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

ANNUAL REPORT

CONTENTS

Corporate Profile

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

The business of our Company primarily involves the design, marketing and sale of formal and casual business menswear in the PRC under two brands, namely FIRS and SHANSHAN, each having distinct product features and brand positioning that are tailored to the preferences of male consumers in particular age and income groups and provide quality menswear products for them.

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. Mao Weiyong *(appointed on 24 February 2025)*
Mr. Du Peng *(resigned on 24 February 2025)*
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

Corporate Information

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

HONG KONG H SHARE REGISTRAR AND TRANSFER OFFICE

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

Financial Summary

		Year ended 31 December				
		2024	2023	2022	2021	2020 (Re-presented)
Revenue	*RMB'000*	**1,006,620**	1,060,046	881,200	993,032	887,473
Profit/(loss) for the year	*RMB'000*	**33,174**	31,605	16,006	8,635	(75,944)
Profit/(loss) attributable to the owners of the Company	*RMB'000*	**33,174**	31,605	16,006	12,372	(68,310)
Gross profit margin	*%*	**37.7%**	37.5%	43.8%	48.9%	48.2%
Profit margin/(loss) from operations	*%*	**3.3%**	3.0%	1.8%	0.9%	(8.6%)
Profit margin/(loss) attributable to the owners of the Company	*%*	**3.3%**	3.0%	1.8%	1.2%	(7.7%)
Earnings/(losses) per share – Basic and diluted	*RMB cents*	**25**	24	12	9	(51)
Final dividend per share	*RMB cents*	**8**	8	4	–	–

	As at 31 December				
	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000	2020 RMB'000
Non-current assets	**164,165**	103,037	76,832	109,895	130,186
Current assets	**655,386**	623,352	681,745	715,534	758,428
Inventories	**278,222**	230,364	311,939	389,728	428,466
Trade and bills receivables	**239,826**	223,122	205,409	174,973	162,834
Cash and cash equivalents	**106,457**	143,224	114,688	84,265	111,326
TOTAL ASSETS	**819,551**	726,389	758,577	825,429	888,614
Current liabilities	**525,604**	450,911	511,195	592,242	658,433
Trade and bills payables	**216,080**	151,563	155,326	160,397	168,666
Interest-bearing bank borrowings	**145,000**	135,000	157,500	172,878	202,244
Non-current liabilities	**17,670**	21,703	19,877	21,689	23,505
TOTAL LIABILITIES	**543,274**	472,614	531,072	613,931	681,938

Note: The figures of 2020 to 2021 are for the Group's continuing operations and exclude the figures relating to Lubiam (Ningbo) Apparel Co., Ltd.* (寧波魯彼昂姆服飾有限公司) ("**Lubiam Apparel**") (a non-wholly-owned subsidiary of the Company which was voluntarily liquidated), while other years' figures include both continuing and discontinued operations.

* *for identification purpose only*

CHAIRMAN'S STATEMENT

Chairman's Statement

Dear Shareholders,

On behalf of the board (the "**Board**") of directors (the "**Directors**") of the Company, I present the consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2024 (the "**Year**" or "**FY2024**").

In FY2024, the global economy moved forward in a complex and volatile environment, facing multiple challenges such as high inflation, geopolitical conflicts and accelerating technological innovation. As the global industrial chains and supply chains returned to normal, consumer spending power and consumer confidence have shown a healthy recovery, but are still facing the challenge of weak demand.

In the FY2024, under the guidance of the annual business strategy of "**high-quality Development**", the Group has persistently adhered to the strategic positioning of platform-based development, continuously adjusted its operation and management strategies, and adopted a number of proactive and effective strategic initiatives. With the efforts of all staff members, the Group's financial performance and operating positions remained stable in its operating results in the Year. The Group's operating revenue for the Year amounted to RMB1,006.6 million, representing a slight year-on-year decrease of approximately 5.0% as compared with that for the year ended 31 December 2023 ("**FY2023**"). Net profit increased slightly by approximately 5.0% from RMB31.6 million in FY2023 to RMB33.2 million in the Year.

In FY2024, by focus on developing its core business, the Group has maintained a stable business scale, recorded a modest growth in profit, and taken proactive and pragmatic measures, including but not limited to the followings in particular:

Chairman's Statement

1. STRENGTHENING IDEOLOGICAL AWARENESS AND INSISTING ON INNOVATION AND DEVELOPMENT

Adhering to the advanced "market awareness". Through in-depth study of the consumer market and industry dynamics, we accurately anticipate consumer trends and, on this basis, plan product upgrades and channel optimization in advance to ensure that we maintain a leading position in the fierce market competition. We focus on differentiating ourselves from our competitors and consolidating our market advantages through continuous focusing and deepening the efforts in the production of types of suits.

Adhering to the dynamic "Innovation awareness". We keep a close eye on industry trends and continue to summarize our experience and insights to continuously enhance our core competitiveness. In the process of open learning, we continue to broaden our horizons and patterns, focus on the absorption and transformation of knowledge, and accurately position our differentiated competitive advantages to cope with market changes.

Establish a firm sense of "self-improvement awareness". Fully relying on the huge potential of the inner-cycle market, we aim at the brand's room for growth, continue to tap the endogenous momentum, improve the original design capability, and innovate the quality of our products.

Insisting on long term "development awareness". Insist on "brand development" and taking long-term development and high-quality development as the core objective, we are committed to building a century-old classic national brand based on the dynamic changes in consumer culture and the principle of "demand-oriented". We firmly believe that through continuous innovation and strategic planning, the Group will further consolidate its market position in the future competition in the men's apparel market.

2. DEEPENING CORPORATE CULTURE, ORGANIZING PROTECTION FOR TALENTS

In the current critical stage of domestic economic restructuring and upgrading, technological innovation and multi-industry synergy have become the core driving force for the Group's sustainable growth. During the FY2024, the Group has been adhering to its corporate mission of "creating a better life" and its development vision of "building a century-old classic fashion industry platform", incorporating the core values of "pragmatic, brave, innovative and willing-to-share" into all aspects of the company's strategy, organization and talent development, so as to constructed a "strategy-organization-talent" three-dimensional synergistic development mechanism. Through multi-dimensional measures such as deepening market layout, promoting product upgrading, strengthening staff training, optimizing process construction and perfecting management mechanism, we will comprehensively enhance the penetration and influence of our corporate culture, continue to strengthen the Group's overall operational strength, and further stimulate our innovative vitality and core competitiveness.

3. FOCUS ON THE MAIN THEME OF "HIGH-QUALITY DEVELOPMENT"

In FY2024, the Group continue to deepen its strategy of "high-quality development", fully implementing its policy centered on "high quality", and at the same time strengthen its operation and management philosophy of "seeking benefits from management" concept. Driven by innovation, the Company will comprehensively enhance the level of "high-quality development" in the following areas:

Enhancement of high quality of operation - Constructing a "one body, two wings" online and offline development model, vigorously developing online business while increasing investment in offline channels, focusing on improving single-store performance, store efficiency and people efficiency, optimizing key market layout, and ensuring that the online and offline business progresses in parallel. We will optimize the layout of key markets to ensure that online and offline businesses progress in parallel.

Enhance the high quality of research and development: Focus on the research and development of products with high price-performance ratio, focus on the suit large single product as the core breakthrough point, continue to promote the rolling development of suits throughout the year, and deepen the innovation and overlapping of products to satisfy the market demand.

Enhance the high quality of talents: continue to optimize the management of human resources, promote the steady growth of per capita production capacity, build a talent ladder that meets the Company's development needs, deepen the corporate culture, and enhance team cohesion and combat effectiveness.

Enhance the high quality of brand development: as the "exclusive partner of suits" for the release of China's clothing trends, the company made a strong comeback on the China International Fashion Week in Fall/Winter 2024 ("2024秋冬中國國際時裝周"), and launched the first release of China Suits Trend Show with the theme of "Kick-off" ("啟序"), so as to enhance the trend-leading power and the ability of Shanshan suits to meet the needs of the company's development. In order to promote the brand image upgrading, Mr. Hu Bing ("胡兵先生"), a famous actor and model, was officially signed as the new spokesman of China Shanshan brand, to innovate the brand culture narrative and promotion methods, continuously enhance the brand awareness and reputation, and to strengthen the brand's market influence and cultural penetration.

Through the above multi-dimensional high-quality development initiatives, the Group will further consolidate its competitive advantages in the market and lay a solid foundation for long-term sustainable development.

4. IMPROVING THE MANAGEMENT SYSTEM AND ENHANCING THE EFFECTIVENESS OF DIGITIZATION

In FY2024, the Group persisted in improving its management systems, systematically review the operational efficiency of its processes, and have established an early warning mechanism for operational nodes in its processes, so as to optimize the efficiency of its corporate processes and fully promote the digitalization of its operating system. On the design aspect, innovative and trendy product design is the core driving force to accurately capture and lead consumer demand; on the supply chain management side, we continue to strengthen flexible construction, optimize production and procurement cost control, and reduce the pressure on finished product inventory; on the sales side, we have constructed a consumer data platform, integrated online and offline sales data, and accurately positioned the target consumer groups; on the merchandise flow side, we have laid out the omni-channel deployment of cloud warehouse system to realize the efficient flow and efficient merchandise flow and to achieve a high quality of goods and a high level of customer satisfaction. In terms of merchandise flow, we have deployed an omni-channel deployment cloud warehouse system to realize efficient merchandise flow and dynamic deployment. In terms of warehousing and logistics, we have adapted to diversified business forms, optimized warehouse storage management, and enhanced end-to-end transportation efficiency. Through the continuous optimization of process and system construction and the deepening of digital business concepts, the Group has achieved a comprehensive upgrade of its management system and significantly enhanced its overall management efficiency, providing solid protection for the Group's high-quality development.

In summary, the Group achieved satisfactory operating results in FY2024 through a series of pragmatic and effective management initiatives and proactively responded to various market uncertainties. During the Year, there were no significant changes in the Group's principal business and its structure.

In 2025, the Group will adhere to its mission and original intention of "creating a better life", uphold the development vision of "building a century-old classic fashion industry platform", and continue to expand its business through diversification, multi-partnership and multi-channel operation mode by revolving around its two core national brands, FIRS and SHANSHAN. The Group will continue to expand its scale of development through a diversified, multi-partnership and multi-channel business model, create profit growth points for the Group, and achieve steady growth in operating profit to create more value for its shareholders.

Luo Yefei
Chairman of the Board

Ningbo, the PRC, 25 March 2025

Management Discussion and Analysis

BUSINESS REVIEW

In 2024, the complexity and severity of developing environment have stimulated the full development potential of China's apparel industry. With national series of inventory incremental policies came into effect, domestic and foreign market demand gradually recovered supported by other positive factors, the industry's production, investment, efficiency and other major operating indicators improved significantly, the industry's economic operation is generally stable. According to data from the National Bureau of Statistics, in the sales of goods above the quota for the year 2024, the apparel, footwear, hats and knitwear category recorded a growth of 0.3%.

In FY2024, the Group adhered to the strategic core idea of "high-quality development", deployed and launched its operating activities around the word "high-quality", and continued to focus on the "demand-led" principle. We have always been focusing on "demand-oriented", continuing to unleash the value of our brands, and creating a development model of "getting stronger before getting bigger", in order to seek profit space for the healthy development of our brands and to make a strong breakthrough. Based on its accurate judgment of the consumer market, the Group has optimized its corporate development strategy and adopted multiple proactive and effective strategic measures to cope with market uncertainties and seize the opportunities arising from the rise of national products.

During the Year, the Group promoted the brand culture of Shanshan suits and enhanced its cultural value. In the 2024 China's Fall/Winter International Fashion Week held in Beijing, the Company cooperated with the China Fashion Designers 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 Year, the Group promoted the upgrading of its brand image, Mr. Hu Bing (胡兵先生), a famous actor and model, was officially signed as the new spokesman of China Shanshan brand, to innovate the brand culture narrative and promotion methods, continuously enhance the brand awareness and reputation, and to strengthen the brand's market influence and cultural penetration.

During the Year, the Group's industrial park project for 5G new quality productive forces 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 characterized by ecological energy-saving, low-carbon environmental protection and technological intelligence. The main construction of the industrial park project has now completed, signifying the Group's increased emphasis on technological research and development innovation.

Management Discussion and Analysis

Based on the continuous optimization of the terminal channel layout, deepened its efforts on key regional markets, upgrading the brand image, and improving store efficiency and people efficiency, the Group adopted a series of effective measures, resulting in the number of retail terminal stores of the Group being adjusted from 709 as at 31 December 2023 to 662 as at 31 December 2024, including 441 for FIRS and 221 for SHANSHAN, representing a year-on-year decrease in the number of retail stores of approximately 6.6%. Meanwhile, the Group has targeted to empower terminal stores through the plan of "thousands of stores in hundreds of cities", membership system construction and retail skills training, strengthened e-commerce authorization and control, and perfected the effective expansion of the Internet platform and in-depth cooperation.

The Board believes that the various strategic initiatives implemented by the Group in FY2024 are effective and result in a positive effect on the growth of profits in the Year. Despite the operating revenue of the Group amounted to RMB1,006.6 million for the Year, representing a slight decrease of approximately 5.0% as compared to RMB1,060.0 million for the FY2023, the Group's profit increased by approximately 5.0% from RMB31.6 million in FY2023 to RMB33.2 million for the Year.

FINANCIAL REVIEW

Revenue

The Group generated revenue primarily from sales of apparel to distributors, direct sales, franchisee sales, sales of work uniform and trademark sub-licensing income, etc. For the Year, total revenue of the Group slightly decreased by approximately 5.0% to RMB1,006.6 million from RMB1,060.0 million for FY2023, primarily attributable to (i) the Group's channel optimization and marketing policy adjustments resulted in a decrease in revenue from distributor sales channels of RMB18.6 million; and (ii) the Group continued to improve store quality and reduce the number of low-efficiency stores, resulting in a decrease of 28.3% in sales revenue from the SHANSHAN brand franchise cooperative arrangement. Please refer to the sections headed "Revenue by sales channels" and "Revenue by brands" below for details.

Revenue by sales channels

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

	Year ended 31 December			
	2024		2023	
	RMB'000	**%**	RMB'000	%
Sales to distributors	**102,361**	**10.2**	121,007	11.4
Direct sales				
E-commerce platforms	**367,750**	**36.5**	322,834	30.5
Self-operated retail stores	**139,074**	**13.8**	149,928	14.1
Franchisee sales				
Cooperative arrangements	**166,875**	**16.6**	232,581	21.9
Work uniform	**126,176**	**12.5**	119,701	11.3
Trademark sub-licensing income	**104,384**	**10.4**	113,995	10.8
Total	**1,006,620**	**100**	1,060,046	100

Management Discussion and Analysis

Revenue by brands

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

	Year ended 31 December			
	2024		2023	
	RMB'000	%	RMB'000	%
FIRS	710,005	70.5	602,903	56.9
SHANSHAN	286,066	28.4	447,602	42.2
Others	10,549	1.1	9,541	0.9
Total	1,006,620	100	1,060,046	100

Gross profit

For the Year, gross profit of the Group decreased by approximately 4.5% to RMB379.2 million from RMB397.2 million for FY2023, primarily attributable to the decrease in revenue by 5.0% for the Year, resulting in the decrease of gross profit by RMB18.0 million.

Other revenue

Other revenue mainly comprises bank interest income and gain from sales of raw materials of the Group. For the Year, other revenue of the Group decreased by approximately 31.3% to RMB1.1 million from RMB1.6 million for FY2023, mainly due to lower gains on sales of raw materials.

Other gains and losses, net

Other losses, net for the Year amounted to RMB3.1 million, which was mainly attributable to (i) 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; (ii) awareness of product quality among online merchants increased during the Year; and (iii) gains from merchant defaults decreased.

Other gains, net for FY2023 amounted to RMB3.8 million, which mainly represented (i) liquidated damages income from merchants of RMB3.1 million; and (ii) government grants of RMB2.1 million.

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 and renovation costs.

For the Year, selling and distribution expenses of the Group decreased by approximately 8.6% to RMB281.8 million from RMB308.2 million for FY2023, mainly attributable to (i) the decrease in the share of franchisees resulted from the decrease in sales of cooperation arrangement channels; and (ii) optimization of terminal channel layout, improvement of store efficiency and human efficiency, and reduction in the number of retail terminal stores led to a reduction in store expenses.

Administrative expenses

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

For the Year, administrative expenses of the Group increased by approximately 3.7% to RMB41.9 million from RMB40.4 million for FY2023, mainly due to increase in expenses related to AW2023 China Fashion Week during the Year.

Impairment loss on property, plant and equipment

The impairment loss on property, plant and equipment of the Group increased from RMB0.3 million for FY2023 to RMB0.8 million for the Year.

Impairment loss on right-of-use assets

The impairment loss on right-of-use assets of the Group increased from RMB1.5 million for FY2023 to RMB1.9 million for the Year.

Impairment loss on trade receivables, net

For the Year, impairment loss on trade receivables of the Group decreased to RMB0.9 million from RMB1.1 million for FY2023.

Impairment loss on deposits and other receivables, net

The impairment loss on deposits and other receivables of the Group decreased to RMB0.3 million for the Year from RMB0.8 million for FY2023.

Finance costs

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

For the Year, finance costs of the Group decreased by approximately 13.8% to RMB5.6 million from RMB6.5 million for FY2023. Such decrease was mainly due to the decrease in interest expenses on bank borrowings as a result of decrease in bank interest rates.

Income tax expense

Income tax expense mainly represents the income tax payable by the Group according to the relevant PRC income tax laws and regulations. The income tax expense for the Year increased to RMB11.3 million from RMB9.0 million for FY2023, primarily due to the fact that the full amount of a company's income tax prior years' recoverable losses has been utilized in full in FY2023.

Profit for the year

For the Year, the profit recorded by the Group increased to RMB33.2 million from RMB31.6 million for FY2023. The increase was mainly due to lower selling and distribution expenses.

WORKING CAPITAL MANAGEMENT

	Year ended 31 December	
	2024	2023
Average inventory turnover days	**148**	149
Average trade receivables turnover days	**84**	74
Average trade payables turnover days	**107**	85

Average inventory turnover days of the Group decreased from 149 days as at 31 December 2023 to 148 days as at 31 December 2024, which remained relatively stable.

Average trade receivables turnover days of the Group increased from 74 days as at 31 December 2023 to 84 days as at 31 December 2024, was mainly due to the fact that the Group appropriately relaxed the repayment period in line with the market environment.

Average trade payables turnover days of the Group increased from 85 days as at 31 December 2023 to 107 days as at 31 December 2024, mainly due to purchasing volumes rose towards the end of the Year, while credit periods offered by suppliers were extended.

LIQUIDITY AND FINANCIAL RESOURCES

The Group maintained a solid financial position for the Year. Cash and cash equivalents of the Group decreased from RMB143.2 million as at 31 December 2023 to RMB106.5 million as at 31 December 2024, and its pledged deposits increased to RMB8.5 million as at 31 December 2024 from RMB4.2 million as at 31 December 2023. The cash and cash equivalents were mainly denominated in Renminbi ("**RMB**").

As at 31 December 2024 and 31 December 2023, total bank borrowings of the Group amounted to approximately RMB145.0 million and RMB135.0 million, respectively. As at 31 December 2024, all bank borrowings were denominated in RMB and repayable within a year from the respective year end dates. The details for the Group's bank borrowings are set out in note 29 to the consolidated financial statements in this report. Gearing ratios (total borrowings over total assets of the Group) of the Group were approximately 17.7% and 18.6% as at 31 December 2024 and 31 December 2023, respectively.

TREASURY POLICIES

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

FOREIGN EXCHANGE RISK AND HEDGING

Most of the Group's transactions are denominated in RMB. As such, the Company does not have significant exposure to foreign exchange fluctuation.

Management Discussion and Analysis

USE OF PROCEEDS FROM THE SHARE OFFER

The H Shares were listed on the Main Board of the Stock Exchange on 27 June 2018. The total net proceeds from the share offer conducted by the Company in 2018 amounted to approximately HK$66.4 million (equivalent to approximately RMB55.2 million). As at 31 December 2024, a total of RMB55.2 million of the proceeds from the offering of H Shares had been fully utilised for the following purposes which are consistent with that disclosed in the prospectus of the Company dated 12 June 2018:

	Planned amount RMB (million)	Unutilised balance as at 1 January 2024 RMB (million)	Actual utilised amount during the Year RMB (million)	Unutilised amount as at 31 December 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	55.2	0.3	0.3	–

EMPLOYEE AND REMUNERATION POLICIES

As at 31 December 2024, the Group had 265 employees (31 December 2023: 311 employees). Employee costs, including Directors' emoluments, amounted to approximately RMB42.4 million for the Year (2023: RMB36.2 million). The remuneration policy for the Directors and the senior management focuses on their experience, level of responsibility and general market conditions. Any discretionary bonus and other performance bonus are linked to the profit performance of the Group and the performance of the Directors and individual senior management. The Group provides and arranges on-the-job training for the employees.

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

ENVIRONMENTAL MANAGEMENT

Being a socially and environmentally responsible enterprise, the Group is dedicated to achieving environmental friendly and sustainable development by abiding by relevant laws and regulations, including the "Environmental Protection Law of the People's Republic of China" and the regulations implemented by the environmental protection bureaus of the relevant PRC local governments during its daily operation. The Group has also attained the ISO14001 "Environment Management Systems" Certification. An environmental, social and governance report of the Group is issued as part of the annual report of the Company for the Year, in accordance with the Environmental, Social and Governance Reporting Code as contained in Appendix C2 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"), which is published on the respective websites of the Stock Exchange and the Company.

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 Year.

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 31 December 2024, the Company settled the consideration of the Land Use Rights amounted to RMB41,321,952 and signed contracts for the construction of the industrial park project in the amount of RMB114,574,616 totally. Save as disclosed above, the Company did not have any other plan for material investments or capital assets as of 31 December 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 31 December 2024 as compared with that as at 31 December 2023.

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 31 December 2024 (31 December 2023: Nil).

PLEDGE OF ASSETS

As at 31 December 2024, the Group pledged deposits of RMB10.7 million as guarantee deposits for bills payables and project construction of the industrial park project (31 December 2023: RMB4.2 million was placed as security for bills payables). Except for the above-mentioned pledged deposits, there were no other assets pledged as security by the Group.

Management Discussion and Analysis

OUTLOOK AND STRATEGIES

In the year 2025, the Group will continue to focus on the theme of "high-quality development", centering on the three core elements of talent, brand and capital, and strive to create a multi-brand, multi-industry, diversified, high-return and high-growth development model. Specific measures are set out below:

1. The Group will keep a foothold in its cradle, focusing on core markets and key provinces and cities, accelerating the implementation of the 100 "China Shanshan" brand experience centers to provide consumers with an immersive experience that integrates technology, fashion and professionalism, so as to improve consumer satisfaction, tap the growth potential of branded consumption, and create an assured and satisfactory consumption environment for consumers.

2. The Group will continue to build a "one body, two wings" development model, whereby online and offline development will proceed in parallel. Relying on the innovative power of products, the Group will push forward the offline "thousands of stores in hundreds of cities" plan and the online "traditional platforms – social media platforms – livestreaming platforms – private domains" to develop an omni-channel marketing scenario, accelerating the development of the digitalization of marketing network. At the same time, the Group will keep a foothold in the era of digital economy and artificial intelligence, while embrace the development opportunities of national brands' consumption, promotes the channel ecology in which online and offline brands grow together, each with its own strengths and values, enhancing the market influence of the Group's brands in the first tier of business men's apparel.

3. The Group will also continue to focus on the large single product plan for suits, gaining insights into the changes in consumer demand, study the prospects of market development, and continue to create new products, new scenes and new hotspots for consumers, so as to strengthen consumers' sense of identification with the national brands. At the same time, we will utilize new technologies to empower the operation of user assets and explore the potential of consumption, so as to promote the Company's core member base to contribute steady profit for the Company's sustainable development.

4. The Group will promote the construction of the 5G new quality productivity industrial park in terms of quality and quantity, and build a modernized digital intelligence industrial park integrating intelligent production, smart warehousing, new retail live base and brand incubation, etc., so as to provide high-quality and price-ratio suit and shirt products for the omni-channel marketing network, and to further enhance the brand awareness and competitiveness in the market.

The Group has always maintained a positive and optimistic attitude towards its future development prospects, and has been consolidating the Group's various operation and management work in order to ensure the smooth implementation of its annual strategic plan by focusing on the Company's strategic plan for 2025 and its operation and management measures. We will continue to operate in depth around the three core assets of "talent, brand and capital", continue to deepen the implementation of the suit large single product plan for suits, rely on product upgrades, and take root in new marketing, new scenarios and new consumption to build the market voice and cultural influence of "top brand in suits", promote the Company's overall business and cultural influence, driving the Company's overall business and profit growth at a high rate, to enhance the value-added of the Company's core assets, so as to better reward the Company's shareholders, employees and customers, and to lay a solid foundation for the Group's long-term sustainable development.

Biographies of Directors, Supervisors and Senior Management

EXECUTIVE DIRECTORS

Mr. Luo Yefei (駱葉飛), aged 50, was appointed as an executive Director on 18 May 2016 and the chairman of the Board as well as a member and chairman of the nomination committee of the Board (the "**Nomination Committee**") on 26 June 2020. Mr. Luo is also the general manager and responsible for the overall development planning and business operations of the Group. He is also (i) a director of Ningbo Shanshan Fashion Brand Management Co., Ltd* (寧波杉杉時尚服裝品牌管理有限公司) ("**Fashion Brand**"), and (ii) the manager of Ningbo Shanshan Hanfu Culture Co., Ltd.* (寧波杉杉漢服文化有限公司)("**Shanshan Hanfu**"), subsidiaries of the Company. He was a director of Lubiam Apparel, a non-wholly-owned subsidiary of the Company voluntarily liquidated and deregistered on 13 December 2021. He has over 20 years of experience in the apparel industry. Mr. Luo joined the Group on 1 June 2013 as the general manager of Shanshan Garment Brand, the predecessor of the Company. Prior to joining the Group, Mr. Luo was the general manager and the controlling shareholder of Shaanxi Maoye Gongmao Co., Ltd.* (陝西茂葉工貿有限公司) ("**Shaanxi Maoye**"), a substantial shareholder of the Company, a company primarily engaged in the production and sales of garments, where he was responsible for the production and operation management from September 2009 to June 2013. From September 2002 to September 2009, Mr. Luo served as the deputy general manager of Shaanxi Tuoda Commercial Trading Company Limited* (陝西拓達商貿有限公司) ("**Shaanxi Tuoda**"), a company primarily engaged in the sales and production of garments, where he was responsible for the sales and marketing. Mr. Luo obtained a certificate for the CEO EMBA program from Xi'an Jiaotong University (西安交通大學) in the PRC and Zhejiang University (浙江大學) in the PRC in July 2009 and June 2015, respectively. Mr. Luo also obtained a college diploma (專科文憑) through online learning from University of Science and Technology Beijing (北京科技大學) in the PRC in July 2017. On 31 July 2020, Mr. Luo obtained a junior college diploma (專升本文憑) in Business Administration through online learning from Southwest University (西南大學). Mr. Luo is the husband of Ms. Zhou Yumei, an executive Director. Mr. Luo is interested in 11% of the Company's total number of issued shares. Mr. Luo is interested in approximately 80% of the registered capital of Shaanxi Maoye and is deemed to be interested in approximately 20% of the registered capital of Shaanxi Maoye held by Ms. Zhou Yumei under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) ("**SFO**"). Mr. Luo is interested in approximately 18.6% of the registered capital of Ningbo Liankangcai Brand Management Co., Ltd.* (寧波聯康財品牌管理有限責任公司) ("**Ningbo Liankangcai**"), a substantial shareholder of the Company.

* *for identification purpose only*

Biographies of Directors, Supervisors and Senior Management

Mr. Cao Yang (曹陽), aged 53, was appointed as a Director and chairman of the board of directors of Shanshan Garment Brand, the predecessor of the Company on 30 June 2014. He was re-appointed as the vice chairman of the Company in May 2016 and was responsible for strategic planning of the Group. He was an executive director and the general manager of Ningbo Shanshan E-Commerce Co., Ltd.* (寧波杉杉電子商務有限公司) ("**Shanshan E-Commerce**"), a subsidiary of the Company from date of establishment to May 2021. Mr. Cao has extensive experience in strategic planning, brand management, public communication and corporate culture communication. He has over 18 years of experience in business management. From June 2010 to December 2014, Mr. Cao served as the planning director of Shanshan Holding Co., Ltd.* (杉杉控股有限公司) ("**Shanshan Holding**"), a company primarily engaging in industrial investment, investment management and research, development and sales of garments, and was responsible for strategic planning and brand management, public communication and corporate culture communication. From June 2009 to December 2013, he acted as an assistant president and the vice president of Shanshan Group Co., Ltd.* (杉杉集團有限公司) ("**Shanshan Group**"), a company primarily engaging in assets management and investment, trading of nonferrous metals and chemical products, and was responsible for brand management and public communication. From May 2005 to January 2009, Mr. Cao served as the deputy head of the general management department and the head of the planning department of Shanshan Holding, where he was responsible for brand management, public communication and corporate culture communication. In October 2004, Mr. Cao joined Shanshan Group as the head of the planning department and was responsible for brand management, public communication and corporate culture communication. Mr. Cao obtained a bachelor's degree in journalism from Nanjing Normal University (南京師範大學) in the PRC in December 2012 by self-study. Mr. Cao has been the vice president of Shanshan Holding since August 2021, and is in charge of administration, personnel, information, legal affairs and planning; and has been the planning director of Ningbo Shanshan Co.,Ltd. (寧波杉杉股份有限公司)("**Shanshan**") since November 2022.

Ms. Yan Jingfen (嚴靜芬), previously known as Yan Xuefang (嚴雪舫), aged 51, was appointed as a Director on 18 May 2016 and a member of Remuneration Committee on 28 May 2018. Ms. Yan is also vice president, the chief financial officer and a joint company secretary of the Company and responsible for financial management, company secretarial matters and the compliance matters of the Group. Meanwhile, Ms. Yan is a director of (i) Fashion Brand, a subsidiary of the Company; (ii) Ningbo Shanjing Apparel Co., Ltd.* (寧波杉京服飾有限公司) ("**Ningbo Shanjing**"), an associate of the Company; and (iii) Hangzhou Shanxi E-Commerce Co., Ltd.* (杭州杉喜電子商務有限公司), a joint venture of the Group. She is also a supervisor of Shanshan E-Commerce, a subsidiary of the Company. She was a director of Lubiam Apparel, a non-wholly-owned subsidiary of the Company voluntarily liquidated and deregistered on 13 December 2021. On 12 July 2021, the Stock Exchange agreed that Ms. Yan is qualified to act as a company secretary under Rule 3.28 of the Listing Rules. Ms. Yan has over 16 years of experience in financial management. Ms. Yan joined the Group on 2 August 2010. Since June 2013, she has been serving as the chief financial officer of Shanshan Garment Brand, the predecessor of the Company, and of the Company. From August 2010 to June 2013, Ms. Yan served successively as the head of the financial department and the chief financial director of Fashion Brand. From September 2009 to August 2010, she was the head of the financial department of Ningbo Shanshan Bolai Import and Export Co., Ltd.* (寧波杉杉博萊進出口有限公司), a company primarily engaged in import and export business, where she was responsible for auditing and budgeting of this company. From July 2007 to September 2009, Ms. Yan served as the head of the financial department in Ningbo Shanshan Yongjiang Real Estate Company Limited* (寧波杉杉甬江置業有限公司), a property developer, where she was responsible for financial budgeting and preparing financial statements. Ms. Yan obtained her bachelor's degree in financial management from the Ningbo Dahongying University (寧波大紅鷹學院) in the PRC in June 2014. Ms. Yan was qualified as an intermediate accountant (中級會計) by Ningbo Personnel Bureau (寧波市人事局) in May 2009. Ms. Yan is interested in approximately 19% of the registered capital of Ningbo Liankangcai, a substantial shareholder of the Company.

* *for identification purpose only*

Ms. Zhou Yumei (周玉梅), aged 54, was appointed as a non-executive Director on 21 August 2020 and redesignated as an executive Director on 6 June 2022. Ms. Zhou is currently the general manager of asset management department of the Company and is in charge of inventory management of the Company and the quality inspection department-related affairs. Ms. Zhou has been the head of inventory digestion and supply chains integration of the Company since March 2022 and is responsible for presiding over the overall management and coordination of the overall inventory digestion and supply chains integration of the Company. Ms. Zhou has been successively the deputy general manager and the general manager and the executive director (who is the sole director) of Shaanxi Maoye, a substantial shareholder of the Company, since September 2009, a company primarily engaged in the production and sale of garments, where she is responsible for business management. From September 2002 to September 2009, Ms. Zhou served as the deputy general manager of Shaanxi Tuoda, a company primarily engaged in the sales and production of garments, where she was responsible for the sales and management. Ms. Zhou is the wife of Mr. Luo Yefei, the chairman of the Board and an executive Director. Ms. Zhou is interested in approximately 20% of the registered capital of Shaanxi Maoye and also the sole director of Shaanxi Maoye, she is deemed to be (i) interested in approximately 80% of the registered capital of Shaanxi Maoye held by Mr. Luo; and (ii) interested in the 11% of the Company's total number of issued shares held by Mr. Luo under the SFO.

NON-EXECUTIVE DIRECTORS

Mr. Mao Weiyong (毛偉勇), aged 40, was appointed as a non-executive Director on 24 February 2025. He is currently served as a general manager of the new retail section of Shanshan E-Commerce, a wholly-owned subsidiary of the Company. Mr. Mao joined Ningbo Shanshan Garments Co., Ltd.* (寧波杉杉服裝有限公司), a company primarily engaged in the manufacture and sale of menswear, since 2004 and successively served as a planner of planning department and sector manager of sales department, responsible for the market development and sales management. From January 2012 to May 2013, Mr. Mao worked as a partner at Ningbo Shantong E-Commerce Co., Ltd. (寧波杉童電子商務有限公司) and principally engaged in the online sales of children's clothing. From June 2013 to November 2019, Mr. Mao served as the department head of e-commerce department of the Company, responsible for the overall business operation of e-commerce sector. From December 2019 to November 2020, Mr. Mao served as the general manager of Ningbo Nuanwo Pet Products Co., Ltd. (寧波暖窩寵物用品有限公司), responsible for the overall operation and management. Since November 2020, Mr. Mao joined the Company and responsible for the online overall business operation and management. Mr. Mao graduated from Zhejiang Institution of Economics and Trade (浙江經濟貿易學院) (currently has been merged with Taizhou Vocational and Technical College) majoring in clothing design and craftsmanship in July 2004. From February 2007 to January 2010, Mr. Mao participated in the part-time courses in Ningbo University and obtained the diploma in logistics management. Mr. Mao holds 19% equity interest in Ningbo Liankangcai, a substantial shareholder of the Company.

* *for identification purpose only*

Biographies of Directors, Supervisors and Senior Management

Mr. Shen Jinxin (沈金鑫), aged 44, was appointed as a non-executive Director on 5 June 2023. Mr. Shen was a member of management center of Ningbo United Power Investment Holding Co., Ltd.* (寧波聯合動力投資控股有限公司) from July 2004 to June 2006, mainly responsible for human resources and brand management. In May 2007, Mr. Shen found Ningbo Zhicheng Meimei Holdings Co., Ltd.* (寧波智城美景控股有限公司) and served as the chairman of the board until present. From June 2015 to present, Mr. Shen is the co-founder and served as director of Hangzhou Zanhuo Network Technology Co., Ltd.* (杭州贊貨網絡科技有限公司). From July 2021 to present, Mr. Shen served as the general manager of Zhejiang Feichang Fish Technology Co., Ltd.* (浙江非常魚塊科技有限公司). Mr. Shen has extensive experience in the brand management and was appointed as the part-time supervisor for postgraduate students majoring in professional art design (direction of visual communication and media design) at the Graduate School of Ningbo University for a term of three years from 2020 to 2023. In addition, Mr. Shen currently serves as vice president of Ningbo Yinzhou Advertising Cultural and Creative Association* (寧波市鄞州區廣告文創協會), deputy secretary of the Party Branch of Ningbo Southern Business District Cultural and Creative Party Construction Alliance* (寧波南部商務區文創黨建聯盟黨支部), member of Zhejiang Calligraphers Association* (浙江省書法家協會). Mr. Shen obtained a bachelor degree from the Ningbo University, majoring in Advertising in 1 July 2004.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chow Ching Ning (周政寧), aged 56, was appointed as an independent non-executive Director and the chairman of audit committee of the Board (the "**Audit Committee**") on 4 June 2021. He is responsible for providing independent advice and judgement to the Board. Mr. Chow has over 23 years of investment experience and is currently a managing partner with Radiant Tech Ventures, a HK-based venture fund manager that invests in technology-empowered sectors such as fintech, electronic and mobile-commerce, healthcare and smart city across various geographical markets, including Hong Kong, China, Israel and Southeast Asia. Radiant Tech Ventures is a Hong Kong Securities and Futures Commission licensed asset management company and upholds the highest standard of corporate governance and business ethics and it is selected as one of the six Co-Investment Partners of the Innovation and Technology Venture Fund (ITVF) under Innovation and Technology Commission of the Government of the Hong Kong Special Administrative Region in 2018. Mr. Chow is a responsible officer for type 9 (asset management) regulated activities under the SFO.

Mr. Chow was born in Hong Kong but grew up in Singapore where he had lived for 8 years. He obtained a Bachelor degree (Hons) in Business Studies from the Hong Kong Polytechnic University and is a CFA Charterholder of the CFA Institute and fellow member of the Hong Kong Institute of Certified Public Accountants (HKICPA).

Mr. Chow is currently an independent non-executive director of China HK Power Smart Energy Group Limited (formerly known as China LNG Group Limited, a company listed on the main board of the Stock Exchange (stock code: 931)). He was an independent non-executive director of SinoSun Technology Co. Ltd., a company listed on Shenzhen Stock Exchange (SZSE stock code: 300333) from April 2017 to May 2020.

* *for identification purpose only*

Mr. Wang Yashan (王亞山), aged 63, was appointed as an independent non-executive Director, chairman of the Remuneration Committee, a member of Audit Committee and a member of Nomination Committee on 28 May 2018. He is responsible for providing independent advice and judgement to the Board. Mr. Wang was the legal representative of Beijing Zhonghuang Guoxin Management Consulting Company Limited (北京中璜國信管理諮詢有限責任公司), a company primarily engaged in providing corporate management consulting services, from August 2010 to May 2016. He was also an independent director of Zhongke Yinghua High-tech Company Limited (中科英華高技術有限公司) (currently known as Nuode Investment Company Limited (諾德投資股份有限公司)), a company listed on the Shanghai Stock Exchange (stock code: 600110), from June 2009 to July 2015. Mr. Wang obtained his lawyer's qualification certificate issued by the Ministry of Justice of the PRC in April 1989. He obtained his bachelor's degree in law from Peking University in the PRC in July 1984.

Mr. Wu Xuekai (武學凱), aged 54, was appointed as an independent non-executive Director and a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee on 28 May 2018. He is responsible for providing independent advice and judgement to the Board. Mr. Wu has over 28 years of experience in apparel industry. Mr. Wu is currently the executive Director and general manager of Shanghai Tianshi Garment Technology Co., Ltd.(上海田時服裝科技有限公司) and is the vice chairman of China Fashion Association and vice president of Shanghai Garment Design Association. Mr. Wu was the chief creative director of Biaoding Apparels Co., Ltd. (上海標頂服飾有限公司), a company primarily engaged in providing designing services, where he has been responsible for product design from June 2002 to May 2021. Mr. Wu was also the design director of Shanshan Group, where he was responsible for product design and the management of the design department from January 1999 to April 2003. From October 1996 to January 1999, Mr. Wu was a deputy general manager of the design center of Shanshan, where he was responsible for product design. From January 1995 to September 1996, Mr. Wu was a workshop manager of one of Shanshan's factories, where he was responsible for daily operation of this workshop. He was an independent director of Hunan Huasheng Company Limited (湖南華升股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600156), where he was responsible for supervising and providing independent advice to the board of directors from January 2014 to November 2020. Mr. Wu was qualified as a senior craftsmanship designer (高級工藝美術師) in July 2010 by Shanghai Human Resources and Social Security Bureau (上海市人力資源和社會保障局). Mr. Wu obtained his graduation certificate in fashion design from Tianjin Polytechnic University (天津工業大學) (formerly known as Tianjin Textile Engineering Institute (天津紡織工學院)) in the PRC in July 1994.

Biographies of Directors, Supervisors and Senior Management

SUPERVISORY COMMITTEE

Ms. Zhou Danna (周丹娜), aged 43, was appointed as the chairperson of the supervisory committee of the Company (the "**Supervisory Committee**") on 18 May 2016. She joined the Group on 15 July 2013 and is currently the deputy director of administration department of the Group's integrated management center. Prior to that, she was the assistant to president of the Group and the manager of administration office, where she was in charge of the president office and administration-related affairs. Ms. Zhou is also a supervisor of Fashion Brand, Shanshan Hanfu, Ningbo Magic Music E-Commerce Co., Ltd.(寧波魔音電子商務有限公司) ("**Ningbo Magic E-Commerce**") and Tengzhou Shanshan, all of these are subsidiaries of the Company. She has over 17 years of experience in the apparel industry. Since July 2013, she was employed by the predecessor of the Company, Shanshan Garment Brand as an assistant to the head of the general management department, and now by the Company, as the deputy director of administration department of the Group's integrated management center, where she is responsible for administrative matters. From July 2013 to September 2014, she successively served as an assistant to the head of the general management department and the deputy department head in Fashion Brand, where she was responsible for assisting the head of general management department in administrative matters. From March 2006 to July 2013, Ms. Zhou successively served as the secretary to the general manager, administration assistant and the head of the department in Ningbo Shanshan Modun Garments Co., Ltd., a company primarily engaged in sales of garments, where she was responsible for assisting the general manager in daily administrative matters. Ms. Zhou obtained her bachelor's degree in art design from Tianjin Polytechnic University (天津工業大學) in the PRC in July 2006.

Mr. Wang Yijun (王一軍), aged 47, was appointed as a supervisor of the Company (the "**Supervisor**") on 5 June 2019. He is also a director of Ningbo Magic E-Commerce. He joined the Group on 25 August 2017, and is the department head of the finance department of the Company, being responsible for the financial management related affairs. Prior to joining the Group, from March 2000 to August 2017, Mr. Wang worked at Ningbo Youngor Dresses Co., Ltd. (寧波雅戈爾服飾有限公司), a wholly-owned subsidiary of Youngor Group Co., Ltd. (雅戈爾集團股份有限公司), a company primarily engaged in sale of branded menswear and listed on the Shanghai Stock Exchange (stock code: 600177), with his last position as the financial manager of its certain branch companies, where he was responsible for accounting and finance related affairs. From July 1999 to February 2000, Mr. Wang was an accountant and a cashier of Ningbo Yonggang Communications Co., Ltd. (寧波甬港通訊發展有限公司), a company primarily engaged in the provision of communication services and sale and maintenance of communication equipment where he was responsible for accounting and payment related affairs. Mr. Wang obtained a diploma of graduation in finance and accounting from Yinxian Secondary Specialised School of Zhejiang Province (浙江省鄞縣中等專業學校) in July 1996.

Ms. Yang Yi (楊依), aged 34, was appointed as a Supervisor on 18 May 2016. She has over 11 years of experience in managing internal control operations. She joined the Group on 8 October 2011, and has since then been serving as the head of internal control and audit department of Shanshan Garment Brand, the predecessor of the Company, and now the Company, and has been responsible for establishing and maintaining the internal control system of the Group as well as planning and establishing the management system of the Group. She obtained her bachelor's degree in digital media technology from Zhejiang Normal University (浙江師範大學) in the PRC in June 2012.

SENIOR MANAGEMENT

Mr. Wang Jun (王軍), aged 60, has successively been the executive deputy general manager and vice president of the Group since November 2011 and is responsible for production and procurement of the Group and is in charge of Fashion Brand and warehouse logistics center-related affairs. He is also (i) a director of Fashion Brand, Shanshan Hanfu and Ningbo Magic E-Commerce, subsidiaries of the Company, and Ningbo Shanjing, an associate of the Company; and (ii) a supervisor of Ningbo Liankangcai, a substantial shareholder of the Company. He has more than 38 years of experience in the apparel industry. Mr. Wang joined the Group on 21 June 2009 and has since then been the deputy general manager of Fashion Brand. From May 2005 to August 2011, Mr. Wang worked at Ningbo Shanshan Garments Co., Ltd. (寧波杉杉服裝有限公司), a company primarily engaged in the sale of garments, where he successively served as an assistant to the general manager and deputy general manager. During that period, he was responsible for production and supply matters as well as assisting the general manager in corporate management. From June 2003 to May 2005, he served as the head of the production department of Shanshan, where he was responsible for the general management of the factories. From July 2000 to May 2003, he worked at Ningbo Shanshan Garments Co., Ltd., where he successively served as, among others, an assistant to the general manager and deputy general manager of this company and was responsible for the production and procurement. In July 1983, Mr. Wang joined the predecessor of Shanshan, where he started as a worker and was promoted as the department head of Shanshan before he left in December 1998 and was responsible for the production and operation matters. Mr. Wang obtained a graduation certificate of electrical automation from the Employee University of Shanghai Chemical Fiber Industrial Company (上海市化學纖維工業公司職工大學) in July 1988. Mr. Wang was qualified as an assistant engineer by Ningbo Personnel Bureau (寧波市人事局) in September 1994. Mr. Wang is interested in approximately 7% of the registered capital of Ningbo Liankangcai, a substantial shareholder of the Company.

Biographies of Directors, Supervisors and Senior Management

Mr. Yang Yong (楊勇), aged 56, has been a deputy general manager and design director of the Group since November 2011 and is the general manager of the product development center. He is responsible for research and development and design of the Group. He has more than 30 years of experience in apparel industry. Mr. Yang joined the Group on 21 June 2009 as the deputy general manager and chief designer of Fashion Brand. Prior to joining the Group, Mr. Yang had worked for more than 16 years, from June 1989 to May 2006, in Beijing Shunmei Garment Company Limited (北京順美服裝有限公司), a company primarily engaged in the production and sale of menswear, where he successively served as, among others, a manager and the product director of that company. Mr. Yang completed the diploma program of executive business administration from Zhejiang University (浙江大學) in the PRC in June 2015.

Corporate Governance Report

The Company is committed to fulfilling its responsibilities to the Shareholders, and protecting and enhancing Shareholders' value through good corporate governance. The Directors recognise the importance of incorporating elements of good corporate governance in the management structures, internal control and risk management procedures of the Group so as to achieve effective accountability.

CORPORATE GOVERNANCE PRACTICES

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

The Company has adopted the Corporate Governance Code (the "**CG Code**") as contained in Part 2 of Appendix C1 to the Listing Rules as its own code of corporate governance. During the Year, the Company has applied the CG Code and complied with all the code provisions as set out in the CG Code during the Year except for the following deviation:

Pursuant to 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 titled "chief executive officer". However, Mr. Luo Yefei, an executive Director and the chairman of the Board (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 (the "**INEDs**") 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.

VISION, MISSION AND VALUE

The mission of the Group is to create a quality life with our vision of building a century-old classic fashion industry platform, and adheres to our corporate value of "pragmatism, aggressiveness, innovation and sharing". The Group inherits the tradition and leads the trend, as well as cooperates with colleagues within the industry chain to forge high-quality products and services, so as to jointly create industry value; the Group also conveys consumers an elegant dress concept to demonstrate an unrestrained attitude to life.

The values underpin the Company's success and guide the actions in achieving continuous and sustainable growth. It also reflects our culture which defines the qualities and behaviours of our people who help us make our purpose a reality.

Corporate Governance Report

The Company aims to achieve its purpose and values through building partnerships and collaboration to create value and develop and apply emerging technologies and innovative business approaches for long-term business growth.

Under the leadership of the Board, the Company instils these vision, missions, core values and sustainability approach in our staff and stakeholders while integrating them into the Group's day-to-day operations.

BOARD OF DIRECTORS

Responsibilities

The Board is primarily responsible for overseeing and supervising the management of the business affairs and the overall performance of the Group. The Board sets the Group's values and standards and ensures that the requisite financial and human resources support is in place for the Group to achieve its objectives. The functions performed by the Board include but are not limited to formulating the Group's business plans and strategies, deciding all significant financial (including major capital expenditure) and operational issues, developing, monitoring and reviewing the Group's corporate governance practices and all other functions reserved to the Board under the articles of association of the Company (the "**Articles of Association**"). The Board has established Board committees and has delegated to these Board committees various responsibilities as set out in their respective terms of reference. The responsibilities of these Board committees include monitoring the Group's operational and financial performance and ensuring that appropriate internal control and risk management are in place. The Board may from time to time delegate certain functions to the management of the Group if and when considered appropriate. The management is mainly responsible for the execution of the business plans, strategies and policies adopted by the Board and those which are assigned to it from time to time.

The Directors have full access to information of the Group and the management has an obligation to supply the Directors with adequate information in a timely manner to enable the Directors to perform their responsibilities. The Directors are entitled to seek independent professional advice in appropriate circumstances at the Company's expense.

Composition

The Company is committed to holding and implementing the view that the Board should include a balanced composition of executive Directors, non-executive Directors and INEDs so that there is a strong independent element on the Board, which can effectively exercise independent judgement.

As at the date of this annual report, the Board comprised of nine Directors including three INEDs, which was in compliance with the requirement under Rules 3.10 and 3.10A of the Listing Rules that the number of INEDs must represent at least one-third (1/3) of the Board members, and that at least one of the INEDs has appropriate professional qualifications or accounting or related financial management expertise.

The members of the Board during the Year and up to the date of this annual report are set out below:

Executive Directors
Mr. Luo Yefei (Chairman)
Mr. Cao Yang (Vice Chairman)
Ms. Yan Jingfen (Chief Financial Officer and Joint Company Secretary)
Ms. Zhou Yumei

Non-executive Directors
Mr. Mao Weiyong *(Appointed on 24 February 2025)*
Mr. Du Peng *(Resigned on 24 February 2025)*
Mr. Shen Jinxin

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

Mr. Mao Weiyong was appointed as a non-executive Director on 24 February 2025 and obtained the legal advice pursuant to Rule 3.09D of the Listing Rules on 24 February 2025, and understood his obligations as a director of a listed issuer under the Listing Rules.

The biographical details of each of the Directors are set out in the section headed "Biographies of Directors, Supervisors and Senior Management" of this annual report. Save for such relationship disclosed in the section headed "Biographies of Directors, Supervisors and Senior Management", as at 31 December 2024, the Directors, the supervisors of the Company (the "**Supervisors**") and senior management of the Company had no financial, business, family or other material relationship among themselves.

The executive Directors are responsible for the leadership and control of the Company, overseeing the Group's businesses, strategic decisions and performances and are collectively responsible for promoting the success of the Company by directing and supervising its affairs.

The non-executive Directors participate in Board meetings to bring in judgement to bear on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conducts and scrutinise the Company's performance in achieving agreed corporate goals and objectives.

The INEDs are responsible for ensuring a high standard of financial and other mandatory reporting of the Board as well as providing a balance in the Board in order to effectively exercise independent judgement on the corporate actions of the Company so as to protect Shareholders' interests and the overall interests of the Group.

The Board delegates the authority and responsibilities to the senior management for the day-to-day management and operations of the Group. Approval has to be obtained from the Board prior to any significant transactions entered into by the senior management.

The Company has received an annual confirmation of independence in writing from each of the INEDs with reference to the factors under Rule 3.13 of the Listing Rules. Based on such confirmations, the Company considers that all the INEDs are independent and have met the independence guidelines as set out in Rule 3.13 of the Listing Rules during the Year and up to the date of this annual report.

During the Year, the Chairman held a meeting with the INEDs without the presence of other Directors.

Mechanism(s) Ensuring Independent Views Available to the Board

The Board has adopted a board independent evaluation mechanisms for Directors to seek independent professional advices for them to discharge their duties and responsibilities, and to ensure a strong independent element on the Board, which allows the Board to effectively exercise independent judgement to better safeguard shareholders' interests.

Continuing improvement and development of the Board of the Company and its committee processes and procedures through Board independence evaluation provides a powerful and valuable feedback mechanism for improving Board effectiveness, maximising strengths, and identifying the areas that need improvement or further development. The evaluation process also clarifies what actions of the Company need to be taken to maintain and improve the Board performance, for instance, addressing individual training and development needs of each Director.

Directors may, in making decisions to perform their duties as Directors, seek such independent professional advice and opinions as they considered necessary to fulfil their responsibilities and in exercising independent judgement at the Company's expense (the "**Policy**"). Independent professional advice shall include advice of lawyers, auditors, accountants, financial advisers and other professional on matters of law, accounting, tax and other regulatory and professional matters. If the Directors consider that independent professional advice and views are necessary, the Directors should communicate with the Company Secretary and to provide background and details of the events and/or transactions and/or the issues involved and/or their problems, questions, concerns or specific advice to be sought. Subject to the approval of the Chairman, the Company or the Directors shall contact a professional adviser within a reasonable period of time to seek independent professional advice. Any advice obtained through the Policy shall be duly documented and made available to other members of the Board.

The Board reviewed the implementation and effectiveness of the mechanisms during the Year and considered the same remain effective to ensure independent views and input are available to the Board since adoption of the mechanisms up to the date of this annual report.

Directors’ Liabilities Insurance and Indemnity

The Company had arranged for appropriate and adequate insurance cover to protect the Directors and the Supervisors from legal action arising from the performance of their duties as a Director and Supervisor. Such insurance coverage is reviewed and renewed on an annual basis.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the “**Model Code**”) as its own code of conduct governing the securities transactions by the Directors and the Supervisors on terms no less exacting than the required standard as set out in the Model Code. Following a specific enquiry made by the Company with each of the Directors and the Supervisors, all the Directors and the Supervisors have confirmed that they had complied with the Model Code during the Year.

DIRECTORS’ INDUCTION AND CONTINUING PROFESSIONAL DEVELOPMENT

Each of the newly appointed Directors has received a formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure that he/she has a proper understanding of the Company’s operations and business and is fully aware of the director’s responsibilities under statute and common law, the Listing Rules, legal and other regulatory requirements and the Company’s business and governance policies. Pursuant to the code provision C.1.4 of the CG Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills.

The Company will from time to time fund and arrange suitable training and provide briefings to all the Directors to develop and refresh their knowledge and skills in relation to their duties and responsibilities, such that their contribution to the Board remains informed and relevant. All the Directors are also encouraged to attend relevant training courses at the Company’s expense and they have been requested to provide the Company with their training records.

During the Year, all the Directors attended the suitable training and/or briefings given by certain professional advisers and/or participated in continuous professional development courses organised by professional bodies/firms on corporate governance or updates on laws, rules and regulations relating to the roles, functions and duties of a Director to develop and refresh their knowledge and skills.

According to the training records maintained by the Company, the continuing professional development programmes received by each of the Directors during the Year is summarised as follows:

Name of Directors	Type of Training
Executive Directors	
Mr. Luo Yefei	A and C
Mr. Cao Yang	A and C
Ms. Yan Jingfen	A, B and C
Ms. Zhou Yumei	A and C
Non-executive Directors	
Mr. Du Peng	A and C
Mr. Shen Jinxin	A and C
INEDs	
Mr. Chow Ching Ning	A, B and C
Mr. Wang Yashan	A and C
Mr. Wu Xuekai	A and C

Notes:

A: attending training sessions, including but not limited to, seminars, briefings, conferences, forums and workshops

B: reading materials relating to the seminars material, economy, general business, corporate governance and directors' duties and responsibilities

C: reading newspapers and journals relating to the corporate governance matters, environment and social issues or director's duties and responsibilities

MEETINGS OF THE BOARD AND BOARD COMMITTEES AND DIRECTORS' ATTENDANCE RECORDS

The Board is scheduled to meet regularly four (4) times a year at approximately quarterly intervals with notice given to the Directors at least fourteen (14) days in advance. For all other Board meetings, notice of at least three (3) days in advance will be given. The agenda and accompanying board papers are dispatched to the Directors at least three (3) days before the meetings to enable the Directors to have sufficient time to review the papers and be adequately prepared for the meetings. When the Directors are unable to attend meetings, he or she may appoint in writing another Director to attend the meeting on his or her behalf. The power of attorney shall specify the scope of authorisation. The proxy shall exercise the rights of the Director within the scope of the authorisation. A Director failing to attend the Board meeting in person or by proxy shall be deemed as having waived his or her voting rights at such meetings.

The joint company secretaries of the Company (the "**Joint Company Secretaries**") are responsible for keeping all Board meetings' minutes. Draft and final versions of the minutes will be circulated to the Directors for comments and record respectively within a reasonable time after each meeting and the final version is open for the Directors' inspection. According to the Listing Rules, any Directors and their close associates (as defined under the Listing Rules) with a material interest in the transactions to be discussed in the Board meetings shall abstain from voting on the resolutions approving such transactions and will not be counted in the quorum for the meetings.

During the Year, four (4) Board meetings and one (1) annual general meeting, were held. Details of the attendance of each Director are set out below:

Name of Directors	No. of Attendance/No. of Meetings Eligible to Attend	
	Board Meetings	AGM
Executive Directors		
Mr. Luo Yefei	4/4	1/1
Mr. Cao Yang	4/4	1/1
Ms. Yan Jingfen	4/4	1/1
Ms. Zhou Yumei	4/4	1/1
Non-executive Directors		
Mr. Du Peng	4/4	1/1
Mr. Shen Jinxin	4/4	1/1
INEDs		
Mr. Chow Ching Ning	4/4	1/1
Mr. Wang Yashan	4/4	1/1
Mr. Wu Xuekai	4/4	1/1

BOARD DIVERSITY POLICY

The Board has adopted a board diversity policy (the "**Board Diversity Policy**") on 28 May 2018 and discussed all measurable objectives set for implementing the same.

The Company recognises and embraces the benefits of diversity of Board members. It endeavours to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business. All Board appointments will continue to be made on merit basis with due regard for the benefits of diversity of the Board members. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, experience (professional or otherwise), skills and knowledge. The ultimate decision will be made upon the merits and contribution that the selected candidates will bring to the Board.

As at 31 December 2024, the Group employed a total of 265 employees including senior management (2023: 311), who are from various age groups, with a male-female ratio of 49%:51% (2023: 50%:50%), almost achieving gender equality.

As at 31 December 2024, the Board had two female members, representing one-fourth of the Board. The Nomination Committee is of the opinion that the Board is sufficiently diverse in terms of gender, background and experience, thus the Board has not set any measurable objectives. The Board will consider to set measurable objectives for implementing the Board Diversity Policy. Such objectives will be reviewed from time to time to ensure their appropriateness and determine the progress of achieving such objectives.

The Company will also ensure that there is gender diversity when recruiting staff at mid to senior level of the Group so that it will have a pipeline of female senior management and potential successors to the Board in the future.

BOARD COMMITTEES

The Board has established, with written terms of reference, three Board committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee to oversee aspects of the Company's affairs. The Board committees are provided with sufficient resources to discharge their duties.

Audit Committee

The Company has established the Audit Committee on 28 May 2018 with written terms of reference in compliance with the CG Code. The written terms of reference of the Audit Committee are published on the respective websites of the Stock Exchange and the Company. As at the date of this annual report, the Audit Committee comprises all the INEDs, namely Mr. Chow Ching Ning, Mr. Wang Yashan and Mr. Wu Xuekai. Mr. Chow Ching Ning is the chairman of the Audit Committee.

The primary duties of the Audit Committee include, among others:

- making recommendations to the Board on the appointment, re-appointment and removal of the external auditor, and approving the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal;

- reviewing and monitoring on the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with the applicable standards;

- monitoring the integrity of the Company's financial statements and annual report, interim report and, if prepared for publication, quarterly reports, and reviewing significant financial reporting contained in them;

- reviewing the Company's financial controls, risk management and internal control systems, effectiveness of the Company's internal audit process and the Group's financial and accounting policies and practices;

- discussing the risk management and internal control systems with management to ensure that management has performed its duty to have effective systems, including the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting functions;

- considering 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; and

- performing the Company's corporate governance functions.

During the Year, the Audit Committee held three (3) meetings to review and supervise the financial reporting process and review the risk management and internal control systems of the Group and its audit-related matters, and review the audit service plans of the Company. The Audit Committee had reviewed the final results of the Group for the year ended 31 December 2023 and the unaudited interim results of the Group for the six months ended 30 June 2024 and recommended the same to the Board for their consideration and approval. The Audit Committee was of the opinion that the preparation of these results complied with the applicable accounting standards and requirements and that adequate disclosures had been made. In addition, the Audit Committee conducted an annual review of the effectiveness of the risk management and internal control systems of the Group, as well as the internal audit function of the Company. The Audit Committee also carried out and discharged its other duties as set out in the CG Code.

The attendance of each INED at the Audit Committee meetings during the Year is as follows:

Members	No. of Attendance/No. of Meetings Eligible to Attend
Mr. Chow Ching Ning	3/3
Mr. Wang Yashan	3/3
Mr. Wu Xuekai	3/3

The Audit Committee met on 25 March 2025 and, among other matters, reviewed the Group's audited consolidated results for the Year including the accounting principles and practice adopted by the Group and recommended to the Board for consideration the same and the re-appointment of BDO Limited as the Company's independent auditor at the forthcoming annual general meeting of the Company to be held on 9 June 2025 and conducted an annual review of the effectiveness of the risk management and internal control systems of the Group, as well as the internal audit function of the Company.

Remuneration Committee

The Company has established the Remuneration Committee on 28 May 2018 with written terms of reference in compliance with the CG Code. In November 2022, the terms of reference of the Remuneration Committee were updated to reflect additional responsibilities of the Remuneration Committee arising from the amendments to the Listing Rules pertaining to the share option schemes and share award schemes came into effect on 1 January 2023. The written terms of reference of the Remuneration Committee are published on the respective websites of the Stock Exchange and the Company. The Remuneration Committee comprises two (2) INEDs, namely Mr. Wang Yashan and Mr. Wu Xuekai, and one (1) executive Director, Ms. Yan Jingfen. Mr. Wang Yashan is the chairman of the Remuneration Committee.

The primary duties of the Remuneration Committee include, among others:

- making recommendations to the Board on the Company's policy and structure for the remuneration of all Directors and senior management and on the establishment of a formal and transparent procedure for developing the remuneration policy;
- reviewing and approving the management's remuneration by reference to the Board's corporate goals and objectives;
- making recommendations to the Board on the remuneration packages of each executive Director and senior management; and
- reviewing and/or approving matters related to the share schemes under Chapter 17 of the Listing Rules.

During the Year, the Remuneration Committee held two (2) meeting and, among other things, reviewed and recommended to the Board for consideration certain remuneration-related matters of the Directors and senior management, including but not limited to, reviewing the remuneration of the Directors including the proposed non-executive Director with reference to salaries paid by comparable companies, their experience, their responsibilities and their performance and reviewing the remuneration policy of the Company.

The attendance of each Director at the Remuneration Committee meeting during the Year is as follows:

Members	No. of Attendance/No. of Meetings Eligible to Attend
Mr. Wang Yashan	2/2
Mr. Wu Xuekai	2/2
Ms. Yan Jingfen	2/2

The Remuneration Committee met on 25 March 2025 to, among others, review the remuneration package of the Directors and senior management and make recommendation for the Board approval.

Nomination Committee

The Company has established the Nomination Committee on 28 May 2018 with written terms of reference in compliance with the CG Code. The written terms of reference of the Nomination Committee are published on the respective websites of the Stock Exchange and the Company. It comprises two (2) INEDs, namely Mr. Wang Yashan and Mr. Wu Xuekai, and one (1) executive Director, Mr. Luo Yefei. Mr. Luo Yefei is the chairman of the Nomination Committee.

The primary duties of the Nomination Committee include, among others:

- reviewing the structure, size and composition (including the skills, knowledge, experience and diversity of perspectives) of the Board at least annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- identifying individuals suitably qualified to become Board members and selecting or making recommendations to the Board on the selection of individuals nominated for directorships;
- assessing the independence of the INEDs;
- making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for the Directors (in particular the Chairman and the chief executive); and
- reviewing the Board Diversity Policy and the measurable objectives that the Board has set for implementing such policy, and the progress on achieving the objectives and disclosing the Board Diversity Policy or a summary of the Board Diversity Policy in the corporate governance report of the Company.

During the Year, the Nomination Committee held two (2) meeting and, among other matters, (i) reviewing the structure, size and composition of the Board; (ii) assessing the independence of the INEDs; and (iii) considering the existing composition and size of the Board and in accordance with the criteria of meritocracy, and based on the proposal of the Shareholders and objective selection criteria, which include, but are not limited to the diversity of the Board members in terms of gender, age, culture and accomplishment, experience and reputation in relation to the business of the Company and other related industries.

The attendance of each Director at the Nomination Committee meeting during the Year is as follows:

Members	No. of Attendance/No. of Meetings Eligible to Attend
Mr. Luo Yefei	2/2
Mr. Wang Yashan	2/2
Mr. Wu Xuekai	2/2

The Nomination Committee met on 25 March 2025 and among other matters, reviewed the structure, size and composition of the Board and assessed the independence of the INEDs.

The Company has adopted a nomination policy for the appointment of Board members. The appointment will be made on a merit basis and candidates will be considered against objective criteria. The selection criteria used in assessing the suitability of a candidate include:

- Integrity;
- The diversity of the Board in various aspects, including but not limited to gender, age, cultural, educational and professional background, ethnicity, professional experience, skill, knowledge and length of service;
- Time available, interests in other parties and concerns about the Company's business;
- Accomplishment, experience and reputation in relation to the business of the Company and other relevant industries;
- Independence;
- Potential contributions to the Board; and
- Any other relevant factors determined by the committee or the Board from time to time.

The Nomination Committee shall make recommendations to the Board on the appointment of Directors in accordance with the following procedures and processes:

(a) to prepare a list of selection criteria based on the above criteria to identify appropriate candidates, taking into account the existing composition and size of the Board;

(b) with reference to any sources it considers appropriate when identifying or selecting an appropriate candidate, such as recommendation of Directors, recommendation of headhunting companies and recommendation of the Shareholders;

(c) to review with individual candidates and perform background checks;

(d) after considering the suitability of a particular candidate for the position of Director, the Nomination Committee will make recommendations to the Board on the appointment by convening a meeting and/or through a written resolution, as it may consider appropriate;

(e) to arrange an interview the selected candidates and members of the Board, if necessary;

(f) to provide information about the selected candidates to the Remuneration Committee for considering the remuneration package of such selected candidate;

(g) to recommend the Board to appoint the selected candidates as Director and the Remuneration Committee will submit the proposed remuneration package of the selected candidates to the Board; and

(h) the Board will subsequently discuss and make decisions on the appointment.

BOARD'S CORPORATE GOVERNANCE FUNCTIONS

The Audit Committee is responsible for performing the corporate governance functions of the Company as set out in the code provision A.2.1 of the CG Code, which include but are not limited to:

- developing and reviewing the Company's policies and practices on corporate governance and making recommendations to the Board;
- reviewing and monitoring the training and continuous professional development of the Directors and senior management of the Company;
- reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements;
- developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to employees and the directors of the Company and its subsidiaries; and
- reviewing the Company's compliance with the CG Code in Appendix C1 to the Listing Rules and disclosure in this report.

The Audit Committee reviewed this corporate governance report in discharge of its corporate governance functions and ensured compliance with the Listing Rules.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its overall responsibility for maintaining an adequate and effective risk management and internal control systems of the Group and reviewing their effectiveness. The Company has established a risk management policy to address and manage potential risks associated with its business operations, including strategic risks, operational risks, legal compliance risks and environmental, social and governance risks. Procedures have been set up by the Company for, inter alia, identifying, analysing, categorising, mitigating and monitoring risks, and safeguarding assets against unauthorised use or disposition, maintaining proper accounting records and ensuring reliability of financial information, ensuring compliance with relevant legislation and regulations and protecting the interests of the Shareholders. The Company's risk management and internal control systems are designed to manage, rather than eliminate the risk of failure to achieve business objectives, and aim to provide a reasonable, as opposed to an absolute assurance against material misstatement or loss. Under its framework, general management, finance, accounting and internal control departments are primarily responsible for the design, implementation and maintenance of the risk management and internal control systems, while the Board and the Audit Committee oversee the actions of management, review the effectiveness of these systems and to resolve material deficiencies to safeguard the Group's assets. Once the Company identifies a material or a potential material deficiency, the Company will immediately form a working team to analyse and resolve the problem and improve the Company's internal control system while pursuing accountability, and may engage independent consulting firms as and when necessary.

In preparation for the Listing, the Company has engaged an independent internal control consulting firm to perform an overall assessment on the Group's internal control system including the areas of financial, operation, compliance and risk management with the aims of, among other matters, improving the Group's corporate governance and ensuring compliance with the applicable laws and regulations. Based on its internal control review, the independent internal control consulting firm recommended certain internal control improvement measures to the Group and the Group has adopted them. Since then, the Company has performed regular review and made appropriate improvements to its internal control systems.

In order to maintain sound and effective risk management and internal control systems, the Company has established and maintained stringent internal control procedures including the adoption of a corporate governance manual. Internal reporting guidelines have been developed at all department levels of the Company for identifying potential events of non-compliance, and all employees have been encouraged by the management to report immediately any potential or actual non-compliance. An internal audit department has been established to carry out the analysis and independent appraisal of the adequacy and effectiveness of these systems and the Company has procedures in place to keep information confidential and manage actual or potential conflicts of interest as well as devise a yearly audit plan according to their risk ratings. Stringent internal structures have been designed to prevent the misuse of inside information and avoid conflicts of interest.

For the Year, the Board, through the Audit Committee, had conducted an annual review of the effectiveness of the risk management and internal control systems of the Group, as well as the internal audit function of the Company, covering all material controls, including financial, operational and compliance controls for the Year. The Board considers that the Group's risk management and internal control are adequate and effective. The Board expects that a review of the risk management and internal control systems will be performed annually.

The Group has formulated a whistleblowing policy for employees to raise concerns, in confidence, about possible improprieties in operation, financial reporting or other matters. Such arrangement will be reviewed by the Audit Committee which ensures that proper arrangement is in place for fair and independent investigation of the matters.

The Group has also formulated an anti-corruption policy to promote and support anti-corruption laws and regulations. The Group is committed to achieving the highest standards of integrity and ethical behaviour in conducting business.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Each of the executive Directors and non-executive Directors has entered into a service agreement or an appointment letter with the Company for a term commencing from 6 June 2022 (i.e. the date of the 2022 AGM) or from 5 June 2023 (i.e. the date of the 2023 AGM) or at the 2025 First EGM (i.e. 24 February 2022) until the end of the term of third session of the Board and may be terminated in accordance with the respective terms of the service agreement or the appointment letter.

Each of the INEDs has entered into a letter of appointment with the Company for a term commencing from the date of the 2022 AGM until the end of the term of third session of the Board.

None of the Directors has a service agreement or letter of appointment with the Company or any of its subsidiaries expiring or determinable by the employer within one (1) year without the payment of compensation (other than statutory compensation).

In accordance with the Articles of Association, all Directors shall be elected or changed at the general meetings with a term of office of three (3) years. Upon expiry of the term of office, a Director shall be eligible to offer himself/herself for re-election. Any person appointed by the Board to fill a casual vacancy to the Board shall hold office until the Company's next general meeting and that person shall then be eligible for re-election.

Save as Mr. Shen Jinxin who was elected at the 2023 AGM, Mr. Mao Weiyong who was elected at the 2025 First EGM, all members of the current Board were elected at the 2022 AGM.

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, monitoring the appointment, re-election and succession planning of Directors.

Particulars of the Directors' and the Supervisors' remuneration and the five (5) highest paid employees of the Group for the Year are set out in note 12 to the consolidated financial statements.

Pursuant to the code provision E.1.5 of the CG Code, the remuneration of the members of the senior management (other than the Directors and Supervisors) whose particulars are contained in the section headed "Biographies of Directors, Supervisors and Senior Management" in this annual report for the Year by band is set out below:

Remuneration band (RMB)	Number of individual(s)
Nil to 1,000,000	2

INDEPENDENT AUDITOR'S RESPONSIBILITY AND REMUNERATION

The statement of the independent auditor about its reporting responsibility and opinion on the Financial Statements is set out in the section headed "Independent Auditor's Report" of this annual report.

For the Year, the remuneration paid or payable to BDO Limited as the independent auditor in respect of the Year is set out below:

Services	Fee paid/payable RMB'000
Audit services	1,112
Non-audit services	
— Professional service fees in relation to agreed–upon procedures on interim financial information	326
Total	1,438

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for the preparation of the consolidated financial statements for the Year, which give a true and fair view of the state of affairs of the Company and the Group's results and cashflows for the Year and are properly prepared on a going concern basis in accordance with the applicable statutory requirements and accounting standards. The Directors were not aware of any material uncertainties which may affect the Company's business or cast significant doubt upon the Company's ability to continue as a going concern.

DISCLOSURE OF INSIDE INFORMATION

The Group acknowledges its responsibilities under the SFO and the Listing Rules and the overall principle that inside information should be announced promptly when it is the subject of a decision. The procedures and internal controls for the handling and dissemination of inside information are as follows:

- the Group conducts its affairs with close regard to the disclosure requirement under the Listing Rules as well as the "Guidelines on Disclosure of Inside Information" published by the Securities and Futures Commission of Hong Kong in June 2012;

- the Group has implemented and disclosed its policy on fair disclosure by pursuing broad, non-exclusive distribution of information to the public through channels such as financial reporting, announcements and the Company's website;

- the Group has strictly prohibited unauthorised use of confidential or inside information; and

- the Group has established and implemented procedures for responding to external enquiries about the Group's affairs, so that only the executive Directors, the Joint Company Secretaries, the financial controller and the investor relations director are authorised to communicate with parties outside the Group.

JOINT COMPANY SECRETARIES

Ms. Yan Jingfen ("**Ms. Yan**") and Ms. Cheng Lucy ("**Ms. Cheng**"), the Joint Company Secretaries, are responsible for advising the Board on corporate governance matters and ensuring that the Board policy and procedures, and the applicable laws, rules and regulations are followed.

Ms. Cheng's primary contact at the Company is Ms. Yan, being the person with sufficient seniority at the Company.

Ms. Cheng was nominated by Boardroom Corporate Services (HK) Limited ("**Boardroom**") to be a Joint Company Secretary and Boardroom has been providing certain corporate secretarial services to the Company pursuant to an engagement letter entered into between the Company and Boardroom.

During the Year, each of Ms. Yan and Ms. Cheng had undertaken not less than 15 hours of relevant professional trainings respectively in compliance with Rule 3.29 of the Listing Rules.

DIVIDEND POLICY

In order to enhance transparency of the Company and facilitate the Shareholders and investors to make informed investment decisions relating to the Company, the Board adopted a dividend policy of the Company (the "**Dividend Policy**").

According to the Dividend Policy, when determining whether to declare any dividend in the future and the amount of dividend to be declared, the Company shall consider a number of factors, including but not limited to:

- results of operation;
- cash flows;
- financial condition;
- future business prospects; and
- statutory and contractual restrictions on the payment of dividends by the Company.

In addition to the above, the Company may only pay dividends out of the distributable profit pursuant to the PRC laws and the Articles of Association. The distributable profit represents the lower of the net profit after tax determined under the generally accepted accounting principles in the PRC (the "**PRC GAAP**") or Hong Kong Financial Reporting Standards or the accounting standards of the place where the Shares are listed, less:

- the accumulated losses in previous years;
- appropriations are required to make to the statutory reserve, which is currently 10% of the unconsolidated net profit of the Company as determined under the PRC GAAP, until such reserve reaches an amount equal to 50% of the registered capital of the Company;
- appropriations to a discretionary surplus reserve as approved by the Shareholders in an annual general meeting.

The Company does not have any pre-determined dividend distribution proportion or distribution ratio. The declaration, payment and amount of dividends will be subject to the PRC laws, the Articles of Association and the Board's discretion. The Board will review the Dividend Policy on a regular basis.

INVESTOR RELATIONS

The Company believes that maintaining a high level of transparency is a key to enhancing investor relations. It is committed to a policy of open and timely disclosure of corporate information to its Shareholders and the investing public.

The Company updates its Shareholders on its latest business developments and financial performance through its announcements, circulars as well as annual and interim reports. The corporate website of the Company has provided an effective communication platform to the public and the Shareholders.

SHAREHOLDERS' RIGHTS

Procedures for Putting Forward Proposals at Shareholders' Meetings

Pursuant to Article 61 of the Articles of Association, Shareholders individually or jointly holding 3% or more of the Shares shall be entitled to submit proposal(s) (the "**Proposal(s)**") to the Company in writing ten (10) days prior to the convening of a general meeting. The Company shall issue a supplemental notice of general meeting to other Shareholders within two (2) days of the receipt of the Proposal(s) and incorporate such newly proposed matters falling within the scope of duties of the general meeting into the agenda of such meeting. The new agenda shall be tabled to the general meeting for consideration.

Shareholders may lodge a duly signed written request at the registered office and headquarters of the Company in the PRC at 238 Yunlin Middle Road, Wangchun Industrial Park, Ningbo, Zhejiang Province, the PRC, for the attention of the Directors/Joint Company Secretaries.

Procedures for Shareholders to Convene an EGM

Pursuant to Article 56 of the Articles of Association, Shareholders individually or jointly holding more than 10% of the Shares (the "**Eligible Shareholder(s)**") are entitled to request the Board in writing to convene an EGM. Eligible Shareholders who wish to convene an EGM for the purpose of moving a resolution at the EGM must deposit a written requisition (the "**Requisition**") duly signed by the Eligible Shareholder(s) concerned at the registered office and headquarters of the Company in the PRC at 238 Yunlin Middle Road, Wangchun Industrial Park, Ningbo, Zhejiang Province, the PRC, for the attention of the Directors/Joint Company Secretaries.

The Requisition must state clearly the name of the Eligible Shareholder(s) concerned, his/her/their shareholding in the Company, the reason(s) for convening an EGM and the proposed agenda. Detailed procedures are set out in the Articles of Association which is available on the respective websites of the Stock Exchange and the Company.

Procedures for Shareholders to Send Enquiries to the Board

Shareholders may send written enquiries to the Board or the Company by post to the Company's registered office and headquarters in the PRC at 238 Yunlin Middle Road, Wangchun Industrial Park, Ningbo, Zhejiang Province, the PRC, for the attention of the Directors/Joint Company Secretaries.

Procedures for Shareholders to Propose a Person for Election as a Director

Shareholders holding, individually or collectively, more than 3% of voting shares of the Company can propose a person for election as a Director at a general meeting in accordance with Article 98 of the Articles of Association. By doing so, the Shareholder should deposit (i) a written notice (the "**Proposal Notice**") of the intention to propose the person (the "**Candidate**") for election as a Director; and (ii) a written notice (the "**Consent Notice**") by the Candidate of his/her willingness to be elected at the address of the Company's registered office in the PRC mentioned above at least seven (7) days before the date of the general meeting and the period for lodgment of such notices shall commence no earlier than the day after the dispatch of the notice of the meeting appointed for such Director and shall be at least seven (7) days in length.

The Proposal Notice (i) must be accompanied by the information of the Candidate as required by Rule 13.51(2) of the Listing Rules; and (ii) must be signed by the Shareholder proposing the Candidate for election as a Director.

The Consent Notice (i) must indicate the Candidate's willingness to be elected and consent of the publication of his/her information as required by Rule 13.51(2) of the Listing Rules; and (ii) must be signed by the Candidate.

In order to allow the Shareholders to have sufficient time to consider the proposal of election of the Candidate as a Director, those Shareholders who wish to make the proposal are urged to submit and lodge the Proposal Notice and the Consent Notice as soon as practicable.

To enable the Shareholders to make an informed decision on the relevant election proposal at a general meeting, the Company shall publish an announcement or issue a supplemental circular as soon as practicable after the receipt of the Proposal Notice and the Consent Notice. The Company shall include particulars of the Candidate in the announcement or the supplemental circular. The Company shall assess whether or not it is necessary to adjourn the meeting to give Shareholders at least ten (10) business days to consider the relevant information disclosed in the announcement or the supplemental circular.

Information about the relevant procedures is available on the website of the Company at http://www.chinafirs.com.

COMMUNICATION WITH SHAREHOLDERS

The Company has adopted a Shareholder's communication policy on 28 May 2018 with an objective to provide our Shareholders with detailed information about the Company so that they can exercise their rights as Shareholders in an informed manner. The Company would review the Shareholders' communication policy on a regular basis.

Information about the Company will be communicated to the Shareholders and the investment community mainly through the Company's financial reports (interim and annual reports), annual general meetings and other general meetings that may be convened, as well as by making available all the disclosures submitted to the Stock Exchange and its corporate communications on the respective websites of the Stock Exchange and the Company.

The Board welcomes views of the Shareholders and encourages them to attend general meetings to raise any concerns they might have with the Board or the management directly. Board members and appropriate senior staff of the Group are available at the meetings to answer any questions raised by the Shareholders. The Board has reviewed the shareholders' communication policy and its effectiveness was confirmed since the policy was able to facilitate an open and on-going communication with the Shareholders on fair disclosure basis.

Shareholders may, at any time, direct questions, request for publicly available information and provide comments and suggestions to Directors or management of the Company. Such questions, requests and comments can be posted to the Company's registered office and headquarters in the PRC at 238 Yunlin Middle Road, Wangchun Industrial Park, Ningbo, Zhejiang Province, the PRC, for the attention of the Directors/Joint Company Secretaries.

SIGNIFICANT CHANGES IN CONSTITUTIONAL DOCUMENT

During the Year, in order to (i) be in line with the latest regulatory requirements under the relevant amendments made to the Listing Rules in relation to the expanded paperless listing regime and the electronic dissemination of corporate communications by listed issuers which takes effect from 31 December 2023; (ii) reflect the change in law of the People's Republic of China; and (iii) incorporate other housekeeping amendments, the Board has proposed to make certain amendments to the Articles of Association. The relevant amendments to the Articles of Association were approved by the Shareholders at the annual general meeting held on 3 June 2024, details of which are set out in the circular of the Company dated 18 April 2024. Save as the aforementioned amendments, there was no material change to the Articles of Association during the Year. Pursuant to Rule 13.90 of the Listing Rules, the latest version of the Articles of Association is available on the respective websites of the Company and the Stock Exchange.

Environmental, Social and Governance Report

INTRODUCTION

Shanshan Brand Management Co., Ltd. (the "**Company**") and its subsidiaries (collectively, the "**Group**" or "**us**") are committed to providing high-quality apparel products and strives to maintain market leadership in the design, marketing and sale of formal and casual business menswear business in the People's Republic of China (the "**PRC**"). The Group has always attached great importance to social responsibility. While endeavoring to realize its corporate goals, it also aspires to contribute to society from various aspects so as to achieve long-term and sustainable development goals.

In view of this, this Environmental, Social and Governance ("**ESG**") Report will focus on the balance between corporate needs, social demands and environmental concerns. The Group understands that incorporating sustainable development elements into business strategy has become a trend, so it will actively communicate with different stakeholders to understand their needs and carry out comprehensive management on ESG issues. While implementing the sustainable development plan, the Group will consider the relevant short-term and long-term factors, including the challenges that it is facing, its responsibility to stakeholders, global trends, laws and regulations, risk management, etc. In such a constantly changing business environment, we believe that an enterprise can achieve success only by taking long-term commitments on the ESG issues.

Through careful and profound understanding of different risks and opportunities in relation to ESG issues with which the Group is confronted, the Group will earnestly perform its corporate social responsibility, abide by local laws, provide an appropriate working environment for employees, and pay attention to social issues, including responsible procurement, environmental conservation, volunteer activities, etc. At the meantime, the Group makes efforts to protect the environment by reducing waste. As a member of the society, the Group will certainly endeavor to make contributions to it, and collaboratively create a better community environment.

Finally, as to the policies and performance of the Group in relation to the four major aspects, including environmental protection, employment and labour practices, operating practices and community participation for the period from 1 January 2024 to 31 December 2024 ("**FY2024**"), the Board is hereby pleased to present the 2024 ESG report of the Group.

Environmental, Social and Governance Report

ABOUT THE ESG REPORT

About the Report

This ESG Report introduces the significant ESG performance of the Group in FY2024, and its long-term commitments to ESG. This ESG Report mainly focuses on the main business of the Group, i.e. the menswear design and sales business of the Group in Mainland China, to describe our progress in creating sustainable values for its shareholders and other stakeholders.

Scope of the Report

The scope of this ESG Report covers the reporting period from 1 January 2024 to 31 December 2024. This ESG Report makes relevant disclosures in accordance with the requirements of the Environmental, Social and Governance Reporting Guide set out in Appendix C2 of the Main Board Listing Rules issued by The Stock Exchange of Hong Kong Limited and complies with the "comply or explain" provisions therein. Given that the operations of Shanshan Brand Management Co., Ltd. ("**Shanshan**") accounted for the majority of the Group's results, the scope of this ESG Report is based on the operations of Shanshan Brand Management Co., Ltd. for the year after taking into consideration the Group's sales results and operational coverage by the management.

This ESG Report summarises the ESG practices of Shanshan (i.e. the principal operation unit of the Group) for the reporting year. The information contained herein is helpful to understand and evaluate the Group's ESG performance in its routine business in the PRC. Since the Group considers that the operations of its other subsidiaries have minimal impact on its environmental performance, this ESG report does not include KPI data of business units other than Shanshan.

Reporting Principles

This ESG Report follows the requirements of the Environmental, Social and Governance Reporting Guide as set out in Appendix C2 of the Rules Governing the Listing of Securities on the Main Board of the Hong Kong Stock Exchange that contains reporting principles of materiality, quantitative and consistency, details of which are set out below:

Materiality

In addition to internal factors, such as the Group's corporate value, strategy and core competitiveness, the Group also attaches importance to communication with the internal and external stakeholders, and considers the ESG strategies of other competitors in the industry, so as to achieve sustainable development. The Group has identified the following categories that have or may have a significant impact on the Group's ESG performance: (please also refer to the section headed Materiality Assessment)

- The menswear design and marketing industry in the PRC;
- The menswear sales market in the PRC;
- Present or future environment and society in which the Group locates and operates;
- Financial and operation performance of the Group; and
- Evaluation, decision and action of the Group's stakeholders.

Quantitative

The key performance indicators disclosed in this ESG report are supported by quantified data and measurable standards. The sources of all applicable data, calculation tools, methods, references and conversion factors applied are disclosed in emission data presented in this report.

Consistency

For comparative purposes of ESG performance from year to year, the Group adopts consistent approaches for data collection, calculation and reporting, where reasonable, across all financial years, and records significant changes in detail for the relevant components. In this report, the density of the relevant performance indicator data is calculated based on the number of employees of the Group, unless otherwise indicated. As of 31 December 2024, the total number of employees of the Group was 265. In preparing this report, the Group has referred to certain global, local and industrial standards or best practices, including the ESG Reporting Guide of the Hong Kong Stock Exchange and applicable Hong Kong Accounting and Financial Reporting Standards.

Feedback

As the Group attaches great importance to the concerns of each stakeholder, we welcome any advice and suggestion that may enhance the Group's ESG performance. The Group is open to and values all advice and suggestions received, in order to uphold the common interests of the Group and all stakeholders. Stakeholders are welcome to send such advice and suggestions to the Group's email: ssfz@shanshan.com.

Environmental, Social and Governance Report

ABOUT SHANSHAN BRAND MANAGEMENT CO. LTD.

The Business of the Group

Shanshan Brand Management Co., Ltd. (Stock Code: 1749) and its subsidiaries are principally engaged in the design, marketing and sales of formal and casual business menswear in the PRC under the brands FIRS and SHANSHAN. Headquartered in Ningbo City, the Group has retail stores operated by its distributors, itself and franchisees across the PRC, spanning all the provinces, autonomous regions and central government administered municipalities in the PRC, except for Hainan province and Tibet Autonomous Region. In addition, the Group offers products under the above brands to customers via third-party e-commerce platforms, including Vipshop, JD.com and TikTok, enabling itself to sell products under the Group's brands in more areas without physical stores.

Mission

The mission of the Group is to create a quality life. Committed to becoming a century-old classic menswear brand in China, the Group inherits the tradition and leads the trend, and cooperates with colleagues within the industry chain to forge high-quality products and services, so as to jointly create industry values; the Group also delivers an elegant dress concept to consumers to demonstrate an unrestrained attitude to life.

Vision

The Group intends to build a century-old classic fashion industry platform. Shanshan Brand takes business menswear as the cornerstone and focuses on the fashion industry while also sorting out industrial collaboration relations, integrating industrial joint elements and industrial innovation elements, and through gathering resources from all parties over the platform and expanding business boundaries steadily to develop Shanshan Brand into an innovation-oriented fashion industry platform with scale advantage and advanced efficiency, and thereby becoming a century-old enterprise with ever-lasting foundation.

Objective

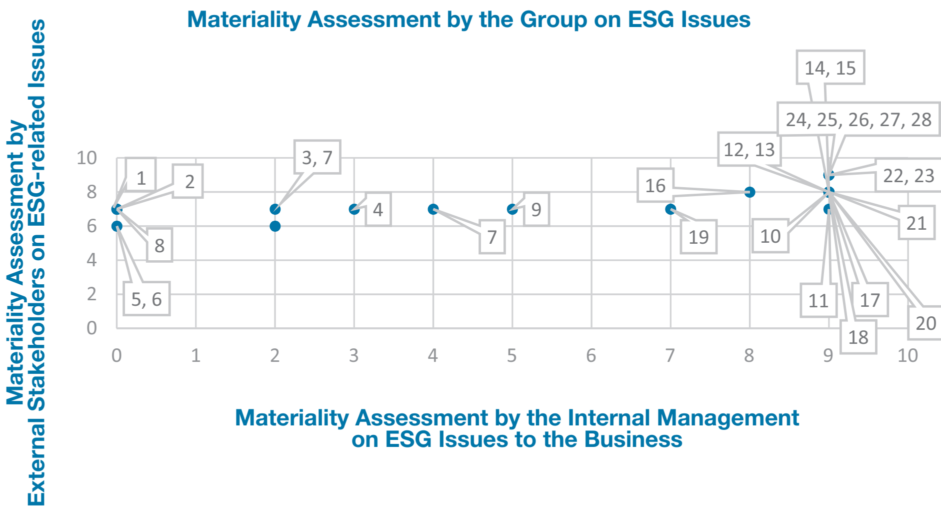
Continuing to provide consumers with quality menswear.

PARTICIPATION OF STAKEHOLDERS

The Group actively seeks every opportunity to understand our stakeholders in order to guarantee the regular improvement of our services. We strongly believe that stakeholders play a vital role in maintaining the success of our business.

Stakeholders	Issues Concerned	Communications and Feedbacks
The Hong Kong Stock Exchange	Compliance with the Listing Rules, and timely and accurate announcements	Meeting, training, website update and announcements
The Government	Compliance with laws and regulations, prevention against tax evasion, and social welfare	Government inspection, tax declaration and other information
Suppliers	Payment schedule and demand stability	Business communication, procurement agreement, e-mail and telephone correspondence
Investors	Corporate governance system, business strategy and performance, and investment returns	Organizing and participating in seminars, shareholders' meeting, providing financial reports or operation reports to investors and analysts
Media and Public	Corporate governance, environmental protection, and human rights	Publishing newsletters on the corporate website
Customers	Products quality, reasonable price and products values	Field investigation and after-sales services
Employees	Interests and welfare, employee remuneration, training and development, working hours, and working environment	Training, interview with employees, internal memos, and employee's suggestion box
Community	Community environment, employment and community development, and social welfare	Developing community activities, volunteering activities of employees, and community welfare, subsidy and donation

During FY2024, the Group conducted surveys of internal and external stakeholders, including the suppliers, customers and investors, to identify and assess material ESG issues so as to determine the impacts of such issues on the Group's business operation, environment and society. Based on the Group's reporting scope, business characteristics and the feedbacks from stakeholders, the Group has identified the relevant material ESG issues and evaluated them through a scoring system. Details are shown in the chart and the table below:



Number	ESG Issues
	Environmental Issues:
1	GHG emission/Global warming
2	Exhaust emission
3	Energy usage
4	Water usage
5	Hazardous waste/Waste water
6	Non-hazardous waste/Waste water
7	Paper usage
8	Deforestation caused by illegal logging
9	Use of raw materials and packaging materials
10	Compliance with laws and regulations related to environmental protection

Number	ESG Issues
	Social Issues:
11	Combating COVID-19
12	Employee rights and benefits
13	Inclusion, equal opportunity and anti-discrimination
14	Talent attraction and retention
15	Occupational health and safety
16	Training and development
17	Measures to prevent child labour and forced labour
18	Environmental protection
19	Community investment and participation
20	Labour standards in the supply chain

Number	ESG Issues
	Operational Issues:
21	Supply chain management
22	Customer satisfaction
23	Customer privacy
24	Product quality and safety
25	Economic performance
26	Compliance operation
27	Corporate governance
28	Anti-corruption

As shown above, the social and operational ESG issues are of high materiality based on the Group's survey and assessment, particularly in the areas of customer satisfaction and product quality and safety, which are of common concern to both internal management as well as external stakeholders.

The Group will be more proactive to maintain communication with stakeholders and solicit advice from them through different channels to conduct more comprehensive analysis. Meanwhile, the Group will revise the reporting principles of materiality, quantitative and consistency as necessary, so as to comply with reporting requirements and better satisfy expectations of stakeholders on the content and disclosure of ESG report.

STATEMENT BY THE BOARD

The Group recognises the importance of environmental, social and corporate governance for sustainable corporate development. Accordingly, the Group has established an ESG management framework to ensure the relevant ESG policies are effectively implemented in its operations. The Board of the Group (the "**Board**") is primarily responsible for monitoring ESG governance issues relating to the Group, including determining ESG governance programme, understanding and controlling ESG-related risks, and monitoring the formulation and implementation of relevant policies and measures by the management and relevant departments. The Board also requires the Group's management to report to the Board on ESG-related issues and subsequent developments in a timely and proactive manner, such as significant deviations from expected targets in ESG performance indicators, serious ESG incidents, changes in regulatory requirements, etc.

The Board is responsible for:

- appointing the Group's key person responsible for ESG issues;
- approving ESG strategies, action plans and goals;
- monitoring the progress and performance of ESG-related measures;
- approving the implementation of ESG-related measures and monitoring the resources required;
- raising appropriate ESG-related questions, inquiries and recommendations to the management; and
- reviewing and approving annual ESG reports.

The management is responsible for:

- identifying and assessing the Group's ESG risks and opportunities and report to the Board;
- developing ESG strategies, action plans, goals and arranging relevant work accordingly;
- ensuring appropriate and effective ESG risk management and internal monitoring systems being in place;
- providing guidance for the implementation of ESG policies and measures;
- reporting to the Board on the progress and performance of ESG work; and
- reviewing the annual ESG report and submitting it to the Board for approval.

The functional departments are responsible for:

- coordinating and implementing the specific ESG policies and measures;
- reporting ESG work and performance indicators to the management regularly;
- collecting the information and data on the Group's ESG performance; and
- preparing the annual ESG report and reporting to the management.

The Board will continue to monitor the ESG-related work and keep abreast of the latest ESG disclosure requirements and regulations of the Hong Kong Stock Exchange. The Board will also ensure that all departments work closely to achieve the goals of operational compliance and shouldering social responsibility, and set clearer ESG goals for the Group in the future to better meet the expectations of stakeholders. As of the date of this ESG Report, the board of directors of the Group comprises:

Executive Directors	Non-executive Directors	Independent non-executive Directors
Mr. Luo Yefei (Chairman)	Mr. Shen Jinxin	Mr. Chow Ching Ning
Mr. Cao Yang (Vice-Chairman)	Mr. Mao Weiyoung	Mr. Wang Yashan
Ms. Yan Jingfen		Mr. Wu Xuekai
Ms. Zhou Yumei		

A. ENVIRONMENTAL ASPECTS

The Group recognizes that the environment should not be sacrificed for its corporate development; in contrast, a healthy environment will be the foundation for sustainable corporate development. As a socially and environmentally responsible corporation, the Group is committed to cutting down the consumption of environmental resources and reducing the damage to the environment, ensuring that it is a pioneer in environmental protection.

During FY2024, the Group did not find any crucial illegal behaviour relating to environmental issues.

A1. EMISSIONS

The Group implements different measures to reduce carbon emissions from various sources in its daily operations.

Air Pollution Emissions

In view of the Group's business focusing on the design, promotion and sales of menswear, which are services in nature, its business activities and production process do not involve any fuel gas or fossil fuels. The major sources of air pollution emissions are mainly derived from the fuels used for the Group's four automobiles (2023: four automobiles) which are used to pick up employees and customers in the daily course, and the resulting air pollution emissions include NOx, SOx and PM. During FY2024, the Group discharged an aggregate of approximately 13.7 kg (2023: 10.5 kg) of air pollutant emissions arising from its operation with an emission density per automobile of approximately 3.4 kg (2023: 2.6 kg), representing an increase of approximately 30.5% and 30.8% as compared to the total amount and the emission density of air pollutant emissions discharged by the Group during FY2023, respectively, which was mainly due to the growing operational demands while maintaining our commitment to sustainable practices in our core business activities.

Source of Emission	Air Pollution Emissions	Amount of Air Pollutant Emissions in FY2023 (kg)	Amount of Air Pollutant Emissions in FY2024 (kg)
Gaseous Fuel Consumption Emission	NOx	**9.6**	**12.8**
	SOx	**0.2**	**0.2**
	PM	**0.7**	**0.7**
Data of Air Pollutant Emissions			
Total Amount of Air Pollutant Emissions		**10.5**	**13.7**
Average Air Pollutant Emissions (kg/automobile)		**2.6**	**3.4**

The Group has implemented several measures to reduce and control air pollutant emissions, such as appropriately controlling the frequency of use of commercial automobiles, planning routes in advance to improve the efficiency of automobile use, and adopting express delivery logistics for most deliveries to reduce air pollutant emissions. Automobiles used by the Group for business purposes are regularly maintained and inspected to ensure their proper functioning and to avoid additional fuel consumption due to low fuel efficiency. In addition, the Group also encourages staff to plan drive route in advance before driving, so as to reduce unnecessary fuel consumption caused by prolonged driving time.

Looking forward, the Group will continue to inspect and maintain its automobiles on a regular basis and encourage its employees to take public transport, with a view to reducing the emission of air pollutants as far as practicable in the future and maintaining the same level of emission targets as in the past financial year.

Greenhouse Gas ("GHG") Emission

The continued GHG emissions will cause extremely severe impacts to the environment such as climate change and will pose great threats to the global ecosystem. The GHG emissions of the Group mainly came from the use of the above-said four automobiles (2023: four automobiles) and the electricity consumption by the Group's business activities in Ningbo base as well as the indirect GHG emission from other various business activities such as the electricity used for the treatment of drinking water and sewage and business air travel by employees. In light of this, in addition to regularly monitoring the operation of vehicles, the Group also made efforts to reduce electricity and water resources consumption, including formulating policies on the efficient use of resources so as to implement measures of reducing carbon emission from the source.

The total amount of GHG emissions generated by the Group in FY2024 was approximately 494 tonnes (2023: 496.5 tonnes), of which 6.1% (2023: 6.7%) was direct emissions from the use of vehicles, 75.7% (2023: 81.6%) was indirect emissions from electricity consumption of the headquarter in Ningbo, and the remaining 18.2% (2023: 11.7%) was indirect emissions from other sources. Direct GHG emissions from the use of vehicles decreased from approximately 33.3 tonnes to approximately 29.9 tonnes, representing a decrease of approximately 10.2%. This decrease reflects the Group's progress in implementing measures to minimize its GHG emissions. On the other hand, the Group's enhanced energy-saving measures in FY2023, such as the use of motion sensor radar electronic switches in public areas (including washrooms, corridors, etc.) and the replacement of energy-saving light fixtures, etc., which we have continued to implement in FY2024, have resulted in our indirect GHG emissions due to the use of purchased electricity amounting to 373.8 tonnes in FY2024 (2023: 405.2 tonnes), which representing a decrease of approximately 7.7%. Due to the increase in business activities, the demand for our employees to travel by air for business purposes has increased significantly. The increase in emissions reflects the growing operational demands while maintaining our commitment to sustainable practices in our core business activities. As the management of the Group conducted several shop inspections in various regions to gain a better understanding of the situation of the shops in each region to enhance the shops' image, operations, products, etc., the GHG emissions have increased by 56.8%, from approximately 56.9 tonnes to approximately 89.2 tonnes.

Given that a substantial portion of the GHG emissions was derived from electricity consumption, the Group posted slogans internally to remind the employees to unplug idle electrical appliances and encouraged them to adopt natural light to reduce electricity consumption. With the enhanced measures implemented by the Group, the total GHG emissions in FY2024 maintain a similar level as compared to FY2023.

Scope	Source of GHG emission	GHG emissions for FY2023 (tonne)	GHG emissions for FY2024 (tonne)
Scope 1	Direct GHG emission from the use of vehicles	**33.3**	**29.9**
Scope 2	Indirect GHG emissions from the electricity purchased by the Group's headquarter in Ningbo	**405.2**	**373.8**
Scope 3	Electricity consumed for treatment of drinking water and sewage	**1.1**	**1.1**
	Business air travel by employees	**56.9**	**89.2**
Data of GHG emissions			
Total GHG emissions (tonnes)		**496.5**	**494**
GHG emissions per capita (tonnes/number of staff)		**1.6**	**1.9**

Looking ahead, the Group will continue to minimise its GHG emissions to reduce its impact on the environment. In order to reduce direct emissions from vehicle use, the Group encourages employees to take public transport; if the commuting time or distance is less than the recommended standard, employees are advised to take public transport instead of using company vehicles to reduce the related emissions. In addition, the Group will continue to promote the virtue of resource conservation among employees, regularly check the energy efficiency of electrical appliances, and take practical measures to avoid unnecessary consumption of electricity and resources, so as to optimize and reduce GHG emissions.

Waste Management

The Group's business activities did not generate any hazardous waste, and the Group's non-hazardous wastes were mainly produced from paper used in its daily business operation. In FY2024, all waste paper generated by the Group was recycled by engaging a third party waste paper recycling company, thus no waste paper was disposed of to the landfill. In order to further reduce the use of paper, the Group encouraged staff to save paper, process daily documents by using double-sided printing and to collect recyclable waste paper for reuse. The Group also conducts monitoring and review of the Group's daily business processes and use electronic documents in place of paper documents to reduce the consumption of paper.

Paper Recycling

In addition to waste paper, the Group has set up a staff canteen including the recovery areas for kitchen waste, food waste and tableware at its headquarter to recover the waste generated by the canteen and reduce the total weight of waste disposed of to the landfill.

A2. USE OF RESOURCES

As an enterprise responsible for the environment, the Group recognizes that reducing carbon footprint should start from the source. The Group not only encourages its employees to avoid wasting public resources such as water, electricity and paper in their daily work, but also sets environmental targets for resource consumption and has implemented a set of measures to reduce resource consumption to achieve the goal of carbon emission reduction.

Energy Consumption

The major carbon footprints of the Group came from electric energy consumption. The electric energy consumption of the Group's headquarters in Ningbo decreased by approximately 7.8% to approximately 655.5 MWh for FY2024, as compared to 710.6 MWh for FY2023. In addition to electric energy consumption, vehicles of the Group are also driven by petrol or diesel, which leads to energy consumption. In FY2024, the total energy consumption of the Group was approximately 764.6 MWh (2023: 831.8 MWh) and the energy consumption per capita was approximately 2.9 MWh/person (2023: 2.7 MWh/person). This decrease reflects the Group's progress in implementing measures to minimize its energy consumption.

In order to reduce electric energy consumption, the Group has posted posters in offices and staff canteens to remind employees to turn off electrical appliances not in use, such as air conditioner and lighting system. The corridors and windows of offices are also designed to channel natural light, and the electrical appliances in offices are mainly energy-saving electrical appliances, so as to reduce the use of electric energy in all aspects.

Energy Use Targets

While a slight decrease in electricity consumption during the year, the Group will continue to promote the virtue of energy conservation among our employees and continue to monitor the electricity consumption of our offices and new showrooms in our future operations, so as to maintain a similar level of electricity consumption to that in the current year as possible.

Water Resource Consumption

The consumption of water resources has always been a global concern of environmental issues. While the Group is actively building an internationally well-known brand, saving water is one of the important goals for the Group. The water consumption of the Group in FY2024 was approximately 1,608.6 m^3 (2023: 1,713.6 m^3), representing a decrease of approximately 6.1% as compared to FY2023. The density of relevant water consumption increased to 6.1 m^3 per capita (2023: 5.5 m^3 per capita). This decrease reflects the Group's progress in implementing measures to minimize its water resource consumption.

The Group will continue to encourage employees to save water while using the washrooms, and the Group lately opted for water-saving urinals with smart sensors and small-volume flush tanks to save water usage, with a one-third reduction in the estimated use of water for a urinal compared with last year. In addition, the Group discontinued the use of kettles and other non-essential appliances for individual staff members and provided with water dispensers with purifiers. The above measures ensured safety in electricity usage in office area, reduced electricity consumption arising from work, and lowered consumption of water resources to a certain extent, thereby reducing the Group's carbon footprints. In FY2024, as the Group's water is supplied by the government water supply department, there was no problem in obtaining water sources.

Water Efficiency Goals

The Group recorded a decrease in water consumption, and will keep encouraging employees to save water where possible to avoid waste. The Group will also strive to maintain in the future a similar level of water consumption to that in the year through the measures as mentioned above.

Water Conservation Slogan

Packaging Materials

The packaging materials of the Group are mainly plastic bags used in sales of apparels in shops. Due to the difficulties to collect such data in each individual shop and each franchised store, the Group was not able to disclose the total usage of packaging materials in FY2024. Nonetheless, the Group still strives hard to reduce the use of packaging materials during sales activities and implements unified recycling measures for waste and used packaging items, so as to strengthen the supervision over the recycling and disposal of waste and used items.

A3. THE ENVIRONMENT AND NATURAL RESOURCES

In addition to the aforementioned energy and water reduction measures, the Group has also implemented various environmental protection measures at its headquarters in Ningbo in order to achieve the aforementioned goal of reducing emissions at source for all parties.

The base of the Group in Ningbo with garden concept design achieves the goals of green environment by growing various types of plants. Such an initiative not only provides employees with a comfortable and healthy working environment, but can also have a direct positive impact on reducing carbon emissions. In addition, the interior of the office building is designed to source natural light to avoid unnecessary lighting and thus save electric energy.

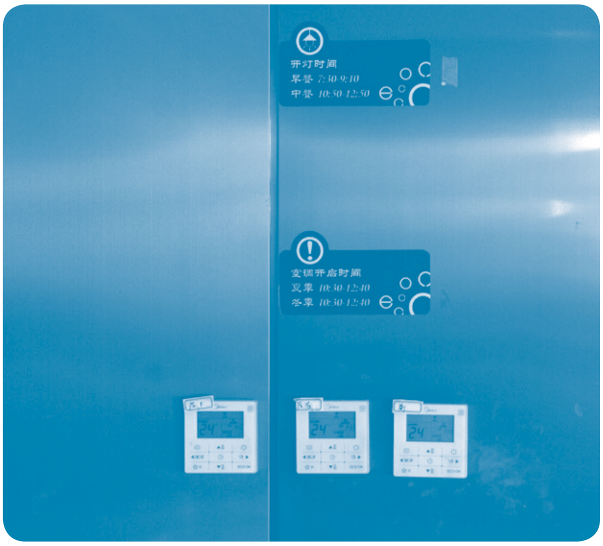
In terms of the maintenance of natural resources, in order to promote the reduction of gas emissions caused by the use of vehicle fuels, the Group has established a new energy vehicle charging station at the headquarter to provide charging services for electric vehicles of our employees.

New energy vehicle charging station

Garden design concept of the headquarter

Green lawn

Energy-saving measures



Energy-saving measures for staff canteen

Electrical appliances with label of China energy efficiency — energy saving grade 1

Light off measures for staff canteen

Natural lighting design of offices

A4. CLIMATE CHANGE

Climate change refers to long-term changes in temperature and weather patterns. Although these changes may be caused by natural causes, human activities are becoming the main cause of climate change with the rapid development of economic and industrial activities, especially the consumption of energy and resources such as the burning of fossil fuels such as coal, oil and natural gas.

As climate change is accompanied by uncertainties and risks in different aspects, incorporating climate factors into the Group's decision-making process will help the Group's business and operations to better adapt to climate change in formulating relevant response plans.

Climate change is likely to bring physical risks to the Group, including more frequent and severe natural disasters such as heavy rains, floods, fires or hurricanes. Extreme weather affects the safety of employees, and may even disrupt the services provided by the relevant supply chain, affect the operation of the Group and increase operating costs. The Group has established an emergency team composed of designated leaders and on-duty staff to cope with bad weather more effectively. The team is responsible for designing actions for the Group according to the government's notice on arrangements for bad weather to reduce the risk of potential crises. In addition, as typhoon is the major factor impacting the Group, the Company strengthened risk management by giving warning notices to our staff and departments based on weather forecasts and asking them to take prevention measures to minimize potential losses.

On the other hand, more climate conferences and climate-related policies may increase the Group's exposure to policy and market-related risks in the process of decarbonization. Pricing mechanisms such as environmental taxes and carbon emissions trading could increase operating costs and thus affect the Group's performance. In addition, it may also increase investment and operating costs when adjusting the operating model to maintain the Group's reputation and competitiveness in the market in order to better meet consumer and market preferences and expectations for corporate environmental protection. Nevertheless, the Group is committed to protecting the environment and strives to make significant efforts to achieve long-term success.

B. SOCIAL

B1. Employment

Employees are one of the most important assets of the Group. We provide the best treatment to employees in different aspects, such as generous employee benefits, development and training plans, and a harmonious and healthy working environment. Therefore, while the employees are contributing to the Group's success, they also understand that we provide reciprocal supporting and backing for them, which ultimately achieves the goal of parallel development of the Group and its employees.

Our Staff

In order to provide the highest quality service to our customers and to help the Group face future opportunities and challenges, the Group will employ employees by considering their work experience, competence and ability to create values only, and will not treat them unfairly based on their gender, sexual orientation, age, national or ethnic origin, family status or other personal characteristics. As of 31 December 2024, the Group employed a total of 265 employees (2023: 311), all from mainland China. Our employees are among various age groups, with a male-female ratio of approximately 49%:51% (2023: 50%:50%), almost achieving gender equality. In addition, different types of employment contracts are adopted to enhance diversity and inclusiveness among employees, with 25% of employees with permanent employment contracts, 68% with fixed-term employment contracts, 4% with post-retirement re-employment contracts and 2% with disabilities individuals employment contracts.

The proportion of employees with more than five years of service with the Group reached 36% (2023: 35%) and 45% (2023: 43%) with more than three years of service. The proportion of employees with more than five years of service increased year-on-year while the proportion of employees with more than three years of service was maintained at a relative level, which reflects that a closer relationship has been established between the Group and its employees.

Staff Compensation

In order to achieve simultaneous development of the Group and its employees, the Group offers employees competitive remuneration packages, including but not limited to on-the-job training, bonus and travelling allowance. The Group would also carry out performance appraisals based on the individual performances of the employees on a quarterly and semi-annually basis to encourage them to set up their own clearly defined goal. Based on the evaluation results, employees would be awarded the titles of “commendation”, “reward” or “promotion or conferring honorary title” to motivate them to continuously improve and to ensure their performance meet the expectation and requirements of the Group. The Group has purchased various social insurance and made contributions to housing provident funds for all employees. The Group strictly follows the Labour Law of the People’s Republic of China (《中華人民共和國勞動法》), the Social Insurance Law of the People’s Republic of China (《中華人民共和國社會保險法》), Regulations on Management of Housing Provident Fund (《住房公積金管理條例》) and other relevant regulations in an effort to guarantee the due benefits entitled to the employees and offer them the best remuneration package.

Work-life Balance

In order to ensure its employees can strike a balance between work and life, and maintain a balanced and healthy lifestyle, the Group has implemented a standard working hour system, which stipulates that the working hours of employees per day shall not exceed eight hours and the average working time per week shall not exceed 44 hours. Apart from weekly rest days and the statutory holidays, employees were also entitled to maternity leave, funeral leave, marital leave and family planning leave. The Group’s vacation system was also established based on the actual circumstances to ensure sufficient break time of its employees. In addition, the Group offered various amenities for its employees, including staff canteens and organized a variety of staff events, to increase their sense of belonging to the Group. The Group also arranged after-work group activities for its employees, including a monthly staff birthday party, so that employees from different departments could know each other through games and interaction. Such communication and a series of activities have strengthened team work spirit, cohesion, and the initiative and execution among employees.

During the year, the monthly average employee turnover rate of the Group was slightly increased to about 3.8% during FY2024 (2023: 2.6%). The average staff turnover rate by age group was approximately 7.8% (18-25), 34.7% (26-35), 3.1% (36-45), 1.9% (46-55) and 1.5% (56-65); the average staff turnover rate by gender was approximately 3.9% (male) and 3.7% (female).

Staff Lounge

Staff Birthday Party

B2. Health and Safety

The Group is committed to providing a safe working environment for its employees and has implemented the following measures. The Group has formulated the "Fire Emergency Plan" which sets out the emergency plan for fire accidents. It also regularly organizes fire safety training seminars and fire drills to ensure that all employees can safely respond to fire accidents. Moreover, the Group is equipped with a number of fire protection equipment in the office building, such as fire extinguishers and fire hydrants, and conducts regular inspections to ensure that they are in good condition. In the event of an emergency occurs, employees can use the office's first aid kit for emergency medical assistance in a timely manner.

In addition, the Group has also regularly purchased labour protection products to ensure that employees in production jobs have available and sufficient protective equipment at work, thereby promoting a healthy and safe working environment.

Any employee suffering from work-related injuries is entitled to indemnification treatment in accordance with relevant national regulations, and the Group will also provide sufficient work-related injury leave to enable employees to have sufficient rest. During FY2024, the Group has no record of work-related injuries (2023: nil). The Group will provide employees suffering from work-related injuries with sufficient sick leave for recuperation in case of such an event. During FY2024 and in the previous two fiscal years, the Group also did not experience any accidents that caused serious injuries and deaths to employees. The Group will continuously strive to provide employees with a healthy and safe working environment.

B3. Development and Training

The Group understands that the progress of the employees is indispensable for the Group's sustainable development. Therefore, the Group provides adequate and effective training for its employees. It also emphasizes that the employees' competency must meet the expectations and requirements of the Group so that they can complement each other. All newly joined employees are subject to a 3-month probationary period and evaluation, during which the department head will provide advice and comments based on their performance to ensure that their abilities and performance meet the Company's standards.

The Group has formulated the "Training Management" system, and provides internal and external trainings to its employees to enhance their work abilities from time to time. If any employee does not get satisfactory results in his or her performance appraisal, the Group will provide additional training to ensure that every employee can meet the requirements of their positions. In addition, the Group also provides on-the-job training for front-line staff to familiarize them with the business processes of departments and positions, as well as staff codes such as personnel systems and anti-corruption mechanisms, so that they can more easily integrate into and adapt to the new working environment.

After each training course, the Group will listen to the feedback from each employee to improve the training content so as to maximize its effectiveness.

During FY2024, the number of employees of the Group who received training was 217 (2023: 133), accounting for approximately 82% (2023: approximately 43%) of the total number, while the total training hours were 1,736 hours (2023: 1,064 hours). During 2024, we have provided trainings for staff at all levels, of which, the. In addition, the number of frontline staff trained was 176, the number of middle management personnel trained was 26 and the number of senior management trained was 15. In addition, the percentage of employees who have been trained by gender is 42% male employees and 40% female employees, respectively.

On the other hand, the average training hours per trainee amounted to approximately 8 hours (2023: 8 hours). The average training hours per employee by gender were approximately 6.7 hours and 6.4 hours for each male and female employee, respectively. In order to demonstrate the Group's determination and commitment to improving the employees' workability to endeavor to improve the overall quality of employees, the Group will continue to put forward trainings on employees at all levels in the future.

B4. Labour Standard

The Group strictly abides by the Labor Law of the People's Republic of China and provides employees with remunerations no lower than the local statutory minimum wage and does not employ child labor or forced labor. When hiring new employees, the human resources department is responsible for reviewing the applicant's identification documents to ensure that no underage child labor is employed. During FY2024, there was no material non-compliance with applicable laws and regulations in relation to labour standards. In addition, there was no cases of forced labor in the Group. The Group undertakes to maintain strict compliance with the Standard of regulations at any time. Any employee facing or discovering violations can report to the management through the reporting mechanism, and the management will take it seriously and take appropriate actions to follow up.

B5. Supply Chain Management

As the Group is principally engaged in the design and production of menswear, the Group places a great emphasis on supply chain management of procurement. The Group's suppliers are mainly original equipment manufacturers ("**OEM suppliers**"), which means the purchaser provides equipment and technology for the manufacturer who is responsible for production, and then the purchaser is responsible for sale.

During FY2024, the Group has cooperated with 167 suppliers, all of them are located in Mainland China. The OEM suppliers cooperating with the Group include suppliers who purchase raw materials themselves and provide finished products and suppliers who provide processed products with raw materials and fabrics purchased by the Group. In the process of selecting its suppliers, the Group will review the company background of suppliers and the quality of their supplies, together with on-site inspection of the production process, to ensure that the materials and goods provided by the suppliers meet the stringent specifications and standards of the Group. The Group will list the suppliers that have passed the above review and inspection into the list of qualified suppliers, and evaluate them on a quarterly basis to check their pricing, quality of supplies, efficiency, reliability, punctuality and credit rating.

The Group selects reliable suppliers with excellent reputations to provide products and services of high quality, reasonable price and sustainability. The Group has a transparent and independent procurement process in place to enhance competitiveness, which at the same time advances the interests of our shareholders and other stakeholders well. It is the Group's expectation to cater to the needs of its customers by integrating procurement resources, promoting system for supplier's selection and management to forge a vertically integrated supply chain management system and offer comprehensive solutions actively.

Meanwhile, the Group encourages suppliers to participate in corporate social responsibility activities and adhere to corporate social responsibility code. The Group is required to maintain a high standard of ethics in connection with all commercial trades where provision or reception of bribery or other improper interests is forbidden. According to applicable laws and regulations, suppliers are required to regularly disclose information on relevant commercial activities, structure, financial condition and performance. Although the Group's main business does not involve environmental products and services while choosing suppliers, it is still expected that suppliers can comply with relevant environmental standards and regulations and save resources as much as possible.

B6. Product Responsibility

In order to retain the leadership of its apparel brand and sustainability, the Group sells menswear and other products, with a quality complying with or even exceeding the industry standard, with an intention to safeguard the reputation of the Group and public interest. In addition, the Group places strong emphasis on long-term mutual trust relationship with its customers so as to deliver the customer-oriented principle.

Quality Control

The Group has a mature quality inspection system to ensure all products meet the quality standard.

The Group requires suppliers to provide samples to the nationally recognized quality supervision and inspection center for textile and apparel products for comprehensive testing when purchasing raw material from suppliers, and will only purchase the goods that passed the test. The quality assurance team of the Group will check all the major stages of the production process conducted by the OEM suppliers to ensure every step during the production complies with the Group's technique and quality requirements. During the initial stage of production, the Group will conduct site visits for the raw materials, semi-finished goods and components used by the OEM suppliers in the production process, as well as conduct quality test on the said subjects. During the middle and final stages of production, the quality assurance team of the Group will carry out inspections on a sampling basis to review if the quality, technique and size of the finished product meet the relevant contractual requirements. As for the existing inventory of the Group, the quality inspection team will make spot checks on the inventory's quality and send the sample to the nationally recognized quality supervision and inspection center for textile and apparel products for comprehensive inspection in order to ensure there will be no quality issue caused by the logistics or warehousing process.

Accordingly, the Group did not experience any recalls of sold or shipped products for safety and health reasons during 2024.

Customer Complaint and Return Process

Positioned as a pioneer garment seller, the Group attaches great importance to after-sales services in a bid to establish a relationship with its customers based on mutual trust. The Group has already formulated an after-sales service management system, according to which its after-sales commissioner will see the customers to their inquisition, complaint and return. The Group's after-sales commissioner will patiently handle the complaint and requirement brought up by its customers. Every case will be recorded and specified the problem of the product and the follow-up arrangement, including return, replacement or repair, etc., to facilitate future follow-up and improvement. It will be also used as a source of information for the quality inspection team to improve quality testing standards. During FY2024, the Group received a total of 9 (2023: 8) complaints about its product and service, and all had been comprehensively dealt with by our after-sales commissioners for return or repairment.

Membership System

In order to attract customers to build a long-term and sustainable relationship with the Group, the Group has established a membership system. Customers who are registered as the Group's VIP members are entitled to the additional consumer rights. The Group highly values the privacy and personal information of its members, which can only be accessed by the authorized staff of the Group. The Group has entered into the confidential agreement with its staff, prohibiting them from leaking customers' information with an aim to safeguard the interests of every customer.

Observing and Protecting Intellectual Property Rights

We recognize the importance of observing and protecting our intellectual property rights and therefore we will avoid infringing on the intellectual property rights of others. If any of our employees are found to have infringed on the intellectual property rights of others, we will adopt a zero-tolerance policy and, if necessary, may consider taking legal action.

B7. Anti-Corruption

The Group has established a written anti-corruption policy prohibiting any act of bribery, extortion, fraud or money laundering, so as to set up a good commercial operation structure. Dishonest behaviors prohibited by the Group mainly include but are not limited to:

– Offering and accepting bribes;

– Provision of illegal political contributions;

– Improper charitable donation or sponsorship;

– Provision or acceptance of unreasonable gifts, entertainment or other improper interests;

– Other defined misconducts.

The Group requires its employees to strictly abide by the Prevention of Bribery Ordinance, and requires suppliers to sign the Sunshine Agreement, making the commitments as follows: while engaging in business practices, suppliers must not directly or indirectly provide, undertake, require or accept any illegitimate benefits, or carry out other dishonest acts in breach of good faith, law or national regulations, including criminal offences such as corruption, bribery, extortion, fraud or money laundering, and other acts such as providing illegal political contributions, improper charitable donations or sponsorships, providing or accepting unreasonable gifts, entertainments or other illegitimate benefits, infringing business secrets, trademark rights, patent rights, copyrights and other intellectual property rights, engaging in unfair competition, etc. Employees of the Group are required to report any benefits received, for which the Group will make the final decision and disposal.

In FY2024, neither the Group nor its employees were prosecuted for corruption, bribery, extortion, fraud or money laundering.

Anti-Corruption Course

In order to create an incorrupt and honest working environment, the Group organizes anti-corruption training lessons for employees in addition to organizing induction training for employees, so the employees can understand the Group's code of conduct for employees and anti-corruption regulations to elevate their sense of anti-corruption and self-discipline during work. In addition, the Group has also engaged professional lawyers to provide directors with training or seminars on anti-corruption to deepen their understanding of legal risk prevention.

Whistle-Blowing Channel and Policy

The Group has established written whistleblowing monitoring procedure, encouraging employees to report and file complaints relating to fraud and immoral behaviour which they discovered or were informed about. The whistleblower shall truthfully report the situation to the Administration Center. Upon receipt of the whistleblowing matter, the Administration Center will investigate the complaint. The Administration Center will keep the whistleblower's personal information confidential, strictly safeguard the whistleblowers and relevant witnesses in accordance with counter-retaliation mechanism, and will submit the case to the competent external agency for handling when necessary. The whistleblowing policy of the Group enables its employees to report, in confidence, about possible improprieties in the Group, allowing the Group to take proactive measures and appropriate actions, in a timely manner, to uphold its integrity and long-term sustainability. Nonetheless, employees of the Group are reminded that it is unethical to fabricate facts. Falsifying evidence or conducting false charge against any persons may result in possible legal actions and therefore such actions are discouraged.

B8. Community Investment

The Group upholds the philosophy of giving back to the society. Apart from the continual and robust operation of business development, the Group makes active efforts to demonstrate the service spirit of its core corporate values, integrates the ideas of community concern and participation, and continues to devote itself to all kinds of education, cultural and social welfare activities.

As a well-known trademark in China, Shanshan always adheres to the core values of "pragmatic, progressive, innovative and sharing", contributes to public welfare, dedicates without borders, continuously enriches public welfare initiatives, continues to deepen the influence of the brand, and makes significant contributions to the social charitable cause, and devotes itself to creating an environment for the dissemination of positive energy in the society and leading more people to the public welfare cause.

Caring for children's growth and nurturing the nation's future has been a social responsibility that the Group has upheld for many years. Embracing social responsibility and actively giving back to the society is the duty and the obligation of every employees of the Group, and it serves as a point of pride of them. During FY2024, the Group has donated scholarships of a total amount of RMB270,000 to outstanding students of the Ningbo Special Education Center School. These contributions made by the Group to the children may be modest and insufficient to create significant change, but the Group is dedicated to passing on the baton of caring for them. In the future, the Group will stay true to this mission, actively embodying a sense of responsibility, giving back to society with a strong commitment, and spreading love far and wide.

As an outstanding representative of Ningbo's garment industry, our Company has always upheld a strong sense of social responsibility. For many years, we have been dedicated to donating winter clothing to the elderly, embodying care and warmth through its actions. This year, our charitable journey took us to the impoverished mountainous areas of Xide County, Sichuan Province. Carefully selected winter garments, filled with heartfelt warmth and compassion, traveled thousands of miles to reach the hands of elderly residents in the mountains. We demonstrate through our actions that a company's strength lies not only in commercial success but also in its commitment to social responsibility. In the days ahead, Shanshan Brand will continue to extend this spirit of kindness, allowing more people to feel the warmth of the winter sun and letting love and warmth take root and flourish in more places, shining brightly.

During FY2024, the Group has donated supplies and funds with a total value of approximately RMB4,419,000 to organizations like Zhejiang Thousands Hands Charity Foundation, Zhuji Red Cross Society ("諸暨市紅十字會"), Zhuji Majian Town Common Prosperity Fund ("諸暨馬劍鎮共富基金"), and Ningbo Haishu District Red Cross Society ("寧波市海曙區紅十字會"), etc.

In addition, a total of 24 employees of the Group participated in a total of 22 hours of voluntary work during FY2024, thus contributing to the poor and underprivileged in the community.

In the coming year, the Group will dedicate more resources to various educational, cultural and social welfare activities, and actively participate in community activities to show the Group's concern and contribution to the local society.

ENVIRONMENTAL ASPECTS DATA

	FY2023	**FY2024**
Air pollution emissions		
Total air pollution emissions	10.5 kg	**13.7 kg**
Air pollution emission density	Approximately 2.6 kg/vehicle	**Approximately 3.4 kg/vehicle**
Total NOx emission	9.6 kg	**12.8 kg**
Total SOx emission	0.2 kg	**0.2 kg**
Total PM emission	0.7 kg	**0.7 kg**
GHG emission		
Total GHG emission	496.5 tonnes	**494 tonnes**
GHG emission density	1.6 tonnes/person	**1.9 tonnes/person**
Scope 1 – direct GHG emissions generated from business operations	33.3 tonnes	**29.9 tonnes**
Scope 2 – “energy indirect” GHG emissions	405.2 tonnes	**373.8 tonnes**
Scope 3 – all other indirect GHG emissions	58.0 tonnes	**90.3 tonnes**
Non-hazardous wastes		
Total waste paper disposal	–	**–**
Waste paper disposal density	–	**–**
Energy consumption		
Total electric energy consumption	710.6 MWh	**655.5 MWh**
Total energy consumption	831.8 MWh	**764.6 MWh**
Energy consumption density	2.7 MWh/person	**2.9 MWh/person**
Water resource consumption		
Total water resource consumption	1,713.6 m^3	**1,608.6 m^3**
Water resource consumption density	5.5 m^3/person	**6.1 m^3/person**

SOCIAL ASPECTS DATA

	FY2023	**FY2024**
Number of employees		
Total employees	311	**265**
Number of employees by gender		
Male	157	**131**
Female	154	**134**
Number of employees by age		
Under 18	–	**–**
18–25	33	**27**
26–35	106	**80**
36–45	115	**103**
46–55	40	**38**
Over 56	17	**17**
Number of employees by position		
Frontline staff	255	**220**
Mid level management	34	**28**
Senior management	22	**17**
Number of employees by working year		
Less than 1 year	113	**82**
1–3 years	64	**63**
3–5 years	24	**24**
5–10 years	66	**44**
Over 10 years	44	**52**
Number of employees by type of employment		
Open-ended contracts	80	**67**
Fixed-term contracts	223	**181**
Temporary workers	1	**1**
Post-retirement employment contracts	7	**10**
Disabilities individuals	–	**6**

	FY2023	**FY2024**
Number of employees by geographical region		
Mainland China	311	**265**
Employee turnover rate		
Average monthly turnover rate	2.6%	**3.8%**
Employee turnover rate by gender		
Male	2.0%	**3.9%**
Female	3.2%	**3.7%**
Employee turnover rate by age		
Under 18	–	**–**
18–25	4.0%	**7.8%**
26–35	3.0%	**4.7%**
36–45	1.9%	**3.1%**
46–55	2.4%	**1.9%**
Over 56	1.8%	**1.5%**
Employee turnover rate by geographical region		
Mainland China	2.6%	**3.8%**
Health and safety		
Reported injuries	No work-related injuries reported	**No work-related injuries reported**
Lost hours	No work-related injuries reported	**No work-related injuries reported**
Development and training		
Total internal training hours for employees	1,064 hours	**1,736 hours**
Total employees trained	133	**217**
Averaged training hours per trainee	8 hours	**8 hours**
Percentage of employees trained	43%	**82%**
Percentage of employee trained by gender		
Male	66%	**42%**
Female	34%	**40%**

	FY2023	**FY2024**
Percentage of employee trained by position		
Frontline staff	74%	**81%**
Mid level management	25%	**12%**
Senior management	1%	**7%**
Average training hours completed per employee		
Average training hours completed per employee by gender		
Male	4.5	**6.7**
Female	2.3	**6.4**
Average training hours completed per employee by position		
Frontline staff	8.0	**8.0**
Mid level management	8.0	**8.0**
Senior management	8.0	**8.0**
Supply chain management		
Total suppliers	148	**149**
Product responsibility		
Number of products and service related complaints received	8	**9**
Anti-corruption		
Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases	–	**–**
Community investment		
Corporate donations	Approximately RMB1,246,000	**Approximately RMB4,419,000**
Employees' volunteer hours	14 hours	**22 hours**
Number of employees involved in volunteer activities	36	**24**

ESG REPORTING GUIDE & REFERENCE

A. Environmental		Reference in this report
A1. Emissions		**Page #**
Policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.		P.56
KPI A1.1	The types of emissions and respective emission data	P.57
KPI A1.2	Greenhouse gas emission in total (in tonnes) and intensity (e.g per unit of production volume, per facility).	P.58
KPI A1.3	Total hazardous waste produced (in tonnes) and intensity (e.g per unit of production volume, per facility).	P.60
KPI A1.4	Total non-hazardous waste produced (in tonnes) and intensity (e.g per unit of production volume, per facility).	P.60
KPI A1.5	Description of measures to mitigate emissions and results achieved.	P.60
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	P.60
A2. Use of Resources		**Page #**
Policies on the efficient use of resources, including energy, water and other raw materials.		P.61
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	P.61
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	P.61
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	P.62
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	P.62
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	P.62
A3. The Environment and Natural Resources		**Page #**
Policies on minimizing the issuer's significant impact on the environment and natural resources.		P.63
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	P.63

A4. Climate Change		Page #
Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.		P.66
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	P.66

B. Social		Reference in this Report

B1. Employment		Page #
Information of policies and compliance with laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.		P.66
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	P.67
KPI B1.2	Employment turnover rate by gender, age group and geographical region.	P.67

B2. Health and Safety		Page #
Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.		P.69
KPI B2.1	Number and rate of work-related fatalities.	P.69
KPI B2.2	Lost days due to work injury.	P.69
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	P.69

B3. Development and Training		Page #
Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.		P.70
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management, etc.).	P.70
KPI B3.2	The average training hours completed per employee by gender and employee category.	P.70

B4. Labour Standard		Page #
Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.		P.71
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	P.71
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	P.71

B5. Supply Chain Management		Page #
Policies on managing environmental and social risks of the supply chain.		P.71
KPI B5.1	Number of suppliers by geographical region.	P.71
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	P.71
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	P.71
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	P.71

B6. Product Responsibility		Page #
Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.		P.72
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	P.72
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	P.72
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	P.72
KPI B6.4	Description of quality assurance process and recall procedures.	P.72
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	P.73

B7. Anti-Corruption		Page #
Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.		P.73
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases.	P.73
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	P.74
KPI B7.3	Description of anti-corruption training provided to directors and staff.	P.74

B8. Community Investment		Page #
Policies on community engagement to understand the communities' needs where it operates and to ensure its activities take into consideration the communities' interests.		P.75
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	P.75
KPI B8.2	Resources contributed (e.g. money or time) to the focus areas.	P.75

The Board is pleased to present its report together with the audited consolidated financial statements of the Group for the Year.

PRINCIPAL ACTIVITIES

The Group is engaged in the design, marketing and sale of formal and casual business menswear in the PRC under two brands, namely FIRS and SHANSHAN, each having distinct product features and brand positioning that are tailored to the preferences of consumers in particular age and income groups. Our products are primarily targeted at male consumers who seek high-quality menswear products.

FINAL DIVIDEND

The Board has resolved to recommend the distribution of a final dividend of RMB0.08 per share (pre-tax) for 133,400,000 shares for the Year, representing a total amount of RMB10,672,000 (pre-tax) (2023: RMB10,672,000).

The proposed final dividend is subject to the approval of Shareholders at the annual general meeting of the Company to be held on Monday, 9 June 2025 (the "**2025 AGM**"), and the proposed final dividend is expected to be paid on or before Friday, 8 August 2025 to the holders of domestic shares (the "**Domestic Shares**") and H Shares whose names appear in the register of members of the Company (the "**Register of Members**") on Friday, 20 June 2025. The proposed final dividend will be declared in RMB and distributed in HKD (H Shares) and RMB, and the exchange rate will be the average middle rate of RMB to HKD published by the People's Bank of China one calendar week prior to the date of declaration of proposed final dividend.

DIVIDEND TAXATION

According to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) with effect on 1 January 2008 and being revised on 24 February 2017 and 29 December 2018, the Implementation Regulations on the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》) with effect on 1 January 2008 and being revised on 23 April 2019 and 20 January 2025, and the Notice on Issues concerning Withholding the Enterprise Income Tax on Dividends Paid by Chinese Resident Enterprises to H Shares holders who are Overseas Non-resident Enterprises (Guo Shui Han [2008] No. 897) (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》) (國稅函[2008]897號) issued with effect on 6 November 2008 by State Taxation Administration, etc., any Chinese domestic enterprise which pays dividend to a non-resident enterprise shareholder in respect of annual dividends of and after 2008 shall withhold and pay 10% enterprise income tax for such shareholder for fiscal periods after 1 January 2008. Therefore, as a PRC domestic enterprise, the Company will, after withholding 10% of the annual dividend as enterprise income tax, distribute the annual dividend to non-resident enterprise shareholders (i.e. any shareholders who hold H Shares in the name of non-individual shareholders, including but not limited to HKSCC Nominees Limited, other nominees, trustees, or holders of H Shares registered in the name of other organizations and groups) whose names appear on the register of members of H Shares. Upon receipt of such dividends, an overseas non-resident enterprise shareholder may apply to the competent tax authorities for relevant treatment under the tax treaties (arrangements) in person or through a proxy or the Company and provide evidence in support of its status as a beneficial owner as defined in the tax treaties (arrangements). Upon verification by the competent tax authorities, the difference between the tax levied and the amount of tax payable as calculated at the tax rate under the tax treaties (arrangements) will be refunded.

On 28 June 2011, the State Administration of Taxation issued the Notice on Matters Concerning the Levy and Administration of Individual Income Tax After the Repeal of Guo Shui Fa [1993] No. 45 (Guo Shui Han [2011] No. 348) (《關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》(國稅函[2011]348號)) (the "**No. 348 Circular**"). Pursuant to the No. 348 Circular, the overseas resident individual shareholders of the shares issued by domestic non-foreign invested enterprises in Hong Kong are entitled to the relevant preferential tax treatment pursuant to the provisions in the tax agreements signed between the countries where they are residents and China as well as the tax arrangements between China and Hong Kong or Macau. Pursuant to the No. 348 Circular, individual income tax at a tax rate of 10% may in general be withheld in respect of the dividend or bonus income to be distributed by the PRC non-foreign-invested enterprises whose shares have been issued in Hong Kong to the overseas resident individual shareholders, without any application for favourable tax treatments. However, the tax rate for each overseas resident individual shareholder may vary depending on the relevant tax agreements between the countries of its domicile and the PRC.

If the individual holders of H Shares are Hong Kong residents, Macau residents and residents of other countries or regions that have a tax rate of 10% under the tax treaties with the PRC, the Company will withhold and pay individual income tax at the rate of 10% on behalf of such Shareholders. If the individual holders of H Shares are residents of countries or regions that have a tax rate lower than 10% under the tax treaties with the PRC, the Company will withhold and pay individual income tax at the rate of 10% on behalf of such Shareholders. If such Shareholders wish to claim refund of the amount in excess of the individual income tax payable under the tax treaties, the Company may apply on behalf of such Shareholders according to the relevant tax treaties for the relevant agreed preferential tax treatment, provided that the relevant Shareholders submit the relevant documents and information required by the circular of SAT on Issuing Administrative Measures on Preferential Treatment Entitled by Non-residents Taxpayers under Tax Treaties (SAT Circular [2019] No.35) and the provisions of the relevant tax treaties in a timely manner.

The Company will assist with the tax refund of additional amount of tax withheld and paid subject to the approval of the competent tax authorities.

If the individual holders of H Shares are residents of countries or regions that have a tax rate higher than 10% but lower than 20% under the tax treaties with the PRC, the Company will withhold and pay individual income tax at the applicable tax rates stated in such tax treaties on behalf of such Shareholders.

If the individual holders of H Shares are residents of countries or regions that have a tax rate of 20% under the tax treaties with the PRC, or have not entered into any tax treaties with the PRC, or otherwise, the Company will withhold and pay individual income tax at the rate of 20% on behalf of such Shareholders.

Shareholders are recommended to consult their tax advisors regarding the ownership and disposal of H Shares in the PRC and in Hong Kong and other tax effects.

CLOSURE OF REGISTER OF MEMBERS

(1) 2025 AGM

For the purpose of determining the Shareholders' entitlement to attend and vote at the 2025 AGM, the Register of Members will be closed from Wednesday, 4 June 2025 to Monday, 9 June 2025, both days inclusive, during which period no transfer of shares will be effected.

In order to qualify as the Shareholders to attend and vote at the 2025 AGM, all transfer documents accompanied by the relevant share certificates must be lodged with in case of holders of H Shares (the "**H Shareholders**"), with the Company's H share registrar and transfer office, Boardroom Share Registrars (HK) Limited at Room 2103B, 21/F., 148 Electric Road, North Point, Hong Kong, and in case of holders of domestic shares of the Company (the "**Domestic Shareholders**"), to the Company's registered office address at the Office of the Board, 238 Yunlin Middle Road, Wangchun Industrial Park, Ningbo, Zhejiang Province, the PRC, no later than 4:30 p.m. on Tuesday, 3 June 2025.

(2) Proposed final dividend

For the purpose of determining the Shareholders' entitlement to the proposed final dividend, the Register of Members will be closed from Monday, 16 June 2025 to Friday, 20 June 2025, both days inclusive, during which no transfer of shares will be effected. In order to determine the Shareholders' entitlement to the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with in case of H Shareholders, with the Company's H share registrar and transfer office, Boardroom Share Registrars (HK) Limited at Room 2103B, 21/F., 148 Electric Road, North Point, Hong Kong, and in case of Domestic Shareholders, to the Company's registered office address at the Office of the Board, 238 Yunlin Middle Road, Wangchun Industrial Park, Ningbo, Zhejiang Province, the PRC, no later than 4:30 p.m. on Friday, 13 June 2025. Shareholders whose names appear on the Register of Members on Friday, 20 June 2025 are entitled to receive the above final dividend.

Report of the Directors

BUSINESS REVIEW

A review of the business of the Group and a discussion and analysis of the Group's operating performance for the Year are provided in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" on pages 7 to 10 and pages 11 to 20 of this annual report, respectively.

A description of the potential risks and uncertainties that the Company may be facing and the key financial performance indicators are set out in the sections headed "Management Discussion and Analysis" on pages 11 to 20 of this annual report and "Risk Factors" contained on pages 34 to 56 of the Prospectus. Additionally, the financial risk management objectives and policies of the Company are set out in note 39 to the consolidated financial statements.

Apart from below, the future development of the Group's business is discussed throughout this annual report including in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" on pages 7 to 10 and pages 11 to 20 of this annual report, respectively.

In order to further establish its garment brand and develop its businesses, the Company has acquired the Land Use Rights for the purpose to construct a comprehensive building with a product research and development center therein, a high-end digital intelligent manufacturing plant and a digital intelligent warehouse, for the formal and casual business menswear of the Company. For relevant details, please refer to the announcements of the Company dated 16 November 2023 and the circular of the Company dated 2 December 2023. The total cost of the project is estimated to be approximately RMB280 million, which will be funded by the internal resources of the Group and external financing if appropriate. As the completion and operation of the project will enable the Group to sustain a stable supply of apparel products, the Board expects that the project will bring net positive effect on the Group's profits.

There were no other significant events having an impact on the Group since 31 December 2024, being the end of the financial year under review.

ENVIRONMENT, HEALTH AND SAFETY

The Group's business complies with applicable environmental laws and regulations of the PRC in any material respects. The Group also made every effort to ensure the health and safety of its employees. The Group is equipped with certain emergency medications to handle daily medical matters of the employees. Should there be any critical and urgent medical situations, the Group will send its employees to local hospitals for treatment promptly. The Group also employed qualified property management companies to provide property security services for the Group's park in the premise of its office. As far as the Board and the management of the Company are concerned, the Group has complied with the relevant laws and regulations that have a significant impact on the Group's business and operations in all major respects. There was no serious violation against or non-compliance with applicable laws and regulations by the Group during the Year. Discussion on the Group's environmental policies are contained in the section headed "Management Discussion and Analysis" on pages 11 to 20 of this annual report. For details, please refer to the Environmental, Social and Governance Report contained in this annual report.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

During the Year, the Group was not aware of any material non-compliance with the relevant laws and regulations that had a significant impact on the business and operations of the Group.

RELATIONSHIP WITH KEY STAKEHOLDERS

In regard to the stakeholder relationships, the Group understands the importance of its customers, suppliers and employees to its long-term business development, and therefore is dedicated to establishing and maintaining a close and caring relationship with these stakeholders.

Recognising the crucial roles of its customers and suppliers in its business operations, the Group has reinforced its relationship with business partners through ongoing communication in a proactive and effective manner. In particular, the Group continuously interacts with its customers to ensure that the quality of its services has satisfied customers' needs and requirements and will, therefore, meet customers' expectation. Furthermore, the Group is also dedicated to cultivating good relationships with its suppliers to ensure a stable supply of reliable and high-quality products for the Group's daily operation.

Apart from the above, the Group recognises the importance of human capital in its long-term development. The Group has provided a fair and safe workplace and offered competitive remuneration, benefits and career development opportunities based on the merits and performance of its employees. The Group also places ongoing efforts in providing adequate training and development resources to its employees with the aim of fostering an environment in which the employees can develop to their fullest potential and can achieve personal and professional growth.

BORROWINGS

Details of the borrowings of the Group as at 31 December 2024 are set out in note 29 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the Year are set out in note 31 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group during the Year are set out in note 16 to the consolidated financial statements.

DONATION

During the Year, the Group made charitable and other kinds of donations totaling approximately RMB4,419,462 (2023: RMB1,246,370).

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

During the Year, the Company did not redeem any listed securities nor did the Company and any of its subsidiaries purchase or sell any of the Company's listed securities (including sales of treasury shares, if any). As at 31 December 2024, the Company did not hold any treasury shares.

RESERVES AND DISTRIBUTABLE RESERVES

As at 31 December 2024, the distributable reserves of the Company, calculated in accordance with the provisions of the PRC Companies Law, amounted to approximately RMB110,009,391 (2023: RMB78,057,567). The movements in the reserves of the Group and the Company during the Year are set out in the consolidated statement of changes in equity on page 113 of this annual report and in note 41b to the consolidated financial statements, respectively.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and financial position of the Group for the preceding five financial years is set out on page 192 of this annual report.

MAJOR CUSTOMERS AND SUPPLIERS

During the Year, the percentage of the Group's turnover attributable to the Group's largest customer and the five largest customers in aggregate were approximately 7.6% and 14.7% (2023: 3.5% and 11.7%) respectively.

During the Year, the percentage of the Group's purchases attributable to the Group's largest supplier and the five largest suppliers in aggregate were approximately 27.9% and 42.8% (2023: 13.3% and 27.5%) respectively.

During the Year, none of the Directors or any of their close associates or any Shareholders (which to the knowledge of the Directors, owned more than 5% of the number of issued shares) had interest in any of the five largest customers or suppliers of the Group.

TAX CONCESSIONS

None of the holders of the Company's listed securities was entitled to any tax concessions for holding securities of the Company.

DIRECTORS

The Directors during the Year and up to the date of this report are set out as follows:

Executive Directors

Mr. Luo Yefei
Mr. Cao Yang
Ms. Yan Jingfen
Ms. Zhou Yumei

Non-executive Directors

Mr. Mao Weiyong *(Appointed on 24 February 2025)*
Mr. Du Peng *(Resigned on 24 February 2025)*
Mr. Shen Jinxin

INEDs

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

The profiles of the current Directors are set out on pages 21 to 25 of this annual report.

CHANGE IN INFORMATION OF DIRECTORS

The change in information of Directors during the Year and up to the date of this annual report as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules is set out below:

Mr. Du Peng resigned as a non-executive Director at the conclusion of the 2025 first extraordinary general meeting of the Company held on 24 February 2025. Subsequent to Mr. Du Peng's resignation, Mr. Mao Weiyong has been appointed as a non-executive Director with effect from 24 February 2025.

SERVICE CONTRACT OF DIRECTORS AND SUPERVISORS

Apart from the service period of (i) Mr. Shen Jinxin commenced from 5 June 2023 and (ii) Mr. Mao Weiyong commenced from 24 February 2025, the service period of other members of the Board and the Supervisory Committee commenced from 6 June 2022 and shall end on 5 June 2025 or the date when the forth session of the Board and the Supervisory Committee are elected by the Shareholders.

The Company has received an annual confirmation of independence in writing from each of the INEDs with reference to the factors under Rule 3.13 of the Listing Rules. Based on such confirmation, the Company considers that all the INEDs are independent and have met the independence guidelines as set out in Rule 3.13 of the Listing Rules during the Year and up to the date of this report.

During the Year, none of the Directors or the Supervisors had entered or proposed to enter into any service contract and/or appointment letter with any member of the Group which will not expire or is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

MANAGEMENT CONTRACTS

No contracts, other than employment contracts, concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed during the Year.

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles of Association and subject to the provisions of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), every Director and other officers of the Company shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they shall or may incur or sustain in or about the execution of their duty in their respective offices, except when (if any) they incur or sustain through their own fraud or dishonesty. The Company has arranged appropriate directors', supervisors' and officers' liability insurance coverage for the Directors, the Supervisors and the officers of the Company during the Year and the indemnity provision and the liability insurance coverage for the Directors, the Supervisors and the officers of the Company remained in force as of the date of this report.

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

As at 31 December 2024, the interests and short positions of the Directors, the Supervisors and the 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 SFO), as recorded in the register required to be kept by the Company under section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, which shall be deemed to apply to the Supervisors to the same extent as it applies to the Directors, respectively, were as follows:

Long position in 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	28,009,000	28.009%	20.996%
Ms. Zhou Yumei (“**Ms. Zhou YM**”) (Notes 1 & 2)	Domestic Shares	Interest of a controlled corporation/ Corporate interest; Interest of spouse/ Family interest	28,009,000	28.009%	20.996%

Notes:

(1) Mr. Luo was interested in and was deemed to be interested in 28,009,000 Domestic Shares within the meaning of Part XV of the SFO, which represents 28.009% of the total number of issued Domestic Shares and 20.996% of the total number of issued shares of the Company. It comprises (i) 11,339,000 Domestic Shares directly owned by Mr. Luo; (ii) 3,335,000 Domestic Shares that were subject to the conditional sale and purchase agreement dated 28 November 2024 entered into between a domestic shareholder and Mr. Luo, pursuant to which the domestic shareholder agreed to sell and Mr. Luo agreed to purchase 3,335,000 Domestic Shares (completion took place on 17 January 2025); and (iii) 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.

(2) Ms. Zhou YM is 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 31 December 2024, none of the Directors, the Supervisors and the 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*

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

As at 31 December 2024, so far as was known to or otherwise notified to any Directors or the chief executive of the Company, the particulars of the corporations or persons (other than the Directors, Supervisors or chief executive of the Company) which or who had interests or short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

Long position 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
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 (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 (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		

Name of Substantial Shareholders	Class of Shares	Capacity/ Nature of Interests	Number of Shares Interested	Approximate Percentage of Shareholding in the Relevant Class of Shares	Approximate Percentage of Shareholding in the Total Shares
Ningbo Qinggang Investment Co., Ltd. ("**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		
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 (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 ("**Ms. Zhao**")	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:

(1) Mr. Zheng passed away on 10 February 2023.

(2) 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 shareholders.

(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 share capital of Shanshan through Ningbo Pengze Trading Co., Ltd.* (寧波朋澤貿易有限公司), and (together with Shanshan Holding) controls the majority of the board of directors of Shanshan. By virtue of the SFO, Shanshan Group is deemed to be interested in the same number of Domestic Shares in which Shanshan is interested.

(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 51.80% 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 18.6% by Mr. Luo and 19% by Ms. Yan Jingfen, both are the executive Directors. Mr. Mao Weiyong (appointed as a non-executive Director on 24 February 2025) holds 50% capital contribution in Ningbo Eggshell Enterprise Management Partnership (Limited Partnership)* (寧波蛋殼企業管理合夥企業(有限合夥)) ("**Eggshell Enterprise**"), which Eggshell Enterprise holds 19% equity interest in Ningbo Liankangcai. 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 and 20% by Ms. Zhou YM. 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 amounts 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.

Save as disclosed above, as at 31 December 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 in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO.

* *for identification purpose only*

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the Year was the Company or its holding company or any of its subsidiaries or fellow subsidiaries a party to any arrangements to enable the Directors or the Supervisors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

EQUITY-LINKED AGREEMENTS

No equity-linked agreements were entered into by the Company during the Year or subsisted at the end of the Year.

DIRECTORS' AND SUPERVISORS' INTEREST IN COMPETING BUSINESS

During the Year and up to the date of this report, none of the Directors, the Supervisors or the controlling shareholders of the Company, their respective close associates had engaged in or had any interest in any business (apart from the business of the Group) that competed or might compete, either directly or indirectly, with the businesses of the Group or had any other conflicts of interest with the Group, which must be disclosed in this report.

DIRECTORS' AND SUPERVISORS' INTEREST IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

Save as disclosed in this annual report, no transactions, arrangements or contracts of significance to which the Company or any of its subsidiaries or holding company was a party and in which a Director or a Supervisor or an entity related to a Director or a Supervisor had a material interest, whether directly or indirectly, at any time during the Year or subsisted at the end of the Year.

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed in the paragraphs headed "Connected Transactions" and "Continuing Connected Transactions" below, there was no contract of significance (whether for the provision of services to the Company or not) in relation to the Group's business to which the Company or any of its subsidiaries was a party and a controlling Shareholder or any of its subsidiaries is the other party during the Year or subsisted at the end of the Year.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association or the PRC Companies Law, which would oblige the Company to offer new shares on a pro rata basis to existing Shareholders.

RELATED PARTY TRANSACTIONS

Save as disclosed in the paragraphs headed "Connected Transactions", all other related party transactions as disclosed in note 33 to the consolidated financial statements are not connected transactions or continuing connected transactions which need to comply with the disclosure requirements under Chapter 14A of the Listing Rules. The Company confirmed that it has complied with the disclosure requirements regarding the connected transactions and continuing connected transactions disclosed in this report in accordance with Chapter 14A of the Listing Rules and all such transactions were conducted in the ordinary and usual course of business.

CONNECTED TRANSACTIONS

During the Year, the Group had the following connected transactions with parties regarded as connected persons under Chapter 14A of the Listing Rules:

1. The Trademark Licensing Agreement with Shanshan Group

On 30 September 2021, the Company entered into a trademark licensing agreement (the "**Trademark Licensing 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 right to authorise third parties to use the Licensed Trademarks solely for the purpose of business operation of the Group. The Trademark Licensing Agreement has a term of four years commencing from 1 January 2022. The total licensing fees payable by the Company to Shanshan Group under the Trademark Licensing Agreement was RMB3,900,000. According to the Trademark Licensing Agreement, a licensing fees of RMB1,500,000 will be paid by the Company in 2025.

Shanshan Group may through Shanshan control the exercise of 10% or more of the voting power at any general meeting of the Company. Hence, Shanshan Group is a connected person of the Company under the Listing Rules. For further details, please refer to the announcement of the Company dated 30 September 2021.

2. The Lease Agreement with Shanshan

On 30 December 2022, the Company entered into a lease agreement (the "**Lease Agreement**") with Shanshan to lease certain properties from Shanshan for a term of two year commencing on 1 January 2023 and ended on 31 December 2024 for use as office, warehouses and showrooms. The total rental payments payable and management fee payable by the Company to Shanshan under the Lease Agreement was approximately RMB6,000,000 and RMB500,000 respectively. The actual transaction amount is approximately RMB2,506,369 for the Year.

Shanshan is a substantial shareholder and hence, a connected person of the Company under the Listing Rules. For further details, please refer to the announcement of the Company dated 30 December 2022.

CONTINUING CONNECTED TRANSACTIONS

During the Year, the Group had the following continuing connected transactions with parties regarded as connected persons under Chapter 14A of the Listing Rules:

A. Continuing connected transactions which are fully exempted from the reporting, annual review, announcement and independent Shareholders' approval requirements

1. Trademark licence agreements with Shanshan and Shanshan Group

On 20 May 2016, the Company entered into a trademark licence agreement with each of Shanshan and Shanshan Group, respectively (together the "**Exempted Trademark Licence Agreements**"), pursuant to which each of Shanshan and Shanshan Group agreed to grant the Company, on a perpetual, exclusive and royalty free basis, a right to use trademarks registered under their respective names (the "**Licenced Trademarks**") under the category of garments, accessories, luggages and bags, shoes and hats and for the Company to sub-licence any members of the Group and third parties to use the Licenced Trademarks. For further details of the Exempted Trademark Licence Agreement, please refer to the section headed "Connected Transactions" in the Prospectus.

Each of Shanshan and Shanshan Group is a substantial shareholder of the Company and hence, a connected person of the Company under the Listing Rules.

Upon the Listing, the Exempted Trademark Licence Agreements and the transactions contemplated thereunder constitute de minimis continuing connected transactions that are exempted from compliance with the reporting, annual review, announcement and independent Shareholders' approval provisions under Chapter 14A of the Listing Rules.

B. Continuing connected transactions which are subject to the reporting, annual review, announcement requirements but exempt from the independent Shareholders' approval requirements

On 13 October 2022, the Company entered into a supply framework agreement (the "**Supply Framework Agreement**") with the purchasers (Shanghai Shanshan New Materials Co., Ltd.* (上海杉杉新材料有限公司), Ningbo Shanshan New Material Technology Co., Ltd.* (寧波杉杉新材料科技有限公司), Huzhou Shanshan New Energy Technology Co., Ltd.* (湖州杉杉新能源科技有限公司), Fujian Shanshan Technology Co., Ltd.* (福建杉杉科技有限公司), Chenzhou Shanshan New Material Co., Ltd.* (郴州杉杉新材料有限公司), Inner Mongolia Shanshan Technology Co., Ltd.* (內蒙古杉杉科技有限公司), Inner Mongolia Shanshan New Material Co., Ltd.* (內蒙古杉杉新材料有限公司), Sichuan Shanshan New Material Co., Ltd.* (四川杉杉新材料有限公司) and Yunnan Shanshan New Material Co., Ltd.* (雲南杉杉新材料有限公司)), pursuant to which the Company agreed to sell and the purchasers agreed to procure factory uniforms for a term from 13 October 2022 to 31 December 2024. The annual caps for the transactions contemplated under the Supply Framework Agreement for the year ended 31 December 2023 and year ended 31 December 2024 are expected to be RMB3,900,000 and RMB3,900,000, respectively. During the Year, the actual transaction amount was approximately RMB873,196, which did not exceed the annual cap amount.

The purchasers are subsidiaries of Shanshan, a substantial shareholder of the Company, and therefore both Shanshan and the purchasers are connected persons of the Company pursuant to the Listing Rules.

The transactions contemplated under the Supply Framework Agreement are subject to the reporting, annual review and announcement requirements but are exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

The INEDs have reviewed the above continuing connected transactions and confirmed that these transactions have been entered into:

a. in the ordinary and usual course of business of the Group;

b. on normal commercial terms or better; and

c. according to the agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

* *for identification purpose only*

Pursuant to Rule 14A.56 of the Listing Rules, the Board has engaged the Company's auditor to perform certain procedures in respect of the continuing connected transactions set out above in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter to the Board containing their findings and conclusions in respect of the continuing connected transactions and the Company's auditor has confirmed that nothing has come to their attention that causes them to believe the above continuing connected transactions:

a. have not been approved by the Board;

b. were not entered into, in all material respects, in accordance with the pricing policies of the Group and the relevant agreement governing the transactions; and

c. the aggregate amount of the above continuing connected transactions has exceeded the cap.

RETIREMENT SCHEMES

The Group participated in various retirement benefit schemes in accordance with relevant rules and regulations in the PRC and Hong Kong. Details of our retirement benefit schemes are set out in note 4(j) to the consolidated financial statements.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the knowledge of the Directors, during the Year and up to the date of this report, there had been sufficient public float of more than 25% of the Company's issued shares as required under the Listing Rules.

INDEPENDENT AUDITOR

There were no changes of independent auditor in the past three years.

The consolidated financial statements of the Group for the Year have been audited by the independent auditor, BDO Limited, which will retire at the forthcoming AGM and, being eligible, offer themselves for re-appointment.

For and on behalf of the Board
Luo Yefei
Chairman

Ningbo, the PRC, 25 March 2025

Report of the Supervisory Committee

Looking back to the year of 2024, the Supervisory Committee executed its supervising function earnestly, safeguarded the rights and interests of the Shareholders and the Company and carried out its work in a diligent and proactive manner pursuant to the provisions of the PRC Companies Law, the Articles of Association, the rules of procedure of the Supervisory Committee and the Listing Rules.

The Supervisory Committee comprises three members. The chairman of the Supervisory Committee is Ms. Zhou Danna; and the members of Supervisory Committee are Mr. Wang Yijun and Ms. Yang Yi.

I. MEETINGS OF THE SUPERVISORY COMMITTEE

As at 31 December 2024, the Supervisory Committee held four (4) meetings in total. Such meetings were convened and held in compliance with the requirements of relevant regulations and the Articles of Association and with proper service of notice and quorum. Major matters considered and reviewed by the Supervisory Committee include:

a. Review of the annual report for 2023 and the interim report for 2024;

b. Review of the audited consolidated financial statements and independent auditor's report for 2023 and the resolution on profit distribution plan for 2023;

c. Considering and approving the work report of the Supervisory Committee for 2023.

As at 31 December 2024, members of the Supervisory Committee attended or observed all general meetings and Board meetings in accordance with the law and monitored the matters considered at the Board meetings and general meetings and the legitimacy of the procedures. During the Year, there was no incidence that the Supervisors made representations to the Directors or sued the Directors on behalf of the Company.

II. INDEPENDENT OPINIONS OF THE SUPERVISORY COMMITTEE ON RELEVANT MATTERS

1. Financial report

The 2024 financial report of the Company prepared under the Hong Kong Financial Reporting Standards has been audited by BDO Limited and BDO Limited has issued an unqualified audit report. The financial report fairly and truly reflects the Company's financial position as at 31 December 2024 and the operating results and cash flow in 2024.

2. Related party transaction

After reviewing the related party transactions between the Company and its related parties during the Year, the Supervisory Committee considered that the related party transactions were in compliance with relevant requirements of the Stock Exchange and applicable laws and the considerations for the related party transactions were reasonable, open and fair, and was not aware of any matters that were detrimental to the interests of the Company or its Shareholders as a whole.

3. Internal control

During the Year, the Company continued to strengthen and improve the construction of its internal control system. The comprehensiveness and effectiveness of the internal control were continuously improved. The Supervisory Committee was not aware of any material defect in the design of the Company's internal control system or its implementation.

4. Implementation of the resolutions of general meetings

The Supervisory Committee had no objection to any of such reports and resolutions as submitted by the Board to general meetings for consideration and approval in 2024. The Supervisory Committee supervised the implementation of the resolutions of general meetings and considered that the Board had prudently implemented the relevant resolutions of general meetings.

5. Operations in compliance with laws and regulations

During the Year, the operations of the Company were normal and reasonable and were in compliance with all applicable laws, regulations, rules and the Articles of Association. The Supervisory Committee was not aware of any non-compliance with laws, regulations or the Articles of Association or behaviors committed by any of the Directors and senior management of the Company in discharging their duties that was detrimental to the interests of the Company and the Shareholders.

Shanshan Brand Management Co., Ltd.

Supervisory Committee

25 March 2025

Independent Auditor's Report

Tel : +852 2218 8288
Fax: +852 2815 2239
www.bdo.com.hk

25th Floor Wing On Centre
111 Connaught Road Central
Hong Kong

電話：+852 2218 8288
傳真：+852 2815 2239
www.bdo.com.hk

香港干諾道中111號
永安中心25樓

TO THE SHAREHOLDERS OF SHANSHAN BRAND MANAGEMENT CO., LTD.
(incorporated in the People's Republic of China with limited liability)

OPINION

We have audited the consolidated financial statements of Shanshan Brand Management Co., Ltd. ("Company") and its subsidiaries (together "Group") set out on pages 110 to 191, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting 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 the 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 are independent of the Group in accordance with the HKICPA's "Code of Ethics for Professional Accountants" ("Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

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

Key audit matters identified in our audit are summarised as follows:

- Provision for inventories
- Impairment assessment of trade receivables

KEY AUDIT MATTERS (CONTINUED)

Provision for Inventories

(Refer to Notes 5(d) and 22 to the consolidated financial statements)

As at 31 December 2024, the net carrying amount of inventories was approximately RMB278,221,780. The provision of write-down of inventories for the year ended 31 December 2024 was approximately RMB3,790,852 which consists provision of write-down of raw materials at RMB1,451,072 and provision of write-down of finished goods at RMB2,339,780.

The assessment of the provision for inventories involves management judgements and estimates by considering inventory ageing, historical sales patterns and by comparing the carrying amounts of inventories with their estimated net realisable values, primarily based on the latest selling prices. In addition, physical counts on all inventories are carried out on a periodical basis in order to determine whether provision needs to be made in respect of any obsolete inventories identified.

Accordingly, the write-down assessment of inventories is considered to be a key audit matter.

Our Response

Our key audit procedures in relation to management's write-down assessment of inventories included:

– Understanding and evaluating the Group's provision policy on inventories, basis of the assessment and management's process of the identification of slow moving inventories;

– Reviewing and assessing the estimation of the net realisable value of these inventories on a sample basis;

– Reviewing inventory ageing and analysing the level of aged inventories and their associated provision of write-down;

– Testing the purchase cost and selling price on a sample basis with reference to the purchase invoices and subsequent sales records; and

– Recalculating the provision of write-down value.

KEY AUDIT MATTERS (CONTINUED)

Impairment Assessment of Trade Receivables

(Refer to Notes 5(e) and 23 to the consolidated financial statements)

As at 31 December 2024, the Group had gross trade receivables of RMB269,698,165 and provision of impairment for trade receivables of RMB29,972,239. There is a risk that these receivables are not recoverable. The Group has elected to measure loss allowances for trade receivables using simplified approach and has calculated expected credit loss ("ECLs") based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

After management's assessment, impairment losses on trade receivables of RMB851,735 have been recognised in profit or loss for the year.

We identified the impairment assessment of trade receivables as a key audit matter due to the complexity and significant judgement involved in the management's assessment process.

Our Response

Our key audit procedures in relation to management's impairment assessment of trade receivables included:

– Obtaining an understanding of management's process of assessing the impairment of trade receivables;

– Assessing the reasonableness of management's loss allowance estimates by examining the information used by management to form such judgements, including testing the accuracy of the historical default data, evaluating whether the expected credit loss rates are appropriately adjusted based on current economic conditions and forward-looking information;

– Checking the integrity and the relevance of the input data being used in the ECL model; and

– Testing the aging analysis of the trade receivables, on a sample basis, to the source documents.

OTHER INFORMATION IN THE ANNUAL REPORT

The directors of the Company ("Directors") are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include 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.

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with the 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 Directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the Directors in discharging their responsibilities in this regard.

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. This report is made solely to you, as a body, in accordance with the terms of our engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism 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.

- plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

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

From the matters communicated with the Directors, 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.

BDO Limited
Certified Public Accountants

LAI Cheuk Wai
Practising Certificate Number P07921
Hong Kong, 25 March 2025

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2024

	Notes	2024 RMB	2023 RMB
Revenue	6	**1,006,620,320**	1,060,045,974
Cost of sales		**(627,421,780)**	(662,806,836)
Gross profit		**379,198,540**	397,239,138
Other revenue	7	**1,062,271**	1,583,534
Other gains and losses, net	8	**(3,100,156)**	3,806,700
Selling and distribution expenses		**(281,841,736)**	(308,249,013)
Administrative expenses		**(41,919,741)**	(40,394,094)
Impairment loss on property, plant and equipment		**(765,613)**	(287,868)
Impairment loss on right-of-use assets		**(1,862,667)**	(1,455,137)
Impairment loss on trade receivables, net		**(851,735)**	(1,070,535)
Impairment loss on deposits and other receivables, net		**(326,826)**	(822,909)
Write-off of prepayment		**–**	(472,146)
Finance costs	9	**(5,634,254)**	(6,549,299)
Share of result of an associate		**547,790**	(2,627,613)
Share of result of a joint venture		**(20,706)**	(96,986)
Profit before income tax	10	**44,485,167**	40,603,772
Income tax expense	13	**(11,311,639)**	(8,998,394)
Profit and total comprehensive income for the year attributable to owners of the Company		**33,173,528**	31,605,378
Earnings per share attributable to the owners of the Company	14	**0.25**	0.24

Consolidated Statement of Financial Position

As at 31 December 2024

	Notes	2024 RMB	2023 RMB
Non-current assets			
Property, plant and equipment	16	**67,484,573**	14,601,395
Right-of-use assets	17	**59,209,760**	50,676,967
Intangible assets	18	**4,888,171**	6,509,464
Interest in an associate	19	**7,270,928**	6,723,138
Interest in a joint venture	20	**865,214**	885,920
Prepayments, deposits and other receivables	24	**2,007,608**	4,639,898
Pledged deposits	25	**2,172,445**	–
Deferred tax assets	21	**20,266,187**	19,000,352
Total non-current assets		**164,164,886**	103,037,134
Current assets			
Inventories	22	**278,221,780**	230,363,770
Trade and bills receivables	23	**239,825,926**	223,122,076
Prepayments, deposits and other receivables	24	**21,110,891**	21,558,178
Financial assets at fair value through profit or loss		**645,910**	259,740
Amount due from a substantial shareholder	33(c)	**624,293**	624,293
Pledged deposits	25	**8,500,000**	4,200,305
Cash and cash equivalents	25	**106,457,075**	143,224,055
Total current assets		**655,385,875**	623,352,417
Current liabilities			
Trade and bills payables	26	**216,080,405**	151,563,421
Contract liabilities	27	**31,810,323**	34,367,062
Other payables and accruals	28	**111,411,616**	117,616,728
Interest-bearing bank borrowings	29	**145,000,000**	135,000,000
Amount due to a joint venture	20	**875,000**	875,000
Amount due to a substantial shareholder	33(d)	**2,835,849**	1,335,849
Income tax payable		**6,116,686**	2,714,166
Lease liabilities	30	**11,474,289**	7,439,271
Total current liabilities		**525,604,168**	450,911,497
Net current assets		**129,781,707**	172,440,920
Total assets less current liabilities		**293,946,593**	275,478,054

Consolidated Statement of Financial Position

As at 31 December 2024

	Notes	2024 RMB	2023 RMB
Non-current liabilities			
Contract liabilities	27	**–**	875,986
Other payables and accruals	28	**11,460,000**	15,846,300
Amount due to a substantial shareholder	33(d)	**–**	1,500,000
Lease liabilities	30	**6,210,144**	3,480,847
Total non-current liabilities		**17,670,144**	21,703,133
Net assets		**276,276,449**	253,774,921
Capital and reserves			
Share capital	31	**133,400,000**	133,400,000
Reserves	32	**142,876,449**	120,374,921
Total equity		**276,276,449**	253,774,921

The consolidated financial statements on pages 110 to 191 were approved and authorised for issue by the Board of Directors on 25 March 2025 and are signed on its behalf by:

On behalf of the directors

Luo Yefei
Director

Yan Jingfen
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

	Share capital RMB (Note 31)	Capital reserve RMB (Note 32(a))	Statutory surplus reserve RMB (Note 32(b))	Merger reserve RMB (Note 32(c))	Proposed final dividend RMB	Accumulated profits RMB	Total equity RMB
At 1 January 2023	133,400,000	73,109,956	10,434,068	(41,226,670)	5,336,000	46,452,189	227,505,543
Profit and total comprehensive income for the year	–	–	–	–	–	31,605,378	31,605,378
2022 final dividend	–	–	–	–	(5,336,000)	–	(5,336,000)
2023 proposed final dividend (Note 15)	–	–	–	–	10,672,000	(10,672,000)	–
At 31 December 2023 and 1 January 2024	**133,400,000**	**73,109,956**	**10,434,068**	**(41,226,670)**	**10,672,000**	**67,385,567**	**253,774,921**
Profit and total comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**33,173,528**	**33,173,528**
Transfer to statutory surplus reserve	**–**	**–**	**1,221,704**	**–**	**–**	**(1,221,704)**	**–**
2023 final dividend (Note 15)	**–**	**–**	**–**	**–**	**(10,672,000)**	**–**	**(10,672,000)**
2024 proposed final dividend (Note 15)	**–**	**–**	**–**	**–**	**10,672,000**	**(10,672,000)**	**–**
At 31 December 2024	**133,400,000**	**73,109,956**	**11,655,772**	**(41,226,670)**	**10,672,000**	**88,665,391**	**276,276,449**

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

	2024 RMB	2023 RMB
Cash flows from operating activities		
Profit before income tax	**44,485,167**	40,603,772
Adjustments for:		
Interest income	**(628,216)**	(776,733)
Interest expenses on bank borrowings	**5,280,960**	5,699,646
Interest expenses on lease liabilities	**657,084**	849,653
Impairment loss on property, plant and equipment	**765,613**	287,868
Impairment loss on right-of-use assets	**1,862,667**	1,455,137
Impairment loss on trade receivables, net	**851,735**	1,070,535
Impairment loss on deposits and other receivables, net	**326,826**	822,909
Write-off of prepayment	**–**	472,146
Write down of finished goods, net	**2,339,780**	5,766,244
Write down of raw materials, net	**1,451,072**	1,840,730
Depreciation of property, plant and equipment	**17,800,393**	19,566,022
Depreciation of right-of-use assets	**13,141,266**	16,431,067
Amortisation of intangible assets	**1,621,293**	1,803,028
Loss on disposal of property, plant and equipment	**56,444**	11,478
Loss on lease modification	**271,085**	415,748
Fair value (gain)/loss on financial assets at fair value through profit or loss	**(354,924)**	23,127
Share of result of an associate	**(547,790)**	2,627,613
Share of result of a joint venture	**20,706**	96,986
Operating cash flows before working capital changes	**89,401,161**	99,066,976
(Increase)/decrease in inventories	**(51,648,862)**	73,968,399
Increase in trade and bills receivables	**(2,051,772)**	(18,783,985)
Decrease in prepayments, deposits and other receivables	**2,752,751**	14,250,679
Increase in amount due from a substantial shareholder	**–**	(1,064,151)
Increase/(decrease) in trade and bills payables	**48,981,925**	(3,762,671)
(Decrease)/increase in contract liabilities	**(3,432,725)**	304,053
Decrease in other payables and accruals	**(36,641,350)**	(29,928,291)
Increase in amount due to a joint venture	**–**	18,545
Cash generated from operating activities	**47,361,128**	134,069,554
Income tax paid	**(9,174,954)**	(1,170)
Net cash generated from operating activities	**38,186,174**	134,068,384

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

	2024 RMB	2023 RMB
Cash flows from investing activities		
Interest received	**628,216**	776,733
(Increase)/decrease in pledged deposits	**(6,472,140)**	3,799,745
Proceeds from disposal of property, plant and equipment	**–**	92,414
Purchase of property, plant and equipment	**(45,455,690)**	(16,155,885)
Payment for acquisition of land use right	**(1,203,552)**	(40,118,400)
Net cash used in investing activities	**(52,503,166)**	(51,605,393)
Cash flows from financing activities		
Interest paid	**(5,280,960)**	(5,699,646)
Proceeds from borrowings	**145,000,000**	255,000,000
Repayment of borrowings	**(135,000,000)**	(277,500,000)
Interest elements of lease rentals paid	**(452,734)**	(674,330)
Principal elements of lease rentals paid	**(16,044,294)**	(19,717,125)
Dividend paid to shareholders of the Company	**(10,672,000)**	(5,336,000)
Net cash used in financing activities	**(22,449,988)**	(53,927,101)
Net (decrease)/increase in cash and cash equivalents	**(36,766,980)**	28,535,890
Cash and cash equivalents at beginning of year	**143,224,055**	114,688,165
Cash and cash equivalents at end of year	**106,457,075**	143,224,055

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 ("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 ("H Shares") have been listed on The Stock Exchange of Hong Kong Limited ("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, PRC.

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

Particulars of the Company's principal subsidiaries at 31 December 2024 and 2023 were as follows:

Name of subsidiaries	Date of establishment and type of legal entity	Place of operation and incorporation	Issued and paid-up capital	Proportion of effective equity interests held by the Company				Principal activities
				2024		2023		
				Directly	Indirectly	Directly	Indirectly	
Ningbo Shanshan Fashion Brand Management Co., Ltd	17 June 2009/Limited liability company	The PRC	RMB100 million	**100%**	**N/A**	100%	N/A	Investment holding and trademark sub-licensing
Ningbo Shanshan E-commerce Co., Ltd	27 August 2020/Limited liability company	The PRC	RMB10 million	**100%**	**N/A**	100%	N/A	Distribution of formal and causal business menswear through e-commerce
Tengzhou Shanshan Commerce and Trading Co., Ltd.	23 March 2023/Limited liability company	The PRC	RMB0.5 million	**100%**	**N/A**	100%	N/A	Distribution of formal and causal business menswear through retail

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

(a) Adoption of new/revised HKFRS Accounting Standards

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

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to Hong Kong Accounting Standard ("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 HKAS 7 and HKFRS 7	Supplier Finance Arrangements

(b) New/revised HKFRS Accounting Standards that have been issued but are not yet effective

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

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[3]
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature – Dependent Electricity[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKAS 21	Lack of Exchangeability[2]
HKFRS 18	Presentation and Disclosure in Financial Statements[4]
HKFRS 19	Subsidiaries without Public Accountability: Disclosures[4]

1 No mandatory effective date yet determined but available for adoption.
2 Effective for annual periods beginning on or after 1 January 2025.
3 Effective for annual periods beginning on or after 1 January 2026.
4 Effective for annual periods beginning on or after 1 January 2027.

The Group has already commenced an assessment of the impact of adopting the above new/revised HKFRS Accounting Standards to the Group. The Group has so far concluded that except for HKFRS 18, which is expected to have certain impacts to the presentation of the Group's financial statements, other new/revised HKFRS Accounting Standards will have no material impact on the Group's financial statements.

3. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards which collective term includes individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKAS") and Interpretations (hereinafter collectively referred to as the "HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange (the "Listing Rules").

(b) Basis of measurement

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

(c) Functional and presentation currency

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

4. MATERIAL ACCOUNTING POLICY INFORMATION

(a) Business combination and basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

(b) Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee, exposure, or rights, to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the Company's statement of financial position disclosed in Note 40, investments in subsidiaries are stated at cost less impairment loss, if any. Dividend from a subsidiary is recognised in the financial statements of the Company when the Company's right to receive the dividend is established. The dividend is recognised in the profit or loss for the Company.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(c) Associate

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies.

Associates are accounted for using the equity method whereby they are initially recognised at cost and thereafter, their carrying amount are adjusted for the Group's share of the post-acquisition change in the associates' net assets except that losses in excess of the Group's interest in the associate are not recognised unless there is an obligation to make good those losses.

Profits and losses arising on transactions between the Group and its associates are recognised only to the extent of unrelated investors' interests in the associate. The investor's share in the associate's profits and losses resulting from these transactions is eliminated against the carrying value of the associate. Where unrealised losses provide evidence of impairment of the asset transferred they are recognised immediately in profit or loss.

(d) Joint arrangement

The Group is a party to a joint arrangement where there is a contractual arrangement that confers joint control over the relevant activities of the arrangement to the Group and at least one other party. Joint control is assessed under the same principles as control over subsidiaries.

The Group accounts for its interests in joint ventures in the same manner as investments in associates (i.e. using the equity method - see Note 4(c)).

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(e) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

Property, plant and equipment, other than construction in progress, are depreciated so as to write off their cost net of expected residual value over their estimated useful lives on a straight-line basis. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The estimated useful lives are as follows:

Leasehold improvements	Over the lease tenure
Plant and machinery	2-10 years
Furniture and fixtures	1-5 years
Motor vehicles	5 years

Furniture and fixtures includes retail stores' leasehold improvements, which are depreciated over the useful lives.

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(f) Leasing

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Right-of-use assets

The right-of-use assets should be recognised at cost and would comprise:

(i) the amount of the initial measurement of the lease liabilities (see below for the accounting policy to account for lease liabilities);

(ii) any lease payments made at or before the commencement date, less any lease incentives received;

(iii) any initial direct costs incurred by the lessee; and

(iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, if any, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the lease tenure.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Short-term leases

The Group applies the short-term lease recognition exemption to leases retail stores that have a lease tenure of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on these short-term leases are recognised as expense on a straight-line basis over the lease tenure.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(f) Leasing (Continued)

Variable lease payments

Variable lease payments that do not depend on an index or a rate are not included in the measurement of lease liabilities and right-of-use assets, and are recognised as expense in the period in which the event or condition that triggers the payment occurs.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 *Financial Instruments* and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liabilities at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date.

The lease payments include:

(i) fixed payments (including in-substance fixed payments) less any lease incentives receivable;

(ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

(iii) amounts expected to be payable by the Group under residual value guarantees;

(iv) the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and

(v) payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(f) Leasing (Continued)

Lease liabilities (Continued)

Subsequent to the commencement date, a lessee shall measure the lease liability by:

(i) increasing the carrying amount to reflect interest on the lease liability;

(ii) reducing the carrying amount to reflect the lease payments made; and

(iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments.

Lease modifications

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) when a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease tenure of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use assets.

(g) Intangible assets (other than goodwill)

Intangible assets acquired separately

Intangible assets acquired separately are initially recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is provided on a straight-line basis over their useful lives as follows. The amortisation expense is recognised in profit or loss and included in selling and distribution expenses.

Trademark	10 years or over the terms of relevant leases, whichever is shorter
Software	10 years

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(g) Intangible assets (other than goodwill) (Continued)

Impairment

Intangible assets with finite lives are tested for impairment when there is an indication that an asset may be impaired. Intangible assets are tested for impairment by comparing their carrying amounts with their recoverable amounts (see Note 4(n)).

(h) Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(i) Financial instruments

Financial assets

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(i) Financial instruments (Continued)

Financial assets (Continued)

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset.

Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses, impairment and any gain on derecognition are recognised in profit or loss.

Fair value through other comprehensive income ("FVTOCI")

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Debt investments at FVTOCI are subsequently measured at fair value. Interest income calculated using the effective interest rate method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Fair value through profit or loss ("FVTPL")

Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVTPL, irrespective of the business model.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(i) Financial Instruments (Continued)

Impairment loss on financial assets

The Group recognises a loss allowance for ECLs on investments in debt instruments that are measured at amortised cost or at FVTOCI, as well as trade receivables. The ECLs are measured on either of the following bases: (1) 12 months ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date: and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group has elected to measure loss allowances for trade receivables using simplified approach and has calculated ECLs based on lifetime ECLs.

For other debt financial assets, the ECLs are based on the 12-months ECLs. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs.

Significant increase in credit risk

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due, unless the Group has reasonable and supportable information that demonstrate otherwise.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(i) Financial Instruments (Continued)

Impairment loss on financial assets (Continued)

Credit-impaired financial assets

The Group considers financial assets are credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that financial asset are credit-impaired includes observable data about the following events:

a) significant financial difficulty of the issuer or the borrower;

b) a breach of contract, such as a default or past due event;

c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; and

e) the financial asset is more than 90 days past due.

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non credit-impaired financial assets interest income is calculated based on the gross carrying amount.

Definition of default

The Group classifies credit risk on financial assets as disclosed in Note 39(a). The internal credit risk ratings are estimated based on qualitative (such as on-going business relationships with the relevant customers, etc.) and quantitative factors (mainly includes past collection history of each customer and ageing of the receivables).

The Group considers an event of default occurs when information developed internally or obtained from external sources which indicates that the debtor is unlikely to pay its creditors, including the Group, in full. Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(i) Financial Instruments (Continued)

Impairment loss on financial assets (Continued)

Write-off policy

The gross carrying amount of a financial asset is written off of the extent that there is no reasonable expectation of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

Measurement and recognition of ECLs

Generally, the ECLs is estimated as the weighted average of the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, with the respective risks of a default occurring as the weights, discounted at the effective interest rate determined at initial recognition.

Where ECLs is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the basis:

- Nature of financial instruments (i.e. the Group's trade and other receivables are each assessed as a separate group);
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(i) Financial Instruments (Continued)

Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at amortised cost

Financial liabilities at amortised cost including trade and bills payables, other payables and accruals, interest-bearing bank borrowings, amount due to a joint venture and amount due to a substantial shareholder are subsequently measured at amortised cost, using the effective interest method.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKFRS 9.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

(j) Employee benefits

Retirement benefit costs

The employees of the Group which operates in the PRC are required to participate in a central pension scheme operated by the local municipal government. The Group is required to contribute certain percentage of employees' salaries to the central pension scheme.

Short-term employee benefits

Short term employee benefits are employee benefits (other than termination benefits that are expected to be settled wholly before twelve months after end of annual reporting period) in which the employees render the related services. Short term employee benefits are recognised in the year when the employee render the related service.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(k) Revenue recognition

The Group is engaged in trading of garments products and rendering trademark sub-licensing income. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has concluded that it is the principal in its revenue arrangements because it controls the goods before transferring them to the customer.

The Group recognises revenue from trading of garments products and rendering trademark sub-licensing income through the following major sale channels:

- E-commerce platforms
- Franchisee
- Self-operated retail stores
- Distributors
- Work uniform
- Sub-licensing income

E-commerce platforms

The Group sells its products through the Group's online stores operated in certain E-commerce platforms. Customer acceptance can normally be estimated when online payment transaction is completed through third-party payment platform. Revenue is adjusted for the value of expected sale returns. The Group allows E-commerce platforms entitled a credit period from 30 days to 90 days after delivery of the products.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(k) Revenue recognition (Continued)

Franchisee

The Group allows franchisee to sell the Group's products at the retail stores operated by the franchisee on a consignment basis. The Group has a right of inventory reallocation and has an obligation to accept any return of unsold products. The Group also has a right to price its products. Franchisee does not have control of the product before it is being transferred to the customer. Franchisee is acting as an agent of the Group. Revenue is adjusted for the value of expected sale returns.

Revenue is recognised when the retail customer purchases the products at the retail store operated by the franchisee. Payment of the transaction price is due immediately at the point the retail customer purchases the goods. The Group allows franchisee entitled a credit period from 30 days to 240 days after delivery of the products.

Self-operated retail stores

The Group sells its products to end customers via a chain of self-operated retail stores. Revenue is recognised when control of the products has transferred, being at the point the customer purchases the goods at the retail stores. Payment of the transaction price is due immediately at the point the customer purchases the goods.

Distributors

Distributors have discretion over both selling price at distribution channels and suffer from inventory risk for such products to be sold in their designated geographical areas.

Revenue from distributors is recognised when control of the products has transferred, being when the products are delivered and the distributors has inspected and accepted the products.

Distributors are generally required to pay deposits when placing purchase orders and are required to settle the full payment prior to delivery of the products, except certain distributors entitled a credit period from 30 days to 240 days after delivery of the products.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(k) Revenue recognition (Continued)

Work uniform

Revenue for trading of work uniform includes standardised and non-standardised work uniform.

Revenues from standarised work uniform are recognised upon delivery, which occurs when customer pick up goods at the Group's premises or when goods are handed over to customer. Delivery occurs when the risks of obsolescence and loss are transferred to the customer, i.e., when the goods are delivered to the customer 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 customers' acceptance of the products. The credit period granted to the customers based on the relevant sales agreement.

The Group recognises revenue from sale of non-standardised work uniform over time because it does not create an asset with an alternative use to the Group, and the Group has an enforceable right to payment for performance completed to date. The Group uses an output method in measuring progress of the work uniform because there is a direct relationship between the Group's effort and the delivery of work uniform to the customer.

Sub-licensing income

Licensees are required to provide non-refundable upfront payments, except certain licensees entitled a credit period from 90 days to 240 days from the commencement of the contract, in exchange for the right, which represents primarily their right to access the Group's brand name. In addition, licensees are also required to pay sales-based royalties for such access. The fixed component of such royalties is recognised as revenue over the estimated license period, while the sales-based component is recognised as revenue when the related sales occur.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(k) Revenue recognition (Continued)

Volume rebates

The Group offers volume rebates to certain distributors if they purchase more than certain volume of garment products and settled the amount more than an agreed balance in a calendar year.

Because of the material right to the distributors, the volume rebates give rise to a separate performance obligation.

Assurance-type warranty

The Group offers distributors and customers in trading of work uniform an assurance-type warranty. The provisions for the expected cost of assurance-type warranty obligations under the relevant contracts with customers are recognised at the date of sale of the relevant products, at the directors' best estimate of the expenditure required to settle the Group's obligation.

Right of return

Customers purchase in E-commerce platforms, self-operated and franchisee-operated retail stores are offered with right of return within the limit as agreed in the sales contracts. Revenue is adjusted for estimated expected returns based on historical pattern. Historical experience is used to estimate and provide for the returns, using the most likely amount method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

Loyalty programme

Customers purchase in self-operated and franchisee-operated retail stores may enter the Group's customer loyalty programme and earn reward points that are redeemable against any future purchases of the Group's products.

The Group allocates a portion of the consideration received to reward points. This allocation is based on the relative stand-alone selling prices. The amount allocated to the loyalty programme is deferred, and is recognised as revenue when reward points are redeemed or the likelihood of the customer redeeming the reward points becomes remote.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(l) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(m) Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

(n) Impairment of assets (other than financial assets and inventories)

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets in which case the recoverable amount would be determined on a CGU basis. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGUs.

The Group bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover the useful lives of each CGUs.

Impairment losses are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(o) Income taxes

The income tax expense represents the sum of current and deferred income tax expense.

Current tax

The tax currently payable is based on assessable profit for the year. Assessable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The followings are the key assumptions concerning the future, and other key sources of estimation uncertainty at end of reporting period, that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(a) Impairment of property, plant and equipment and right-of-use assets

Management assessed that as at 31 December 2024, there were indications of impairment in respect of certain of the Group's property, plant and equipment and right-of-use assets. Accordingly, management performed impairment testing for these assets or their CGUs by comparing their carrying amounts with their recoverable amounts following the accounting policy for impairment of non-financial assets (Note 4(n)).

Based on the value-in-use calculations of the relevant CGUs, impairment loss of property, plant and equipment of RMB765,613 and right-of-use assets of RMB1,862,667 were recognised for the year.

The cash flow projection adopted under the value-in-use calculations incorporates a number of key estimates and assumptions about future events and therefore, are subject to uncertainty and might materially differ from the actual results. In making these key estimates and judgements, the directors take into consideration assumptions that are mainly based on market conditions existed at the end of the reporting period. These estimates are regularly compared to actual market data and actual transactions entered into by the Group. The value-in-use calculations also require the management to exercise judgement to determine the budgeted sales growth rate and an appropriate discount rate for the cash flow projection.

The key assumptions used to determine the recoverable amount for CGUs, are disclosed and explained in Note 16.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

(b) Estimated useful lives and residual values of property, plant and equipment

The Group's management determines the estimated useful lives, residual values and related depreciation charges for its property, plant and equipment, except for construction in progress. This estimate is based on the historical experience of the actual useful lives and residual values of property, plant and equipment of similar nature and functions. Management will revise the depreciation charge where useful lives and residual values are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

Actual economic lives may differ from estimated useful lives. Actual residual values may differ from estimated residual values. Periodic review could result in a change in depreciable lives and residual values and therefore depreciation expense in the future periods.

(c) Estimated the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use assets in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

(d) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated cost necessary to make the sale.

The assessment of the provision for inventories involves management judgements and estimates by considering inventory ageing, historical sales patterns and by comparing the carrying amounts of inventories with their estimated net realisable values, primarily based on the latest selling prices. In addition, physical counts on all inventories are carried out on a periodical basis in order to determine whether provision needs to be made in respect of any obsolete inventories identified.

(e) Impairment of trade receivables

The measurement of impairment losses of trade receivables requires judgement, in particular, the estimation of the amount and timing of future cash flows.

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on historical settlement and sale channels for grouping of various customers that have similar loss patterns. The Group calibrates the matrix to adjust the historical credit loss experience and forward-looking information. At the end of each of the reporting period, the historical observed default rates and changes in forward-looking estimates are reviewed and updated.

(f) Recognition of deferred tax assets

As at 31 December 2024, deferred tax assets of RMB20,266,187 (2023: RMB19,000,352) mainly in relation to impairment of assets, volume rebates and lease liabilities were recognised in the consolidated financial statements. Estimating the deferred tax assets to be recognised require a process that involves determining appropriate tax provisions, forecasting future years' taxable income and assessing the ability to utilise tax benefits through future earnings and tax structuring. In cases where the actual future profits generated are less than expected, a material reversal of the deferred tax asset may arise, which would be recognised in profit or loss for the period in which such a reversal takes place. Any expected changes in assumptions and estimates in tax regulations could also affect the recoverability of these deferred tax assets in the future.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

(g) Fair value measurement

A number of assets and liabilities included in the consolidated financial statements require measurement at, and/or disclosure of, fair value. The fair value measurement of the Group's financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the "fair value hierarchy"):

Level 1: Quoted prices in active markets for identical items (unadjusted);

Level 2: Observable direct or indirect inputs other than Level 1 inputs; and

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 as they occur.

The Group measures the financial assets at fair value through profit or loss and bills receivables at fair value.

6. SEGMENT INFORMATION AND REVENUE

(a) Reportable segment

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

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

	2024 **RMB**	2023 RMB
Primary geographical market		
The PRC	**1,006,620,320**	1,060,045,974
Major product/service		
Trading of garments	**902,236,232**	946,051,210
Trademark sub-licensing income	**104,384,088**	113,994,764
	1,006,620,320	1,060,045,974
Revenue by brands		
FIRS	**710,004,551**	602,902,487
SHANSHAN	**286,066,447**	447,602,449
Others	**10,549,322**	9,541,038
	1,006,620,320	1,060,045,974
Timing of revenue recognition		
At a point in time	**795,641,217**	852,316,429
Transferred over time	**210,979,103**	207,729,545
	1,006,620,320	1,060,045,974

6. SEGMENT INFORMATION AND REVENUE (CONTINUED)

(b) Geographic information

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

(c) Information about major customer

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

(d) Revenue

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

Revenue from contracts with customer within the scope of HKFRS 15:	2024 RMB	2023 RMB
Trading of garments – sales channels:		
– E-commerce platforms	**367,749,686**	322,834,314
– Franchisee	**166,875,421**	232,581,086
– Self-operated retail stores	**139,074,032**	149,928,189
– Distributors	**102,361,013**	121,006,838
– Work uniform	**126,176,080**	119,700,783
	902,236,232	946,051,210
Trademark sub-licensing income	**104,384,088**	113,994,764
	1,006,620,320	1,060,045,974

7. OTHER REVENUE

	2024 RMB	2023 RMB
Interest income	**628,216**	776,733
Gain on sale of raw materials	**362,764**	576,615
Sundry income	**71,291**	230,186
	1,062,271	1,583,534

8. OTHER GAINS AND LOSSES, NET

	2024 RMB	2023 RMB
Donation	**(4,419,462)**	(1,246,370)
Exchange losses, net	**(52,907)**	(6,828)
Fair value gain/(loss) on financial assets at fair value through profit or loss	**354,924**	(23,127)
Government grant	**808,687**	2,057,808
Loss on disposal of property, plant and equipment, net	**(56,444)**	(11,478)
Loss on lease modification	**(271,085)**	(415,748)
Liquidated damages income	**597,520**	3,133,228
Write down of raw materials	**(571,598)**	(700,947)
Others	**510,209**	1,020,162
	(3,100,156)	3,806,700

9. FINANCE COSTS

	2024 RMB	2023 RMB
Interest expenses on bank borrowings	**5,280,960**	5,699,646
Interest expenses on lease liabilities	**657,084**	849,653
	5,938,044	6,549,299
Less: Amounts capitalised on qualifying assets (Note 16)	**(303,790)**	–
	5,634,254	6,549,299

Note: Finance costs capitalised during the current year arose from the general borrowing, which are calculated by applying a capitalisation rate of 3.70% per annum to the expenditure on qualifying assets.

10. PROFIT BEFORE INCOME TAX

	2024 RMB	2023 RMB
Profit before income tax is arrived at after (crediting)/charging:		
Amortisation and depreciation		
– Amortisation of intangible assets	1,621,293	1,803,028
– Depreciation of right-of-use assets	13,141,266	16,431,067
– Depreciation of property, plant and equipment	17,800,393	19,566,022
Total amortisation and depreciation	32,562,952	37,800,117
Impairment losses on		
– Trade receivables, net	851,735	1,070,535
– Deposits and other receivables, net	326,826	822,909
– Property, plant and equipment	765,613	287,868
– Right-of-use assets	1,862,667	1,455,137
Total impairment losses, net	3,806,841	3,636,449
Write-off of prepayment	–	472,146
Write down of inventories		
– Finished goods (included in cost of sales)	2,339,780	5,766,244
– Raw materials (included in cost of sales)	879,474	1,139,782
– Raw materials (included in other gains and losses, net)	571,598	700,948
Total write down of inventories, net	3,790,852	7,606,974
Expenses relating to leases		
– Short-term leases	12,739,653	15,789,247
– Variable lease payments	14,415,694	14,580,367
Total expenses relating to leases	27,155,347	30,369,614
Auditor's remuneration		
– Audit services	1,112,316	1,068,655
– Non-audit services	326,247	706,333
Total auditor's remuneration	1,438,563	1,774,988
Advertising and promotional expenses (included in selling and distribution expenses)	7,357,626	7,436,242
Cost of inventories sold	624,202,526	655,900,810
Fair value (gain)/loss on financial assets at fair value through profit or loss	(354,924)	23,127

11. STAFF COSTS

	2024 RMB	2023 RMB
Staff costs (including directors) comprise:		
– Salaries and allowances	**39,441,681**	34,027,438
– Contributions to defined contribution retirement plan (Note)	**2,978,820**	2,181,240
	42,420,501	36,208,678

Staff costs are included in the following categories in the consolidated statement of profit or loss and other comprehensive income:

	2024 RMB	2023 RMB
Cost of sales	**7,878,859**	5,727,075
Selling and distribution expenses	**14,125,873**	10,197,727
Administrative expenses	**20,415,769**	20,283,876
	42,420,501	36,208,678

Note: As stipulated by the rules and regulations in the PRC, the Group is required to participate in a central pension scheme operated by the local municipal governments and contribute a specified percentage of their payroll costs to the central pension scheme to fund the benefits. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme. The Group's obligations under these plans are limited to the fixed percentage contribution payable.

The total expenses recognised in profit or loss represent contribution paid/payable to these scheme by the Group in the year. No forfeited contribution may be used by the Group to reduce the contribution payable in the future.

12. EMOLUMENTS OF DIRECTORS AND HIGHEST PAID INDIVIDUALS

(a) Directors' emoluments

The emolument for each of the Directors for the years ended 31 December 2024 and 2023 is set out below:

Year ended 31 December 2024

	Fee RMB	Salaries and allowance RMB	Discretionary bonus RMB	Contribution to defined contribution retirement plan RMB	Total RMB
Executive Directors					
Luo Ye Fei	54,707	612,654	–	6,116	673,477
Cao Yang	54,707	–	–	–	54,707
Yan Jing Fen	54,707	511,304	–	–	566,011
Zhou Yu Mei	54,707	250,254	–	–	304,961
Non-Executive Directors					
Du Peng (Note i)	54,707	179,891	–	1,687	236,285
Shen Jin Xin	54,707	–	–	–	54,707
Independent Non-Executive Directors					
Chow Ching Ning	100,273	–	–	–	100,273
Wang Ya Shan	100,273	–	–	–	100,273
Wu Xue Kai	100,273	–	–	–	100,273
	629,061	1,554,103	–	7,803	2,190,967

12. EMOLUMENTS OF DIRECTORS AND HIGHEST PAID INDIVIDUALS (CONTINUED)

(a) Directors' emoluments (Continued)

Year ended 31 December 2023

	Fee RMB	Salaries and allowance RMB	Discretionary bonus RMB	Contribution to defined contribution retirement plan RMB	Total RMB
Executive Directors					
Luo Ye Fei	54,318	612,654	50,800	24,464	742,236
Cao Yang	54,318	–	–	–	54,318
Yan Jing Fen	54,318	511,304	42,316	20,246	628,184
Zhou Yu Mei	54,318	250,254	20,100	–	324,672
Non-Executive Directors					
Shen Jin Xin (Note ii)	31,352	–	–	–	31,352
Du Peng	54,318	310,242	25,150	20,246	409,956
Zhao Chun Xiang (Note iii)	23,119	–	–	–	23,119
Independent Non-Executive Directors					
Chow Ching Ning	108,131	–	–	–	108,131
Wang Ya Shan	108,131	–	–	–	108,131
Wu Xue Kai	108,131	–	–	–	108,131
	650,454	1,684,454	138,366	64,956	2,538,230

Notes:

(i) Mr. Du Peng was resigned as a non-executive director on 24 February 2025.

(ii) Mr. Shen Jin Xin was appointed as a non-executive director on 5 June 2023.

(iii) Ms. Zhao Chun Xiang was resigned as a non-executive director on 5 June 2023.

12. EMOLUMENTS OF DIRECTORS AND HIGHEST PAID INDIVIDUALS (CONTINUED)

(b) Five highest paid individuals

Of the five individuals with the highest emoluments in the Group, three (2023: three) were directors of the Company whose emoluments are included in the disclosures in Note (a) above. The emoluments of the remaining two (2023: two) individuals were as follows:

	2024 **RMB**	2023 RMB
Salaries and other benefits	**1,223,022**	1,324,471
Contributions to defined contribution retirement plan	**10,123**	40,493
	1,233,145	1,364,964

The emoluments paid or payable to the above individuals were within the following band:

	2024 **No. of individuals**	2023 No. of individuals
Nil to HK$1,000,000	**2**	2

During the years ended 31 December 2024 and 2023, no emoluments were paid by the Group to the Directors as an inducement to join or upon joining the Group or as compensation for loss of office.

In addition, none of the Directors waived or agreed to waive any emoluments for each of the years ended 31 December 2024 and 2023.

13. INCOME TAX EXPENSE

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

	2024 RMB	2023 RMB
PRC Enterprise Income Tax		
– Provision for the year	**11,706,984**	4,428,656
– Under provision in prior year	**870,490**	–
	12,577,474	4,428,656
Deferred taxation (Note 21)	**(1,265,835)**	4,569,738
Income tax expense	**11,311,639**	8,998,394

PRC Enterprise Income Tax ("PRC EIT")

The PRC 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% (2023: 25%).

13. INCOME TAX EXPENSE (CONTINUED)

(b) The income tax expense for the year can be reconciled to the profit before income tax per the consolidated statements of profit or loss and other comprehensive income as follows:

	2024 RMB	2023 RMB
Profit before income tax	**44,485,167**	40,603,772
Tax expenses calculated at the domestic income tax rate	**11,121,292**	10,150,943
Tax effect of revenue not taxable for tax purposes	**(1,326,100)**	(353,773)
Tax effect of expenses not deductible for tax purposes	**226,985**	1,664,861
Tax effect of tax losses and deductible temporary differences not recognised	**2,681,811**	5,368,618
Under provision in prior year	**870,490**	–
Tax effect of share of result of an associate	**(136,948)**	656,903
Tax effect of share of result of a joint venture	**5,177**	24,247
Utilisation of tax losses previously not recognised	**(2,131,068)**	(8,513,405)
Income tax expense	**11,311,639**	8,998,394

The domestic income tax rate represents the EIT rate in the PRC where the Group's operations are substantially based.

As at 31 December 2024, the Group had estimated unused tax losses of approximately RMB629,518 (2023: RMB9,153,790) available for offset against future profits which were arising from operation. The tax losses are subject to the final assessment by the tax authorities in the respective jurisdictions where the tax losses arising from.

14. EARNINGS PER SHARE

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

	2024 RMB	2023 RMB
Earnings		
Profit for the purposes of basic and diluted earnings per share attributable to owners of the Company	**33,173,528**	31,605,378

	2024 Shares	2023 Shares
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

	2024 RMB	2023 RMB
Earnings per share	**0.25**	0.24

There were no potential ordinary shares outstanding during the years ended 31 December 2024 and 2023, and hence the diluted earnings per share is the same as basic earnings per share.

15. DIVIDEND

	2024 RMB	2023 RMB
Final dividend declared of RMB8.0 cents (2023: RMB8.0 cents) per share	**10,672,000**	10,672,000

At the Board meeting held on 25 March 2025, the Board resolved to recommend a final dividend of RMB8.0 cents (2023: RMB8.0 cents) per ordinary share is subject to the approval of shareholder of the Company (the "**Shareholder**") at the annual general meeting of the Company to be held on Monday, 9 June 2025 (the "**2025 AGM**"). The proposed final dividend has not been recognised as a dividend payable as at 31 December 2024, but reflected as an appropriation of accumulated profits for the year ended 31 December 2024.

16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements RMB	Plant and machinery RMB	Furniture and fixtures RMB	Motor vehicles RMB	Construction in progress RMB	Total RMB
Cost:						
At 1 January 2023	2,144,833	7,522,869	116,221,226	890,645	–	126,779,573
Additions	–	2,193	14,794,754	1,358,938	–	16,155,885
Disposals	–	–	(2,738,430)	–	–	(2,738,430)
At 31 December 2023 and 1 January 2024	2,144,833	7,525,062	128,277,550	2,249,583	–	140,197,028
Additions	164,716	3,998	21,376,755	–	49,960,159	71,505,628
Disposals	–	–	(27,352,450)	–	–	(27,352,450)
At 31 December 2024	**2,309,549**	**7,529,060**	**122,301,855**	**2,249,583**	**49,960,159**	**184,350,206**
Accumulated depreciation and impairment:						
At 1 January 2023	1,623,720	5,826,590	100,425,275	500,696	–	108,376,281
Charge for the year	284,190	49,671	18,917,400	314,761	–	19,566,022
Impairment	–	–	287,868	–	–	287,868
Eliminated on disposals	–	–	(2,634,538)	–	–	(2,634,538)
At 31 December 2023 and 1 January 2024	1,907,910	5,876,261	116,996,005	815,457	–	125,595,633
Charge for the year	280,879	2,299	17,187,673	329,542	–	17,800,393
Impairment	–	–	765,613	–	–	765,613
Eliminated on disposals	–	–	(27,296,006)	–	–	(27,296,006)
At 31 December 2024	**2,188,789**	**5,878,560**	**107,653,285**	**1,144,999**	–	**116,865,633**
Carrying amounts:						
At 31 December 2024	**120,760**	**1,650,500**	**14,648,570**	**1,104,584**	**49,960,159**	**67,484,573**
At 31 December 2023	236,923	1,648,801	11,281,545	1,434,126	–	14,601,395

16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Construction in progress

Construction in progress mainly represented the construction costs increased for a comprehensive building, 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. The building was not yet available for commercial use at the end of 2024. Further details are disclosed in Note 17 to the consolidated financial statement.

During the year, interest capitalised in the construction in progress amounted to RMB303,790 (2023: RMB Nil) (Note 9).

Depreciation

Depreciation is included in the following categories in the consolidated statement of profit or loss and other comprehensive income:

	2024	2023
	RMB	RMB
Cost of sales	**6,800**	3,133
Selling and distribution expenses	**15,628,752**	17,201,700
Administrative expenses	**2,164,841**	2,361,189
	17,800,393	19,566,022

Impairment assessment

The Group operates retail stores with furniture and fixtures on leased properties with lease tenure ranging from 1 to 5 years. Management regards each individual retail store as a separately identifiable cash-generating unit ("CGU") and performs impairment assessments on each of the CGU with impairment indicators by considering the recoverable amount of such assets at retail stores level.

During the year ended 31 December 2024, management identified those retail stores with impairment indicators and performed impairment assessments to estimate the corresponding recoverable amounts of their property, plant and equipment and right-of-use assets.

With the assistance from Royson Valuation Advisory Limited, an independent valuer, the Directors determine the recoverable amount of each of the CGU based on value-in-use calculation, which comprised cash flow projections prepared based on the latest financial budget approved by the management cover the remaining lease tenure.

Based on the result of the impairment assessment, the recoverable amounts of those impaired CGUs were estimated to be approximately RMB308,322, which was lower than the carrying amounts of RMB4,621,266. Accordingly, impairment loss of RMB2,628,280 was recognised for the year ended 31 December 2024 (2023: RMB1,743,005) which was allocated as to RMB765,613 (2023: RMB287,868) to property, plant and equipment and RMB1,862,667 (2023: RMB1,455,137) to right-of-use assets.

16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Impairment assessment (Continued)

Despite that economic activities were returning to their normality following the containment of the pandemic, economic recovery was slower than expected against a backdrop of global economic uncertainties and slowdown of China's economy. The apparel industry is recovering from a low level and is yet to witness an improvement in efficiency.

The Group's financial budget was revised to reflect to current assessment of the economic and market conditions and additional impairment loss of property, plant and equipment of RMB765,613 was resulted from the assessment.

The management has determined that the recoverable amount calculations are most sensitive to change in the following assumptions:

Key assumptions	Basis for determining values assigned to key assumptions	Range
Sales growth rate	Average expected GDP growth rate published by PRC financial institution in the relevant PRC market	5.50%
Gross profit margin	Average gross profit margin achieved in the period immediately before the start of the budget period	27%-87%
Expense growth rate	Average expected inflation rates published by PRC financial institution in the relevant PRC market	2.00%
Pre-tax discount rate	Reflect the specific risks related to the business and industry in which the CGUs was engaged	14.55%

In 2023, the pre-tax discount rate used by the management in the value-in-use calculation of the CGUs is at 15.31%.

These assumptions were determined based on past performance and management's expectations in respect of the market conditions as well as the economy and political changes which had impact on the Group.

17. RIGHT-OF-USE ASSETS

Nature of leasing activities

Land use right

In 2023, the Group entered into a very substantial acquisition transaction in relation to acquisition of a land use right and entering into an investment agreement ("Project").

The land is located in Wangchun Industrial Park, Haishu District, Ningbo City, Zhejiang Province, the PRC with a total land area of 28,656, sq.m. (i.e. approximately 43 mu).

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. The Group obtained the certificate of land use right for 50 years with a cash consideration of RMB41,321,952.

Pursuant to the investment agreement, the Group undertakes to ensure the following:

- the value of its fixed asset investment in relation to the Project will be no less than RMB236,500,000;
- its total annual tax payable will be no less than RMB38,700,000 ("Tax Target");
- the investment value of research and development expenses of 2.3%, which is calculated based on the amount of research and development investments divided by the primary business income of the Project multiplied by 100%;
- a building floor ratio of not less than 2.3 and not more than 2.6, which is calculated based on the total construction area of the Project divided by the area of the land;
- an added value per unit energy consumption of RMB88,000 per ton of coal and an added value of RMB26.44 million per ton of unit emission regarding the Project; and
- an output value of not less than RMB860,000,000 per annum.

Should the Tax Target not be achieved, the Group is obligated to compensate the government for the shortfall between the actual tax paid and the Tax Target. Management assesses the likelihood of failing to meet the Tax Target is minimal at the date of entering into the investment agreement and the financial year end.

17. RIGHT-OF-USE ASSETS (CONTINUED)

Nature of leasing activities (Continued)

Retail stores, warehouses and offices premises and others

The Group has obtained the rights to use properties as its retail stores, warehouses and offices premises and others through tenancy agreements. The leases generally have lease tenure between 1 to 5 years.

Variable lease payments

The Group leased a number of retail stores which contain variable lease payment terms that are based on sales generated from the retail stores and certain of these leases also include a fixed minimum annual lease payment terms.

Up to 53% (2023: 48%) of total lease payments are on the basis of variable payment terms with percentages ranging from 4% to 45% (2023: 8% to 40%) of monthly sales. These payment terms are common in retail stores in PRC where the Group operates.

Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

As at 31 December 2024, a 1% (2023: 1%) increase in sales across these retail stores in the Group with such variable lease contract would increase total lease payments by RMB780,530 (2023: RMB688,065).

The overall financial effect of using variable payment terms is that higher rental costs are incurred by retail stores with higher sales. Variable rental expenses are expected to continue to represent a similar proportion of store sales in future years.

Total cash outflow for leases (including short-term leases)

For the year ended 31 December 2024, the total cash outflow for leases is RMB46,213,621 (2023: RMB52,053,354). Amount includes payments of principal and interest portion of lease liabilities, variable lease payments, short-term leases and prepayment of short term leases. These amounts would be presented in operating activities and financing activities.

17. RIGHT-OF-USE ASSETS (CONTINUED)

The analysis of the net carrying amounts of the right-of-use assets by class of underlying assets is as follow:

	Land use right RMB	Retail stores RMB	Warehouses RMB	Office properties and others RMB	Total RMB
At 1 January 2023	–	6,380,716	6,928,642	248,006	13,557,364
Additions	40,118,400	6,910,567	11,711,009	2,863,550	61,603,526
Impairment	–	(1,455,137)	–	–	(1,455,137)
Effect of lease modification	–	–	(6,597,719)	–	(6,597,719)
Depreciation	–	(5,482,300)	(9,237,536)	(1,711,231)	(16,431,067)
At 31 December 2023 and 1 January 2024	**40,118,400**	**6,353,846**	**2,804,396**	**1,400,325**	**50,676,967**
Additions	**1,203,552**	**14,652,860**	**7,833,859**	**272,112**	**23,962,383**
Impairment	**–**	**(1,862,667)**	**–**	**–**	**(1,862,667)**
Effect of lease modification	**–**	**(425,657)**	**–**	**–**	**(425,657)**
Depreciation	**(688,699)**	**(5,951,629)**	**(4,963,407)**	**(1,537,531)**	**(13,141,266)**
At 31 December 2024	**40,633,253**	**12,766,753**	**5,674,848**	**134,906**	**59,209,760**

Depreciation

Depreciation is included in the following categories in the consolidated statement of profit or loss and other comprehensive income:

	2024 RMB	2023 RMB
Cost of goods sold	**241,044**	–
Selling and distribution expenses	**11,293,821**	14,719,836
Administrative expenses	**1,606,401**	1,711,231
	13,141,266	16,431,067

17. RIGHT-OF-USE ASSETS (CONTINUED)

Impairment assessment

As at 31 December 2024, the Group's management identified certain retail stores which continued to underperform, and estimated the corresponding recoverable amounts of their right-of-use assets.

Based on these estimates, an impairment loss of RMB1,862,667 (2023: RMB1,455,137) was recognised to write down the carrying amounts of these right-of-use assets to their recoverable amounts. Details of the impairment assessment are disclosed in Note 16 to the consolidated financial statement.

18. INTANGIBLE ASSETS

	Trademark RMB	Software RMB	Total RMB
Cost:			
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	**16,916,800**	**8,523,877**	**25,440,677**
Accumulated amortisation:			
At 1 January 2023	13,991,800	3,136,385	17,128,185
Charge for the year	975,000	828,028	1,803,028
At 31 December 2023 and 1 January 2024	14,966,800	3,964,413	18,931,213
Charge for the year	975,000	646,293	1,621,293
At 31 December 2024	**15,941,800**	**4,610,706**	**20,552,506**
Carrying amounts:			
At 31 December 2024	**975,000**	**3,913,171**	**4,888,171**
At 31 December 2023	1,950,000	4,559,464	6,509,464

19. INTEREST IN AN ASSOCIATE

	2024 RMB	2023 RMB
Share of net assets	**7,270,928**	6,723,138

Details of the Group's associate as at 31 December 2024 and 2023 are as follows:

Name of associate	Form of business structure	Place of incorporation and operation	Proportion of nominal value of issued capital held by the Group 2024	Proportion of nominal value of issued capital held by the Group 2023	Principal activity
Ningbo Shanjing Apparel Co., Ltd. ("Ningbo Shanjing")	Incorporated	The PRC	**46%**	46%	Provision for leasing service in the PRC

(a) Summarised financial information of an associate

Ningbo Shanjing	2024 RMB	2023 RMB
Current assets	**10,392,127**	7,705,763
Non-current assets	**7,729,807**	8,576,553
Current liabilities	**(2,315,568)**	(1,666,799)
Revenue	**13,064,632**	26,380,056
Profit/(loss) for the year and total comprehensive income	**1,190,849**	(5,712,202)

19. INTEREST IN AN ASSOCIATE (CONTINUED)

(b) Reconciliation of summarised financial information

Reconciliation of the above summarised financial information to the carrying amount of the interest in an associate recognised in the consolidated financial statements are as follow:

Ningbo Shanjing	2024 RMB	2023 RMB
Net assets	**15,806,366**	14,615,517
Proportion of the Group's ownership interest	**46%**	46%
Carrying amount of the Group's interest in an associate	**7,270,928**	6,723,138

20. INTEREST IN A JOINT VENTURE

	2024 RMB	2023 RMB
Share of net assets	**865,214**	885,920
Amount due to a joint venture (Note)	**(875,000)**	(875,000)

Details of the Group's joint venture as at 31 December 2024 and 2023 are as follows:

Name of joint venture	Form of business structure	Place of incorporation and operation	Proportion of nominal value of issued capital held by the Group 2024	2023	Principal activity
Hangzhou Shanxi E-commerce Co., Ltd ("**Hangzhou Shanxi**")	Incorporated	The PRC	**35%**	35%	Inactive

Note: Included in amount due to a joint venture is an amount of RMB850,000 (2023: RMB850,000), representing payable for investment cost in a joint venture. Except this, amount due to a joint venture was unsecured, non-interest bearing and were repayable on demand.

20. INTEREST IN A JOINT VENTURE (CONTINUED)

(a) Summarised financial information of a joint venture

Hangzhou Shanxi	2024 RMB	2023 RMB
Current assets	**2,948,860**	2,948,845
Non-current assets	**79,990**	139,164
Current liabilities	**(556,809)**	(556,809)
Revenue	**–**	–
Loss for the year and total comprehensive income	**(59,159)**	(277,102)

(b) Reconciliation of summarised financial information

Reconciliation of the above summarised financial information to the carrying amount of the interest in a joint venture recognised in the consolidated financial statements are as follow:

Hangzhou Shanxi	2024 RMB	2023 RMB
Net assets	**2,472,041**	2,531,200
Proportion of the Group's ownership interest	**35%**	35%
Carrying amount of the Group's interest in a joint venture	**865,214**	885,920

21. DEFERRED TAX

The following are the major deferred tax assets recognised by the Group and movements thereon during the years ended 31 December 2024 and 2023.

	Impairment loss on property, plant and equipment RMB	ECL allowance on trade and other receivables RMB	Provision for write -down on inventories RMB	Customer loyalty programs RMB	Volume rebates RMB	Temporary difference attributable to lease RMB	Total RMB
At 1 January 2023	1,335,678	4,163,459	15,803,406	–	1,148,869	1,118,678	23,570,090
Credit/(charge) to profit or loss (Note 13)	(1,051,052)	(4,031,536)	1,901,744	–	(533,343)	(855,551)	(4,569,738)
At 31 December 2023 and 1 January 2024	284,626	131,923	17,705,150	–	615,526	263,127	19,000,352
Credit/(charge) to profit or loss (Note 13)	(66,518)	252,743	947,713	284,616	(489,224)	336,505	1,265,835
At 31 December 2024	**218,108**	**384,666**	**18,652,863**	**284,616**	**126,302**	**599,632**	**20,266,187**

The following is the analysis of the deferred tax balances for financial reporting purposes:

	2024 RMB	2023 RMB
Deferred tax assets	**20,266,187**	19,000,352

Management expects it is probable that taxable profit will be available against which the above deductible temporary differences can be utilised in the coming years.

22. INVENTORIES

	2024 RMB	2023 RMB
Raw materials	**11,461,838**	10,620,338
Work-in-progress	**14,539,648**	13,301,615
Finished goods	**326,831,743**	277,262,414
	352,833,229	301,184,367
Less: Provision for obsolete inventories	**(74,611,449)**	(70,820,597)
	278,221,780	230,363,770

23. TRADE AND BILLS RECEIVABLES

	2024 RMB	2023 RMB
Trade receivables	**269,698,165**	257,058,115
Less: Provision for impairment	**(29,972,239)**	(34,925,855)
	239,725,926	222,132,260
Bills receivables	**100,000**	989,816
	239,825,926	223,122,076

Note: As at 31 December 2024, included in trade receivables are amounts due from fellow subsidiaries of RMB901,290 (2023: RMB1,858,721) raised from the continuing connected party transactions, as mentioned in Note 33(a) of the consolidated financial statement. The amounts due from fellow subsidiaries are unsecured, interest-free and receivable according to the relevant sales agreements.

Ageing analysis

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

	2024 RMB	2023 RMB
Within 3 months	**197,068,156**	185,561,289
Over 3 months but within 6 months	**13,294,132**	19,322,238
Over 6 months but within 1 year	**22,504,325**	12,494,269
Over 1 year	**6,859,313**	4,754,464
	239,725,926	222,132,260

23. TRADE AND BILLS RECEIVABLES (CONTINUED)

Expected credit loss measurement

Movements in the loss allowance account in respect of trade receivables during the year are as follows:

	2024 RMB	2023 RMB
As at 1 January	**34,925,855**	50,989,260
Impairment loss recognised during the year	**851,735**	1,070,535
Amounts written off	**(5,805,351)**	(17,133,940)
As at 31 December	**29,972,239**	34,925,855

The Group offers a general credit period from 30 to 240 days to its customers.

24. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2024 RMB	2023 RMB
Deposits and other receivables	**10,848,354**	12,939,470
Less: Provision for impairment	**(322,424)**	(115,598)
	10,525,930	12,823,872
Prepayments	**12,592,569**	13,374,204
	23,118,499	26,198,076
Less: Non-current portion of prepayments, deposits and other receivables	**(2,007,608)**	(4,639,898)
	21,110,891	21,558,178

24. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (CONTINUED)

Deposits and other receivables

Deposits and other receivables mainly represent refundable earnest money paid to the shopping malls and online platform operators and temporary payment on behalf of franchisees.

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

Expected credit loss measurement

Movements in the loss allowance account in respect of deposits and other receivables during the year are as follows:

	2024 **RMB**	2023 RMB
As at 1 January	**115,598**	178,338
Impairment loss recognised during the year	**326,826**	822,909
Amounts written off	**(120,000)**	(885,649)
As at 31 December	**322,424**	115,598

Prepayments

	2024 **RMB**	2023 RMB
Prepayments to suppliers	**3,640,791**	8,397,613
Prepayments for short-term leases	**2,561,246**	1,292,285
Prepayments for advertising	**5,696,913**	1,090,660
Prepayments for renovation	**200,000**	–
Others	**493,619**	2,593,646
	12,592,569	13,374,204

25. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	2024 RMB	2023 RMB
Cash and bank balances	**106,457,075**	143,224,055
Pledged deposits for bills payables (Note 26)	**8,500,000**	4,200,305
Pledged deposits for construction of building	**2,172,445**	–
Total pledged deposits	**10,672,445**	4,200,305
Less: Non-current portion of pledged deposits	**(2,172,445)**	–
Current portion of pledged deposits	**8,500,000**	4,200,305

(a) As at 31 December 2024, over 90% (2023: over 90%) of the cash and cash equivalents denominated in RMB, which were deposited in the PRC banks.

Bank balances earn interest at floating rates based on daily bank deposit rates.

(b) The bank balances are deposited with creditworthy banks. The Directors considered that the fair values of the cash and cash equivalents and pledged deposits are not materially different from their carrying amounts because of the short maturity period on their inception.

26. TRADE AND BILLS PAYABLES

	2024 RMB	2023 RMB
Trade payables	**199,080,405**	147,363,421
Bills payables	**17,000,000**	4,200,000
	216,080,405	151,563,421

As at 31 December 2024, the bills payables were pledged by a deposit of RMB8,500,000 (2023: RMB 4,200,305) and were guaranteed by a subsidiary of the Company. The bills payables were usually settled within six months from the date of issue.

26. TRADE AND BILLS PAYABLES (CONTINUED)

Ageing 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 ageing analysis, based on invoice date, is as follows:

	2024 **RMB**	2023 RMB
Within 3 months	**173,755,222**	121,853,901
Over 3 months but within 6 months	**12,651,239**	13,854,931
Over 6 months but within 1 year	**7,138,247**	5,567,459
Over 1 year	**5,535,697**	6,087,130
	199,080,405	147,363,421

27. CONTRACT LIABILITIES

	2024 **RMB**	2023 RMB
Contract liabilities arising from:		
Trading of garments		
– Advance from customers	**23,407,461**	30,643,214
– Volume rebate	**4,449,021**	2,462,103
– Prepaid cards	**2,815,379**	2,137,731
– Customer loyalty programs	**1,138,462**	–
	31,810,323	35,243,048
Less: Non-current portion of contract liabilities arising from advance from customers	**–**	(875,986)
	31,810,323	34,367,062

27. CONTRACT LIABILITIES (CONTINUED)

Movements in contract liabilities:

	2024 RMB	2023 RMB
At 1 January	**35,243,048**	34,938,995
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at beginning of year	**(32,022,112)**	(31,434,462)
Increase in contract liabilities as a result of advanced consideration received from customers, prepaid cards, volume rebate and customer loyalty programs during the year	**28,589,387**	31,738,515
At 31 December	**31,810,323**	35,243,048

Contract liabilities represent advances received from customers for trading of garments, volume rebate, prepaid cards and provision for customer loyalty programme. It is the Company's unfulfilled obligation to transfer goods or render services to a customer for which the entity has received consideration. These advances are recognised as contract liabilities until the transactions are completed.

In 2023, except for balances of RMB875,986 from advance from customers for trading of garments which are expected to be realised as revenue beyond one year, the remaining balances of the contract liabilities are expected to be realised as revenue within one year.

The following table disclosed the revenue recognised in the current year that were derived from the brought forward contract liabilities.

	2024 RMB	2023 RMB
Trading of garments		
– Volume rebate	**1,150,773**	2,938,611
– Prepaid cards	**969,494**	1,611,308
– Advance from customers	**29,901,845**	26,884,543
	32,022,112	31,434,462

27. CONTRACT LIABILITIES (CONTINUED)

Typical payment terms

Typical payment terms which impact on the amount of contract liabilities recognised are as follows:

Trading of garments (Advance from customers)

The Group requires certain customers to provide upfront deposits. A deposit received before the goods have been delivered to the designated location or services have been rendered will give rise to contract liabilities at the start of a contract until the goods delivered or services rendered to date outweighs the amount received.

As at 31 December 2024, the contract liabilities were expected to be recognised as revenue in the next 12 months.

Trading of garments (Customer loyalty programme)

The Group grants reward points upon certain purchases of retail customers who are the members of the Group's customer loyalty program. The reward points have valid period of 2 years and redeemable for future products at customers' discretion. The Group determines this offer represents a material right to purchase additional products and recognised as a contract liability based on the relative stand-alone price of the performance obligation in the contract. The contract liability recognises as revenue when the customer redeems it for goods or when it expires.

Trading of garments (Prepaid cards)

The Group issues prepaid cards which have no expiration and can be utilised in the future consumption in retail stores at customers' discretion.

The contract liabilities were expected to be recognised as revenue in the next 12 months based on the Group's expectation on the timing of utilisation made by customers.

28. OTHER PAYABLES AND ACCRUALS

	2024 RMB	2023 RMB
Deposits received	**77,829,372**	102,548,575
Construction payables	**26,049,938**	–
Other tax payables (Note)	**10,859,056**	19,397,371
Others	**8,133,250**	11,517,082
	122,871,616	133,463,028
Less: Non-current portion of other payables and accruals	**(11,460,000)**	(15,846,300)
	111,411,616	117,616,728

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

Deposits received

The deposits received represent interest-free refundable deposits from franchisees, distributors, sub-licensing users and customers from work uniform sales channel. The breakdown of deposits received is as follows:

	2024 RMB	2023 RMB
Deposits received from franchisees	**56,863,749**	84,858,086
Deposits received from sub-licensing users	**12,609,189**	8,349,189
Deposits received from distributors	**7,706,434**	9,341,300
Deposits received from customers of work uniform	**650,000**	–
	77,829,372	102,548,575

29. INTEREST-BEARING BANK BORROWINGS

	2024 **RMB**	2023 RMB
Bank borrowings denominated in RMB	**145,000,000**	135,000,000

As at 31 December 2024, bank borrowings denominated in RMB included the following:

– Amounts of RMB100,000,000 being guaranteed by a subsidiary of the Company and personal guarantee from Directors, with fixed interest rate from 3.35% to 3.45% per annum and repayable within one year.

  Amounts of RMB62,000,000 included in above bank borrowings are subject to annual review of certain financial covenant terms in relation to maintaining a minimum debt-asset ratio requirements (based on audited financial statements) of the Company, otherwise the bank would have a right to demand an early repayment of the loan. During the Year, the Group had not breached any financial covenant terms.

– Amounts of RMB45,000,000 being guaranteed by a subsidiary of the Company, with fixed interest rate at 3.80% per annum and repayable within one year.

As at 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.

30. LEASE LIABILITIES

Movement of the Group's lease liabilities is analysis as follows:

	Retail stores RMB	Warehouses RMB	Office premises and others RMB	Total RMB
At 1 January 2023	8,582,826	6,196,798	379,141	15,158,765
Addition of new leases	6,910,567	11,711,009	2,863,550	21,485,126
Effect of lease modification	–	(6,181,971)	–	(6,181,971)
Interest expenses (Note 9)	377,626	392,581	79,446	849,653
Interest element of lease payments	(301,406)	(332,680)	(40,244)	(674,330)
Principal element of lease payments	(7,899,388)	(9,536,946)	(2,280,791)	(19,717,125)
At 31 December 2023 and 1 January 2024	**7,670,225**	**2,248,791**	**1,001,102**	**10,920,118**
Addition of new leases	**14,652,860**	**7,833,859**	**272,112**	**22,758,831**
Effect of lease modification	**(154,572)**	**–**	**–**	**(154,572)**
Interest expenses (Note 9)	**490,914**	**141,519**	**24,651**	**657,084**
Interest element of lease payments	**(296,737)**	**(132,710)**	**(23,287)**	**(452,734)**
Principal element of lease payments	**(7,483,951)**	**(7,619,973)**	**(940,370)**	**(16,044,294)**
At 31 December 2024	**14,878,739**	**2,471,486**	**334,208**	**17,684,433**

30. LEASE LIABILITIES (CONTINUED)

Future lease payments are due as follows:

	At 31 December 2024		
	Minimum lease payments RMB	**Interest RMB**	**Present value RMB**
Not later than one year	**11,954,261**	**479,972**	**11,474,289**
Later than one year and not later than two years	**5,335,071**	**143,676**	**5,191,395**
Later than two years and not later than five years	**1,031,007**	**12,258**	**1,018,749**
At 31 December 2024	**18,320,339**	**635,906**	**17,684,433**

	At 31 December 2023		
	Minimum lease payments RMB	Interest RMB	Present value RMB
Not later than one year	7,691,134	251,863	7,439,271
Later than one year and not later than two years	2,819,975	69,418	2,750,557
Later than two years and not later than five years	734,492	4,202	730,290
At 31 December 2023	11,245,601	325,483	10,920,118

The present value of future lease payments are analysed as:

	2024 RMB	2023 RMB
Current liabilities	**11,474,289**	7,439,271
Non-current liabilities	**6,210,144**	3,480,847
	17,684,433	10,920,118

31. SHARE CAPITAL

	Number of shares	RMB
Registered domestic share capital and H Shares		
At 1 January 2023, 31 December 2023 and 31 December 2024	133,400,000	133,400,000

32. PURPOSE OF RESERVES

(a) Capital reserve

Being part of the Group's Reorganisation which details were set out in the section headed "History, Reorganisation and Corporate Structure" in the Prospectus dated 12 June 2018, the Company (previously known as "Shanshan Garment Brand") increased share capital from RMB50,000,000 to RMB100,000,000 with reference to the net asset value of the Company at the date of capital restructuring. Increase in share capital was completed through utilisation of accumulated profits and statutory surplus reserve. The excess portion of net asset value of the Company at the date of capital restructuring over the enlarged share capital was transferred to capital reserve.

(b) Statutory surplus reserve

Statutory surplus reserve is required by the relevant laws and regulations in the PRC. The Company and its subsidiaries, which established in the PRC, is required to appropriate 10% of its net profit after tax, as determined under the PRC accounting regulation, to a statutory surplus reserve until the reserve fund reaches 50% of these companies' registered capital. It may be utilised by the Company for restricted purposes including offsetting against prior years' losses or increase the capital of the Company. The transfer of this reserve must be made before the distribution of dividend to the equity owners of these companies.

(c) Merger reserve

Merger reserve arose as a result of a group reorganisation completed in May 2016 and represented the difference between the consideration under the reorganization and the nominal value of the share capital of the subsidiaries then acquired.

33. RELATED PARTY DISCLOSURES

(a) Continuing connected party transactions

In addition to the transactions detailed elsewhere in these consolidated financial statements during the year, the Group entered into the following significant transactions with its related parties which also constitute connected parties as defined under Chapter 14A of the Listing Rules.

Connected parties	Nature of transactions (Note)	2024 RMB	2023 RMB
Inner Mongolia Shanshan Technology Co., Ltd.	Sale of goods	**260,885**	565,858
Yunnan Shanshan New Material Co., Ltd.	Sale of goods	**247,788**	–
Fujian Shanshan Technology Co., Ltd.	Sale of goods	**171,558**	–
Ningbo Shanshan New Material Technology Co., Ltd.	Sale of goods	**146,636**	68,142
Shanghai Shanshan New Materials Co., Ltd.	Sale of goods	**30,046**	35,018
Chenzhou Shanshan New Material Co., Ltd.	Sale of goods	**16,283**	–
Sichuan Shanshan New Material Co., Ltd.	Sale of goods	**–**	1,320,248
Inner Mongolia Shanshan New Material Co., Ltd.	Sale of goods	**–**	157,965
Huzhou Shanshan New Energy Technology Co., Ltd.	Sale of goods	**–**	34,195

Note: On 13 October 2022, the Company entered into the Supply Framework Agreement with Ningbo Shanshan Co., Ltd ("**Ningbo Shanshan**") and its subsidiaries to sell standardised work uniforms for the period from 13 October 2022 to 31 December 2024. Details of the transaction were set out in the announcement of the Company dated 13 October 2022.

(b) Transactions with related parties

During the year, the Group entered into the following transactions with related parties:

	2024 RMB	2023 RMB
Rental expenses and management fee charged by:		
– a substantial shareholder	**2,506,369**	2,801,445
Water and electricity expenses charged by:		
– a substantial shareholder	**1,004,201**	1,324,233

33. RELATED PARTY DISCLOSURES (CONTINUED)

(c) Amount due from a substantial shareholder

As at 31 December 2024, the amount due from a substantial shareholder mainly represents a rental deposit paid to Ningbo Shanshan. Details of the transaction were disclosed in Note 33(b) to the consolidated financial statement and set out in the announcement of the Company dated 30 December 2022.

During the year ended 31 December 2024, the maximum outstanding amount was approximately RMB624,293 (2023: RMB1,374,402).

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

(d) Amount due to a substantial shareholder

	2024 **RMB**	2023 RMB
Amount due to a substantial shareholder	**2,835,849**	2,835,849
Less: Non-current portion of amount due to a substantial shareholder	**–**	(1,500,000)
	2,835,849	1,335,849

On 30 September 2021, the Company entered into the Trademark Licensing Agreement ("Agreement") with Shanshan Group. Pursuant to which Shanshan Group agreed to grant to the Group the exclusive license to use the Licensed Trademarks for its business operations, as well as the right 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.

In 2023, the amount of 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 24 to the consolidated financial statements.

33. RELATED PARTY DISCLOSURES (CONTINUED)

(e) Compensation of key management personnel

The remuneration of Directors and other members of key management during the year is as follows:

	2024 RMB	2023 RMB
Short-term benefits	**4,060,128**	4,506,132
Contributions to defined contribution retirement plan	**33,112**	186,436
	4,093,240	4,692,568

The emoluments paid or payable to Directors and other members of key management are within the following band:

	2024 No. of individuals	2023 No. of individuals
Nil to HK$1,000,000		
– Directors	**9**	10
– Other members of key management	**5**	6

34. NOTES SUPPORTING CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Non-cash transactions

During the year, the Group entered into the following non-cash transactions:

– Certain additions to property, plant and equipment of RMB26,049,938 have not been paid at the end of reporting period and were recorded as other payables and accruals.

– The Group had non-cash additions to right-of-use assets and lease liabilities of RMB22,758,831 (2023: RMB21,485,126), in respect of the new lease agreements.

– During the year, a trade receivables of RMB79,071 have been settled by the equity security of a PRC listed company valued at RMB31,246, which was recognised as financial assets at fair value through profit or loss and write off amount at RMB47,825.

– The Group had endorsed bank acceptance bills issued by several banks in the PRC with a carrying amount of RMB15,535,059 (2023: RMB22,609,320) to certain suppliers for settlement of its trade payables.

34. NOTES SUPPORTING CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(b) Reconciliation of liabilities arising from financing activities

	Interest–bearing bank borrowings RMB (Note 29)	Lease liabilities RMB (Note 30)	Dividend payable RMB
At 1 January 2023	157,500,000	15,158,765	–
Changes from financing cash inflow/(outflow):			
Proceeds from bank borrowings	255,000,000	–	–
Repayment of bank borrowings	(277,500,000)	–	–
Interest paid	(5,699,646)	–	–
Repayment of principal portion of the lease liabilities	–	(19,717,125)	–
Repayment of interest portion of the lease liabilities	–	(674,330)	–
Dividend paid	–	–	(5,336,000)
Other changes:			
Dividend declared and approved (Note 15)	–	–	5,336,000
Interest expense (Note 9)	5,699,646	849,653	–
Effect of lease modification	–	(6,181,971)	–
New leases	–	21,485,126	–
At 31 December 2023 and 1 January 2024	**135,000,000**	**10,920,118**	**–**
Changes from financing cash inflow/(outflow):			
Proceeds from bank borrowings	**145,000,000**	**–**	**–**
Repayment of bank borrowings	**(135,000,000)**	**–**	**–**
Interest paid	**(5,280,960)**	**–**	**–**
Repayment of principal portion of the lease liabilities	**–**	**(16,044,294)**	**–**
Repayment of interest portion of the lease liabilities	**–**	**(452,734)**	**–**
Dividend paid	**–**	**–**	**(10,672,000)**
Other changes:			
Dividend declared and approved (Note 15)	**–**	**–**	**10,672,000**
Interest expense (Note 9)	**5,280,960**	**657,084**	**–**
Effect of lease modification	**–**	**(154,572)**	**–**
New leases	**–**	**22,758,831**	**–**
At 31 December 2024	**145,000,000**	**17,684,433**	**–**

35. 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 additional 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 accurately 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:

	2024 **RMB**	2023 RMB
Not later than one year	**7,318,232**	7,555,382

(b) Capital commitments

In addition to those capital commitment disclosed elsewhere in the consolidated financial statements, the Group had capital commitments as follows:

	2024 **RMB**	2023 RMB
Contracted, but not provided for:		
– Acquisition of property, plant and equipment	**6,119,751**	4,519,532
– Construction of the Project	**66,837,124**	2,526,000
	72,956,875	7,045,532

36. CONTINGENT LIABILITIES

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

37. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of debts, which includes the bank borrowings (Note 29), cash and cash equivalents (Note 25) and equity of the Company, comprising share capital and reserves. The Group's management reviews the capital structure on a regular basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital.

Based on the management's recommendations, the Group will balance its overall capital structure through the issue of new debts and the payment of dividends.

The gearing ratio at end of year was as follows:

	2024 **RMB**	2023 RMB
Debts	**145,000,000**	135,000,000
Cash and cash equivalents	**(106,457,075)**	(143,224,055)
Net debts/(cash)	**38,542,925**	(8,224,055)
Equity	**276,276,449**	253,774,921
Gearing ratio	**13.95%**	N/A

38. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

The following table shows the carrying amount of financial assets and liabilities:

	2024 RMB	2023 RMB
Financial asset at FVTOCI:		
Bills receivables	**100,000**	989,816
Financial assets at FVTPL	**645,910**	259,740
Financial assets at amortised cost:		
Trade receivables	**239,725,926**	222,132,260
Deposits and other receivables	**10,525,930**	12,823,872
Amount due from a substantial shareholder	**624,293**	624,293
Pledged deposits	**10,672,445**	4,200,305
Cash and cash equivalents	**106,457,075**	143,224,055
	368,005,669	383,004,785
Financial liabilities at amortised cost:		
Trade and bills payables	**216,080,405**	151,563,421
Other payables and accruals	**112,012,560**	114,065,657
Interest-bearing bank borrowings	**145,000,000**	135,000,000
Amount due to a joint venture	**875,000**	875,000
Amount due to a substantial shareholder	**2,835,849**	2,835,849
	476,803,814	404,339,927
Lease liabilities	**17,684,433**	10,920,118

39. FINANCIAL RISK MANAGEMENT

The main risks arising from the Group's financial instruments in the normal course of the Group's business are credit risk, liquidity risk, interest rate risk, currency risk, price risk and fair value risk. These risks are limited by the Group's financial management policies and practices described below:

(a) Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instruments and cause a financial loss to the Group.

The Group's credit risk is primarily attributable to its trade receivables (Note 23), deposits and other receivables (Note 24), cash and cash equivalents (Note 25), pledged deposits (Note 25) and amount due from a substantial shareholder (Note 33(c)). Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

Trade receivables

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix.

In order to minimise the credit risk in relation to trade receivables, credit limits and credit terms granted to customers are approved by delegated officers and follow-up action is taken to recover overdue debts. In addition, the management of the Group reviews the recoverable amount of each individual receivables at end of reporting period to ensure that adequate impairment losses are estimated and made for irrecoverable amounts.

39. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit risk (Continued)

Trade receivables (Continued)

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables as at 31 December 2024 and 2023:

31 December 2024	Expected loss rate %	Gross carrying amount RMB	Loss allowance RMB	Net amount RMB
Not past due	**2.20%**	**230,922,024**	**5,078,494**	**225,843,530**
Less than 1 month past due	**0.73%**	**3,496,619**	**25,408**	**3,471,211**
1 to 3 months past due	**35.13%**	**4,691,378**	**1,647,915**	**3,043,463**
Over 3 months past due	**75.91%**	**30,588,144**	**23,220,422**	**7,367,722**
		269,698,165	**29,972,239**	**239,725,926**

31 December 2023	Expected loss rate %	Gross carrying amount RMB	Loss allowance RMB	Net amount RMB
Not past due	4.23%	222,425,910	9,410,717	213,015,193
Less than 1 month past due	7.84%	895,102	70,198	824,904
1 to 3 months past due	13.27%	2,710,206	359,692	2,350,514
Over 3 months past due	80.85%	31,026,897	25,085,248	5,941,649
		257,058,115	34,925,855	222,132,260

Expected loss rates are based on actual loss experience over the past 2 years. These rates are adjusted to reflect differences between economic conditions during the year over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables and forward-looking information.

Trade receivables that were past due related to a number of independent customers that had a good track record with the Group. Based on available information, management believed that there had been no significant change in credit quality of these customers and their balances were still considered to be recoverable.

39. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit risk (Continued)

Deposits and other receivables

The Group measures loss allowance for deposits and other receivables based on 12-month ECLs. For the year ended 31 December 2024, impairment loss on deposits and other receivables of RMB326,826 (2023: RMB822,909) was recognised in the profit or loss with reference to the corresponding debtors' historical settlement records and the management's experience. The Group does not hold any collateral over these balances.

Cash and cash equivalents and pledged deposits

Most of the Group's cash and cash equivalents and pledged deposits are held in major reputable financial institutions in the PRC in which management believes are of high credit quality.

Amount due from a substantial shareholder

Amount due from a substantial shareholder measured at amortised cost are subjected to the ECLs assessment. The Directors continuously monitor the credit quality financial positions of the counterparties, and the level of exposure to ensure that appropriate action is taken to recover the debts.

The ECL of amount due from a substantial shareholder as at 31 December 2024 and 2023 were determined to be immaterial.

Concentration risk

The Group's concentration of credit risk on the trade receivables as at 31 December 2024 and 2023 included five major counterparties accounting for 47% and 50% of the trade receivables respectively. The Group has closely monitored the recoverability of the receivables from these counterparties and taken effective measures to ensure timely collection of outstanding balances. The Group has not obtained collateral from customers but receives deposits from certain customers.

The Group is exposed to the concentration of geographic risk on revenue which is generated mostly from customers located in the PRC. The Group has closely monitored the business performance of these customers in the PRC.

39. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Liquidity risk

The Group's policy is to regularly monitor its liquidity to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term. The management of the Company is satisfied that the Group will be able to meet in full its financial obligations as and when they fall due in the foreseeable future in the normal course of business.

The following table details the remaining contractual maturities at end of reporting period of the Group's financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities and the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	Carrying amount RMB	Total contractual undiscounted cash flow RMB	Within 1 year or on demand RMB	More than 1 year but less than 2 years RMB	More than 2 years but less than 5 years RMB
31 December 2024					
Trade and bills payables	**216,080,405**	**216,080,405**	**216,080,405**	**–**	**–**
Other payables and accruals	**112,012,560**	**112,012,560**	**100,552,560**	**11,460,000**	**–**
Interest-bearing bank borrowings	**145,000,000**	**148,410,505**	**148,410,505**	**–**	**–**
Amount due to a joint venture	**875,000**	**875,000**	**875,000**	**–**	**–**
Amount due to a substantial shareholder	**2,835,849**	**2,835,849**	**2,835,849**	**–**	**–**
Lease liabilities	**17,684,433**	**18,320,339**	**11,954,261**	**5,335,071**	**1,031,007**
	494,488,247	**498,534,658**	**480,708,580**	**16,795,071**	**1,031,007**

	Carrying amount RMB	Total contractual undiscounted cash flow RMB	Within 1 year or on demand RMB	More than 1 year but less than 2 years RMB	More than 2 years but less than 5 years RMB
31 December 2023					
Trade and bills payables	151,563,421	151,563,421	151,563,421	–	–
Other payables and accruals	114,065,657	114,065,657	98,219,357	15,846,300	–
Interest-bearing bank borrowings	135,000,000	139,498,282	139,498,282	–	–
Amount due to a joint venture	875,000	875,000	875,000	–	–
Amount due to a substantial shareholder	2,835,849	2,835,849	1,335,849	1,500,000	–
Lease liabilities	10,920,118	11,245,601	7,691,134	2,819,975	734,492
	415,260,045	420,083,810	399,183,043	20,166,275	734,492

39. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Interest rate risk

Interest rate risk means the risk on the fluctuation of fair value or future cash flows of financial instruments which arise from changes in interest rates. Floating interest rate instruments will result in the Group facing cash flow interest rate risk, and fixed interest rate instruments will result in the Group facing the fair value interest rate risk.

Cash flow interest rate risk

Other than cash and cash equivalents (Note 25) and fixed rate interest bearing bank borrowings (Note 29), the Group does not have any other significant interest-bearing financial assets and liabilities. Any change in the interest rate promulgated by banks from time to time is not considered to have significant impact to the Group.

Fair value interest rate risk

As at 31 December 2024 and 2023, the Group's fair value interest rate risk primarily related to pledged deposits (Note 25) and interest-bearing bank borrowings (Note 29) at fixed interest rate and lease liabilities (Note 30) at fixed IBR. The Group currently does not have a fair value hedging policy. The Group's fair value interest rate risk exposure was not expected to have a significant impact on its fair value given the changes of the underlying interest rate was not expected to be material.

Sensitivity analysis

At 31 December 2024, it is estimated that a general increase of 50 basis points (2023: 50 basis points) in interest rates, with all other variables held constant, would increase the Group's profit after tax and equity for the year (through the impact on the Group's cash and cash equivalents which is subject to floating interest rate) by approximately RMB399,214 (2023: increase the profit after tax and equity for the year by RMB537,090).

For a general decrease of 50 basis points in interest rates, with all other variables held constant, there would be an equal and opposite impact on the Group's results for the year. No impact would be on other components of consolidated equity in response to the general increase/decrease in interest rates.

39. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Interest rate risk (Continued)

Sensitivity analysis (Continued)

The sensitivity analysis as presented above has been determined assuming that the change in interest rates had occurred at each of reporting date and had been applied to the exposure to interest rate risk for financial instruments in existence at that date. The 50 basis points increase or decrease represents the management's assessment of a reasonably possible change in interest rates over the period until the next reporting date.

The measures to manage interest rate risk have been followed by the Group for the year and are considered to be effective.

(d) Currency risk

The Group mainly operated in the PRC with most of the transactions settled in RMB and did not have significant exposure to risk resulting from changes in foreign currency exchange rates.

(e) Price risk

The Group is exposed to equity prices changes arising from equity investments of trading securities, which measured at fair value through profit or loss.

The Group's equity investments are listed on Shenzhen Stock Exchange. Decisions to buy or sell trading securities are based on daily monitoring of the performance of the securities compared to that of the stock market index and other industry indicators, as well as the Group's liquidity needs.

Sensitivity analysis

The following table demonstrates the sensitivity as if the quoted prices of the investments in listed equity investments classified as financial assets at fair value through profit or loss had increased/(decreased) by 10% with all other variables held constant, after any impact of tax for each reporting date.

	2024 **RMB**	2023 RMB
Share price increased by:	**10%**	10%
Effect on profit after tax and equity for the year and accumulated profits	**48,443**	19,481

39. FINANCIAL RISK MANAGEMENT (CONTINUED)

(f) Fair value risk

The fair values of financial assets and financial liabilities are determined based on discounted cash flow analysis. The Directors considered that, due to their short term nature, the carrying amounts of the financial assets and financial liabilities at amortised cost in the consolidated statement of financial position approximates to their fair values.

A number of assets and liabilities included in the consolidated financial statements require measurement at, and/or disclosure of, fair value. The fair value measurement of the Group's financial assets and liabilities utilised market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable inputs used in the valuation technique utilised are fair value hierarchy ("Fair Value Hierarchy").

- Level 1: Quoted prices in active markets for identical items (unadjusted);
- Level 2: Observable direct or indirect inputs other than Level 1 inputs; and
- 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.

39. FINANCIAL RISK MANAGEMENT (CONTINUED)

(f) Fair value risk (Continued)

The following table provides an analysis of financial instruments carried at fair value by level of Fair Value Hierarchy:

	Level 1 RMB	Level 2 RMB	Level 3 RMB	Total RMB
31 December 2024				
Financial asset at FVTOCI				
– Bills receivables	**–**	**100,000**	**–**	**100,000**
Financial asset at FVTPL				
– Financial assets at fair value through profit or loss	**645,910**	**–**	**–**	**645,910**
31 December 2023				
Financial asset at FVTOCI				
– Bills receivables	–	989,816	–	989,816
Financial asset at FVTPL				
– Financial asset at fair value through profit or loss	259,740	–	–	259,740

The fair value of the bills receivables has been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

During the years ended 31 December 2024 and 2023, there was no transfer between level 1 and level 2 Fair Value Hierarchy or transfer into or out of level 3.

40. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	2024 RMB	2023 RMB
Non-current assets			
Investment in subsidiaries		**17,500,010**	15,500,010
Property, plant and equipment		**67,302,427**	14,279,089
Right-of-use assets		**59,209,760**	50,676,967
Intangible assets		**4,888,171**	6,509,464
Prepayments, deposits and other receivables		**1,675,343**	4,639,898
Pledged deposits		**2,172,445**	–
Deferred tax assets		**20,172,018**	18,906,184
Total non-current assets		**172,920,174**	110,511,612
Current assets			
Inventories		**268,918,061**	226,893,534
Trade and bills receivables		**232,979,194**	214,710,029
Prepayments, deposits and other receivables		**17,840,411**	18,419,659
Financial assets at fair value through profit or loss		**645,910**	259,740
Amount due from a substantial shareholder		**624,293**	624,293
Amounts due from subsidiaries	41(a)	**20,723,711**	7,277,002
Pledged deposits		**8,500,000**	4,200,305
Cash and cash equivalents		**97,286,886**	125,098,748
Total current assets		**647,518,466**	597,483,310
Current liabilities			
Trade and bills payables		**210,102,550**	142,899,914
Contract liabilities		**29,158,599**	34,091,623
Other payables and accruals		**108,225,653**	111,890,914
Interest-bearing bank borrowings		**145,000,000**	135,000,000
Amounts due to subsidiaries	41(a)	**56,483,654**	32,659,041
Amount due to a substantial shareholder		**2,835,849**	1,335,849
Income tax payable		**5,840,366**	2,714,166
Lease liabilities		**11,474,289**	7,439,271
Total current liabilities		**569,120,960**	468,030,778
Net current assets		**78,397,506**	129,452,532
Total assets less current liabilities		**251,317,680**	239,964,144

40. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

	Notes	2024 RMB	2023 RMB
Non-current liabilities			
Other payables and accruals		**10,260,000**	15,596,300
Amount due to a substantial shareholder		**–**	1,500,000
Lease liabilities		**6,210,144**	3,480,847
Total non-current liabilities		**16,470,144**	20,577,147
Net assets		**234,847,536**	219,386,997
Capital and reserves			
Share capital		**133,400,000**	133,400,000
Reserves	41(b)	**101,447,536**	85,986,997
Total equity		**234,847,536**	219,386,997

On behalf of the directors

Luo Yefei
Director

Yan Jingfen
Director

41. SUMMARIES OF FINANCIAL INFORMATION OF THE COMPANY

(a) Amounts due from/(to) subsidiaries

Amounts due from/(to) subsidiaries are unsecured, interest-free and repayable on demand.

(b) Reserves of the Company

A summary of the Company's reserves is as follows:

	Capital reserve RMB	Statutory surplus reserve RMB	Proposed dividend RMB	Accumulated profits/ (losses) RMB	Total RMB
At 1 January 2023	73,109,956	8,480,611	5,336,000	(23,387,492)	63,539,075
Profit and total comprehensive income for the year	–	–	–	27,783,922	27,783,922
2022 final dividend (Note 15)	–	–	(5,336,000)	–	(5,336,000)
2023 proposed final dividend (Note 15)	–	–	10,672,000	(10,672,000)	–
As 31 December 2023 and 1 January 2024	**73,109,956**	**8,480,611**	**10,672,000**	**(6,275,570)**	**85,986,997**
Profit and total comprehensive income for the year	**–**	**–**	**–**	**26,132,539**	**26,132,539**
2023 final dividend (Note 15)	**–**	**–**	**(10,672,000)**	**–**	**(10,672,000)**
2024 proposed final dividend (Note 15)	**–**	**–**	**10,672,000**	**(10,672,000)**	**–**
Transfer to statutory surplus reserve	**–**	**3,175,161**	**–**	**(3,175,161)**	**–**
At 31 December 2024	**73,109,956**	**11,655,772**	**10,672,000**	**6,009,808**	**101,447,536**

42. EVENT AFTER THE REPORTING PERIOD

Pursuant to the resolution passed at the extraordinary general meeting on 24 February 2025 and subject to and conditional upon the necessary approval of the Registrar of Companies in the People's Republic of China (the "PRC") being obtained, the English name of the Company will be changed from "Shanshan Brand Management Co., Ltd" to "Ningbo Maoye Fashion Brand Management Co., Ltd" and dual foreign name in Chinese of the Company from "杉杉品牌運營股份有限公司" to "寧波茂葉時尚品牌管理股份有限公司".

Save as above disclosed, the Group has no other significant events from the end of the reporting period and up to the date of this report.

43. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 25 March 2025.

Summary of Financial Information

A summary of the results and of the assets and liabilities of the Group for the last five financial years, as extracted from the published audited consolidated financial statements is set out below. The summary does not form part of the audited consolidated financial statements.

	Years ended 31 December				
	2024	2023	2022	2021	2020
	RMB	RMB	RMB	RMB	RMB
					(Re-presented)
RESULTS					
Revenue (Note)	**1,006,620,320**	1,060,045,974	881,199,661	993,032,379	887,472,993
Gross profit (Note)	**379,198,540**	397,239,138	385,892,990	485,221,376	428,130,661
Profit/(loss) before income tax (Note)	**44,485,167**	40,603,772	10,952,910	20,205,851	(59,295,542)
Income tax credit/(expense)	**(11,311,639)**	(8,998,394)	5,053,417	(2,229,409)	2,436,421
Profit/(loss) for the year:					
From continuing operations	**33,173,528**	31,605,378	16,006,327	17,976,442	(56,859,121)
From discontinued operation	**–**	–	–	(9,340,962)	(19,084,450)
	33,173,528	31,605,378	16,006,327	8,635,480	(75,943,571)

	As at 31 December				
	2024	2023	2022	2021	2020
	RMB	RMB	RMB	RMB	RMB
ASSETS AND LIABILITIES					
Non-current assets	**164,164,886**	103,037,134	76,832,082	109,895,062	130,185,908
Current assets	**655,385,875**	623,352,417	681,745,087	715,534,464	758,427,567
TOTAL ASSETS	**819,550,761**	726,389,551	758,577,169	825,429,526	888,613,475
Current liabilities	**525,604,168**	450,911,497	511,194,583	592,241,716	658,432,693
Non-current liabilities	**17,670,144**	21,703,133	19,877,043	21,688,594	23,505,153
TOTAL LIABILITIES	**543,274,312**	472,614,630	531,071,626	613,930,310	681,937,846
NET ASSETS	**276,276,449**	253,774,921	227,505,543	211,499,216	206,675,629

Note: The figures for the years 2021 and 2020 are for the Group's continuing operations and exclude the figures relating to Lubiam Apparel, while the other years include figures for both continuing and discontinued operations.