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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

AUDITED ANNUAL RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Shanshan Brand Management Co., Ltd. (the "**Company**") hereby announces the audited consolidated annual results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2020 (the "**Year**"), together with the comparative figures for the year ended 31 December 2019.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

	Notes	**2020** *RMB*	2019 *RMB*
Revenue	*4*	**899,686,220**	1,036,439,097
Cost of sales		**(476,414,093)**	(454,013,907)
Gross profit		**423,272,127**	582,425,190
Other revenue		**1,767,007**	4,874,917
Other gains and losses		**13,945,904**	(4,706,603)
Selling and distribution expenses		**(451,989,188)**	(520,685,505)
Administrative expenses		**(49,589,993)**	(50,652,842)
Impairment loss on trade receivables, net		**(1,947,306)**	(13,593,529)
Impairment loss on other receivables, net		**(784,250)**	(956,426)
Finance costs		**(11,926,395)**	(18,199,298)
Share of results of associates		**(1,072,068)**	2,283,711
Share of result of a joint venture		**(55,830)**	—
Loss before income tax	*5*	**(78,379,992)**	(19,210,385)
Income tax credit/(expense)	*7*	**2,436,421**	(3,967,997)
Loss and total comprehensive income for the year		**(75,943,571)**	(23,178,382)
Loss and total comprehensive income for the year attributable to:			
— Owners of the Company		**(68,309,790)**	(16,312,171)
— Non-controlling interests		**(7,633,781)**	(6,866,211)
		(75,943,571)	(23,178,382)
Loss per share attributable to the owners of the Company			
— Basic and dilutive	*8*	**(0.51)**	(0.12)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Notes	**2020** ***RMB***	2019 *RMB*
Non-current assets			
Property, plant and equipment		**37,812,175**	57,877,771
Right-of-use assets		**42,263,598**	67,432,907
Intangible assets		**5,777,271**	3,803,852
Interests in associates		**10,905,176**	51,157,988
Interest in a joint venture		**1,694,170**	—
Prepayments, deposits and other receivables	*10*	**10,321,602**	13,816,840
Deferred tax assets		**21,411,916**	18,599,089
Total non-current assets		**130,185,908**	212,688,447
Current assets			
Inventories		**428,466,391**	503,447,118
Trade and bills receivables	*9*	**162,834,347**	188,092,076
Prepayments, deposits and other receivables	*10*	**32,713,930**	60,602,046
Amount due from immediate holding company		**—**	433,200
Amounts due from fellow subsidiaries		**—**	156,541
Amount due from a related company		**39,161**	—
Income tax recoverable		**1,047,487**	2,455,174
Pledged deposits		**22,000,000**	33,556,150
Cash and cash equivalents		**111,326,251**	137,475,542
Total current assets		**758,427,567**	926,217,847

	Notes	**2020**	2019
		RMB	*RMB*
Current liabilities			
Trade and bills payables	*11*	**168,666,155**	229,871,356
Contract liabilities	*12*	**43,166,717**	29,326,585
Other payables and accruals	*13*	**224,082,402**	241,361,254
Interest-bearing bank borrowings	*14*	**202,244,422**	180,000,000
Amount due to immediate holding company		**—**	100,000,000
Amount due to an associate		**—**	83,648
Amount due to a joint venture		**927,380**	—
Amount due to a non-controlling shareholder of a subsidiary		**—**	9,812,410
Lease liabilities		**19,345,617**	23,362,334
Total current liabilities		**658,432,693**	813,817,587
Net current assets		**99,994,874**	112,400,260
Total assets less current liabilities		**230,180,782**	325,088,707
Non-current liabilities			
Deferred tax liabilities		**—**	533,688
Lease liabilities		**23,505,153**	41,935,819
Total non-current liabilities		**23,505,153**	42,469,507
Net assets		**206,675,629**	282,619,200
Capital and reserves			
Share capital	*15*	**133,400,000**	133,400,000
Reserves		**65,727,351**	134,037,141
		199,127,351	267,437,141
Non-controlling interests		**7,548,278**	15,182,059
Total equity		**206,675,629**	282,619,200

1. GENERAL INFORMATION

Shanshan Brand Management Co., Ltd. is a joint stock company with limited liability. The address of its registered office and principal place of business is No. 238, Yunlin Middle Road, Wangchun Industrial Park, Ningbo, Zhejiang Province, the People's Republic of China (the "**PRC**"). The Company's overseas-listed foreign shares (the "**H Shares**") have been listed (the "**Listing**") 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. Shanshan disposed of 25% and 23.1% equity interests in the Company on 24 June 2020 and 3 July 2020, respectively to five parties and its shareholding decreased from 67.47% to 19.37%. Since then, the Directors considered that Shanshan and Shanshan Holding were no longer the Company's immediate holding company and ultimate holding company respectively.

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

(a) Adoption of new/revised HKFRSs

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

- Amendments to HKFRS 3, Definition of a Business
- Amendments to Hong Kong Accounting Standard ("**HKAS**") 1 and HKAS 8, Definition of Material
- Amendments to HKAS 39, HKFRS 7 and HKFRS 9, Interest Rate Benchmark Reform
- Amendments to HKFRS 16, COVID-19-Related Rent Concessions

Amendments to HKFRS 3, Definition of a Business

The amendments change the definition of a business and introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The election to apply the concentration test is made for each transaction. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. If the concentration test is met, the set of activities and assets is determined not to be a business. If the concentration test is failed, the acquired set of activities and assets is further assessed based on the elements of a business.

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

HKFRS 16 was amended to provide a practical expedient to lessees in accounting for rent concessions arising as a result of the COVID-19 pandemic, by including an additional practical expedient in HKFRS 16 that permits entities to elect not to account for rent concessions as modifications. The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 pandemic and only if all of the following criteria are satisfied:

(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 in 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 this practical expedient, which means the lessee does not need to assess whether the rent concession meets the definition of lease modification. Lessees shall apply other requirements of HKFRS 16 in accounting for the rent concessions.

Accounting for 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 Group has elected to utilise the practical expedient for all rent concessions that meet the criteria. In accordance with the transitional provisions, the Group has applied the amendment retrospectively, and has not restated prior period figure. As the rent concessions have arisen during the current financial period, there is no retrospective adjustment to opening balance of retained earnings at 1 January 2020 on initial application of the amendment.

The application of the practical expedient has resulted in the reduction of total lease liabilities of RMB861,453. The effect of this reduction has been recorded in profit or loss in the Year in which the event or condition that triggers those payments occurs.

(b) New/revised HKFRSs that have been issued but are not yet effective

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

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and HK Interpretation 5 (2020), Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause[4]
Amendments to HKAS 16	Proceeds before Intended Use[2]
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract[2]
HKFRS 17	Insurance Contracts[4]
Amendments to HKFRS 3	Reference to the Conceptual Framework[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2[1]
Annual Improvements to HKFRSs	Annual improvements to HKFRSs 2018–2020[2]

1 Effective for annual periods beginning on or after 1 January 2021
2 Effective for annual periods beginning on or after 1 January 2022
3 Effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022
4 Effective for annual periods beginning on or after 1 January 2023
5 The amendments shall be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined

Amendments to HKAS 1, Classification of Liabilities as Current or Non-current and HK Interpretation 5 (2020), Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

The amendments require that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability and explain that rights are in existence if covenants are complied with at the end of the reporting period. The amendments also introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

HK Int 5 (2020) was revised as a consequence of the Amendments to HKAS 1 issued in August 2020. The revision to HK Int 5 (2020) updates the wordings in the interpretation to align with the Amendments to HKAS 1 with no change in conclusion and do not change the existing requirements.

Amendments to HKAS 16, Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, the proceeds from selling such items, and the cost of producing those items, is recognised in profit or loss.

Amendments to HKAS 37, Onerous Contracts — Cost of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (e.g. direct labour and materials) or an allocation of other costs that relate directly to fulfilling contracts (e.g. the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

HKFRS 17, Insurance Contracts

The new standard establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes HKFRS 4, Insurance Contracts. The standard outlines a 'General Model', which is modified for insurance contracts with direct participation features, described as the 'Variable Fee Approach'. The General Model is simplified if certain criteria are met by measuring the liability for remaining coverage using the Premium Allocation Approach.

Amendments to HKFRS 3, Reference to the Conceptual Framework

The amendments update HKFRS 3 so that it refers to the revised Conceptual Framework for Financial Reporting 2018 instead of the version issued in 2010. The amendments add to HKFRS 3 a requirement that, for obligations within the scope of HKAS 37, an acquirer applies HKAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of HK(IFRIC)-Int 21 Levies, the acquirer applies HK(IFRIC)-Int 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. The amendments also add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

Amendments to HKFRS 10 and HKAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. When the transaction with an associate or joint venture that is accounted for using the equity method, any gains or losses resulting from the loss of control of a subsidiary that does not contain a business are recognised in the profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, any gains or losses resulting from the remeasurement of retained interest in any former subsidiary (that has become an associate or a joint venture) to fair value are recognised in the profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16, Interest Rate Benchmark Reform — Phase 2

The amendments address issues that might affect financial reporting when a company replaces the old interest rate benchmark with an alternative benchmark rate as a result of the interest rate benchmark reform (the "**Reform**"). The amendments complement those issued in November 2019 and relate to (a) changes to contractual cash flows in which an entity will not have to derecognise or adjust the carrying amount of financial instruments for changes required by the Reform, but will instead update the effective interest rate to reflect the change to the alternative benchmark rate; (b) hedge accounting in which an entity will not have to discontinue its hedge accounting solely because it makes changes required by the Reform, if the hedge meets other hedge accounting criteria; and (c) disclosures in which an entity will be required to disclose information about new risks arising from the Reform and how it manages the transition to alternative benchmark rates.

Annual Improvements to HKFRSs 2018–2020

The annual improvements amends a number of standards, including:

- HKFRS 1, First-time Adoption of Hong Kong Financial Reporting Standards, which permit a subsidiary that applies paragraph D16(a) of HKFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to HKFRSs.

- HKFRS 9, Financial Instruments, which clarify the fees included in the "10 per cent" test in paragraph B3.3.6 of HKFRS 9 in assessing whether to derecognise a financial liability, explaining that only fees paid or received between the entity and the lender, including fees paid or received by either the entity or the lender on other's behalf are included.

- HKFRS 16, Leases, which amend Illustrative Example 13 to remove the illustration of reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

- HKAS 41, Agriculture, which remove the requirement to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

The Directors anticipate that the application of the above new/revised HKFRSs may have an impact on the financial statements in future periods should such transaction arise.

3. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs, HKASs and Interpretations (hereinafter collectively referred to as the "**HKFRSs**") and the disclosure requirements of the Companies Ordinance, Chapter 622 of the laws of Hong Kong. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

(b) Basis of measurement and going concern assumption

The consolidated financial statements have been prepared under the historical cost basis.

During the Year, the Group recorded consolidated net loss of approximately RMB75,943,571. As at 31 December 2020, the Group had outstanding interest bearing borrowings of approximately RMB202,244,422, all of which were due for repayment or renewal within the next twelve months after 31 December 2020.

In preparing the consolidated financial statements, the Directors have carefully considered to the current and anticipated future liquidity of the Group after taking into account of the following measure:

The Group will actively negotiate with the banks for the renewal of the Group's borrowings when they fall due in order to secure necessary funds to meet the Group's working capital and financial requirements in the foreseeable future. As at the date of this announcement, over 80% of the bank borrowings have been renewed successfully for one year.

Based on the above measure, the Directors are of the opinion that the Group will be able to meet its financial obligations as they fall due for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing the consolidated financial statements.

(c) Functional and presentation currency

The consolidated financial statements are presented in Renminbi ("**RMB**"), which is the same as the functional currency of the Group.

4. 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 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.

(b) Geographic information

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

(c) Information about major customer

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

(d) Revenue

	2020	2019
	RMB	*RMB*
Sale of goods	**886,648,092**	1,022,288,154
Trademark of sub-licensing income	**13,038,128**	14,150,943
	899,686,220	1,036,439,097

5. LOSS BEFORE INCOME TAX

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

	2020	2019
	RMB	*RMB*
Auditor's remuneration	**767,045**	896,835
Advertising and promotional expenses	**22,639,440**	38,746,968
Amortisation of intangible assets	**547,031**	410,490
Depreciation on property, plant and equipment	**45,308,124**	43,610,146
Depreciation on right-of-use assets	**25,823,584**	30,168,797
Impairment loss on trade receivables, net	**1,947,306**	13,593,529
Impairment loss on other receivables, net	**784,250**	956,426
Impairment loss on property, plant and equipment	**4,819,915**	—
Impairment loss on right-of-use assets	**1,337,379**	—
Cost of inventories sold	**459,310,273**	454,013,907
Write down on inventories, net	**17,103,820**	8,276,806
Expenses relating to leases of low value assets	**13,835**	33,928
Expenses relating to short-term leases	**20,523,290**	26,471,721
Expenses relating to variable lease payment *(Note i)*	**6,997,699**	5,238,825
COVID-19-related rent concessions	**(861,453)**	—
Rent subsidies to franchisees	**7,009,488**	—
Trademark payments *(Note ii)*	**1,682,975**	1,176,744
Staff costs	**83,289,770**	99,549,579

Notes:

(i) Expenses relating to variable lease payment represents the leases of retail stores contain variable lease payment that are based on 11% to 35% (2019: 11% to 35%) of sales amount.

(ii) Trademark payments represent the payment made to a non-controlling shareholder of a subsidiary for the use of "Lubiam" trademark.

6. DIVIDEND

No dividend was paid or proposed during the Year, nor has any dividend been proposed since the end of reporting period (2019: Nil).

7. INCOME TAX (CREDIT)/EXPENSE

Enterprise income tax ("**EIT**") has been provided at the rate of 25% (2019: 25%) on the estimated assessable profit for the years arising from the PRC.

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

	2020	2019
	RMB	*RMB*
Income tax		
— for current year	**—**	5,456,021
— under provision in respect of prior years	**910,094**	1,111,710
	910,094	6,567,731
Deferred tax	**(3,346,515)**	(2,599,734)
	(2,436,421)	3,967,997

8. LOSS PER SHARE

Basic loss per share

The calculation of basic loss per share is based on the loss attributable to owners of the Company for the Year of RMB68,309,790 (2019: RMB16,312,171) and the weighted average of 133,400,000 shares (2019: 133,400,000 shares) in issue during the Year.

Diluted loss per share

There were no potential dilutive ordinary shares outstanding during the years ended 31 December 2020 and 2019, and hence the diluted loss per share is the same as basic loss per share.

9. TRADE AND BILLS RECEIVABLES

	2020	2019
	RMB	*RMB*
Trade receivables	**233,524,516**	254,889,390
Bills receivables	**570,000**	2,878,940
	234,094,516	257,768,330
Less: Provision for impairment	**(71,260,169)**	(69,676,254)
	162,834,347	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 of the end of reporting period.

	2020	2019
	RMB	*RMB*
Within 3 months	**140,148,601**	119,371,094
Over 3 months but within 6 months	**15,962,437**	33,400,253
Over 6 months but within 1 year	**6,109,186**	33,844,556
Over 1 year	**614,123**	1,476,173
	162,834,347	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.

Bills receivables

Bills receivables are non-interest bearing bank acceptance bills aged within a year upon issuance.

As at 31 December 2020, bills receivables amounting to RMB570,000 (2019: RMB2,878,940) were measured at financial asset at fair value through other comprehensive income.

The Directors considered that the fair values of bills receivables are not materially different from their carrying amounts because these amounts have short maturity periods.

10. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2020	2019
	RMB	*RMB*
Prepayments *(Note (i))*	**26,271,478**	56,077,763
Deposits and other receivables *(Note (ii))*	**19,168,016**	19,960,835
	45,439,494	76,038,598
Less: Provision for impairment	**(2,403,962)**	(1,619,712)
	43,035,532	74,418,886
Less: Non-current portion	**(10,321,602)**	(13,816,840)
	32,713,930	60,602,046

Note (i): Prepayments

The breakdown of prepayments is as follows:

	2020	2019
	RMB	*RMB*
Prepayments to suppliers	**5,672,649**	8,648,059
Prepayments to original equipment manufacturer suppliers	**8,538,704**	16,244,121
Prepayments for rental expenses	**3,481,429**	10,922,467
Prepayments to advertising companies	**652,376**	6,147,978
Prepayments for renovation	**2,327,584**	6,615,656
Others	**5,598,736**	7,499,482
	26,271,478	56,077,763

Note (ii): Deposits and other receivables mainly represent refundable earnest money paid to the shopping malls and online platform operators, and advances paid to franchisees.

11. TRADE AND BILLS PAYABLES

	2020	2019
	RMB	*RMB*
Trade payables	**148,926,155**	149,171,356
Bills payables	**19,740,000**	80,700,000
	168,666,155	229,871,356

As at 31 December 2020, the ageing of the Group's bills payables were all within six months (2019: six months), and there were no overdue bills. The bills payables were secured by pledged deposits of RMB10,000,000 (2019: RMB33,556,150) as at 31 December 2020.

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

	2020	2019
	RMB	*RMB*
Within 3 months	**126,377,607**	112,360,646
Over 3 months but within 6 months	**17,170,466**	25,435,206
Over 6 months but within 1 year	**3,227,602**	8,560,070
Over 1 year	**2,150,480**	2,815,434
	148,926,155	149,171,356

12. CONTRACT LIABILITIES

	2020	2019
	RMB	*RMB*
Contract liabilities arising from:		
Sale of goods	**43,166,717**	29,326,585

Movements in contract liabilities

	2020	2019
	RMB	*RMB*
Balance as at 1 January	**29,326,585**	19,276,709
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at beginning of year	**(27,585,784)**	(17,252,053)
Increase in contract liabilities as a result of receipt in advance of sale of goods	**41,425,916**	27,301,929
Balance as at 31 December	**43,166,717**	29,326,585

The contract liabilities primarily relate to the advance consideration received from the customers for trading of garments, revenue from which is recognised when the performance obligation is satisfied by delivering the garments to the customers.

13. OTHER PAYABLES AND ACCRUALS

	2020 *RMB*	2019 *RMB*
Other payables and accruals *(Note (i))*	**196,215,128**	232,369,776
Other tax payables	**20,685,586**	858,577
Refund liabilities *(Note (ii))*	**7,181,688**	8,132,901
	224,082,402	241,361,254

Note (i): The breakdown of other payables and accruals is as follows:

	2020 *RMB*	2019 *RMB*
Deposits received from franchisees	**187,404,363**	208,248,105
Others	**8,810,765**	24,121,671
	196,215,128	232,369,776

Note (ii): Refund liabilities are recognised for volume rebate payable to customers.

14. INTEREST-BEARING BANK BORROWINGS

	2020 *RMB*	2019 *RMB*
Bank borrowings comprises:		
— United States dollars bank borrowing *(Note a)*	**70,338,422**	—
— EURO bank borrowing *(Note b)*	**96,906,000**	—
— RMB bank borrowing *(Note c)*	**35,000,000**	180,000,000
	202,244,422	180,000,000

(a) During the Year, the Group entered into a loan agreement with a bank for USD10,780,000, which is unsecured, interest-bearing at USD LIBOR +1.00% per annum and repayable within one year from the drawdown date.

(b) During the Year, the Group entered into a loan agreement with a bank for EURO12,400,000 and repay at a pre-determined amount of RMB96,906,000, which is secured, interest-bearing at 3-month LIBOR +0.28% per annum and repayable on within one year from the drawdown date. Since the latest EURO 3 months LIBOR is remained negative and hence the interest rate would only be 0.28% for the Year. Bank deposits of RMB12,000,000 (2019: Nil) were pledged as securities for the bank borrowing.

(c) As at 31 December 2020, bank borrowings denominated in RMB were unsecured, arranged at fixed interest rate of 5.00% (2019: 5.00% to 5.66%) per annum and repayable within one year from the withdrawn date.

(d) Non-controlling shareholders of the Company, Shaanxi Maoye Gongmao Co., Ltd.* (陝西茂葉工貿有限公司), Ningbo Liankangcai Brand Management Co., Ltd.* (寧波聯康財品牌管理有限責任公司) companies controlled by Directors, and Ms. Li Xinghua provided a further guarantee by the Company's shares they held in favour of Shanshan for its obligations to the guarantee on the bank borrowings as disclosed in Note a, Note b and Note c above.

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

15. SHARE CAPITAL

	Number of shares	*RMB*
Registered domestic share capital and H Shares		
At 31 December 2019 and 31 December 2020	133,400,000	133,400,000

* *for identification purpose only*

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

With the outbreak and spread of the coronavirus disease (COVID-19) (the "**Pandemic**") in 2020, the PRC suffered from greater pressure in the domestic attire market. According to the data of China National Garment Association, in 2020, the operating revenue of enterprises above designated size in the apparel industry decreased by 11.34% year-on-year, and the retail sales of garment products above designated size totaled RMB882.4 billion, down by 8.1% year-on-year, of which the first quarter of 2020 decreased by 34.3% year-on-year. During the Year, the Group continued to follow its annual operation policy of "enhancing the efficiency of operations, achieving increment through innovation, and energising the enterprise through mechanism", took a variety of business management measures to lift the operation vitality: optimised and adjusted its sales and distribution network; optimised supplier structure and raised supply chain efficiency; disposed inventory products via multiple channels; optimised product structure and improved product design and quality; strengthened the exploration of the business suit market through enhancing the customer satisfaction; developed and expanded business growth points through the planning of the new retail scenario. In the second half of 2020, the Group achieved positive improvements in business performance, reversing the downward trend of business in the first half of 2020, as compared with an increased its revenue by about 14.4% for the corresponding period in 2019.

As a leading enterprise deeply engaged in the apparel industry for three decades, the Group strove for reasonable planning and refined operation, and carried out restructuring in terminal channels according to the history of each store and the business performance during the Pandemic period. The number of retail outlets of the Group decreased from 1,280 as at 31 December 2019 to 1,003 as at 31 December 2020, including 498 retail outlets under FIRS, 497 retail outlets under SHANSHAN and 8 retail outlets under LUBIAM, representing a decrease of approximately 21.6% in the total number of retail outlets under these three brands.

Although the business attire sales declined to a certain extent in 2020, the Group increased its efforts to develop the business suit market in the second half of 2020, and the number of prospective customers and contracted customers increased steadily, which will have a positive effect on future business growth. In addition, on the basis of multiple measures to improve the traditional business, the Group has also joined hands with highly specialised partner customers to vigorously promote the business development of traditional e-commerce platforms (including VIP.com, Tmall and JD.com platforms); furthermore, the Group has also increased its investment in the new retail placement, including actively cooperating with various external internet platforms and setting up an independent operation team for live e-commerce, which has greatly increased the Group's e-commerce business this year.

During the Year, faced with the economic downturn, the Pandemic and intensified competition of the apparel industry in the PRC, the Group continued to close certain loss-making and low-efficiency outlets according to their performances, reorganised distribution network and optimised the direct sales terminal. At the same time, the Group continued to expand the franchise channels. In addition, while steadily promoting the operation of offline stores, as the capability of the new retail business operation team matures day by day, the Group will effectively promote the integration of new retail business and traditional offline business and facilitate the joint development of online and offline business. At the level of basic management, the Group will continue to optimise the personnel structure, activate organisational motivation, strengthen target assessment, and optimise business processes to ensure the Company's business development. The Board believes that such initiatives taken by the Group have helped improve and exerted positive influence on the Group's financial results and performance for the Year.

FINANCIAL REVIEW

Revenue

The Group generated revenue primarily from sales to distributors, direct sales and franchisee sales. For the Year, the Group's total revenue decreased by approximately 13.2% to RMB899.7 million from RMB1,036.4 million for the year ended 31 December 2019 (the "**FY2019**"), primarily attributable to (i) the Pandemic and related prevention and control measures imposing a great impact on the business in the first half of 2020, (ii) the Company's initiative to adjust the sales channel structure and eliminate low-capacity outlets; and (iii) the decrease in the sales to distributors and the revenue in business attire business. Please refer to the sections headed "Revenue by sales channels" and "Revenue by brands" below for details.

Revenue by sales channels

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

	Year ended 31 December			
	2020		2019	
	RMB'000	*%*	*RMB'000*	*%*
Sales to distributors	**78,988**	**8.8**	136,573	13.2
Direct sales				
E-commerce platforms	**151,989**	**16.9**	97,178	9.4
Self-operated retail outlets	**154,406**	**17.2**	156,714	15.1
Franchisee sales				
Cooperative arrangements and franchising arrangements in relation to LUBIAM	**445,955**	**49.6**	529,110	51.0
Work uniforms	**55,310**	**6.1**	102,714	9.9
Trademark sub-licensing income	**13,038**	**1.4**	14,151	1.4
Total	**899,686**	**100.0**	1,036,440	100.0

Revenue by brands

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

	Year ended 31 December			
	2020		2019	
	RMB'000	*%*	*RMB'000*	*%*
FIRS	**375,621**	**41.8**	442,343	42.7
SHANSHAN	**498,814**	**55.4**	560,761	54.1
LUBIAM	**12,213**	**1.4**	19,185	1.8
Others	**13,038**	**1.4**	14,151	1.4
Total	**899,686**	**100.0**	1,036,440	100.0

Gross profit

For the Year, the Group's gross profit decreased by approximately 27.3% to RMB423.3 million from RMB582.4 million for the FY2019, primarily attributable to (i) the decrease in revenue of the Group due to the impact of the Pandemic; (ii) the decrease in gross profit margin as a result of more discounts on the sales of Group due to the impact of the Pandemic and the increasingly fierce competition in the industry; and (iii) the write-down of inventories of RMB17.1 million among which RMB11.7 million was related to Lubiam (Ningbo) Apparel Co., Ltd.*（寧波魯彼昂姆服飾有限公司）("**Lubiam Apparel**"), a subsidiary of the Company in liquidation.

Other revenue

Other revenue mainly comprises the Group's income derived from the sale of raw materials and interest income from banks. For the Year, the Group's other revenue decreased by approximately 63.3% to RMB1.8 million from RMB4.9 million for the FY2019, primarily attributable to the decrease in the sale of raw materials to distributors and suppliers by RMB3.1 million during the Year.

Other gains and losses

For the Year, other gains increased to net gains of RMB13.9 million which mainly represented (i) the gain of RMB16.9 million on disposal of 20% equity interest of Le Coq Sportif (Ningbo) Co., Ltd. ("**Le Coq**"), an associate of the Company and (ii) aggregate exchange gain of RMB5.7 million recorded from the borrowings in USD.

Net other losses for the FY2019 of RMB4.7 million mainly represented the Group's write-down of inventories of approximately RMB8.3 million and provision of RMB6.6 million made by the Group relating to a contract dispute with a minority shareholder of the Company's subsidiary, which was partly offset by the receipt of government grants of RMB8.0 million.

Selling and distribution expenses

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

For the Year, the Group's selling and distribution expenses decreased by approximately 13.2% to RMB452.0 million from RMB520.7 million for the FY2019, mainly attributable to (i) decrease in sales revenue which led to a decrease in store expenses; (ii) lower advertising expenses; and (iii) lower salary and remuneration expenses due to the reduction of personnel, and partial reduction of pension expenses amid the epidemic in China.

* *for identification purpose only*

Administrative expenses

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

For the Year, the Group's administrative expenses remained relatively stable, decreased by approximately 2.2% to RMB49.6 million from RMB50.7 million for the FY2019.

Impairment loss on trade receivables, net

For the Year, the Group's impairment loss on trade receivables substantially decreased to RMB1.9 million from RMB13.6 million for the FY2019, mainly attributable to expedite collections of receivables.

Finance costs

Finance costs mainly include interests on bank borrowings of the Group, borrowing interests paid to a related company and interest expenses on lease liabilities.

For the Year, the Group's finance costs decreased by approximately 34.6% to RMB11.9 million from RMB18.2 million for the FY2019. The decrease was mainly attributable to the reduction in loan interest rates.

Income tax credit/(expense)

Income tax credit/(expense) mainly represents the income tax payable by the Group according to the relevant PRC income tax laws and regulations. For the Year, there was an income tax credit of RMB2.4 million compared with income tax expense of RMB4.0 million for the FY2019. The income tax credit for the Year is mainly attributable to the recognition of deferred tax arising from impairment losses on inventories, trade receivables and property, plant and equipment.

Loss for the year

As a result of the foregoing, the Group recorded net loss for the Year of RMB75.9 million compared with net loss of RMB23.2 million for the FY2019, which was primarily attributable to the decreases in (i) the revenue of the Group due to the Pandemic; and (ii) the gross profit margin as a result of higher sales discounts for the purpose of reducing inventory.

WORKING CAPITAL MANAGEMENT

	31 December 2020	31 December 2019
Average inventory turnover days	**357**	388
Average trade receivables turnover days	**71**	65
Average trade payables turnover days	**153**	180

The Group's average inventory turnover days decreased from 388 days as at 31 December 2019 to 357 days as at 31 December 2020, which was primarily attribute to the Group's strengthening of the linkage between headquarters and terminals and improving the matching ability between products and the market and the ability to respond to market demand, resulting in a faster inventory turnover days for the Year.

The Group's average trade receivables turnover days remained relatively stable, increasing from 65 days as at 31 December 2019 to 71 days as at 31 December 2020.

The Group's average trade payables turnover days decreased from 180 days as at 31 December 2019 to 153 days as at 31 December 2020, which was primarily attributable to the reduction in the average trade payables turnover days as a result of the Group's implementation of the demand-oriented replenishment of commodities, and the rapid return mechanism of hot style, which accelerated the linkage with suppliers.

LIQUIDITY AND FINANCIAL RESOURCES

The Group maintained a solid financial position for the Year. The Group's cash and cash equivalents decreased from RMB137.5 million as at 31 December 2019 to RMB111.3 million as at 31 December 2020, and its pledged deposits decreased to RMB22.0 million as at 31 December 2020 from RMB33.6 million as at 31 December 2019. The decrease in the cash and cash equivalents was primarily attributable to the loan repayment of RMB100.0 million made to Shanshan, the former holding company of the Company.

As at 31 December 2020 and 31 December 2019, the Group's total bank borrowings amounted to approximately RMB202.2 million and RMB180.0 million, respectively. The bank borrowings as at 31 December 2020 carried fixed interest rate for RMB loans at 5.0% per annum and variable rates of USD LIBOR +1.00% and 3-month EURO LIBOR +0.28% for USD and EURO bank borrowings, respectively (31 December 2019: fixed interest rates range from 5% to 5.7% per annum). All bank borrowings were denominated in RMB, EURO and USD and repayable within a year from the respective year end dates. The Group's gearing ratios (total borrowings over total assets of the Group) were approximately 22.8% and 15.8% as at 31 December 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 solid liquidity position throughout the Year. The Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time. Surplus cash will be invested appropriately so that the Group will have adequate cash for its business operation and business development.

FOREIGN EXCHANGE RISK AND HEDGING

Most of the Group's transactions are denominated in RMB while the net proceeds from the share offer in connection with the Listing ("**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 loan denominated in 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 on 27 June 2018. The total net proceeds from the Share Offer amounted to approximately HK$66.4 million (equivalent to approximately RMB55.2 million). As at 31 December 2020, a total of RMB50.8 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 (the "**Prospectus**"):

	Planned amount *RMB (million)*	**Unutilised balance as at 1 January 2020** *RMB (million)*	**Actual utilised amount during the Year** *RMB (million)*	**Unutilised amount as at 31 December 2020** *RMB (million)*
Retail network	20.9	—	—	—
Brand promotion and marketing	13.6	—	—	—
Information technology system	10.7	8.9	4.5	4.4 *(Note)*
Warehouses and logistics center	4.5	—	—	—
General working capital	5.5	—	—	—
Total	55.2	8.9	4.5	4.4

Note: Due to delay in project progress, the Group expects to utilise the proceeds in the fourth quarter of 2021 in upgrading its information technology system.

EMPLOYEE AND REMUNERATION POLICIES

As at 31 December 2020, the Group had 523 employees (31 December 2019: 669 employees). Employee costs, including Directors' emoluments, amounted to approximately RMB83.3 million for the Year. The remuneration policy for the Directors and the senior management focuses on their experience, level of responsibility and general market conditions. Any discretionary bonus and other performance bonus are linked to the profit performance of the Group and the performance of the Directors and individual senior management. The Group provides and arranges on-the-job training for the employees.

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

ENVIRONMENTAL MANAGEMENT

Being a socially and environmentally responsible enterprise, the Group is dedicated to achieving environmental-friendly and sustainable development by abiding by relevant laws and regulations, including the "Environmental Protection Law of the People's Republic of China" and the regulations implemented by the environmental protection bureaus of the relevant PRC local governments during its daily operation. The Group has also attained the ISO14001 Environment Management Systems Certification. An environmental, social and governance report of the Group will be issued in accordance with the Environmental, Social and Governance Reporting Guide as contained in Appendix 27 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") and will be published on the respective websites of the Stock Exchange and the Company in due course.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

Except for the material transactions in terms of the acquisition of right-of-use assets which were recognised under HKFRS 16 in connection with the operating leases of office premises, warehouses and retail stores entered by the Group, and the disposal of the 20% equity interest of Le Coq, an associate of the Company, the Group did not have any significant investments, material acquisitions or disposals of assets, subsidiaries, associates or joint ventures during the Year.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in the Prospectus regarding the upgrading of the information technology system of the Group, there was no plan for material investments or capital assets as at 31 December 2020.

CAPITAL STRUCTURE

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

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 31 December 2020 (31 December 2019: Nil).

PLEDGE OF ASSET

As at 31 December 2020, the Group pledged deposits of RMB10,000,000 (31 December 2019: RMB33,556,150) to secure outstanding bills payables. RMB12,000,000 was placed as securities for the EURO bank borrowing. Save for the pledged deposits, the Group did not pledge any of its assets as securities for outstanding bills payables and bank borrowings.

OUTLOOK AND STRATEGIES

Looking into 2021, amid the business environment under the continuous macro-economic pressure and surrounded by the existing uncertainties, the Group will still adhere to its aspiration to focus on creating excellent products favoured by consumers and enhancing the core competitiveness of the Group. The Group will actively uphold new technologies, new platforms, new models and other changes, which enable the Group to bridge online and offline sales scenarios and build new consumption experience scenarios by the construction of smart stores based on the application of customer data so as to promote the innovative development of the Group's business.

Meanwhile, the Group will continue the intensive development of traditional businesses while developing new businesses in an innovative manner around the theme of Innovation Development & Connotation Development by implementing the following measures: (1) continue to increase investment in new retail business and develop a business model of integrating e-commerce operation, cooperative live broadcasting and self-operated live broadcasting based on the offline business so as to create new business growth points; (2) improve channel management, strengthen the expansion of dealers, optimise and improve direct sales system, as well as focus on the performance targets of stores; (3) enhance the synergy between commodity, product and supply chain to improve the response efficiency of supply chain; (4) take multiple measures to raise the turnover efficiency of goods, reasonably control the inventory, and improve the production and sales rate of goods; and (5) sort out business flow and management process as well as the relevant system construction, including salary and incentive mechanism, performance appraisal mechanism, etc., with a view to boost the motivation of personnel.

Benefiting from the excellent brand portfolio and good operation management, the Group is still optimistic about the future prospects. The Group will use its brand edges to carry out multi-brand cooperation and fully capitalise the value of brand resources. While improving the existing business, the Group actively explores business cooperation opportunities to continuously boost the Group's profitability.

EVENTS AFTER THE REPORTING PERIOD

Since January 2020, the Pandemic has had a significant adverse impact on the Group's business and operating performance. As at the date of this announcement, the outbreak of the Pandemic continues to spread worldwide. In view of the duration of the Pandemic and the extent of the impact on the industry, the management of the Group anticipates that the Pandemic may have further negative impact on the Group in 2021, the extent of which is subject to further assessment based on the actual situation. The management of the Group will continue to monitor the development of the Pandemic and take proactive measures to reduce the negative impact of the Pandemic and the related preventive and control measures on the financial position and operating results of the Group.

On 23 December 2020, the Company announced the procedures for the voluntary liquidation of Lubiam Apparel. As at the date of this announcement, the liquidation committee of Lubiam Apparel is still carrying out the liquidation work related to store closure, inventory disposal, debt restructuring, and staff arrangement, and will prepare a liquidation report and deregister the company after all liquidation work is completed. Depending on the actual results of the liquidation process, it may have a negative impact on the Group's operating performance in 2021. Details for the voluntary liquidation of Lubiam Apparel are set out in the announcement of the Company dated 23 December 2020.

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

During the Year, the Company did not redeem any of its securities listed on the Stock Exchange nor did the Company or any of its subsidiaries purchase or sell any of the Company's listed securities.

CORPORATE GOVERNANCE PRACTICES

The Board firmly believes that conducting the businesses of the Group in a transparent and responsible manner and following good corporate governance practices are in the interests of the enterprises and the shareholders of the Company (the "**Shareholders**") for the long term. Various measures have been adopted to enhance the management efficiency of the Company and thus to protect the interest of the Shareholders.

The Company has adopted the Corporate Governance Code (the "**CG Code**") as contained in Appendix 14 to the Listing Rules as its own code of corporate governance. The Company has applied the principles and complied with all the applicable code provisions as set out in the CG Code during the Year except for the following deviations:

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

On 26 June 2020, Mr. Zhuang Wei ("**Mr. Zhuang**") resigned as a non-executive Director due to change of working arrangement of Shanshan, the Company's former controlling shareholder, and ceased to be the chairman of the Board (the "**Chairman**"). Following the resignation of Mr. Zhuang, Mr. Luo Yefei ("**Mr. Luo**"), an executive Director and the general manager of the Company, has been appointed as the Chairman on the same day. Presently, the Company does not have a position of the title "chief executive officer". However, Mr. Luo has been carrying out the duties of the chief executive officer. The Board considers that the current structure facilitates the execution of the Group's business strategies and maximises the effectiveness of its operation. The Board shall nevertheless review the structure from time to time to ensure appropriate move is being taken if suitable circumstances arise.

Pursuant to code provision E.1.2 of the CG Code, the Chairman should attend the annual general meeting of the Company (the "**AGM**"). However, Mr. Zhuang, the former Chairman, was unable to attend the AGM 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.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "**Model Code**") as its own code of conduct governing the securities transactions by the Directors and the Supervisors on terms no less exacting than the required standard as set out in the Model Code. Following a specific enquiry made by the Company with each of the Directors and the supervisors of the Company (the "**Supervisors**"), all the Directors and the Supervisors have confirmed that they had complied with the Model Code during the Year.

REVIEW BY THE AUDIT COMMITTEE

The audit committee of the Board (the "**Audit Committee**") comprises three independent non-executive Directors, namely Mr. Au Yeung Po Fung, Mr. Wang Yashan and Mr. Wu Xuekai. Mr. Au Yeung Po Fung who has the appropriate professional qualifications as required by the Listing Rules is the chairman of the Audit Committee.

The Audit Committee has reviewed the accounting standards and practices adopted by the Group and discussed the internal control and financial reporting matters for the Year. The Audit Committee has also reviewed the annual results of the Group for the Year.

SCOPE OF WORK OF BDO LIMITED

The figures in respect of the Group's results for the Year contained in the financial information set out on pages 2 to 17 of this announcement have been agreed by the Group's independent auditor, BDO Limited ("**BDO**"), to the amounts set out in the Group's consolidated financial statements for the Year as approved by the Board. The work performed by BDO in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by HKICPA and consequently no assurance has been expressed by BDO in this preliminary announcement.

FINAL DIVIDEND

The Board has resolved not to recommend the payment of a final dividend for the Year (2019：Nil).

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND 2020 ANNUAL REPORT

This annual results announcement is published on the HKExnews website of Hong Kong Exchanges and Clearing Limited at http://www.hkexnews.hk and on the Company's website at http://www.chinafirs.com. The 2020 annual report of the Company will be available on both websites and will be despatched to the Shareholders in due course.

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

Ningbo, the PRC, 29 March 2021

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