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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

This announcement is made by Cosmo Lady (China) Holdings Company Limited (the “Company”, together with its subsidiaries, the “Group”) on a voluntary basis for the purpose of keeping the shareholders and potential investors of the Company informed of the latest business development of the Group.

2021 SPRING-SUMMER TRADE FAIR

- a) Franchisees of the Group have expressed their positive appraisals for the 2021 spring-summer season new products. The value of orders placed by our franchisees during the 2021 spring-summer trade fair has increased by more than 30%, when compared with the value of orders placed during the 2020 spring-summer trade fair. Particularly, there has been rapid growth in the sales of corsets, loungewear and men’s underwear; and
- b) During the trade fair, our existing and new franchisees were optimistic about the Group’s future and have applied to open around 300 new stores. These new stores are anticipated to be opened within the next 6 months.

RETAIL CHANNEL DEVELOPMENT

Amid the adverse impact of COVID-19 and the weak retail industry during the first half of 2020:

- a) The franchisees of the Group have gradually regained their confidence for market development. Around 130 new franchisee stores were opened during the third quarter of 2020, and around 150 franchisee stores are expected to be opened before the end of 2020; and
- b) The Group has opened and renovated a total of 32 seventh generation self-managed stores with a new brand image, and 5 shopping mall stores with family life concept in the key trade zones of major cities during the third quarter of 2020. Many stores opened during 2020 have met their sales targets.

SMART RETAIL

- a) Online sales have recorded a strong growth trend with a growth rate of approximately 35% in the third quarter of 2020. Through the Group's close working relationships with major platforms, including Alibaba (for example Rhino Smart Manufacturing Platform), JD.com and Vipshop, it is expected that the Group's online business will continue to experience healthy growth in the second half of 2020;
- b) A total of 3 online live-streams were held in August and September 2020 to promote the sale of new products, creating a revenue of nearly RMB35,000,000; and
- c) From the fourth quarter of 2020 onwards, the Group will join forces with China Youzan Limited to promote franchisees' business through the use of Tencent mini APP. This will increase the interactions between franchisees and the loyalty program customers of the Group, bringing more sales opportunities to franchisees.

NEW PRODUCTS

The 2020 autumn-winter season products have received positive responses from the market, with sold-out rate in the third quarter of 2020 about 5% higher than the 2019 autumn-winter season products in the same period of 2019.

SAME-STORE-SALES PERFORMANCE

Offline stores sales continue to recover from the impact of COVID-19 and the slowing mainland China economy. The same-store-sales in the first half of 2020 declined by about 30%. There was gradual improvement in the third quarter of 2020 and the same-store-sales growth turned positive from mid September onwards while the same-store-sale for the first half of October 2020 recorded a high single digit increase. It is expected that the trend of improvement will continue in the fourth quarter of 2020.

OPERATING PERFORMANCE OF ORDIFEN BRAND

There was a year-on-year sales growth of 11% in the third quarter of 2020 for Ordifen brand products, a mid-to-high-end intimate wear brand of the Group. Year-on-year sales growth for Ordifen brand products further improved to around 25% in the first half of October 2020.

Shareholders of the Company and potential investors should note that the above information has not been audited or reviewed by the Company's auditors, and the Company's actual performance will be subject to market and economic conditions. The Company will continue to seek development or business opportunities to strengthen its business portfolio and create sustainable and stable performance. Shareholders and potential investors of the Company should refer to the annual and interim results announcements published from time to time by the Company for more up-to-date information. Shareholders of the Company are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 22 October 2020

As at the date of this announcement, the Board comprises Mr. Zheng Yaonan, Mr. Zhang Shengfeng, Ms. Wu Xiaoli and Mr. Siu Ka Lok as executive Directors; Mr. Lin Zonghong, Mr. Wen Baoma, Mr. Jiang Bo and Mr. Zhao Yingming as non-executive Directors; and Mr. Yau Chi Ming, Dr. Dai Yiyi, Mr. Chen Zhigang and Dr. Lu Hong Te as independent non-executive Directors.