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 2020

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 2020 (the "**Period**"), together with the comparative figures for the corresponding period of 2019 and as at 31 December 2019 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 2020

		Six months ended 30 June	
		2020	2019
	Notes	***RMB***	*RMB*
		(unaudited)	(unaudited)
Revenue	6	**324,560,034**	533,757,730
Cost of sales		**(155,370,691)**	(234,056,017)
Gross profit		**169,189,343**	299,701,713
Other revenue		**590,661**	788,401
Other gains and losses, net		**15,786,311**	1,731,498
Selling and distribution expenses		**(218,750,241)**	(266,552,964)
Administrative expenses		**(22,562,269)**	(20,622,806)
Impairment loss on trade receivables, net		**(9,811,318)**	(1,657,130)
Impairment loss on other receivables, net		**(1,045,379)**	—
Finance costs	7	**(7,851,243)**	(8,367,478)
Share of results of associates		**(2,049,338)**	3,030,970
(Loss)/profit before income tax	8	**(76,503,473)**	8,052,204
Income tax credit/(expense)	10	**3,712,058**	(565,543)
(Loss)/profit and total comprehensive income for the period		**(72,791,415)**	7,486,661
(Loss)/profit and total comprehensive income for the period attributable to:			
— Owners of the Company		**(70,615,112)**	8,643,075
— Non-controlling interests		**(2,176,303)**	(1,156,414)
		(72,791,415)	7,486,661
(Loss)/earnings per share attributable to owners of the Company			
— Basic and diluted (RMB)	11	**(0.53)**	0.06

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Notes	**As at 30 June 2020** *RMB* **(unaudited)**	As at 31 December 2019 *RMB* (audited)
Non-current assets			
Property, plant and equipment	12	**57,752,521**	57,877,771
Right-of-use assets		**50,933,772**	67,432,907
Intangible assets		**3,958,850**	3,803,852
Interests in associates		**14,193,425**	51,157,988
Prepayments, deposits and other receivables	14	**10,039,668**	13,816,840
Deferred tax assets		**21,777,459**	18,599,089
		158,655,695	212,688,447
Current assets			
Inventories		**476,044,144**	503,447,118
Trade and bills receivables	13	**122,557,509**	188,092,076
Prepayments, deposits and other receivables	14	**76,115,527**	60,602,046
Amount due from immediate holding company	20	**—**	433,200
Amounts due from related companies	20	**185,079**	—
Amounts due from fellow subsidiaries	20	**—**	156,541
Income tax recoverable		**1,957,581**	2,455,174
Pledged deposits		**29,076,150**	33,556,150
Cash and cash equivalents		**61,585,033**	137,475,542
		767,521,023	926,217,847

	Notes	As at 30 June 2020 RMB (unaudited)	As at 31 December 2019 RMB (audited)
Current liabilities			
Trade and bills payables	15	**128,311,486**	229,871,356
Contract liabilities		**30,977,257**	29,326,585
Other payables and accruals	16	**222,927,397**	241,361,254
Interest-bearing bank borrowings	17	**273,223,010**	180,000,000
Amounts due to related companies	20	**1,997,994**	—
Amount due to immediate holding company	20	**—**	100,000,000
Amount due to an associate		**—**	83,648
Amount due to a non-controlling shareholder of a subsidiary		**6,612,411**	9,812,410
Lease liabilities		**19,571,612**	23,362,334
		683,621,167	813,817,587
Net current assets		**83,899,856**	112,400,260
Total assets less current liabilities		**242,555,551**	325,088,707
Non-current liabilities			
Deferred tax liabilities		**—**	533,688
Lease liabilities		**32,727,766**	41,935,819
Total non-current liabilities		**32,727,766**	42,469,507
Net assets		**209,827,785**	282,619,200
Capital and reserves			
Share capital	19	**133,400,000**	133,400,000
Reserves		**63,422,029**	134,037,141
		196,822,029	267,437,141
Non-controlling interests		**13,005,756**	15,182,059
Total equity		**209,827,785**	282,619,200

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2020

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

As at 31 December 2019, the Company's immediate and ultimate holding companies were Ningbo Shanshan Co., Ltd. ("**Shanshan**") and Shanshan Holding Co., Ltd. ("**Shanshan Holding**"), respectively, both of which were established in the PRC. On 24 June 2020, Shanshan disposed of 25% of the equity interests in the Company, and the shareholding decreased from 67% to 42 %. Since then, the Directors considered that Shanshan and Shanshan Holding are no longer the Group's immediate holding company and ultimate holding company, respectively.

2. BASIS OF PREPARATION AND PRESENTATION

These condensed consolidated interim financial statements of the Group for the Period 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 Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"). These condensed consolidated interim financial statements were authorised for issue on 24 August 2020.

These condensed consolidated interim financial statements have been prepared with the same accounting policies adopted in the 2019 annual financial statements, except for those that relate to new/revised standards or interpretations effective for the first time for periods beginning on or after 1 January 2020. Details of any changes in accounting policies are set out in note 4. The adoption of the new/revised Hong Kong Financial Reporting Standards ("**HKFRSs**") have no material effect on these condensed consolidated interim financial statements. The Group has not early adopted any new/revised HKFRSs that has been issued but not yet effective in the current accounting period.

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 and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates. The areas where significant judgements and estimates have been made in preparing the financial statements and their effect are disclosed in note 5.

These condensed consolidated interim financial statements are presented in Renminbi ("**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 2019 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 HKFRSs and should be read in conjunction with the 2019 annual financial statements.

3. SIGNIFICANT EVENTS

The World Health Organisation declared coronavirus and COVID-19 a global health emergency on 30 January 2020. Since then, the Group has experienced significant disruption to its operations in the following aspects:

— Decreased demand for certain garments as a consequence of social distancing requirements and recommendations;

— Disruptions in the supply of inventory from major suppliers;

— Significant uncertainty concerning when the government lockdowns will be lifted, social distancing requirements will be eased and the long-term effects of the pandemic on the demand for the Group's primary products.

The significant events and transactions that have occurred since 31 December 2019 relate to the effects of the global pandemic on the Group's condensed consolidated interim financial statements for the Period are summarised as follows.

(a) Decrease in sales and cash flows

As disclosed in note 6, most revenue streams have experienced significant reductions since the pandemic's effects became widespread. The Group considered the reduced sales and reductions in budgeted revenue as indicators of impairment, and therefore determined the recoverable amount for all of its cash generating units. The recoverable amount is the higher of fair value less costs of disposal and value in use. Value in use was higher in all cases due to the nature of the assets included in the carrying amount of cash generating units.

The Group's cash generating unit ("**CGU**"), the sales of garments in the PRC, was tested for impairment as summarised below:

Recoverable amount exceeded the carrying amount of the sales of garments CGU based on forecast cash flows. The cash flow forecasts for the sales of garments CGU are based on the budgets approved by the management for the next 5 years, with a terminal value thereafter. Based on the impairment testing result, the carrying amount of the Group's CGU is fully recoverable.

(b) Rent concessions received from lessors

Due to the government policy, the Group has closed a number of its retail shops in January and February 2020 which have been reopened in March 2020.

The Group has received numerous forms of rent concessions from lessors due to being unable to operate for significant periods of time, including:

— Rent forgiveness; and

— Deferrals of rent

As discussed in note 4, the Group has elected to apply the practical expedient introduced by the amendments to HKFRS 16 to all rent concessions that satisfy the criteria. Substantially all of the rent concessions entered into during the Period satisfy the criteria to apply the practical expedient.

The application of the practical expedient has resulted in the reduction of total lease liabilities of RMB138,651. The effect of this reduction has been recorded in profit or loss in the Period in which the event or condition that triggers those payments occurs.

4. CHANGES IN HKFRSs

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

- Amendments to HKFRS 3: Definition of a Business
- Amendments to HKFRS 7, HKFRS 9 and HKAS 39: Interest Rate Benchmark Reform
- Amendments to HKAS 1 and HKAS 8: Definition of Material
- Amendments to HKFRS 16: COVID-19-Related Rent Concessions
- Conceptual Framework for Financial Reporting (Revised)

The new/revised HKFRSs that are effective from 1 January 2020 did not have any significant impact on the Group's accounting policies.

Amendments to HKFRS 3: Definition of a Business

The amendments clarify that a business must include, as a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs, together with providing extensive guidance on what is meant by a "substantive process".

Additionally, the amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs, whilst narrowing the definition of "outputs" and a "business" to focus on returns from selling goods and services to customers, rather than on cost reductions.

An optional concentration test has also been added that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

Amendments to HKFRS 7, HKFRS 9 and HKAS 39: Interest Rate Benchmark Reform

The amendments modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainties caused by interest rate benchmark reform. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties.

Amendments to HKAS 1 and HKAS 8: Definition of Material

The amendments clarify the definition and explanation of "material", aligning the definition across all HKFRSs and the Conceptual Framework, and incorporating supporting requirements in HKAS 1 into the definition.

Amendments to HKFRS 16: COVID-19-Related Rent Concessions

Effective 1 June 2020, HKFRS 16 was amended to provide a practical expedient for lessees accounting for rent concessions that arise as a direct consequence of the COVID-19 pandemic and satisfy the following criteria:

(a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

(b) The reduction is lease payments affects only payments originally due on or before 30 June 2021; and

(c) There is no substantive change to other terms and conditions of the lease.

Rent concessions that satisfy these criteria may be accounted for in accordance with the practical expedient, which means the lessee does not need to assess whether the rent concession meets the definition of a lease modification. Lessees apply other requirements in HKFRS 16 in accounting for the concession.

The Group has elected to utilise the practical expedient for all rent concessions that meet the criteria. The practical expedient has been applied retrospectively, meaning it has been applied to all rent concessions that satisfy the criteria, which in the case of the Group, occurred between January 2020 and June 2020.

Accounting for the rent concessions as lease modifications would have resulted in the Group remeasuring the lease liability to reflect the revised consideration using a revised discount rate, with the effect of the change in the lease liability recorded against the right-of-use asset. By applying the practical expedient, the Group is not required to determine a revised discount rate and the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs. The effect of applying the practical expedient is disclosed in note 3(b).

Conceptual Framework for Financial Reporting (Revised)

The revised framework is not a standard nor an accounting guideline. It does not override any standard, any requirement in a standard or accounting guideline. The revised framework includes: new chapters on measurement and reporting financial performance; new guidance on derecognition of assets and liabilities; updated definitions of asset and liability; and clarifications in the roles of stewardship, prudence and measurement uncertainty in financial reporting.

5. USE OF JUDGEMENTS AND ESTIMATES

In preparing the 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 2019 annual financial statements.

However, as disclosed in note 3, the effects of COVID-19 have required significant judgements and estimates to be made, including:

(a) Whether rent concessions satisfy the criteria to be accounted for using the practical expedient introduced by the amendments to HKFRS 16;

(b) Assessing whether the entity has reasonable assurance as to whether it will comply with the conditions attached to government grants;

(c) Calculating the recoverable amount for CGUs that exhibit indicators of impairment as at the period end; and

(d) Determining which information obtained subsequent to period end provides evidence of conditions that existed as at the end of the reporting period ("**adjusting events after the reporting period**") and which do not ("**non-adjusting events after the reporting period**").

Additionally, while the changes in the following judgements and estimates have not had a material impact on the Group, the effects of COVID-19 have required revisions to:

(a) Determining the net realisable value of inventory that has become slow moving due to the effects of COVID-19;

(b) Estimates of customer returns and the determination of the Group's methodology for estimating the transaction price for sale subject to rights of return;

(c) Estimates of expected credit losses attributable to trade receivables arising from sale to customers on credit terms, including the incorporation of forward-looking information to supplement historical credit loss rates; and

(d) Assessment of the Group's ability to continue as a going concern. Although the Group has experienced downturns during the Period, the Directors do not consider that there are material uncertainties that cast doubt on the Group's going concern status over the course of the next 18 months. This judgement was made with consideration of the Group's liquidity position, given the underlying strength of the statement of financial position, the maturity dates of existing borrowings and the absence of covenants over such borrowings, the availability of undrawn finance facilities in place, and based on the assumptions and potential scenarios modelled within the trading segment as described in note 3, alongside the Directors' proposed responses to each scenario. Under each scenario, mitigating actions are all within management control, can be initiated as they relate to discretionary spend, and do not impact on the ability to meet demand. No significant structural changes to the business are assumed to be required under each scenario. Under each scenario, after taking mitigating actions as needed, the forecasts indicate that it is appropriate for the going concern basis to be adopted in preparing the interim report and financial statements, and that there are no material uncertainties over the assumptions underpinning this judgement that are required to be disclosed.

6. SEGMENT INFORMATION AND REVENUE

(a) Reportable segment

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

The following summary describes the operations of the Group's reportable segment:

Revenue from contracts with customers within the scope of HKFRS 15:

	Six months ended 30 June	
	2020	2019
	RMB	*RMB*
	(unaudited)	(unaudited)
Trading of garments	**298,607,591**	526,993,579
Trademark sub-licensing income	**25,952,443**	6,764,151
	324,560,034	533,757,730

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

Disaggregation of revenue from contracts with customers

	Trading of garments	
	Six months ended 30 June	
	2020	2019
	RMB	*RMB*
	(unaudited)	(unaudited)
Primary geographical market		
PRC	**324,560,034**	533,757,730
Major product/service		
Standard garment products	**298,607,591**	526,993,579
Trademark sub-licensing income	**25,952,443**	6,764,151
	324,560,034	533,757,730
Revenue by brands		
FIRS	**89,483,297**	221,340,708
SHANSHAN	**203,298,729**	294,175,424
LUBIAM	**5,825,565**	11,477,447
OTHERS	**25,952,443**	6,764,151
	324,560,034	533,757,730
Timing of revenue recognition		
At a point in time	**317,814,751**	526,993,579
Transferred over time	**6,745,283**	6,764,151
	324,560,034	533,757,730

(b) Geographic information

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

(c) Information about major customer

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

7. FINANCE COSTS

	Six months ended 30 June	
	2020	2019
	RMB	*RMB*
	(unaudited)	(unaudited)
Interest on amount due to a related company	**1,213,271**	—
Interest expenses on bank borrowings wholly repayable within one year	**5,208,304**	7,296,249
Interest expenses on lease liabilities	**1,429,668**	1,071,229
	7,851,243	8,367,478

8. (LOSS)/PROFIT BEFORE INCOME TAX

(Loss)/profit before income tax is arrived at after charging:

	Six months ended 30 June	
	2020	2019
	RMB	*RMB*
	(unaudited)	(unaudited)
Advertising and promotional expenses	**9,047,325**	14,067,693
Amortisation on intangible assets	**252,068**	187,741
Depreciation on property, plant and equipment	**23,357,270**	23,191,245
Depreciation of right-of-use assets	**14,558,481**	12,979,845
Impairment loss on trade receivables, net	**9,811,318**	1,657,130
Impairment loss on other receivables, net	**1,045,379**	—
Cost of inventories sold	**155,370,691**	234,056,017
Expenses relating to leases of low value assets	**92,462**	—
Expenses relating to short-term leases	**14,944,413**	9,131,822
Expenses relating to variable lease payments	**3,920,174**	1,287,363
Trademark payments	**317,965**	326,242
Staff costs	**40,524,008**	47,736,285

9. DIVIDENDS

	Six months ended 30 June	
	2020	2019
	RMB	*RMB*
	(unaudited)	(unaudited)
Final dividend paid in respect of prior year RMB nil (2019: RMB0.06) per share	**—**	8,004,000

The Directors do not recommend the payment of any interim dividend for the Period (six months ended 30 June 2019: nil).

10. INCOME TAX (CREDIT)/EXPENSE

Enterprise income tax has been provided at the rate of 25% for each of the six months period ended 30 June 2020 and 2019 on the estimated assessable profit for the periods arising from the PRC.

The amounts of income tax (credit)/expense in the condensed consolidated statement of profit or loss and other comprehensive income represent:

	Six months ended 30 June	
	2020	2019
	RMB	*RMB*
	(unaudited)	(unaudited)
Provision of income tax for current period	**—**	2,119,178
Deferred tax	**(3,712,058)**	(1,553,635)
Income tax (credit)/expense	**(3,712,058)**	565,543

11. (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the six months ended 30 June 2020 and 2019.

	Six months ended 30 June	
	2020	2019
	RMB	*RMB*
	(unaudited)	(unaudited)
(Loss)/earnings		
(Loss)/profit for the period attributable to owners of the Company for the purposes of calculations of basic (loss)/earnings per share	**(70,615,112)**	8,643,075

	Six months ended 30 June	
	2020	2019
	(unaudited)	(unaudited)
Number of shares		
Weighted average number of ordinary shares for the purposes of calculations of basic (loss)/earnings per share	**133,400,000**	133,400,000

No diluted (loss)/earnings per share for the six months ended 30 June 2020 and 2019 was presented as the Company did not have any dilutive potential ordinary shares in issue for the six months ended 30 June 2020 and 2019.

12. PROPERTY, PLANT AND EQUIPMENT

During the Period, the Group acquired property, plant and equipment of approximately RMB23,232,020 (six months ended 30 June 2019: RMB25,317,387).

13. TRADE AND BILLS RECEIVABLES

	As at 30 June 2020 *RMB* **(unaudited)**	As at 31 December 2019 *RMB* (audited)
Trade receivables	**199,820,733**	254,889,390
Bills receivables	**2,224,348**	2,878,940
Less: Provision for impairment	**(79,487,572)**	(69,676,254)
	122,557,509	188,092,076

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 2020 *RMB* **(unaudited)**	As at 31 December 2019 *RMB* (audited)
Within 3 months	**57,826,849**	119,371,094
Over 3 months but within 6 months	**14,928,749**	33,400,253
Over 6 months but within 1 year	**44,444,170**	33,844,556
Over 1 year	**5,357,741**	1,476,173
	122,557,509	188,092,076

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

14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 30 June 2020 *RMB* (unaudited)	As at 31 December 2019 *RMB* (audited)
Prepayments	**35,752,464**	56,077,763
Deposits and other receivables	**53,067,822**	19,960,835
Less: Provision for impairment	**(2,665,091)**	(1,619,712)
	86,155,195	74,418,886
Less: Non-current portion included in prepayments, deposits and other receivables	**(10,039,668)**	(13,816,840)
	76,115,527	60,602,046

15. TRADE AND BILLS PAYABLES

	As at 30 June 2020 *RMB* (unaudited)	As at 31 December 2019 *RMB* (audited)
Bank acceptance bills	**40,000,000**	80,700,000
Trade payables	**88,311,486**	149,171,356
	128,311,486	229,871,356

The trade payables are normally due to be settled within twelve months. The ageing analysis, based on invoice date, is as follows:

	As at 30 June 2020 *RMB* (unaudited)	As at 31 December 2019 *RMB* (audited)
Within 3 months	**62,122,740**	112,360,646
Over 3 months but within 6 months	**10,115,969**	25,435,206
Over 6 months but within 1 year	**8,526,777**	8,560,070
Over 1 year	**7,546,000**	2,815,434
	88,311,486	149,171,356

16. OTHER PAYABLES AND ACCRUALS

	As at 30 June 2020 *RMB* (unaudited)	As at 31 December 2019 *RMB* (audited)
Other payables and accruals	**214,309,144**	232,369,776
Other tax payables	**1,336,319**	858,577
Refund liabilities	**7,281,934**	8,132,901
	222,927,397	241,361,254

17. INTEREST-BEARING BANK BORROWINGS

	As at 30 June 2020 *RMB* (unaudited)	As at 31 December 2019 *RMB* (audited)
Bank borrowings denominated in United States dollars ("**USD**") *(Note a)*	**76,317,010**	—
Bank borrowings denominated in euro ("**EUR**") *(Note b)*	**96,906,000**	—
Bank borrowings denominated in RMB *(Note c)*	**100,000,000**	180,000,000
	273,223,010	180,000,000

(a) On 26 March 2020, the Group entered into a loan agreement with Oversea-Chinese Banking Corporation Limited (Singapore branch) for USD10,780,000, the loan is guaranteed by Shanshan, a related company of the Group, bears interest at USD LIBOR +1.00% per annum and will be repayable on 11 March 2021.

(b) On 25 March 2020, the Group entered into a loan agreement with Bank of China (Luxembourg) S.A. Brussels branch for EUR12,400,000, the loan is guaranteed by Shanshan, a related company of the Group, bears interest at 3-month LIBOR +0.28% per annum and will be repayable on 22 March 2021. Since the latest EUR 3 months LIBOR is remain negative and hence the interest rate would only be 0.28% for the Period.

(c) As at 30 June 2020, bank borrowings denominated in RMB were unsecured, arranged at fixed interest rates ranges from 5.00% to 5.44% (31 December 2019: 5.00% to 5.66%) per annum and repayable within one year.

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

18. GAIN ON DISPOSAL OF AN ASSOCIATE

On 29 April 2020, Ningbo Shanshan Fashion Brand Management Co., Ltd, a wholly-owned subsidiary of the Company, entered into an agreement with Ningbo Shanshan Rongguang Apparel Co., Ltd., to dispose of 20% equity interests of Le Coq Sportif (Ningbo) Co., Ltd. ("**Le Coq**"), for a total consideration of RMB50,000,000.

On 22 June 2020, the disposal was completed and Le Coq ceased to be an associate of the Company. Upon the completion of the disposal, the Group realised an unaudited gain on disposal of the interest of approximately RMB17,384,775, which is credited to the statement of profit or loss and other comprehensive income for the Period, being the difference of the cash proceeds of RMB50,000,000 from disposal and the unaudited carrying value of Le Coq at RMB32,615,225.

19. SHARE CAPITAL

	Number of shares	*RMB*
Registered domestic shares (the "**Domestic Shares**") and H Shares		
As at 31 December 2019 and 30 June 2020	133,400,000	133,400,000

20. RELATED PARTY DISCLOSURES

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

The amounts due from/(to) related companies/immediate holding company/fellow subsidiaries may be categorised as follows:

	As at 30 June 2020 ***RMB*** **(unaudited)**	As at 31 December 2019 *RMB* (audited)
Amount due from immediate holding company:		
— Trade nature	**—**	433,200
Amounts due from related companies		
— Trade nature	**165,079**	—
— Non-trade nature	**20,000**	—
	185,079	—
Amounts due from fellow subsidiaries:		
— Trade nature	**—**	136,541
— Non-trade nature	**—**	20,000
	—	156,541
Amount due to immediate holding company:		
— Non-trade nature	**—**	(100,000,000)
Amounts due to related companies:		
— Trade nature	**(8,737)**	—
— Non-trade nature	**(1,989,257)**	—
	(1,997,994)	—

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

Amount due to immediate holding company is unsecured and carries annual interest of 4.35% and repayable on demand.

(b) Transactions with related parties

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

	Six months ended 30 June	
	2020	2019
	RMB	*RMB*
	(unaudited)	(unaudited)
Product inspection expenses recharged on markup to:		
— an associate	**62,688**	6,126
Sale of goods to:		
— fellow subsidiaries	**—**	2,478,912
Purchases from:		
— non-controlling shareholder of a subsidiary	**—**	(539,382)
— an associate	**—**	(341)
Interest expense charged by:		
— a related company	**(1,213,271)**	—
Sub-contracting expenses charged by:		
— an associate	**—**	(74,563)
Rental expenses charged by:		
— immediate holding company	**—**	(2,017,574)
— related companies	**(1,676,120)**	—
Water and electricity expenses charged by:		
— immediate holding company	**—**	(765,703)
— a related company	**(400,904)**	—
Sales commission charged by:		
— fellow subsidiaries	**—**	(991,402)
Shopping mall expenses charged by:		
— a related company	**(46,013)**	—
— fellow subsidiaries	**—**	(248,927)

(c) Compensation of key management personnel

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

	Six months ended 30 June	
	2020	2019
	RMB	*RMB*
	(unaudited)	(unaudited)
— Short-term benefits	**1,229,170**	1,592,861
— Contributions to defined contribution retirement plan	**98,999**	102,198
	1,328,169	1,695,059

21. COMMITMENTS

(a) Operating lease commitments

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

	As at 30 June 2020	As at 31 December 2019
	RMB	*RMB*
	(unaudited)	(audited)
Not later than one year	**6,988,969**	12,195,686

The operating leases commitments as of 30 June 2020 and 31 December 2019 as disclosed above 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 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 each reporting date, the relevant contingent rentals have not been included in the determination of the lease liabilities.

(b) Capital commitments

As at 30 June 2020 and 31 December 2019, the Group had no significant capital commitments.

22. CONTINGENT LIABILITIES

As at 30 June 2020 and 31 December 2019, the Group had no significant contingent liabilities.

23. EVENTS AFTER THE REPORTING PERIOD

On 3 July 2020, Shanshan completed the disposal of 30,815,400 Domestic Shares, represents 23.1% of the Company's shares in issue to Ms. Li Xinghua for a total consideration of RMB80,736,348, pursuant to the agreement of 23 January 2020 entered into between them.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In the first half of 2020, due to the severe impact of the novel coronavirus epidemic (the "**Epidemic**") on the domestic consumer market, the apparel industry has experienced an unprecedented downturn. During the Period, the Group had a significant decline in total revenue, representing a decrease of approximately 39.2% from RMB533.8 million for the six months ended 30 June 2019 to RMB324.6 million for the Period. Although the Group quickly took a number of cost-saving measures to actively respond to the adverse effects of the Epidemic, the decline in revenue far exceeded the cost savings due to the fixed nature of expenses such as labour costs, storage costs and store channel rentals, which resulted in a sharp decline in the Group's net profit.

In order to adapt to the freezing market and reinvigorate operations, the Group took the initiative to seek change, and put forward the annual operating policy of "enhancing the efficiency of operations, achieving increment through innovation, and energising the enterprise through mechanism", to stabilise the fundamental of business and improve the overall operating efficiency of the Company through various strategies such as channel optimisation, product and supply chain alignment, layout of new retail scenes, organisation structure adjustment and mechanism reform.

Channel management — In order to cope with the continuing impact of the Epidemic, the Group made corresponding structural adjustments to the terminal channel based on the operating performance of stores: (1) it optimised the distributor system, cancelled the authorisation qualification of distributors with poor performance, and actively expanded the layout of high-quality distributors in the blank market and the substitution in existing markets; and (2) it optimised and adjusted direct-sale terminals, proactively "slimmed down", closed loss-making and inefficient stores, and actively improved and upgraded high-quality stores, including image upgrades, display upgrades, and enhancement of terminal retail training. During the Period, the Group's retail network was adjusted from 1,280 as of 31 December 2019 to 1,075 as of 30 June 2020, with 559, 504 and 12 stores of FIRS, SHANSHAN and LUBIAM, respectively, representing a reduction of approximately 16% in the total number of retail outlets under such three brands.

Products and supply chain — The Group strengthened the linkage between the headquarters and the terminals, allowing retail terminals to participate in links such as product development and assortment to adapt to changes in the needs of terminal consumers; strengthened the control of product margins. At the same time, it continued to introduce new suppliers, optimise the supplier structure, improve the bargaining power of suppliers, and strengthen the control of procurement costs, supply efficiency, and product quality.

Layout of new retail scenes — In 2020, the Group will fully launch the layout of new retail scenes, including online e-commerce, live broadcast, WeChat mini-programs, and cooperation with external Internet platforms to boost business growth. At the same time, the Group will open up online and offline consumption scenes to enhance consumer experience and interaction through the construction of an intelligent retail information system.

Organisation structure adjustment and mechanism construction — In order to further improve operating efficiency, the Group has carried out organisation structure adjustment, implemented a business division system and centralised its headquarters functions; made adjustments to manpower and improved its operational system procedures. It strengthened performance assessment and adopted innovative incentive mechanisms, such as the introduction of store partnership, which will significantly improve the cost, efficiency and business growth of the Group.

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 decreased by approximately 39.2% to RMB324.6 million from RMB533.8 million for the six months ended 30 June 2019, which was primarily due to (1) the fact that the domestic epidemic and the relevant prevention and control measures have severely affected the Group's distributor system, self-operated retail system and franchisee system; (2) the fact that the Group's structural optimisation of the above-mentioned three types of channel terminals has resulted in various degrees of decline in the sales revenue of channels such as "sales to distributors", "direct sales" and "franchisee sales"; and (3) a sharp fall in the revenue of the uniform business resulting from the customers' delays in bidding during the Epidemic and the seasonal impact of the uniform business. It is expected that in the second half of 2020, there will be a significant improvement in the revenue of the uniform business.

At present, the Group vigorously expands cooperation with various external e-commerce retail platforms for online brand authorization. Due to the outstanding performance of the partners' gross merchandise volume on various e-commerce platforms, the Group's "trademark franchise income" has increased significantly, which is also a prominent manifestation of the Group's brand market position.

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			
	2020		2019	
	RMB'000	*%*	*RMB'000*	*%*
	(unaudited)		(unaudited)	
Sales to distributors	**17,849**	**5.5**	56,284	10.5
Direct sales				
E-commerce platforms	**29,941**	**9.2**	52,482	9.8
Self-operated retail outlets	**59,349**	**18.3**	86,201	16.2
Franchisee sales				
Cooperative arrangements	**181,107**	**55.8**	275,515	51.6
Franchising arrangements in relation to LUBIAM	**1,705**	**0.5**	3,356	0.6
Work uniforms	**8,657**	**2.7**	53,156	10.0
Trademark franchise income	**25,952**	**8.0**	6,764	1.3
Total	**324,560**	**100**	533,758	100

Revenue by brands

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

	Six months ended 30 June			
	2020		2019	
	RMB'000	*%*	*RMB'000*	*%*
	(unaudited)		(unaudited)	
FIRS	**89,483**	**27.6**	221,341	41.5
SHANSHAN	**203,299**	**62.6**	294,175	55.1
LUBIAM	**5,826**	**1.8**	11,478	2.1
Others	**25,952**	**8.0**	6,764	1.3
Total	**324,560**	**100**	533,758	100

Gross profit

For the Period, the Group's gross profit decreased by approximately 43.5% to RMB169.2 million from RMB299.7 million for the six months ended 30 June 2019, which was primarily attributable to the decrease in (1) the total revenue of the Group; and (2) the gross profit margin as a result of more discounts offered by the Group to reduce inventory during the Epidemic.

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 decreased by approximately 25.0% to RMB0.6 million from RMB0.8 million for the six months ended 30 June 2019.

Other gains and losses, net

For the Period, the Group's other gains and losses increased to RMB15.8 million which mainly represented the net gain of RMB17.4 million on disposal of 20% equity interest of Le Coq, an associate of the Company, partly offset by the Group's write-down of inventories of approximately RMB2.6 million.

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 decreased by approximately 17.9% to RMB218.8 million from RMB266.6 million for the six months ended 30 June 2019, mainly attributable to the decrease in the revenue sharing fee paid to the franchisees as a result of the decrease of income from 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 increased by approximately 9.7% to RMB22.6 million from RMB20.6 million for the six months ended 30 June 2019, mainly attributable to the bank charges of RMB2.2 million for the application of new overseas bank loans during the Period.

Impairment loss on trade receivables, net

The Group's impairment loss on trade receivables increased to RMB9.8 million which mainly attributable to (i) slow repayment of outstanding receivables from distributors; and (ii) economic uncertainties of domestic market in the forthcoming year due to the Epidemic.

Impairment loss on other receivables, net

The impairment loss was mainly recorded on the long outstanding receivable from JIC Garments (Ningbo) Co., Ltd., a former subsidiary of the Company.

Finance costs

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

For the Period, the Group's finance costs remained relatively stable, decreasing by approximately 6.0% to RMB7.9 million from RMB8.4 million for the six months ended 30 June 2019.

Income tax credit/(expense)

Income tax expense mainly represents the income tax payable by the Group according to the relevant PRC tax rules. Due to the loss incurred by the Group, there was an income tax credit of RMB3.7 million for the Period (year ended 30 June 2019: income tax expense RMB0.6 million).

(Loss)/profit attributable to the owners of the Company

The Group's profit attributable to the owners of the Company for the Period changed to losses of RMB70.6 million from RMB8.6 million for the six months ended 30 June 2019 which was primarily attributable to (1) the decline in revenue as a result of the Epidemic far exceeded the cost savings by the Group due to the fixed nature of expenses such as labour costs, storage costs and store channel rentals; and (2) the increase in net impairment loss on trade receivables as a result of slow repayment of outstanding receivables from distributors due to the Epidemic.

WORKING CAPITAL MANAGEMENT

	Six months ended 30 June 2020	Year ended 31 December 2019
Average inventory turnover days	**567**	388
Average trade receivables turnover days	**86**	65
Average trade payables turnover days	**207**	180

The Group's average inventory turnover days increased from 388 days for the year ended 31 December 2019 to 567 days for the Period. Such an increase was mainly attributable to excess inventory as a result of lower sales affected by the Epidemic.

The Group's average trade receivables turnover days increased from 65 days for the year ended 31 December 2019 to 86 days for the Period, mainly due to slow repayment from major distributors during the Period.

The Group's average trade payables turnover days increased from 180 days for the year ended 31 December 2019 to 207 days for the Period, mainly due to slow payment to suppliers by the Group during the Period.

LIQUIDITY AND FINANCIAL RESOURCES

The Group maintained a solid financial position for the Period. As at 30 June 2020, the Group's cash and cash equivalents and its pledged deposits decreased to RMB61.6 million and RMB29.1 million from RMB137.5 million and RMB33.6 million as at 31 December 2019, respectively. The decrease in the cash and cash equivalents was primarily attributable to the income from the sales of the Group have fallen sharply due to the Epidemic, while expenses such as labor costs, storage costs and store channel rentals are fixed in nature. Cash and cash equivalents were denominated in RMB.

As at 30 June 2020 and 31 December 2019, the Group's total bank borrowings amounted to approximately RMB273.2 million and RMB180.0 million, respectively. The bank borrowings were denominated in RMB, EUR and USD. Details of the bank borrowings of the Group are set out in note 17 on page 16 of this announcement. The Group's gearing ratio (total borrowings over total assets of the Group) was approximately 29.5% and 15.8% as at 30 June 2020 and 31 December 2019, 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

The most of transactions of the Group are denominated in RMB. The net proceeds from the issuance of 33,400,000 H Shares of RMB1 each at a price of HK$3.78 per share on 27 June 2018 (the "**Share Offer**") and any payment of dividends to the holders of H Shares were or will be made in Hong Kong dollars, which exposes the Group to market risks arising from changes in foreign exchange rates. In addition, the Group also exposes to the foreign exchange risks arising from the bank loans denominated in EUR and USD. Currently, the Group does not implement any foreign currency hedging policy, but the management of the Group will closely monitor the exposure to any exchange rates and consider the use of hedging instruments if necessary.

USE OF PROCEEDS FROM THE SHARE OFFER

The H Shares were listed on the Main Board of the Stock Exchange (the "**Listing**") on 27 June 2018 (the "**Listing Date**"). The total net proceeds from the Listing amounted to approximately HK$66.4 million (equivalent to approximately RMB55.2 million).

As at 30 June 2020, a total of RMB48.5 million of the proceeds from the Share Offer had been utilised for the following purposes which are consistent with that disclosed in the prospectus of the Company dated 12 June 2018.

Use of Share Offer Proceeds:

Planned use of proceeds	Planned amount *RMB (million)*	Actual utilised amount from the Listing Date to 30 June 2020 *RMB (million)*	Actual utilised amount during the Period *RMB (million)*	Actual unutilised amount as at 30 June 2020 *RMB (million)*
Retail network	20.9	20.9	—	—
Brand promotion and marketing efforts	13.6	13.6	—	—
Information technology system	10.7	4.0	2.2	6.7*(Note)*
Warehouses and logistics center	4.5	4.5	—	—
General working capital	5.5	5.5	—	—
Total	55.2	48.5	2.2	6.7

Note: Due to delay in project progress, the Group expects to utilise the proceeds in the fourth quarter of 2020 in terms of information technology system.

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the Period (six months ended 30 June 2019: nil).

EMPLOYEE AND REMUNERATION POLICIES

As at 30 June 2020, the Group had 554 employees (31 December 2019: 669 employees). Employee costs, including Directors' emoluments, amounted to approximately RMB40.5 million for the Period (six months ended 30 June 2019: RMB47.7 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

Save for the major transaction in relation to the disposal of 20% equity interest of Le Coq, the Group did not have any significant investments, material acquisitions or disposals of assets, subsidiaries, associates or joint ventures during the Period. Details of the major transaction in relation to the disposal of 20% equity interest of Le Coq are set out in note 18 on page 17 of this announcement.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

There was no plan for material investments or capital assets as at 30 June 2020. 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.

CAPITAL STRUCTURE

There was no change in the capital structure of the Company as at 30 June 2020 as compared with that as at 31 December 2019.

PLEDGE OF ASSET

As at 30 June 2020, the Group pledged deposits of RMB29,076,150 (31 December 2019: RMB33,556,150) to secure outstanding bank acceptance bills. Save for the pledged deposits, the Group did not pledge any of its assets as securities for outstanding bank acceptance bills.

CONTINGENT LIABILITIES

As at 30 June 2020, the Group had no material contingent liabilities (31 December 2019: nil).

EVENTS AFTER THE PERIOD

Mr. Zhuang Wei ("**Mr. Zhuang**"), Mr. Yang Feng and Ms. Hui Ying have resigned as non-executive Directors (the "**NEDs**") with effect from 26 June 2020. On 29 June 2020, the Board resolved to nominate Ms. Zhao Chunxiang, Ms. Zhou Yumei and Mr. Zheng Shijie as the candidates for the NEDs of the second session of the Board. Their appointments as the NEDs of the second session of the Board were approved by the shareholders of the Company (the "**Shareholders**") at the extraordinary general meeting of the Company held on Friday, 21 August 2020 (the "**2020 Second EGM**"). For further details, please refer to the announcement. In addition, a special resolution regarding the amendment to articles of association of the Company was approved by the Shareholders at the 2020 Second EGM and the class meetings held on the same date. Please refer to the Company's announcements dated 29 June 2020 and 21 August 2020 and the circular dated 6 July 2020 for details.

Save as disclosed above and in note 23 on page 21 of this announcement, there were no other significant events that might affect the Group after the Period and up to the date of this announcement.

OUTLOOK AND PLANS

In the second half of 2020, macroeconomic pressure will continue, and the impact of the Epidemic may continue in some areas. The market players of retail consumption need to take the initiative to respond and transform. The management of the Group believes that new opportunities will also be ushered in under the background of "internal economic cycle" and "Internet +". Therefore, the Group will continue to dig deep into industry trends and market needs, strive to stay in a leading position, create better quality and services, and enhance brand image and meet the diverse needs of consumers, so as to stabilise and enhance its position in the industry.

In the face of new challenges and opportunities, the Group will adhere to the operating policy of "enhancing the efficiency of operations, achieving increment through innovation, and energising the enterprise through mechanism", and adopt active and flexible management measures to promote the revitalisation of operations. In the second half of 2020, the Group will pay equal attention to "scale and efficiency" in operation and management, and standardise operating procedures through rational layout, rational expansion, and refined operation to ensure the growth of operating income and the improvement of cost efficiency. The Group will use technical means to improve the ability of refined management, strengthen the linkage between headquarters and retail terminals, and improve terminal store efficiency, per capita efficiency, and market response capability through multiple methods such as product enhancement, supply chain control, terminal image enhancement, and display improvement. The Group will strengthen cooperation with external parties, continue to maximise brand value, and use online e-commerce, live broadcast platforms, WeChat mini-programs, etc. for brand promotion and marketing to amplify new business growth points. Meanwhile, guided by its annual operating policy, the Group will adhere to its policy of driving innovation and optimizing its management mechanism, so as to increase revenue and reduce costs, save time and reduce complexity, and continuously stimulate the vitality of the enterprise.

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 (the "**CG Code**") as contained in Appendix 14 to the Listing Rules during the Period except for the following deviation:

Pursuant to code provision E.1.2 of the CG Code, the Chairman should attend the annual general meeting of the Company. However, Mr. Zhuang, the former Chairman, was unable to attend the annual general meeting of the Company held on 5 June 2020 (the "**2020 AGM**") due to other business engagements. In the absence of the former Chairman, Mr. Cao Yang ("**Mr. Cao**"), the vice Chairman and an executive Director, acted as chairman of the 2020 AGM to ensure an effective communication with the Shareholders. Mr. Zhuang followed up with Mr. Cao for any opinions or concerns of the Shareholders expressed at the 2020 AGM.

AUDIT COMMITTEE

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 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 during the Period.

COMPLIANCE WITH MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 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 Directors and Supervisors confirmed that they had complied with the Model Code during the Period.

COMPETING INTERESTS

As at 30 June 2020, none of the Directors, the Supervisors of the Company, the controlling shareholders or their respective close associates had any interests in any business which competed or might compete, either directly or indirectly, with the business of the Group or had any other conflicts of interest with the Group, which must be disclosed in this announcement.

PUBLICATION OF INTERIM REPORT

The interim report of the Company for the Period will be despatched to the Shareholders and published on the respective websites of the Stock Exchange and the Company in due course.

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

Ningbo, the PRC, 24 August 2020

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

Executive Directors:
Mr. Luo Yefei *(Chairman)*
Mr. Cao Yang *(Vice-Chairman)*
Ms. Yan Jingfen

Non-executive Directors:
Ms. Zhao Chunxiang
Ms. Zhou Yumei
Mr. Zheng Shijie

Independent Non-executive Directors:
Mr. Au Yeung Po Fung
Mr. Wang Yashan
Mr. Wu Xuekai