



# 都市丽人

COSMO LADY

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

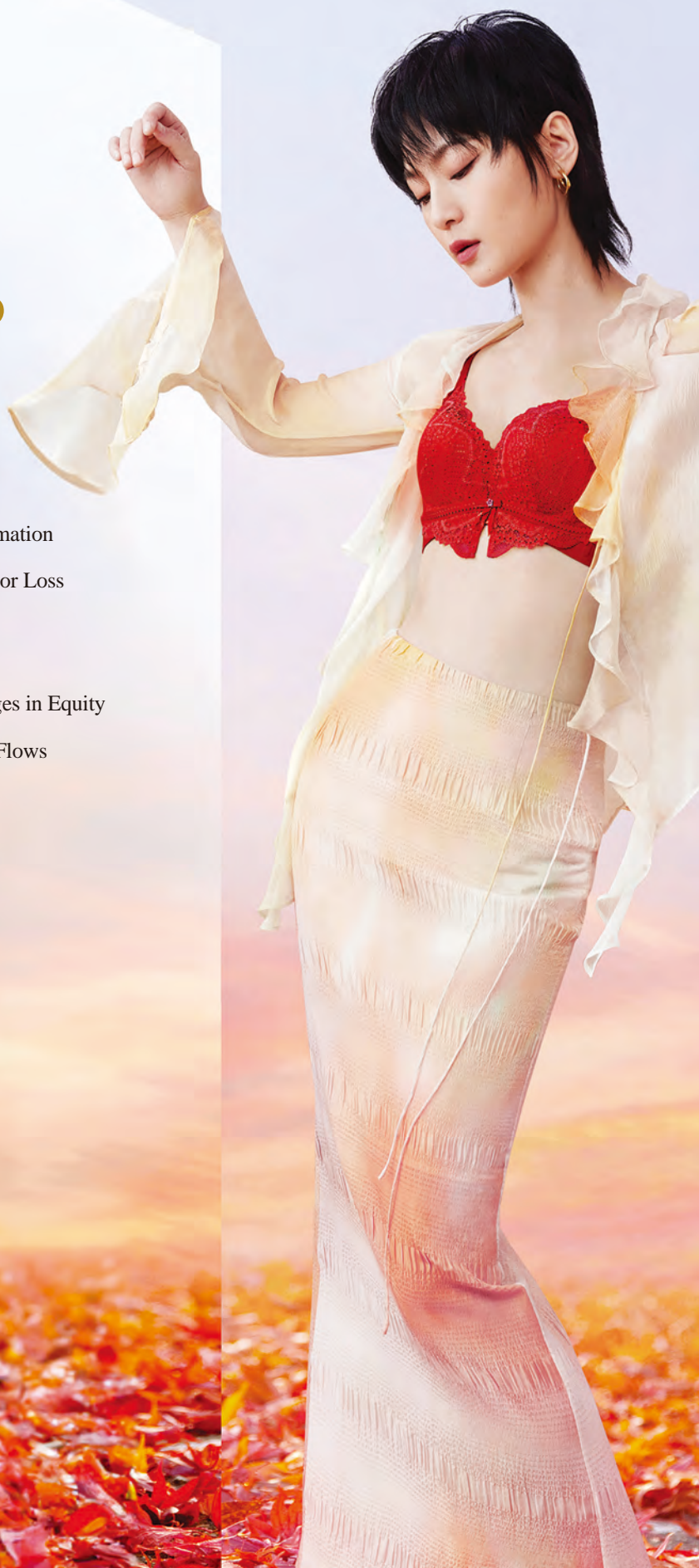


## 2023 INTERIM REPORT



# Contents

- 4 Corporate Information
- 5 Financial Highlights
- 6 Management Discussion and Analysis
- 15 Report on Review of Interim Financial Information
- 16 Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
- 17 Condensed Consolidated Balance Sheet
- 19 Condensed Consolidated Statement of Changes in Equity
- 21 Condensed Consolidated Statement of Cash Flows
- 22 Notes to the Condensed Consolidated Interim Financial Information
- 49 Other Information









# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

Mr. Zheng Yaonan (*Chairman and Chief Executive Officer*)  
Mr. Zhang Shengfeng (*Deputy Chairman and Vice President*)  
Ms. Wu Xiaoli (*Vice President*)

### Non-executive Directors

Mr. Lin Zonghong  
Ms. Kong Xiangying

### Independent Non-executive Directors

Mr. Yau Chi Ming  
Dr. Dai Yiyi  
Mr. Chen Zhigang  
Dr. Lu Hong Te

## COMPANY SECRETARY

Mr. Choi Wai Hin

## BOARD COMMITTEES

### Audit Committee

Mr. Yau Chi Ming (*Chairman*)  
Dr. Dai Yiyi  
Mr. Chen Zhigang  
Dr. Lu Hong Te

### Remuneration Committee

Dr. Dai Yiyi (*Chairman*)  
Mr. Zhang Shengfeng  
Mr. Chen Zhigang  
Dr. Lu Hong Te

### Nomination Committee

Mr. Zheng Yaonan (*Chairman*)  
Mr. Yau Chi Ming  
Mr. Chen Zhigang  
Dr. Lu Hong Te

### Risk Management Committee

Mr. Chen Zhigang (*Chairman*)  
Mr. Yau Chi Ming  
Dr. Dai Yiyi  
Dr. Lu Hong Te

## AUDITOR

PricewaterhouseCoopers  
*Certified Public Accountants and Registered PIE Auditor*

## PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited  
Industrial and Commercial Bank of China Limited  
Dongguan Rural Commercial Bank  
China Construction Bank Corporation

## PLACE OF LISTING AND STOCK CODE

The Stock Exchange of Hong Kong Limited  
Stock Code: 2298

## WEBSITE

<http://www.cosmo-lady.com.hk>

## INVESTOR RELATIONS

Porda Havas International Finance Communications Group  
Website: [cosmo-lady@pordahavas.com](mailto:cosmo-lady@pordahavas.com)

## AUTHORIZED REPRESENTATIVES

Mr. Zheng Yaonan  
Mr. Choi Wai Hin

## REGISTERED OFFICE

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Windward 3, Regatta Office Park  
PO Box 1350  
Grand Cayman KY1-1108  
Cayman Islands

## HEAD OFFICE

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Fenggang Town, Dongguan City  
Guangdong

## PLACE OF BUSINESS IN HONG KONG

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China Merchants Tower, Shun Tak Centre  
Nos. 168–200 Connaught Road Central  
Hong Kong

## SHARE REGISTRAR IN HONG KONG

Computershare Hong Kong Investor Services Limited  
Shops 1712–1716  
17/F., Hopewell Centre  
183 Queen's Road East  
Wanchai  
Hong Kong

# Financial Highlights

		For the six months ended 30 June	
		2023	2022
Revenue	RMB'000	1,367,631	1,618,373
Profit attributable to owners of the Company	RMB'000	26,129	10,123
Gross profit margin	%	47.4%	46.6%
Earnings per share			
– Basic	RMB cents	1.19	0.46
– Diluted	RMB cents	1.19	0.46

都市麗人·國民內衣  
全國銷量領先





# Management Discussion and Analysis

## BUSINESS REVIEW

In the first half of 2023, with the withdrawal of various epidemic prevention measures by the Chinese government, domestic retail and commercial activities have gradually returned to normal, and the overall economic operation of China showed a steady trend. In the first half of 2023, China's GDP grew by 5.5% year-on-year, representing an increase as compared with 3.0% in 2022. Total consumer goods retail sales increased by 8.2% year-on-year, of which total consumer goods retail sales in June 2023 increased by 3.1% year-on-year and declined by 9.6 percentage points month-to-month. However, as the international environment is still cloudy and severe with the uncertainty of inflation and interest rates, the confidence of residents and enterprises in economic development has not yet been fully recovered, and the economic recovery in mainland China still faces the pressure of insufficient demand, which in turn leads to the weakness of the consumption track.

Despite the multiple challenges, with the concerted efforts of all staff, the Group's operations in the first half of this year still achieved profit growth. During the six months ended 30 June 2023, the profit attributable to the owners of the Company was approximately RMB26,129,000 (for the six months ended 30 June 2022: RMB10,123,000).



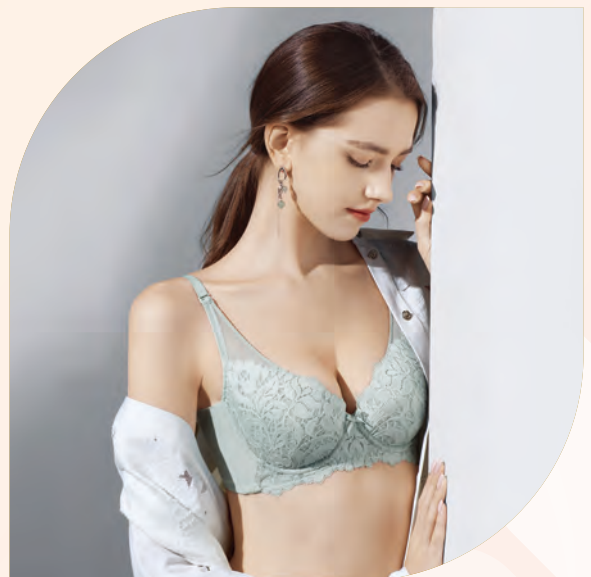


### Multi-sector collaboration to build a steady development potential

In the first half of 2023, the Group continued to focus on capacity building on brand, product, channel and digitalization, and took the following measures to further enhance the Group's core competitiveness and performance:

#### 1. Brand leadership

- (a) Adhering to the strategic orientation, the Group has calibrated the positioning of the main brand of Cosmo Lady and Ordifen. On this basis, the Group has formed a highly coordinated brand portfolio comprising premium, medium and popular brands;
- (b) The 2023 Autumn and Winter New Products Conference of Cosmo Lady was successfully concluded in Shenzhen, Guangdong Province on 26 March 2023. With the theme of "Breakthrough Growth, Resilience Evolution (破界生長·韌性進化)", the conference started with three chapters: Autumn Rhythm (秋日律動), Urban Classics (都市經典) and Winter Color (冬日色彩), to penetrate the intimate wear into women's diversified life scenarios, attracting a large number of franchisees and customers;
- (c) Continuous upgrade and optimization of marketing:
  - (i) We effectively integrated the terminal marketing activities, reduced the situation of repeated promotion and multiple activities in parallel, and at the same time, promoted the promotion planning by grades and classifications to improve overall marketing efficiency;
  - (ii) We established a new hierarchical advertising system for our stores, combined with the systems of commodity planning, commodity operation, product display, selling point planning, visual presentation, etc., to display the key products of stores in a modular manner to give customers a clearer visual display;
  - (iii) We upgraded the content of new product promotion and promoted new products with concept video to shape product awareness, strengthen product features, accumulate brand assets, and coordinated with online mini programs and offline stores to form a unified potential energy; and
- (d) We comprehensively promoted omni-channel marketing that integrated online and offline platform, to achieve refined operation with all channels from online and offline, 24-hour service and all customer bases. The Group entered into JD Daojia (京東到家), Meituan Instashopping (美團閃購), Douyin Local Life (抖音本地生活), which improved the operating efficiency of offline stores and provided more possibilities for the growth of the Group's performance.





## **2. Product as base**

- (a) We strengthened market and consumer insight to capture market trends through the application of relevant data platforms, and refreshed product lines according to the customer bases to accurately locate the customer bases, meet the needs of different market segments and provide consumers with cost-effective products;
- (b) We continued to promote product innovation. Internally, we optimized and adjusted product innovation, promoted the formulation of technical standards and the research on intelligent manufacturing of new types, and continued to promote trend integration, digital planning, category planning and design planning. Externally, we promoted trend cooperation, supplier co-creation and material innovation to continuously improve material/process innovation capabilities and product research, development and design capabilities;
- (c) We took the hero product planning as a key promotion matter at the company level and coordinated multi-department to participate in the hero product planning to continuously improve the hero product matrix. Hero products launched in 2023, such as Porous Cup (洞力杯), Thin Push-up Cup (聚薄杯), Shape Cup (塑顏杯), Soft Cup (柔型杯), Big Cup (大罩杯), Tea-series Underpants (茶舒褲), Soft Underpants (舒柔褲), Soft Series (軟綿綿系列), have received good market reactions; and
- (d) We continued to strengthen supply chain management capability, promote hierarchical management of suppliers, improve the responsive of supply chain, as well as optimize supply chain management costs.

## **3. Channel Breakthrough**

- (a) Franchise strategy has achieved initial results. In the first half of the year, more than 800 stores entered into franchise contracts, creating a record high over the years;
- (b) We will continue to promote the channel layout strategy of “1 store (flagship store, brand empowerment) + N stores (mainly for increasing market share and making profit) + specialty stores (for cleaning up off-season goods)”, optimize the structure of stores, and formulate corresponding efficiency measures for different stores, so as to improve the overall profitability of stores;
- (c) We will continue to advance the campaign of “1,000 stores in 100 cities” and through a series of brand and marketing activities, we have provided support to terminal stores, empowered terminal sales, and fully explored the market opportunities in market niches; and
- (d) The business development of Cotton Regions (純棉居物) at shopping center has achieved remarkable results, and initially created a replicable profit model.

#### 4. Digital Transformation

In the first half of the year, the construction of digital projects of Cosmo Lady progressed steadily. At present, some system platforms have been launched one after another, providing strong digital tool support for business development.

- (a) Based on the original foundation, the B2B system platform is further optimized to increase the functions of commodity operation and marketing and the functions of livestreaming forecast, reminder, sharing and commodity recommendation and notification. At the same time, digital reports are built to support precise decision-making of commodity replenishment;
- (b) In June 2023, the universe consumer management platform has been launched, which will greatly enhance the precision marketing capabilities towards more than 62 million members of Cosmo Lady, providing a strong driving force for the continuous growth of performance; and
- (c) Data management and data middle-office projects have established a management cockpit for commodities, channels, members and retail, providing systematic support for the Group to achieve data-driven, fast and accurate marketing decisions, laying a solid foundation for comprehensive improvement of operational efficiency.

#### Uphold our Original Aspirations and Build a Sustainable Leading Advantage

Over the years, we have adhered to the three aspirations of “1) providing good and affordable intimate wear to consumers; 2) making every franchisee profitable; 3) all employees sincerely better serve each franchisee and consumer”. We have established a unique competitive advantage in brand, product, channel and digitalization.

Looking forward to the second half of the year, although the external environment is still subject to considerable uncertainty, the Group will strive for triumph over these difficulties, while consolidating its inherent foundation, continue to actively seek improvements and breakthroughs to consolidate its continued leadership. At the same time, the Group will continue to optimize the organizational structure and strengthen team capacity building; We are convinced that as long as we uphold the original intention and are not afraid of difficulties, we will be able to make steady progress and achieve even greater success.





## FINANCIAL REVIEW

### Profit attributable to the owners of the Company

During the period, as mentioned in the “Business Review” section, the Group continued on building its various capacities aiming to further enhance its competitiveness and achieve structurally sound improvement resulting an increase in the profit attributable to the owners of the Company was from RMB10,123,000 for the six months ended 30 June 2022 to RMB26,129,000 for the six months ended 30 June 2023.

### Revenue

The Group’s revenue is mainly derived from sales of intimate products in mainland China, either to the franchisees or to consumers through self-managed/cooperative stores and online sales platforms. The breakdown of the revenue is as follows:

	Six months ended 30 June			
	2023		2022	
	RMB'000	%	RMB'000	%
Retail sales				
– Self-managed/cooperative stores sales	622,579	45.5	541,556	33.5
– Consignment sales in franchisees’ stores	–	–	217,396	13.4
Sales to franchisees	447,154	32.7	473,498	29.3
E-commerce	249,553	18.3	332,674	20.5
Others	48,345	3.5	53,249	3.3
	<b>1,367,631</b>	<b>100.0</b>	1,618,373	100.0

During the period, the changes in revenue of the Group were driven by the following factors:

- Improvement in sales performance on self-operated stores and increase in the number of cooperative stores;
- Termination of consignment sales arrangements in franchisees’ stores in the second half of 2022;
- In the second half of 2022, the shift on product ordering system for franchisees from futures basis to spot basis gradually, which reduced the excess stock shipments, alleviated inventory pressure and improved cash flow; and
- The e-commerce business was under restructuring in the first half of 2023.

### Gross profit margin

During the period, the gross profit margin of the Group increased to around 47.4% (the first half of 2022: 46.6%), mainly due to continuous improvements in supply chain management, product operations and product planning capabilities, resulting in increased product sold-out and reduced sales discounts.

### Selling and marketing expenses

Selling and marketing expenses primarily consist of employee benefit expenses, operating expenses in respect of stores under cooperative arrangements, marketing and promotion expenses, e-commerce platforms commission expenses, depreciation and amortization and others.

The decrease in selling and marketing expenses by about 13.5% for the six months ended 30 June 2023 to approximately RMB557,613,000 (the first half of 2022: RMB644,351,000) was mainly driven by a reduction in commission expenses in respect of consignment sales in franchisees' stores, as such arrangement was terminated as mentioned above.

### General and administrative expenses

General and administrative expenses primarily consist of employee benefit expenses, consulting service expenses, travelling expenses, depreciation and amortization and others.

The decline of general and administrative expenses by about 20.0% for the six months ended 30 June 2023 to approximately RMB93,793,000 (the first half of 2022: RMB117,214,000) was mainly due to the decrease in employee benefits expenses as a result of streamlining corporate structure as well as improved staff productivity and the decrease in other general and administrative expenses resulting from the effective cost control measures implemented during the period.

### Net reversal of impairment losses on financial assets

The amount of RMB33,726,000 for the six month ended 30 June 2023 mainly represented reversal of part of the provisions for trade receivables made in previous years upon settlement of these balances during the period.

### Finance expenses – net

Finance expenses – net represents financial expenses on bank borrowings and lease liabilities less interest income on bank deposits.

The decrease in finance expenses to approximately RMB13,022,000 (the first half of 2022: RMB18,062,000) was mainly due to the drop in interest expenses on bank borrowings and lease liabilities.

### Income tax expense

As of 30 June 2023, the Group had fulfilled all its tax obligations and did not have any unresolved tax disputes.

The decrease in income tax expense for the six months ended 30 June 2023, was mainly due to reversal of part of the deferred tax assets recognized in previous years in respect of provision for inventories and trade receivables in the first half of 2022.

## LIQUIDITY AND FINANCIAL RESOURCES

The Group maintained a solid balance sheet. As at 30 June 2023, the Group's restricted bank deposits and cash and cash equivalents amounted to approximately RMB658,263,000 (31 December 2022: RMB709,458,000) and bank borrowings amounted to approximately RMB436,648,000 (31 December 2022: RMB331,502,000). The increase in bank borrowings is mainly due to the obtaining of new loans for the purpose of rebuilding new factories for future sales or rental purposes. As at 30 June 2023, the current ratio was about 1.8 times (31 December 2022: 1.7 times).

As at 30 June 2023, the Group's gross gearing ratio, which was calculated on the basis of the amount of bank borrowings as a percentage of the total shareholders' equity, was approximately 22.5% (31 December 2022: 17.3%). The net gearing ratio, which was calculated on the basis of the amount of bank borrowings less restricted bank deposits and cash and cash equivalents as a percentage of the total shareholders' equity, was approximately negative 11.4% (31 December 2022: negative 19.8%) as the Group continued to maintain a net cash position.



## FOREIGN CURRENCY RISK

Most of the Group's income, expenses and purchases of raw materials are denominated in Renminbi. The Group has never had any significant difficulties in obtaining sufficient foreign currencies for repatriation of profits declared by the subsidiaries in mainland China to the overseas holding companies.

## USE OF PROCEEDS FOR FUNDS RAISED

### Fosun Subscription

Reference is made to the announcements of the Company dated 5 May 2017, 17 May 2017 and 30 June 2022 regarding the issuance of new shares under general mandate (the "Fosun Subscription"). On 17 May 2017, the Company issued 240,000,000 shares at a price of HK\$2.50 per share to a wholly-owned subsidiary of Fosun International Limited, raising gross proceeds of HK\$600,000,000 and net proceeds of approximately HK\$599,000,000. It was set out at the time that the net proceeds from the Fosun Subscription were intended to be used by the Company for financing the reforms in sales and distribution channels of the Group, potential mergers, acquisitions and cooperation opportunities, and general working capital.

On 30 June 2022, the Board had resolved to change the allocation of the unutilized net proceeds from Fosun Subscription up to 31 May 2022. The revised actual use of net proceeds up to 30 June 2023 was as follows:

Use of net proceeds	Original	Net proceeds	Unutilized	Revised	Net proceeds	Unutilized
	intended use			allocation		
	of net proceeds	utilized	net proceeds	of unutilized	utilized	net proceeds
	as stated in	up to	up to	up to	up to	up to
	the 2021	31 May 2022	31 May 2022	31 May 2022	30 June 2023	30 June 2023
	annual report					
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Financing the reforms in sales and distribution channels of the Group	39,000,000	39,000,000	–	–	–	–
Potential mergers, acquisitions and cooperation opportunities	30,000,000	–	30,000,000	–	–	–
General working capital	530,000,000	530,000,000	–	30,000,000	30,000,000	–
<b>Total</b>	<b>599,000,000</b>	<b>569,000,000</b>	<b>30,000,000</b>	<b>30,000,000</b>	<b>30,000,000</b>	<b>–</b>

## Windcreek Subscription

Reference is made to the announcements of the Company dated 26 April 2018, 25 May 2018 and 30 June 2022 regarding the issuance of new shares under general mandate (the “Windcreek Subscription”). On 25 May 2018, the Company issued an aggregate of 121,443,213 shares at a price of HK\$4.20 per share to Windcreek Limited (an indirect wholly-owned subsidiary of JD.com, Inc.), Image Frame Investment (HK) Limited (a wholly-owned subsidiary of Tencent Holdings Limited), Vipshop International Holdings Limited (a wholly-owned subsidiary of Vipshop Holdings Limited) and Quick Returns Global Limited, raising gross proceeds of approximately HK\$510,061,000 and net proceeds of approximately HK\$509,000,000. It was set out at the time that the net proceeds from the Windcreek Subscription were intended to be used by the Company for financing the reforms in sales and distribution channels of the Group, potential mergers, acquisitions and cooperation opportunities, and general working capital.

On 30 June 2022, the Board had resolved to change the allocation of the unutilized net proceeds from the Windcreek Subscription up to 31 May 2022. The revised actual use of the net proceeds up to 30 June 2023 was as follows:

	Original intended use of net proceeds as stated in the 2021 annual report HK\$	Net proceeds utilized up to 31 May 2022 HK\$	Unutilized net proceeds up to 31 May 2022 HK\$	Revised allocation of unutilized net proceeds up to 31 May 2022 HK\$	Net proceeds utilized up to 30 June 2023 HK\$	Unutilized net proceeds up to 30 June 2023 HK\$	Expected timeline of full utilization of said unutilized balance (Note)
Financing the reforms in sales and distribution channels of the Group	239,000,000	50,601,000	188,399,000	88,399,000	88,399,000	–	Before the end of 2025
Potential mergers, acquisitions and cooperation opportunities	70,000,000	–	70,000,000	–	–	–	N/A
General working capital	200,000,000	25,555,000	174,445,000	344,445,000	35,178,000	309,267,000	Before the end of 2025
<b>Total</b>	<b>509,000,000</b>	<b>76,156,000</b>	<b>432,844,000</b>	<b>432,844,000</b>	<b>123,577,000</b>	<b>309,267,000</b>	

*Note:* The expected timeline of full utilization of said unutilized balance is based on the best estimation of the future market conditions made by the Group. It may be subject to changes due to future development of market conditions.

The net proceeds from the Windcreek Subscription have been deposited with certain licensed banks.



## **CAPITAL EXPENDITURE ON PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS**

During the period, capital expenditure on property, plant and equipment and intangibles assets amounted to approximately RMB253,150,000 (the first half of 2022: RMB23,570,000), which was mainly used for decoration and renewal of stores and rebuilding new factories for future sales or rental purposes.

## **PLEDGE OF ASSETS**

As at 30 June 2023, the Group's certain property, plant and equipment, and land use rights of approximately RMB428,178,000 (31 December 2022: RMB308,343,000) were pledged as securities for obtaining banking borrowings.

## **CONTINGENT LIABILITIES**

As at 30 June 2023, the Group did not have any significant contingent liabilities.

## **HUMAN RESOURCES AND MANAGEMENT**

The Group had approximately 2,800 full-time employees as at 30 June 2023 (31 December 2022: 3,000). The Group's remuneration package is determined with reference to the experience and qualifications of the individual employees and general market conditions. Bonus is linked to the Group's operating result as well as individual performance.

## **ENVIRONMENTAL MANAGEMENT**

Being a socially and environmentally responsible enterprise, the Group is dedicated to achieving environmental sustainability through its daily operations and is in compliance with regulations including the "Environmental Protection Law of the PRC" and regulations set by the Environmental Protection Bureau of local governments. A corporate social responsibility report for the Group has been issued in accordance with the Environmental, Social and Governance Reporting Guide of the Stock Exchange and included in the 2022 annual report. A similar report will be included in the 2023 annual report which will be issued next year.

# Report on Review of Interim Financial Information



羅兵咸永道

**To the Board of Directors of Cosmo Lady (China) Holdings Company Limited**

*(incorporated in the Cayman Islands with limited liability)*

## INTRODUCTION

We have reviewed the interim financial information set out on pages 16 to 48, which comprises the interim condensed consolidated balance sheet of Cosmo Lady (China) Holdings Company Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30 June 2023 and the interim condensed consolidated statement of profit or loss and other comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and selected explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “Interim Financial Reporting”. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with International Accounting Standard 34 “Interim Financial Reporting”.

**PricewaterhouseCoopers**

*Certified Public Accountants*

Hong Kong, 25 August 2023

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# Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

		Six months ended 30 June	
		2023	2022
		Unaudited RMB'000	Unaudited RMB'000
	Note		
<b>Revenue</b>	5	1,367,631	1,618,373
Cost of sales	7	(720,009)	(864,139)
<b>Gross profit</b>		<b>647,622</b>	754,234
Selling and marketing expenses	7	(557,613)	(644,351)
General and administrative expenses	7	(93,793)	(117,214)
Net reversal of impairment losses on financial assets	8	33,726	51,493
Other income	6	7,986	13,659
Other losses – net	6	(1,784)	(11,018)
<b>Operating profit</b>		<b>36,144</b>	46,803
Finance income	9	3,738	3,388
Finance expenses	9	(13,022)	(18,062)
Finance expenses – net		(9,284)	(14,674)
Share of profit/(loss) of joint ventures	14	6,148	(558)
<b>Profit before income tax</b>		<b>33,008</b>	31,571
Income tax expense	10	(8,451)	(29,719)
<b>Profit for the period</b>		<b>24,557</b>	1,852
<b>Other comprehensive income/(loss) for the period</b>			
<i>Item that may be reclassified subsequently to profit or loss</i>			
– Exchange differences		13,970	17,147
<i>Item that will not be reclassified to profit or loss</i>			
– Changes in the fair value of equity investments at fair value through other comprehensive income		(4,978)	(7,287)
<b>Total comprehensive income for the period</b>		<b>33,549</b>	11,712
<b>Profit/(loss) attributable to:</b>			
Owners of the Company		26,129	10,123
Non-controlling interests		(1,572)	(8,271)
		24,557	1,852
<b>Total comprehensive income/(loss) attributable to:</b>			
Owners of the Company		35,121	19,983
Non-controlling interests		(1,572)	(8,271)
		33,549	11,712
<b>Earnings per share attributable to owners of the Company during the period</b>		<b>RMB cents</b>	<b>RMB cents</b>
Basic and diluted earnings per share	11	1.19	0.46

The notes on pages 22 to 48 form an integral part of this condensed consolidated interim financial information.

# Condensed Consolidated Balance Sheet

		As at 30 June 2023 Unaudited RMB'000	As at 31 December 2022 Audited RMB'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	13	793,893	600,320
Right-of-use assets	13	297,769	341,161
Intangible assets	13	27,867	28,648
Investment in joint ventures	14	91,352	84,604
Financial assets at fair value through other comprehensive income	15	28,586	36,094
Deposits, prepayments and other receivables	16	14,270	9,481
Deferred income tax assets	17	124,402	154,361
		1,378,139	1,254,669
<b>Current assets</b>			
Inventories	18	549,544	702,963
Trade and notes receivables	19	316,461	297,138
Deposits, prepayments and other receivables	16	556,673	517,535
Restricted bank deposits	20	174,663	155,375
Cash and cash equivalents	20	483,600	554,083
		2,080,941	2,227,094
<b>Total assets</b>		<b>3,459,080</b>	<b>3,481,763</b>



		As at 30 June 2023 Unaudited RMB'000	As at 31 December 2022 Audited RMB'000
<b>EQUITY</b>			
<b>Capital and reserves attributable to owners of the Company</b>			
Share capital	21	140,312	140,312
Share premium	21	1,656,669	1,656,669
Other reserves	22	387,987	378,389
Accumulated losses		(250,664)	(273,012)
		<b>1,934,304</b>	<b>1,902,358</b>
Non-controlling interests		4,951	9,817
<b>Total equity</b>		<b>1,939,255</b>	<b>1,912,175</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and notes payables	24	572,292	613,185
Accruals and other payables	25	223,430	272,278
Contract liabilities	5	60,731	52,336
Current income tax liabilities		6,879	22,415
Borrowings	26	168,344	168,118
Lease liabilities		139,916	156,720
Deferred income		228	242
		<b>1,171,820</b>	<b>1,285,294</b>
<b>Non-current liabilities</b>			
Borrowings	26	268,304	163,384
Lease liabilities		79,015	120,028
Deferred income tax liabilities	17	449	538
Deferred income		237	344
		<b>348,005</b>	<b>284,294</b>
<b>Total liabilities</b>		<b>1,519,825</b>	<b>1,569,588</b>
<b>Total equity and liabilities</b>		<b>3,459,080</b>	<b>3,481,763</b>

The notes on pages 22 to 48 form an integral part of this condensed consolidated interim financial information.

**Zheng Yaonan**  
Director

**Zhang Shengfeng**  
Director

# Condensed Consolidated Statement of Changes in Equity

		Unaudited						
		Attributable to owners of the Company						
	Note	Share capital	Share premium	Other reserves	Accumulated losses	Total	Non-controlling interests	Total equity
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>As at 1 January 2023</b>		140,312	1,656,669	378,389	(273,012)	1,902,358	9,817	1,912,175
<b>Comprehensive income</b>								
Profit for the period		-	-	-	26,129	26,129	(1,572)	24,557
<b>Other comprehensive income</b>								
Exchange differences	22	-	-	13,970	-	13,970	-	13,970
Changes in the fair value of equity investments at fair value through other comprehensive income		-	-	(4,978)	-	(4,978)	-	(4,978)
Transfer of loss on disposal of equity investments at fair value through other comprehensive income to accumulated losses		-	-	3,781	(3,781)	-	-	-
<b>Total comprehensive income for the period</b>		-	-	12,773	22,348	35,121	(1,572)	33,549
<b>Transactions with owners</b>								
Equity-settled share-based compensation	23	-	-	(3,175)	-	(3,175)	-	(3,175)
Liquidation of subsidiary		-	-	-	-	-	(1,416)	(1,416)
Dividends provided for or paid		-	-	-	-	-	(1,878)	(1,878)
<b>Total transactions with owners</b>		-	-	(3,175)	-	(3,175)	(3,294)	(6,469)
<b>As at 30 June 2023</b>		140,312	1,656,669	387,987	(250,664)	1,934,304	4,951	1,939,255



## Condensed Consolidated Statement of Changes in Equity

		Unaudited						
		Attributable to owners of the Company					Non-	Total
	Share	Share	Other	Accumulated	Total	controlling	equity	
<i>Note</i>	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
<b>As at 1 January 2022</b>	140,312	1,656,669	381,598	(306,699)	1,871,880	22,026	1,893,906	
<b>Comprehensive income</b>								
Profit for the period	–	–	–	10,123	10,123	(8,271)	1,852	
<b>Other comprehensive income</b>								
Exchange differences	22	–	–	17,147	–	17,147	–	17,147
Changes in the fair value of equity investments at fair value through other comprehensive income		–	–	(7,287)	–	(7,287)	–	(7,287)
Transfer of loss on disposal of equity investments at fair value through other comprehensive income to accumulated losses		–	–	185	(185)	–	–	–
<b>Total comprehensive income for the period</b>		–	–	10,045	9,938	19,983	(8,271)	11,712
<b>Transactions with owners</b>								
Equity-settled share-based compensation	23	–	–	2,823	–	2,823	–	2,823
Transaction with non-controlling interests		–	–	2,333	–	2,333	(8,778)	(6,445)
Liquidation of subsidiary		–	–	–	–	–	(3,737)	(3,737)
Withdrawal of capital by non-controlling interests		–	–	–	–	–	(1,400)	(1,400)
<b>Total transactions with owners</b>		–	–	5,156	–	5,156	(13,915)	(8,759)
<b>As at 30 June 2022</b>	140,312	1,656,669	396,799	(296,761)	1,897,019	(160)	1,896,859	

The notes on pages 22 to 48 form an integral part of this condensed consolidated interim financial information.

# Condensed Consolidated Statement of Cash Flows

		Six months ended 30 June	
		2023	2022
		Unaudited	Unaudited
		RMB'000	RMB'000
	<i>Note</i>		
<b>Cash flows from operating activities</b>			
Cash generated from operations	27	212,696	61,020
Income tax (paid)/credit		(118)	4,186
<b>Net cash generated from operating activities</b>		<b>212,578</b>	<b>65,206</b>
<b>Cash flows from investing activities</b>			
Proceeds from disposal of property, plant and equipment		740	2,249
Interest received		3,738	3,388
Purchases of property, plant and equipment		(256,332)	(17,692)
Purchases of intangible assets		(5,771)	(2,301)
Investment income from financial assets at fair value through profit or loss		555	590
Proceeds from disposal of financial assets at fair value through other comprehensive income		1,012	4,391
Dividends from financial assets at fair value through other comprehensive income		–	1,953
Capital contribution to joint ventures		(600)	–
Proceeds from divestment of a joint venture		–	44,267
(Advance to)/repayment from a joint venture		(4)	265
<b>Net cash (used in)/generated from investing activities</b>		<b>(256,662)</b>	<b>37,110</b>
<b>Cash flows from financing activities</b>			
Transactions with non-controlling interests		(3,294)	(11,582)
Proceeds from bank borrowings		179,210	225,000
Repayments of bank borrowings		(74,064)	(233,661)
Interest paid for bank borrowings		(7,805)	(10,312)
(Pledge)/release of restricted bank deposits		(19,288)	82,052
Principal elements of lease payments		(98,173)	(117,898)
<b>Net cash used in financing activities</b>		<b>(23,414)</b>	<b>(66,401)</b>
Net (decrease)/increase in cash and cash equivalents		(67,498)	35,915
Cash and cash equivalents at beginning of the period		554,083	515,547
Effect of foreign exchange rate changes		(2,985)	3,169
<b>Cash and cash equivalents at end of the period</b>		<b>483,600</b>	<b>554,631</b>

The notes on pages 22 to 48 form an integral part of this condensed consolidated interim financial information.

# Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2023

## 1 GENERAL INFORMATION

Cosmo Lady (China) Holdings Company Limited (the “Company”) was incorporated in the Cayman Islands on 28 January 2014 as an exempted company with limited liability under the Companies Law (2010 Revision) of the Cayman Islands. The address of the Company’s registered office is Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands.

The Company is an investment holding company. The Group is principally engaged in the designing, marketing and selling of intimate wear products in the People’s Republic of China (the “PRC”). The Company’s ordinary shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 26 June 2014.

The directors of the Company regarded Yao Li Investment Holdings Limited, a company incorporated in the British Virgin Islands (the “BVI”) with limited liability and controlled by Mr. Zheng Yaonan, as being the ultimate holding company of the Company.

The interim condensed consolidated financial information for the six months ended 30 June 2023 (“Interim Financial Information”) is presented in Renminbi (“RMB”), unless otherwise stated. The Interim Financial Information is unaudited but has been reviewed by the audit committee of the Company and approved for issue by the Company’s board of directors on 25 August 2023.

## 2 BASIS OF PREPARATION

The Interim Financial Information has been prepared in accordance with International Accounting Standard (“IAS”) 34, “Interim financial reporting” and should be read in conjunction with the financial statements of the Group for the year ended 31 December 2022, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

The preparation of the Interim Financial Information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing the Interim Financial Information, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements of the Group for the year ended 31 December 2022.

The accounting policies used in the preparation of the Interim Financial Information are consistent with those adopted in the consolidated financial statements of the Group for the year ended 31 December 2022, except for the adoption of new and amended standards as set out below.

### (a) New and amended standards adopted by the Group

The following standards and amendments have been adopted by the Group for the first time for the financial year beginning on 1 January 2023:

IFRS 17	Insurance Contracts
Amendments to IAS 1	Classification of liabilities as Current or Non-current
IFRS Interpretation 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The adoption of these new and amended standards does not have significant impact on the Interim Financial Information of the Group.

- (b) Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings



### 3 FINANCIAL RISK MANAGEMENT

#### (a) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group currently does not use any derivative financial instruments to hedge certain risk exposures during the period.

The Interim Financial Information does not include all financial risk management information and disclosures required in the annual financial statements and should be read in conjunction with the financial statements of the Group for the year ended 31 December 2022.

There have been no changes in any risk management policies since 31 December 2022.

#### (b) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on basis of the gearing ratio. This ratio is calculated as bank borrowings divided by total equity. As at 30 June 2023, the amount of total bank borrowings of RMB436,648,000 (As at 31 December 2022: RMB331,502,000) is disclosed in Note 26 while the amount of total equity of approximately RMB1,939,255,000 (As at 31 December 2022: RMB1,912,175,000) is shown in the condensed consolidated balance sheet.

	As at 30 June 2023 RMB'000	As at 31 December 2022 RMB'000
Bank borrowings	436,648	331,502
Total equity	1,939,255	1,912,175
<b>Gearing ratio</b>	<b>23%</b>	17%

### 3 FINANCIAL RISK MANAGEMENT (Continued)

#### (c) Fair value estimation

Financial instruments carried at fair value are disclosed by levels of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

As at 30 June 2023 and 31 December 2022, except for the financial assets at fair value through other comprehensive income, which were measured at level 3 fair value as follows, the Group's financial instruments recognised in the condensed consolidated balance sheet are mainly receivables and financial liabilities carried at amortised cost. Analysis of level 3 financial instruments for the six months ended 30 June 2023 are as follows:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000 <i>(Note)</i>	Total RMB'000
Financial assets at fair value through other comprehensive income As at 30 June 2023	–	–	28,586	28,586
As at 31 December 2022	–	–	36,094	36,094

*Note:* the changes in level 3 items are as follows:

	Unlisted equity securities RMB'000
As at 31 December 2022	36,094
Disposal	(2,530)
Loss recognized in other comprehensive income	(4,978)
As at 30 June 2023	28,586

### 3 FINANCIAL RISK MANAGEMENT (Continued)

#### (c) Fair value estimation (Continued)

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transaction on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The fair value of the Group's financial assets at fair value through other comprehensive income was developed through the application of the income approach technique, the discounted cash flow method and market approach method by looking at comparable companies with similar size, features, operations, industry and economic conditions. The income approach is the conversion of expected periodic benefits of ownership into an indication of value. The discounted cash flow considered the future business plan, specific business and financial risks.

### 4 SEGMENT INFORMATION

The Group operates as a single operating segment. The single operating segment is reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the executive directors that make strategic decisions.

The Group is principally engaged in the designing, marketing and selling of intimate wear products. Substantially all of its revenues are derived in the PRC for the six months ended 30 June 2023 and 2022.

None of the revenue derived from any single external customer amounted to more than 10% of the Group's revenue for the six months ended 30 June 2023 (2022: None).



## 5 REVENUE

	Six months ended 30 June	
	2023 RMB'000	2022 RMB'000
Retail sales	622,579	758,952
Sales to franchisees	447,154	473,498
E-commerce	249,553	332,674
Others ( <i>Note</i> )	48,345	53,249
	<b>1,367,631</b>	<b>1,618,373</b>

	As at 30 June 2023 RMB'000	As at 31 December 2022 RMB'000
	Contract liabilities related to sales to franchisees	60,413
Contract liabilities related to trading of raw materials	318	794
	<b>60,731</b>	<b>52,336</b>

*Note:* These mainly represent revenue from logistics and warehousing services.

## 6 OTHER INCOME AND OTHER LOSSES – NET

	Six months ended 30 June	
	2023 RMB'000	2022 RMB'000
Other income		
Government grants ( <i>Note</i> )	1,091	3,532
Investment income from financial assets at fair value through profit or loss	555	590
Dividends from financial assets at fair value through other comprehensive income	–	1,999
Others	6,340	7,538
	<b>7,986</b>	<b>13,659</b>

*Note:* These mainly represented grants received from various local governments in the PRC. There are no unfulfilled conditions or contingencies relating to these grants.

## 6 OTHER INCOME AND OTHER LOSSES – NET (Continued)

	Six months ended 30 June	
	2023 RMB'000	2022 RMB'000
Other losses – net		
Net foreign exchange losses	(1,902)	(13,980)
Fair value gains on financial assets at fair value through profit or loss	–	2,843
Gains on disposal of property, plant and equipment – net	118	119
	<b>(1,784)</b>	<b>(11,018)</b>

## 7 EXPENSES BY NATURE

	Six months ended 30 June	
	2023 RMB'000	2022 RMB'000
Costs of inventories recognized in cost of sales	660,353	919,727
Operating expenses in respect of stores under cooperative arrangements	199,483	136,526
Employee benefit expenses (including directors' emoluments)	136,450	161,012
Depreciation and amortization (Note 13)		
– right-of-use assets	78,531	118,414
– Property, plant and equipment	56,067	59,599
– Intangible assets	3,461	3,701
Marketing and promotion expenses	69,777	72,476
Logistics warehousing and delivery expenses	40,072	55,407
E-commerce platforms commission expenses	37,537	48,381
Consulting service expenses	15,850	16,467
Other operating rental expenses	14,245	7,731
Net provision/(reversal of provision) for inventories (Note 18)	11,219	(121,178)
Utilities expenses	8,206	8,550
Travelling expenses	6,524	4,065
Government charges and levies	5,091	5,910
Consumables recognized in expenses	3,323	4,702
Auditor's remuneration		
– Audit services	1,690	1,690
– Non-audit services	44	–
Impairment/(reversal) of property, plant and equipment	208	(740)
Impairment of right of use assets	–	1,263
Commission expenses in respect of consignment sales in franchisees' stores	–	84,822
Miscellaneous	23,284	37,179
<b>Total cost of sales, selling and marketing expenses and general and administrative expenses</b>	<b>1,371,415</b>	<b>1,625,704</b>

## 8 NET REVERSAL OF IMPAIRMENT LOSSES ON FINANCIAL ASSETS

	Six months ended 30 June	
	2023 RMB'000	2022 RMB'000
Reversal of impairment of trade receivables	33,296	26,103
Reversal of impairment of other receivables	430	25,390
	<b>33,726</b>	<b>51,493</b>

## 9 FINANCE INCOME AND EXPENSES

	Six months ended 30 June	
	2023 RMB'000	2022 RMB'000
Finance income		
Interest income on short-term bank deposits	3,738	3,388
	<b>3,738</b>	<b>3,388</b>
Finance expenses		
Interest expense on bank borrowings	(7,805)	(10,312)
Interest expense on lease liabilities	(5,217)	(7,750)
	<b>(13,022)</b>	<b>(18,062)</b>
	<b>(9,284)</b>	<b>(14,674)</b>



## 10 INCOME TAX EXPENSE

	Six months ended 30 June	
	2023 RMB'000	2022 RMB'000
Current income tax		
– Hong Kong profits tax ( <i>Note (a)</i> )	–	–
– PRC corporate income tax ( <i>Note (b)</i> )	(21,419)	1,385
	(21,419)	1,385
Deferred income tax ( <i>Note 17</i> )		
– Deferred income tax current period	29,870	28,334
	29,870	28,334
Income tax expense	8,451	29,719

*Notes:*

(a) **Hong Kong profits tax**

The applicable Hong Kong profits tax rate is 16.5% (2022: 16.5%) for the period.

(b) **PRC corporate income tax**

The Company's subsidiary, Cosmo Lady Guangdong Holdings Limited ("Cosmo Lady Guangdong") was given the preferential corporate income tax at 15% under the High and New Technology Enterprises ("HNTE") in December 2021, which is effective for 3 years from 2021 to 2024. The Group's other subsidiaries in the PRC are subject to PRC corporate income tax at the rate of 25% for the six months ended 30 June 2023 (2022: 25%) on the estimated assessable profits for the period, based on the existing legislation, interpretations and practices in respect thereof.

(c) **Overseas income tax**

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap 22 of the Cayman Islands and accordingly, is exempted from Cayman Islands income tax. The Company's direct subsidiary in the British Virgin Islands (the "BVI") was incorporated under the International Business Companies Act of the BVI and, accordingly, is exempted from BVI income tax.

## 10 INCOME TAX EXPENSE (Continued)

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to the results of the consolidated companies as follows:

	Six months ended 30 June	
	2023 RMB'000	2022 RMB'000
Profit before income tax	33,008	31,571
Tax calculated at statutory tax rates applicable to each group entity	4,866	(2,989)
Tax losses for which no deferred income tax asset was recognised	9,848	40,379
Temporary differences for which no deferred income tax asset was recognised	–	3,902
Recognition of tax losses for which deferred tax assets were not recognised previously	(27,086)	(14,465)
Income not subject to taxation	(2,747)	(2,214)
Expenses not deductible for tax purposes	48,146	2,307
Withholding tax	(24,576)	2,799
Income tax expense	8,451	29,719

## 11 EARNINGS PER SHARE

### Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended 30 June	
	2023	2022
Profit for the period attributable to owners of the Company (RMB'000)	26,129	10,123
Weighted average number of ordinary shares for purposes of basic earnings per share (thousands of shares)	2,193,460	2,193,421
Basic earnings per share (RMB cents per share)	1.19	0.46

Note: The weighted average number of ordinary shares for the purpose of basic earnings per share for the six months ended 30 June 2023 and 2022 has been adjusted for the effects of purchase and withholding of ordinary shares of the Company for the share award scheme during the six months ended 30 June 2023 and 2022, respectively.

### Diluted

For six months ended 30 June 2023 and 2022, diluted earning per share is the same as the basic earning per share as there is no diluted impact from the 2019 share award scheme.

## 12 INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend to shareholders of the Company for the six months ended 30 June 2023 (for the six months ended 30 June 2022: Nil).

## 13 PROPERTY, PLANT AND EQUIPMENT, RIGHT-OF-USE ASSETS AND INTANGIBLE ASSETS

	Right-of-use assets –		
	Property, plant and equipment RMB'000	Land use rights and properties RMB'000	Intangible assets RMB'000
<b>Six months ended 30 June 2023</b>			
As at 1 January 2023	600,320	341,161	28,648
Additions	250,470	50,526	2,680
Disposals	(622)	(15,387)	–
Depreciation and amortisation	(56,067)	(78,531)	(3,461)
Impairment loss ( <i>Note (a)</i> )	(208)	–	–
<b>As at 30 June 2023</b>	<b>793,893</b>	<b>297,769</b>	<b>27,867</b>
<b>Six months ended 30 June 2022</b>			
As at 1 January 2022	676,484	342,800	31,419
Additions	22,214	181,193	1,356
Disposals	(2,130)	(44,917)	–
Depreciation and amortisation	(59,599)	(118,414)	(3,701)
Impairment reversal/(loss) ( <i>Note (a)</i> )	740	(1,263)	–
<b>As at 30 June 2022</b>	<b>637,709</b>	<b>359,399</b>	<b>29,074</b>

*Notes:*

- (a) As at 30 June 2023, net book amount of retail store assets amounted to RMB164,485,000. The Group regards each individual retail store as a separately identifiable cash-generating unit and monitors their financial performance for the existence of impairment indicators, such as stores making a loss. Management carried out an impairment assessment for the retail store assets which have an impairment indicator. The carrying amount of the retail store assets is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. As a result, an impairment loss of RMB Nil (for the six months ended 30 June 2022: RMB1,263,000) for right-of-use assets and an impairment loss of RMB208,000 (for the six months ended 30 June 2022: reversal of impairment loss of RMB740,000) for property, plant and equipment was recognised in general and administrative expenses. The estimates of the recoverable amounts were based on value-in-use calculations using discounted cash flow projections based on the financial forecasts approved by management covering the remaining tenure of the lease, with major assumptions such as revenue growth rates, gross margins and discount rate. The key assumptions used in the value-in-use calculations are dependent on management significant judgement by comparing with the historical performance of the stores, future business plans and market situation.
- (b) As at 30 June 2023, buildings and land use rights of RMB428,178,000 (31 December 2022: RMB308,343,000) were pledged as collateral for the Group's borrowings (Note 26).



## 14 INVESTMENT IN JOINT VENTURES

The change in the carrying amount of equity-accounted investments for the six months ended 30 June 2023 is as follows:

	Six months ended 30 June	
	2023 RMB'000	2022 RMB'000
Beginning of the period	84,604	154,884
Additions	600	–
Divestment	–	(44,267)
Share of profit/(loss) for the period	6,148	(558)
End of the period	91,352	110,059

Name of entity	Place of business/ country of incorporation	% of ownership interest		Nature of relationship	Measurement method	Carrying amount	
		As at 30 June 2023 %	As at 31 December 2022 %			As at 30 June 2023 RMB'000	As at 31 December 2022 RMB'000
Guangdong Dongdu Holdings Limited	PRC	19.90	19.90	Joint venture (Note (a))	Equity method	17,153	17,149
Jinghedu (Dongguan) Equity Investment Management Company Limited	PRC	60	60	Joint venture (Note (b))	Equity method	21,261	14,725
Jinghedu (Dongguan) Equity Investment Fund Partnership (Limited Partnership)	PRC	53	53	Joint venture (Note (b))	Equity method	47,889	47,889
Jinghedu (Dongguan) Equity Investment Management Partnership (Limited Partnership)	PRC	60	60	Joint venture (Note (b))	Equity method	3,000	3,000
Shantou Lianda Technology Company Limited	PRC	19.99	19.99	Joint venture (Note (c))	Equity method	957	956
Shantou Lianxin Inspection Company Limited	PRC	19.99	19.99	Joint venture (Note (d))	Equity method	1,092	885

Notes:

- Guangdong Dongdu Holdings Limited is primarily engaged in developing an industrial centre in Shaoguan, Guangdong Province.
- Jinghedu (Dongguan) Equity Investment Management Company Limited, Jinghedu (Dongguan) Equity Investment Fund Partnership (Limited Partnership) and Jinghedu (Dongguan) Equity Investment Management Partnership (Limited Partnership) are primarily engaged in assets management and equity investment fund.
- Shantou Lianda Technology Company Limited is primarily engaged in producing and selling intimate wear products.
- Shantou Lianxin Inspection Company Limited is primarily engaged in inspection of intimate wear products.

## 15 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Equity investments at fair value through other comprehensive income include the following:

	As at 30 June 2023 RMB'000	As at 31 December 2022 RMB'000
Unlisted equity investments	28,586	36,094

## 16 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	As at 30 June 2023 RMB'000	As at 31 December 2022 RMB'000
Prepayments for acquisition of property, plant and equipment and intangible assets	11,710	6,792
Value added tax recoverable	311,393	312,696
Prepayments and deposits	11,175	8,501
Prepaid expenses in respect of stores under cooperative arrangements	47,077	52,081
Prepayments for purchase of goods	57,064	24,658
Prepayments for purchase of raw materials	32,374	32,479
Deposit receivable from e-commerce platforms and regional franchise	17,968	17,805
Other receivables from staffs	9,557	8,279
Dividend receivables	3,998	3,998
Others	70,794	62,324
Less: provision for impairment of other receivables	(2,167)	(2,597)
	570,943	527,016
Less: non-current portion	(14,270)	(9,481)
Current portion	556,673	517,535

The carrying amounts of the Group's deposits and other receivables are denominated in RMB and approximate their fair values.

## 17 DEFERRED INCOME TAX

	As at 30 June	
	2023 RMB'000	2022 RMB'000
<b>Before offsetting</b>		
Deferred tax assets	178,150	200,873
Deferred tax liabilities	54,197	81,065
<b>After offsetting</b>		
Deferred tax assets	124,402	120,435
Deferred tax liabilities	449	627

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority.

Movements in the deferred income tax assets of the Group are as follows:

	Provision for inventories RMB'000	Provision for trade receivables RMB'000	Provision for sales return RMB'000	Deferred income RMB'000	lease liability RMB'000	Tax losses RMB'000	Accrued interest RMB'000	Impairment of property, plant and equipment RMB'000	Equity-settled share-based compensation RMB'000	Total RMB'000
<b>At 1 January 2023</b>	17,996	7,532	526	88	85,268	54,643	41,923	12,493	1,882	222,351
Credited/(charged) to the profit or loss (Note 10)	2,531	(4,243)	(310)	(18)	(12,067)	10,887	(40,124)	(460)	(397)	(44,201)
<b>At 30 June 2023</b>	<b>20,527</b>	<b>3,289</b>	<b>216</b>	<b>70</b>	<b>73,201</b>	<b>65,530</b>	<b>1,799</b>	<b>12,033</b>	<b>1,485</b>	<b>178,150</b>
<b>At 1 January 2022</b>	60,636	25,453	4,797	124	83,454	–	35,514	13,245	1,013	224,236
Credited/(charged) to the profit or loss (Note 10)	(17,378)	(11,266)	(4,734)	(18)	6,885	–	3,361	411	(624)	(23,363)
<b>At 30 June 2022</b>	<b>43,258</b>	<b>14,187</b>	<b>63</b>	<b>106</b>	<b>90,339</b>	<b>–</b>	<b>38,875</b>	<b>13,656</b>	<b>389</b>	<b>200,873</b>



## 17 DEFERRED INCOME TAX (Continued)

Movements in the deferred income tax liabilities of the Group are as follows:

	Goodwill RMB'000	Amortization of right-of-use assets RMB'000	Total RMB'000
<b>At 1 January 2023</b>	538	67,990	68,528
Credited to the profit or loss ( <i>Note 10</i> )	(89)	(14,242)	(14,331)
<b>At 30 June 2023</b>	449	53,748	54,197
<b>At 1 January 2022</b>	716	75,378	76,094
(Credited)/charged to the profit or loss ( <i>Note 10</i> )	(89)	5,060	4,971
<b>At 30 June 2022</b>	627	80,438	81,065

## 18 INVENTORIES

	As at 30 June 2023 RMB'000	As at 31 December 2022 RMB'000
Raw materials	3,422	3,669
Work in progress	611	1,779
Finished goods	651,899	792,684
	655,932	798,132
Less: provision for impairment	(106,388)	(95,169)
	549,544	702,963

## 19 TRADE AND NOTES RECEIVABLES

	As at 30 June 2023 RMB'000	As at 31 December 2022 RMB'000
Trade receivables		
– Due from third parties	326,167	339,050
Notes receivable	61	1,151
Less: loss allowance	(9,767)	(43,063)
	<hr/>	<hr/>
Trade and notes receivables – net	316,461	297,138

- (a) As at 30 June 2023, the carrying amounts of the trade receivables of the Group approximate their fair values and are all denominated in RMB.
- (b) The Group's trade receivables are primarily derived from sales to certain franchise customers with an appropriate credit history. The Group generally grants franchise customers with a credit period of 15 to 90 days from the invoice date. The Group also gives franchise customers a credit period of 90 to 180 days for their first order of products for new retail stores. The Group would also extend the credit period for certain franchise customers under certain circumstances. The ageing analysis of trade receivables based on invoice date, as at 30 June 2023 is as follows:

	As at 30 June 2023 RMB'000	As at 31 December 2022 RMB'000
Trade receivables, gross		
– Within 30 days	221,818	218,034
– Over 30 days and within 60 days	8,748	15,670
– Over 60 days and within 90 days	13,520	7,288
– Over 90 days and within 180 days	24,645	21,219
– Over 180 days and within 360 days	48,231	32,999
– Over 360 days	9,205	43,840
	<hr/>	<hr/>
	326,167	339,050

## 20 BANK BALANCES AND CASH

	As at 30 June 2023 RMB'000	As at 31 December 2022 RMB'000
Cash and cash equivalents	483,600	554,083
Restricted bank deposits ( <i>Note (a)</i> )	174,663	155,375
<b>Total bank balances and cash</b>	<b>658,263</b>	<b>709,458</b>
Denominated in:		
RMB	595,155	645,163
HK\$	2,793	7,044
Other currencies	60,315	57,251
	<b>658,263</b>	<b>709,458</b>

*Notes:*

- (a) The amount mainly represents restricted bank deposits that were pledged to banks as collateral for bank's acceptance bill.
- (b) The conversion of the RMB denominated balances maintained in the PRC into foreign currencies and remittance of funds out of the PRC is subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

## 21 SHARE CAPITAL AND SHARE PREMIUM

	Number of ordinary shares	Share capital RMB'000	Share premium RMB'000	Total RMB'000
<b>As at 30 June 2023</b>	<b>2,249,457,213</b>	<b>140,312</b>	<b>1,656,669</b>	<b>1,796,981</b>
As at 31 December 2022	2,249,457,213	140,312	1,656,669	1,796,981

## 22 OTHER RESERVES

	Merger reserve RMB'000 <i>(Note (a))</i>	Shares held for share award scheme RMB'000 <i>(Note (d))</i>	Statutory reserve RMB'000 <i>(Note (b))</i>	Capital reserve RMB'000 <i>(Note (c))</i>	Contribution reserve RMB'000	Equity- settled share-based compensation reserve RMB'000 <i>(Note 23)</i>	Financial assets at fair value through other comprehensive income RMB'000	Exchange reserve RMB'000	Total other reserves RMB'000
<b>At 1 January 2023</b>	(8,938)	(64,139)	221,797	196,222	23,377	38,878	(18,674)	(10,134)	378,389
Equity-settle share-based compensation – Value of employee service	-	-	-	-	-	(3,175)	-	-	(3,175)
Revaluation	-	-	-	-	-	-	(4,978)	-	(4,978)
Transfer of loss on disposal of equity investments at fair value through other comprehensive income to accumulated losses	-	-	-	-	-	-	3,781	-	3,781
Exchange differences	-	-	-	-	-	-	-	13,970	13,970
<b>At 30 June 2023</b>	<b>(8,938)</b>	<b>(64,139)</b>	<b>221,797</b>	<b>196,222</b>	<b>23,377</b>	<b>35,703</b>	<b>(19,871)</b>	<b>3,836</b>	<b>387,987</b>
<b>At 1 January 2022</b>	(8,938)	(64,139)	217,097	194,277	23,377	32,838	(10,898)	(2,016)	381,598
Equity-settle share-based compensation – Value of employee service	-	-	-	-	-	2,823	-	-	2,823
Transaction with non- controlling interest	-	-	-	2,333	-	-	-	-	2,333
Revaluation	-	-	-	-	-	-	(7,287)	-	(7,287)
Transfer of loss on disposal of equity investments at fair value through other comprehensive income to accumulated losses	-	-	-	-	-	-	185	-	185
Exchange differences	-	-	-	-	-	-	-	17,147	17,147
<b>At 30 June 2022</b>	<b>(8,938)</b>	<b>(64,139)</b>	<b>217,097</b>	<b>196,610</b>	<b>23,377</b>	<b>35,661</b>	<b>(18,000)</b>	<b>15,131</b>	<b>396,799</b>



## 22 OTHER RESERVES (Continued)

Notes:

(a) **Merger reserve**

Merger reserve represented the difference between the aggregate consideration paid by the Group for the acquisition of subsidiaries pursuant to the Reorganization and the aggregate capital of the subsidiaries acquired, after elimination of investments in subsidiaries.

(b) **Statutory reserve**

In accordance with the relevant laws and regulations in the PRC and the articles of association of the PRC incorporated subsidiaries of the Company, it is required to appropriate 10% of the annual statutory net profits of the Company's PRC incorporated subsidiaries, after offsetting any prior years' losses as determined under the PRC accounting standards, to the statutory surplus reserve fund before distributing the net profit. When the balance of the statutory surplus reserve fund reaches 50% of the share capital of these subsidiaries, any further appropriation is at the discretion of shareholders. The statutory surplus reserve fund can be used to offset prior years' losses, if any, and may be converted into share capital by issuing new shares to shareholders in proportion to their existing shareholding or by increasing the par value of the shares currently held by them, provided that the remaining balance of the statutory surplus reserve fund after such issue is no less than 25% of share capital.

(c) **Capital reserve**

Capital reserve as at 1 January 2013 represented the excess of the cash consideration over the paid-in capital arising from capital contributions to Cosmo Lady Guangdong by investors.

On 29 July 2013, Cosmo Lady Guangdong was converted into a joint stock company with limited liability by converting the total equity as at 31 December 2012 into 420,000,000 ordinary shares of nominal value of RMB1.00 each. The excess of total equity of Cosmo Lady Guangdong over the nominal value of total issued share capital with the amount of RMB192,790,000 had been recognised as capital reserve in the consolidated balance sheet.

On 6 June 2018, a senior officer of the Company, contributed RMB4,500,000 to Cosmo Lady (Tianjin) E-commerce Company Limited, a subsidiary of the Company, obtained 5% of share of this subsidiary. The excess of total equity of Cosmo Lady (Tianjin) E-commerce Company Limited over the share capital with the amount of RMB3,974,000 has been recognized as capital reserve in the consolidated balance sheet.

On 31 December 2020, the senior officer mentioned above exchanged his 5% share of Cosmo Lady (Tianjin) E-commerce Company Limited with 10% share of Ordinfen (Tianjin) Fashion Company Limited and Ordinfen (Shanghai) Corporate Management Consulting Co., Ltd., another two subsidiaries of the Company, an amount of RMB3,308,000 has been recognized as capital reserve in the consolidated balance sheet.

On 13 May and 31 December 2022, Guangdong City Logistical Technology Limited repurchased 10% and 5% shares from minority shareholders Jinghedu and Yue Tianxiang separately, this purchase premium recognized as capital reserve in the consolidated balance sheet.

(d) **Shares held for share award scheme**

The Share Award Scheme is managed by the Share Scheme Trustee. According to the Share Award Scheme approved by the Board on 28 June 2019, the Board may from time to time determine the maximum number of ordinary shares of the Company which may be purchased by the Share Scheme Trustee in the open market on the Stock Exchange.

Up to 30 June 2023, the Share Scheme Trustee acquired 62,894,000 (31 December 2022: 62,894,000) ordinary shares of the Company from the open market, of which 14,742,091 (31 December 2022: 7,985,400) Shares have been vested and 48,151,909 (31 December 2022: 54,908,600) Shares remain unvested. Accumulated consideration for the acquired shares of 62,894,000 is approximately RMB64,139,000, which had been deducted from shareholders' equity.

## 23 EQUITY-SETTLED SHARE-BASED COMPENSATION

### (a) Share Option Plan

The establishment of the Company Employee Option Plan was approved by the Board on 31 October 2017. The Employee Option Plan is designed to provide long-term incentives for senior managers and above (including executive directors) to deliver long-term shareholder returns. Under the plan, participants are granted options which only vest if certain performance standards are met. Participation in the plan is at the Board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

Vesting of the options is conditional upon the achievement of certain performance targets during the periods prior to each vesting date and the exercise period of the options. Subject to the Rules Governing the Listing of Securities on the Stock Exchange, the Board reserves its rights to specify appropriate performance targets and conditions that must be achieved before the exercise of the options for each of the individual grantees at its absolute discretion.

Each option shall entitle the holder of the option to subscribe for one share upon exercise of such option at an exercise price of HK\$3.288 per share, being the higher of (i) the closing price of the shares on the date of grant; (ii) the average closing price of the shares as quoted on the Stock Exchange for the five business days immediately preceding the date of grant; and (iii) the nominal value of a share.

The benefits of the share options granted under the Employee Option Plan has been replaced by the benefits of the shares to be granted under the 2019 Share Award Scheme as mentioned in Note 23(b).

The old share option scheme was adopted on 9 June 2014 and was terminated on 2 June 2023 (the "Old Scheme"). The new share option scheme of the Company was approved by the shareholders of the Company and adopted on 2 June 2023 (the "New Scheme") and is valid for 10 years. The purpose of the New Scheme is to enable the board of directors (the "Board") to grant share options to the eligible participants as incentives or rewards for their contribution or potential contribution to the Company and its subsidiaries (the "Group"). Further details of the principal terms of the New Scheme are set out in the circular of the Company dated 28 April 2023.

There was no outstanding option granted under the Old Scheme as the date of its termination on 2 June 2023. Under the New Scheme, no options were granted or agreed to be granted, exercised, cancelled or lapsed during the six months ended 30 June 2023 nor was there any option outstanding at the beginning or the end of the period.

### (b) 2019 Share Award Scheme

The Board of Directors has approved the adoption of the 2019 Share Award Scheme on 28 June 2019. The purpose of the Share Award Scheme is to recognize and motivate the contribution of the employees of the Group and help the Group in retaining its existing members of management and attracting new talents to join the Group. The benefits under the Share Award Scheme serves to replace the benefits under the Company's share option plan established and approved by the Board on 31 October 2017. The vesting period of the awarded shares is determined by the Board.

The shares are recognised at the closing share price on the grant date (grant date fair value) as an issue of shares under share awards scheme in the period the shares are granted.

## 23 EQUITY-SETTLED SHARE-BASED COMPENSATION (Continued)

### (b) 2019 Share Award Scheme (Continued)

The Company adopted a share award scheme, with a 10-year validity, on 28 June 2019 (the “Share Award Scheme”) and the Share Award Scheme was amended on 2 June 2023. The purpose and objectives of the Share Award Scheme are to enable the Board to grant award shares to the eligible participants as incentives or rewards for their contribution to the Group. The basis of eligibility of any of the eligible participants to the grant of Awards shall be determined by the Board from time to time on the basis of the Board’s opinion as to his contribution or potential contribution to the development and growth of the Group.

Movements in the number of shares awarded:

	Number of shares as at 30 June	
	2023	2022
At 1 January	21,713,800	24,174,600
Granted	34,200,000	–
Vested	(6,756,691)	–
Forfeited	(7,004,809)	(794,400)
At 30 June	42,152,300	23,380,200

Details of the awarded shares outstanding as at 30 June 2023 were set out as follows:

Date of award	Average fair value per share (HK\$) (Note 1)	Vesting period	Number of awarded shares				
			Outstanding as at 1 January 2023	Granted during the period	Forfeited during the period	Vested during the period	Outstanding as at 30 June 2023
28 June 2019	1.33	28 June 2019 to 28 June 2024	14,848,800	–	(4,386,867)	(4,658,333)	5,803,600
10 July 2020	0.60	10 July 2020 to 10 July 2023	5,515,000	–	(2,088,714)	(1,817,586)	1,608,700
1 November 2021	0.55	1 November 2021 to 1 November 2024	1,350,000	–	(529,228)	(280,772)	540,000
1 January 2023	0.20	1 January 2023 to 31 December 2025 (Note 2)	–	34,200,000	–	–	34,200,000
			21,713,800	34,200,000	(7,004,809)	(6,756,691)	42,152,300

Note 1: The average fair value per share represent the share price of the Company at the grant date.

Note 2: The Company have taken into agreement with the employees and granted 34,200,000 shares as at 1 January 2023.

## 23 EQUITY-SETTLED SHARE-BASED COMPENSATION (Continued)

### (c) (Credit)/expense arising from share-based payment transactions

Total (credit)/expense arising from the share-based transactions have been recognised in the condensed consolidated statement of profit or loss and other comprehensive income as follows:

	Six months ended 30 June	
	2023 RMB'000	2022 RMB'000
General and administrative (credit)/expense:		
2019 Share Award Scheme	(991)	1,512
Selling and marketing (credit)/expense:		
2019 Share Award Scheme	(2,184)	1,311
	<b>(3,175)</b>	<b>2,823</b>

*Note:* For the six months ended 30 June 2023, the reversal of RMB991,000 and RMB2,184,000 for 2019 share award scheme were recognised in general and administrative expense and selling and marketing expense separately due to certain employees' failure to meet conditions.

## 24 TRADE AND NOTES PAYABLES

	As at 30 June 2023 RMB'000	As at 31 December 2022 RMB'000
	<b>Trade payables (Note (a))</b>	
Due to third parties	262,915	351,223
Due to related parties (Note 29(c))	6,739	8,477
	<b>269,654</b>	<b>359,700</b>
<b>Notes payable</b>		
Due to third parties	302,638	253,485
	<b>572,292</b>	<b>613,185</b>



## 24 TRADE AND NOTES PAYABLES (Continued)

Note:

- (a) As at 30 June 2023, trade payables of the Group are non-interest bearing, and their fair values approximate their carrying amounts due to their short maturities.

As at 30 June 2023, trade payables are denominated in RMB. The ageing analysis of trade payables based on invoice date, as at 30 June 2023 is as follows:

	As at 30 June 2023 RMB'000	As at 31 December 2022 RMB'000
Trade payables		
– Within 30 days	77,421	100,682
– Over 30 days and within 60 days	62,332	49,348
– Over 60 days and within 90 days	65,494	100,963
– Over 90 days and within 180 days	48,149	102,264
– Over 180 days and within 360 days	11,177	3,476
– Over 360 days	5,081	2,967
	<b>269,654</b>	<b>359,700</b>

## 25 ACCRUALS AND OTHER PAYABLES

	As at 30 June 2023 RMB'000	As at 31 December 2022 RMB'000
Payables for purchases of property, plant and equipment and intangible assets	19,421	15,385
Salaries and welfare payables	28,447	37,548
Accrued taxes other than income tax	1,475	4,363
Deposits from franchisees	71,294	69,891
Payable for logistics	13,009	25,362
Payable for advertisements	1,499	4,022
Provision for sales return	866	2,110
Payable for operating expenses in respect of stores under cooperative arrangements	8,340	28,619
Other accrued expenses and payables	79,079	84,978
	<b>223,430</b>	<b>272,278</b>

As at 30 June 2023, accruals and other payables of the Group are non-interest bearing, and their fair values, except for the provision for sales return and receipts in advance from customers which are not financial liabilities, approximate their carrying amounts due to their short maturities.

As at 30 June 2023, accruals and other payables of the Group are denominated in RMB.

## 26 BORROWINGS

	As at 30 June 2023 RMB'000	As at 31 December 2022 RMB'000
<b>Non-current</b>		
Secured bank borrowing ( <i>Note</i> )	268,304	163,384
<b>Current</b>		
Secured bank borrowing ( <i>Note</i> )	168,344	168,118
	<b>436,648</b>	<b>331,502</b>

Movements in borrowings is analysed as follows:

	Six months ended 30 June	
	2023 RMB'000	2022 RMB'000
<b>Opening amount</b>	331,502	369,077
Repayments of borrowings	(74,064)	(233,661)
Proceeds from bank borrowings	179,210	225,000
<b>Closing amount</b>	<b>436,648</b>	<b>360,416</b>

*Note:* The amount represents the bank borrowings that are secured by the Group's certain buildings and land use rights of approximately RMB428,178,000 as at 30 June 2023 (as at 31 December 2022: RMB308,343,000).

The carrying amounts of the Group's borrowings are denominated in RMB.

The fair values of the non-current borrowings approximate their carrying amounts, as the impact of discounting is not significant. The fair values are based on cash flows discounted using a rate based on the borrowing rate of 4.65% (2022: 4.96%) and are within level 2 of the fair value hierarchy.

## 27 NOTE TO CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2023 RMB'000	2022 RMB'000
Profit before income tax	33,008	31,571
<b>Adjustments for:</b>		
– Depreciation of property, plant and equipment ( <i>Note 13</i> )	56,067	59,599
– Amortization of right-of-use assets ( <i>Note 13</i> )	78,531	118,414
– Amortisation of intangible assets ( <i>Note 13</i> )	3,461	3,701
– Reversal of impairment of trade receivables ( <i>Note 8</i> )	(33,296)	(26,103)
– Reversal of impairment of other receivables ( <i>Note 8</i> )	(430)	(25,390)
– Impairment of property, plant and equipment and right of use assets ( <i>Note 13</i> )	208	523
– Net provision/(reversal of provision) for inventories ( <i>Note 18</i> )	11,219	(121,178)
– Fair value gain on financial assets at fair value through profit or loss	–	(2,843)
– Finance income ( <i>Note 9</i> )	(3,738)	(3,388)
– Finance expenses ( <i>Note 9</i> )	13,022	18,062
– Foreign exchange loss ( <i>Note 6</i> )	1,902	13,980
– Equity-settled share-based compensation ( <i>Note 23</i> )	(3,175)	2,823
– Share of (profit)/loss of joint ventures ( <i>Note 14</i> )	(6,148)	558
– Investment income from financial assets at fair value through profit or loss ( <i>Note 6</i> )	(555)	(590)
– Dividends from financial assets at fair value through other comprehensive income ( <i>Note 6</i> )	–	(1,999)
– Gains on disposal of property, plant and equipment – net ( <i>Note 6</i> )	(118)	(119)
	149,958	67,621
<b>Changes in working capital:</b>		
– Trade and notes receivables	13,973	47,400
– Deposits, prepayments and other receivables	(21,524)	50,185
– Inventories	142,200	159,826
– Trade and notes payables	(40,893)	(196,492)
– Contract liabilities	8,395	(38,745)
– Deferred income	(121)	(121)
– Accruals and other payables	(39,292)	(28,654)
<b>Cash generated from operations</b>	<b>212,696</b>	<b>61,020</b>

## 28 CAPITAL COMMITMENTS

As at 30 June 2023 and 31 December 2022, the Group had the following capital commitments not provided for:

	As at 30 June 2023 RMB'000	As at 31 December 2022 RMB'000
Contracted but not provided for:		
Property, plant and equipment	149,018	224,561
Intangible assets	939	1,823
Investment in joint ventures	–	29,985
	149,957	256,369

## 29 RELATED-PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operation decisions. Parties are also considered to be related if they are subject to common control.

The following is a summary of the significant transactions carried out between the Group and its related parties in the ordinary course of business for the six months ended 30 June 2023, and balances arising from related party transactions as at 30 June 2023.

### (a) Name and relationship with related parties

Name	Relationship with the Group
Mr. Zhang Shengfeng	Director
Mr. Lin Zonghong	Director
Shantou City Shengqiang Knitting Industrial Co., Ltd. (汕頭市盛強針織實業有限公司, “Shantou Shengqiang”)	Controlled by a brother of Mr. Zhang Shengfeng’s spouse
Shantou City Maosheng Knitting Underwear Co., Ltd. (汕頭市茂盛針織內衣有限公司, “Shantou Maosheng”)	Controlled by a brother of Mr. Lin Zonghong
Jinghedu (Dongguan) Equity Investment Fund Partnership (Limited Partnership) (京合都(東莞)股權投資基金合夥企業(有限合夥), “Jinghedu”)	Joint venture



## 29 RELATED-PARTY TRANSACTIONS (Continued)

### (b) Transactions with related parties

	Six months ended 30 June	
	2023 RMB'000	2022 RMB'000
Continuing transactions ( <i>Note (i)</i> ):		
Shantou Shengqiang	11,271	13,047
Shantou Maosheng	3,690	482
	<b>14,961</b>	<b>13,529</b>
Consideration paid to Jinghedu ( <i>Note (ii)</i> )	–	6,445

*Notes:*

- (i) Purchases of goods from these related parties are on mutually agreed terms and conditions, and the purchase prices are determined on cost-plus basis, with a mark-up rate of no more than 9%.
- (ii) The Group entered into agreement with Jinghedu, a joint venture of the Group, to acquire 10% shares of Guangdong Cosmo Logistics Technology Company Limited, a non-wholly owned subsidiary of the Group, for the six months ended 30 June 2022. The transaction was completed on 13 May 2022.

### (c) Balances with related parties

	As at 30 June 2023 RMB'000	As at 31 December 2022 RMB'000
	Trade and notes payables	
Shantou Shengqiang	4,827	7,420
Shantou Maosheng	1,912	1,057
	<b>6,739</b>	<b>8,477</b>

The trade payables to related parties were unsecured, non-interest bearing, repayable on demand and denominated in RMB.

## 29 RELATED-PARTY TRANSACTIONS (Continued)

### (d) Key management compensation

The remuneration of directors of the Company and other members of key management of the Group for the six months ended 30 June 2023 and 2022 is as follows:

	Six months ended 30 June	
	2023 RMB'000	2022 RMB'000
Wages, salaries and bonuses	4,516	4,550
Pension costs-defined contribution plans	393	347
Equity-settled share-based compensation	987	–
	<b>5,896</b>	<b>4,897</b>

# Other Information

## DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2023, the interests and short positions of the Directors and the chief executive of Cosmo Lady (China) Holdings Company Limited (the “Company”) or any of their associates in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”), which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or which were required to be recorded in the register required to be kept pursuant to Section 352 of the SFO or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (“Model Code”) as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) were as follows:

### (i) Interest and short positions in the Company

Name of directors	Nature of interest	Number of shares held <sup>(1)</sup>	Approximate percentage of shareholding interest <sup>(1)</sup>
Mr. Zheng Yaonan <sup>(2)</sup>	Interest of controlled corporation; founder of a discretionary trust who can influence how the trustee exercises his discretion	798,143,201 (L)	35.48% (L)
Ms. Wu Xiaoli <sup>(2)</sup>	Interest of spouse; other (beneficiary of a discretionary trust)	798,143,201 (L)	35.48% (L)
Mr. Zhang Shengfeng	Founder of a discretionary trust who can influence how the trustee exercises his discretion	222,625,173 (L)	9.90% (L)
Mr. Lin Zonghong	Founder of a discretionary trust who can influence how the trustee exercises his discretion	106,290,277 (L)	4.73% (L)
Dr. Lu Hong Te	Beneficial owner	210,000 (L)	0.01% (L)

#### Notes:

- (1) The letter “L” denotes the person’s long position in the shares. The calculation is based on the number of ordinary shares that each person is interested in (whether directly/indirectly interested or deemed to be interested) as a percentage of the total number of issued ordinary shares (that is, 2,249,457,213 shares) of the Company as at 30 June 2023.
- (2) Ms. Wu Xiaoli is the spouse of Mr. Zheng Yaonan. Under Part XV of the SFO, she was deemed to be interested in the same number of shares in which Mr. Zheng Yaonan is interested. Ms. Wu Xiaoli is also one of the beneficiaries of a discretionary trust, founded by Mr. Zheng Yaonan, which holds the entire issued share capital of Yao Li Investment Holdings Limited.

## DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (Continued)

### (ii) Interest in associated corporations of the Company

As at 30 June 2023, none of the Directors or the chief executive of the Company or any of their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or which were required to be entered in the register required to be kept pursuant to Section 352 of the SFO or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

## SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2023, the following shareholders (other than the Directors and chief executive) were interested, directly or indirectly, in 5% or more of the number of issued shares and the underlying shares of the Company and those interests were required to be recorded in the register required to be kept under Section 336 of the SFO:

Name of directors	Nature of interest	Number of shares held <sup>(1)</sup>	Approximate percentage of shareholding interest <sup>(1)</sup>
TMF (Cayman) Limited <sup>(2)</sup>	Trustee	1,079,778,852 (L)	48% (L)
Great Brilliant Investment Holdings Limited <sup>(3)</sup>	Interest of controlled corporation; beneficial owner	750,863,402 (L)	33.38% (L)
Yao Li Investment Holdings Limited <sup>(2), (3)</sup>	Interest of controlled corporation	750,863,402 (L)	33.38% (L)
Harmonious Composition Investment Holdings Limited <sup>(3), (4)</sup>	Beneficial owner	735,018,732 (L)	32.68% (L)
Ms. Cai Shaoru <sup>(5)</sup>	Interest of spouse	222,625,173 (L)	9.90% (L)
Forever Flourish International Holdings Limited <sup>(6)</sup>	Beneficial owner	222,625,173 (L)	9.90% (L)
Xin Feng Asset Holdings Limited <sup>(2), (6)</sup>	Interest of controlled corporation	222,625,173 (L)	9.90% (L)
Fidelity China Special Situations PLC <sup>(7)</sup>	Beneficial owner	158,593,000 (L)	7.05% (L)
FIL Limited <sup>(7)</sup>	Interest of controlled corporation	158,593,000 (L)	7.05% (L)
Pandanus Associates Inc. <sup>(7)</sup>	Interest of controlled corporation	158,593,000 (L)	7.05% (L)
Pandanus Partners L.P. <sup>(7)</sup>	Interest of controlled corporation	158,593,000 (L)	7.05% (L)



*Notes:*

- (1) The letter “L” denotes the person’s long position in the shares. The calculation is based on the number of ordinary shares that each person is interested in (whether directly/indirectly interested or deemed to be interested) as a percentage of the total number of issued ordinary shares (that is, 2,249,457,213 shares) of the Company as at 30 June 2023.
- (2) TMF (Cayman) Limited in its capacity as the trustee holds, among others, the entire issued share capital of Yao Li Investment Holdings Limited, Xin Feng Asset Holdings Limited and Hong Ye Asset Holdings Limited. The three discretionary trusts are founded by Mr. Zheng Yaonan, Mr. Zhang Shengfeng and Mr. Lin Zonghong respectively for themselves and their close relatives.
- (3) Great Brilliant Investment Holdings Limited, a company incorporated in the British Virgin Islands, is a wholly-owned subsidiary of Yao Li Investment Holdings Limited. Yao Li Investment Holdings Limited is a company incorporated in the British Virgin Islands and wholly owned by TMF (Cayman) Limited as the trustee.
- (4) Harmonious Composition Investment Holdings Limited is a wholly-owned subsidiary of Great Brilliant Investment Holdings Limited, and held approximately 735,018,732 shares of the Company, representing approximately 32.68% of the entire issued share capital of the Company.
- (5) Ms. Cai Shaoru is the spouse of Mr. Zhang Shengfeng. Under Part XV of the SFO, she was deemed to be interested in the same number of shares in which Mr. Zhang Shengfeng was interested.
- (6) Forever Flourish International Holdings Limited, a company incorporated in the British Virgin Islands, is a wholly-owned subsidiary of Xin Feng Asset Holdings Limited. Xin Feng Asset Holdings Limited is a company incorporated in the British Virgin Islands and is wholly owned by TMF (Cayman) Limited as the trustee.
- (7) Fidelity China Special Situations PLC is indirectly controlled by FIL Limited, which is in turn owned as to 38.71% by Pandanus Partners L.P., which is wholly-owned by Pandanus Associates Inc. As such, each of Pandanus Partners L.P. and Pandanus Associates Inc. was deemed to be interested in the 158,593,000 shares of the Company held by FIDELITY CHINA SPECIAL SITUATIONS PLC.

Save as disclosed above, as at 30 June 2023, the Directors were not aware of any persons (other than the Directors and chief executive) who had, directly or indirectly, interest or short positions in shares and underlying shares of the Company and those interests or short positions were required to be recorded in the register kept under Section 336 of the SFO.

## SHARE OPTION SCHEME

The old share option scheme was adopted on 9 June 2014 and was terminated on 2 June 2023 (the “Old Scheme”). The new share option scheme of the Company was approved by the shareholders of the Company and adopted on 2 June 2023 (the “New Scheme”) and is valid for 10 years. The purpose of the New Scheme is to enable the board of directors (the “Board”) to grant share options to the eligible participants as incentives or rewards for their contribution or potential contribution to the Company and its subsidiaries (the “Group”). Further details of the principal terms of the New Scheme are set out in the circular of the Company dated 28 April 2023.

There was no outstanding option granted under the Old Scheme as at the date of its termination on 2 June 2023. Under the New Scheme, no options were granted or agreed to be granted, exercised, cancelled or lapsed during the six months ended 30 June 2023 nor was there any option outstanding at the beginning or at the end of the period.

## SHARE AWARD SCHEME

The Company adopted a share award scheme, with a 10-year validity, on 28 June 2019 (the “Share Award Scheme”) and the Share Award Scheme was amended on 2 June 2023. The purpose and objectives of the Share Award Scheme are to enable the Board to grant award shares to the eligible participants as incentives or rewards for their contribution to the Group. The basis of eligibility of any of the eligible participants to the grant of Awards shall be determined by the Board from time to time on the basis of the Board’s opinion as to his contribution or potential contribution to the development and growth of the Group.

The Cosmo Lady Employee Benefit Trust was established to manage the trust property of the Share Award Scheme. As at 30 June 2023, a total of 48,151,909 shares of the Company were held by the trustee.

Details of the award shares outstanding and movements during the six months ended 30 June 2023 under the Share Award Scheme are set out as follows:

Name and category of grantee	Date of grant	Vesting Period	Number of awarded shares				As at 30 June 2023
			As at 1 January 2023	Granted during the six months ended 30 June 2023	Vested during the six months ended 30 June 2023	Forfeited during the six months ended 30 June 2023	
Employees	28 June 2019	28 June 2019 to 28 June 2024	14,848,800	–	(4,658,333)	(4,386,867)	5,803,600
Employees	10 July 2020	10 July 2020 to 10 July 2023	5,515,000	–	(1,817,586)	(2,088,714)	1,608,700
Employees	1 November 2021	1 November 2021 to 1 November 2024	1,350,000	–	(280,772)	(529,228)	540,000
Employees	1 January 2023	1 January 2023 to 31 December 2025	–	34,200,000	–	–	34,200,000
			<b>21,713,800</b>	<b>34,200,000</b>	<b>(6,756,691)</b>	<b>(7,004,809)</b>	<b>42,152,300</b>

Save as disclosed above, no award shares have been granted under the Share Award Scheme. No grant of award shares has been cancelled or lapsed during the six months ended 30 June 2023.

## SCHEME LIMIT AND SERVICE PROVIDER SUBLIMIT OF THE NEW SHARE OPTION SCHEME AND SHARE AWARD SCHEME

As at 30 June 2023, the maximum number of Shares that can be issued upon exercise of the share options and as awarded shares under the New Scheme and revised Share Award Scheme and other share options and awards is 224,945,721 Shares, representing 10% of the Shares in issue as at 2 June 2023.

As at 30 June 2023, the maximum number of Shares that can be issued under the Service Provider Sublimit upon exercise of the Share Options and as awarded shares under the New Scheme and revised Share Award Scheme and other share options and awards is 44,989,144 Shares, representing 2% of the Shares in issue as at 2 June 2023.

The number of Shares that may be issued in respect of options and awards granted under all schemes of the Company during the six months ended 30 June 2023 divided by the weighted average number of the Shares in issue for the six months ended 30 June 2023 was approximately 2%.

## INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend to shareholders of the Company for the six months ended 30 June 2023 (for the six months ended 30 June 2022: Nil).

## CORPORATE GOVERNANCE PRACTICES

The Board considers that the Company has complied with all the code provisions set out in the Corporate Governance Code (the “CG Code”) contained in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2023, with the exception of Code Provision C.2.1.

According to Code Provision C.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 Company deviated from this provision during the six months ended 30 June 2023 because Mr. Zheng Yaonan (“Mr. Zheng”) performed both the roles of the chairman of the Board and the chief executive officer of the Company. Mr. Zheng, with the established market reputation in the intimate wear industry in China, is the founder of the Group and has extensive experience in business operations and management in general. Under the leadership of Mr. Zheng, the Board worked effectively and performed its responsibilities with all key and appropriate issues discussed in a timely manner. In addition, as all major decisions were made in consultation with members of the Board and relevant Board committees, and there are four independent non-executive directors on the Board offering advice in independent perspectives, the Board was therefore of the view that there were adequate safeguards in place to ensure sufficient balance of powers within the Board.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities during the six months ended 30 June 2023.

## SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code contained in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Specific enquiry was made with all the Directors and all confirmed that they have complied with the requirements set out in the Model Code throughout the six months ended 30 June 2023.

## AUDIT COMMITTEE

The audit committee comprises four independent non-executive Directors, namely Mr. Yau Chi Ming, Dr. Dai Yiyi, Mr. Chen Zhigang and Dr. Lu Hong Te. Mr. Yau Chi Ming, who possesses appropriate professional qualifications as required by the Listing Rules, is the chairman of the audit committee.

The audit committee holds regular meetings to review the financial information, financial reporting system and internal control procedures of the Group, including a review of the interim financial information for the six months ended 30 June 2023.

## INFORMATION REGARDING DIRECTORS

Dr. Dai Yiyi, the independent non-executive Director of the Company, resigned as an independent non-executive director, the chairman of the nomination committee and a member of the audit committee of Guangdong-Hong Kong Greater Bay Area Holdings Limited, a company listed on the Stock Exchange, with effect from 7 April 2023. He has been appointed as an independent non-executive director and a member of each of the audit committee, the remuneration committee and the nomination committee of C&D International Investment Group Limited, a company listed on the Stock Exchange, with effect from 26 April 2023.

Dr. Lu Hong Te, the independent non-executive Director of the Company, resigned as an independent non-executive director, a member of each of the audit committee, the nomination committee and the corporate governance committee of China SCE Group Holdings Limited, a company listed on the Stock Exchange, with effect from the conclusion of its annual general meeting held on 30 May 2023.

Mr. Wen Baoma has been retired as a non-executive director of the Company with effect from the conclusion of its annual general meeting held on 2 June 2023.

Save as disclosed above, there was no change in the information regarding the Directors subsequent to the date of publication of the 2022 annual report of the Company which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.