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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)

INTERIM RESULTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

INTERIM FINANCIAL INFORMATION

The board (the “**Board**”) of directors (the “**Directors**”) of Shanshan Brand Management Co., Ltd. (the “**Company**”) announces the unaudited condensed consolidated interim financial information of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2025 (the “**Period**”), together with the comparative figures for the corresponding period of 2024 and as at 31 December 2024 as well as selected explanatory notes as set out below. The unaudited condensed consolidated interim financial information for the Period has been reviewed by the audit committee of the Board (the “**Audit Committee**”).

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

FOR THE SIX MONTHS ENDED 30 JUNE 2025

	<i>Notes</i>	Six months ended 30 June	
		2025	2024
		<i>RMB</i>	<i>RMB</i>
		(Unaudited)	(Unaudited)
Revenue	4	425,213,042	475,669,316
Cost of sales		<u>(246,145,684)</u>	<u>(279,439,188)</u>
Gross profit		179,067,358	196,230,128
Other revenue		321,995	1,574,510
Other gains and losses, net		1,134,388	(1,574,232)
Selling and distribution expenses		(147,596,943)	(151,654,324)
Administrative expenses		(18,719,189)	(21,770,045)
Reversal of impairment loss on trade receivables, net		3,437,356	48,947
Reversal of impairment loss on deposits and other receivables, net		69,806	65,827
Finance costs	5	(2,266,263)	(3,543,934)
Share of result of an associate		263,989	246,682
Share of result of a joint venture		<u>–</u>	<u>(20,708)</u>
Profit before income tax	6	15,712,497	19,602,851
Income tax expense	8	<u>(3,644,182)</u>	<u>(6,392,999)</u>
Profit and total comprehensive income for the period attributable to owners of the Company		<u>12,068,315</u>	<u>13,209,852</u>
		<i>RMB cents</i>	<i>RMB cents</i>
Earnings per share attributable to owners of the Company	9	<u>9.05</u>	<u>9.90</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2025

		As at	As at
		30 June	31 December
		2025	2024
	<i>Notes</i>	RMB	RMB
		(Unaudited)	(Audited)
Non-current assets			
Property, plant and equipment	<i>10</i>	115,022,434	67,484,573
Right-of-use assets		58,580,032	59,209,760
Intangible assets		3,998,409	4,888,171
Interest in an associate		7,534,917	7,270,928
Interest in a joint venture		865,214	865,214
Prepayments, deposits and other receivables	<i>12</i>	2,998,719	2,007,608
Pledged deposits		2,172,445	2,172,445
Deferred tax assets		20,521,788	20,266,187
		<hr/>	<hr/>
Total non-current assets		211,693,958	164,164,886
		<hr/>	<hr/>
Current assets			
Inventories		242,195,850	278,221,780
Trade and bills receivables	<i>11</i>	200,391,602	239,825,926
Prepayments, deposits and other receivables	<i>12</i>	32,139,801	21,110,891
Financial assets at fair value through profit or loss		452,364	645,910
Amount due from a substantial shareholder	<i>17(b)</i>	37,161	624,293
Pledged deposits		9,650,000	8,500,000
Cash and cash equivalents		59,104,350	106,457,075
		<hr/>	<hr/>
Total current assets		543,971,128	655,385,875
		<hr/>	<hr/>

		As at 30 June 2025 RMB (Unaudited)	As at 31 December 2024 RMB (Audited)
Current liabilities			
Trade and bills payables	13	114,628,370	216,080,405
Contract liabilities		23,444,141	31,810,323
Other payables and accruals	14	123,619,593	111,411,616
Interest-bearing bank borrowings	15	145,000,000	145,000,000
Amount due to a joint venture	17(d)	875,000	875,000
Amount due to a substantial shareholder	17(c)	2,835,849	2,835,849
Income tax payable		2,355,681	6,116,686
Dividend payable	7(a)	10,672,000	–
Lease liabilities		17,842,407	11,474,289
		<u>441,273,041</u>	<u>525,604,168</u>
Total current liabilities			
		<u>441,273,041</u>	<u>525,604,168</u>
Net current assets		<u>102,698,087</u>	<u>129,781,707</u>
Total assets less current liabilities		<u>314,392,045</u>	<u>293,946,593</u>
Non-current liabilities			
Other payables and accruals	14	10,740,000	11,460,000
Interest-bearing bank borrowings	15	23,241,911	–
Lease liabilities		2,737,370	6,210,144
		<u>36,719,281</u>	<u>17,670,144</u>
Total non-current liabilities			
		<u>36,719,281</u>	<u>17,670,144</u>
Net assets		<u>277,672,764</u>	<u>276,276,449</u>
Capital and reserves			
Share capital	16	133,400,000	133,400,000
Reserves		144,272,764	142,876,449
		<u>277,672,764</u>	<u>276,276,449</u>
Total equity		<u>277,672,764</u>	<u>276,276,449</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2025

1. CORPORATE INFORMATION

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

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

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

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

2. BASIS OF PREPARATION

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

These unaudited condensed consolidated interim financial statements for the Period should be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2024, which have been prepared in accordance with HKFRS Accounting Standards (“**HKFRSs**”).

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

These unaudited condensed consolidated interim financial statements are presented in Renminbi (“**RMB**”), unless otherwise stated. These unaudited condensed consolidated interim financial statements have been approved for issue by the Directors on 26 August 2025.

Except as described below, the accounting policies adopted are consistent with those of the annual financial statements of the Group for the year ended 31 December 2024 as described in 2024 annual financial statements.

Adoption of new/revised HKFRS Accounting Standards – effective 1 January 2025

The HKICPA has issued the below new/revised HKFRS Accounting Standards that is first effective for the current accounting period of the Group:

Amendments to HKAS 21 and HKFRS 1 Lack of Exchangeability

The new/revised HKFRSs that are effective from 1 January 2025 did not have significant impact on the Group's accounting policies, financial results and financial position.

3. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In preparing the unaudited condensed consolidated interim financial statements, the critical accounting judgments made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to 2024 annual financial statements.

4. SEGMENT INFORMATION AND REVENUE

(a) Reportable segment

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

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

	Six months ended 30 June	
	2025	2024
	RMB	RMB
	(Unaudited)	(Unaudited)
Primary geographical market		
The PRC	<u>425,213,042</u>	<u>475,669,316</u>
Major product/service		
Trading of garments	<u>374,483,426</u>	<u>421,878,831</u>
Trademark sub-licensing income	<u>50,729,616</u>	<u>53,790,485</u>
	<u>425,213,042</u>	<u>475,669,316</u>
Revenue by brands		
FIRS	<u>286,982,466</u>	<u>339,122,153</u>
SHANSHAN	<u>136,069,821</u>	<u>133,170,268</u>
Others	<u>2,160,755</u>	<u>3,376,895</u>
	<u>425,213,042</u>	<u>475,669,316</u>
Timing of revenue recognition		
At a point in time	<u>336,061,528</u>	<u>390,809,658</u>
Transferred over time	<u>89,151,514</u>	<u>84,859,658</u>
	<u>425,213,042</u>	<u>475,669,316</u>

(b) Geographic information

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

(c) Information about major customers

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

(d) **Revenue**

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

	Six months ended 30 June	
	2025 RMB (Unaudited)	2024 RMB (Unaudited)
Trading of garments – sales channels:		
E-commerce platforms	146,022,393	171,229,861
Franchisee	78,999,209	94,390,390
Self-operated retail stores	73,347,925	74,108,959
Distributors	31,486,779	47,316,334
Work uniform	44,627,120	34,833,287
	<u>374,483,426</u>	<u>421,878,831</u>
Trademark sub-licensing income	50,729,616	53,790,485
	<u>425,213,042</u>	<u>475,669,316</u>

5. **FINANCE COSTS**

	Six months ended 30 June	
	2025 RMB (Unaudited)	2024 RMB (Unaudited)
Interest expenses on bank borrowings	2,705,776	3,341,904
Less: Amounts capitalised on qualifying assets	<u>(1,063,332)</u>	<u>–</u>
	1,642,444	3,341,904
Interest expenses on lease liabilities	623,819	202,030
	<u>2,266,263</u>	<u>3,543,934</u>

Note: Finance costs capitalised during the Period arose from both specific borrowing and general borrowing pool. Borrowing cost capitalised from general borrowing pool are calculated by applying a capitalisation rate of 3.58% per annum, to expenditure on construction in progress in property, plant and equipment.

6. PROFIT BEFORE INCOME TAX

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

	Six months ended 30 June	
	2025	2024
	RMB	RMB
	(Unaudited)	(Unaudited)
Amortisation and depreciation		
Amortisation of intangible assets	889,762	901,514
Depreciation of right-of-use assets	11,304,701	6,358,400
Depreciation of property, plant and equipment	9,915,492	8,741,771
	<u>22,109,955</u>	<u>16,001,685</u>
Total amortisation and depreciation		
Reversal of impairment losses on		
Trade receivables, net	(3,437,356)	(48,947)
Deposits and other receivables, net	(69,806)	(65,827)
	<u>(3,507,162)</u>	<u>(114,774)</u>
Total reversal of impairment loss, net		
Written down/(reversal of written down) of inventories, net		
Finished goods (included in cost of sales) <i>(Note a)</i>	261,420	(65,022)
Raw materials (included in cost of sales) <i>(Note a)</i>	(901,286)	(611,907)
Raw materials (included in other gains and losses, net) <i>(Note a)</i>	(531,634)	(392,337)
	<u>(1,171,500)</u>	<u>(1,069,266)</u>
Total reversal of written down of inventories, net		
Expenses relating to leases		
Short-term leases	7,313,533	6,290,458
Variable lease payments	6,537,030	7,085,977
	<u>13,850,563</u>	<u>13,376,435</u>
Total expenses relating to leases		
Advertising and promotional expenses (included in selling and distribution expenses)	5,041,297	3,603,315
Cost of inventories sold	246,785,550	280,116,117
Fair value loss/(gain) on financial asset at fair value through profit or loss	193,546	(48,034)
Loss on disposal and written down of property, plant and equipment	–	13,249
Staff costs	20,900,959	23,888,013
	<u>20,900,959</u>	<u>23,888,013</u>

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

7. DIVIDENDS

(a) Dividends attributable to the previous financial year

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

	Six months ended 30 June	
	2025	2024
	RMB	RMB
	(Unaudited)	(Unaudited)
Final dividend in respect of the year ended 31 December 2024, approved and payable during the interim period of RMB8 cents (2023: RMB8 cents) per share	10,672,000	10,672,000

At the annual general meeting held on 9 June 2025, the shareholders of the Company (the “Shareholders”) approved the payment of a final dividend of RMB8 cents per ordinary share for the year ended 31 December 2024 totaling approximately RMB10,672,000 (31 December 2023: RMB10,672,000) and was subsequently paid on 8 August 2025.

(b) Dividends attributable to the interim period

No dividend was paid, declared or proposed during the Period (six months ended 30 June 2024: Nil).

8. INCOME TAX EXPENSE

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

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

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

	Six months ended 30 June	
	2025	2024
	RMB	RMB
	(Unaudited)	(Unaudited)
Provision of income tax	3,899,783	5,506,156
Deferred tax (credit)/expense	(255,601)	886,843
Income tax expense	3,644,182	6,392,999

9. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2025	2024
	RMB	RMB
	(Unaudited)	(Unaudited)
Profit		
Profit for the purpose of basic and diluted earnings per share attributable to owners of the Company	<u>12,068,315</u>	<u>13,209,852</u>
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	<u>133,400,000</u>	<u>133,400,000</u>
	RMB cents	RMB cents
Earnings per share	<u>9.05</u>	<u>9.90</u>

There were no potential ordinary shares outstanding during the six months ended 30 June 2025 and 2024, and hence the diluted earnings per share is the same as basic earnings per share.

10. PROPERTY, PLANT AND EQUIPMENT

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

The Group is constructing a comprehensive building on the land, comprising a product research and development center, a high-end digital intelligent manufacturing plant and a digital intelligence warehouse for its formal and causal business menswear business. During the Period, the Group recognised the addition of construction in progress of approximately RMB50,679,948 of which RMB37,315,055 have not been paid at the end of reporting period and were recorded as other payables and accruals. Besides, the amount also included interest capitalised in the construction in progress amounted to RMB1,063,332 (Note 5) during the Period.

Pledged deposits of approximately RMB2,172,445 are used to secure the construction of building and is classified as non-current assets.

Apart from the above, during the Period, the Group acquired property, plant and equipment of approximately RMB6,773,405 (six months ended 30 June 2024: RMB9,019,483).

11. TRADE AND BILLS RECEIVABLES

	As at 30 June 2025 <i>RMB</i> (Unaudited)	As at 31 December 2024 <i>RMB</i> (Audited)
Trade receivables	226,087,477	269,698,165
Less: Provision for impairment	(26,534,883)	(29,972,239)
	199,552,594	239,725,926
Bills receivables	839,008	100,000
	200,391,602	239,825,926

Note: As at 30 June 2025, included in trade receivables are amounts due from fellow subsidiaries of RMB460,350 (2024: RMB901,290). 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 following aging analysis, based on invoice dates, at the end of reporting period.

	As at 30 June 2025 <i>RMB</i> (Unaudited)	As at 31 December 2024 <i>RMB</i> (Audited)
Within 3 months	125,920,105	197,068,156
Over 3 months but within 6 months	22,479,550	13,294,132
Over 6 months but within 1 year	42,485,790	22,504,325
Over 1 year	8,667,149	6,859,313
	199,552,594	239,725,926

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

12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 30 June 2025 RMB (Unaudited)	As at 31 December 2024 RMB (Audited)
Deposits and other receivables	10,389,194	10,848,354
Less: Provision for impairment	<u>(252,618)</u>	<u>(322,424)</u>
	10,136,576	10,525,930
Prepayments	<u>25,001,944</u>	<u>12,592,569</u>
	35,138,520	23,118,499
Less: Non-current portion of prepayments, deposits and other receivables	<u>(2,998,719)</u>	<u>(2,007,608)</u>
	<u>32,139,801</u>	<u>21,110,891</u>

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.

13. TRADE AND BILLS PAYABLES

	As at 30 June 2025 RMB (Unaudited)	As at 31 December 2024 RMB (Audited)
Trade payables	95,368,370	199,080,405
Bills payables	<u>19,260,000</u>	<u>17,000,000</u>
	<u>114,628,370</u>	<u>216,080,405</u>

As at 30 June 2025, the bills payables were pledged by a deposit of RMB9,650,000 (2024: RMB8,500,000) and were guaranteed by a subsidiary of the Company. The bills payables were usually settled within six months from the date of issue.

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:

	As at 30 June 2025 RMB (Unaudited)	As at 31 December 2024 RMB (Audited)
Within 3 months	52,854,423	173,755,222
Over 3 months but within 6 months	26,809,291	12,651,239
Over 6 months but within 1 year	11,934,211	7,138,247
Over 1 year	3,770,445	5,535,697
	<u>95,368,370</u>	<u>199,080,405</u>

14. OTHER PAYABLES AND ACCRUALS

	As at 30 June 2025 RMB (Unaudited)	As at 31 December 2024 RMB (Audited)
Deposits received	74,533,821	77,829,372
Construction payables	37,315,055	26,049,938
Other tax payables (<i>Note</i>)	6,763,254	10,859,056
Others	15,747,463	8,133,250
	<u>134,359,593</u>	<u>122,871,616</u>
Less: Non-current portion of other payables and accruals	<u>(10,740,000)</u>	<u>(11,460,000)</u>
	<u>123,619,593</u>	<u>111,411,616</u>

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

15. INTEREST-BEARING BANK BORROWINGS

	As at 30 June 2025 RMB (Unaudited)	As at 31 December 2024 <i>RMB</i> (Audited)
Bank borrowings included in current liabilities	145,000,000	145,000,000
Bank borrowings included in non-current liabilities	23,241,911	–
	<u>168,241,911</u>	<u>145,000,000</u>

As at 30 June 2025, bank borrowings denominated in RMB included the following:

- Amounts of RMB100,000,000 were guaranteed by a subsidiary of the Company and personal guarantee from Directors and repayable within one year. These 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 Period, the Group had not breached any financial covenant terms.

Amounts of RMB62,000,000 included in above bank borrowings were at fixed interest rate at 3.35% per annum. The remaining amounts are at variable interest rate at 1-year Loan Prime Rate minus 0.40% per annum. The effective interest rate of the borrowings were at 2.60% per annum.

- Amounts of RMB45,000,000 were guaranteed by a subsidiary of the Company, with fixed interest rate at 3.80% per annum and repayable within one year.
- Amounts of RMB23,241,911 were secured by a land use right with carrying amount of RMB40,220,033, which was recognised as right-of-use assets, and guaranteed by a subsidiary of the Company, with variable interest rate at 5-year Loan Prime Rate per annum. The effective interest rate of the borrowings ranged from 3.50% to 3.60% per annum. The borrowing were repayable as follows:

	<i>RMB</i>
More than one year, but not exceeding two years	1,000,000
More than two years, but not exceeding five years	14,000,000
More than five years	<u>8,241,911</u>
	<u>23,241,911</u>

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

- Amounts of RMB100,000,000 were 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 were 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 ended 31 December 2024, the Group had not breached any financial covenant terms.

- Amounts of RMB45,000,000 were guaranteed by a subsidiary of the Company, with fixed interest rate at 3.80% 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.

16. SHARE CAPITAL

	<i>Number of shares</i>	<i>RMB</i>
Registered domestic shares capital and H Shares At 31 December 2024 and 30 June 2025	<u>133,400,000</u>	<u>133,400,000</u>

17. RELATED PARTY DISCLOSURES

(a) Transactions with related parties

	Six months ended 30 June	
	2025	2024
	RMB	RMB
	(Unaudited)	(Unaudited)
Rental expenses and management fee charged by:		
– a substantial shareholder	–	(1,272,304)
Water and electricity expenses charged by:		
– a substantial shareholder	<u>–</u>	<u>(485,497)</u>

Compensation of key management personnel

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

	Six months ended 30 June	
	2025	2024
	RMB	RMB
	(Unaudited)	(Unaudited)
Short-term benefits	2,205,333	1,950,262
Contributions to defined contribution retirement plan	49,607	84,782
	<u>2,254,940</u>	<u>2,035,044</u>

(b) Amount due from a substantial shareholder

During the Period, the maximum outstanding amount was approximately RMB624,293 (2024: RMB624,293).

Amount is unsecured, interest-free and repayable on demand.

(c) Amount due to a substantial shareholder

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

The licensing fees for each year shall be paid in two installments. Further details regarding the Agreement are set out in the Company’s announcement dated 30 September 2021.

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

(d) Amount due to a joint venture

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

18. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

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

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

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

The financial assets and liabilities measured at fair value as at 30 June 2025 and 31 December 2024 in the unaudited condensed consolidated statement of financial position are grouped into the fair value hierarchy as follows:

	Level 1 <i>RMB</i> (Unaudited)	Level 2 <i>RMB</i> (Unaudited)	Level 3 <i>RMB</i> (Unaudited)	Total <i>RMB</i> (Unaudited)
30 June 2025				
Assets				
Financial asset at fair value through other comprehensive income				
– Bills receivables (<i>Note a</i>)	–	839,008	–	839,008
Financial asset at fair value through profit or loss				
– Listed equity investment (<i>Note b</i>)	452,364	–	–	452,364
	Level 1 <i>RMB</i> (Audited)	Level 2 <i>RMB</i> (Audited)	Level 3 <i>RMB</i> (Audited)	Total <i>RMB</i> (Audited)
31 December 2024				
Assets				
Financial asset at fair value through other comprehensive income				
– Bills receivables (<i>Note a</i>)	–	100,000	–	100,000
Financial asset at fair value through profit or loss				
– Listed equity investment (<i>Note b</i>)	645,910	–	–	645,910

Notes:

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

During the six months ended 30 June 2025 and 2024, there have been no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

19. COMMITMENTS

(a) Operating lease commitments

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

The operating leases of certain retail stores include 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:

	As at 30 June 2025 RMB (Unaudited)	As at 31 December 2024 RMB (Audited)
Not later than one year	<u>4,178,249</u>	<u>7,318,232</u>

(b) Capital commitments

In addition to those capital commitment disclosed elsewhere in the consolidated financial statements, the Group had capital commitments as follows:

	As at 30 June 2025 RMB (Unaudited)	As at 31 December 2024 RMB (Audited)
Contracted, but not provided for:		
– Acquisition of property, plant and equipment	6,120,316	6,119,751
– Construction of the Project	62,037,492	66,837,124
	68,157,808	72,956,875

20. CREDIT FACILITIES

As at 30 June 2025, the Group has obtained banking facilities, including bank loans of totalling RMB130,000,000, of which RMB23,241,911 has been utilised by the Group (Note 15). As at 30 June 2025, the Group has unutilised banking facilities of approximately RMB106,758,089. These banking facilities were secured by a land use right with carrying amount of RMB40,220,033, which was recognised as right-of-use assets, being guaranteed by a subsidiary of the Company.

21. CONTINGENT LIABILITIES

As at 30 June 2025 and 31 December 2024, the Group had no significant contingent liabilities.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In the first half of 2025, faced with a complex situation characterized by drastic changes in the external environment and increasing internal risks and challenges, China adhered to the general work approach of seeking progress while maintaining stability, implemented the new development philosophy, fostered a new development pattern, and steadily promoted high-quality development. The national economy has withstood the pressure, demonstrated strong resilience, and shown characteristics of steady progress and structural optimization. According to the National Bureau of Statistics, from January to June 2025, retail sales of apparel, footwear and headwear and knitwear and textile products by enterprises above a designated size in China grew by 3.1% on a year-on-year basis. While retail sales of physical goods and wearable goods online increased by 1.4% on a year-on-year basis, marking a further slowdown in the recovery momentum compared to the 5.8% growth recorded in the same period of 2024. Meanwhile, consumer demand is increasingly personalized, with higher requirements for material quality, design, and brand culture. Costs across various value chain segments, including fabric development, product design, brand promotion, and construction of consumption scenarios, are continuously rising. Particularly in the menswear industry, the differentiation of competition in high-end, medium-end, and low-end brands has intensified, leading to increased operational costs for enterprises.

For the Period, the Group relied on their two core brands, FIRS and SHANSHAN, and under the guidance of the core business strategy of “high-quality development”, consistently adhered to their strategic positioning of platform-based development, continuously adjusted their business strategies, and implemented multiple strategic measures. Despite the intensifying external pressures, the Group made efforts to maintain the stability of its operating results and operating positions. During the Period, the Group remained focused on its core markets, closed stores in inefficient market areas, and optimized its live streaming stores and private domain business. As a result, operating revenue decreased slightly by approximately 10.6% to RMB425.2 million as compared to the same period in 2024, with profit and total comprehensive income attributable to the owners of the Company of RMB12.1 million, representing a slight decrease of approximately 8.3% as compared to the same period in 2024.

During the Period, the Group enhanced its brand cultural value and promoted the brand culture of Shanshan suits. As the “exclusive partner of suits” for the release of China’s clothing trends, the Group collaborated with Mr. Hu Bing, the brand ambassador for Shanshan – a renowned actor and model – at the 2025 China’s International Fashion Week in Beijing. The theme was “Eastern Gentleman”, focusing on four major lifestyle scenarios, interpreting the brand’s new intelligent design philosophy and defining the direction of trends in menswear fashion in China for 2025. During the Period, the Group maintained its focus on the large single product plan for suits, developing the SHANSHAN brand’s smart casual product series centered on suits and blazers, which have been well-received by consumers.

During the Period, the Group’s industrial park project for 5G new quality productive forces located at Wangchun Industrial Park, Haishu District, Ningbo City, Zhejiang Province has been progressing steadily, 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 project is expected to be completed by the fourth quarter of 2025, at which point the Company will place greater emphasis on technological research and development and innovation, fully committing to promoting the digital transformation of enterprises and intelligent manufacturing.

During the Period, the Group maintained its focus on the measures of the core market strategy, focusing on deepening its presence in key regional markets and enhancing its brand image. Through a series of effective measures, the Group adjusted the number of its retail terminal stores from 662 as of 31 December 2024 to 588 as of 30 June 2025, including 403 FIRS stores and 185 SHANSHAN stores, representing a decrease of approximately 11.2% in the number of retail stores. Meanwhile, the Group has targeted to empower terminal stores and franchisees through its membership system construction and retail skills training, strengthened e-commerce authorization and control, and improved the effective expansion of the Internet platform and in-depth cooperation.

FINANCIAL REVIEW

Revenue

The Group's revenue is mainly derived from sales to distributors, direct sales and franchisee sales. For the Period, the Group's total revenue slightly decreased by approximately 10.6% to RMB425.2 million from RMB475.7 million for the six months ended 30 June 2024, primarily attributable to the Group's (i) adherence to its strategy of focusing on core markets and closing inefficient non-core market areas, resulting in a decrease in sales to distributors and franchisees, and (ii) optimization of its live stream store and private domain business, resulting in a decrease from e-commerce platforms during the Period.

Revenue by sales channels

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

	Six months ended 30 June			
	2025		2024	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
	(unaudited)		(unaudited)	
Sales to distributors	31,487	7.4	47,316	9.9
Direct sales				
E-commerce platforms	146,022	34.3	171,230	36.0
Self-operated retail stores	73,348	17.3	74,109	15.6
Franchisee sales				
Cooperation arrangement	78,999	18.6	94,390	19.8
Work Uniform	44,627	10.5	34,833	7.3
Trademark sub-licensing income	50,730	11.9	53,791	11.4
Total	425,213	100	475,669	100

Revenue by brands

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

	Six months ended 30 June			
	2025		2024	
	<i>RMB'000</i> (unaudited)	%	<i>RMB'000</i> (unaudited)	%
FIRS	286,982	67.5	339,122	71.3
SHANSHAN	136,070	32.0	133,170	28.0
Others	2,161	0.5	3,377	0.7
Total	425,213	100	475,669	100

Gross profit

As a result of the above principal factors, the Group's gross profit slightly decreased by approximately 8.7% to RMB179.1 million for the Period from RMB196.2 million for the six months ended 30 June 2024.

Other revenue

Other revenue mainly comprises sales of raw materials and interest income from banks. The Group's other revenue decreased by approximately 81.3% to RMB0.3 million for the Period from RMB1.6 million for the six months ended 30 June 2024, which was mainly attributable to the Group's (i) decrease in sales of raw materials and (ii) interest income from high-interest bank deposits in 2024.

Other gains and losses, net

During the Period, the Group recorded a turnaround from other losses of RMB1.6 million for the six months ended 30 June 2024 to other gains of RMB1.1 million for the Period, which was mainly attributable to the Group's donation of supplies against cold weather for public welfare to the earthquake in Jishishan County, Linxia, Gansu Province, the PRC for the six months ended 30 June 2024.

Selling and distribution expenses

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

For the Period, the Group's selling and distribution expenses decreased by approximately 2.7% to RMB147.6 million from RMB151.7 million for the six months ended 30 June 2024, which was mainly attributable to the decrease in the share of franchisees resulted from the decrease in revenue from franchisee channels under cooperative arrangements.

Administrative expenses

Administrative expenses mainly include employee costs, travel expenses, office rental expenses and legal and professional fees of the Group that are administrative in nature.

For the Period, the Group's administrative expenses decreased by approximately 14.2% to RMB18.7 million from RMB21.8 million for the six months ended 30 June 2024, which was mainly attributable to the decrease in the Group's professional consulting fees during the Period.

Reversal of impairment loss on trade receivables, net

Reversal of impairment loss on trade receivables of RMB3.4 million was recorded for the Period as compared with reversal of impairment loss of RMB0.1 million for the six months ended 30 June 2024. This was mainly due to the Group's recovery of overdue amount of approximately RMB3.5 million from customers of work uniform.

Reversal of impairment loss on deposits and other receivables, net

Reversal of impairment loss on deposits and other receivables remained at RMB0.1 million for the Period.

Finance costs

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

Finance costs of the Group decreased by approximately 34.3% from RMB3.5 million for the six months ended 30 June 2024 to RMB2.3 million for the Period, which was mainly attributable to lower interest rates on bank borrowings and capitalisation of certain financial costs.

Income tax expense

Income tax expense mainly represents the income tax payable by the Group in accordance with the relevant income tax rules in the PRC. Income tax expense for the Period was RMB3.6 million (six months ended 30 June 2024: RMB6.4 million).

Profit for the Period

The Group's profit decreased by 8.3% from RMB13.2 million for the six months ended 30 June 2024 to RMB12.1 million for the Period.

WORKING CAPITAL MANAGEMENT

	Six months ended 30 June 2025	Year ended 31 December 2024
Average inventory turnover days	191	148
Average trade receivables turnover days	93	84
Average trade payables turnover days	121	107

The Group's average inventory turnover days increased from 148 days for the year ended 31 December 2024 to 191 days for the Period, which was mainly due to an increase in the inventory turnover days as a result of lower-than-expected sales of spring products.

The Group's average trade receivables turnover days increased from 84 days for the year ended 31 December 2024 to 93 days for the Period, which was mainly due to the fact that the Group appropriately relaxed the repayment period in line with the market environment.

The average trade payables turnover days of the Group increased from 107 days for the year ended 31 December 2024 to 121 days for the Period, which was mainly due to the extension of credit periods of suppliers.

LIQUIDITY AND FINANCIAL RESOURCES

During the Period, the Group's cash and cash equivalents amounted to approximately RMB59.1 million (approximately RMB106.5 million as at 31 December 2024). The Group's cash and cash equivalents were mainly denominated in RMB as at 30 June 2025.

As at 30 June 2025 and 31 December 2024, total bank borrowings of the Group amounted to approximately RMB168.2 million and RMB145.0 million, respectively. All bank borrowings for the Period and as at 30 June 2025 were denominated in RMB. Details of the bank borrowings of the Group are set out in note 15 to the condensed consolidated interim financial statements of this announcement. The Group's gearing ratio (total borrowings over total assets of the Group) was approximately 22.3% and 17.7% as at 30 June 2025 and 31 December 2024, respectively.

TREASURY POLICIES

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

FOREIGN EXCHANGE RISK AND HEDGING

Most of the transactions of the Group are denominated in RMB. The payment of dividends to the holders of H Shares were or will be made in Hong Kong dollars, which expose the Group to market risks arising from changes in foreign exchange rates.

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the Period (six months ended 30 June 2024: Nil).

EMPLOYEE AND REMUNERATION POLICIES

As at 30 June 2025, the Group had 272 employees (30 June 2024: 324 employees). Employee costs, including Directors' emoluments, amounted to approximately RMB20.9 million for the Period (six months ended 30 June 2024: RMB23.9 million). The remuneration policy for the Directors and senior management is based on their experience, level of responsibility and general market conditions. Any discretionary bonus and other performance bonus are linked to the profit performance of the Group and the individual performances of the Directors and senior management. The Group provides and arranges on-the-job training for the employees.

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

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

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

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As disclosed in the circular of the Company dated 2 December 2023, the estimated total costs of the industrial park project was RMB280 million (including the land use rights of a land located in Wangchun Industrial Park, Haishu District, Ningbo City, Zhejiang Province, the PRC (the "**Land Use Rights**")). As at 30 June 2025, the Company has settled the consideration of the Land Use Rights amounted to a total of RMB41,321,952 and signed a series of contracts related to the investment and construction of industrial park projects. Save as disclosed above, the Company did not have any other plan for material investments or capital assets as of 30 June 2025. The Company's expected source of funding for the coming year will tentatively come from the Group's existing internal resources and from bank borrowings for the development of the industrial park project.

CAPITAL STRUCTURE

There was no change in the capital structure of the Company as at 30 June 2025 as compared with that as at 31 December 2024.

PLEDGE OF ASSET

As at 30 June 2025, the Group pledged deposits of RMB11.8 million as guarantee deposits for bills payables and guarantee deposits for construction of the industrial park project, and the Group's bank borrowings of RMB23.2 million under non-current liabilities were secured by the Group's land use rights (31 December 2024: RMB10.7 million as guarantee deposits for bills payables and guarantee deposits for construction of the industrial park project). Save for the aforementioned pledged deposits, the Group did not pledge other assets.

CONTINGENT LIABILITIES

As at 30 June 2025, the Group had no material contingent liabilities (31 December 2024: Nil).

MANDATORY CONDITIONAL CASH OFFER

Reference is made to the announcement of the Company dated 30 June 2025 (the “**MGO Announcement**”). Unless otherwise stated, capitalised terms used in this section have the same meanings as defined in the MGO Announcement.

The Board was informed by the Offeror that on 30 June 2025 (after trading hours), the Offeror entered into the Equity Transfer Agreements with the Sellers, pursuant to which the Offeror agreed to acquire and the Sellers agreed to sell an aggregate of 46.50% of the share capital of Ningbo Liankangcai, at an aggregate consideration of RMB1,116,558.00.

Immediately following Completion and as at the date of this announcement, the Offeror held 65.10% of the share capital of Ningbo Liankangcai and therefore deemed to be interested in the 24,012,000 Domestic Shares (representing 18.00% of the total issued Shares) held by Ningbo Liankangcai and hence, Ningbo Liankangcai is regarded to be acting in concert with the Offeror under class (8) presumption of the definition of “acting in concert” under the Takeovers Code. As a result of the foregoing, the Offeror, Shaanxi Maoye and Ningbo Liankangcai owned an aggregate of 52,021,000 Domestic Shares, representing approximately 39.00% of the total issued Shares as at the date of this announcement.

Pursuant to Rule 26.1 of the Takeovers Code, the Offeror will be required to make mandatory conditional general offers in cash for all the issued Domestic Shares and H Shares other than those already owned or agreed to be acquired by the Concert Group in accordance with the Takeovers Code.

For further details, please refer to the MGO Announcement.

EVENT AFTER THE PERIOD

Save for the MGO Announcement and its subsequent development, there was no significant event that might affect the Group subsequent to the Period and up to the date of this announcement.

OUTLOOK AND PLANS

In the second half of 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.

The Group will continue to build a 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 stores and the online platforms to mutually develop an omni-channel marketing scenario. It will select a number of benchmark offline stores to pilot live streaming models, accelerating the digitalization of its marketing network. At the same time, we will actively optimize our channel structure, focus on high-quality offline terminal channels, keep a foothold in the era of digital economy and artificial intelligence, continue to expand online sales channels and methods to reach target consumers in a more precise manner and comprehensively enhance the brand’s market influence.

The Group will continue to focus on the implementation of its “suit large single product” strategy, accelerate the expansion of new product series such as “smart casual”, “light outdoor”, and build a tiered product matrix system with prominent flagship products and diversified offerings. By studying and predicting the market development prospects, understanding changes in consumer demand, strengthening product technological innovation, introducing advanced design concepts and production processes, and implementing refined operations and differentiated competition strategies, we continuously enhance our brand’s market share and strengthen consumer brand recognition. 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 core member base to continue contributing stable revenue to the Company.

The Group will ensure both quality and quantity to advance the construction of the 5G new quality productivity industrial park, making every effort to build a modern digital-intelligent industrial park integrating smart production, intelligent warehousing, new retail live streaming base, and brand incubation into one. Upon completion, the Group will achieve significant improvements in product quality, supply chain responsiveness, market delivery cycle, and other aspects, delivering premium yet cost-competitive suits and shirts products for the omni-channel marketing network, further enhancing brand awareness and market competitiveness while providing greater space for the Group's profit improvement.

The Group remains optimistic about its future development prospects and will comprehensively advance all aspects of its business management in accordance with its 2025 strategic plan and operational management measures. This will ensure the smooth implementation of the strategic plan, continuously enhance brand influence, increase the value of the Company's core assets, and better reward shareholders, employees and customers.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

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

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

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

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

AUDIT COMMITTEE

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

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

The Company did not redeem any of its H Shares listed on the Stock Exchange nor did the Company or any of its subsidiaries purchase or sell any of such H Shares (including sale of treasury shares, if any) during the Period. As at 30 June 2025 and up to the date hereof, the Company does not hold any treasury shares.

COMPLIANCE WITH MODEL CODE

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 for dealing in securities of the Company by the Directors and the supervisors of the Company (the "**Supervisors**"). In response to specific enquiries made by the Company to each of the Directors and the Supervisors, all the Directors and the Supervisors confirmed that they had complied with the Model Code during the Period.

PUBLICATION OF INTERIM REPORT

The interim report of the Company for the Period will be published on the respective websites of the Stock Exchange at <https://www.hkexnews.hk/> and the Company at <https://chinafirs.com/>, and despatched to the Shareholders (if so requested) in due course.

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

Ningbo, the PRC, 26 August 2025

As at the date of this announcement, the Board comprises:

Executive Directors:

Mr. Luo Yefei (Chairman)

Mr. Cao Yang (Vice-Chairman)

Ms. Yan Jingfen

Ms. Zhou Yumei

Non-executive Directors:

Mr. Mao Weiyong

Mr. Wang Mingming

Independent Non-executive Directors:

Mr. Chow Ching Ning

Mr. Wang Yashan

Mr. Wu Xuekai