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Cosmo Lady (China) Holdings Company Limited

都市麗人(中國)控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock code: 2298)

VOLUNTARY ANNOUNCEMENT FRAMEWORK COOPERATION AGREEMENT

This is a voluntary announcement made by the Company for the purpose of keeping the Shareholders and potential investors of the Company informed of the latest business development of the Group.

THE FRAMEWORK COOPERATION AGREEMENT

The Board is pleased to announce that, on 17 August 2018, Guangdong Cosmo Lady entered into the Cooperation Agreement with Tencent pursuant to which the parties intend to utilise each of their respective strengths to jointly advance the integration of online and offline sales capabilities to develop a new smart retail business of the Group.

The Group will leverage on its retail stores, e-commerce business, business resources, media resources, functional departments, etc. and other possible channel resources to cooperate with Tencent.

Tencent will utilise its public platform on WeChat, WeChat payment services and other core products and services, product resources, leading services, etc. provided by itself and its associated companies to cooperate with the Group.

Tencent and the Company expect that the joint cooperation under the Cooperation Agreement would include developments such as:

- (a) the use of mobile applications for consumers to scan product codes to view product information and the related comments from other consumers while in-store;
- (b) development of an electronic fitting basket whereby customers can scan product codes in-store and products will be made available directly at the fitting room;

- (c) customers can scan product codes while within the fitting room to request for services such as the exchanging of products which can be directly delivered to the fitting room;
- (d) introduction of interactive large-screen displays in stores to provide an interactive marketing and electronic display platform for promoting the brands and products of the Group;
- (e) self-service facial recognition payment systems; and
- (f) collecting and analyzing the behavior of consumers in store to enhance management of retail stores.

The Cooperation Agreement has a term of five years from the date of signing, and is only terminable by mutual consent or by breach of the Cooperation Agreement by either party pursuant to the terms therein.

To the best knowledge, information and belief of the Directors, and having made all reasonable enquiries, Tencent and its ultimate beneficial owner(s) are independent third parties independent of the Company and its connected persons.

GENERAL INFORMATION AND REASONS FOR AND BENEFITS OF ENTERING INTO THE COOPERATION AGREEMENT

The Group is principally engaged in the designing, marketing and selling of intimate wear products in the PRC.

Tencent is a company incorporated in the PRC wholly-owned by Tencent Holdings Limited which in turn is a leading provider of internet value added services in the PRC and listed on the Stock Exchange (stock code: 0700). Its services include, for example, the mobile application "WeChat".

The Board believes that developments such as those set out above would provide consumers with new, interesting, efficient and customer-oriented digitized shopping experience, and improve the quality of services with a view to improve sales of retail stores. The Group will continue to make use of advanced technology to set up IT retail stores in the future.

The Directors are of the view that the terms of the Cooperation Agreement are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

The entering into of the Cooperation Agreement does not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules as all applicable percentage ratios under Rule 14.07 of the Listing Rules are less than 5%. This announcement is being made by the Company on a voluntary basis.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following terms shall have the following meanings:

"Board" the board of Directors

"Company" Cosmo Lady (China) Holdings Company Limited, a company

incorporated in the Cayman Islands with limited liability and its shares listed on the Main Board of the Stock Exchange (stock code: 2298)

"connected person(s)" has the meaning ascribed to it under the Listing Rules

"Cooperation Agreement" the framework cooperation agreement entered into between Cosmo Lady

and Tencent on 17 August 2018

"Guangdong Cosmo Lady" 廣東都市麗人實業有限公司(Cosmo Lady Guangdong Holdings

Limited*), a company incorporated in the PRC with limited liability

wholly-owned subsidiary of the Company

"Directors" the directors of the Company

"Group" the Company and its subsidiaries

"independent third parties" has the meaning ascribed to it under the Listing Rules

"Listing Rules" the Rules Governing the Listing of Securities on the Stock Exchange

"PRC" the People's Republic of China, excluding Hong Kong, the Macau

Special Administration Region of the People's Republic of China and

Taiwan

"Shareholders" the shareholders of the Company

"Stock Exchange" The Stock Exchange of Hong Kong Limited

"Tencent" 財付通支付科技有限公司(Tenpay Technology Co., Ltd.*), a company

incorporated in the PRC with limited liability wholly-owned by Tencent

Holdings Limited

By Order of the Board
Cosmo Lady (China) Holdings Company Limited
Zheng Yaonan
Chairman

Hong Kong, 17 August 2018

As at the date of this announcement, the Board comprises Mr. Zheng Yaonan, Mr. Zhang Shengfeng, Mr. Lin Zonghong, Mr. Cheng Zuming and Ms. Wu Xiaoli as executive directors of the Company; Mr. Wen Baoma, Mr. Yang Weiqiang and Mr. Hu Shengli as non-executive directors of the Company; and Mr. Yau Chi Ming, Dr. Dai Yiyi, Mr. Chen Zhigang and Dr. Lu Hong Te as independent non-executive directors of the Company.

^{*} Denotes an English translation of a Chinese name and is provided for identification purpose only.