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

2018

INTERIM
REPORT

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Corporate Information

CORPORATE NAME

Shanshan Brand Management Co., Ltd.

LISTING INFORMATION

Place of listing: Main Board of The Stock Exchange of Hong Kong Limited
Stock Code: 1749

BOARD OF DIRECTORS

Executive Directors

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

Non-Executive Directors

Mr. Zhuang Wei (Chairman)
Mr. Yang Feng
Ms. Hui Ying

Independent Non-Executive Directors

Mr. Au Yeung Po Fung
Mr. Wang Yashan
Mr. Wu Xuekai

SUPERVISORS

Ms. Zhou Danna
Ms. Wang Cheng
Ms. Yang Yi

JOINT COMPANY SECRETARIES

Ms. Yan Jingfen
Mr. Kwok Siu Man, *FCIS, FCS*

AUTHORIZED REPRESENTATIVES

Ms. Yan Jingfen
Mr. Kwok Siu Man

BOARD COMMITTEES

Audit Committee

Mr. Au Yeung Po Fung (Chairman)
Mr. Wang Yashan
Mr. Wu Xuekai

Remuneration Committee

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

Nomination Committee

Mr. Zhuang Wei (Chairman)
Mr. Wang Yashan
Mr. Wu Xuekai

REGISTERED OFFICE AND HEADQUARTERS IN THE PEOPLE'S REPUBLIC OF CHINA

238 Yunlin Middle Road
Wangchun Industrial Park
Ningbo, Zhejiang
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
25 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
12/F, Taiping Finance Tower
6001 Yitian Road
Futian District
Shenzhen
PRC

COMPLIANCE ADVISER

Dongxing Securities (Hong Kong) Company Limited
6805–6806A, 68/F
International Commerce Centre
1 Austin Road West
Kowloon
Hong Kong

PRINCIPAL BANKERS

Shanghai Pudong Development Bank
Ningbo Yinzhou Sub-branch
1st Floor, Hebang Building
No. 933 Tiantong North Road
Ningbo
Zhejiang
PRC

China Construction Bank
Business Department of Ningbo Branch
Block A, China Construction Bank Building
No. 31 Guangji Street
Ningbo
Zhejiang
PRC

China Everbright Bank
Ningbo Sub-branch
No. 828, Fuming Road
Yinzhou District
Ningbo
Zhejiang
PRC

HONG KONG H SHARE REGISTRAR AND TRANSFER OFFICE

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

Management Discussion and Analysis

BUSINESS REVIEW

On 27 June 2018 (the "**Listing Date**"), Shanshan Brand Management Co., Ltd. (the "**Company**") successfully listed the Company's overseas-listed foreign shares (the "**H Shares**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). We would like to take this opportunity to thank all customers, shareholders (the "**Shareholders**"), business partners, employees and other relevant parties of the Company for their faithful support and trust.

For the first half of 2018, the Company and its subsidiaries (collectively, the "**Group**") continued to leverage the advantages in the combination of its two core own brands (i.e. FIRS and SHANSHAN) to drive the steady growth of its results. During the six months ended 30 June 2018 (the "**Period**"), the Group followed its strategic plan to further optimise and expand the sales and distribution network, further elevate its brand recognition and awareness by increasing its brand promotion and marketing efforts, and continuously enhance its informatisation operation system and its supply chain management capabilities.

To improve its operating efficiency and implement stringent cost control measures, the Group formulated plans for and made adjustments to some retail outlets based on their operational performance. During the Period, the Group's retail network increased to 1,110 retail outlets as at 30 June 2018 from 919 retail outlets (excluding MARCO AZZALI) as at 30 June 2017, with 707 retail outlets under FIRS, 383 retail outlets under SHANSHAN and 20 retail outlets under LUBIAM, representing an increase of approximately 20.8% in the total number of retail outlets under such three brands. The retail outlets under the three brands achieved operation results that meet the Company's expectations.

FINANCIAL REVIEW

Revenue

The Group generates revenue primarily from sales to distributors, direct sales and franchisee sales. For the Period, the Group's total revenue increased by approximately 43.9% to RMB499.7 million from RMB347.3 million for the six months ended 30 June 2017, primarily attributable to the significant increase of revenue from the SHANSHAN's brand franchisee cooperation. Please see the sections headed "Revenue by sales channels" and "Revenue by brands" below for details.

Revenue by sales channels

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

	Six months ended 30 June			
	2018		2017	
	RMB'000 (unaudited)	**%**	RMB'000 (unaudited)	%
Sales to distributors	**89,365**	**17.9**	83,530	24.0
Direct sales				
E-commerce platforms	**64,844**	**13.0**	70,085	20.2
Self-operated retail outlets	**84,018**	**16.8**	64,788	18.7
Franchisee sales				
Cooperative arrangements	**227,099**	**45.4**	80,066	23.1
Franchising arrangements in relation to MARCO AZZALI(Note) and LUBIAM	**7,453**	**1.5**	8,061	2.3
Work uniforms	**18,055**	**3.6**	33,453	9.6
Trademark sub-licensing income	**8,868**	**1.8**	7,288	2.1
Total	**499,702**	**100**	347,271	100

Note: Representing the cumulative franchising sales revenue from JIC Garments (Ningbo) Co., Ltd. ("**JIC Garments**"), a subsidiary of MARCO AZZALI, up to March 2018.

Management Discussion and Analysis

Revenue by brands

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

	Six months ended 30 June			
	2018		2017	
	RMB'000 (unaudited)	%	RMB'000 (unaudited)	%
FIRS	215,790	43.2	219,453	63.2
SHANSHAN	250,975	50.2	91,725	26.4
MARCO AZZALI(Note)	7,241	1.4	11,638	3.4
LUBIAM	16,828	3.4	17,167	4.9
Others	8,868	1.8	7,288	2.1
Total	499,702	100	347,271	100

Note: Representing the cumulative sales revenue from JIC Garments, a subsidiary of MARCO AZZALI, up to March 2018.

Gross profit

For the Period, the Group's gross profit increased by approximately 53.2% to RMB294.0 million from RMB191.9 million for the six months ended 30 June 2017, primarily attributable to an increase in the total revenue of the Group.

Other revenue

Other revenue mainly includes sundry income derived from the sale of raw materials and received from the franchisees by the Group as well as interest income from banks. For the Period, the Group's other revenue increased by approximately 50.0% to RMB1.2 million from RMB0.8 million for the six months ended 30 June 2017, primarily attributable to the increase of sundry income as a result of the expansion of the SHANSHAN branded franchisee retail outlets.

Other gains and losses

Other gains and losses mainly include the Group's impairment loss on trade receivables and written down of inventories. For the Period, the Group's other gains and losses increased by approximately 61.1% to RMB2.9 million from RMB1.8 million for the six months ended 30 June 2017, primarily attributable to an increase in the impairment loss on trade receivables.

Selling and distribution expenses

Selling and distribution expenses mainly include store and e-commerce expenses, staff costs, advertising and promotional expenses, renovation costs and depreciation of the Group.

For the Period, the Group's selling and distribution expenses increased by approximately 70.8% to RMB244.2 million from RMB143.0 million for the six months ended 30 June 2017, mainly attributable to an increase in the revenue sharing fee the Company paid to the franchisees as a result of the increased sales of SHANSHAN branded products.

Administrative expenses

Administrative expenses mainly include staff costs attributable to administrative expenses, traveling expenses and trademark payments of the Group.

For the Period, the Group's administrative expenses decreased by approximately 22.3% to RMB19.9 million from RMB25.6 million for the six months ended 30 June 2017, mainly due to (i) a decrease in administrative expenses as a result of the disposal of a subsidiary JIC Garments; (ii) a decrease in agency service expenses.

Finance costs

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

For the Period, the Group's finance costs increased by approximately 23.3% to RMB7.4 million from RMB6.0 million for the six months ended 30 June 2017, primarily due to an increase in total bank borrowings and bank interest rate.

Income tax expense

Income tax expense mainly represents the income tax payable by the Group according to the relevant PRC tax rules. For the Period, the Group's income tax expense decreased by approximately 42.4% to RMB3.4 million from RMB5.9 million for the six months ended 30 June 2017, primarily due to a decrease in deferred tax on the impairment on trade receivables.

Profit for the Period

As a result of the foregoing, the Group's net profit for the Period decreased by approximately 9.3% to RMB8.8 million from RMB9.7 million for the six months ended 30 June 2017, while it increased by 48.7% compared with that for the six months ended 30 June 2017 after adding back the listing expenses.

Management Discussion and Analysis

WORKING CAPITAL MANAGEMENT

	Six months ended 30 June 2018	Year ended 31 December 2017
Average inventory turnover days	**307**	284
Average trade receivables turnover days	**58**	83
Average trade payables turnover days	**162**	178

The Group's average inventory turnover days increased from 284 days as at 31 December 2017 to 307 days as at 30 June 2018, primarily attributable to the purchase of SHANSHAN branded products from OEM suppliers under the purchase agreement in order to support the expansion of the SHANSHAN branded retail outlets and to meet the strong demand for the SHANSHAN branded products.

The Group's average trade receivables turnover days decreased from 83 days as at 31 December 2017 to 58 days as at 30 June 2018, primarily attributable to an increase in the sales of SHANSHAN branded products and a decrease in the customer's credit.

The Group's average trade payables turnover days remained relatively stable, decreasing from 178 days as at 31 December 2017 to 162 days as at 30 June 2018.

LIQUIDITY AND FINANCIAL RESOURCES

The Group maintained a solid balance sheet. As at 30 June 2018, the Group's cash and cash equivalents increased to RMB136.1 million from RMB102.1 million as at 31 December 2017, and the pledged deposits increased to RMB16.9 million from RMB13.8 million as at 31 December 2017. The increase in the cash and cash equivalents was primarily attributable to the initial public offering. Cash and cash equivalents were denominated in Renminbi ("**RMB**").

As at 30 June 2018 and 31 December 2017, the Group's total bank borrowings amounted to approximately RMB265.0 million and RMB285.0 million respectively. All bank borrowings were denominated in RMB. Details of the bank borrowings of the Group are set out in note 16 to the condensed consolidated interim financial statements. The Group's gearing ratio (total borrowings over total assets of the Group) was approximately 26.9% and 32.8% as at 30 June 2018 and 31 December 2017 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 so that the Group's cash requirements for the Group's strategy or direction from time to time can be met.

FOREIGN EXCHANGE RISK AND HEDGING

The currency risk exposed to our Group is minimal as most of the Group's transactions are carried out in RMB. Thus, the Group did not implement any foreign currency hedging policy.

Management Discussion and Analysis

USE OF PROCEEDS FROM THE INITIAL PUBLIC OFFERING

On the Listing Date, the Company's H Shares were listed on the Main Board of the Stock Exchange (the "**Listing**"). The total net proceeds from the Listing amounted to approximately HK$66.4 million (equivalent to approximately RMB55.2 million). As of 30 June 2018, the Group had no plan to change the use of proceeds as stated in the prospectus dated 12 June 2018 issued by the Company (the "**Prospectus**") in relation to the Listing.

INTERIM DIVIDEND

The board (the "**Board**") of directors (the "**Directors**") of the Company does not recommend the payment of any interim dividend for the Period (30 June 2017: nil).

EMPLOYEE AND REMUNERATION POLICIES

As at 30 June 2018, the Group had 564 employees (31 December 2017: 650 employees). Employee costs, including Directors' emoluments, amounted to approximately RMB47.3 million for the Period (six months ended 30 June 2017: RMB43.3 million). The remuneration policy for our 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 performance 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 by reference to the salaries paid by comparable companies, time commitment and responsibilities of the Directors and performance of the Group.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

Save as disclosed in the Prospectus, the Group did not have any significant investments, material acquisitions or disposals of assets, subsidiaries, associates or joint ventures during the period from the Listing Date to 30 June 2018.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in the Prospectus, there is no plan for material investments or capital assets as at the date of this interim report.

CONTINGENT LIABILITIES

As at 30 June 2018, the Group had no material contingent liabilities.

Management Discussion and Analysis

EVENT AFTER THE PERIOD

On 23 August 2018, the Company entered into two lease agreements with Shanshan Fashion Industrial Park Suqian Co., Ltd. (杉杉時尚產業園宿遷有限公司), a wholly-owned subsidiary of Ningbo Shanshan Co., Ltd. ("**Shanshan**"), in relation to the leasing of certain properties in Suqian, the PRC, by the Company for warehouse and dormitory use.

On 23 August 2018, Lubiam (Ningbo) Apparel Co., Ltd. (寧波魯比昂姆服飾有限公司) ("**Lubiam Apparel**"), a non-wholly-owned subsidiary of the Company, entered into a new lease agreement (the "**New Lease Agreement**") with Shanshan in relation to the leasing of certain properties in Ningbo, the PRC, by Lubiam Apparel for office use. The lease agreement entered into between Lubiam Apparel and Shanshan on 17 November 2016 prior to the Listing was also terminated and superseded by the New Lease Agreement with effect from 31 August 2018.

In addition, on 23 August 2018, the Company entered into a supplemental lease agreement with Shanshan in relation to the adjustment of certain leased areas and termination of the leasing of certain properties under the lease agreement entered into between the Company and Shanshan on 17 November 2016, which constituted part of the continuing connected transactions of the Company under the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") upon Listing.

Shanshan is a substantial shareholder of the Company and Shanshan Suqian is a wholly owned subsidiary of Shanshan, and therefore both Shanshan and Shanshan Suqian are connected persons of the Company pursuant to the Listing Rules. Accordingly, the above transactions constitute continuing connected transactions of the Company. Details of the continuing connected transactions are set out in the announcement of the Company dated 23 August 2018.

OUTLOOK AND PLANS

In the second half of 2018, the Group will grasp the market development opportunities and continue to make full use of its effective and extensive sales and distribution network so as to stabilise and actively expand the development of sales network, increase its brand promotion and marketing efforts, further enhance its information technology systems and its supply chain, logistics and inventory management capabilities. Meanwhile, the Group will also keep improving its operation system, strengthen its risk management measures and continuously enhance its growth potential and operational efficiency.

Corporate Governance and Other Information

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

As at 30 June 2018, the interests of the Directors, 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 Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong (the "**SFO**")), which were required: (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register as referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "**Model Code**"), to be notified to the Company and the Stock Exchange were as follows:

Long Positions

(a) Domestic shares (the "Domestic Shares") in the Company

Name of Director/ Supervisor	Class of Shares	Capacity/Nature of Interest	Number of Shares held	Percentage of Shareholding in the Relevant Class of Shares	Approximate Percentage of Shareholding in the Total Shares
Mr. Luo Yefei ("**Mr. Luo**") (Note)	Domestic Shares	Interest of a controlled corporation/ Corporate interest	10,000,000	10%	7.496%

Note:

Shaanxi Maoye Gongmao Co., Ltd. ("**Shaanxi Maoye**") is owned as to 80% by Mr. Luo, an executive Director, and 20% by Ms. Zhou Yumei ("**Ms. Zhou YM**"), the wife of Mr. Luo. By virtue of the SFO, Mr. Luo is deemed to be interested in the Domestic Shares held by Shaanxi Maoye.

(b) Shares in associated corporations of the Company

Name of Directors/ Supervisors	Name of Associated Corporations	Class of Shares	Capacity/Nature of Interest	Number of Shares held	Approximate Percentage of Shareholding
Mr. Zhuang Wei ("**Mr. Zhuang**") (Note 1)	Shanshan Holding Co., Ltd. ("**Shanshan Holding**")	Domestic Shares	Interest of a controlled corporation/ Corporate interest	22,000,000	2.200%
Mr. Cao Yang ("**Mr. Cao**") (Note 2)	Shanshan Holding	Domestic Shares	Interest of a controlled corporation/ Corporate interest	7,300,000	0.730%
Ms. Hui Ying	Ningbo Shanshan Co., Ltd. ("**Shanshan**")	Domestic Shares	Beneficial owner/ Personal interest	17,200	0.002%

Notes:

(1) Longyou Shunlong Investment Co. Ltd.* ("**Longyou Shunlong**") (龍游順龍投資有限公司) is wholly owned by Mr. Zhuang. By virtue of the SFO, Mr. Zhuang, a non-executive Director and the chairman of the Board, is deemed to be interested in the domestic shares of Shanshan Holding held by Longyou Shunlong.

(2) Shanghai Pingren Investment Co. Ltd.* ("**Shanghai Pingren**") (上海平人投資有限公司) is owned as to 90% by Mr. Cao. By virtue of the SFO, Mr. Cao, an executive Director, is deemed to be interested in the domestic shares of Shanshan Holding held by Shanghai Pingren.

Save as disclosed above, as at 30 June 2018, none of the Directors, supervisors or the chief executive of the Company had any interests or short positions in the shares of the Company or any of its associated corporations as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company pursuant to the Listing Rules.

* *For identification purpose only*

Corporate Governance and Other Information

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES

As at 30 June 2018, 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 which had 5% or more interests in the shares and the underlying shares as recorded in the register kept under section 336 of the SFO were as follows:

LONG POSITIONS AND SHORT POSITIONS IN THE SHARES

Name of Shareholders	Class of Shares	Capacity/Nature of Interest	Number of Shares held	Percentage of Shareholding in the Relevant Class of Shares	Approximate Percentage of Shareholding in the Total Shares
Shanshan (Note 1)	Domestic Shares	Beneficial owner/ Personal interest	90,000,000	90%	67.466%
Shanshan Group Co., Ltd. ("**Shanshan Group**") (Note 2)	Domestic Shares	Interest of a controlled corporation/ Corporate interest	90,000,000	90%	67.466%
Ningbo Yonggang Clothing Investment Co., Ltd. ("**Ningbo Yonggang**") (Note 3)	Domestic Shares	Interest of controlled corporations/ Corporate interest	90,000,000	90%	67.466%
Shanshan Holding (Note 4)	Domestic Shares	Interest of controlled corporations/ Corporate interest	90,000,000	90%	67.466%
Ningbo Qinggang Investment Co., Ltd. ("**Qinggang Investment**") (Note 5)	Domestic Shares	Interest of a controlled corporation/ Corporate interest	90,000,000	90%	67.466%
Mr. Zheng Yonggang ("**Mr. Zheng**") (Note 6)	Domestic Shares	Interest of controlled corporations/ Corporate interest	90,000,000	90%	67.466%
Ms. Zhou Jiqing ("**Ms. Zhou**") (Note 6)	Domestic Shares	Interest of controlled corporations/ Corporate interest	90,000,000	90%	67.466%
Shaanxi Maoye (Note 7)	Domestic Shares	Beneficial owner/ Personal interest	10,000,000	10%	7.496%
Ms. Zhou YM (Note 8)	Domestic Shares	Interest of spouse/ Family interest	10,000,000	10%	7.496%

Notes:

(1) 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 23.79% by Shanshan Group, approximately 16.09% by Shanshan Holding, approximately 0.04% by Mr. Zheng and approximately 60.08% by other public shareholders.

(2) Shanshan Group is interested in approximately 23.79% of the registered share capital of Shanshan, 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 Domestic Shares held by Shanshan.

(3) Ningbo Yonggang is interested in approximately 11.94% of the registered capital of Shanshan Group, which (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 Domestic Shares held by Shanshan.

(4) Shanshan Holding is directly interested in approximately 16.09% of the registered share capital of Shanshan and indirectly interested in approximately 23.79% of the registered share capital of Shanshan through (i) Ningbo Yonggang (a corporation of which Shanshan Holding is interested in approximately 96.93% of its registered capital), and (ii) Shanshan Group (a corporation of which Shanshan Holding is directly interested in approximately 61.84% and indirectly interested in approximately 11.94% through Ningbo Yonggang). By virtue of the SFO, Shanshan Holding is deemed to be interested in the Domestic Shares held by Shanshan.

(5) Qinggang Investment is interested in approximately 61.81% of the registered capital of Shanshan Holding. By virtue of the SFO, Qinggang Investment is deemed to be interested in the Domestic Shares held by Shanshan.

(6) Qinggang Investment is owned as to 51% by Mr. Zheng and 49% by Ms. Zhou. By virtue of the SFO, both Mr. Zheng and Ms. Zhou are deemed to be interested in the Domestic Shares held by Shanshan.

(7) Shaanxi Maoye is owned as to 80% by Mr. Luo, an executive Director and 20% by Ms. Zhou YM. By virtue of the SFO, Mr. Luo is deemed to be interested in the Domestic Shares held by Shaanxi Maoye.

(8) Ms. Zhou YM is the wife of Mr. Luo. By virtue of the SFO, Ms. Zhou YM is deemed to be interested in the Domestic Shares beneficially owned or deemed to be held by Mr. Luo.

Save as disclosed above, as at 30 June 2018, so far as it was known to or otherwise notified to the Directors or the chief executive of the Company, no other corporations or persons (other than a Director, a supervisor or the chief executive of the Company) had any interest or short position in the shares and the underlying shares as recorded in the register required to be kept under section 336 of the SFO.

Corporate Governance and Other Information

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 Shareholders' interests. The Board considers that the Company has complied with all the code provisions of the Corporate Governance Code as contained in Appendix 14 to the Listing Rules during the Period from the Listing Date to 30 June 2018.

AUDIT COMMITTEE

The audit committee of the Board (the "**Audit Committee**") comprises all three independent non-executive Directors, namely Mr. Au Yeung Po Fung (committee chairman), Mr. Wang Yashan and Mr. Wu Xuekai. The Audit Committee has reviewed with the Company's management team the Company's unaudited condensed consolidated interim results for the Period and this report.

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

The Company did not redeem any of its H Shares listed on the Stock Exchange nor did the Company or any of its subsidiaries purchase or sell any of such H Shares during the Period from the Listing Date to 30 June 2018.

COMPLIANCE WITH MODEL CODE

The Company has adopted the Model Code as its own code of conduct for dealing in securities of the Company by the Directors. In response to specific enquiries made by the Company with them, all Directors and supervisors of the Company confirmed that they had complied with the Model Code during the period from the Listing Date to 30 June 2018.

COMPETING INTERESTS

As at 30 June 2018, none of the Directors, shareholders of the Company or their respective associates had any interests in any business which competed or might compete, either directly or indirectly, with the business of the Group or had any other conflicts of interest with the Group, which must be disclosed in this report.

By Order of the Board
Shanshan Brand Management Co., Ltd.
Zhuang Wei
Chairman

Ningbo, the PRC, 23 August 2018

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2018

	Notes	For the six months ended 30 June 2018 RMB (unaudited)	2017 RMB (unaudited)
Revenue	5	**499,702,257**	347,271,280
Cost of sales		**(205,749,941)**	(155,372,524)
Gross profit		**293,952,316**	191,898,756
Other revenue		**1,223,781**	801,523
Other gains and losses		**(2,912,820)**	(1,832,071)
Selling and distribution expenses		**(244,201,101)**	(143,016,917)
Administrative expenses		**(19,880,421)**	(25,583,772)
Finance costs	7	**(7,406,607)**	(5,969,547)
Share of results of associates		**3,370,457**	3,552,157
Listing expenses		**(11,965,961)**	(4,255,663)
Profit before income tax	6	**12,179,644**	15,594,466
Income tax expense	9	**(3,418,761)**	(5,915,322)
Profit and total comprehensive income for the period		**8,760,883**	9,679,144
Profit and total comprehensive income for the period attributable to:			
— Owners of the Company		**9,116,503**	12,697,053
— Non-controlling interests		**(355,620)**	(3,017,909)
		8,760,883	9,679,144
Earnings per share attributable to owners of the Company			
— Basic and diluted	10	**0.09**	0.13

Condensed Consolidated Statement of Financial Position

As at 30 June 2018

	Notes	As at 30 June 2018 RMB (unaudited)	As at 31 December 2017 RMB (audited)
Non-current assets			
Property, plant and equipment	11	**51,291,602**	39,269,999
Intangible assets		**2,651,004**	2,604,565
Interests in associates		**55,121,242**	66,370,459
Deferred tax assets		**14,969,885**	12,678,618
Total non-current assets		**124,033,733**	120,923,641
Current assets			
Inventories		**353,897,899**	336,423,934
Trade and bills receivables	12	**153,468,053**	163,328,060
Prepayments and other receivables	13	**174,663,731**	92,971,253
Amount due from immediate holding company	19	**9,040,304**	14,917,385
Amounts due from fellow subsidiaries	19	**1,435,808**	1,501,844
Amount due from an associate		**14,284,729**	—
Tax recoverable		**1,291,578**	—
Pledged deposits		**16,900,000**	13,800,000
Cash and cash equivalents		**136,106,698**	102,072,916
		861,088,800	725,015,392
Assets of a disposal group classified as held for sale		**—**	21,898,903
Total current assets		**861,088,800**	746,914,295
Current liabilities			
Trade and bills payables	14	**179,488,667**	184,153,651
Other payables and accruals	15	**250,568,207**	177,829,716
Interest-bearing bank borrowings	16	**265,000,000**	285,000,000
Amount due to an associate		**—**	4,216,683
Amounts due to non-controlling shareholders of subsidiaries		**3,202,186**	3,200,000
Income tax payables		**—**	10,291,218
		698,259,060	664,691,268
Liabilities of a disposal group classified as held for sale		**—**	19,747,139
Total current liabilities		**698,259,060**	684,438,407

Condensed Consolidated Statement of Financial Position

As at 30 June 2018

	Notes	As at 30 June 2018 RMB (unaudited)	As at 31 December 2017 RMB (audited)
Net current assets		**162,829,740**	62,475,888
Total assets less current liabilities		**286,863,473**	183,399,529
Net assets		**286,863,473**	183,399,529
Capital and reserves			
Share capital	18	**133,400,000**	100,000,000
Reserves		**131,228,233**	60,808,669
		264,628,233	160,808,669
Non-controlling interests		**22,235,240**	22,590,860
Total equity		**286,863,473**	183,399,529

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2018

	Share capital RMB	Capital reserve RMB	Statutory surplus reserve RMB	Merger reserve RMB	Accumulated profits RMB	Attributable to ordinary equity holders of the Company RMB	Non-controlling interests RMB	Total equity RMB
At 1 January 2018 (audited)	**100,000,000**	**15,304,925**	**8,307,705**	**(44,755,847)**	**81,951,886**	**160,808,669**	**22,590,860**	**183,399,529**
Profit/(loss) and total comprehensive income for the period	–	–	–	–	9,116,503	9,116,503	(355,620)	8,760,883
Share issue under public offer (Note 18)	33,400,000	61,303,061	–	–	–	94,703,061	–	94,703,061
At 30 June 2018 (unaudited)	**133,400,000**	**76,607,986**	**8,307,705**	**(44,755,847)**	**91,068,389**	**264,628,233**	**22,235,240**	**286,863,473**
At 1 January 2017 (audited)	**100,000,000**	**15,304,925**	**4,380,059**	**(47,222,134)**	**40,909,244**	**113,372,094**	**30,599,993**	**143,972,087**
Profit/(loss) and total comprehensive income for the period	–	–	–	–	12,697,053	12,697,053	(3,017,909)	9,679,144
Transfer to statutory surplus reserve	–	–	919,147	–	(919,147)	–	–	–
Utilisation of tax loss arising from the disposal of subsidiaries upon the Reorganisation	–	–	–	1,259,382	–	1,259,382	–	1,259,382
At 30 June 2017 (unaudited)	**100,000,000**	**15,304,925**	**5,299,206**	**(45,962,752)**	**52,687,150**	**127,328,529**	**27,582,084**	**154,910,613**

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2018

	Notes	For the six months ended 30 June 2018 RMB (unaudited)	2017 RMB (unaudited)
Cash flows from operating activities			
Cash generated from operations		**12,831,134**	28,992,147
Income taxes paid		**(17,292,824)**	(5,813,715)
Net cash (used in)/generated from operating activities		**(4,461,690)**	23,178,432
Cash flows from investing activities			
Increase in pledged bank deposit		**(3,100,000)**	—
Interest received		**312,827**	314,363
Net cash outflow arising from disposal of a subsidiary	17	**(1,691,533)**	—
Purchase of property, plant and equipment	11	**(24,753,201)**	(18,338,523)
Purchase of intangible assets		**(192,171)**	(376,826)
Increase in amounts due from fellow subsidiaries		**—**	(874,575)
Net cash used in investing activities		**(29,424,078)**	(19,275,561)
Cash flows from financing activities			
Interest paid		**(7,406,607)**	(5,969,547)
Decrease in amount due to immediate holding company		**—**	(18,069,479)
Proceeds from borrowings		**—**	251,000,000
Proceeds from issuance of H Shares		**104,911,780**	—
Repayment of borrowings		**(20,000,000)**	(210,000,000)
Share issues expenses		**(10,208,719)**	—
Net cash generated from financing activities		**67,296,454**	16,960,974
Net increase in cash and cash equivalents		**33,410,686**	20,863,845
Cash and cash equivalents at beginning of period		**102,696,012**	97,109,638
Cash and cash equivalents at the end of period		**136,106,698**	117,973,483

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2018

1. GENERAL INFORMATION AND REORGANISATION

(a) General 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 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 address of its registered office and principal place of business is No. 238, Yunlin Middle Road, Wangchun Industrial Park, Ningbo, Zhejiang Province, PRC. The H Shares have been listed on the Stock Exchange since the Listing Date.

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

At the date of this report, in the opinion of the Directors, the Company's immediate and ultimate holding companies are Shanshan and Shanshan Holding respectively, both of which were established in the PRC. The issued shares of Shanshan are listed and traded on the Shanghai Stock Exchange.

(b) Reorganisation

Pursuant to a group reorganisation which was completed on 26 May 2016 as detailed in the section headed "History, Reorganisation and Corporate Structure" in the Prospectus, the Company became the holding company of the subsidiaries comprising the Group.

2. BASIS OF PREPARATION AND PRESENTATION

These condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 ("**HKAS 34**"), issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and the applicable disclosure provisions of the Listing Rules.

These condensed consolidated interim financial statements have been prepared with the same accounting policies adopted in the 2017 annual financial statements, except for those that relate to new standards or interpretations effective for the first time for period beginning on or after 1 January 2018. This is the first set of the Group's financial statements in which HKFRS 9 and HKFRS 15 have been adopted. Details of any changes in accounting policies are set out in note 3 below.

2. BASIS OF PREPARATION AND PRESENTATION (CONTINUED)

The preparation of these condensed consolidated interim financial statements in compliance with HKAS 34 requires the use of certain judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses on a year-to-date basis. Actual results may differ from these estimates. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in note 4 below.

These condensed consolidated interim financial statements are presented in RMB, unless otherwise stated. These condensed consolidated interim financial statements contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the group since the 2017 annual financial statements. These condensed consolidated interim financial statements and notes do not include all of the information required for a complete set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (the "**HKFRSs**") and should be read in conjunction with the 2017 annual financial statements.

3. CHANGES IN HKFRSs

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

- HKFRS 9, Financial Instruments
- HKFRS 15, Revenue from Contracts with Customers
- HK(IFRIC)-Interpretation 22, Foreign Currency Transactions and Advance Considerations
- Amendments to HKFRS 2, Classification and Measurement of Share-based Payment Transactions
- Amendments to HKFRS 4, Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
- Amendments to HKAS 28 included in Annual Improvements to HKFRSs 2014–2016 Cycle, Investments in Associates and Joint Ventures
- Amendments to HKAS 40, Transfers of Investment Property
- Amendments to HKFRS 1 included in Annual Improvements to HKFRSs 2014–2016 Cycle, First-time Adoption of Hong Kong Financial Reporting Standards

3. CHANGES IN HKFRSs (CONTINUED)

The impact of the adoption of HKFRS 9 Financial Instruments and HKFRS 15 Revenue from Contracts with Customers have been summarised in notes 3A and 3B respectively as below. The other new or amended HKFRSs that are effective from 1 January 2018 did not have any material impact on the group's accounting policies.

A. HKFRS 9 Financial Instruments ("HKFRS 9")

(i) Classification and measurement of financial instruments

HKFRS 9 replaces HKAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: (1) classification and measurement; (2) impairment and (3) hedge accounting. The adoption of HKFRS 9 from 1 January 2018 has resulted in changes in accounting policies of the Group.

HKFRS 9 basically retains the existing requirements in HKAS 39 for the classification and measurements of financial liabilities. However, it eliminates the previous HKAS 39 categories for financial assets of held to maturity financial assets, loans and receivables and available-for-sale financial assets. The adoption of HKFRS 9 has no material impact on the Group's accounting policies related to financial liabilities and derivative financial instruments. The impact of HKFRS 9 on the Group's classification and measurement of financial assets is set out below.

Under HKFRS 9, except for certain trade receivables (that do not contain a significant financing component in accordance with HKFRS 15), an entity shall, at initial recognition, measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("**FVTPL**"), transaction costs. A financial asset is classified as: (i) financial assets at amortised cost (the "**amortised costs**"); (ii) financial assets at fair value through other comprehensive income ("**FVTOCI**"); or (iii) FVTPL (as defined above). The classification of financial assets under HKFRS 9 is generally based on two criteria: (i) the business model under which the financial asset is managed and (ii) its contractual cash flow characteristics (the "**solely payments of principal and interest**" criterion, also known as "**SPPI criterion**"). Under HKFRS 9, embedded derivatives are no longer required to be separated from a host financial asset. Instead, the hybrid financial instrument is assessed as a whole for the classification.

3. CHANGES IN HKFRSs (CONTINUED)

A. HKFRS 9 Financial Instruments ("HKFRS 9") (Continued)

(i) Classification and measurement of financial instruments (Continued)

A financial asset is measured at amortised cost if it meets both of the following conditions and it has not been designated as at FVTPL:

- It is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

A debt investment is measured at FVTOCI if it meets both of the following conditions and it has not been designated as at FVTPL:

- It is held within a business model whose objective is to be achieved by both collecting contractual cash flows and selling financial assets; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

On initial recognition of an equity investment that is not held for trading, the Group could irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. All other financial assets not classified at amortised cost or FVTOCI as described above are classified as FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or FVTOCI at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

3. CHANGES IN HKFRSs (CONTINUED)

A. HKFRS 9 Financial Instruments ("HKFRS 9") (Continued)

(i) Classification and measurement of financial instruments (Continued)

The following table summarizes the original measurement categories under HKAS 39 and the new measurement categories under HKFRS 9 for each class of the Group's financial assets as at 1 January 2018. There is no change in their carrying amount as at 1 January 2018 upon the adoption of HKFRS 9.

Financial assets	Original classification under HKAS 39	New classification under HKFRS 9
Amount due from fellow subsidiaries	Loans and receivables	Amortised cost
Amount due from immediate holding company	Loans and receivables	Amortised cost
Trade and bills receivables	Loans and receivables	Amortised cost
Prepayments and other receivables	Loans and receivables	Amortised cost
Amount due from an associate	Loans and receivables	Amortised cost
Pledged deposits	Loans and receivables	Amortised cost
Cash and cash equivalents	Loans and receivables	Amortised cost

(ii) Impairment of financial assets

The adoption of HKFRS 9 has changed the Group's impairment model by replacing the HKAS 39 "incurred loss model" to the "expected credit losses ("ECLs") model". HKFRS 9 requires the Group to recognise ECLs for trade and other receivables and debt financial assets earlier than HKAS 39. Pledged deposit and cash and cash equivalents are subject to ECLs model but the impairment is immaterial for the current period.

Under HKFRS 9, the loss allowances are measured on either of the following bases: (1) 12-month 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.

Measurement of ECLs

ECLs are based on the difference between the contractual cash flows due 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.

3. CHANGES IN HKFRSs (CONTINUED)

A. HKFRS 9 Financial Instruments ("HKFRS 9") (Continued)

(ii) Impairment of financial assets (Continued)

Measurement of ECLs (Continued)

The Group has elected to measure loss allowances for trade and other receivables using HKFRS 9 simplified approach and has calculated 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.

For other debt financial assets, the ECLs are based on the 12-month ECLs. The 12-month ECLs is the portion of the lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and 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.

The Group considers a financial asset to be in default when: (1) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (2) the financial asset is more than one year past due.

The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

Presentation of ECLs

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Management has concluded that neither the new requirements related to the classification and measurement nor the requirements related to impairment have any impact on the condensed consolidated interim financial statements of the Company.

3. CHANGES IN HKFRSs (CONTINUED)

A. HKFRS 9 Financial Instruments ("HKFRS 9") (Continued)

(iii) Transition

The Group has applied the transitional provision in HKFRS 9 as such that HKFRS 9 was generally adopted without restating comparative information. The reclassifications and the adjustments arising from the new ECLs rules are therefore not reflected in the statement of financial position as at 31 December 2017, but are recognised in the statement of financial position on 1 January 2018. This means that the differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of HKFRS 9 are recognised in retained earnings and reserves as at 1 January 2018. Accordingly, the information presented for 2017 does not reflect the requirements of HKFRS 9 but rather those of HKAS 39.

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application of HKFRS 9 (the "**DIA**"):

- The determination of the business model within which a financial asset is held.
- Any designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL; and
- Any designation of certain investments in equity investments not held for trading as at FVTOCL.

If an investment in a debt investment had a low credit risk at the DIA, then the Group has assumed that the credit risk on the asset had not increased significantly since its initial recognition.

B. HKFRS 15 Revenue from Contracts with Customers ("HKFRS 15")

HKFRS 15 supersedes HKAS 11 Construction Contracts, HKAS 18 Revenue and related interpretations. HKFRS 15 has established a five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at the amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Group has adopted HKFRS 15 using the cumulative effect method without practical expedients. The Group has recognised the cumulative effect of initially applying HKFRS 15 as an adjustment to the opening balance of retained earnings at the date of initial application (that is, 1 January 2018). As a result, the financial information presented for 2017 has not been restated.

3. CHANGES IN HKFRSs (CONTINUED)

B. HKFRS 15 Revenue from Contracts with Customers ("HKFRS 15") (Continued)

The Group assessed the impacts of adopting HKFRS 15 on its financial statements. Based on the assessment, the adoption of HKFRS 15 has no significant impact on the Group's revenue recognition.

Details of the new significant accounting policies and the nature of the changes to previous accounting policies in relation to the Group's trading of garments are set out below:

Revenue for trading of garments generally includes only one performance obligation. The Group has concluded that revenue from trading of garments should be recognised at the point in time when control of the products is transferred to the customer, generally when the products are delivered to and the risks of obsolescence and loss have been transferred to customer. Therefore, the adoption of HKFRS 15 did not result in any significant impact on the condensed consolidated interim financial statements of the Company.

4. USE OF JUDGEMENTS AND ESTIMATES

In preparing these condensed consolidated interim financial statements, the significant judgements 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 2017 annual financial statements, except for new significant judgements and key sources of estimation uncertainty related to the application of HKFRS 9 and HKFRS 15 as described in note 3 above.

5. SEGMENT INFORMATION AND REVENUE

(a) Reportable segment

During the Period, the information reported to the executive Directors, who are the chief operating decision makers for the purpose of resource allocation and assessment of performance, is the financial information of the Group as a whole as reported under HKFRSs. Such information does not contain profit or loss information of a particular product or service line or geographical area, 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.

(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.

5. SEGMENT INFORMATION AND REVENUE (CONTINUED)

(c) Information about major customer

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

(d) Revenue

	Six months ended 30 June	
	2018	2017
	RMB	RMB
	(unaudited)	(unaudited)
Sale of goods	**490,834,332**	339,983,545
Trademark sub-licensing income	**8,867,925**	7,287,735
	499,702,257	347,271,280

6. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging:

	Six months ended 30 June	
	2018	2017
	RMB	RMB
	(unaudited)	(unaudited)
Auditor's remuneration (Note)	**—**	—
Advertising and promotional expenses	**12,433,238**	12,620,284
Amortisation on intangible assets	**145,732**	697,684
Depreciation on property, plant and equipment	**12,731,598**	6,463,346
Cost of inventories sold	**205,749,941**	155,372,524
Lease payments under operating leases:		
— minimum lease payments	**18,770,680**	11,145,116
— contingent rents	**6,086,541**	9,365,605
Trademark payments	**563,905**	599,398
Staff costs	**47,298,654**	43,274,987

Note: Auditor's remuneration for the period was borne by the Company's immediate holding company.

7. FINANCE COSTS

	Six months ended 30 June	
	2018	2017
	RMB	RMB
	(unaudited)	(unaudited)
Imputed interest on amount due to a non-controlling shareholder of a subsidiary	**72,385**	144,769
Interest expenses on bank borrowings wholly repayable within one year	**7,334,222**	5,824,778
	7,406,607	5,969,547

8. DIVIDENDS

No dividends were paid, declared or proposed during the Period. The Board has determined that no dividend will be paid in respect of the Period.

9. INCOME TAX EXPENSE

Enterprise income tax has been provided at the rate of 25% for each of the six months period ended 30 June 2017 and 2018 on the estimated assessable profits for the periods arising from the PRC.

The amounts of income tax expense in the condensed consolidated statements of comprehensive income represent:

	Six months ended 30 June	
	2018	2017
	RMB	RMB
	(unaudited)	(unaudited)
Provision of income tax for current period	**5,710,028**	6,035,636
Deferred tax	**(2,291,267)**	(120,314)
Income tax expense	**3,418,761**	5,915,322

10. EARNINGS PER SHARE

Basic earnings per share is calculated based on the profit attributable to owners of the Company and the weighted average number of shares in issue during the respective periods.

	Six months ended 30 June	
	2018	2017
	RMB	RMB
	(unaudited)	(unaudited)
Profit for the period attributable to owners of the Company (RMB)	**9,116,503**	12,697,053
Weighted average number of shares in issue during the period	**100,553,591**	100,000,000
Basic earnings per share (RMB)	**0.09**	0.13

Diluted earnings per share is the same as the basic earnings per share as there are no dilutive potential shares in existence during the current and prior periods.

11. PROPERTY, PLANT AND EQUIPMENT

During the Period, the Group acquired property, plant and equipment of approximately RMB24,753,201 (six months ended 30 June 2017: RMB18,338,523).

12. TRADE AND BILLS RECEIVABLES

	As at	As at
	30 June	31 December
	2018	2017
	RMB	RMB
	(unaudited)	(audited)
Trade receivables	**210,644,046**	206,877,027
Bills receivables	**2,359,332**	11,809,173
Less: provision for impairment	**(59,535,325)**	(55,358,140)
	153,468,053	163,328,060

12. TRADE AND BILLS RECEIVABLES (CONTINUED)

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

	As at 30 June 2018 RMB (unaudited)	As at 31 December 2017 RMB (audited)
Within 3 months	**87,286,221**	96,868,762
Over 3 months but within 6 months	**22,932,714**	39,222,650
Over 6 months but within 1 year	**43,249,118**	25,123,210
Over 1 year	**–**	2,113,438
	153,468,053	163,328,060

The Group offers a general credit period from 30 to 240 days on sales of goods to customers while business partners with strong financial background may be offered longer credit terms.

13. PREPAYMENTS AND OTHER RECEIVABLES

	As at 30 June 2018 RMB (unaudited)	As at 31 December 2017 RMB (audited)
Prepayments	**92,380,529**	67,606,880
Other receivables	**82,946,488**	26,027,659
Less: provision for impairment	**(663,286)**	(663,286)
	174,663,731	92,971,253

14. TRADE AND BILLS PAYABLES

	As at 30 June 2018 RMB (unaudited)	As at 31 December 2017 RMB (audited)
Bank acceptance bills	**46,000,000**	37,000,000
Trade payables	**133,488,667**	147,153,651
	179,488,667	184,153,651

Included in trade and bills payables are trade creditors with the following ageing analysis, based on invoice dates, as at the end of reporting period:

	As at 30 June 2018 RMB (unaudited)	As at 31 December 2017 RMB (audited)
Within 3 months	**101,279,572**	109,023,694
Over 3 months but within 6 months	**24,328,349**	17,794,544
Over 6 months but within 1 year	**6,155,466**	10,832,045
Over 1 year	**1,725,280**	9,503,368
	133,488,667	147,153,651

15. OTHER PAYABLES AND ACCRUALS

	As at 30 June 2018 RMB (unaudited)	As at 31 December 2017 RMB (audited)
Other payables and accruals	**212,087,902**	148,727,081
Other tax payables	**5,751,558**	3,197,153
Receipt in advance	**24,876,445**	17,980,376
Sales rebate	**7,852,302**	7,925,106
	250,568,207	177,829,716

16. INTEREST-BEARING BANK BORROWINGS

	As at 30 June 2018 RMB (unaudited)	As at 31 December 2017 RMB (audited)
Interest-bearing bank borrowings due for repayment within one year	**265,000,000**	285,000,000

As at 31 December 2017, bank borrowings were unsecured, arranged at fixed interest rates ranging from 4.79% to 5.44% per annum and repayable within one year.

As at 30 June 2018, bank borrowings were unsecured, arranged at fixed interest rates ranging from 5.20% to 5.44% per annum and repayable within one year.

17. DISPOSAL OF A SUBSIDIARY

During the Period, the Group disposed of the entire equity interest in JIC Garments. The assets and liabilities of JIC Garments at the date of disposal were as follows:

	RMB
Property, plant and equipment	19,598
Intangible assets	1,685,906
Inventories	13,373,095
Trade and bills receivables	1,528,786
Prepayment and other receivables	2,913,491
Cash and cash equivalents	1,691,548
Trade and bills payables	(10,854,592)
Other payables and accruals	(10,970,409)
Net liability disposed of	(612,577)
Gain on disposal of subsidiary included in profit or loss	612,592
Total consideration	15
Net cash outflow arising on disposal	
Cash consideration	15
Bank balance and cash disposed of	(1,691,548)
	(1,691,533)

18. SHARE CAPITAL

	Number of shares	RMB
Registered domestic share capital and H Shares		
At 1 January 2017, 31 December 2017 and 1 January 2018 (audited)	100,000,000	100,000,000
Issuance of H shares (Note)	33,400,000	33,400,000
At 30 June 2018 (unaudited)	133,400,000	133,400,000

Note: On the Listing Date, an aggregate of 33,400,000 H shares of RMB1 each were issued at a price of HK$3.78 per share (the "**Share Offer**"). The Group raised approximately RMB104,911,780 before any related listing expenses arising from the Share Offer, resulting in an increase in the issued share capital of the Company by RMB33,400,000 and the capital reserve of the Company by RMB61,303,061, which was net off by the related share issue expense of RMB10,208,719.

19. RELATED PARTY DISCLOSURES

(a) Amounts due from immediate holding company/fellow subsidiaries

Amounts due from immediate holding company/fellow subsidiaries are unsecured, interest-free and repayable on demand.

The amounts due from immediate holding company/fellow subsidiaries may be categorised as follows:

	As at 30 June 2018 RMB (unaudited)	As at 31 December 2017 RMB (audited)
Amount due from immediate holding company:		
— Trade nature (Note)	**8,121,115**	13,998,196
— Non-trade nature	**919,189**	919,189
	9,040,304	14,917,385
Amounts due from fellow subsidiaries:		
— Trade nature	**1,265,568**	1,353,428
— Non-trade nature	**170,240**	148,416
	1,435,808	1,501,844

Note: The amount due from immediate holding company which is trade nature mainly arose from the sales arrangement as described in note 19(b)(ii).

19. RELATED PARTY DISCLOSURES (CONTINUED)

(b) Transactions with related parties

(i) During the Period, the Group entered into the following transactions with related parties:

	For six months ended 30 June	
	2018	2017
	RMB	RMB
	(unaudited)	(unaudited)
Product inspection expenses recharged on markup to:		
— associates	**58,489**	—
Sales of goods to:		
— associates	**690**	496
— fellow subsidiaries	**91,999**	1,286,934
Purchases from:		
— non-controlling shareholder of a subsidiary	**(371,898)**	(619,411)
— an associate	**—**	(98,612)
Sub-contracting expenses charged by:		
— associates	**(1,017,060)**	(2,467,089)
Rental expenses charged by:		
— immediate holding company	**(2,556,726)**	(2,859,324)
Water and electricity expenses charged by:		
— immediate holding company	**(631,134)**	(166,618)
Sales commission charged by:		
— fellow subsidiaries	**(951,173)**	(81,490)
Shopping mall expenses charged by:		
— fellow subsidiaries	**(475,752)**	(50,618)

19. RELATED PARTY DISCLOSURES (CONTINUED)

(b) Transactions with related parties (Continued)

(ii) During the Period, the Group occasionally participated in the tendering and bidding of uniform of large-scale enterprises through Shanshan. After winning such bids, Shanshan would then designate the Group to fulfill its obligation under the relevant bid contracts entered into between the project customers and Shanshan. Following delivery of goods by the Group to the project customers in connection with such bids, the Group would issue invoices to Shanshan in accordance with the contractual price in respect of such delivered goods (net of certain tender costs and relevant tax on actual incurred basis), and Shanshan would then, in return, issue invoices to such relevant customers at the same contractual price. The amount of invoices being issued by the Group to Shanshan under this arrangement for each of the period ended 30 June 2017 and 2018 were RMB15,167,792 and RMB2,634,347 respectively.

(c) Compensation of key management personnel

Total emoluments of the Group's directors and senior management during the Period are as follows:

	For six months ended 30 June	
	2018	2017
	RMB	RMB
	(unaudited)	(unaudited)
— Short-term benefits	**1,345,795**	1,565,213
— Contributions to defined contribution retirement plan	**85,364**	101,065
	1,431,159	1,666,278

20. COMMITMENTS

(a) Operating lease commitments

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

	As at 30 June 2018 RMB (unaudited)	As at 31 December 2017 RMB (audited)
Not later than one year	**28,874,487**	29,244,466
Later than one year but not later than 5 years	**27,234,686**	26,273,744
	56,109,173	55,518,210

The Group leases various offices, retail shops and warehouses under non-cancellable lease agreements. The lease terms are between one to four years.

The operating leases of certain retail shops also call for additional rentals, which will be 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 shops could not be accurately determined as at the end of the period, the relevant contingent rentals have not been included.

(b) Capital commitments

As at 31 December 2017 and 30 June 2018, the Group had no significant capital commitments.

21. CONTINGENT LIABILITIES

As at 31 December 2017 and 30 June 2018, the Group had no significant contingent liabilities.