



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

都市丽人内衣 奥运冠军之选

中国国家花样游泳队官方合作伙伴



2024 INTERIM REPORT

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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*)
Mr. Xian Shunxiang (*Vice President*)
Mr. Zhu Hongbo (*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. Zhu Hongbo
Mr. Chen Zhigang
Dr. Lu Hong Te

Nomination Committee

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

Risk Management Committee

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

AUDITOR

Ernst & Young
*Certified Public Accountants and Registered Public Interest
Entity Auditor*

PRINCIPAL BANKERS

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

STOCK CODE

Stock Code: 2298

WEBSITE

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

INVESTOR RELATIONS

Email: ir@cosmo-lady.com.cn

AUTHORIZED REPRESENTATIVES

Mr. Zheng Yaonan
Mr. Choi Wai Hin

REGISTERED OFFICE

Ocorian Trust (Cayman) Limited
Windward 3, Regatta Office Park
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

HEAD OFFICE

Building N1, Fenggang Tianan Digital City
Fenggang Town, Dongguan City
Guangdong

PLACE OF BUSINESS IN HONG KONG

Unit 909, 9/F.
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

LEGAL ADVISOR

As to Hong Kong law
Bird & Bird
6/F, The Annex, Central Plaza
18 Harbour Road
Hong Kong

Financial Highlights

		For the six months ended 30 June	
		2024	2023
Revenue	RMB'000	1,514,450	1,367,631
Profit attributable to owners of Cosmo Lady (China) Holdings Company Limited (the "Company")	RMB'000	82,398	26,129
Gross profit margin	%	47.5%	47.4%
Earnings per share – Basic	RMB cents	3.8	1.2
Interim dividend per share	HK cents	1.1	–

全國銷量領先 都市麗人·國民內衣



Management Discussion and Analysis

BUSINESS REVIEW

The year of 2024 has been filled with both challenges and opportunities. While the international landscape remains complex and challenging, the domestic economy has continued its upward trajectory, with multiple hurdles and challenges on the other hand.

In response to market fluctuations and uncertainties, the Company and its subsidiaries (the “Group”) has proactively enhanced its capabilities across branding, product development, and distribution channels, aiming to strengthen overall performance. Credits to the collective efforts of all employees of the Group, the profit attributable to owners of the Company was approximately RMB82,398,000 for the six months ended 30 June 2024, representing an increase of approximately 215% as compared with that of the six months ended 30 June 2023 of approximately RMB26,129,000.



1. Solidifying national identity and boosting brand power

- (a) In March 2024, Cosmo Lady officially launched its cooperation with the China National Synchronized Swimming Team, supporting Chinese athletes at the Doha 2024 World Aquatics Championships, Paris 2024 Olympics and other arenas. The China National Synchronized Swimming Team achieved outstanding results at the Doha 2024 World Aquatics Championships with 7 gold medals, 1 silver medal and 1 bronze medal, and won historical double gold medals at the Paris 2024 Olympics. The image of the China National Synchronized Swimming Team, aligns well with Cosmo Lady's national identity, successfully enhancing Cosmo Lady's exposure and awareness across the nation;
- (b) In June 2024, marking the 26th anniversary of the founding of Cosmo Lady and the 10th anniversary of its listing on the Main Board of the Hong Kong Stock Exchange, Cosmo Lady, in collaboration with its brand ambassador Xu Dongdong to launch a marketing campaign. The campaign, which highlighted themes of “comfort” (舒適自在), and “freedom from stereotypes” (不被定義), successfully garnered widespread attention and landed on the trending lists twice; and
- (c) In order to support its “Key Province Campaign”, Cosmo Lady has partnered with Lutie Media to roll out thousand premium media advertisements across high-speed rail stations in over 120 cities nationwide, further enhancing the visibility and influence of the Group's brand.

2. Deepening commitment to national intimate wear market, with “quality and affordability”

- (a) Continued to advance the development and application of new technologies and production processes, solidifying its expertise while reducing production costs and increasing product competitiveness;
- (b) Continued to strengthen market insights, deeply explored consumer needs, and upgraded best-selling mould cups, focused on trendy color and styles, and developed colors and design plans to ensure products meet the market's demand for higher quality and comfort; at the same time, continuously developed products tailored to regional differences to meet the diverse needs of the market;
- (c) Continuously strengthened top-selling product development process, and further improved top-selling product matrix. The soft size nude bra series products (軟尺碼隱形內衣系列產品) originated by the Group, which were first launched in March 2024, were well received in the market. This demonstrates that Cosmo Lady has the unique continuous product innovation capability; and
- (d) Continued to fine-tune product-channel alignment, developed tailored product strategies for different store types to cater the needs of various consumer groups effectively.



3. Strengthening channel layout and exploring growth opportunities

In order to meet the needs of consumers in different market segments, the Group has built a highly coordinated brand portfolio with brands, namely Ordifen, Cotton Regions and Cosmo Lady, targeting high-end, mid-range and mass markets, respectively. In the first half of 2024, the increase in the number of the stores of Cotton Regions has made a breakthrough, laying good foundation for future growth.

In the first half of 2024, the Group's major brand Cosmo Lady launched its "Key Province Campaign", targeting specific markets with tailored store-opening strategies to seek breakthroughs in scale; at the same time, Cosmo Lady focused on key provinces to create efficient terminals, continuously refining strategies to improve single-store performance and replicating these successful practices across other stores locations.

In terms of e-commerce business, in the first half of 2024, the Group has successfully expanded cooperation with partners, and integrated online and offline strategies to increase market share, thereby achieving brand value enhancement and breakthroughs in business development.

4. Digital empowerment to enhance operation efficiency

In the first half of 2024, the Group continued to advance digital construction and applications in line with its overall strategic objectives, improving the Group's overall operation efficiency.

- (a) Continued to optimise and upgrade core business system and supported business efficiency enhancement and business development by improving functions and business scenarios. The Group upgraded its existing application of B2B platform and optimised product distribution and marketing scenarios to improve the level of product operation management; and
- (b) Continuously enhanced its ability to operate across public and private domains, integrating online and offline businesses with a focus on consumer needs. This approach improved shopping experience, increased member repurchase rates, and fostered members' loyalty. At the same time, the Group actively promoted instant retail and cooperated with Meituan Instashopping, JD Daojia, to meet consumers' needs for fast and convenient shopping experience, creating new business growth points.



Looking forward to the second half of 2024, the Group will continue to focus on its strategic objectives, enhancing core competitiveness through brand building, product innovation, channel optimisation and service improvements, all with an aim to achieving steady performance growth.

In terms of branding, the Group will continue to drive the growth in brand power through top-selling product marketing, support the China National Synchronized Swimming Team in international competitions and enhance national brand emotional resonance, while comprehensively creating a distinct and unique brand impression of Cosmo Lady and increasing the brand awareness and influence of Cosmo Lady.

In terms of products, the Group will continue to strengthen its product matrix, combining innovative design with market trends and consumer needs and promoting product lifestyle integration to resonate with consumer demand. Product-channel alignment will continue to be refined to meet the diverse needs of consumers accurately.

In terms of channels, the Group will continue to advance the “Key Province Campaign”. Building upon the foundation of strengthened channel store layout, the Group will create efficient terminals, comprehensively enhancing single-store competitiveness. The Group will actively explore development opportunities in shopping malls and promote online and offline integration through cloud retail, thereby increasing member engagement and encouraging repurchase.

In terms of service, the Group will fully promote the implementation of five-star shopping guide system, continuously optimise the training system. The Group is committed to providing consumers with a better service experience.

The Group firmly believes that through the joint efforts of all employees and the strong support of our partners, combined with the Group’s achievements in the first half of 2024, and with the effective implementation of the above measures, the Group is well-positioned to achieve greater development and breakthroughs.

FINANCIAL REVIEW

Profit attributable to the owners of the Company and the segment results

Profit attributable to the owners of the Company for the six months ended 30 June 2024 (the “Relevant Period”) was RMB 82,398,000 (the first half of 2023: RMB26,129,000), which increased by approximately 215% as compared with that of the corresponding period in 2023. Besides, the results from the intimate wear products and industrial projects and logistic segments of the Group for the Relevant Period were RMB60,257,000 (the first half of 2023: RMB44,106,000) and RMB79,841,000 (the first half of 2023: RMB9,000,000), respectively, which increased by approximately 37% and 787% when compared with that of the corresponding period in 2023, respectively.

Such increases were mainly due to (i) the successful cooperation with the Group’s partners to expand e-commerce business of the Group, thereby increasing the Group’s market share, adding value to the Group’s brands and improving the Group’s operating results; (ii) the effective cost control and improved efficiency of the Group has also further reduced the Group’s operating costs; and (iii) certain units of the industrial projects of the Group located in Fenggang, Dongguan, Guangdong Province, the People’s Republic of China (the “PRC”) (the “Yuquan Projects”), which have been delivered and recognised as revenue during the Relevant Period.

Revenue

The Group’s revenue is mainly derived from sales of intimate wear products to the franchisees and to consumers through self-managed/cooperative stores and online sales platforms, development of industrial projects and provision of logistic services in the PRC. The breakdown of the revenue is as follows:

	Six months ended 30 June			
	2024		2023	
	RMB'000	%	RMB'000	%
Intimate wear products:				
Retail sales				
– Self-managed/cooperative stores sales	643,711	42.5	622,579	45.5
Sales to franchisees	424,611	28.0	447,154	32.7
E-commerce	226,732	15.0	249,553	18.3
	1,295,054	85.5	1,319,286	96.5
Industrial projects and logistic:				
Logistic income	47,521	3.1	48,345	3.5
Industrial projects sales	171,875	11.4	–	–
	219,396	14.5	48,345	3.5
	1,514,450	100.0	1,367,631	100.0

During the Relevant Period, the changes in revenue of the Group were mainly driven by the following factors:

- for the revenue from intimate wear products, the Group successfully cooperated with the Group’s partner to expand its e-commerce business and increased the Group’s market share, with the total merchandise transaction value (“GMV”) of approximately RMB230 million transacted on the cooperative e-commerce platforms during the Relevant Period, from which the Group received the relevant service income. As a result, the Group reduced some of the inefficient self-operated e-commerce platforms, resulting in a decrease in revenue from e-commerce during the Relevant Period; and
- the increase in revenue from industrial projects and logistic was mainly due to the completion of the delivery and sales recognition of certain units of the Yuquan Projects during the Relevant Period. Since 2022, the Group has transformed the former old warehouses in Yuquan, the PRC, into the modern industrial and intelligent logistic warehousing industrial projects, which has been completed and approved by the relevant authorities during the Relevant Period. The total gross floor area of the Yuquan Projects is approximately 145,000 square meters, of which approximately 56,000 square meters are used by the Group for logistic business and the remaining approximately 89,000 square meters are mainly used for sales. As at 30 June 2024, the gross floor area of the Yuquan Projects of approximately 61,000 square metres had been contracted, of which approximately 25,000 square metres were delivered and revenue was recognised during the Relevant Period. The remaining contracted units of the Yuquan Projects will be delivered progressively before 2025.

Gross profit margin

During the Relevant Period, the gross profit margin of the Group remained steady at approximately 47.5% as compared with that of the corresponding period in 2023 (the first half of 2023: 47.4%), in which the gross profit margin of intimate wear products also remained steady during the Relevant Period at approximately 49.1%, as compared with that of the corresponding period in 2023 (the first half of 2023: 48.2%). The gross profit margin of industrial projects and logistic increased to approximately 37.7%, (the first half of 2023: 23.7%) during the Relevant Period, which was mainly due to the newly increased sales from the industrial projects during the Relevant Period.

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 amortisation and others.

The decrease in selling and marketing expenses by about 7.7% for the six months ended 30 June 2024 to approximately RMB514,693,000 (the first half of 2023: RMB557,613,000) was mainly driven by a reduction in e-commerce platforms commission and promotion expenses as a result of the change in business strategy in e-commerce business as mentioned above and the decrease in other selling and marketing expenses primarily owing to more effective and precise marketing activities held during the Relevant Period.

General and administrative expenses

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

The decline in general and administrative expenses by approximately 10.6% for the six months ended 30 June 2024 to approximately RMB83,833,000 (the first half of 2023: RMB93,793,000) was mainly attributable to the continuous and effective cost control measures implemented during the Relevant Period.

Net (impairment losses)/reversal of impairment losses on financial assets

The amount of approximately RMB2,722,000 was mainly represented the provision for trade receivables made during the Relevant Period. The net reversal of impairment losses of approximately RMB33,726,000 mainly represented the reversal of partial provisions for trade receivables made in previous years upon settlement of these balances during the six months ended 30 June 2023.

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 – net to approximately RMB8,713,000 (the first half of 2023: RMB9,284,000) was mainly due to the increase in interest income and drop in interest expenses on bank borrowings during the Relevant Period.

Income tax expense

As at 30 June 2024, the Group had fulfilled all its tax obligations and did not have any unresolved tax disputes.

The income tax expense during the Relevant Period increased to approximately RMB37,965,000 (the first half of 2023: RMB8,451,000) during the Relevant Period. Such increase was mainly due to the PRC land appreciation tax charges amounted to approximately RMB15,811,000 and the reversal of part of the deferred tax assets recognised in previous years in respect of tax losses as a result of the sales and profit from industrial projects during the Relevant Period.

LIQUIDITY AND FINANCIAL RESOURCES

The Group maintained a strong and healthy financial position. As at 30 June 2024, the Group's restricted bank deposits and cash and cash equivalents amounted to approximately RMB676,317,000 (31 December 2023: RMB681,933,000) and bank borrowings amounted to approximately RMB462,194,000 (31 December 2023: RMB392,480,000). As at 30 June 2024, the current ratio was about 1.6 times (31 December 2023: 1.4 times).

As at 30 June 2024, 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 23.1% (31 December 2023: 20.4%). 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 10.7% (31 December 2023: negative 15.0%) 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 encountered 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

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. For further details, please also refer to the Change of UoP Announcement. For the six months ended 30 June 2024, the use of the net proceeds from the Windcreek Subscription was as follows:

Use of net proceeds	Original allocation	Net proceeds utilized up to 31 May 2022	Unutilized net proceeds up to 31 May 2022	Revised allocation of unutilized net proceeds as stated in the Change of UoP Announcement	Net proceeds utilized up to 30 June 2024	Unutilized net proceeds up to 30 June 2024	Expected timeline of full utilization of said unutilized balance (Note)
	of net proceeds as stated in the 2021 annual report			net proceeds as stated in the Change of UoP Announcement			
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	
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	–	N/A
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	239,428,000	105,017,000	Before the end of 2025
Total	509,000,000	76,156,000	432,844,000	432,844,000	327,827,000	105,017,000	

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 Directors, which would be subject to change due to future development of market conditions.

For the six months ended 30 June 2024, the net proceeds from the Windcreek Subscription had been utilised in accordance with the purposes and allocation as set out in the Change of UoP Announcement, and there was no material change or delay in the use of the net proceeds from the Windcreek Subscription. 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 Relevant Period, the capital expenditure on property, plant and equipment and intangibles assets of the Group amounted to approximately RMB33,333,000 (the first half of 2023: RMB253,150,000), which was mainly used for decoration and renewal of stores.

PLEDGE OF ASSETS

As at 30 June 2024, the Group's restricted bank deposits, certain property, plant and equipment, and land use rights of approximately RMB706,972,000 (31 December 2023: RMB934,046,000) were pledged as securities for obtaining banking borrowings and notes payables.

CONTINGENT LIABILITIES

As at 30 June 2024, the Group did not have any significant contingent liabilities.

SIGNIFICANT ACQUISITIONS OR DISPOSALS AND FUTURE PLANS FOR SIGNIFICANT INVESTMENTS

The Group did not have any significant acquisitions or disposals of subsidiaries, associates and joint ventures as at 30 June 2024.

As at 30 June 2024, none of the single investment held by the Group that had a carrying value accounting for 5% or more of the total assets of the Group.

HUMAN RESOURCES AND MANAGEMENT

The Group had approximately 2,300 full-time employees as at 30 June 2024 (31 December 2023: 2,600). 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. The Company believes that the ability to recruit and retain experienced and skilled labour is crucial to the Group's growth and development. The Group provides training to its new employees to familiarise them with the working environment and work culture. The Group also provides on-the-job training to the employees, which aims at developing their skills so as to meet the strategic goals and customer requirements. In addition to providing the Group's staff with opportunities to receive on-the-job training, the Group strives to create a harmonious and warm working and living environment for the staff.

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. An environmental, social and governance 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 2023 annual report. The environmental, social and governance report of the Company for the year ending 31 December 2024 will be included in the annual report of the Company for the year ending 31 December 2024 which will be issued next year.

EVENTS AFTER REPORTING PERIOD

There was no significant event occurred subsequent to 30 June 2024, being the end of the reporting period.

Report on Review of Interim Financial Information



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 39, which comprises the interim condensed consolidated statement of financial position of Cosmo Lady (China) Holdings Company Limited (the “Company”) and its subsidiaries (the “Group”) as at 30 June 2024 and the related condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and 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 (“IAS 34”) issued by the International Accounting Standards Board (“IASB”). The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made 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 Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Hong Kong Institute of Certified Public Accountants. 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 Hong Kong 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 is not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young
Certified Public Accountants
27/F, One Taikoo Place
979 King’s Road
Quarry Bay
Hong Kong

27 August 2024

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

Six months ended 30 June

		2024 Unaudited RMB'000	2023 Unaudited RMB'000
	<i>Notes</i>		
Revenue	5	1,514,450	1,367,631
Cost of sales		(795,551)	(720,009)
Gross profit		718,899	647,622
Selling and marketing expenses		(514,693)	(557,613)
General and administrative expenses		(83,833)	(93,793)
Net (impairment losses)/reversal of impairment losses on financial assets	8	(2,722)	33,726
Other income	6	9,329	7,986
Other losses – net	6	(3,147)	(1,784)
Operating profit		123,833	36,144
Finance income	9	4,002	3,738
Finance expenses	9	(12,715)	(13,022)
Finance expenses – net	9	(8,713)	(9,284)
Share of profit of joint ventures – net		191	6,148
Profit before income tax	7	115,311	33,008
Income tax expense	10	(37,965)	(8,451)
Profit for the period		77,346	24,557
Other comprehensive income/(loss) for the period			
<i>Item that may be reclassified subsequently to profit or loss</i>			
– Exchange differences on translation of foreign operations		(3,284)	13,970
<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		(2,330)	(4,978)
Total comprehensive income for the period		71,732	33,549
Profit/(loss) attributable to:			
Owners of the Company		82,398	26,129
Non-controlling interests		(5,052)	(1,572)
		77,346	24,557
Total comprehensive income/(loss) attributable to:			
Owners of the Company		76,784	35,121
Non-controlling interests		(5,052)	(1,572)
		71,732	33,549
Earnings per share attributable to owners of the Company during the period		RMB cents	RMB cents
Basic	11	3.8	1.2
Diluted		3.7	1.2

The notes on pages 22 to 39 form an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Statement of Financial Position

		As at 30 June 2024 Unaudited RMB'000	As at 31 December 2023 Audited RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	13	754,166	994,638
Right-of-use assets	13	368,133	389,161
Intangible assets		25,977	27,750
Investment in joint ventures		85,813	85,622
Financial assets at fair value through other comprehensive income		21,451	24,761
Deposits, prepayments and other receivables	14	22,179	21,109
Deferred income tax assets		105,844	125,969
		1,383,563	1,669,010
Current assets			
Inventories	15	664,785	616,454
Completed properties held for sale		205,939	–
Trade and notes receivables	16	330,734	320,681
Deposits, prepayments and other receivables	14	577,176	527,439
Restricted bank deposits		104,143	175,776
Cash and cash equivalents		572,174	506,157
		2,454,951	2,146,507
Total assets		3,838,514	3,815,517

		As at 30 June 2024 Unaudited RMB'000	As at 31 December 2023 Audited RMB'000
	<i>Notes</i>		
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital	17	140,312	140,312
Share premium	17	1,656,669	1,656,669
Shares held for share award scheme		(59,550)	(64,480)
Accumulated losses		(151,332)	(233,730)
Other reserves		420,604	430,298
		2,006,703	1,929,069
Non-controlling interests		(5,879)	(630)
Total equity		2,000,824	1,928,439
LIABILITIES			
Current liabilities			
Trade and notes payables	18	559,152	751,436
Accruals and other payables	19	257,669	369,457
Contract liabilities		220,677	48,456
Tax payables		31,843	14,036
Borrowings	20	312,400	162,038
Lease liabilities		136,648	135,823
Deferred income		206	231
		1,518,595	1,481,477
Non-current liabilities			
Borrowings	20	149,794	230,442
Lease liabilities		169,285	175,046
Deferred income		16	113
		319,095	405,601
Total liabilities		1,837,690	1,887,078
Total equity and liabilities		3,838,514	3,815,517

The notes on pages 22 to 39 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							Total equity Unaudited RMB'000
	Attributable to owners of the Company							
	Share capital Unaudited RMB'000	Share premium Unaudited RMB'000	Shares held for	Accumulated losses Unaudited RMB'000	Other reserves Unaudited RMB'000	Total Unaudited RMB'000	Non-controlling interests Unaudited RMB'000	
			share award scheme Unaudited RMB'000					
As at 1 January 2024	140,312	1,656,669	(64,480)	(233,730)	430,298	1,929,069	(630)	1,928,439
Comprehensive income								
Profit for the period	–	–	–	82,398	–	82,398	(5,052)	77,346
Other comprehensive income								
Exchange differences	–	–	–	–	(3,284)	(3,284)	–	(3,284)
Changes in the fair value of equity investments at fair value through other comprehensive income	–	–	–	–	(2,330)	(2,330)	–	(2,330)
Total comprehensive income for the period	–	–	–	82,398	(5,614)	76,784	(5,052)	71,732
Transactions with owners								
Equity-settled share-based compensation	–	–	–	–	850	850	–	850
Shares vested for share award scheme	–	–	4,930	–	(4,930)	–	–	–
Dividends paid	–	–	–	–	–	–	(197)	(197)
Total transactions with owners	–	–	4,930	–	(4,080)	850	(197)	653
As at 30 June 2024	140,312	1,656,669	(59,550)	(151,332)	420,604	2,006,703	(5,879)	2,000,824

Condensed Consolidated Statement of Changes in Equity

	Unaudited							
	Attributable to owners of the Company							
	Share capital	Share premium	Share held for share award scheme	Accumulated losses	Other reserves	Total	Non-controlling interests	Total equity
	Unaudited RMB'000	Unaudited RMB'000	Unaudited RMB'000	Unaudited RMB'000	Unaudited RMB'000	Unaudited RMB'000	Unaudited RMB'000	Unaudited RMB'000
As at 1 January 2023	140,312	1,656,669	(64,139)	(273,012)	442,528	1,902,358	9,817	1,912,175
Comprehensive income								
Profit for the period	–	–	–	26,129	–	26,129	(1,572)	24,557
Other comprehensive income								
Exchange differences	–	–	–	–	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	–	–	–
Total comprehensive income for the period	–	–	–	22,348	12,773	35,121	(1,572)	33,549
Transactions with owners								
Equity-settled share-based compensation	–	–	–	–	(3,175)	(3,175)	–	(3,175)
Liquidation of subsidiary	–	–	–	–	–	–	(1,416)	(1,416)
Dividends paid	–	–	–	–	–	–	(1,878)	(1,878)
Total transactions with owners	–	–	–	–	(3,175)	(3,175)	(3,294)	(6,469)
As at 30 June 2023	140,312	1,656,669	(64,139)	(250,664)	452,126	1,934,304	4,951	1,939,255

The notes on pages 22 to 39 form an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Statement of Cash Flows

	Six months ended 30 June	
	2024 Unaudited RMB'000	2023 Unaudited RMB'000
Cash flows from operating activities		
Cash generated from operations	68,348	212,696
Income tax paid	(33)	(118)
Net cash generated from operating activities	68,315	212,578
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	1,658	740
Interest received	4,002	3,738
Purchases of property, plant and equipment	(31,557)	(256,332)
Purchases of intangible assets	(1,776)	(5,771)
Investment income from financial assets at fair value through profit or loss	1,707	555
Proceeds from disposal of financial assets at fair value through other comprehensive income	980	1,012
Capital contribution to joint ventures	–	(600)
Advance to a joint venture	–	(4)
Net cash used in investing activities	(24,986)	(256,662)
Cash flows from financing activities		
Dividends paid to non-controlling interests	(197)	(1,878)
Return of capital to non-controlling interests	–	(1,416)
Proceeds from bank borrowings	200,000	179,210
Repayments of bank borrowings	(130,286)	(74,064)
Interest paid for bank borrowings	(7,265)	(7,805)
Release/(pledge) of restricted bank deposits	71,633	(19,288)
Principal elements of lease payments	(104,747)	(98,173)
Net cash generated from/(used in) financing activities	29,138	(23,414)
Net increase/(decrease) in cash and cash equivalents	72,467	(67,498)
Cash and cash equivalents at beginning of the period	506,157	554,083
Effect of foreign exchange rate changes	(6,450)	(2,985)
Cash and cash equivalents at end of the period	572,174	483,600
Analysis of balances of cash and cash equivalents		
Cash and bank balances	529,171	437,949
Non-pledged time deposits with original maturity of less than three months when acquired	43,003	45,651
Cash and cash equivalents as stated in the interim condensed consolidated statement of financial position	572,174	483,600

The notes on pages 22 to 39 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 2024

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 Act, Cap 22 (Act 3 of 1961, as consolidated and revised) 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, development of industrial projects and provision of logistic services 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 logistic services in the Group’s industrial properties have been one of the businesses of the Group for years. During the current period, the board of directors (the “Board”) resolved that additional resources would continuously be deployed to such business as well as development of industrial projects. Accordingly, the industrial projects and logistic services are redesignated by the Board as one of the principal businesses of the Group. Other than this change, there were no significant changes in the nature of the Group’s principal businesses.

Harmonious Composition Investment Holdings Limited, a company incorporated in the British Virgin Islands (the “BVI”), is the immediate holding company of the Company. In the opinion of the Company’s directors, Yao Li Investment Holdings Limited, a company incorporated in the BVI with limited liability and controlled by Mr. Zheng Yaonan, is the ultimate holding company of the Company.

The interim condensed consolidated financial information for the six months ended 30 June 2024 (the “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 Board and approved for issue by the Board on 27 August 2024.

2 BASIS OF PREPARATION

The Interim Financial Information has been prepared in accordance with International Accounting Standard (“IAS”) 34, “*Interim Financial Reporting*”. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2023, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

Change in accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of the following revised IFRSs for the first time for the current period’s financial information.

Amendments to IFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to IAS 1	<i>Classification of liabilities as Current or Non-current</i> (the “2020 Amendments”)
Amendments to IAS 1	<i>Non-current Liabilities with Covenants</i> (the “2022 Amendments”)
Amendments to IAS 7 and IFRS 7	<i>Supplier Finance Arrangements</i>

2 BASIS OF PREPARATION (Continued)

The nature and impact of the new and revised IFRSs that are applicable to the Group are described below:

- (a) Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of IFRS 16, the amendments did not have any impact on the financial position or performance of the Group.
- (b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

- (c) Amendments to IAS 7 and IFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure of relevant information for supplier finance arrangements is not required for any interim reporting period during the first annual reporting period in which an entity applies the amendments. The amendments did not have any impact on the interim condensed consolidated financial information.

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 2023.

There have been no changes in any risk management policies since 31 December 2023.

(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 2024, the amount of total bank borrowings of RMB 462,194,000 (31 December 2023: RMB 392,480,000) is disclosed in Note 20 while the amount of total equity of approximately RMB 2,000,824,000 (31 December 2023: RMB 1,928,439,000) is shown in the condensed consolidated statement of financial position.

	As at 30 June 2024 (Unaudited) RMB'000	As at 31 December 2023 (Audited) RMB'000
Bank borrowings	462,194	392,480
Total equity	2,000,824	1,928,439
Gearing ratio	23%	20%

3 FINANCIAL RISK MANAGEMENT (Continued)

(c) Fair value estimation

The carrying amounts of the Group's financial instruments, other than fair value through other comprehensive income, reasonably approximate to their fair values.

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 2024 and 31 December 2023, 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 statement of financial position are mainly receivables and financial liabilities carried at amortised cost. Analysis of level 3 financial instruments for the six months ended 30 June 2024 are as follows:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000 (Note)	Total RMB'000
Financial assets at fair value through other comprehensive income				
As at 30 June 2024 (Unaudited)	–	–	21,451	21,451
As at 31 December 2023 (Audited)	–	–	24,761	24,761

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (six months ended 30 June 2023: Nil).

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

	Unlisted equity securities RMB'000
As at 31 December 2023 (Audited)	24,761
Disposal	(980)
Loss recognised in other comprehensive income	(2,330)
As at 30 June 2024 (Unaudited)	21,451

3 FINANCIAL RISK MANAGEMENT (Continued)

(c) Fair value estimation (Continued)

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.

The discounted cash flow method under the income approach has been applied in the determination of the fair value of the Group's financial assets at fair value through other comprehensive income ("FVOCI"). The discounted cash flow considered the future business plan, specific business and financial risks.

The following significant unobservable inputs have been applied in the discounted cash flow calculations in determining the fair value of the Group's financial assets at FVOCI:

	As at 30 June 2024 (Unaudited) RMB'000	As at 31 December 2023 (Audited) RMB'000
Nine entities engaging in the manufacturing of intimate wear in the PRC		
Discount rate	14.9%	15.5%
Long term revenue growth rates	3%	6%
Discount for lack of marketability	30%	30%

As at 30 June 2024, it is estimated that with all other variables held constant, a decrease/increase in discount rate by 1% (31 December 2023: 1%) would have increased/decreased the Group's other comprehensive income by RMB1,549,000 (31 December 2023: RMB2,727,000).

4 OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has two reportable operating segments as follows:

Intimate wear products segment	–	Designing, marketing and selling of intimate wear products
Industrial projects and logistic segment	–	Development of industrial projects, provision of logistic services

The logistic services in the Group's industrial properties have been one of the businesses of the Group for years. During the period, as mentioned in note 1, the Board has resolved that additional resources would continuously be deployed to the industrial projects and logistic services and accordingly, the industrial projects and logistic services are redesignated by the Board as one of the principal businesses of the Group. The results of the industrial projects and logistic services are also separately reviewed and evaluated for management reporting purposes. Accordingly, the presentation of segment information for the six months ended 30 June 2024 has been changed to reflect this change of segment composition. Comparative segment information has been restated to conform with the current period's presentation.

4 OPERATING SEGMENT INFORMATION (Continued)

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit or loss, which is a measure of adjusted profit or loss before tax. The adjusted profit or loss before tax is measured consistently with the Group's profit or loss before tax except that interest income, finance expenses as well as head office and corporate income and expenses are excluded from such measurement.

The Group's revenue from external customers was derived solely from its operations in the PRC.

None of the revenue derived from any single external customer amounted to 10% or more of the Group's revenue for the six months ended 30 June 2024 (2023: None).

Information regarding these reportable segments is presented below.

Reportable segment information

	For the six months ended 30 June (Unaudited)					
	Intimate wear products		Industrial projects and logistic		Total	
	2024 RMB'000	2023 RMB'000 (restated)	2024 RMB'000	2023 RMB'000 (restated)	2024 RMB'000	2023 RMB'000 (restated)
Segment revenue						
Revenue from external customers	1,295,054	1,319,286	219,396	48,345	1,514,450	1,367,631
Intersegment sales	29,038	28,109	63,994	69,246	93,032	97,355
Total segment revenue	1,324,092	1,347,395	283,390	117,591	1,607,482	1,464,986
<i>Reconciliation:</i>						
Elimination of intersegment sales					(93,032)	(97,355)
Total revenue					1,514,450	1,367,631
Segment gross profit	636,133	636,156	82,766	11,466	718,899	647,622
Segment results	60,257	44,106	79,841	9,000	140,098	53,106
<i>Reconciliation:</i>						
Interest income					4,002	3,738
Unallocated gains					1,898	6,703
Corporate and other unallocated expenses					(23,422)	(22,734)
Finance expenses					(7,265)	(7,805)
Profit before income tax					115,311	33,008

5 REVENUE

Disaggregated revenue information for revenue from contracts with customers

	Six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Retail sales	643,711	622,579
Sales to franchisees	424,611	447,154
E-commerce	226,732	249,553
Logistic income	47,521	48,345
Sales of properties from industrial projects	171,875	–
	1,514,450	1,367,631

For the six months ended 30 June 2024 (Unaudited)

	Intimate wear products RMB'000	Industrial projects and logistic RMB'000	Total RMB'000
Type of goods or services			
Sales of goods	1,274,042	171,875	1,445,917
Services rendered	–	47,521	47,521
Royalty income	21,012	–	21,012
	1,295,054	219,396	1,514,450
Timing of revenue recognition			
Goods transferred at a point in time	1,274,042	171,875	1,445,917
Services transferred over time/revenue recognised over time	21,012	47,521	68,533
	1,295,054	219,396	1,514,450

5 REVENUE (Continued)

Disaggregated revenue information for revenue from contracts with customers (Continued)

For the six months ended 30 June 2023 (Unaudited)

	Intimate wear products RMB'000	Industrial projects and logistic RMB'000	Total RMB'000
Type of goods or services			
Sales of goods	1,319,286	–	1,319,286
Service rendered	–	48,345	48,345
	<u>1,319,286</u>	<u>48,345</u>	<u>1,367,631</u>
Timing of revenue recognition			
Goods transferred at a point in time	1,319,286	–	1,319,286
Services transferred over time	–	48,345	48,345
	<u>1,319,286</u>	<u>48,345</u>	<u>1,367,631</u>

6 OTHER INCOME AND OTHER LOSSES – NET

	Six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Other income		
Government grants (Note)	1,147	1,091
Investment income from financial assets at fair value through profit or loss	1,707	555
Others	6,475	6,340
	<u>9,329</u>	<u>7,986</u>

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

	Six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Other losses – net		
Net foreign exchange losses	(3,166)	(1,902)
Gains on disposal of property, plant and equipment – net	19	118
	<u>(3,147)</u>	<u>(1,784)</u>

7 PROFIT BEFORE INCOME TAX

The Group's profit before income tax is arrived at after charging:

	Six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Cost of inventories sold	658,921	683,130
Cost of service rendered	48,398	36,879
Cost of properties sold	88,232	–
Depreciation and amortisation		
– Right-of-use assets	85,320	78,531
– Property, plant and equipment	40,043	56,067
– Intangible assets	3,549	3,461
Provision for inventories	–	11,219
Impairment of property, plant and equipment	182	208
Impairment of right of use assets	5,220	–

8 NET (IMPAIRMENT LOSSES)/REVERSAL OF IMPAIRMENT LOSSES ON FINANCIAL ASSETS

	Six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Reversal/(provision) of impairment of trade receivables	(3,704)	33,296
Reversal of impairment of other receivables	982	430
	(2,722)	33,726

9 FINANCE INCOME AND EXPENSES

	Six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Finance income		
Interest income on short-term bank deposits	4,002	3,738
	4,002	3,738
Finance expenses		
Interest expense on bank borrowings	(7,265)	(7,805)
Interest expense on lease liabilities	(5,450)	(5,217)
	(12,715)	(13,022)
	(8,713)	(9,284)

10 INCOME TAX EXPENSE

	Six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Current income tax		
– Hong Kong profits tax (<i>Note (a)</i>)	–	–
– PRC corporate income tax (<i>Note (b)</i>)	2,029	(21,419)
– PRC land appreciation tax (“LAT”) (<i>Note (c)</i>)	15,811	–
	17,840	(21,419)
Deferred income tax		
– Deferred income tax	20,125	29,870
Income tax expense	37,965	8,451

Notes:

(a) Hong Kong profits tax

The applicable Hong Kong profits tax rate is 16.5% (2023: 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 2024 (2023: 25%) on the estimated assessable profits for the period, based on the existing legislation, interpretations and practices in respect thereof.

(c) PRC land appreciation tax

The Group is subject to LAT in the PRC. The provision for LAT is based on management’s best estimates according to the understanding of the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon the completion of the property development projects. The Group has not finalised its LAT calculation and payments with the tax authorities for certain of its property development projects. The final outcome could be different from the amounts that were initially recorded.

11 EARNINGS PER SHARE

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

	Six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
Profit for the period attributable to owners of the Company (RMB'000)	82,398	26,129
Weighted average number of ordinary shares for purposes of basic earnings per share (thousands of shares)	2,175,223	2,193,460
Effect of dilution – weighted average number of ordinary shares: 2019 Share Award Scheme (thousands of shares)	40,498	26,645
Number of shares used in diluted earnings per share calculation (thousands of shares)	2,215,721	2,220,105

Note: The weighted average number of ordinary shares for the purpose of basic earnings per share for the six months ended 30 June 2024 and 2023 has been adjusted for the effects of purchase and withholding of ordinary shares of the Company for the share award scheme adopted by the Company on 28 June 2019 (the “2019 Share Award Scheme”) during the six months ended 30 June 2024 and 2023, respectively.

The diluted earnings per share calculation for the six months ended 30 June 2023 disclosed in the table above has been restated to add the dilutive effect of the shares held for the Group’s 2019 Share Award Scheme.

12 INTERIM DIVIDEND

The Board has recommended the payment of an interim dividend of HK1.1 cents per ordinary share of the Company, totaling approximately HK\$24,744,000 for the six months ended 30 June 2024 (2023: Nil). The dividend is not reflected as a dividend payable in the consolidated financial statements for the six months ended 30 June 2024, but will be reflected as an appropriation for the year ending 31 December 2024.

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

During the six months ended 30 June 2024, the Group acquired items of property, plant and equipment and right-of-use assets of RMB31,557,000 and RMB113,781,000, respectively. (30 June 2023: property, plant and equipment and right-of-use assets of RMB250,470,000 and RMB50,526,000, respectively).

Property, plant and equipment with a net book value of RMB1,639,000 were disposed of by the Group during the six months ended 30 June 2024 (30 June 2023: RMB622,000), resulting in a net gain on disposal of RMB19,000 (30 June 2023: RMB118,000).

During the six months ended 30 June 2024, property plant and equipment and right of-use assets with an aggregate net book value of RMB230,165,000 and RMB11,248,000 (30 June 2023: nil), respectively, were transferred to completed properties held for sale.

14 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	As at 30 June 2024 (Unaudited) RMB'000	As at 31 December 2023 (Audited) RMB'000
Prepayments for acquisition of property, plant and equipment and intangible assets	9,952	7,999
Value added tax recoverable	321,226	335,871
Prepayments and deposits	20,175	21,516
Prepaid expenses in respect of stores under cooperative arrangements	64,271	39,669
Prepayments for purchase of goods	53,047	29,407
Prepayments for purchase of raw materials	51,915	43,690
Deposit receivable from e-commerce platforms and regional franchise	6,623	7,169
Other receivables from staffs	14,194	7,471
Dividend receivables	3,998	3,998
Others	57,261	57,274
Less: provision for impairment of other receivables	(3,307)	(5,516)
	599,355	548,548
Less: non-current portion	(22,179)	(21,109)
Current portion	577,176	527,439

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

15 INVENTORIES

	As at 30 June 2024 (Unaudited) RMB'000	As at 31 December 2023 (Audited) RMB'000
Raw materials	9,793	2,392
Work in progress	5,848	4,946
Finished goods	728,298	688,270
	743,939	695,608
Less: provision	(79,154)	(79,154)
	664,785	616,454

16 TRADE AND NOTES RECEIVABLES

	As at 30 June 2024 (Unaudited) RMB'000	As at 31 December 2023 (Audited) RMB'000
Trade receivables		
– Due from third parties	344,483	330,202
Notes receivable	237	761
Less: loss allowance	(13,986)	(10,282)
Trade and notes receivables – net	330,734	320,681

- (a) As at 30 June 2024, 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 2024 is as follows:

	As at 30 June 2024 (Unaudited) RMB'000	As at 31 December 2023 (Audited) RMB'000
Trade receivables, gross		
– Within 30 days	219,737	200,593
– Over 30 days and within 60 days	32,081	19,876
– Over 60 days and within 90 days	14,675	12,767
– Over 90 days and within 180 days	30,467	23,465
– Over 180 days and within 360 days	37,639	66,174
– Over 360 days	9,884	7,327
	344,483	330,202

17 SHARE CAPITAL AND SHARE PREMIUM

	Number of ordinary shares	Share capital RMB'000	Share premium RMB'000	Total RMB'000
As at 30 June 2024 (Unaudited)	2,249,457,213	140,312	1,656,669	1,796,981
As at 31 December 2023 (Audited)	2,249,457,213	140,312	1,656,669	1,796,981

18 TRADE AND NOTES PAYABLES

	As at 30 June 2024 (Unaudited) RMB'000	As at 31 December 2023 (Audited) RMB'000
Trade payables (Note (a))		
Due to third parties	318,138	295,070
Due to related parties (Note 22(c))	8,198	1,752
	326,336	296,822
Notes payable		
Due to third parties	232,816	454,614
	559,152	751,436

Notes:

- (a) As at 30 June 2024, 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 2024, trade payables are denominated in RMB. The ageing analysis of trade payables based on invoice date, as at 30 June 2024 is as follows:

	As at 30 June 2024 (Unaudited) RMB'000	As at 31 December 2023 (Audited) RMB'000
Trade payables		
– Within 30 days	13,879	61,674
– Over 30 days and within 60 days	35,114	45,989
– Over 60 days and within 90 days	67,164	104,038
– Over 90 days and within 180 days	194,457	80,914
– Over 180 days and within 360 days	4,039	2,310
– Over 360 days	11,683	1,897
	326,336	296,822

19 ACCRUALS AND OTHER PAYABLES

	As at 30 June 2024 (Unaudited) RMB'000	As at 31 December 2023 (Audited) RMB'000
Refundable deposits received from the prospective purchaser or lessees of property, plant and equipment	–	102,853
Payables for purchases of property, plant and equipment and intangible assets	45,851	40,231
Salaries and welfare payables	33,156	33,617
Payable for short-term leases	20,202	10,334
Accrued taxes other than income tax	-	6,159
Deposits from franchisees	73,118	75,051
Payable for logistic	6,031	13,847
Payable for advertisements	1,279	1,939
Provision for sales return	1,416	1,369
Payable for operating expenses in respect of stores under cooperative arrangements	2,388	6,336
Other accrued expenses and payables	74,228	77,721
	257,669	369,457

As at 30 June 2024, accruals and other payables of the Group are non-interest bearing, and the fair value of the financial liabilities included in accruals and other payables, approximate their carrying amounts due to their short maturities.

As at 30 June 2024, accruals and other payables of the Group are denominated in RMB.

20 BORROWINGS

	As at 30 June 2024 (Unaudited) RMB'000	As at 31 December 2023 (Audited) RMB'000
Non-current		
Secured bank borrowing <i>(Note)</i>	149,794	230,442
Current		
Secured bank borrowing <i>(Note)</i>	312,400	162,038
	462,194	392,480

Movements in borrowings is analysed as follows:

	Six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Opening amount	392,480	331,502
Repayments of borrowings	(130,286)	(74,064)
Proceeds from bank borrowings	200,000	179,210
Closing amount	462,194	436,648

Note: The amount represents the bank borrowings that are secured by the Group's certain buildings and land use rights of approximately RMB602,829,000 as at 30 June 2024 (31 December 2023: RMB758,270,000).

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

The interest rates of the Group's bank loans are primarily repriced every month based on Loan Prime Rate changes.

21 CAPITAL COMMITMENTS

As at 30 June 2024 and 31 December 2023, the Group had the following capital commitments not provided for:

	As at 30 June 2024 (Unaudited) RMB'000	As at 31 December 2023 (Audited) RMB'000
Contracted but not provided for:		
Property, plant and equipment	37,542	88,373
Intangible assets	10	10
	37,552	88,383

22 RELATED-PARTY TRANSACTIONS

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 2024, and balances arising from related party transactions as at 30 June 2024.

(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 and a sister of Mr. Lin Zonghong

(b) Transactions with related parties

	Six months ended 30 June 2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Continuing transactions (Note (i)):		
Shantou Shengqiang	7,643	11,271
Shantou Maosheng	1,906	3,690
	9,549	14,961

Note:

- (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%.

22 RELATED-PARTY TRANSACTIONS (Continued)

(c) Balances with related parties

	As at 30 June 2024 (Unaudited) RMB'000	As at 31 December 2023 (Audited) RMB'000
Trade payables balance:		
Shantou Shengqiang	6,301	1,639
Shantou Maosheng	1,897	113
	8,198	1,752

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

(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 2024 and 2023 is as follows:

	Six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Wages, salaries and bonuses	4,598	4,516
Pension costs-defined contribution plans	328	393
Equity-settled share-based compensation	850	987
	5,776	5,896

Other Information

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

As at 30 June 2024, 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 (i) 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 (ii) which were required to be recorded in the register required to be kept pursuant to Section 352 of the SFO, or (iii) 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 C3 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 ⁽¹⁾	Approximate percentage of shareholding interest ⁽¹⁾
Mr. Zheng Yaonan ⁽²⁾	Beneficial owners; interest of spouse; interest of controlled corporation; founder of a discretionary trust who can influence how the trustee exercises his discretion	800,464,201 (L)	35.58% (L)
Ms. Wu Xiaoli ⁽²⁾	Beneficial owner; interest of spouse; other (beneficiary of a discretionary trust)	800,464,201 (L)	35.58% (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)
Mr. Xian Shunxiang ⁽³⁾	Beneficial owner	6,130,000 (L)	0.27% (L)
Mr. Zhu Hongbo ⁽⁴⁾	Beneficial owner	2,763,239 (L)	0.12% (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 2024.
- (2) Mr. Zheng Yaonan beneficially owns 47,279,799 shares, and Ms. Wu Xiaoli beneficially owns 2,321,000 shares, respectively. Mr. Zheng Yaonan and Ms. Wu Xiaoli are the spouse of each other, and are therefore deemed to be interested in the Shares held by each other under Part XV of the SFO. 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.
- (3) Mr. Xian Shunxiang beneficially owns 130,000 shares, and is interested in 6,000,000 awarded shares granted to him under the Share Award scheme (as defined below), which remain unvested as at the date of this interim report.
- (4) Mr. Zhu Hongbo beneficially owns 163,239 shares, and is interested in 2,600,000 awarded shares granted to him under the Share Award Scheme (as defined below), which remain unvested as at the date of this interim report.

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

(ii) Interest in associated corporations of the Company

As at 30 June 2024, as far as the Directors were aware, 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.

Save as disclosed above, so far as the Directors are aware, as at 30 June 2024, none of the Directors or chief executive of the Company had any interest or short positions in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be (i) 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 (ii) entered in the register kept by the Company pursuant to section 352 of the SFO, or (iii) notified to the Company and the Stock Exchange under the Model Code.

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

As at 30 June 2024, the following shareholders (other than the Directors and chief executive) had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of directors	Nature of interest	Number of shares held ⁽¹⁾	Approximate percentage of shareholding interest ⁽¹⁾
TMF (Cayman) Limited ⁽²⁾	Trustee	1,079,778,852 (L)	48.00% (L)
Great Brilliant Investment Holdings Limited ⁽³⁾	Interest of controlled corporation; beneficial owner	750,863,402 (L)	33.38% (L)
Yao Li Investment Holdings Limited ^{(2), (3)}	Interest of controlled corporation	750,863,402 (L)	33.38% (L)
Harmonious Composition Investment Holdings Limited ^{(3), (4)}	Beneficial owner	735,018,732 (L)	32.68% (L)
Ms. Cai Shaoru ⁽⁵⁾	Interest of spouse	222,625,173 (L)	9.90% (L)
Forever Flourish International Holdings Limited ⁽⁶⁾	Beneficial owner	222,625,173 (L)	9.90% (L)
Xin Feng Asset Holdings Limited ^{(2), (6)}	Interest of controlled corporation	222,625,173 (L)	9.90% (L)
Fidelity China Special Situations PLC ⁽⁷⁾	Beneficial owner	157,330,000 (L)	6.99% (L)
FIL Limited ⁽⁷⁾	Interest of controlled corporation	157,330,000 (L)	6.99% (L)
Pandanus Associates Inc. ⁽⁷⁾	Interest of controlled corporation	157,330,000 (L)	6.99% (L)
Pandanus Partners L.P. ⁽⁷⁾	Interest of controlled corporation	157,330,000 (L)	6.99% (L)

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY (Continued)

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 2024.
- (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 157,330,000 shares of the Company held by Fidelity China Special Situations PLC.

Save as disclosed above, as at 30 June 2024, the Directors were not aware of any persons (other than the Directors and chief executive) who had interests or short positions in the Shares or the underlying Shares which fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

SHARE SCHEMES

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 option granted under the Old Scheme that remained outstanding as at the date of its termination on 2 June 2023. No further options have been granted subsequent to the aforesaid termination date of the Old Scheme. Under the New Scheme, no options were granted or agreed to be granted, exercised, expired, cancelled or lapsed during the six months ended 30 June 2024 nor was there any option outstanding at the beginning or at the end of the six months ended 30 June 2024.

SHARE SCHEMES (Continued)

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 2024, a total of 70,102,737 shares of the Company were held by the trustee.

Details of the awarded shares outstanding and movements during the six months ended 30 June 2024 under the Share Award Scheme are set out as follows:

Grantees	Date of grant	Purchase price	Number of awarded shares									Vesting period
			Closing price immediately prior to the grant (HKS/Share)	Fair value as of date of grant of the awards granted (HKS/Share)	Weighted average closing price immediately before the vesting date of awards during the period ended 30 June 2024 (HKS/Share)	Unvested as at 1 January 2024	Granted (Note)	Vested	Cancelled	Forfeited/ lapsed	Unvested as at 30 June 2024	
Directors												
Mr. Zhu Hongbo	10 July 2020	-	0.55	0.60	0.20	210,000	-	(163,239)	-	(46,761)	-	10 July 2020 to 10 July 2023
Mr. Zhu Hongbo	1 January 2023	-	0.20	0.20	-	2,600,000	-	-	-	-	2,600,000	1 January 2023 to 31 December 2025
Mr. Xian Shunxiang	1 January 2023	-	0.20	0.20	-	6,000,000	-	-	-	-	6,000,000	1 January 2023 to 31 December 2025

Grantees	Date of grant	Purchase price	Number of awarded shares								Vesting period	
			Closing price immediately prior to the grant (HKS/Share)	Fair value as of date of grant of the awards (HKS/Share)	Weighted average closing price immediately before the vesting date of awards during the period ended 30 June 2024 (HKS/Share)	Unvested as at 1 January 2024	Granted (Note)	Vested	Cancelled	Forfeited/ lapsed		Unvested as at 30 June 2024
The five highest paid individual (excluding Directors and chief executives)												
	28 June 2019	-	1.82	1.33	0.20	389,300	-	(292,737)	-	(96,563)	-	28 June 2019 to 28 June 2024
	1 January 2023	-	0.20	0.20	-	5,500,000	-	-	-	-	5,500,000	1 January 2023 to 31 December 2025
Employees												
	28 June 2019	-	1.82	1.33	0.20	5,414,300	-	(3,620,212)	-	(1,794,088)	-	28 June 2019 to 28 June 2024
	10 July 2020	-	0.55	0.60	0.20	1,360,300	-	(515,661)	-	(844,639)	-	10 July 2020 to 10 July 2023
	1 November 2021	-	0.56	0.55	0.20	540,000	-	(393,748)	-	-	146,252	1 November 2021 to 1 November 2024
	1 January 2023	-	0.20	0.20	-	20,100,000	-	-	-	(2,300,000)	17,800,000	1 January 2023 to 31 December 2025
Service providers												
	31 March 2024	-	0.23	0.23	-	-	23,000,000	-	-	-	23,000,000	31 March 2024 to 31 March 2027
						42,113,900	23,000,000	(4,985,597)	-	(5,082,051)	55,046,252	

Note: The vesting of each tranche of the awarded shares above is subject to the achievement of certain vesting conditions as set out in the individual grant letters of the grantees. The Group has in place a standardised performance appraisal system and evaluation policies for its employees and service providers, respectively, to comprehensively evaluate their performance and contribution to the Group. The Company will determine whether the employee and service provider grantees meet the individual performance target and key performance indicators based on their performance appraisal results and evaluation results for the relevant year, respectively. In case of partial achievement and satisfaction of the performance targets or the key performance indicators, as applicable, the applicable awarded shares may be vested in proportion to the performance targets or the key performance indicators, as applicable, actually achieved by the employee and service provider grantees, respectively, for the relevant year.

Save as disclosed above, no other awarded shares have been granted under the Share Award Scheme. No awarded shares granted has been forfeited or cancelled during the six months ended 30 June 2024.

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

As at 30 June 2024, the maximum number of shares that can be issued upon exercise of the share options and as awarded shares under the New Scheme and the Share Award Scheme and other share options and awards was 224,945,721 Shares, representing 10% of the shares in issue as at 2 June 2023 and as at the date of this interim report. Accordingly, the number of share options and/or awards available for grant under the scheme mandate limit of the New Scheme and the Share Award Scheme at the beginning and the end of the six months ended 30 June 2024 were 224,945,721 Shares in aggregate, respectively.

As at 30 June 2024, 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 the Share Award Scheme and other share options and awards was 44,989,144 Shares, representing 2% of the shares in issue as at 2 June 2023 and as at the date of this interim report. Accordingly, the number of options and/or awards available for grant under the service provider sublimit at the beginning and the end of the year ended 30 June 2024 were 44,989,144 Shares in aggregate, respectively.

The grant of awards under the Share Award Scheme during the six months ended 30 June 2024 will be satisfied by existing shares of the Company. Accordingly, 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 2024 divided by the weighted average number of the shares in issue (excluding treasury shares) for the six months ended 30 June 2024 was nil.

INTERIM DIVIDEND

The Board has recommended the payment of an interim dividend of HK1.1 cents per share of the Company, totaling approximately HK\$24,744,000 (the “Interim Dividends”) for the six months ended 30 June 2024 (for the six months ended 30 June 2023: Nil) to be paid on Tuesday, 8 October 2024 to the shareholders of the Company whose names appear on the register of members of the Company on Wednesday, 25 September 2024. The Interim Dividends are not reflected as a dividend payable in the consolidated financial statements for the six months ended 30 June 2024, but will be reflected as an appropriation for the year ending 31 December 2024.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 23 September 2024 to Wednesday, 25 September 2024, both days inclusive, during which no transfer of the shares of the Company shall be registered. In order to qualify for the Interim Dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queens’s Road East, Wanchai, Hong Kong, no later than 4:30p.m. on Friday, 20 September 2024 for registration.

CORPORATE GOVERNANCE PRACTICES

The Board considers that the Company has complied with all the applicable code provisions set out in the Corporate Governance Code (the “CG Code”) contained in Appendix C1 to the Listing Rules throughout the six months ended 30 June 2024, 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 person. The Company deviated from this provision from 30 November 2021 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 an 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 from 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 2024.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code contained in Appendix C3 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 of the Directors confirmed that they have complied with the requirements set out in the Model Code throughout the six months ended 30 June 2024.

AUDIT COMMITTEE

The audit committee of the Board (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 2024 and the Audit Committee has reviewed the interim results for the six months ended 30 June 2024 and has no disagreement with the accounting treatment and principles adopted by the Company.

CHANGES INFORMATION OF DIRECTORS AND CHIEF EXECUTIVES

There was no change in the information regarding the Directors which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules during the six months ended 30 June 2024 and as at the date of this interim report.