested in approximately 34.55% of the registered share capital of Shanshan and indirectly interested in approximately 9.07% of the registered capital of Shanshan through Ningbo Pengze Trading Co., Ltd.* (寧波朋澤貿易有限公司), and (together with Shanshan Holding) controls the majority of the board of directors of Shanshan. By virtue of the SFO, Shanshan Group is deemed to be interested in the same number of Domestic Shares in which Shanshan is interested.
- (4) Ningbo Yonggang is interested in approximately 10.00% of the registered capital of Shanshan Group, and (together with Shanshan Holding) controls the majority of the board of directors of Shanshan. By virtue of the SFO, Ningbo Yonggang is deemed to be interested in the same number of Domestic Shares in which Shanshan is interested.
- (5) Shanshan Holding is directly interested in approximately 3.19% of the registered share capital of Shanshan. Further, Shanshan Holding is indirectly interested in (a) approximately 34.55% of the registered share capital of Shanshan through (i) Ningbo Yonggang (a corporation of which Shanshan Holding is interested in approximately 97.65% of its registered capital); and (ii) Shanshan Group (a corporation of which Shanshan Holding is directly interested in approximately 51.8% and indirectly interested in approximately 10.00% through Ningbo Yonggang); (b) approximately 9.07% of the registered share capital of Shanshan through Ningbo Pengze Trading Co., Ltd.* (寧波朋澤貿易有限公司) (a wholly-owned subsidiary of Shanshan Group); and (c) approximately 3.44% of the registered share capital of Shanshan through its wholly-owned subsidiary, Ningbo Yinzhou Jielun Investment Co., Ltd.* (寧波市鄞州捷倫投資有限公司). By virtue of the SFO, Shanshan Holding is deemed to be interested in the same number of Domestic Shares in which Shanshan is interested.
- (6) Qinggang Investment is interested in approximately 44.55% of the registered capital of Shanshan Holding. By virtue of the SFO, Qinggang Investment is deemed to be interested in the same number of Domestic Shares in which Shanshan is interested.
- (7) Qinggang Investment is owned as to 51% by the late Mr. Zheng and 49% by Ms. Zhou. By virtue of the SFO, both the late Mr. Zheng and Ms. Zhou are deemed to be interested in the same number of Domestic Shares in which Shanshan is interested.
- (8) Ningbo Liankangcai is owned as to 18.60% by Mr. Luo and 19% by Ms. Yan Jingfen, both are the executive Directors. On 8 December 2023, Ningbo Liankangcai provided guarantee by 17,938,931 Domestic Shares in favour of Shanshan for the amounts payable to Shanshan.
- (9) Shaanxi Maoye is owned as to 80% by Mr. Luo, an executive Director and 20% by Ms. Zhou YM, an executive Director and the wife of Mr. Luo. By virtue of the SFO, each of Mr. Luo and Ms. Zhou YM is deemed to be interested in the Domestic Shares held by Shaanxi Maoye.
- (10) On 8 December 2023, Ningbo Liankangcai provided guarantee by 17,938,931 Domestic Shares to Shanshan for the amount payable to Shanshan. By virtue of the SFO, each of Shanshan Group, Ningbo Yonggang, Shanshan Holding, Qinggang Investment, the late Mr. Zheng and Ms. Zhou (either through direct or indirect interest) is therefore deemed to be interested in the abovementioned Domestic Shares of security interest held by Shanshan.

* for identification purpose only

Save as disclosed above, as at 30 June 2024, so far as it was known to or otherwise notified to the Directors or the chief executive of the Company, there were no other corporations or persons (other than a Director, Supervisor or chief executive of the Company) which or who had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO.

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

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

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Board and the Company's management are committed to maintaining high standards of corporate governance. The Board firmly believes that conducting the Group's business in a transparent and responsible manner and following good corporate governance practices serve its long-term interests and the interests of Shareholders. The Board considers that the Company has complied with all the code provisions of the Corporate Governance Code as contained in Part 2 of Appendix C1 to the Listing Rules (the "CG Code") during the Period except for the following deviation:

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

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

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

AUDIT COMMITTEE

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

Corporate Governance and Other Information

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

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

COMPLIANCE WITH MODEL CODE

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

COMPETING INTERESTS

As at 30 June 2024, none of the Directors, the Supervisors, the controlling shareholders of the Company or their respective close associates had any interests in any business which competed or might compete, either directly or indirectly, with the business of the Group or had any other conflicts of interest with the Group.

CHANGES IN INFORMATION OF DIRECTORS AND SUPERVISORS

There is no change in the information of the Directors and the Supervisors since the date of the Company's 2023 annual report as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules and up to the date of this report.

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

Ningbo, the PRC, 22 August 2024

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2024

	Notes	Six months ended 30 June	
		2024 RMB (Unaudited)	2023 RMB (Unaudited)
Revenue	4	475,669,316	499,457,556
Cost of sales		(279,439,188)	(296,614,525)
Gross profit		196,230,128	202,843,031
Other revenue		1,966,848	1,226,789
Other gains and losses, net		(1,966,570)	1,240,354
Selling and distribution expenses		(151,654,324)	(164,738,101)
Administrative expenses		(21,770,045)	(20,233,224)
Reversal of impairment loss/(impairment loss) on trade receivables, net		48,947	(796,718)
Reversal of impairment loss/(impairment loss) on deposits and other receivables, net		65,827	(60,807)
Finance costs	5	(3,543,934)	(3,695,429)
Share of result of an associate		246,682	(3,012,871)
Share of result of a joint venture		(20,708)	(56,340)
Profit before income tax	6	19,602,851	12,716,684
Income tax expense	8	(6,392,999)	(1,417,276)
Profit and total comprehensive income for the period attributable to owners of the Company		13,209,852	11,299,408
		RMB cents	RMB cents
Earnings per share attributable to owners of the Company	9	9.90	8.47

Condensed Consolidated Statement of Financial Position

As at 30 June 2024

	Notes	As at 30 June 2024 RMB (Unaudited)	As at 31 December 2023 RMB (Audited)
Non-current assets			
Property, plant and equipment	10	20,441,275	14,601,395
Right-of-use assets		56,189,677	50,676,967
Intangible assets		5,607,950	6,509,464
Interest in an associate		6,969,820	6,723,138
Interest in a joint venture		865,212	885,920
Prepayments, deposits and other receivables	12	2,686,542	4,639,898
Pledged deposits		2,172,444	–
Deferred tax assets		18,113,509	19,000,352
Total non-current assets		113,046,429	103,037,134
Current assets			
Inventories		236,952,994	230,363,770
Trade and bills receivables	11	177,129,829	223,122,076
Prepayments, deposits and other receivables	12	34,239,091	21,558,178
Financial asset at fair value through profit or loss		307,774	259,740
Amount due from a substantial shareholder	17(b)	624,293	624,293
Pledged deposits		22,326,097	4,200,305
Cash and cash equivalents		76,061,479	143,224,055
Total current assets		547,641,557	623,352,417
Current liabilities			
Trade and bill payables	13	110,021,066	151,563,421
Contract liabilities		24,235,441	31,904,959
Other payables and accruals	14	83,132,471	120,078,831
Interest-bearing bank borrowings	15	135,000,000	135,000,000
Amount due to a joint venture	17(d)	875,000	875,000
Amount due to a substantial shareholder	17(c)	2,085,849	1,335,849
Income tax payable		2,642,450	2,714,166
Dividend payable	7(a)	10,672,000	–
Lease liabilities		14,422,456	7,439,271
Total current liabilities		383,086,733	450,911,497
Net current assets		164,554,824	172,440,920
Total assets less current liabilities		277,601,253	275,478,054

Condensed Consolidated Statement of Financial Position

As at 30 June 2024

	Notes	As at 30 June 2024 RMB (Unaudited)	As at 31 December 2023 RMB (Audited)
Non-current liabilities			
Contract liabilities		334,920	875,986
Other payables and accruals	14	17,757,600	15,846,300
Amount due to a substantial shareholder	17(c)	750,000	1,500,000
Lease liabilities		2,445,960	3,480,847
		<u>21,288,480</u>	<u>21,703,133</u>
Total non-current liabilities			
		<u>21,288,480</u>	<u>21,703,133</u>
Net assets			
		<u>256,312,773</u>	<u>253,774,921</u>
Capital and reserves			
Share capital	16	133,400,000	133,400,000
Reserves		122,912,773	120,374,921
		<u>122,912,773</u>	<u>120,374,921</u>
Total equity			
		<u>256,312,773</u>	<u>253,774,921</u>

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2024

	Share capital RMB	Capital reserve RMB	Statutory surplus reserve RMB	Merger reserve RMB	Proposed final dividend RMB	Accumulated profits RMB	Total equity RMB
At 31 December 2023 (Audited)	133,400,000	73,109,956	10,434,068	(41,226,670)	10,672,000	67,385,567	253,774,921
Dividends (Note 7a)	-	-	-	-	(10,672,000)	-	(10,672,000)
Profit and total comprehensive income for the period	-	-	-	-	-	13,209,852	13,209,852
At 30 June 2024 (Unaudited)	133,400,000	73,109,956	10,434,068	(41,226,670)	-	80,595,419	256,312,773
At 31 December 2022 (Audited)	133,400,000	73,109,956	10,434,068	(41,226,670)	5,336,000	46,452,189	227,505,543
Dividends (Note 7a)	-	-	-	-	(5,336,000)	-	(5,336,000)
Profit and total comprehensive income for the period	-	-	-	-	-	11,299,408	11,299,408
At 30 June 2023 (Unaudited)	133,400,000	73,109,956	10,434,068	(41,226,670)	-	57,751,597	233,468,951

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2024

	Six months ended 30 June	
	2024 RMB (Unaudited)	2023 RMB (Unaudited)
Cash flows from operating activities		
Cash (used in)/generated from operating activities	(18,523,139)	26,892,619
Income tax paid	(5,577,872)	–
Net cash (used in)/generated from operating activities	(24,101,011)	26,892,619
Cash flows from investing activities		
Interest received	1,298,317	396,193
(Increase)/decrease in pledged deposits	(20,298,236)	7,000,050
Proceeds from disposal of property, plant and equipment	–	34,900
Purchase of property, plant and equipment	(14,594,900)	(8,400,505)
Payment for acquisition of land use right	(1,203,552)	–
Net cash used in investing activities	(34,798,371)	(969,362)
Cash flows from financing activities		
Interest paid	(3,341,904)	(3,190,730)
Proceeds from borrowings	–	120,000,000
Repayment of borrowings	–	(157,500,000)
Interest elements on lease rentals paid	(202,030)	(504,699)
Principal elements on lease rentals paid	(4,719,260)	(9,387,140)
Net cash used in financing activities	(8,263,194)	(50,582,569)
Net decrease in cash and cash equivalents	(67,162,576)	(24,659,312)
Cash and cash equivalents at beginning of period	143,224,055	114,688,165
Cash and cash equivalents at end of period	76,061,479	90,028,853

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2024

1. CORPORATE INFORMATION

Ningbo Shanshan Garment Brand Management Co., Ltd (“**Shanshan Garment Brand**”), the predecessor of the Company, was established as a limited liability company in the People’s Republic of China (the “**PRC**”) on 23 August 2011.

On 18 May 2016, Shanshan Garment Brand was converted into a joint stock company with limited liability and renamed as Shanshan Brand Management Co., Ltd.. The Company’s overseas-listed foreign shares (the “**H Shares**”) have been listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 27 June 2018.

The address of its registered office and principal place of business is No. 238, Yunlin Middle Road, Wangchun Industrial Park, Ningbo, Zhejiang Province, the PRC.

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

2. BASIS OF PREPARATION

These unaudited condensed consolidated interim financial statements for the Period have been prepared in accordance with the applicable disclosure requirement of Appendix D2 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) and with Hong Kong Accounting Standard (“**HKAS**”) 34, Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

These unaudited condensed consolidated interim financial statements for the Period should be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2023, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”).

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

These unaudited condensed consolidated interim financial statements are presented in Renminbi (“**RMB**”), unless otherwise stated. These unaudited condensed consolidated interim financial statements have been approved for issue by the Directors on 22 August 2024.

Except as described below, the accounting policies adopted are consistent with those of the annual financial statements of the Group for the year ended 31 December 2023 as described in 2023 annual financial statements.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2024

2. BASIS OF PREPARATION (CONTINUED)

Adoption of new/revised HKFRSs – effective 1 January 2024

The HKICPA has issued a number of new/revised HKFRSs that are first effective for the current accounting period of the Group:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 7 and HKFRS 7	Disclosures: Supplier Finance Arrangements

The new/revised HKFRSs that are effective from 1 January 2024 did not have significant impact on the Group's accounting policies, financial results and financial position.

3. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In preparing the unaudited condensed consolidated interim financial statements, the critical accounting judgments made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to 2023 annual financial statements.

4. SEGMENT INFORMATION AND REVENUE

(a) Reportable segment

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

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2024

4. SEGMENT INFORMATION AND REVENUE (CONTINUED)

(a) Reportable segment (CONTINUED)

In the following table, revenue is disaggregated by primary geographical market, major products and service lines, brands and timing of revenue recognition.

	Six months ended 30 June	
	2024 RMB (Unaudited)	2023 RMB (Unaudited)
Primary geographical market		
The PRC	<u>475,669,316</u>	<u>499,457,556</u>
Major product/service		
Trading of garments	<u>421,878,831</u>	<u>456,067,663</u>
Trademark sub-licensing income	<u>53,790,485</u>	<u>43,389,893</u>
	<u>475,669,316</u>	<u>499,457,556</u>
Revenue by brands		
FIRS	<u>339,122,153</u>	<u>281,139,918</u>
SHANSHAN	<u>133,170,268</u>	<u>214,554,273</u>
Others	<u>3,376,895</u>	<u>3,763,365</u>
	<u>475,669,316</u>	<u>499,457,556</u>
Timing of revenue recognition		
At a point in time	<u>390,809,658</u>	<u>420,310,072</u>
Transferred over time	<u>84,859,658</u>	<u>79,147,484</u>
	<u>475,669,316</u>	<u>499,457,556</u>

(b) Geographic information

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

(c) Information about major customers

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

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2024

4. SEGMENT INFORMATION AND REVENUE (CONTINUED)

(d) Revenue

The following summary describes the operations of the Group's revenue by different sale channels:

	Six months ended 30 June	
	2024 RMB (Unaudited)	2023 RMB (Unaudited)
Trading of garments		
E-commerce platforms	171,229,861	144,324,125
Franchisee	94,390,390	145,154,460
Self-operated retail stores	74,108,959	73,689,711
Distributors	47,316,334	52,606,559
Business suit	34,833,287	40,292,808
Trademark sub-licensing income	53,790,485	43,389,893
	475,669,316	499,457,556

5. FINANCE COSTS

	Six months ended 30 June	
	2024 RMB (Unaudited)	2023 RMB (Unaudited)
Interest expenses on bank borrowings	3,341,904	3,190,730
Interest expenses on lease liabilities	202,030	504,699
	3,543,934	3,695,429

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2024

6. PROFIT BEFORE INCOME TAX

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

	Six months ended 30 June	
	2024	2023
	RMB	RMB
	(Unaudited)	(Unaudited)
Amortisation and depreciation		
Intangible assets	901,514	901,514
Right-of-use assets	6,358,400	7,637,782
Property, plant and equipment	8,741,771	8,335,271
Total amortisation and depreciation	16,001,685	16,874,567
(Reversal of impairment loss)/impairment loss on		
Trade receivables, net	(48,947)	796,718
Deposits and other receivables, net	(65,827)	60,807
Total (reversal of impairment loss)/impairment loss, net	(114,774)	857,525
(Reversal of written down)/written down of inventories, net		
– Finished goods (included in cost of sales) (Note a)	(65,022)	(3,497,014)
– Raw materials (included in cost of sales and other revenue) (Note a)	(1,004,244)	177,860
Total reversal of written down of inventories, net	(1,069,266)	(3,319,154)
Expenses relating to leases		
Short-term leases	6,290,458	8,079,654
Variable lease payments	7,085,977	7,602,856
Total expenses relating to leases	13,376,435	15,682,510
Advertising and promotional expenses (included in selling and distribution expenses)	3,603,315	3,418,755
Cost of inventories sold	280,116,117	300,111,539
Fair value (gains)/losses on financial asset at fair value through profit or loss	(48,034)	72,941
Loss on disposal and written down of property, plant and equipment	13,249	815,094
Staff costs (included defined contribution retirement plan)	23,888,013	20,975,890

Note a: The reversal of written down of inventories made in prior years arose upon an increase in the estimated net realisable value of these inventories.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2024

7. DIVIDENDS

(a) Dividends attributable to the previous financial year

Dividends and distribution attributable to the previous financial year, approved and payable during the interim period:

	Six months ended 30 June	
	2024	2023
	RMB	RMB
	(Unaudited)	(Unaudited)
Final dividend in respect of the year ended 31 December 2023, approved and payable during the interim period of RMB8 cents (2022: RMB4 cents) per share	10,672,000	5,336,000

At the annual general meeting held on 3 June 2024, the shareholders of the Company (the “Shareholders”) approved the payment of a final dividend of RMB8 cents per ordinary share for the year ended 31 December 2023 totaling approximately RMB10,672,000 (31 December 2022: RMB5,336,000) and was subsequently paid on 2 August 2024.

(b) Dividends attributable to the interim period

No dividend attributable to the Period was paid, declared or proposed (six months ended 30 June 2023: Nil).

8. INCOME TAX EXPENSE

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

Deferred tax expenses mainly represented the temporary difference in tax effect arising from leases arrangements, the expected credit loss allowance on trade and deposits and other receivables and provision for written down of inventories for both years.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2024

8. INCOME TAX EXPENSE (CONTINUED)

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

	Six months ended 30 June	
	2024	2023
	RMB	RMB
	(Unaudited)	(Unaudited)
Provision of income tax	5,506,156	–
Deferred tax expense	886,843	1,417,276
Income tax expense	6,392,999	1,417,276

9. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2024	2023
	RMB	RMB
	(Unaudited)	(Unaudited)
Profit		
Profit for the purpose of basic and diluted earnings per share attributable to owners of the Company	13,209,852	11,299,408
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	133,400,000	133,400,000
Earnings per share		
	RMB cents	RMB cents
	9.90	8.47

There were no potential ordinary shares outstanding during the six months ended 30 June 2024 and 2023, and hence the diluted earnings per share is the same as basic earnings per share.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2024

10. PROPERTY, PLANT AND EQUIPMENT

As disclosed in the Company's announcement dated 16 November 2023 and circular dated 2 December 2023, the Group conducted a very substantial acquisition in relation to the entering of the land use rights grant contract and the investment agreement (the "Project").

The Group planned to construct a comprehensive building on the land, comprising a product research and development center, a high-end digital intelligent manufacturing plant and a digital intelligence warehouse for its formal and causal business menswear business. During the Period, the Group paid for the construction in progress of approximately RMB5,575,417.

Pledged deposits of approximately RMB2,172,444 are used to secure the construction of building and is classified as non-current assets.

Apart from the above, during the Period, the Group acquired property, plant and equipment of approximately RMB9,019,483 (six months ended 30 June 2023: RMB8,400,505).

In addition, during the Period, the Group disposed of certain property, plant and equipment with a carrying amount of RMB13,249 (six months ended 30 June 2023: RMB849,994).

11. TRADE AND BILLS RECEIVABLES

	As at 30 June 2024 RMB (Unaudited)	As at 31 December 2023 RMB (Audited)
Trade receivables	211,756,737	257,058,115
Less: Provision for impairment	(34,876,908)	(34,925,855)
	176,879,829	222,132,260
Bills receivables	250,000	989,816
	177,129,829	223,122,076

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2024

11. TRADE AND BILLS RECEIVABLES (CONTINUED)

Aging analysis

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

	As at 30 June 2024 RMB (Unaudited)	As at 31 December 2023 RMB (Audited)
Within 3 months	101,628,225	185,561,289
Over 3 months but within 6 months	17,022,539	19,322,238
Over 6 months but within 1 year	52,952,918	12,494,269
Over 1 year	5,276,147	4,754,464
	<u>176,879,829</u>	<u>222,132,260</u>

The Group offers a general credit period from 30 to 270 days to its customers depends on the financial abilities of these business partners.

Bills receivables

The balance represents bills receivables issued by a bank in the PRC held by the Group and is measured at fair value through other comprehensive income, since the bills receivables are held within the business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets, and the contractual cash flows are solely payments of principal and interest on the principal amount outstanding.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2024

12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 30 June 2024 RMB (Unaudited)	As at 31 December 2023 RMB (Audited)
Deposits and other receivables	12,565,860	12,939,470
Less: Provision for impairment	(49,771)	(115,598)
	12,516,089	12,823,872
Prepayments	24,409,544	13,374,204
	36,925,633	26,198,076
Less: Non-current portion included in prepayments, deposits and other receivables	(2,686,542)	(4,639,898)
	34,239,091	21,558,178

Deposits and other receivables

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

Deposits consist of an amount of RMB600,000 paid to a substantial shareholder, which is classified as non-current assets, in accordance with the trademark licensing agreement. Details are set out in Company's announcement dated 30 September 2021.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2024

13. TRADE AND BILL PAYABLES

	As at 30 June 2024 RMB (Unaudited)	As at 31 December 2023 RMB (Audited)
Trade payables	90,021,066	147,363,421
Bill payables	20,000,000	4,200,000
	110,021,066	151,563,421

As at 30 June 2024, the Group pledged a deposit of RMB20,000,000 (2023: RMB4,200,305) as a security for bills payables.

Aging analysis

The trade payables are non-interest bearing and normally due to be settled within twelve months. The carrying amounts of trade payables approximate to their fair values and are denominated in RMB. The aging analysis, based on invoice date, is as follows:

	As at 30 June 2024 RMB (Unaudited)	As at 31 December 2023 RMB (Audited)
Within 3 months	67,464,404	121,853,901
Over 3 months but within 6 months	13,772,543	13,854,931
Over 6 months but within 1 year	5,521,144	5,567,459
Over 1 year	3,262,975	6,087,130
	90,021,066	147,363,421

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2024

14. OTHER PAYABLES AND ACCRUALS

	As at 30 June 2024 RMB (Unaudited)	As at 31 December 2023 RMB (Audited)
Deposits received	90,936,478	102,548,575
Other tax payables (Note)	3,965,382	19,397,371
Refund liabilities	2,726,034	2,462,103
Others	3,262,177	11,517,082
	100,890,071	135,925,131
Less: Non-current portion included in other payables and accruals	(17,757,600)	(15,846,300)
	83,132,471	120,078,831

Note: Other tax payables mainly include value-added tax payables arising from sale.

15. INTEREST-BEARING BANK BORROWINGS

	As at 30 June 2024 RMB (Unaudited)	As at 31 December 2023 RMB (Audited)
Bank borrowings denominated in RMB	135,000,000	135,000,000

As at 30 June 2024 and 31 December 2023, bank borrowings denominated in RMB included the following:

- Amounts of RMB75,000,000 being guaranteed by Shanshan Group Co., Ltd. (“**Shanshan Group**”), a substantial shareholder of the Company, personal guarantee from Directors together with a charge on a property held by a Director, with fixed interest rate from 3.50% to 3.80% per annum and repayable within one year.
- Amounts of RMB60,000,000 being guaranteed by a subsidiary of the Company, with fixed interest rate from 3.80% to 4.25% per annum and repayable within one year.

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

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2024

16. SHARE CAPITAL

	Number of shares	RMB
Registered domestic shares capital and H Shares At 31 December 2023 and 30 June 2024	133,400,000	133,400,000

17. RELATED PARTY DISCLOSURES

(a) Transactions with related parties

	Six months ended 30 June	
	2024 RMB (Unaudited)	2023 RMB (Unaudited)
Sale of finished goods to:		
– subsidiaries of a substantial shareholder	537,391	607,370
Rental expenses and management fee charged by:		
– a substantial shareholder	(1,272,304)	(1,479,520)
Water and electricity expenses charged by:		
– a substantial shareholder	(485,497)	(574,485)

Compensation of key management personnel

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

	Six months ended 30 June	
	2024 RMB (Unaudited)	2023 RMB (Unaudited)
Short-term benefits	1,950,262	2,099,682
Contributions to defined contribution retirement plan	84,782	93,218
	<u>2,035,044</u>	<u>2,192,900</u>

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2024

17. RELATED PARTY DISCLOSURES (CONTINUED)

(b) Amount due from a substantial shareholder

As at 31 December 2023, the amount due from a substantial shareholder mainly represents a rental deposit paid to Ningbo Shanshan Co., Ltd.. Details are set out in Company's announcement dated 30 December 2022.

During the Period, the maximum outstanding amount was approximately RMB624,293.

Amount is unsecured, interest-free and repayable upon the end of lease tenure in December 2024.

(c) Amount due to a substantial shareholder

	As at 30 June 2024 RMB (Unaudited)	As at 31 December 2023 RMB (Audited)
Amount due to a substantial shareholder	2,835,849	2,835,849
Less: Non-current portion included in amount due to a substantial shareholder	<u>(750,000)</u>	<u>(1,500,000)</u>
	<u>2,085,849</u>	<u>1,335,849</u>

On 30 September 2021, the Company entered into a trademark licensing agreement (the "Agreement") with Shanshan Group. Pursuant to which Shanshan Group agreed to grant to the Group the exclusive license to use the licensed trademarks (the "Licensed Trademarks") for its business operations, as well as the rights to authorise third parties to use the Licensed Trademarks solely for the purpose of business operation of the Group. The Agreement has a term of four years commencing from 1 January 2022.

As at 30 June 2024, the amount of RMB750,000 (31 December 2023: RMB1,500,000) was payable beyond one year and has been classified as non-current liabilities. Further details regarding the Agreement are set out in the Company's announcement dated 30 September 2021.

As stated in the Agreement, the Company paid a deposit of RMB600,000 to Shanshan Group and repayable upon the end of Agreement without interest. The deposits was recognised in the "Deposits and other receivables" which are set out in Note 12 to the unaudited condensed consolidated interim financial statements.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2024

17. RELATED PARTY DISCLOSURES (CONTINUED)

(d) Amount due to a joint venture

Amount represented payable for investment cost in a joint venture, which is unsecured, non-interest bearing and repayable on demand.

18. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

HKFRS 13 requires disclosures for financial instruments that are measured at fair value by levels of the fair value measurement hierarchy. The different levels have been defined as follows:

- Level 1: Quoted prices in active markets for identical items (unadjusted);
- Level 2: Observable direct or indirect inputs other than Level 1 inputs;
- Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

The financial assets and liabilities measured at fair value as at 30 June 2024 and 31 December 2023 in the condensed consolidated statement of financial position are grouped into the fair value hierarchy as follows:

	Level 1 RMB (Unaudited)	Level 2 RMB (Unaudited)	Level 3 RMB (Unaudited)	Total RMB (Unaudited)
30 June 2024				
Assets				
Financial asset at fair value through other comprehensive income				
– Bills receivables (Note a)	–	250,000	–	250,000
Financial asset at fair value through profit or loss				
– Listed equity investment (Note b)	307,774	–	–	307,774

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2024

18. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONTINUED)

	Level 1 RMB (Audited)	Level 2 RMB (Audited)	Level 3 RMB (Audited)	Total RMB (Audited)
31 December 2023				
Assets				
Financial asset at fair value through other comprehensive income				
– Bills receivables (Note a)	–	989,816	–	989,816
Financial asset at fair value through profit or loss				
– Listed equity investment (Note b)	259,740	–	–	259,740

Notes:

- (a) The fair value of the bills receivables have been calculated by discounting the expected future cash flows using rate currently available for instruments with similar terms, credit risk and remaining maturities.
- (b) The listed equity investment at fair values is denominated in RMB. Fair values have been determined by reference to its quoted market prices at the reporting date.

During the six months ended 30 June 2024 and 2023, there have been no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2024

19. COMMITMENTS

(a) Operating lease commitments

The operating lease commitments are all related to short-term leases which are exempted from recognising the related right-of-use assets and lease liabilities under HKFRS 16.

The operating leases of certain retail stores include contingent rentals, which are based on a certain percentage of revenue of the operation being undertaken therein pursuant to the terms and condition as stipulated in the respective agreements. As the future revenue of these retail stores could not be reliably determined as at end of year, the relevant contingent rentals have not been included in the following operating lease commitments.

Total future minimum lease payments under non-cancellable operating leases are due as follows:

	As at 30 June 2024 RMB (Unaudited)	As at 31 December 2023 RMB (Audited)
Not later than one year	8,134,730	7,555,382

(b) Capital commitments

	As at 30 June 2024 RMB (Unaudited)	As at 31 December 2023 RMB (Audited)
Capital commitments contracted for but not provided in the condensed consolidated interim financial statements:		
– Acquisition of property, plant and equipment	2,771,885	4,519,532
– Construction of the Project	109,576,462	2,526,000
	112,348,347	7,045,532

20. CONTINGENT LIABILITIES

As at 30 June 2024 and 31 December 2023, the Group had no significant contingent liabilities.