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

2024 Annual Report

CONTENTS

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

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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
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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
Wanchai
Hong Kong

STATEMENT FROM CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Dear Shareholders,

In 2024, in the face of the complex international and domestic situation, we witnessed the strong resilience of China's economy, with the national GDP achieving a growth of 5%. However, we also faced challenges such as the decline in the growth rate of total retail sales, consumer confidence and purchasing power. Throughout the year of 2024, the Group adhered to a long-term perspective, focusing on internal capabilities as its core strategy to cope with economic cycles. Under the strategy of building a national brand, we achieved excellent performance in 2024 through a series of initiatives, such as enhancing brand value, creating bestsellers, strengthening sales channels, optimizing operational management and improving efficiency. Together with the asset value released from the Group's successfully revived logistics industry projects, the profit attributable to owners of the Company amounted to approximately RMB126,157,000 for the year ended 31 December 2024, as compared to approximately RMB42,483,000 for the year ended 31 December 2023, representing an increase of approximately 197%.

Zheng Yaonan
Chairman and Chief Executive Officer

Statement from Chairman and Chief Executive Officer

Strengthening brand equity to further enhance our brand power

In 2024, to further enhance our brand power, we launched a series of brand activities centered on our positioning as a "National Intimate Wear" and achieved remarkable results.

In March 2024, we entered into a strategic cooperation with the China National Synchronized Swimming Team and launched a series of 'Champion Brand' marketing campaigns. The world's first "Soft Size Nude Bra" launched by Cosmo Lady opened the 3.0 era of comfortable and stylish underwear, attracting widespread attention.

In June 2024, Cosmo Lady launched a marketing activity in collaboration with its brand ambassador Xu Dongdong for the 10th anniversary of the Company's listing. 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 in the PRC.

In July 2024, we seized the opportunity of the Olympic Games and launched a large-scale Olympic-themed marketing. By launching the Paris Olympic-themed Bus, we showcased our image of China's champion intimate wear brand at global landmarks, such as the Eiffel Tower and the Arc de Triomphe in Paris, conveying the brand charisma to consumers worldwide.

At the same time, to support our initiatives in the "Key Province Campaign", Cosmo Lady has partnered with Lutie Media to roll out a thousand premium media advertisements across high-speed rail stations in over 160 cities nationwide, further shaping our brand image and enhancing the recognition and influence of the Group's brands.

These activities effectively strengthened the brand equity of Cosmo Lady, further consolidated its image as a national brand, and significantly enhanced our brand power.

Creating bestsellers and winning consumers with quality products

Adhering to the original aspiration of producing high-quality and affordable intimate wear for consumers, we leveraged new technologies, new materials, new processes, new cup designs to create bestsellers that offer high value for money.

The "Soft Size Nude Bra" released in spring and summer featuring "comfort and style" as its distinct characteristics, integrating memory strips, adaptive cups and invisible seamless technology and gained wide recognition from consumers. The 'Black Gold Lightweight Down' released in autumn and winter offered the advantage of 'double hydration and no dryness in autumn and winter'. Its thin, warm and smooth qualities have made it a memorable bestseller for consumers.

Optimizing channel layout to seize growth opportunities in shopping malls and e-commerce channels

The offline street retail channel remains a core advantage for Cosmo Lady. In 2024, despite a complex market environment, our stores achieved net growth amidst the adversity, and further consolidating our strengths in offline channels.

In addition, the Group achieved a breakthrough in the shopping malls channel through the "Cotton Regions" brand. Cotton Regions is targeted at the mid-to-high end market and is committed to providing consumers with products that are made with pure cotton, healthy and comfortable, creating a one-stop family shopping experience, thereby differentiating its positioning from that of our main brand Cosmo Lady. With exquisite products and great shopping experience, Cotton Regions has gained wide recognition from consumers, and its performance in 2024 increased by approximately 50% year-on-year as compared to that of 2023. Meanwhile, with its excellent performance and profitability, Cotton Regions has attracted numerous franchisees, who show a strong willingness to open new stores. It is expected that Cotton Regions will double its number of stores and performance by 2025, and become a strong driver of the Group's growth.

In terms of e-commerce channels, we successfully expanded cooperation with our Group's partners in the first half of 2024, and made a breakthrough in business development by enhancing our market share in multiple facets through integrating online and offline sales channels. For the year ended 31 December 2024, the Group's gross merchandise value ("GMV") of e-commerce transactions exceeded RMB1.5 billion, representing a year-on-year growth over 100% as compared to that for the year ended 31 December 2023. With further cooperation with its partners in 2025, the Group expects to achieve significant results in its e-commerce business, which will become another growth driver for the Group's performance.

Looking ahead to 2025, we will maintain a prudent and pragmatic approach, continuing to deepen our business with ongoing optimization and innovation. Although the external environment remains uncertain, we are confident that we will be able to seize new opportunities and meet new challenges through practical and diligent efforts and solid business development. We will remain committed to creating value for our shareholders, providing higher-quality products and services for consumers, and offering better development platforms for our employees. We believe that the Group will achieve sustainable healthy growth and embrace a brighter future through our relentless efforts.

We would like to extend my sincere gratitude to all our customers, suppliers, bankers, shareholders, and supporters of the Company who have been supportive of the Group. We would also like to thank our directors, management and staff for their valuable contributions to the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

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

Profit attributable to the owners of the Company for the year ended 31 December 2024 (the "Year") was approximately RMB126,157,000 (2023: RMB42,483,000), which increased by approximately 197% as compared with that of the corresponding year in 2023. Besides, the segment results (before impairment losses on financial assets) from the intimate wear products and industrial projects and logistic segments of the Group for the Year were approximately RMB97,649,000 (2023: RMB55,175,000) and approximately RMB122,055,000 (2023: RMB16,265,000), respectively, which increased by approximately 77.0% and approximately 650.4% as compared with that for the year ended 31 December 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 in the PRC substantially and, in turn, resulting in the improvement in the Group's operating results during the Year; (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 Year.

Revenue

The revenue of Cosmo Lady (China) Holdings Company Limited (the "Company") and its subsidiaries (the "Group") 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:

	Year ended 31 December			
	2024		2023	
	RMB'000	***%***	*RMB'000*	*%*
Intimate wear products:				
Offline sales	**2,144,111**	**71.3**	2,118,841	76.9
E-commerce	**410,769**	**13.6**	524,119	19.0
	2,554,880	**84.9**	2,642,960	95.9
Industrial projects and logistic:				
Logistic income	**132,481**	**4.4**	114,121	4.1
Industrial projects sales	**322,769**	**10.7**	–	–
	455,250	**15.1**	114,121	4.1
	3,010,130	**100.0**	2,757,081	100.0

Management Discussion and Analysis

During the Year, 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 in the PRC substantially, with the total gross merchandise value ("GMV") of approximately RMB1.1 billion transacted on the e-commerce platforms that the Group established corporations with during the Year, 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 Year; 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 Year. 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 Year. The total gross floor area of the Yuquan Projects is approximately 145,000 square metres, of which approximately 56,000 square metres are used by the Group for logistic business and the remaining approximately 89,000 square metres are mainly used for sales. As at 31 December 2024, the gross floor area of the Yuquan Projects of approximately 66,000 square metres had been contracted, of which approximately 47,000 square metres were delivered and revenue was recognised during the Year. The remaining contracted units of the Yuquan Projects will be delivered progressively in 2025.

Gross profit margin

In 2024, the gross profit margin of the Group remained steady at approximately 45.7% as compared with that of the year ended 31 December 2023 (2023: 47.5%), in which the gross profit margin of intimate wear products also remained steady during the Year at approximately 47.3%, as compared with that for the year ended 31 December 2023 (2023: 48.6%). The gross profit margin of industrial projects and logistic increased to approximately 36.6%, (2023: 20.5%) during the Year, which was mainly due to the newly increased sales from the industrial projects during the Year.

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 of selling and marketing expenses by about 7.5% for the year ended 31 December 2024 to approximately RMB1,019,925,000 (2023: RMB1,103,187,000) was mainly due to the optimization of e-commerce platform traffic promotion as a result of the change in business strategy in e-commerce business as mentioned above and the more effective and efficient brand marketing investment during the Year.

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 decrease in general and administrative expenses by about 5.4% for the year ended 31 December 2024 to approximately RMB184,383,000 (2023: RMB194,961,000) was mainly attributable to the continuous and effective cost control measures implemented during the Year.

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

The amount of approximately RMB8,688,000 was mainly represented the provision for trade receivables made during the Year. The net reversal of impairment losses of approximately RMB31,317,000 mainly represented the reversal of partial provisions for trade receivables made in previous years upon settlement of these balances during the year ended 31 December 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 RMB19,840,000 in 2024 (2023: RMB22,576,000) was mainly due to the decrease in interest expenses on bank borrowings during the Year.

Income tax expense

As at 31 December 2024, the Group had fulfilled all its tax obligations and did not have any unresolved tax disputes.

The income tax expense during the Year increased to approximately RMB52,946,000 (2023: RMB7,316,000). Such increase was mainly due to the PRC land appreciation tax charges amounted to approximately RMB33,704,000 as a result of the sales and profit from industrial projects during the Year and the reversal of part of the deferred tax assets recognised in previous years.

LIQUIDITY AND FINANCIAL RESOURCES

The Group maintained a strong and healthy financial position. As at 31 December 2024, the Group's restricted bank deposits and cash and cash equivalents amounted to approximately RMB621,871,000 (31 December 2023: RMB681,933,000) and bank borrowings amounted to approximately RMB395,630,000 (31 December 2023: RMB392,480,000). As at 31 December 2024, the current ratio was about 1.6 times (31 December 2023: 1.4 times).

As at 31 December 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 19.6% (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 11.2% (31 December 2023: negative 15.0%) as the Group continued to maintain a net cash position.

As at 31 December 2024, the Group provided guarantees amounting to approximately RMB250,023,000 (2023: Nil) to certain banks in respect of loans granted by banks for purchasers of the Group's industrial properties. The fair value of the guarantees is not significant and the Group considers that in case of default in payments, the net realisable value of the related properties will be sufficient to cover the repayment of the outstanding loan principals together with the accrued interest and penalty.

TREASURY POLICY

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the year ended 31 December 2024. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

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 by the Company dated 26 April 2018 and 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 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 year ended 31 December 2024, the use of the net proceeds was as follows:

Use of net proceeds	Original Allocation of net proceeds as stated in the 2021 Annual Report *HK$*	Net proceeds utilized up to 31 May 2022 *HK$*	Unutilised net proceeds up to 31 May 2022 *HK$*	Revised allocation of unutilised net proceeds as stated in the Change of UoP Announcement *HK$*	Net proceeds utilized up to 31 December 2024 *HK$*	Unutilized net proceeds as at 31 December 2024 *HK$*	Expected timeline of full utilisation of said unutilised balance *(Note)*
Financing the reforms in sales and distributions 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	297,659,000	46,786,000	Before the end of 2025
Total	509,000,000	76,156,000	432,844,000	432,844,000	386,058,000	46,786,000	

Note: The expected timeline of full utilisation of said unutilised net proceeds 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 year ended 31 December 2024, the net proceeds from the Windcreek Subscription had been utilised in accordance with the purposes 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 year, the capital expenditure on property, plant and equipment and intangible assets of the Group amounted to approximately RMB86,900,000 (2023: RMB508,088,000), which was mainly used for decoration and renewal of stores.

PLEDGE OF ASSETS

As at 31 December 2024, the Group's restricted bank deposits, certain property, plant and equipment, and land use rights of approximately RMB465,226,000 (31 December 2023: RMB934,046,000) were pledged as securities for obtaining banking borrowings and notes payables.

CONTINGENT LIABILITIES

Save as disclosed in this report, as at 31 December 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 31 December 2024.

As at 31 December 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, and there was no future plans for material investments or capital assets.

HUMAN RESOURCES AND MANAGEMENT

The Group had approximately 2,200 full-time employees as at 31 December 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 results 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 trainings, 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 year ended 31 December 2024 for the Group has been issued in accordance with the Environmental, Social and Governance Reporting Guide of the Stock Exchange and included in this report.

SIGNIFICANT EVENTS AFTER REPORTING PERIOD

There was no significant event occurred subsequent to 31 December 2024, being the end of the reporting period.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Set forth below are the biographies of the Directors and senior management of the Company as at the date of this annual report:

EXECUTIVE DIRECTORS

Mr. Zheng Yaonan, aged 49, is the chairman of the Board, an executive Director, a member of the nomination committee of the Company. He is the chief executive officer of the Company from 30 November 2021 onwards. He holds positions as the executive directors and concurrently as the general manager of a number of the Company's subsidiaries, and is also one of the founders of the Group. From 30 January 2014 to 19 August 2019, Mr. Zheng was the chief executive officer of the Company as well. With approximately 25 years of experience in the intimate wear manufacturing and sales industry, Mr. Zheng has been the key driver of the business strategies and achievements to date of the Group. He is primarily responsible for the strategic planning, business development, corporate management and overall performance of the Group. Mr. Zheng has been serving the Group since September 2009.

Mr. Zheng is currently a member of Chinese People's Political Consultative Conference Dongguan Committee, an executive council member of China Youth Entrepreneur Association, a vice chairman of Dongguan Federation of Industry and Commerce and the chairman of Fujian Chamber of Commerce in Shenzhen. Furthermore, Mr. Zheng was elected as the President of Shenzhen Underwear Association in January 2025. He was a committee member of Ningde City of Fujian Provincial Committee of Chinese People's Political Consultative Conference from January 2017 to January 2022.

Mr. Zheng completed the China CEO Program and obtained an executive education program certificate from Cheung Kong Graduate School of Business, Beijing in 2013, and completed an EMBA course in Shanghai Advanced Institute of Finance of Shanghai Jiao Tong University and an EMBA course at the School of Management of Xiamen University, Xiamen, Fujian Province in 2016 and 2017 respectively. In addition, he obtained a Doctor of Business Administration from the program offered by the University of Minnesota in partnership with Tsinghua University.

Mr. Zheng is the husband of Ms. Wu Xiaoli, an executive Director and a vice president of the Company.

Mr. Zhang Shengfeng, aged 56, is the deputy chairman of the Board, an executive Director and a vice president of the Company. He also holds positions as an executive director and concurrently as the general manager of a number of the Company's subsidiaries. Mr. Zhang is also one of the founders of the Group, and he is primarily responsible for the supply chain management and e-commerce operations of the Group. Mr. Zhang has been serving the Group since September 2009.

Mr. Zhang has been a deputy chairman of Dongguan Fenggang Association of Enterprises with Foreign Investment and an executive deputy chairman of Shenzhen Underwear Association since September 2011 and August 2012, respectively and the honorary chairman of Guangdong Underwear Association in March 2016.

Mr. Zhang completed an executive master course in business administration from the School of Management of Xiamen University, Xiamen, Fujian Province. He also completed the executive master of business administration degree at Cheung Kong Graduate School of Business and the EMBA Course at PBC School of Finance, Tsinghua University in 2016 and 2018 respectively. Mr. Zhang obtained a college degree in industrial electric automation from Guangdong University of Technology in 1990.

Ms. Wu Xiaoli, aged 51, is an executive Director and a vice president of the Company. Ms. Wu is primarily responsible for the finance and administration management of the Group. Ms. Wu has been serving the Group since September 2009.

Ms. Wu graduated from the Executive Development Program for Backbones of Private Enterprises of Guangdong Province at the School of Business Administration of South China University of Technology, Guangzhou, Guangdong Province and the Program for Elites of Leading Cantonese Enterprises at Cheung Kong Graduate School of Business, Guangdong Province.

Ms. Wu is the wife of Mr. Zheng Yaonan.

Mr. Xian Shunxiang, aged 60, is an executive Director and a chief operating officer of the Group. Mr. Xian joined the Group in December 2021. Mr. Xian is mainly responsible for sales operation in various channels. Mr. Xian was a vice president responsible for retail operations of the Group from 2011 to 2016.

Prior to joining the Group, Mr. Xian was the operation director of Best Food Holding Company Limited, the issued shares of which are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (stock code: 1488). He was also previously the operation director of McDonald (Shenzhen) Limited and Real Kung Fu Catering Management Co., Ltd. Mr. Xian graduated from China Europe International Business School, upon completing the China Europe Leadership Development of Senior Level Programme in 2010. He obtained a college degree in Chinese from Shenzhen Institute of Education, Shenzhen, Guangdong Province in 1988.

Mr. Zhu Hongbo, aged 62, is an executive Director, a vice president of the Group and a member of the remuneration committee of the Company. Mr. Zhu joined the Group in December 2019. Mr. Zhu is mainly responsible for human resources, legal and risk management of the Group.

Prior to joining the Group, Mr. Zhu served as the chief executive officer of a food company and was responsible for the execution of the company's business strategies and coordination of overall business operations. He previously held senior management positions in a number of listed companies and has extensive experience in corporate development planning, investment business, marketing and corporate management. Mr. Zhu graduated from Tianjin Normal University in 1984.

NON-EXECUTIVE DIRECTORS

Mr. Lin Zonghong, aged 56, is a non-executive Director from 19 August 2019. He was a deputy chairman of the Board and an executive Director from 30 January 2014 to 19 August 2019. Mr. Lin is one of the founders of the Group and he is primarily responsible for giving strategic advice and making recommendations on the operations and management of the Group. Mr. Lin has been serving the Group since September 2009.

Mr. Lin graduated from China Europe International Business School, Shanghai, upon finishing the study of the Advanced Management Program in 2013.

Ms. Kong Xiangying, aged 38, is a non-executive Director. Ms. Kong is mainly responsible for giving strategic advice and making recommendations on the operations and management of the Group. She has been serving the Group since December 2022.

Ms. Kong is currently a vice president of JD.com, Inc. ("JD.com"), a company listed on the Main Board of the Stock Exchange (stock code: 9618) and the Nasdaq Stock Market (NASDAQ: JD). Ms. Kong is also the head of JD Retails Fashion Business Department. Ms. Kong joined JD.com in July 2012, and served as the head of the JD Retail Platform Ecosystem Department. She has rich business experience and platform ecosystem construction experience.

Ms. Kong graduated from Harbin Institute of Technology in July 2012 with a master's degree in Enterprise Management.

Biographies of Directors and Senior Management

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Yau Chi Ming, aged 57, is an independent non-executive Director, the chairman of the audit committee and a member of the nomination committee and risk management committee of the Company. Mr. Yau is mainly responsible for giving strategic advice and making recommendations on the operations and management of the Group. He has been serving the Group since 2014.

Mr. Yau has over 21 years of experience in finance and accounting. He served as the company secretary of Consun Pharmaceutical Group Limited from March 2013 to August 2024. Prior to that, Mr. Yau worked at KPMG from August 1992 to November 1994 and from May 1995 to October 2012, and was promoted to a partner in July 2007.

Mr. Yau is a certified public accountant in Hong Kong and a fellow member of the Hong Kong Institute of Certified Public Accountants. Mr. Yau graduated from The University of Hong Kong in 1992 with a bachelor's degree in Social Sciences.

Dr. Dai Yiyi, aged 57, is an independent non-executive Director, the chairman of the remuneration committee and a member of the audit committee and risk management committee of the Company. Dr. Dai is mainly responsible for supervising the activities and decisions of the remuneration committee of the Company, giving strategic advice and making recommendations on the operations and management of the Group. He has been serving the Group since 2014.

Dr. Dai obtained his bachelor's degree and doctorate degree in economics from Xiamen University, Xiamen, Fujian Province in 1989 and 1999 respectively and also graduated from the Sixth Ford Class of the Sino-American Economics Training Centre of Renmin University of China, Beijing. In 2006, Dr. Dai completed a short-term study program named Program on Case Method and Participant-Centered Learning in Harvard Business School, Massachusetts, the United States of America. He has been a full-time professor and a Ph.D. supervisor of the School of Management of Xiamen University since 2004 and 2009 respectively. Dr. Dai was a senior visiting scholar at the Kellogg School of Management of Northwestern University, Illinois, the United States of America from 2007 to 2008 and the School of Management of McGill University, Montreal, Quebec, Canada in 2002.

Dr. Dai also holds the position of independent director in the following companies listed on the Shanghai/Shenzhen Stock Exchange and independent non-executive director in the companies listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"):

Company	Duration of tenure	Stock exchange
C&D International Investment Group Limited	From April 2023 to present	Stock Exchange
China SCE Group Holdings Limited	From January 2010 to present	Stock Exchange
Xiamen ITG Group Co., Ltd.	From May 2020 to present	Shanghai Stock Exchange
Xiamen Bank Co., Ltd.	From January 2021 to present	Shanghai Stock Exchange

Dr. Dai had previously been an independent director/independent non-executive director of the following companies:

Company	Duration of tenure	Stock exchange
Fujian Septwolves Industry Co., Ltd.	From July 2016 to June 2022	Shenzhen Stock Exchange
GuangDong – Hong Kong Greater Bay Area Holdings Limited	From March 2021 to April 2023	Stock Exchange
Xiamen C&D Inc.	From July 2016 to May 2022	Shanghai Stock Exchange

Dr. Dai was awarded as the "Top-notch Personnel in Xiamen" (廈門市拔尖人才) in August 2010.

Mr. Chen Zhigang, aged 52, is an independent non-executive Director, the chairman of the risk management committee of the Company and a member of the audit committee, remuneration committee and nomination committee of the Company. Mr. Chen is mainly responsible for giving strategic advice and making recommendations on the operations and management of the Group. He has been serving the Group since 2014.

Mr. Chen has been a partner and the department head of the Vocation International Certified Public Accountants Co., Ltd. since 2004. He is also a Chinese Certified Public Accountant, certified by The Chinese Institute of Certified Public Accountants in September 2000 and a Certified Public Accountant with Securities and Futures Practice Qualification, certified by the China Securities Regulatory Commission in January 2004.

Mr. Chen served as an independent non-executive director of SZ Reach Tech Co., Ltd. from November 2011 to June 2018, and served as an independent non-executive director of Guangdong Chaohua Technology Co., Ltd. from September 2010 to October 2011.

Dr. Lu Hong Te, aged 64, is an independent non-executive Director, the chairman of the nomination committee of the Company and a member of the audit committee, the remuneration committee and the risk management committee of the Company. Dr. Lu is mainly responsible for giving strategic advice and making recommendations on the operations and management of the Group. He has been serving the Group since 2017.

Dr. Lu is currently an adjunct professor at the department of business administration of Chung Yuan Christian University in Taiwan. He also serves as an independent director of Lanner Electronics Inc. and FIT Holding Co., Ltd., the shares of both which are traded in Taipei Exchange, as well as a director of Liton Technology Corp.. Dr. Lu has resigned an independent non-executive director of China SCE Group Holdings Limited on May 2023, resigned an independent director of Firich Enterprises Co., Ltd. on June 2023, and resigned an independent non-executive director of China Lilang Limited on February 2024.

Dr. Lu obtained a bachelor's degree in industrial management science from National Cheng Kung University in 1983, and a master's degree and a doctoral degree in marketing from the Graduate Institute of Business Administration of the College of Management of National Taiwan University in 1985 and 1992, respectively.

Biographies of Directors and Senior Management

SENIOR MANAGEMENT

Mr. Mao Yu-in, aged 60, joined the Group in July 2017. He is a vice president of the Group. He is mainly responsible for developing the Group's business in shopping malls.

Mr. Mao worked in Nike, Inc. and served as the sports product manager. He was also a vice president of ANTA (China) Co., Ltd. and was responsible for product management, retail marketing and brand marketing. Mr. Mao obtained a double master's degree in marketing and mass communication from University of Hartford, the United States in 1993.

Mr. Choi Wai Hin, aged 45, has been appointed as a vice president, the chief financial officer, company secretary and authorized representative of the Company since 21 November 2022. Mr. Choi is primarily responsible for the group's investors' relationship, company secretarial matters, financial reporting and corporate finance. Mr. Choi has 20 years of experience in relation to accounting, budgeting and controlling, corporate finance and regulatory requirements of the capital market in Hong Kong. He served as a chief financial officer of Weiye Holdings Limited, the issued shares of which are listed on the Stock Exchange (stock code: 1570) from December 2019 to November 2022 and served as the chief financial officer of Karrie International Holdings Limited, the issued shares of which are listed on the Stock Exchange (stock code: 1050) from August 2014 to December 2019. He also worked in KPMG from March 2004 to August 2014.

Mr. Choi is a Fellow of the Hong Kong Institute of Certified Public Accountants. He obtained a bachelor's degree in Accountancy from The Hong Kong Polytechnic University in 2002.

Mr. Xiao Wei, aged 46, joined the Group in July 2017. He is mainly responsible for the supply chain management of the Group.

Mr. Xiao was previously the manufacturing director of TAL Group from 2003 to 2012, the production director of Joeone Co., Ltd. from 2012 to 2014, and the operation director of Winson Group from 2014 to 2017. Mr. Xiao graduated from Hubei University of Technology with a bachelor's degree in 2003.

CORPORATE GOVERNANCE REPORT

The board of directors of the Company (the "Board") is committed to maintaining a high standard of corporate governance practices which emphasize management of high quality, transparency and accountability to all shareholders.

CORPORATE GOVERNANCE PRACTICES

The Company has applied the principles set out in the Corporate Governance Code (the "CG Code") contained in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and has complied with the code provisions contained therein during the year ended 31 December 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 during the year 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 Company and its subsidiaries (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.

THE BOARD

The Board currently comprises eleven Directors of which five are executive Directors, two are non-executive Directors and four are independent non-executive Directors.

The members of the Board as at the date of this report are as follows:

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

Each of the Company's executive Directors entered into a service contract with the Company, and each of the Company's non-executive Directors and independent non-executive Directors have signed letters of appointment with the Company. The service contracts with each of the executive Directors and the letters of appointment with each of the non-executive Directors and the independent non-executive directors are for a fixed term of three years. The service contracts and letters of appointment may be terminated in accordance with the respective terms thereof. The service contracts may be renewed in accordance with the articles of association of the Company and the Listing Rules. Biographical details of the Director and relevant relationships among them, together with their respective roles on the Board and its committees, are set out under the section headed "Biographies of the Directors and Senior Management" on pages 16 to 20 of this report.

The Board has adopted a board diversity policy (the "Board Diversity Policy") recognizing and embracing the benefits of having a diverse Board to enhance the quality of its performance. A diverse Board is crucial to the Board's performance and development of the Company. Accordingly, in designing the Board's composition, the Company has considered Board diversity from a number of aspects, including but not limited to gender, age, cultural and educational background, professional experience, qualification, ethnicity, skills, knowledge and length of service, having due regards to the Company's own business model and specific needs from time to time. During the year under review, the Board has conducted an annual review of its structure and composition at a regular meeting. With the Board members coming from a variety of business and/or industry bodies and/or professional and/or academic institutions and two out of the eleven Board members being female, the Company considers that the Board possesses a balanced structure and a diverse mix of skills, experience and expertise appropriate to the requirements of the Company's business and development.

The nomination committee of the Board (the "Nomination Committee") has been delegated the authority to review and assess the diversity of the Board, with the objective of maintaining a balance of skills, knowledge, experience and diversity of perspectives on the Board which are appropriate to the requirements of the Company's business. When identifying and selecting suitably qualified candidates for recommendation to the Board, the Nomination Committee will give consideration to the Board Diversity Policy whereby selection of candidates will be based on merit against objective criteria and with due regard to the benefits of diversity on the Board. The Nomination Committee reviews and monitors the implementation of the Board Diversity Policy (including gender balance) to ensure its continued effectiveness and the Company will review the implementation and effectiveness of the Board Diversity Policy on an annual basis. The Board has reviewed the implementation and effectiveness of the Board Diversity Policy of the Company for the year ended 31 December 2024 and considers it to be effective. The Company has also taken, and will continue to take steps to promote gender diversity at all levels of the Company, including but without limitation at the Board and senior management levels. In particular, two of the existing Directors of the Company is a female. The Company is also committed to adopting similar approach to promote diversity of the management (including but not limited to the senior management) of the Company to enhance the effectiveness of the corporate governance and will continue to apply the principle of appointments based on merits with reference to the Board Diversity Policy as a whole.

Based on the current composition of the Board and the background of the existing Directors, the Company is of the view that the Board has achieved gender diversity. Among the workforce, the gender ratio is 494 male employees (including senior management) to 1,663 female employees (including senior management). Accordingly, the Company considers that gender diversity is also achieved in its workforce generally.

The followings are the measures adopted by the Company to develop a pipeline of potential successors to the Board to achieve gender diversity:

- The Nomination Committee will discuss and agree annually any applicable measurable objectives for implementing diversity on the Board and recommend them to the Board for adoption.

- The Nomination Committee reviews the Board composition, including senior management of the Company, from time to time and identify suitable Director candidates of both genders to the Board, including senior management of the Company, for consideration where appropriate.

- Selection of Board candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

In compliance with Rule 3.10 of the Listing Rules, the Company has appointed four independent non-executive Directors which represent at least one-third of the Board, and complied with the requirement that at least one of them has appropriate professional qualifications of accounting or related financial management expertise. The Company has received written annual confirmations for the year ended 31 December 2024 from each of the independent non-executive Directors of his independence pursuant to Rule 3.13 of the Listing Rules. Based on the aforesaid confirmations received and with reference to the independence criteria as set out in Rule 3.13 of the Listing Rules, the Company considers that the independent non-executive Directors remain to be independent.

The Directors have disclosed to the Company the offices held in other public companies or organizations and the time involved and the Company had received confirmations from each Director that he/she has devoted sufficient time to perform his/her responsibilities as a Director and has given sufficient attention to the affairs of the Company.

The Board meetings are held regularly and are also held on an ad hoc basis as required by business needs. All Directors are consulted as to whether to include any matters in the agenda. Notice of at least 14 days are given to all Directors before the date of regular Board meeting. Agenda and accompanying board papers are given to all Directors in a timely manner before the date of each regular Board meeting. During the year of 2024, four regular meetings at approximately quarterly intervals were held by the Board and the chairman of the Board had an annual meeting with the independent non-executive Directors without the presence of the other Directors. For other Board and committee meetings, reasonable notice is generally given in the circumstances. The company secretary of the Company is responsible for taking and keeping minutes of all Board meetings and committee meetings. Minutes of the Board meetings and committee meetings are recorded in sufficient details in respect of matters considered by the Board and Committees and the decisions reached, with copies circulated to all Directors or Board committee members for information and records within a reasonable time after the date of the meeting. Final version of these minutes are available for inspection by Directors. Directors who have conflicts of interest in a resolution are required to abstain from voting.

The Board, led by the Chairman, is responsible for the leadership and control of the Company and oversees the formulation of the Group's overall long-term strategy, supervising the performance of the management, approving annual and interim results, monitoring and controlling other significant operations of the Group, reviewing and monitoring the Group's systems of financial controls and risk management, and assessing the results and achievement of the Group on an on-going basis, etc. The Board confines itself to making decisions on major operational and financial matters as well as investments. The Board is collectively responsible for promoting the success of the Company by directing and supervising its affairs and commits itself to acting in the best interests of the Group and shareholders. It is accountable to the shareholders for the long-term performance of the Group, while taking into consideration the interests of the other stakeholders. The non-executive Directors (including independent non-executive Directors) have contributed valuable independent views and proposals for the Board's deliberation and decisions. The Board has established an audit committee, the Nomination Committee, a remuneration committee and a risk management committee (collectively, the "Committees") with clear written terms of reference to oversee particular aspects of the Company's affairs and to assist in sharing the Board's responsibilities. The Committees have to report regularly to the Board on their decisions and recommendations.

The Board has assigned the powers and responsibilities of the Group's daily operations, management and administration to the senior management of the Company. The Board regularly reviews the functions and powers delegated to ensure that the assignments are still appropriate. To oversee specific aspects of the Company's affairs, the Board has also assigned responsibilities to the Board committees in accordance with their respective scopes of powers and functions and delegated its responsibility for performing the corporate governance duties. With delegated responsibility, the management is responsible for the day-to-day management, administration and operation of the Group, implementing the strategies and plans adopted by the Board and the Committees and assumes full accountabilities to the Board for the operation of the Group. Both the Board and the management have clearly defined authorities and responsibilities under various risk management, internal control and check-and-balance mechanisms. The Board has agreed on procedures to enable the Directors to seek independent professional advice whenever deemed necessary and appropriate, at the Company's expense, to assist them to perform their duties.

The Company has arranged appropriate directors' and offices' liabilities insurance in respect of legal actions against the Directors and officers of the Company. The insurance coverage is reviewed on an annual basis.

BOARD INDEPENDENCE MECHANISM

The Company recognizes that Board independence is pivotal in good corporate governance and Board effectiveness. The Board has established mechanisms (the "Board Independence Mechanism") to ensure independent views and input from any Director of the Company are conveyed to the Board for enhancing an objective and effective decision making.

The governance framework and the following mechanisms are reviewed annually by the Board, to ensure their effectiveness:

1. Four out of the eleven Directors are independent non-executive Directors, which meets the requirements of the Listing Rules that the Board must have at least three independent non-executive Directors and must appoint independent non-executive Directors representing at least one-third of the Board.

2. The Nomination Committee will assess the independence of a candidate who is nominated to be a new independent non-executive Director and the contribution to the diversity of the Board according to the board diversity policy adopted by the Company from time to time before appointment and also the continued independence of existing independent non-executive Directors and their time commitments annually. On an annual basis, all independent non-executive Directors are required to confirm in writing their compliance of independence requirements pursuant to Rule 3.13 of the Listing Rules, and to disclose the number and nature of offices held by them in public companies or organisations and other significant commitments.

3. External independent professional advice is available as and when required by individual Directors.

4. All Directors are encouraged to express freely their independent views and constructive challenges during the Board/Committee meetings.

5. No equity-based remuneration with performance-related elements will be granted to independent non-executive Directors.

6. A Director (including independent non-executive Director) who has a material interest in a contract, arrangement or other proposal shall not vote or be counted in the quorum on any Board resolution approving the same.

7. The chairperson of the Board meets with independent non-executive Directors annually without the presence of the executive Director and non-executive Directors.

The Board has reviewed the implementation and effectiveness of the Board Independence Mechanism for the year ended 31 December 2024, and considers it to be adequate and effective.

CORPORATE GOVERNANCE FUNCTION

The Board is responsible for performing the duties on corporate governance functions set out below:

- to develop and review the Company's policies and practices on corporate governance;
- to review and monitor the training and continuous professional development of directors and senior management;
- to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

- to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors; and
- to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

The Board has reviewed the Company's corporate governance policies and practices, Directors' and senior management's training and continuing professional development, the Company's policies and practices in complying with legal and regulatory requirements, compliance with the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the "Model Code"), and the Company's compliance with the CG Code and its disclosure in the corporate governance report.

Audit Committee

The audit committee of the Board (the "Audit Committee") was established by the Board in June 2014 in accordance with Rule 3.21 of the Listing Rules with specific written terms of reference in compliance with paragraph D.3.3 of the CG Code adopted. The Audit Committee is composed of all the 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.

Under its terms of reference, the Audit Committee is required to review the Company's financial information, to oversee the Group's financial reporting system, financial risk management and internal control system, and to oversee the relationship with the Company's auditor. The terms of reference of the Audit Committee are available on the websites of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and the Company.

During the year ended 31 December 2024, the Audit Committee held four meetings. The Audit Committee reviewed the interim and annual financial statements, interim and annual reports as well as the accounting policies and practices adopted by the Group and discussed with the external auditor on matters arising from the audit of the Group's consolidated financial statements, discussed on auditing and financial reporting matters and major internal audit issues, evaluated the overall effectiveness of the internal control systems of the Group and the significant risks faced by the Group, reviewed the continuing connected transactions entered into by the Group, reviewed and monitored the effectiveness and resource adequacy of the internal control systems and internal audit function of the Group, reviewed the arrangements for raising concerns about improprieties and considered the audit scope and fees for the year ended 31 December 2024. The Audit Committee also reviewed the remuneration and terms of engagement of the auditor of the Company for the year ended 31 December 2024, and made recommendations to the Board on the appointment of the auditor of the Company.

The Audit Committee has discussed with the external auditor of the Company, Ernst & Young, and reviewed the annual financial results and report, major internal audit issues, re-appointment of external auditors, and the effectiveness of the internal control systems of the Group.

The Audit Committee has reviewed the remuneration and terms of engagement of the auditor for the year ended 31 December 2024 and has recommended the Board to re-appoint Ernst & Young as the auditor of the Company for the year ending 31 December 2025, subject to approval by the Shareholders at the upcoming annual general meeting of the Company.

The Audit Committee held a meeting in March 2025, among other things, to review the consolidated financial statements of the Group for 2024. On the recommendation of the Audit Committee, the Board resolved, among other things, to submit the Group's consolidated financial statements for 2024 for approval by the shareholders at the annual general meeting of the Company to be held in 2025.

Nomination Committee

The Nomination Committee was established by the Board in June 2014 in compliance with Rule 3.27A of the Listing Rules with specific written terms of reference in compliance with paragraph B.3.1 of the CG Code adopted. The Nomination Committee comprises four members, including Mr. Zheng Yaonan, chairman of the Board, together with three independent non-executive Directors, namely Mr. Yau Chi Ming, Mr. Chen Zhigang and Dr. Lu Hong Te. Dr. Lu Hong Te is the chairman of the Nomination Committee.

Under its terms of reference, the primary responsibilities of the Nomination Committee include recommending to the Board on the appointment and re-appointment of Directors and succession plans for Directors, reviewing the structure, size and composition of the Board and assessing the independence of independent non-executive Directors. The terms of reference of the Nomination Committee are available on the websites of the Stock Exchange and the Company.

For an independent non-executive Director who has served more than nine years, the recommendation for the re-appointment of such independent non-executive Director by the Nomination Committee to the Board for such independent non-executive Director to stand for re-election at a general meeting shall state why the Nomination Committee believes he or she is still independent and should be re-elected, including the factors considered, the process and the discussion of the Nomination Committee in arriving at such determination.

During the year ended 31 December 2024, the Nomination Committee held one meeting. The Nomination Committee reviewed the Board structure, size and composition, nomination policy, re-appointment and independence of long-serving independent non-executive Directors, the Board diversity and the Board Diversity Policy.

Remuneration Committee

A remuneration committee (the "Remuneration Committee") was established by the Board in June 2014 in compliance with Rule 3.25 of the Listing Rules with specific written terms of reference in compliance with paragraph E.1.2 of the CG Code adopted. The Remuneration Committee comprises four members, including an executive Director, Mr. Zhu Hongbo, and three independent non-executive Directors, namely Dr. Dai Yiyi, Mr. Chen Zhigang and Dr. Lu Hong Te. Dr. Dai Yiyi is the chairman of the Remuneration Committee.

Under its terms of reference, the primary responsibilities of the Remuneration Committee are to make recommendations to the Board on the Company's policy and structure for all Directors and senior management's remuneration and the remuneration packages of individual executive directors and senior management, make recommendations to the Board on the remuneration of individual executive Directors, senior management and non-executive Directors, and review and/or approve matters relating to the share schemes under Chapter 17 of the Listing Rules and to ensure that none of the Directors determine their own remuneration. The terms of reference of the Remuneration Committee are available on the websites of the Stock Exchange and the Company.

The remuneration is recommended or determined based on each Director's and senior management personnel's qualification, position and seniority. Details of the remuneration of the Directors and the five highest paid individuals are set out in note 10 to the consolidated financial statements in this annual report.

One meeting of the Remuneration Committee was held during 2024 for considering and making recommendations to the Board for determining the remuneration of the Directors and senior management, for an annual review of remuneration policy and remuneration packages for all the Directors and senior management and assessing the performance of executive Directors. Details of emoluments paid to the Directors and senior management for the year ended 31 December 2024 are set out in Note 10 to the consolidated financial statements.

Risk Management Committee

A risk management committee (the "Risk Management Committee") was established by the Board in December 2015 with specific written terms of reference. The Risk Management Committee comprises four members, all of whom are independent non-executive Directors, namely Mr. Chen Zhigang, Mr. Yau Chi Ming, Dr. Dai Yiyi and Dr. Lu Hong Te. The chairman of the Risk Management Committee is Mr. Chen Zhigang.

Under its terms of reference, the Risk Management Committee is primarily responsible for overseeing the design, implementation and monitoring risk management systems, reviewing the risks associated with the Group strategy and making recommendations to the Board for consideration and approval. The terms of reference of the Risk Management Committee are available on the websites of the Stock Exchange and the Company.

During the year ended 31 December 2024, the Risk Management Committee held two meetings to review the risk management system, its framework and its implementation, internal audit programme, including its programme implementation status and effectiveness and internal audit findings, and the risk associated with Group's strategies and the corresponding mitigating measures.

Attendance of Directors at Meetings

The attendance of individual Directors at general meeting, regular meetings of the Board and meetings of the Audit Committee, Nomination Committee, Remuneration Committee and Risk Management Committee held during the year ended 31 December 2024 is set out below:

	Number of meetings attended/held					
Name of directors	Annual general meeting	Board	Audit Committee	Nomination Committee	Remuneration Committee	Risk Management Committee
Executive Directors						
Mr. Zheng Yaonan	1/1	4/4	N/A	1/1	N/A	N/A
Mr. Zhang Shengfeng	1/1	4/4	N/A	N/A	N/A	N/A
Ms. Wu Xiaoli	1/1	4/4	N/A	N/A	N/A	N/A
Mr. Xian Shunxiang	1/1	4/4	N/A	N/A	N/A	N/A
Mr. Zhu Hongbo	1/1	4/4	N/A	N/A	1/1	N/A
Non-executive Directors						
Mr. Lin Zonghong	1/1	4/4	N/A	N/A	N/A	N/A
Ms. Kong Xiangying	1/1	4/4	N/A	N/A	N/A	N/A
Independent Non-executive Directors						
Mr. Yau Chi Ming	1/1	4/4	4/4	1/1	N/A	2/2
Dr. Dai Yiyi	1/1	4/4	4/4	N/A	1/1	2/2
Mr. Chen Zhigang	1/1	4/4	4/4	1/1	1/1	2/2
Dr. Lu Hong Te	1/1	4/4	4/4	1/1	1/1	2/2

Appointment and Re-election of Directors

In accordance with article 108 of the articles of association of the Company and Code Provision B.2.2 in Appendix C1 to the Listing Rules, Ms. Wu Xiaoli, Ms. Kong Xiangying, Dr. Dai Yiyi and Mr. Chen Zhigang will retire by rotation at the forthcoming annual general meeting of the Company and, among which, Ms. Wu Xiaoli and Dr. Dai Yiyi, being eligible, offer themselves for re-election. Ms. Kong Xiangying and Mr. Chen Zhigang shall retire from office with effect from the conclusion of the forthcoming annual general meeting of the Company.

Nomination Policy

The Nomination Committee shall endeavor to find individuals of high integrity who have a solid record of accomplishment in their chosen fields and who possess the qualifications, qualities and skills to effectively represent the best interests of the Group and the shareholders of the Company.

The Company has established a nomination policy which sets out the selection criteria and nomination procedures for the appointment of Directors. The Nomination Committee shall consider, among other things, the following key factors in assessing the suitability of a proposed candidate:

(a) diversity that the candidate can bring to the Board in all its aspects, including but not limited to gender, age, cultural and educational background, skills, knowledge, professional experience, expertise, length of service and other personal qualities of the candidate;

(b) the candidate's commitment in respect of available time and relevant interest, in particular, whether the candidate would be able to devote sufficient time to effectively carry out his/her duties;

(c) reputation for integrity;

(d) independence of candidate; and

(e) accomplishment and experience in the relevant industries involved in the Company's business.

The nomination procedure is as follows:

1. The Nomination Committee has discretion to nominate any person, as it considers appropriate. For filling a casual vacancy, the Nomination Committee shall make recommendations for the Board's consideration and approval. For proposing candidates to stand for election at a general meeting, the Nomination Committee shall make nominations to the Board for its consideration and recommendation.

2. Proposed candidates will be asked to submit the relevant and necessary documents and information (including personal information) for the Nomination Committee's consideration and assessment, together with their written consent to be appointed as Directors and to the public disclosure of their personal data on any documents or relevant websites in connection with their nomination. The Nomination Committee shall, upon receipt of the proposal on appointment of new director and the biographical information (or relevant details) of the candidate, evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship.

3. If the process yields one or more desirable candidates, the Nomination Committee shall rank them by order of preference based on the needs of the Company and reference check of each candidate (where applicable).

4. The Nomination Committee shall then recommend to appoint the appropriate candidate for directorship. The Board shall have the ultimate responsibility for selection and appointment of Directors.

5. For any person that is nominated by a shareholder for election as a director at the general meeting of the Company pursuant to its constitutional documents, the Nomination Committee shall evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship and where appropriate, the Nomination Committee and/or the Board shall make recommendation to shareholders in respect of the proposed election of director at the general meeting.

The Nomination Committee has reviewed the Board Diversity Policy, the structure, size and composition of the Board, assessed the independence of independent non-executive Directors, considered the nomination policy and made recommendation to the Board on the appointment and/or re-appointment of Director(s).

DIRECTORS' INDUCTION AND CONTINUOUS PROFESSIONAL DEVELOPMENT

Every newly appointed Director is given a comprehensive orientation package on their legal and responsibilities as a listed company director and the role of the Board. They also receive a comprehensive induction package covering the latest information of the Group, the statutory and regulatory obligations of a director, terms of reference of the relevant committees and other related regulatory requirements. All Directors are encouraged to participate in continuous professional development and refresh their knowledge and skills.

Directors have participated in continuous professional development by attending seminars and/or conferences and/or forums and/or in-house trainings, giving talks at seminars and/or conference and/or forums and reading materials on the relevant topics to develop and refresh their knowledge and skills.

A summary of the continuous professional development in which Directors participated during the year ended 31 December 2024 is as follows:

Name of Directors	Types(Notes)
Executive Directors	
Mr. Zheng Yaonan	A, C
Mr. Zhang Shengfeng	A, C
Ms. Wu Xiaoli	A, C
Mr. Xian Shunxiang	A, B, C
Mr. Zhu Hongbo	A, C
Non-executive Directors	
Mr. Lin Zonghong	A, C
Ms. Kong Xiangying	A, C
Independent Non-executive Directors	
Mr. Yau Chi Ming	A, C
Dr. Dai Yiyi	A, B, C
Mr. Chen Zhigang	A, C
Dr. Lu Hong Te	A, B, C

Notes:

A: Attending seminars and/or conferences and/or forums and/or in-house trainings

B: Giving talks at seminars and/or conferences and/or forums

C: Reading newspapers, journals and updates in relation to the economy, general business, retails or director's duties and responsibilities, etc.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as the code of conduct regarding securities transactions by the Directors. The Company has made specific enquiries with each of the Directors, and all Directors confirmed that they had complied with the required standard as set out in the Model Code for the year ended 31 December 2024.

ACCOUNTABILITY AND AUDIT

Directors' and Auditors' Responsibilities for the Financial Statements

The Directors acknowledge their responsibilities for preparing all information and representations contained in the consolidated financial statements for the year ended 31 December 2024 as disclosed in this report. The Directors have selected suitable accounting policies and applied them consistently, have made judgements and estimates that were prudent and reasonable and have prepared the consolidated financial statements on a going concern basis.

The statement of the Company's auditor regarding its responsibilities for the consolidated financial statements is set out under the section headed "Independent Auditor's Report" on pages 82 to 86 of this report.

Risk Management and Internal Control

The Board acknowledges its responsibilities for ensuring that proper risk management and internal control systems are maintained within the Group and for overseeing the effectiveness of these systems to safeguard the Group's assets and to protect the shareholders' investments.

The Group has carried out risk management with reference to the corporate risk management framework of The Committee of Sponsoring Organizations of the Treadway Commission. The framework facilities a systematic approach to the management of risks within the Group. The Group's business units have listed out the risks that the Group is exposed to one by one through a variety of risk identification techniques. The business units and the risk management department have analyzed and evaluated those risks in different ways so as to develop risk response plans. The risk management department has tracked and evaluated those risk response plans to ensure the effectiveness of risk control activities. In addition, the Group has established a database for risk management and has kept optimizing it to offer support to the risk management of the Group. The relevant concepts and procedures of such framework are set out in the risk management manual of the Group (the "Manual"), and the Manual has been assigned to the various business units on real-time basis in a bid to build a comprehensive risk management environment for the Group.

The Group has developed a standard and improved procedural management system and authorisation to prevent or detect unauthorized expenses and payments in a bid to protect the Group's assets so as to ensure the accuracy and completeness of the Group's accounts and ensure that financial statements of the Group are prepared reliably and timely.

On the other hand, the Group also has an internal audit department which regularly reviews the routines, procedures, expenses and internal controls (including financial monitoring, operational monitoring and compliance monitoring and risk management functions) for all business units and companies in the Group.

The Group has established a system for handling and dissemination of inside information to ensure that inside information remains confidential until the disclosure of such information is appropriately approved and the dissemination of such information is efficiently and consistently made.

The Board is responsible for the risk management and internal control systems of the Group, and had authorized the Audit Committee and Risk Management Committee to review the effectiveness of the internal control and risk management systems on an annual basis, respectively. Information about the two Committees, including the summary of their work in 2024, is set out under the sections headed "Audit Committee" on page 25 and "Risk Management Committee" on page 27 of this report.

The Board has conducted a review of the effectiveness the systems of risk management and internal control for the year ended 31 December 2024. Such review is conducted annually. The Board, through the review of the systems of internal control and risk management by the Audit Committee and Risk Management Committee, respectively, was not aware of any areas of concern that would have a material impact on the Group's financial position or result of operations, and considered that the Group's risk management and internal control systems were adequate and effective for the year ended 31 December 2024. The Group had complied with the applicable provisions on risk management and internal control as set out in the CG Code during the year ended 31 December 2024.

MAIN FEATURES OF THE RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

Highlights of the Group's internal control measures are as follows:

- the Group has improved the existing internal control framework by adopting a set of internal control manual and policies, which cover corporate governance, risk management, operation and legal matters;

- the Directors have received trainings conducted by the Company's legal advisor as to Hong Kong laws on the continuing obligations, duties and responsibilities of directors of publicly listed companies under the applicable laws of Hong Kong;

- each of the Directors is aware of the fiduciary duties as a director which require, among other things, that he or she must act for the benefit and in the best interest of the Company and must not allow any conflict between his duties as a director and his personal interests. In the event that there is a potential conflict of interest arising out of any transaction to be entered into between the Company and Directors or their respective associates, any interested Director will be abstained from voting at the relevant meeting of the Board in respect of such transaction and shall not be counted in the quorum;

- the Group has adopted various policies to ensure compliance with the Listing Rules, including those in relation to risk management and information disclosure;

- the Group has appointed external legal advisor to advise on the compliance requirements of the Listing Rules and ensure the compliance with relevant regulatory requirements and applicable laws, where necessary;

- the Group assesses and monitors the implementation of the internal control manual and policies by the relevant departments and companies in the Group through regular audits and inspections;

- the Group provides internal training to employees as appropriate in order to enable them to follow the internal control and corporate governance procedures on a regular basis;

- the Group provides anti-corruption and anti-bribery compliance policies in the manual and implement a whistle-blowing program under which the employees are encouraged to report instances of briberies directly to the Board and/or the senior management, as appropriate; and

- the Group keeps implementing updated policies to the extent necessary to ensure future compliance with applicable laws and regulations.

Corporate Governance Report

The process used to identify, evaluate and manage significant risks

The Company has established a risk management system consisting of relevant policies and procedures that the Company believes are appropriate for our business operations. Pursuant to the Company's risk management policy, the key risk management objectives include: (i) identifying different types of risks; (ii) assessing and prioritizing the identified risks; (iii) developing appropriate risk management strategies for different types of risks; (iv) identifying, monitoring and managing risks and risk tolerance level; and (v) execution of risk response measures.

Internal audit function

For the year ended 31 December 2024, the Group's internal audit department has carried out an independent analysis and appraisal on the effectiveness of the risk management and internal control systems of the Group. Based on the risk-based approach, the Group's internal audit department continuously review and monitor the adequacy and effectiveness of the risk control measures of every business unit of the Group and to examine if relevant measures have been implemented. The senior executives of the internal audit function attended the Risk Management Committee meeting to report and explain the findings of the internal audit and responded to the questions of the members of the Risk Management Committee. The Board considers its risk management and internal control systems to be effective and adequate.

Handling and dissemination of inside information

The Group regulates the handling and dissemination of inside information according to the inside information policy of the Company and the "Guidelines on Disclosure of Inside Information" published by the Securities and Future Commission in June 2012 to ensure inside information remains confidential until the disclosure of such information is appropriately approved, and the dissemination of such information is efficiently and consistently made. The Company regularly reminds the Directors and employees about due compliance with all policies regarding the inside information. The Company also keeps Directors, senior management and employees appraised of the latest regulatory updates. The Company prepares or updates its guidelines or policies as appropriate to ensure the compliance with regulatory requirements from time to time.

Auditor's Remuneration

The Company engages Ernst & Young ("EY") as external auditor and has received a written confirmation from EY confirming that they are independent and that there are no other relationships existed between EY and the Company that are likely to impair its independence. The roles and responsibilities of our external auditor are stated under the section headed "Independent Auditor's Report" on pages 82 to 86. During the year ended 31 December 2024, the following services were provided to the Group:

Service rendered	*RMB'000*
Audit services	
Annual audit and interim review	3,200

ANTI-CORRUPTION POLICY AND WHISTLEBLOWING POLICY

The Group has established policy and measures to promote and support anti-corruption and bribery laws and regulations, and has adopted arrangement to facilitate employees and other stakeholders to raise concerns, in confidence, about possible improprieties in financial reporting, internal control or other matters.

The Audit Committee shall review such arrangement regularly and ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action. For further details of the Group's anti-corruption policy and whistleblowing policy, please refer to the environmental, social and governance report for the year ended 31 December 2024 enclosed with this report.

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Company endeavours to develop and maintain continuing relationship and effective communication with its shareholders and investors. In order to facilitate and enhance the relationships and communication, the Company has adopted a shareholders communication policy. The principles of the shareholder communication policy are:

Shareholders' Enquiries

- shareholders should direct their questions about their shareholdings to the Company's share registrar in Hong Kong;
- shareholders and the investment community may at any time make a request for the Company's information to the extent such information is publicly available; and
- shareholders and the investment community shall be provided with designated contacts, email addresses and enquiry lines of the Company in order to enable them to make any query in respect of the Company.

Corporate Communication

- corporate communication is published in plain language and in both English and Chinese versions on the Company's website and the Stock Exchange's website to facilitate shareholders' understanding; and
- shareholders have the right to choose the language (either English or Chinese) or means of receipt of the corporate communication (in hard copy or through electronic means).

Corporate Website

- a dedicated "Investor Relations section" is available on the Company's website (http://www.cosmo-lady.com.hk). Information on the Company's website is updated on a regular basis;
- information released by the Company to the Stock Exchange is also posted on the HKExnews' website immediately thereafter. Such information includes financial statements, results announcements, circulars and notices of general meetings and associated explanatory documents, etc.; and
- all presentation materials provided in conjunction with the Company's annual general meeting and results announcements each year will be made available on the Company's website as soon as practicable after their publications.

Shareholders' Meetings

- shareholders are encouraged to participate in general meetings or to appoint proxies to attend and vote at meetings for and on their behalf if they are unable to attend the meetings;

- the process of the Company's general meeting will be monitored and reviewed on a regular basis, and, if necessary, changes will be made to ensure that shareholders' needs are best served; and

- board members, in particular, the chairmen of Board committees or their delegates, appropriate management executives and external auditors will attend annual general meetings to answer shareholders' questions.

Investment Market Communications

Investor/analysts briefings and one-on-one meetings, roadshows (both domestic and international), media interviews and marketing activities for investors etc. will be available on a regular basis in order to facilitate communications between the Company, shareholders and the investment community.

Having considered and reviewed the various existing channels of communication, the Company considers that the Shareholders' communication policy has been properly implemented and effective for the year ended 31 December 2024.

SHAREHOLDERS' RIGHTS

Procedures for Shareholders to Convene an Extraordinary General Meeting and Put Forward Proposals

(a) Any shareholder(s) holding, at the date of deposit of the requisition, not less than 10% of the paid up capital of the Company may request the Board to convene an extraordinary general meeting. The requisition of the shareholder(s) concerned must clearly state the purposes and transaction of business of the meeting and must be deposited at the Hong Kong office of the Company at Unit 909, 9/F., China Merchants Tower, Shun Tak Centre, Nos. 168–200 Connaught Central, Hong Kong for the attention of the Board or the company secretary. Such meeting shall be held within two months after the deposit of such requisition.

If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company. The Company would take appropriate actions and make necessary arrangements in accordance with the requirements under article 64 of the articles of association of the Company once a valid requisition is received.

(b) The procedures for nomination of Directors by the shareholders of the Company are available on the Company's website at www.cosmo-lady.com.hk.

Procedures for Putting Forward Enquiries to the Board

Shareholders' questions in relation to their shareholdings should be directed to the share registrar of the Company in Hong Kong at Shops 1712–1716, 17/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

Shareholders may at any time put forward enquiries to the Board through company secretary in writing by mail to the office of the Company in Hong Kong at Unit 909, 9/F., China Merchants Tower, Shun Tak Centre, Nos. 168–200 Connaught Central, Hong Kong.

CHANGES IN CONSTITUTIONAL DOCUMENTS

There was no change in the memorandum and articles of association of the Company during the year ended 31 December 2024.

COMPANY SECRETARY

Mr. Choi Wai Hin was appointed as the company secretary of the Company on 21 November 2022. Mr. Choi Wai Hin is a Fellow of the Hong Kong Institute of Certified Public Accountants. He obtained a bachelor's degree in Accountancy from The Hong Kong Polytechnic University in 2002.

For the year ended 31 December 2024, Mr. Choi Wai Hin has taken no less than 15 hours of relevant professional training according to Rule 3.29 of the Listing Rules.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

MESSAGE FROM THE BOARD

This Environmental, Social and Governance Report (this "ESG Report" or "Report") outlines the initiatives, plans and performance of Cosmo Lady (China) Holdings Limited (the "Company" and its subsidiaries (the "Group" or "we")) on environmental, social and governance ("ESG") and demonstrates its commitment to sustainable development.

The Group has incorporated this concept into its business, actively responding to the goal of "China's Carbon Neutral by 2060" and is in compliance with regulations including the "Environmental Protection Law of the People's Republic of China" and regulations set by the Environmental Protection Bureau of local governments. At the same time, in pursuit of a successful and sustainable business model, the Group is committed to promoting a culture of environmental and social sustainability among all employees and stakeholders. This culture enables the Group to develop appropriate ESG policies and procedures from a day-to-day operational and governance perspective, to monitor and measure the progress of ESG efforts, and to report its performance to investors and key stakeholders.

The Group takes a top-down approach to the management of its ESG issues. The board of directors of the Company (the "Board") is responsible for the supervision of the Group's ESG performance, with topics including the development of ESG approach, strategies and policies and at least once a year reviews the progress of the significant ESG issues identified. The Board is also responsible for ensuring the effectiveness of the Group's risk management and internal controls.

The Group has established an ESG working group (the "ESG Working Group"), comprising designated individuals, including but not limited to the risk control and internal audit department, to assist in the collection of data, preparation of ESG Report and the identification of ESG issues of the Group. The Group's ESG management approach, strategy, risks, performance and progress are regularly discussed, reviewed and examined to review the Group's ESG performance, including environmental, labor practices and other ESG aspects. In addition, these designated officers will report at least once a year to the Board for evaluation and subsequent implementation or revision of the Group's ESG strategy.

The Group is committed to promoting environmental and social welfare. Since 2009, the Group has been committed to public welfare and actively donates, fulfilling corporate social responsibility and giving back to the community.

ABOUT THIS REPORT

This Report provides an annual update describing the overall ESG performance and initiatives of the Group, including the head office and retail stores in mainland China, for the year ended 31 December 2024 ("2024"). Information and data from the previous year are provided for reference. This Report was prepared in accordance with the ESG Reporting Guide (the "ESG Reporting Guide") set out in Appendix C2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The information disclosed in this Report originates from official documents of the Group which ensured that its content adheres to the four major reporting principles of "Materiality", "Quantitative", "Balance" and "Consistency". Once the data collection system of the Group becomes more mature and sustainable development work is further enhanced, the Group will continue to expand the scope of disclosure, to improve the performance and disclosure on sustainability issues.

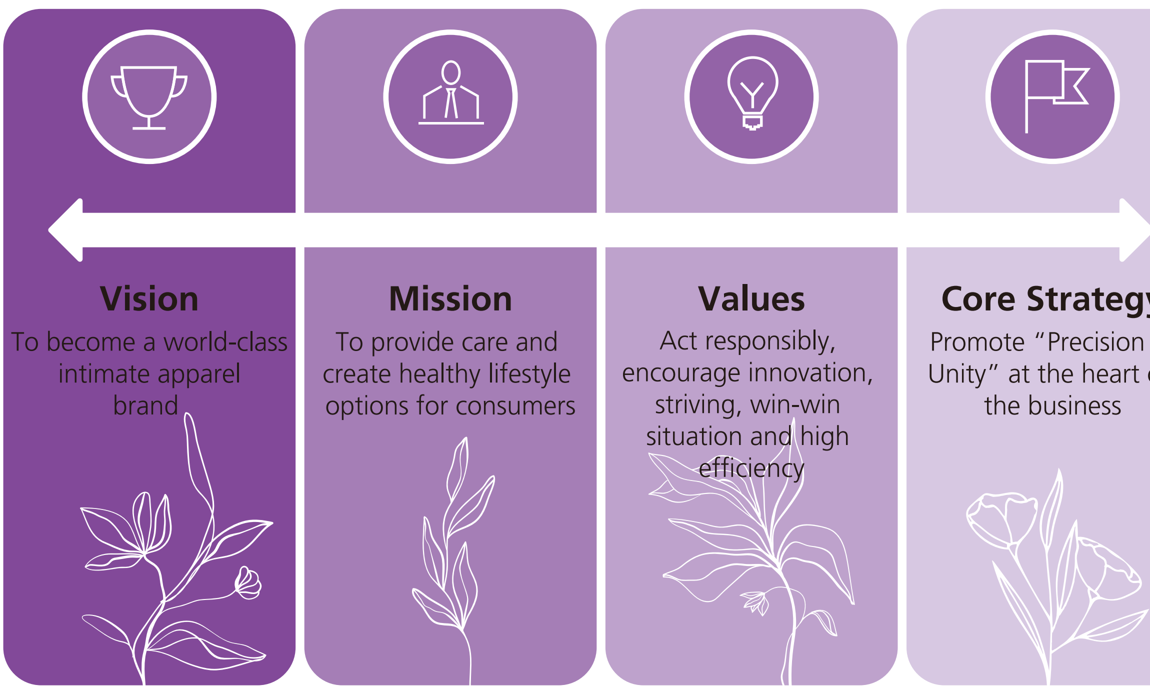
During the preparation for this Report, the Group has applied the reporting principles stipulated in the ESG Reporting Guide as follows:

- Materiality: Materiality assessment was conducted to identify material issues, thereby adopting the identified material issues as the focus of preparation of the ESG Report. The materiality of the issues has been reviewed and confirmed by the Board and the Group's management. Please refer to the "Stakeholder Engagement" and "Materiality Assessment" sections for further details.
- Quantitative: The standards and methods used for calculating the key performance indicators ("KPIs") for the ESG aspects, as well as the applicable assumptions, have been supplemented in the footnotes of this Report.
- Balance: The Report impartially describes the Group's performance during 2024, to avoid selections, omissions, or presentation formats that may inappropriately influence a decision or judgment by the report reader.
- Consistency: The reporting scope and preparation method of this Report were substantially consistent with the year ended 31 December 2023 ("2023"), and explanations were provided regarding data with changes in the scope of disclosure and calculation methodologies.

The governance structure and practices of the Group are set out in the "Corporate Governance Report" of the 2024 Annual Report and the section headed "Message from the Board" of this Report.

ESG APPROACHES

As an industry leader in the intimate wear business in mainland China, the Company continuously works towards balancing success and stakeholder expectations with the needs of the employees, workers in the supply chain, and the environment. The Group is committed to acting as a responsible enterprise by aligning its core strategy with the sustainability objectives of the communities in which it operates. The Group's core values reflect the Group's culture and are embedded in day-to-day operations.



The Board oversees the ESG affairs of the Group and strives to enhance the sustainability of the Group in order to ensure socially and environmentally responsible business operations while generating strong returns for shareholders. ESG-related activities are implemented within the Group and they are monitored and reviewed at least once a year by the Board to raise awareness and encourage improvement.

STAKEHOLDER ENGAGEMENT

Open and transparent communication with the Group's stakeholders is a key element in helping to shape the Group's ESG visions, policies and practices. This Report is an essential tool to engage the Group's stakeholders in order to understand and address their concerns and interests. The Group has a wide range of stakeholders, including the Group's employees, customers, suppliers, industry associations, shareholders and investors, as well as the community-level stakeholders. The Group actively engages with a wide range of stakeholders through a diversifying range of channels to understand their expectations. The results are summarized as follows:

Stakeholders	Communication Channels	Expectations
Employees	• Employee activities • Employee newsletter • Employee appraisal interview • Training, seminars and briefings	• Health and safety • Equal opportunities • Remuneration and benefits • Career development
Customers	• Daily operation and communication • Customer hotline	• Product and service quality • Business integrity • Privacy protection • Compliance management
Suppliers	• Procurement process • Daily operation and communication • Regular review and evaluation	• Fair and transparent procurement • Business ethics and reputation • Long-term partnerships and win-win collaboration
Industry associations	• Email • Factory visits • Association meeting	• Industry collaboration
Shareholders and investors	• Company website • Interim and annual report • Announcements and communications • Shareholders' meeting	• Economic performance • Development strategy • Business outlook • Timely disclosure of the latest company information • Compliance with relevant applicable laws and regulations
Community	• Social media • Community investment • Press release	• Corporate social responsibility • Environmental protection • Compliance

Relying on the Group's past stakeholder engagement results and ongoing communication channels, the Group continues to gather fair insights into the ESG performance and prioritize areas for improvement in its business operations.

MATERIALITY ASSESSMENT

To gain a better understanding of stakeholders' opinions and expectations regarding the Group's ESG performance, we adopted a systematic approach to conduct the annual materiality assessment. Drawing insights from our business development strategy and industry practices, the Group identified and confirmed a list of significant ESG matters, covering five major categories: corporate governance, environmental protection, employment and labor practices, operating practices, and community investment. The Group compiled an online survey based on the list and invited relevant stakeholder representatives to rate the importance of ESG-related material topics to the Group.

The following list of material topics was based on the ranking (from high to low) of the potential material topics according to stakeholder representatives:

	Material topics	
High	**Medium**	**Low**
• Regulatory compliance • Product responsibility • Anti-corruption • Labor standards • Supply chain management • Development and training	• Environmental and natural resources • Employment • Care for employees • Emissions • Employee benefits and welfare • Health and safety • Use of resources	• Climate change • Community investment

EMPLOYMENT AND LABOR PRACTICES

The Group highly values its staff as valuable assets contributing to the growth and success of the business, and increasingly works towards building a stronger workforce that encourages mutual trust, mutual respect, and an inclusive, open, healthy, and pleasant workplace. The excellence of the Group stems from staff allegiance, commitment, and innovation to achieve beyond customer expectations.

The Group has invested in a number of initiatives across the following aspects:

- Employment
- Employee benefits and welfare
- Promotion and dismissal
- Care for employees
- Health and safety
- Development and training
- Labor standards

Environmental, Social and Governance Report

Employment

To advocate open and trusting working relationships amongst the employees, the Group places significant emphasis on fair and equal treatment as well as diversity. The Group acquires new talents through various channels, which include but are not limited to, campus recruitment, experienced hiring, internal recommendations, and Group-sponsored competitions. All candidates are selected in a fair manner based on their ability and competencies, regardless of their age, disability, gender, race, etc.

Understanding that the success of a sustainable business relies on a talented and engaged workforce as well as a balanced and positive working environment, the Group encourages employees to pursue their career paths within the Group. The Group provides multiple promotion tracks for career progression and tailored on-the-job training. As at 31 December 2024, the Group had 2,157 full-time employees in total. Given the nature of the business, the workforce is mainly composed of females and youths.

Details on the breakdown of the Group's employees within the reporting scope are shown in the following:

Number of employees	As at 31 December 2024	As at 31 December 2023
Total	**2,157**	2,607
By Gender		
Male	**494**	618
Female	**1,663**	1,989
By Age Group		
<30	**627**	893
30–50	**1,444**	1,608
>50	**86**	106
By Geographical Region		
Mainland China	**2,155**	2,605
Hong Kong, China	**2**	2
By Employee Category		
Senior and middle management[1]	**274**	331
Non-managerial employees	**1,883**	2,276

Note:

1. In 2024, there were 43 males and 44 females in senior management; and 68 males and 119 females in middle management.

Employee Benefits and Welfare

The Group understands that remuneration and welfare are important ways of demonstrating corporate ethics and employee value. The Group strictly complies with various relevant laws and regulations, while having a range of welfare policies to attract and retain workers at the same time in an effort to provide commensurate remuneration and welfare for all employees. The employee handbook was formally published, which stipulates policies and procedures relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, as well as diversity, anti-discrimination, welfare, and other benefits. Meanwhile, human resource management systems are also implemented to simplify compensation and performance, attendance and leave records and promotion procedures, all initiatives are reviewed annually based on market conditions and in line with business strategy. The Group's remuneration and performance management system, remuneration policy and bonus system are to ensure that the overall remuneration package of employees is fair and competitive, based on the employees' work experience, qualifications, personal performance and prevailing market conditions. Employee bonuses are based on their performance evaluations, the operating results of the business units and the overall operations of the Group, and most of the Group's remuneration packages are above average when compared to its industry peers.

The Group pays "five social insurances and one housing fund" for employees under the Social Insurance Law of the PRC, namely, endowment insurance, medical insurance, unemployment insurance, employment injury insurance, maternity insurance, and housing provident fund to ensure employees are covered by social insurance. The Group also contributes to the mandatory provident fund for employees in Hong Kong in accordance with the Mandatory Provident Fund Schemes Ordinance of Hong Kong. Meanwhile, the Group has secured commercial accident insurance for employees in specific positions.

Promotion and Dismissal

The promotion of employees is determined by appraisals conducted regularly by the Group's management to evaluate work performance. Through organizational optimization and talent structure alignment, the Group experienced improved human resources efficiency. Based on the human resources efficiency indicator, the Group has since experienced a reduction in staff cost under the approach of "the good prevails and the inferior will lose". Through salary reform, an income mechanism linked to performance goals was formed. Management positions are recruited through competition to allow young, high-potential, high-performance talents to emerge, driving the rational flow of talents within the entire organization.

In the event of employee dismissal, the Group will ensure that the termination procedure is compliant with internal policy and relevant applicable laws and regulations and that the termination under the employment contract has a reasonable and lawful basis. For employees who underperform or make mistakes repeatedly, the Group will first issue verbal warnings, then written warnings. The Group will consider dismissal of employees who repeatedly fail to respond to such warnings in accordance with relevant regulations. Details on the loss of office arrangements and termination of labor contracts are set out in the "Employee Handbook".

The employee turnover rates of the Group within the reporting scope in the specified periods are shown in the following:

Employee turnover rate[2]	2024	2023
Total	**20.86%**	15.19%
By Gender		
Male	**15.14%**	12.14%
Female	**22.55%**	16.14%
By Age Group		
<30	**31.34%**	23.29%
30–50	**15.67%**	11.13%
>50	**31.76%**	8.49%
By Geographical Region		
Mainland China	**20.88%**	15.16%
Hong Kong, China	**–**	50.00%

Note:

2. Employee Turnover rate = Employees in the specified category leaving employment ÷ Number of employees in the specified category × 100%.

Care for Employees

The Group motivates employees to deliver quality work by promoting a comfortable and open workplace, and an atmosphere of trust as well as advocating equal opportunities, inclusion, and harmony in the workplace. In addition to recognizing employees' performance at work through appraisals, rewards were also given to employees for achievements in the areas of innovation, service excellence, cost savings, and collaboration, aiming to promote the culture of sharing and learning different aspects among colleagues.

To foster a sense of belonging, the Group organized diverse entertainment and employee engagement activities, including team building activities, staff birthday parties, and photo days throughout 2024. The Group is committed to the value of a healthy work-life balance and prioritizes the well-being and personal growth of employees. The Group places great emphasis on employee health and conducts an administrative satisfaction survey quarterly to provide employees with a channel to voice constructive and feasible suggestions. Based on the feedback received, the Group further enhances the working environment for employees. The Group offers flexible working arrangements and paid leave to support the physical and mental well-being of employees. For instance, parental leave and leave for taking caring of only child are provided. Additionally, during traditional festivals in 2024, such as the Dragon Boat Festival and the Mid-Autumn Festival, festival gifts were sent to employees as festival greetings.

Case sharing: Festival Care

During the Dragon Boat Festival in 2024, the Group organized a special holiday event, presenting exquisite zongzi gift boxes to all employees. Not only does this celebrate the traditional festival but also reflects the Group's care and appreciation to its staff. Through such initiatives, the Group hopes to strengthen the cohesion among employees and allow everyone to feel the warmth and joy of the holiday amidst their busy work.

In the future, the Group will further enhance the employer brand image, establish a harmonious working environment, promote positive interaction between employees and the Group, thrive on employees' morale, and create greater organizational effectiveness and value.

Health and Safety

The Group priorities the health and safety of its employees as a key aspect of caring for them. Experts from various medical departments of renowned hospitals, as well as well-known traditional Chinese medicine practitioners, regularly invited the Group, providing free health checks to identify potential occupational health issues. In addition to fulfilling the basic statutory responsibilities of occupational safety, such as the Law of the PRC on Production Safety, the Law of the PRC on Prevention and Control of Occupational Diseases and the Occupational Safety and Health Ordinance of Hong Kong, the Group has formulated a policy on "Injury Prevention and Safety Management System" and implemented internal controls to ensure a zero-hazard workplace to minimize the threat of possible injuries or fatal accidents and regularly conducts fire safety drills for emergency response. In line with the occupational health and safety assessment series, the Group has established an "Occupational Health and Safety Management System" with reference to OHSAS 18001:2007, which focuses on the comprehensive identification, assessment, and implementation of preventive measures for hazards within the Group's area of responsibility. The Group will arrange daily inspections by internal personnel, monthly and annual inspections, and tests by professional organizations to ensure that safety control measures are effectively maintained. To enhance employees' awareness of occupational safety and health, the Group has held a series of health seminars. The Group was awarded ISO 45001:2018 Occupational Health and Safety Management System certification in recognition of its efforts to provide a safe and healthy workplace through the prevention of work-related injuries and diseases and proactive improvement of occupational safety and health performance.

During the past three years, including 2024, the Group has not recorded any fatal accidents nor has it made any compensation payments to its employees resulting from such incidents. In 2024, the Group experienced a total of 229 workdays lost due to occupational injuries (2023: 40 workdays). The Group has not identified any significant issues that would have a material impact on the Group and constitute serious violations of relevant applicable health and occupational safety laws and regulations in the relevant jurisdictions.

Development and Training

Development programs are a fundamental part of the Group's core strategy to attract new talents, enhance employees' potential and retain existing employees. The Group intends to create an atmosphere of continuous learning and team skills enhancement to meet the needs of the fast-changing market and industry. In order to maintain the Group's professionalism, the Group timely provides development programs such as local training, cultural and sports events and career development planning to relevant employees, thereby enhancing employee engagement and developing and upgrading the skills of future talents. The Group has an internal "Training Management Policy" that provides operational guidelines and operational instructions for training within the Group. This policy aims to coordinate and provide appropriate and standardized training to employees, meeting the needs of sustainable operations and human resources development in terms of talent training and development.

In 2024, the Group provided training sessions to all the employees. The respective percentage of staff trained and average training hours per employee by categories are summarized below:

	2024		2023	
	Average training hours[3]	**Percentage of staff trained[4]**	Average training hours[3]	Percentage of staff trained[4]
By Gender				
Male	**52**	**100%**	60	100%
Female	**52**	**100%**	60	100%
By Employment Category				
Senior and middle management	**54**	**100%**	65	100%
Non-managerial employees	**37**	**100%**	46	100%
Store salesman	**71**	**100%**	80	100%

Notes:

3. Average training hours by category = total number of training hours of employees by category ÷ total number of employees being trained by category.

4. Percentage of staff trained = total number of employees being trained by category ÷ total number of employees by category × 100%.

The Group provides similar training for both internal staff and employees from third-party business partners, who are included in the calculation of the above average training hours.

Labor Standards

The Group places great importance on the rights and interests of our employees, and the Group's policy of employment and labor standards is fully compliant with the Labor Laws of the PRC and the Employment Ordinance of Hong Kong as well as other applicable laws and regulations of the jurisdictions in which it operates. Regular review mechanisms on employment arrangements encompassing working environment, social insurance, and non-discrimination are in place to preserve the rights of employees. The Group has established precautionary measures to prevent immoral or corrupt practices within its business operations in line with its commitment to conduct ethical business. These measures are continuously improved to align with necessary remedial measures. In case there is any child labor and forced labor being discovered, the Group will terminate the employment contract immediately and impose appropriate penalties on the erring employees.

In strict compliance with the Labor Contract Law of the PRC, the Law of the PRC on Promotion of Employment, and the Employment Ordinance of Hong Kong, the Group prohibits any form of forced labor and hiring of child labor, as stipulated in the "Recruitment Management" manual and the "Employee Handbook". At the same time, the Group strictly follows the Provisions on the Prohibition of Using Child Labor of PRC and the Employment of Children Regulations of Hong Kong to protect the human rights of children and disadvantaged groups. The Group has not identified any significant issues that would have a material impact on the Group and constitute serious violations of relevant applicable labor related laws and regulations in the relevant jurisdictions.

OPERATING PRACTICES

The Group strives to maintain its brand reputation as China's intimate wear industry leader through continuous improvements in its internal processes, product design, and supply chain network. To ensure that its business is in accordance with the highest ethical, social and environmental standards, the Group also strictly abides by applicable laws in China and practices due diligence in the following areas:

- Supply chain management
- Product responsibility
- Anti-corruption

Supply Chain Management

The Group has an extensive supply chain network in the PRC for sourcing garments in Guangdong, Jiangsu, Zhejiang, Fujian and other regions in the PRC. The Group continues to adopt stringent supplier selection criteria and regularly evaluates supplier performance. In 2024, the Group worked closely with 106 outstanding suppliers to further stabilize its business and continue to provide high quality products to its customers. This section will further describe the Group's supply chain management process. The table below sets forth the Group's suppliers by geographical region:

Supplier location	2024	2023
Guangdong	**86**	86
Jiangsu and Zhejiang	**13**	13
Other region	**7**	6

The Group considers partnerships with suppliers and franchisees as a crucial factor in providing quality products to customers. Therefore, when selecting new business partners, the Group will consider various factors such as the quality of the products supplied and the ethical standards of potential business partners, such procedure applies to all the Group's suppliers. Since 2020, the Group has strategically reviewed and revamped its policy and guidelines for the acceptance of new suppliers and the continuation of existing supplier procedures in line with the Group's sustainability strategy, with a view to establishing a green supply chain in the future. The Group is continuously refining the selection process so that suppliers with better environmental performance will be given preference. For example, the Group will consider the pollution emissions, social responsibility, and integrity of suppliers. Background checks are conducted annually to evaluate potential suppliers in any of these areas, and suppliers that generate significant amounts of pollution or hazardous waste, have disputes with stakeholders, or are potentially at risk of fraud are given a lower ranking in the annual review process. The Group strives to achieve consistency between parties when there are misalignments and/or inconsistencies in product design, sourcing, packaging or distribution stages prior to the commencement of the relationship, for example, in business operations, product design specifications and risk mitigation requirements.

The Group adopts a strict procurement policy in its business operations as the first step towards achieving sustainability in the supply chain. The Group strives to source materials that meet specific environmental standards, such as products with authoritative independent certificates issued by third parties, to ensure a sustainable supply of products and to promote a greener environment. To ensure continued business growth, the Group has established formal processes to select and evaluate suppliers and to communicate with existing and potential suppliers. The Group will update the supplier list as appropriate to confirm that all suppliers meet the latest standards.

Pre-screening	• Assess the supplier's supply chain management procedures, production capacity, product quality, and research and development ("R&D") capabilities
Implementation	• Implement the procurement and production plan according to the Group's product listing specification as well as the supplier's comprehensive production capacity • Monitor production and supply progress and quality
Testing	• Evaluate the supplier's performance indicators such as R&D capabilities, degree of production coordination, delivery conditions and product quality on a monthly or quarterly basis • Provide training and incentives to the suppliers according to their performance evaluation

The Group has established a set of "Qualified Supplier Rating Criteria" to assess suppliers' performance, and assessments are carried out by independent departments to ensure objectivity of the assessments. The "Qualified Supplier Rating Criteria" aim to:

- Ensure that the service performance and product quality of new suppliers meet the Group's standards; and
- Perform quarterly assessments of existing suppliers to evaluate whether they continue to meet the Group's contractor criteria. This also helps enhance their service performance and product quality.

The Group established the "Business Integrity Agreement" and the "Supplementary Agreement on Quality Management Improvement", which take into consideration the performance in terms of compliance, energy conservation, environmental protection, energy conservation and emission reduction, and occupational health and safety, it puts forward specific requirements for suppliers to abide by business ethics, uses energy-saving and environmentally friendly materials, and energy-saving and emission-reduction technologies.

Product Responsibility

The Group is dedicated to strengthening its brand recognition, solidifying its industry-leading position and offering consumers superior products. The Group strictly complies with the applicable laws of the PRC on product quality, advertisements, and protection of consumer rights and interests. For example, all the Group's child products meet the requirements of the Safety Technical Code of the PRC for infants and children textile products implemented in 2016. Different policies and procedures have been drafted to facilitate the integration of such commitment into the Group's daily operations. Clear descriptions of the duties, control methods, and requirements for quality and safety management are published across the Group's properties. The policies focus on the following areas:

- Quality and safety of products and services
- R&D and design
- Product transport and packaging
- Customers

Protection of Consumer Data and Privacy

Specifically, product responsibilities are categorized into three major areas, namely, product information, selection and advice, and accidental injury and privacy protection. In response to the Group's concerns regarding product safety and customer privacy issues, the Group has implemented a set of product quality and safety procedures that deals with the pre-sales and post-sales business phases. These procedures encompass the Group's advertisements, store shopping guides, and customer service hotlines (i.e., telephone and network) among other service sectors. In addition, the Group provides a "7-day no reason return and exchange" after-sales service, ensuring that customers can freely return or exchange products within 7 days of purchase to meet their needs and provide excellent after-sales support.

Activities such as online ordering and other interactive programs require the Group to handle or retain customers' sensitive information such as personal contact details and their product preferences. Therefore, strict policies are in place to protect the personal data collected for transaction purposes. To prevent information leakage, the Group has also implemented a secured member management system that serves the purpose of data collection, transmission, and storage of membership information. In 2024, there have been no complaints regarding customer privacy or loss of customer data. The Group monitors consumer data protection and privacy policies through a structured framework of accountability and quality control. It adheres to relevant laws, imposing fines for non-compliance, and conducts annual reviews of data management practices across various business domains. This includes self-assessments by data managers, regular inspections, and annual audits. The Group has complied with relevant applicable laws and regulations in respect of data protection including but are not limited to the Personal Data (Privacy) Ordinance of Hong Kong and the Product Quality Law of the PRC during 2024.

Quality Assurance

The Group believes that providing a high-quality shopping experience remains the best way to promote customer loyalty and attract new customers. Therefore, numerous strategies have been implemented at different levels across the Group. At the group level, initiatives such as "Customer Service Management System", "Store Shopping Guide Process" and "Exhibition Guideline" are continuously optimized across different business departments in the Group. At the retail level, staff is required to undergo training to master the "Underwear Product Knowledge Dictionary". This allows the Group's staff to be proficient with the available products, and to assist potential customers in finding their best fit through introducing comprehensive intimate wear information in a friendly environment.

To prevent any adverse effect of products on consumers, the Group's quality control department adopts the most stringent quality inspection procedures that adhere to national standards. The Group obtained ISO 9001:2015 certification for underwear design, production, sales, warehousing, and freight transportation (within permitted areas) processes. The achievement reaffirms the Group's commitment to ensuring the consistency of products and services quality. As a pioneer for product quality within the industry, the Group has established an in-house physical and chemical laboratory to support the supply chain. The Group's testing capability has long been compared with national laboratory testing technology to maintain the level, the testing technology is in line with the technical capabilities of nationally accredited laboratories.

The Group has established the "400 Hotline Service Procedure" to standardize the customer service details and follow-up procedures of the "400 Hotline". To improve customer satisfaction, an independent department was established with personnel responsible for hotline work, including consultation and complaints handling for consumer and franchise customer service. At the same time, in order to ensure that high-quality customer service is provided by each employee, the Group will record the customer satisfaction data of the "400 hotline" to evaluate the service level of each employee and to understand the needs of customers and expectations. In 2024, there were no products recalled due to safety and health reasons. If any product fails to meet the Group's standards, it will be addressed according to internal recall guidance. The Group received a total of 140 complaints regarding products and services, all of them have been followed up on and addressed. The percentage of total products sold or shipped subject to complaints about quality and other reasons has been maintained at a level lower than 0.0008% refund rate which is lower than the industry average. In addition, the Group has established "E-commerce Platform Customer Returned Products Management Measures" and "Returned Product Quality Determination Procedure" to screen the returned products to ensure that they meet the requirements of the Group's standards, that substandard products will not be sold, thereby minimizing the incidence of customer complaints.

Protection of Intellectual Property Rights

The Group consults legal advice from solicitors for drafting patent licence agreements or service contracts to prevent any infringement of intellectual property rights (i.e., trademarks, patents and designs) as well as ensuring all business activities are in compliance with all the national laws and regulations such as the Patent Law of the PRC and the Implementation Rules of Patent Law of the PRC. In 2024, there was no incidents relating to intellectual property rights infringement. For online procedures, the Group has established a dedicated team responsible for weekly monitoring of several e-commerce platforms such as Taobao, JD.com, Pinduoduo and Xiaohongshu in order to identify any counterfeit trademarked products or infringement clues available on the market. The Group takes action against counterfeit products by filing complaints with the platforms to remove infringing goods or stores. Additionally, the Group may report the infringement to relevant local authorities or initiate legal proceedings as necessary.

Advertising and Labelling

The Group prohibits advertisements to disclose descriptions, claims or illustrations that are not true. To align with the relevant laws and code of practices, the Group has established procedures to ensure that its published advertisements are truthful, fair and reasonable, and free of misleading elements for the protection of consumers' interests. In 2024, the Group won several prestigious awards and recognitions for its quality products and service commitments. These include the following awards:

1. Top 100 Private Enterprises in Dongguan 2024
2. Top 100 Private Industrial Enterprises in Dongguan 2024
3. Top 100 High-Value Trademark at the 2nd Guangdong-Hong Kong-Macao Greater Bay Area Brand Cultivation
4. Most Brand Value Award at the 7th Investment Annual Conference of Financial Association 2024
5. Most Valuable Large Consumption Company at the 9th Zhitong Finance Listed Company Awards
6. Best Contribution Award from the 3rd Guangdong Underwear Association
7. Caring Enterprise in the "Four Seasons of Love" Activity for New Employment Groups in Dongguan
8. Top 100 Sales on Dongguan Quality Products Platform
9. Annual Charity Caring Enterprise Award 2024

Moreover, in March 2024, the Group officially launched its collaboration with the Chinese National Synchronized Swimming Team, supporting Chinese athletes in the 2024 Doha World Aquatics Championships, 2024 Paris Olympics Game and other events. The Team aligns well with the Group's values and image, and this collaboration has successfully enhanced the Group's exposure across the nation.

Anti-corruption

The Group regards honesty, integrity, and fairness as valuable intangible assets of an organization. To promote ethical behaviors within business operations, the Group formulated the "Anti-fraud Reporting Incentive scheme" and "Supplier Anti-Commercial Bribery Agreement Regulations" based on the Criminal Law and the Anti-unfair Competition Law of the PRC and the Prevention of Bribery Ordinance in Hong Kong. Anti-corruption policies and training are regularly reviewed, adopted, delivered, and communicated within the Group. The Group has developed the following guidelines and management systems:

- Employee handbook
- Employee award management system
- Anti-fraud management system
- Tendering and bidding management system
- Reward and punishment management system
- Anti-corruption training for the employees and board members

The Group has a zero-tolerance policy for any form of unethical behavior, including fraud, bribery, forgery, extortion, conspiracy, embezzlement and collusion. Employees shall not abuse their position to obtain illegal benefits in the form of money or non-pecuniary. The Group continues to implement the "Related Party Transaction Reporting System", under which employees are required to report potential conflicts of interest, receipt of gifts of any kind and related party transactions within one month of receiving the benefit. In order to better communicate the expectations of employees' conduct and to implement relevant anti-corruption measures, the Group has established a "Reward and Punishment Management System" and regularly disseminated anti-corruption knowledge to employees, 5 sessions of "Integrity Culture Knowledge Presentation" with a total learning of 2.5 hours were conducted for new employees and anti-corruption case warning and presentation on the "Sunshine Beauty" WeChat platform were carried out more than once a month to enhance the employees' anti-corruption awareness. In 2024, "Sunshine Beauty" WeChat platform released 92 articles on anti-corruption, and the content is available to all personnel (including but not limited to employees and directors) for review. Besides, a reporting hotline and a reporting mini programme were set up. Once an incident of unethical behaviour is reported, investigated and verified by the internal testing center, the Group will impose penalties accordingly. Employees involved in unethical behaviour may be subject to the following penalties:

- Termination of labor contract
- Recovery of the proceeds of discipline and the losses caused to the Group
- Legal proceedings to recover possible financial damage caused to the Group

As an effective anti-corruption program requires the full cooperation of all stakeholders, the Group requires suppliers and third-party companies to agree to revised anti-bribery agreements to ensure the integrity of all transactions. The Group's risk management center also works with local legal and law enforcement authorities to follow up on confirmed corruption cases and other wrongdoings, the Group will continue to assist the judiciary in preventing and combating economic crimes. To minimize the risk of wrongdoing that could seriously damage the Group's reputation, the Group encourages employees to report any suspected bribery through our reporting channels. In 2024, the Group received one complaint regarding store salesman. The Group has conducted an investigation into such complaint and has taken disciplinary action against such employee.

In 2024, the Group did not identify any significant issues that violated laws and regulations related to preventing bribery, extortion, fraud, and money laundering and there were no concluded corruption legal cases involving the Group.

ENVIRONMENTAL PROTECTION

The Group is committed to reducing its environmental impact through continuous improvements in the sustainability of its daily activities. The Group complies with all applicable environmental protection laws and regulations across all operations, which include the revised Environmental Protection Law of the PRC and regulations set by the Environmental Protection Bureau of the local government in the PRC. The Group has also attained ISO 14001:2015 Environment Management Systems to reinforce the Group's commitment to environmental protection.

The Group has implemented policies, procedures, and initiatives to govern the environmental protection objectives to address the following aspects:

- Emission
- Use of resources
- The environment and natural resources
- Climate change

Environmental Targets

Taking into account international concerns and the Group's own operational needs, the Group established these three-year targets in 2022 to reduce carbon emissions and waste emissions, and better utilize resources. By setting these targets and actively working towards them, the Group demonstrates its commitment to sustainable development, environmental protection, and responsible business practices. These efforts not only align with global environmental trends but also contribute to the Group's long-term success and resilience.

Aspect	Target	Progress
Greenhouse gas ("GHG") emission	In 2022, the Group set a target to maintain or reduce the intensity of greenhouse gas emissions over the next three years as compared with 2021.	In progress. The Group is actively promoting a series of energy-saving measures aimed at further reducing greenhouse gas emissions in the future.
Waste management	In 2022, the Group set a target to maintain or reduce the intensity of hazardous and non-hazardous wastes emissions for the next three years as compared to 2021.	In progress. The Group has not generated any significant hazardous waste during its operations. We are committed to developing more eco-friendly packaging methods to further reduce the consumption of packaging materials.
Energy management	In 2022, the Group set a target to maintain or reduce the intensity of energy consumption for the next three years as compared to 2021.	In progress. The Group is implementing a series of energy-saving measures with the goal of reducing energy consumption in the coming year.
Water management	In 2022, the Group set a target to maintain or reduce the intensity of water consumption for the next three years as compared to 2021.	In progress. The Group will continue to promote water-saving initiatives among employees, including adjusting the water pressure of faucets to appropriate levels, regularly checking water sources to prevent leaks, and encouraging the recycling of water resources.

Emissions

To achieve continuous improvements in environmental performance, the Group has established various initiatives to achieve significant reductions in various aspects, namely, air and GHG emissions, discharges into water and land, and hazardous and non-hazardous waste generation, including providing shuttle buses to employees to reduce emissions from private vehicles. To reduce emissions from a business perspective, the Group would only employ and purchase green-label certified products to satisfy the Group's transportation and logistics requirements.

The Group encourages responsible management of emissions, natural resources, and the environment in accordance with the Group's "Environment Management Systems". Adhering to the principle of "Reduce, Reuse and Recycle", the Group advocates and facilitates the following segregation, storage, and handling practices:

- Encourage the use of reusable stainless-steel tableware and restrict the use of disposable items in the staff canteen;
- Apply unrestricted fertilizers, pesticides and detergents for daily operations;

- Inspect grease trap to identify any further maintenance required;
- Direct large-scale publicity and promotional activities would keenly endorse the proper use and handling of recyclable materials;
- Reuse existing office equipment and furniture after the relocation of office; and
- In 2024, reallocate redundant equipment and furniture from existing retail stores or reusable equipment and furniture from closed retail stores to new retail stores opened.

Furthermore, the Group has established the "Management Measures for Water, Air, and Soil Pollution Prevention and Control" internally. These measures are based on relevant laws and regulations and outline provisions for preventing water, air, and soil pollution to protect the environment of the Group and its surrounding areas. The Group takes various measures to minimize environmental pollution, such as adopting clean production processes that have high material utilization efficiency and minimal pollutant emissions, thereby reducing the generation of air pollutants; and strict operational and maintenance systems are implemented for equipment and facilities that could potentially become pollution sources. At the same time, the Group understands the market concerns for value chain management, and will explore the readiness to expand the disclosure of GHG emissions to cover other GHG emissions (Scope 3), and disclose related data when the data collection mechanism is mature.

The Group regularly monitors the latest environmental protection laws and regulations at the national and regional levels to strengthen its environmental protection measures, striving to comply with local government regulations and implement environmental policies. The Group strictly adheres to regulations including but not limited to the "Environmental Protection Law of the PRC," the "Water Pollution Prevention and Control Law of the PRC," and the "Waste Disposal Ordinance" in Hong Kong. In 2024, the Group did not have any significant issues of non-compliance with the relevant applicable local environmental laws and regulations regarding emissions of exhaust gases and GHG, pollution discharge into water and land, or the discharge of hazardous and non-hazardous waste.

Use of Resources

The Group has adopted various initiatives to promote the efficient use of resources, which include implementing energy conservation programs across its properties to increase energy efficiency and reduce energy usage, and mitigating its contribution to water pollution through fresh water resources preservation. Some specific examples of these policies and initiatives include:

Energy-saving initiatives	Water resources preservation initiatives
• Control air conditioning temperature and reduce air conditioning execution time through the air conditioning light intelligent management platform • Promote the culture of environmental friendliness to staff • Maintain an average indoor temperature of 26°C • Install LEDs or energy-efficient lights in offices and shops • Utilize natural light when possible in the interior design of department stores to reduce the energy used for lighting	• Install efficient water dispensers that minimize water wastage • Provide water conservation training to staff • Adopt stricter water utilization supervision to reduce water usage within operational processes • Install flow regulators for faucets and sensors in public restroom washbasins to effectively reduce water consumption

The Group's "Management Measures for Water, Air, and Soil Pollution Prevention and Control" clearly outlines measures for wastewater management such as promoting the use of clean production processes with high material utilization efficiency and minimal pollutant emissions to reduce water pollution. The Group has no major issues regarding the acquisition of suitable water sources.

The Group also has the "Water/Energy Conservation Management Regulations" in place to educate employees about saving energy and reducing waste. Each department is required to provide training on electricity conservation awareness to employees, strict operating procedures must be followed for machinery and equipment with high electricity consumption, and process improvements are implemented to reduce energy consumption while increasing production output. These measures aim to achieve energy savings by improving the production capacity per unit of electricity consumed.

The Group acknowledges the impact of excess packaging on the environment. Therefore, to encourage efficient utilization of packaging materials for products, the Group has the following measures and practices in place:

- Optimized product wrapping design to mitigate over packing of finished products;
- Repaired and re-used damaged cargo pads to minimize timber consumption;
- Recycled product carton; and
- Replaced paper receipts by adopting electronic based record.

In addition, the Group is committed to the research and development of innovative and sustainable products, actively collaborating with renowned raw material suppliers to develop new fabrics. We are incorporating more herbal plant ingredients into our new products, aiming to provide consumers with more comfortable and healthier choices. For example, we have developed a white peach blossom fiber fabric, used in new bra designs, which features antibacterial and antioxidant properties. At the same time, the newly launched men's herbal guide underwear integrates environmental friendliness and functionality into its design. The Group will continue to increase investment in product development and material selection.

The Group does not generate any material hazardous waste during its production and operations. In 2024, the total amount of non-hazardous waste generated by the Group was approximately 6.65 tonnes of domestic wastes, with an intensity of 0.0022 tonnes/revenue (in million)[5]. The Group strives to implement the four basic principles of waste reduction, namely, reduce, reuse, recycle and replace, and has promoted the concept of waste segregation in its operations to manage waste.

Note:

5. As at 31 December 2024, the Group's revenue was RMB3,010.13 million (as at 31 December 2023: RMB2,757.08 million). Such data will also be used for other intensity calculation.

The Environment and Natural Resources

The Group is committed to managing its impacts on the environment and natural resources. With various targets and responsibility assessments, strict environmental management policies are in place to strive for continuous improvement in the environmental management system. These strategies aim to minimize the negative impacts on the environment and natural resources when the Group conducts business. The Group's commitment to environmental protection is evident throughout its factory, office space and other facilities. For instance, the Group installed an air quality-processing device that measures and assesses the quality of air emitted from exhaust pipes in the staff cafeteria. The Group also controls noise pollution from facilities, by prohibiting the use of car horns in the factory. The plant equipment is calibrated in a timely manner to prevent environmental impact.

Climate Change

The public's awareness of climate change continues to increase, and climate change is also one of the most frequently discussed topics internationally. The latest Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report further warns of the severity and urgency of the climate crisis. The Group understands the importance of identifying and mitigating major climate-related issues, pays close attention to the potential impact of climate change on the Group's business and operations, and is committed to managing potential climate-related risks that may affect the Group's business activities. According to the reporting framework developed by the Task Force on Climate-Related Financial Disclosures, climate-related risks are divided into two categories: physical and transition risks. The Group has incorporated climate change-related risks into enterprise risk management so as to identify and mitigate potential risks.

Physical risk

The increased frequency and severity of extreme weather events, such as typhoons, storms, heavy rain, extreme cold or extreme heat, will bring immediate and long-term physical risks to the Group's business. Extreme weather events can threaten the personal safety of our employees, as well as damage the Group's properties and facilities, resulting in direct financial losses. Although the Group has not identified significant immediate climate risks at its campuses and offices, we are aware of the need to strengthen our protection against future extreme climate risks and emergencies. To minimize potential risks and hazards, the Group has put in place countermeasures, including flexible working arrangements and precautionary measures under severe or extreme weather conditions, buying insurance and taking proactive measures to communicate and inform employees in advance about the arrangements and protocols in place during severe weather conditions. We will explore contingency plans to further avoid damage to our facilities due to extreme weather events to improve business stability.

Transition risk

The Chinese government proposed in September 2020 that carbon dioxide emissions will strive to achieve a "carbon peak" by 2030 and endeavour to achieve "carbon neutrality" by 2060. In line with the achievement of the global carbon neutrality vision, the Group anticipates that there will be changes in regulation, technology and market landscape caused by climate change, including the tightening of national policies and listing rules and the generation of environment-related taxes. Stricter environmental laws and regulations may expose companies to a higher risk of claims and litigation, potentially incurring additional compliance costs and impacting on the Group's reputation.

In response to policy, legal risks and reputational risks, the Group continuously monitors any changes in laws or regulations and global trends in climate change to avoid an increase in costs, fines for non-compliance or reputational risks due to slow responses. In addition, the Group has been taking comprehensive measures to protect the environment, including measures aiming at reducing GHG emissions, and has set targets and relevant policies to gradually reduce our energy consumption and GHG emissions in the future.

Driven by the overall environment, customers' awareness of ESG issues has increased, and more climate and sustainability related factors will be considered by customers. In response to market risks, the Group actively collaborates with its customers to promote sustainable development initiatives, conduct stakeholders engagement and materiality assessment, and publish ESG reports to enhance information transparency.

Environmental Performance

Environmental performance data in the specified periods are as follows[6]:

Environmental KPIs[6]	Unit	2024	2023
NOx emissions	tonne	**0.388**	0.304
SOx emissions	tonne	**0.000302**	0.000365
Particulate matter emissions	tonne	**0.0343**	0.0275
Total GHG emissions	tCO_2e	**3,728.84**	5,282.32
GHG Emissions Intensity	tCO_2e/ revenue (in million)	**1.239**	1.916
GHG emissions (Scope 1)	tCO_2e	**90.85**	146.91
GHG emissions (Scope 2)	tCO_2e	**3,637.99**	5,135.41
Total energy consumption[7]	GJ	**21,828**	23,859
Total energy consumption intensity[7]	GJ/revenue (in million)	**7.25**	8.65
Total direct energy consumption[7]	GJ	**721**	870
• Petrol[7]	GJ	**250**	348
• Diesel Oil[7]	GJ	**471**	522
Total indirect energy consumption[7]	GJ	**21,107**	22,989
• Purchased electricity[7]	GJ	**21,107**	22,989
Water consumption	m^3	**89,163**	94,243
Water consumption intensity	m^3/revenue (in million)	**29.62**	34.18
Packaging material	tonne	**341**	351
Packaging material intensity	tonne/revenue (in million)	**0.11**	0.13

Notes:

6. The scope of data covered in this report includes Fenggang Office, Fumin and Tianan Industrial Park, and Yuquan Warehouse but excludes the retail stores.

7. Air emissions data referenced including but not limited to "How to prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange; GHG emissions data are presented in terms of carbon dioxide equivalent, and referenced including but not limited to, "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards" issued by the World Resources Institute and the World Business Council for Sustainable Development, "How to prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange, "2023 National Power Carbon Footprint Factor" jointly released by the Ministry of Ecology and Environment of the People's Republic of China, the National Bureau of Statistics, and the National Energy Administration and the "Global Warming Potential Values" from the IPCC Sixth Assessment Report, 2021 (AR6); energy consumption data calculation referenced including but not limited to the "Energy Statistics Manual" issued by the International Energy Agency.

8. To facilitate readers' comparison, the Group also presents energy consumption related data in terms of MWh. In 2024, the total energy consumption was approximately 6,063 MWh, the total energy consumption intensity was approximately 2.01 MWh/revenue (in million), in which direct energy consumption and indirect energy consumption were approximately 200 MWh and 5,863 MWh, respectively. In 2023, the total energy consumption was approximately 6,628 MWh, the total energy consumption intensity was approximately 2.40 MWh/revenue (in million), in which direct energy consumption and indirect energy consumption were approximately 242 MWh and 6,386 MWh respectively.

COMMUNITY INVESTMENT

As an industry leader in the intimate wear business in mainland China, the Group is actively exploring community investment opportunities and has encouraged its employees to work together to fulfill social responsibility and give back to the community. The Group participates in various activities such as volunteer services, charitable donations, and activities to care for the community to support the youth, care for those in need, alleviate poverty, advocate the protection of women and cultivate culture every year. In 2024, the Group participated in four voluntary projects, our employees contributed a total of 184 hours of voluntary service.

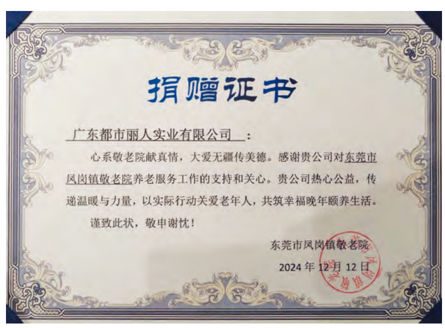
In terms of health and protection, the Group is in long-term cooperation with the Dongguan Central Blood Station to organize employee blood donation and volunteer services to embody the values of humanity, fraternity, saving lives and healing the wounded. In 2024, the Group organized 3 collective voluntary blood donation, with a total of 57 employees participated, recording a combined blood donation of 18,600 mL.

The Group actively engages in various philanthropic activities. In 2024, the Group donated a total of 488 sets of thermal undershirt and loungewear to sanitary workers, elderly residents in nursing homes, new employment groups, and production and construction corps. In addition, the Group donated RMB16,000 to charitable organizations to help underprivileged yet academically outstanding primary and secondary school students to continue with their education.

Case sharing: Warmth Delivery Activity at the Nursing Home

On December 12, 2024, the Group and the Party Branch of the Fenggang Town Economic Development Bureau in the PRC jointly held a themed party day event on a monthly basis, specifically planning a warmth delivery activity for the nursing home in Fenggang Town. This event aimed to care for and warm the hearts of the elderly in the nursing home, conveying society's concern and respect for seniors.

On the day of the event, participants brought carefully prepared gifts and visited the nursing home. During their interactions with the elderly, volunteers not only delivered gifts but also spent time chatting, listened to their stories, and shared warm moments together. This kind of engagement not only made the elderly feel the love and care but also allowed participants to deeply understand the importance of respecting and loving the elderly.


捐赠证书

广东都市丽人实业有限公司：

心系敬老院献真情，大爱无疆传美德。感谢贵公司对东莞市凤岗镇敬老院养老服务工作的支持和关心。贵公司热心公益，传递温暖与力量，以实际行动关爱老年人，共筑幸福晚年颐养生活。

谨致此状，敬申谢忱！

东莞市凤岗镇敬老院

2024 年 12 月 12 日

Case sharing: Heartwarming Breakfast Delivery Activity

As the "Guangdong Province Sanitation Workers' Day" approached, Fenggang Town held a heartwarming breakfast delivery activity on October 24, honoring the "city beauticians." The aim was to provide every sanitation worker, who tirelessly protects the beauty of the city through all weather conditions, with a hot breakfast, conveying the warmest gift.

The Group expressed sincere greetings and heartfelt gratitude to the sanitation workers, gifting them thermal underwear and other items. They engaged in friendly conversations to understand the workers' job and living conditions, while also reminding them to take care of their health while efficiently carrying out their works.

The responsible departments of the Group will maintain close contact with the local non-governmental organizations in the PRC, regularly participate in charitable activities organized by communal organizations, and monitor the donations and implementation of such activities to ensure the accountability and consistency of the Group's community investment philosophy. In 2024, the Group participated in several activities organized by the local government in the PRC, donated saplings during tree planting events, and made contributions during a charity education initiative. Looking ahead, the Group will continue to practice corporate social responsibility and make contributions to society.

REGULATORY COMPLIANCE

As a socially and environmentally responsible business, the Group recognizes the importance of regulatory compliance and has established preventive and monitoring measures to ensure compliance with the relevant applicable laws and regulations. The Group continuously stays abreast of the latest regulatory developments and will provide relevant training for relevant personnel.

In 2024, the Group did not observe any forms of non-compliance with laws and regulations that may cause a potential material impact on the Group's operating areas, such as environmental protection and conservation, employment, labor practices, operational and organizational activities.

Laws and Regulations of the PRC	Laws and Regulation of Hong Kong
Labor-related	
• Law of the PRC on the Prevention and Treatment of Occupational Diseases • Law of the PRC on Work Safety • The Labor Law of the PRC • The Labor Contract Law of the PRC • The Employment Promotion Law of the PRC • Provisions on the Prohibition of Using Child Labor • Fire Protection Law of the PRC	• Occupational Safety and Health Ordinance • Employment Ordinance • Employment of Children Regulations • Mandatory Provident Fund Schemes Ordinance
Governance-related	
• Criminal Law of the PRC • Anti-unfair Competition Law of the PRC • Law of the PRC on the Protection of Consumer Rights and Interests • The Advertising Law of the PRC • Interim Measures for the Administration of Internet Advertisements • Product Quality Law of the PRC • Company Law of the PRC • The Bidding Law of the PRC • Interim Provisions on Prohibition of Commercial Bribery	• Prevention of Bribery Ordinance • Trade Description Ordinance
Environmental-related	
• Environmental Protection Law of the PRC • The Water Pollution Prevention and Control Law of the PRC • Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Wastes	• Waste Disposal Ordinance • Water Pollution Control Ordinance • Product Eco-responsibility Ordinance
Liability and Privacy-related	
• Product Quality Law of the PRC • Patent Law of the PRC • Rules for the Implementation of the Patent Law of the PRC	• Personal Data (Privacy) Ordinance

CONTENT INDEX OF THE ESG REPORTING GUIDE OF THE STOCK EXCHANGE

Mandatory Disclosure	Section/Statement
Governance Structure	The ESG Governance Structure
Reporting Principles	Reporting Framework
Reporting Scope	Reporting Scope

Subject Areas, Aspects, General Disclosure and KPIs	Description	Section/Declaration
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Environmental Protection – Emissions; Regulatory Compliance
KPI A1.1	The types of emissions and respective emissions data.	Environmental Protection – Environmental Performance
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Protection – Environmental Performance
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Not applicable. The Group did not generate significant amounts of hazardous waste in 2024.
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Protection – Use of Resources
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Environmental Protection – Environmental Targets, Emissions
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Environmental Protection – Environmental Targets, Emissions

Subject Areas, Aspects, General Disclosure and KPIs	Description	Section/Declaration
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Environmental Protection – Use of Resources
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Environmental Protection – Environmental Performance
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Environmental Protection – Environmental Performance
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Environmental Protection – Environmental Targets, Use of Resources
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Environmental Protection – Environmental Targets, Use of Resources
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Environmental Protection – Environmental Performance
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	Environmental Protection – The Environment and Natural Resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environmental Protection – The Environment and Natural Resources
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Environmental Protection – Climate Change – Physical Risk, Transition Risk
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Environmental Protection – Climate Change – Physical Risk, Transition Risk

Subject Areas, Aspects, General Disclosure and KPIs	Description	Section/Declaration
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, antidiscrimination, and other benefits and welfare.	Employment and Labor Practices – Employment; Regulatory Compliance
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Employment and Labor Practices – Employment
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employment and Labor Practices – Promotion and Dismissal
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Employment and Labor Practices – Health and Safety; Regulatory Compliance
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Employment and Labor Practices – Health and Safety
KPI B2.2	Lost days due to work injuries.	Employment and Labor Practices – Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Employment and Labor Practices – Health and Safety
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Employment and Labor Practices – Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Employment and Labor Practices – Development and Training
KPI B3.2	The average training hours completed per employee by gender and employee category.	Employment and Labor Practices – Development and Training

Subject Areas, Aspects, General Disclosure and KPIs	Description	Section/Declaration
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Employment and Labor Practices – Labor Standards; Regulatory Compliance
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Employment and Labor Practices – Labor Standards
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Employment and Labor Practices – Labor Standards
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Operating Practices – Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	Operating Practices – Supply Chain Management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Operating Practices – Supply Chain Management
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Operating Practices – Supply Chain Management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Operating Practices – Supply Chain Management
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Operating Practices – Product Responsibility, Quality Assurance, Protection of Intellectual Property Rights, Advertising and Labelling; Regulatory Compliance
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Operating Practices – Quality Assurance
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Operating Practices – Quality Assurance
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Operating Practices – Protection of Intellectual Property Rights
KPI B6.4	Description of quality assurance process and recall procedures.	Operating Practices – Quality Assurance
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Operating Practices – Protection of Consumer Data and Privacy

Subject Areas, Aspects, General Disclosure and KPIs	Description	Section/Declaration
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Operating Practices – Anti-corruption; Regulatory Compliance
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Operating Practices – Anti-corruption
KPI B7.2	Description of preventive measures and whistleblowing procedures, how they are implemented and monitored.	Operating Practices – Anti-corruption
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Operating Practices – Anti-corruption
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Investment
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community Investment
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Community Investment

REPORT OF THE DIRECTORS

The board of directors of the Company (the "Board") is pleased to present its report together with the audited consolidated financial statements of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2024.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The Group is principally engaged in the design, research, development and sale of its own branded intimate wear products (namely, bras, underpants, sleepwear and loungewear, thermal clothes and others, which include leggings and tights, vests, hosiery and accessories), development of industrial projects and provision of logistic services in the People's Republic of China (the "PRC").

The detailed principal activities of the subsidiaries of the Company are set out in Note 38 to the consolidated financial statements.

BUSINESS REVIEW

A review of the business of the Group, a discussion and analysis of the Group's operating performance and a discussion of the Group's future development are provided in the Statement from Chairman and Chief Executive Officer and the Management Discussion and Analysis sections, on pages 5 to 7 and on pages 10 to 15 of this report, respectively.

A description of the principal risks and uncertainties that the Company may be facing can be found in the Management Discussion and Analysis section on pages 10 to 15 of this report. Additionally, the financial risk management objectives and policies of the Company can be found in Note 39 to the consolidated financial statements. Discussions on the Group's environmental policies and performance, relationships with its key stakeholders and compliance with relevant laws and regulations which have a significant impact on the Group are provided on pages 36 to 64 of this report.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2024 are set out in the consolidated financial statements on pages 87 to 88.

The Board has resolved to recommend the payment of final dividend of HK0.5 cents for the year ended 31 December 2024 (the "Final Dividends") (2023: nil) per share. The Final Dividends would be payable to shareholders whose names appear on the register of members of the Company on Monday, 9 June 2025, subject to the approval of shareholders at the annual general meeting of the Company to be held on Friday, 30 May 2025 (the "2025 AGM"). Dividend warrants in respect of the Final Dividends are expected to be dispatched on Wednesday, 18 June 2025.

As at the date of this annual report, the Directors were not aware of that any shareholders of the Company had waived or agreed to any arrangement to waive dividends.

CLOSURE OF REGISTER OF MEMBERS

For determining shareholders' entitlement to attend and vote at the 2025 AGM held on 30 May 2025, the register of members of the Company will be closed from Tuesday, 27 May 2025 to Friday, 30 May 2025, both days inclusive, during which no transfer of the Shares shall be registered. In order to be eligible to attend and vote at the 2025 AGM, 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 4:30 p.m. on Monday, 26 May 2025 for registration.

Subject to the approval of shareholders of the Company at the 2025 AGM, the Final Dividends will be payable to shareholders whose names appear on the register of members of the Company after the close of business at 4:30 p.m. on Monday, 9 June 2025. The register of members of the Company will be closed from Thursday, 5 June 2025 to Monday, 9 June 2025, both days inclusive. In order to qualify for the Final Dividends, 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 the above address, no later than 4:30 p.m. on Wednesday, 4 June 2025 for registration.

ANNUAL GENERAL MEETING

The 2025 AGM will be held on Friday, 30 May 2025, and a notice of the 2025 AGM will be published in due course.

DIVIDEND POLICY

The Company has adopted a dividend policy (the "Dividend Policy"). The recommendation of payment of any dividend is subject to the sole discretion of the Board and any declaration of final dividend will be subject to the approval of the shareholders of the Company. In deciding whether to propose a dividend and in determining the dividend amount, the Board shall take into account:

- the Group's actual and expected financial performance;
- retained earnings and distributable reserves of the Company and each of the members of the Group;
- shareholders' interests;
- the Group's expected working capital requirements and future expansion plans;
- taxation considerations;
- the level of the Group's debts to equity ratio, return on equity and financial covenants;
- any restrictions on payment of dividends that may be imposed by the Group's lenders;
- general business conditions and strategies;
- general economic conditions, business cycles of the Group's business and other internal or external factors that may have an impact on the business or financial performance and position of the Company; and
- any other factors the Board deems appropriate.

The declaration, recommendation and payment of any dividends are also subject to all requirements of the Companies Act, Cap. 22 (Act 3 of 1961, as consolidated and revised) of the Cayman Islands (the "Cayman Companies Act") and the memorandum and articles of association of the Company. The Dividend Policy will be reviewed by the Board when necessary, and can be revised and/or modified by the Board from time to time.

BORROWINGS

Details of borrowings of the Group as at 31 December 2024 are set out in Note 32 to the consolidated financial statements.

SHARE CAPITAL

Details of the movements in the share capital of the Company are set out in Note 27 to the consolidated financial statements.

DONATIONS

During the year ended 31 December 2024, charitable and other donations made by the Group amounted to approximately RMB16,000 (2023: RMB30,000).

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group are set out in Note 16 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the memorandum and articles of association of the Company or the relevant laws of the Cayman Islands which would oblige the Company to offer new shares on a pro-rata basis to its existing shareholders.

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 (including sale of treasury shares) during the year ended 31 December 2024.

RESERVES

The distributable reserves of the Company as at 31 December 2024 amounted to approximately RMB1,698,088,000 (2023: RMB1,667,247,000).

Movements in reserves of the Group and of the Company during the year are shown in the Consolidated Statement of Changes in Equity on pages 91 to 92, and Note 27, Note 28 and Note 35 to the consolidated financial statements.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and financial position of the Group for the preceding five financial years is set out on page 168.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2024, the percentage of the Group's turnover attributable to the Group's largest customer and the five largest customers in aggregate were approximately 1.5% and 6.2% (2023: 1.4% and 3.3%), respectively.

During the year ended 31 December 2024, the percentage of the Group's purchases attributable to the Group's largest suppliers and the five largest suppliers in aggregate were approximately 3.5% and 16.9% (2023: 3.8% and 16.6%), respectively.

During the year ended 31 December 2024, none of the Directors or any of their close associates or any shareholders (which to the knowledge of the Directors, owned more than 5% of the Company's issued share capital (excluding treasury shares)) had any interest in any of five largest customers or suppliers of the Group.

DIRECTORS

The Directors who held office during the year ended 31 December 2024 and up to date of this report are as follows:

Executive Directors

Mr. Zheng Yaonan
Mr. Zhang Shengfeng
Ms. Wu Xiaoli
Mr. Xian Shunxiang
Mr. Zhu Hongbo

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

A profile of the existing Directors is shown on pages 16 to 20.

Information relating to emoluments paid to the Directors during the year is set out in Note 10 to the consolidated financial statements.

The emoluments of the executive Directors were determined by the Board on the recommendations of the Remuneration Committee and the fees of the non- executive Directors (whether independent or not) were fixed by the Board under the authorization of the shareholders of the Company and on the recommendations of the Remuneration Committee.

All Directors are subject to retirement by rotation at annual general meeting of the Company in accordance with the Company's memorandum and articles of association. Article 108 of the articles of association of the Company provides that at every annual general meeting, one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. The Directors to retire in every year shall be those who have been longest in office since their last election or appointment and so that as between persons who became or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot. A retiring Director shall be eligible for re-election. In this connection, Ms. Wu Xiaoli, Ms. Kong Xiangying, Dr. Dai Yiyi and Mr. Chen Zhigang will retire by rotation at the 2025 AGM and, among which, Ms. Wu Xiaoli and Dr. Dai Yiyi being eligible, offer themselves for re-election. Ms. Kong Xiangying and Mr. Chen Zhigang shall retire from office with effect from the conclusion of the 2025 AGM, and will not offer themselves for re-election.

DIRECTORS' SERVICE CONTRACTS

None of the Directors who are proposed for re-election at 2025 AGM has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

CHANGES IN INFORMATION OF DIRECTORS AND SENIOR MANAGEMENT

Pursuant to the disclosure requirement under Rule 13.51B(1) of the Listing Rules, the changes in information of Directors are as follows:

Mr. Yau Chi Ming, the independent non-executive Director, resigned as a company secretary of Consun Pharmaceutical Group Limited (stock code: 1681), a company listed on the Stock Exchange, with effect from 22 August 2024.

Dr. Lu Hong Te, the independent non-executive Director of the Company, has been appointed as an independent director of FIT Holding Co., Ltd., the shares of which are traded in Taipei Exchange, with effect from 27 May 2024. He has also been appointed as a director of Liton Technology Corp., the shares of which are traded in Taipei Exchange, with effect from 27 June 2024.

Save as disclosed above, there was no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules as at the date of this annual report.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 December 2024.

PERMITTED INDEMNITY PROVISION

Pursuant to the memorandum and articles of association of the Company and subject to the provisions of the Companies Ordinance (Cap. 622 of the Laws of Hong Kong), every Director and officer of the Company shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they shall or may incur or sustain in or about the execution of their duty in their respective offices, except such as (if any) they incur or sustain through their own fraud or dishonesty. The Company has arranged appropriate Directors' and officers' liability insurance coverage for the Directors and officers of the Company during the year ended 31 December 2024.

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

As at 31 December 2024, the interests and short positions of the Directors and the chief executive of 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 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 as set out in Appendix C3 to 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 owner; interest of spouse; interest of controlled corporation; founder of a discretionary trust who can influence how the trustee exercises his discretion	802,334,201 (L)	35.67% (L)
Ms. Wu Xiaoli[(2)]	Beneficial owner; Interest of spouse; other (beneficiary of a discretionary trust)	802,334,201 (L)	35.67% (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 31 December 2024.

(2) Mr. Zheng Yaonan beneficially owns 47,279,799 shares, and Ms. Wu Xiaoli beneficially owns 4,191,000 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 annual 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 annual report.

(ii) Interest in associated corporations of the Company

As at 31 December 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 31 December 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 31 December 2024, the following shareholders (other than the Directors and chief executives) 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, or were directly or indirectly interested in 5% or more of the nominal value of any class of share capital (excluding treasury shares) carrying rights to vote in all circumstances of general meetings of the Company or were recorded in the register of substantial shareholders required to be kept by the Company pursuant to Section 336 of the SFO or had otherwise notified the Company:

Name	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)

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 31 December 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 31 December 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 was directly or indirectly interested in 5% or more of the nominal value of any class of share capital (excluding treasury shares) carrying rights to vote in all circumstances of general meetings of the Company or which were recorded in the register required to be kept by the Company under Section 336 of the SFO or had otherwise notified the Company.

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 to grant share options to the eligible participants as incentives or rewards for their contribution or potential contribution to 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 year ended 31 December 2024 nor was there any option outstanding at the beginning or at the end of the year ended 31 December 2024.

The principal terms of the New Scheme are summarized as follows:

(a) Purpose

The purpose of the New Scheme is to provide incentives or rewards to any eligible participants, including director and employee of the Group (the "Employee Participants"), related entity participants, including directors and employees of the holding companies (the "Related Entity Participants"), fellow subsidiaries or associated companies of the Company, and service providers, including person(s) who provide services to the Group on a continuing and recurring basis in its ordinary and usual course of business which are in the interests of the long-term growth of the Group (the "Service Providers", together with the Employee Participants and the Related Entity Participants, the "Eligible Participants"), who in the sole discretion of the Board for their contribution or potential contribution to the development and growth of the Group.

(b) Participants

The Board shall be entitled at any time within the period of 10 years after the adoption date to grant options (the "Share Option(s)") to any of the Eligible Participants, who in the Board's opinion, has contributed or will contribute to the Group, to subscribe for such number of shares of the Company (the "Share(s)") as the Board may determine at the exercise price in accordance with the terms of the New Scheme.

(c) Maximum entitlement of each participants

The maximum number of Shares issued and which may fall to be issued upon exercise of the Share Options and Awards (as defined in this report below) granted and to be granted to any participant under the New Scheme, Share Award Scheme (as defined in this report below) and the share options and share awards granted under any other share schemes of the Company (including both exercised or outstanding share options) to each Grantee in any 12-month period shall not exceed 1% of the total number of Shares in issue. If any further grant of share options or share awards to a participant would result in the Shares issued and to be issued upon exercise of all share options or share awards granted and proposed to be granted to such person (including exercised, cancelled and outstanding options but excluding any share options and share awards lapsed in accordance with the terms of the relevant share scheme) under the New Scheme, Share Award Scheme (as defined in this report below) and any other share schemes of the Company in the 12 month period up to and including the date of such further grant representing in aggregate over 1% of the shares in issue, such further grant, among other things, must be separately approved by shareholders in general meeting with such participant and his/her close associates abstaining from voting.

(d) Acceptance of an offer of options

An offer of the grant of Share Option(s) under the New Scheme shall remain open for a period of 28 days from the date on which such offer is made to a participant, provided that no such offer shall be open for acceptance after the tenth anniversary of the adoption date of the New Scheme or after the termination of the New Scheme. Participants are required to pay HK$1.00 as consideration for the acceptance of the grant.

(e) Exercise period

The period during which the Share Options granted can be exercised is to be determined and notified by the Directors to the grantee provided that such period shall not be more than ten years from the date of offer of such Share Options.

(f) Performance target, clawback mechanism and minimum holding period

Subject to such terms and conditions as the Board may determine, there is no minimum period for which a Share Option must be held before it can be exercised and no performance targets need to be achieved by the grantees before exercising the Share Options under the New Scheme. There is also no clawback mechanism prescribed under the New Scheme to recover or withhold any remuneration (which may include Share Options granted to any Grantee) from any Eligible Participants in the event of serious misconduct, a material misstatement in the Company's financial statements or other circumstances.

While the performance targets, if any, will be imposed on a case-by-case basis to ensure the Share Options vested would be beneficial to the Group, general factors to be taken into account include but not limited to (i) annual results and performance of the Group; (ii) key performance indicators of respective department(s) and/or business unit(s) that the grantee belongs; and (iii) individual position, annual appraisal result and other factors relevant to the grantee.

(g) Vesting period

The vesting period of Share Options granted under the New Scheme shall be determined by the Board subject to a minimum period of no less than 12 months.

(h) Basis of determining the exercise price

The exercise price shall be a price determined by the Board at the time of grant of the relevant Share Options and shall be at least the higher of:

(i) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheets on the date of grant of the Share Options, which must be a business day;

(ii) the average of the closing price of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and

(iii) the nominal value of the Shares on the date of grant.

(i) Duration

The New Scheme shall be valid and effective for a period of ten years commencing on the adoption date, i.e. 2 June 2023.

As at the date of this annual report, the remaining life of the New Scheme is approximately eight years.

During the year ended 31 December 2024, no Share Options was granted, exercised, expired, cancelled or lapsed and there was no outstanding Share Options under the New Scheme.

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 principal terms of the Share Award Scheme are summarized as follows:

(a) Purpose

The purpose and objectives of the Share Award Scheme are to enable the Board to grant awarded Shares ("Awards") to the Eligible Participants as incentives or rewards for their contribution or potential 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.

(b) Participants

The Board shall be entitled at any time within the period of 10 years after the adoption date to (i) grant such number of awarded Shares to any of the Eligible Participants, who in the Board's opinion, has contributed or will contribute to the Group (the "Selected Participants"), or his nominee at no consideration and in such number and on and subject to such terms and conditions as it may in its absolute discretion determine; or (ii) grant such number of Awarded Shares to the trustee of any trust (including fixed or discretionary in nature) the beneficiaries of which include any one or more Eligible Participants and such grant shall be treated as being made to a Selected Participant.

(c) Maximum entitlement of each participant

The maximum number of Shares issued and which may fall to be issued upon exercise of the Share Options and Awards granted and to be granted to any participant under the New Scheme, Share Award Scheme and the share options and share awards granted under any other share schemes of the Company (including both exercised or outstanding share options) to each Grantee in any 12-month period shall not exceed 1% of the total number of Shares in issue. If any further grant of share options or share awards to a participant would result in the Shares issued and to be issued upon exercise of all share options or share awards granted and proposed to be granted to such person (including exercised, cancelled and outstanding options but excluding any share options and share awards lapsed in accordance with the terms of the relevant share scheme) under the New Scheme, Share Award Scheme and any other share schemes of the Company in the 12 month period up to and including the date of such further grant representing in aggregate over 1% of the shares in issue, such further grant, among other things, must be separately approved by shareholders in general meeting with such participant and his/her close associates abstaining from voting.

(d) Payment on acceptance of an Award

Upon receipt of the grant notice, the Selected Participant shall confirm acceptance of the Awarded Shares being granted to him by signing and returning to the Company the acceptance form attached to such grant notice within ten business days after the date of the grant notice. Selected Participants are not required to pay the Company upon acceptance of the Award.

(e) Performance target, clawback mechanism and minimum holding period

Subject to such terms and conditions as the Board may in its absolute discretion determine, there is no performance target needed to be achieved by the Selected Participant before the Awards can be granted. There is also no clawback mechanism prescribed under the Share Award Scheme to recover or withhold any remuneration (which may include Share Options granted to any Grantee) from any Eligible Participants in the event of serious misconduct, a material misstatement in the Company's financial statements or other circumstances.

While the performance targets, if any, will be imposed on a case-by-case basis to ensure the Awards vested would be beneficial to the Group, general factors to be taken into account include but not limited to (i) annual results and performance of the Group; (ii) key performance indicators of respective department(s) and/or business unit(s) that the grantee belongs; and (iii) individual position, annual appraisal result and other factors relevant to the grantee.

(f) Vesting period

The vesting period of the new Shares granted under the Share Award Scheme shall be determined by the Board subject to a minimum period of no less than 12 months.

(g) Purchase price

Not applicable as there is no purchase price under the Share Award Scheme.

(h) Duration

The Share Award Scheme shall be valid and effective for a period of ten years commencing on the adoption date, i.e. 28 June 2019.

As at the date of this annual report, the remaining life of the Share Award Scheme is approximately four years.

The Cosmo Lady Employee Benefit Trust was established to manage the trust property of the Share Award Scheme. As at 31 December 2024, a total of 70,102,737 shares of the Company were held by the trustee.

Details of movements of the awarded Shares under the Share Awards Scheme during the year ended 31 December 2024 are as follows:

Grantees	Date of grant	Purchase price	Closing price immediately prior to the grant (HK$/Share)	Fair value as of date of grant of the Awards granted (HK$/Share)	Weighted average closing price immediately before the vesting date of Awards during the year ended 31 December 2024 (HK$/Share)	Number of awarded Shares: Unvested as at 1 January 2024	Granted *(Note 2)*	Vested	Cancelled	Forfeited/ lapsed	Unvested as at 31 December 2024	Vesting Period
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
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
Total						42,113,900	23,000,000	(4,985,597)	–	(5,082,051)	55,046,252	

Notes:

1. For the accounting standard and policy adopted for calculating the fair value of the Awards on the date of grant, please refer to note 29 to the consolidated financial statements in this annual report.

2. 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.

The awarded Shares vested under the Share Award Scheme during the year ended 31 December 2024 were funded by existing shares of the Company out of the Cosmo Lady Employee Benefit Trust. Accordingly, the number of Shares that may be issued by the Company for satisfying the Awards granted during the year ended 31 December 2024 under the Share Award Scheme was nil Shares, representing approximately nil of the issued share capital of the Company as at 31 December 2024. Save as disclosed above, no other awarded Shares have been granted, vested, cancelled or forfeited under the Share Award Scheme during year ended 31 December 2024.

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

As at 31 December 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 report (excluding treasury shares). Accordingly, the number of Share Options and/or Awards available for grant under the scheme mandate limit of the New Scheme and Share Award Scheme at the beginning and the end of the year ended 31 December 2024 were 224,945,721 Shares in aggregate, respectively.

As at 31 December 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 report (excluding treasury shares). 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 31 December 2024 were 44,989,144 Shares in aggregate, respectively.

The grant of awards under the Share Award Scheme during the year ended 31 December 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 year ended 31 December 2024 divided by the weighted average number of the shares in issue (excluding treasury shares) for the year ended 31 December 2024 is nil.

EQUITY-LINKED AGREEMENTS

Save as disclosed in this report, no equity-linked agreements were entered into by the Company during the year ended 31 December 2024 or subsisted at the end of 31 December 2024.

DEED OF NON-COMPETITION

Pursuant to a deed of non-competition dated 9 June 2014 (the "Deed of Non-competition") entered into among Mr. Zheng Yaonan and Harmonious Composition Investment Holdings Limited (collectively, the "Controlling Shareholders") and the Company, the Controlling Shareholders have given certain non-competition undertakings in favor of the Company. Please refer to the Prospectus of the Company for details of the terms of the Deed of Non-competition.

The independent non-executive Directors have reviewed matters relating to the compliance with the Deed of Non-competition in 2024.

The Controlling Shareholders have provided the Company with an annual confirmation of compliance with the provisions of the Deed of Non-competition for the year ended 31 December 2024.

During the year of 2024, the Controlling Shareholders provided the Company with all information necessary for the enforcement of the Company's rights under the Deed of Non-competition, all information reasonably requested by the Company from time to time relating to the Excluded Businesses (as defined in the Deed of Non-competition) and such other business opportunities or activities related to any business of the Group as the Company reasonably believed was available to them or that they may be planning to participate in, as well as access to appropriate staff members of theirs to discuss and obtain such information, in order to enable the Company to consider whether to exercise any of its rights under the Deed of Non-competition.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at 31 December 2024, in so far as the Directors were aware of, none of the Directors or their respective associates had any interestin any business, apart from the Group's businesses, which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

Save as disclosed in Note 37 to the consolidated financial statements in this report, there had been no other transactions, arrangements or contracts of significance to the business of the Group to which the Company or any of its subsidiaries was a party and in which a Director or an entity connected with the Director (within the meaning of Section 486 of the Companies Ordinance) had a material interest, whether directly or indirectly, were entered into during the year ended 31 December 2024 or subsisted at the end of the year or at any time during the year.

TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's securities.

MANAGEMENT CONTRACTS

During the year ended 31 December 2024, the Company did not enter into any contract, other than the contracts of service with the Directors or any person engaged in the full-time employment of the Company, whereby any individual, firm or body corporate undertakes the management and administration of the whole, or any substantial part of any business of the Company.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Neither the Company nor any of its subsidiaries was a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debenture of, the Company or any other body corporate during the year ended 31 December 2024.

CONTINUING CONNECTED TRANSACTIONS

During the year ended 31 December 2024, the Group entered into the following agreement(s) which constitutes continuing connected transaction(s) subject to the reporting, announcement and annual review requirements but exempt from the independent shareholders' approval requirement, certain details of which are disclosed in compliance with the requirements of Chapter 14A of the Listing Rules:

Framework purchase agreement with Shantou Shengqiang ("New Shantou Shengqiang Agreement")

Date	:	19 December 2022
Parties	:	The Company (as the purchaser); and Shantou City Shengqiang Knitting Industrial Co., Ltd. ("Shantou Shengqiang") (as the supplier)
Transaction nature and purpose	:	Pursuant to the Shantou Shengqiang Agreement, the Company will purchase intimate wear products from Shantou Shengqiang, as an OEM supplier, and sell such products under the Group's brand.
Term	:	1 January 2023 and will end on 31 December 2025

Annual caps	:	The maximum aggregate annual procurement amount from Shantou Shengqiang for the years ending 31 December 2023, 2024 and 2025 respectively shall not exceed the caps set out below:

	FY2023	FY2024 *(RMB'000)*	FY2025
Total procurement amount	16,000	16,000	16,000

Pricing policy	:	Under the New Shantou Shengqiang Agreement, the purchase prices shall be determined on a cost-plus basis, with a mark-up rate of no more than 9%. The purchase prices shall not be higher than the prices at which the Company purchases similar products from independent third-party OEM suppliers.

Framework purchase agreement with Shantou Maosheng ("Shantou Maosheng Agreement")

Date	:	19 December 2022
Parties	:	The Company (as the purchaser); and Shantou City Maosheng Knitting Underwear Co., Ltd. ("Shantou Maosheng") (as the supplier)
Transaction nature and purpose	:	Pursuant to the Shantou Maosheng Agreement, the Company will purchase intimate wear products from Shantou Maosheng, as an OEM supplier, and sell such products under the Group's brand.
Term	:	1 January 2023 and will end on 31 December 2025
Annual caps	:	The maximum aggregate annual procurement amount from Shantou Maosheng for the years ending 31 December 2023, 2024 and 2025 respectively shall not exceed the caps set out below:

	FY2023	FY2024 *(RMB'000)*	FY2025
Total procurement amount	5,000	5,000	5,000

Pricing policy	:	Under the Shantou Maosheng Agreement, the purchase prices shall be determined on a cost-plus basis, with a mark-up rate of no more than 9%. The purchase prices shall not be higher than the prices at which the Company purchases similar products from independent third-party OEM suppliers.

Mr. Cai Shaoqiang (a brother of the spouse of Mr. Zhang Shengfeng, an executive Director), together with his wife, in aggregate, own the entire equity interest in Shantou Shengqiang and hence Shantou Shengqiang is an associate (as defined under Chapter 14A of the Listing Rules) of Mr. Zhang Shengfeng and a connected person of the Group; Mr. Lin Zonglie and Ms. Lin Fengqing, a brother and sister of Mr. Lin Zonghong, a non-executive Director, in aggregate, own the entire equity interest in Shantou Maosheng, and hence Shantou Maosheng is an associate (as defined under Chapter 14A of the Listing Rules) of Mr. Lin Zonghong and a connected person of the Group. Further details of the transactions contemplated under the New Shantou Shengqiang Agreement and Shantou Maosheng Agreement are disclosed in the Company's announcement dated 19 December 2022.

REVIEW OF THE CONTINUING CONNECTED TRANSACTIONS

During the year ended 31 December 2024, the Group has carried out the following continuing connected transactions with Shantou Shengqiang and Shantou Maosheng:

	Notes	Amount *RMB'000*
Purchase of goods		
– Shantou Shengqiang	*(i)*	14,200
– Shantou Maosheng	*(ii)*	3,579

Notes:

(i) On 19 December 2022, the Company entered into a framework purchase agreement with Shantou Shengqiang to govern the principal terms of purchase intimate wear products from Shantou Shengqiang for a period commencing from 1 January 2023 to 31 December 2025. The annual cap of the transactions for the year ended 31 December 2024 is RMB16,000,000.

(ii) On 19 December 2022, the Company entered into a framework purchase agreement with Shantou Maosheng to govern the principal terms of purchase intimate wear products from Shantou Maosheng for a period commencing from 1 January 2023 to 31 December 2025. The annual cap of the transactions for the year ended 31 December 2024 is RMB5,000,000.

The Company confirms that it had followed its pricing policies respectively set out above when determining the prices and terms of the continuing connected transactions conducted during the year ended 31 December 2024. The independent non-executive Directors have reviewed the continuing connected transactions of the Company and confirmed that such transactions have been entered into:

a. in the ordinary and usual course of business of the Group;

b. on normal commercial terms or better; and

c. in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the shareholders as a whole.

Pursuant to Rule 14A.56 of the Listing Rules, the Company's auditor was engaged to perform certain procedures in respect of the continuing connected transactions of the Company in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter containing its findings and conclusions in respect of the continuing connected transactions.

The auditor has concluded in its unqualified letter that with regard to the continuing connected transactions in connection with New Shantou Shengqiang Agreement and Shantou Maosheng Agreement for the year ended 31 December 2024 that:

(i) nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions have not been approved by the Company's board of directors;

(ii) nothing has come to our attention that causes them to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and

(iii) with respect to the aggregate amount of each of the disclosed continuing connected transactions, nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions have exceeded the annual caps as set by the Company.

RELATED PARTY TRANSACTIONS

Save for the transactions disclosed in the above section headed "Continuing Connected Transactions" and this section, none of the related party transactions as disclosed under Note 37 to the consolidated financial statements constitutes connected transaction or continuing connected transaction that is subject to, among other things, reporting, announcement or independent shareholders' approval requirements under Chapter 14A of the Listing Rules. To the extent that the Group's related party transactions constituted connected transactions or continuing connected transactions as defined in the Listing Rules, the Company had complied with the relevant requirements under Chapter 14A of the Listing Rules during the year ended 31 December 2024.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group commits to comply with the relevant laws and regulations including, inter alia, the Companies Ordinance, the Cayman Companies Act, the Listing Rules, and other applicable local laws and regulations in various jurisdictions in which it operates. During the year ended 31 December 2024 and up to the date of this report, the Group was not aware of any non-compliance with any relevant laws and regulations that had a significant impact on its business and operation.

RETIREMENT BENEFIT SCHEMES

The Group participated in various retirement benefit schemes in accordance with relevant rules and regulations in the PRC and Hong Kong. The Group maintains social insurance for its employees pursuant to the applicable PRC laws and regulations by making contributions to the mandatory social insurance and housing provident funds which provide basic retirement, work-related injury and maternity benefits. The Group also operates a mandatory provident fund scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance for all qualifying employees in Hong Kong. During the year ended 31 December 2024, contributions made from the Group to the pension schemes were recognized as expenses when incurred, there were no forfeited contributions by the Group's employees under the Group's contribution pension scheme, and there were no forfeited contributions that may be used by the Group as employers to reduce the existing level of contributions.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, during the year ended 31 December 2024 and up to the date of this report, there has been sufficient public float of more than 25% of the Company's issued shares as required under the Listing Rules.

AUDITOR

Reference is made to the announcement of the Company dated 21 May 2024, in which the Board announced that PricewaterhouseCoopers ("PwC") will retire as auditor of the Company upon expiration of its then term of office at the conclusion of the annual general meeting of the Company held on 28 June 2024 (the "2024 AGM"), and would not be reappointed as the auditor of the Company at the 2024 AGM. A resolution was approved by the shareholders at the annual general meeting of the Company held on 28 June 2024, under which EY was appointed as the auditor of the Company and to hold office until the conclusion of the next annual general meeting of the Company to fill the vacancy following the retirement of PwC.

The consolidated financial statements for the year ended 31 December 2024 have been audited by EY, who, being eligible, shall retire as auditor of the Company and offer themselves for re-appointment at the upcoming 2025 AGM. A resolution to re-appoint EY as the auditor of the Company and to authorise the Directors to fix its remuneration will be proposed to the shareholders for approval at the forthcoming 2025 AGM.

Save as disclosed above, there had been no other changes in auditor in any of the preceding three years.

On behalf of the Board
Zheng Yaonan
Chairman

Hong Kong, 28 March 2025

INDEPENDENT AUDITOR'S REPORT

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To the shareholders of Cosmo Lady (China) Holdings Company Limited
(Incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of Cosmo Lady (China) Holdings Company Limited (the "Company") and its subsidiaries (the "Group"), set out on pages 87 to 167, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (the "IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key Audit Matter	How our audit addressed the Key Audit Matter
Provision for inventories	
As at 31 December 2024, the Group's inventories were carried at approximately RMB673 million which has been stated at the lower of cost and net realisable value. During the year, a provision of approximately RMB13 million was recognised in profit or loss against the inventories. The consumption and pricing strategies of inventories are subject to changing consumer demands and market trends which increased the level of judgement involved in estimating the inventory provision. Significant management judgement was required to assess and estimate the appropriate level of provision for items which might be ultimately obsolete or sold below their cost as a result of a reduction in customers' demand. Relevant disclosures about the significant accounting judgement and estimates, the provision for inventories and the balance of inventories are included in notes 3, 8 and 23 to the consolidated financial statements, respectively.	We obtained an understanding of the inventory provision policy adopted by the Group's management. We also evaluated whether the inventory provision was made in accordance with the policy. We examined management's estimation regarding the obsolescence percentage applied based on past experience, subsequent sales and market-specific considerations. We tested the underlying data used by management to calculate the inventory obsolescence provision by reviewing the inventory ageing analysis and checking the subsequent sales on a sample basis. We tested the resultant calculation by assessing the calculation criteria and recalculating the provision for the inventories based on those criteria. We also assessed management's calculation of net realisable value by checking to the latest or subsequent selling prices.

Key audit matters (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Recoverability of trade receivables	
As at 31 December 2024, the carrying amount of trade receivables before loss allowance for impairment amounted to approximately RMB401 million and the loss allowance for impairment of trade receivables amounted to approximately RMB16 million. During the year, management used a provision matrix to calculate the expected credit losses for trade receivables. The matrix was initially based on the Group's historical default rates, and specific factors that management considered in the estimation of the rates including the type of customers, ageing of the balances and recent historical payment patterns. Management then calibrated the matrix to adjust the historical credit loss experience with forward-looking information, such as forecasted economic conditions. Recoverability assessment of trade receivables is identified as a key audit matter because of significant management's judgement and the materiality of the amounts involved. Relevant disclosures about the significant accounting judgement and estimates and the provision for impairment of trade receivables are included in notes 3, 25 and 39(a)(iv) to the consolidated financial statements, respectively.	We tested the controls over the Group's collection procedures and the Group's estimation of expected credit losses. We evaluated the appropriateness of the allowance of doubtful debts recognised by test checking the historical cash collection trend, subsequent settlements, ageing analysis of the trade receivables and considered whether the historical loss rates were appropriately adjusted based on the current local economic environment and forward-looking information by evaluating the correlation of market information used. We also considered the adequacy of the Group's disclosure about the degree of estimation involved in arriving at the allowance amount.

Other information included in the Annual Report

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated financial statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

Auditor's responsibilities for the audit of the consolidated financial statements (Continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Mr. CHUNG Ho Ling.

Ernst & Young
Certified Public Accountants
Hong Kong
28 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December	
		2024	2023
	Notes	***RMB'000***	*RMB'000*
Revenue	*5*	**3,010,130**	2,757,081
Cost of sales		**(1,634,463)**	(1,448,422)
Gross profit		**1,375,667**	1,308,659
Selling and marketing expenses		**(1,019,925)**	(1,103,187)
General and administrative expenses		**(184,383)**	(194,961)
Net (impairment losses)/reversal of impairment losses on financial assets	*11*	**(8,688)**	31,317
Other income	*6*	**25,502**	25,634
Other gains/(losses) – net	*7*	**793**	(857)
Operating profit		**188,966**	66,605
Finance income	*12*	**7,378**	7,618
Finance expenses	*12*	**(27,218)**	(30,194)
Finance expenses – net	*12*	**(19,840)**	(22,576)
Share of profit/(loss) of joint ventures – net		**(823)**	3,973
PROFIT BEFORE INCOME TAX	*8*	**168,303**	48,002
Income tax expense	*13*	**(52,946)**	(7,316)
PROFIT FOR THE YEAR		**115,357**	40,686
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR			
Item that may be reclassified subsequently to profit or loss			
– Exchange differences		**1,856**	2,618
Item that will not be reclassified to profit or loss			
– Changes in the fair value of equity investments at fair value through other comprehensive income		**(3,450)**	(8,803)
Total comprehensive income for the year		**113,763**	34,501
Profit/(loss) attributable to:			
Owners of the Company		**126,157**	42,483
Non-controlling interests		**(10,800)**	(1,797)
		115,357	40,686

Consolidated Statement of Profit or Loss and Other Comprehensive Income

		Year ended 31 December	
		2024	2023
	Notes	***RMB'000***	*RMB'000*
Total comprehensive income/(loss) for the year attributable to:			
Owners of the Company		**124,563**	36,298
Non-controlling interests		**(10,800)**	(1,797)
		113,763	34,501
		RMB cents	*RMB cents*
Earnings per share for profit attributable to the ordinary equity holders of the Company:			
Basic earnings per share	*14*	**5.8**	1.9
Diluted earnings per share	*14*	**5.7**	1.9

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 31 December 2024 RMB'000	2023 RMB'000
Assets			
NON-CURRENT ASSETS			
Property, plant and equipment	16	**765,361**	994,638
Right-of-use assets	17	**310,891**	389,161
Intangible assets	18	**27,742**	27,750
Investments in joint ventures	19	**72,782**	85,622
Financial assets at fair value through other comprehensive income	20	**18,197**	24,761
Deposits, prepayments and other receivables	21	**23,832**	21,109
Deferred income tax assets	22	**113,292**	125,969
		1,332,097	1,669,010
CURRENT ASSETS			
Inventories	23	**672,698**	616,454
Completed properties held for sale	24	**130,716**	–
Trade and notes receivables	25	**385,245**	320,681
Deposits, prepayments and other receivables	21	**554,181**	527,439
Restricted bank deposits	26	**84,107**	175,776
Cash and cash equivalents	26	**537,764**	506,157
		2,364,711	2,146,507
Total assets		**3,696,808**	3,815,517
Equity			
Capital and reserves attributable to owners of the Company			
Share capital	27	**140,312**	140,312
Share premium		**1,633,846**	1,656,669
Shares held for share award scheme	27	**(59,550)**	(64,480)
Other reserves	28	**426,211**	430,298
Accumulated losses		**(107,829)**	(233,730)
		2,032,990	1,929,069
Non-controlling interests		**(11,627)**	(630)
Total equity		**2,021,363**	1,928,439

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 December	
		2024	2023
	Notes	***RMB'000***	*RMB'000*
Liabilities			
CURRENT LIABILITIES			
Trade and notes payables	*30*	**523,473**	751,436
Accruals and other payables	*31*	**449,591**	417,913
Tax payables		**44,636**	14,036
Borrowings	*32*	**304,380**	162,038
Lease liabilities	*17*	**143,193**	135,823
Deferred income	*33*	**113**	231
		1,465,386	1,481,477
NON-CURRENT LIABILITIES			
Borrowings	*32*	**91,250**	230,442
Lease liabilities	*17*	**118,809**	175,046
Deferred income	*33*	**–**	113
		210,059	405,601
Total liabilities		**1,675,445**	1,887,078
Total equity and liabilities		**3,696,808**	3,815,517

Zheng Yaonan
Director

Zhang Shengfeng
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company							
	Share capital *RMB'000* *(Note 27)*	Share Premium *RMB'000*	Shares held for share award scheme *RMB'000* *(Note 27)*	Other reserves *RMB'000* *(Note 28)*	Accumulated losses *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
As at 1 January 2024	140,312	1,656,669	(64,480)	430,298	(233,730)	1,929,069	(630)	1,928,439
Comprehensive income/(loss)								
Profit for the year	–	–	–	–	126,157	126,157	(10,800)	115,357
Other comprehensive income								
Exchange differences	–	–	–	1,856	–	1,856	–	1,856
Changes in the fair value of equity investments at fair value through other comprehensive income	–	–	–	(3,450)	–	(3,450)	–	(3,450)
Total comprehensive income/(loss) for the year	–	–	–	(1,594)	126,157	124,563	(10,800)	113,763
Transactions with owners								
Equity-settled share-based compensation *(note 29)*	–	–	–	2,181	–	2,181	–	2,181
Shares vested for share award scheme	–	–	4,930	(4,930)	–	–	–	–
Dividends paid to non-controlling interests	–	–	–	–	–	–	(197)	(197)
Interim dividend	–	(22,823)	–	–	–	(22,823)	–	(22,823)
Total transactions with owners	–	(22,823)	4,930	(2,749)	–	(20,642)	(197)	(20,839)
Appropriation to statutory reserves	–	–	–	256	(256)	–	–	–
As at 31 December 2024	140,312	1,633,846	(59,550)	426,211	(107,829)	2,032,990	(11,627)	2,021,363

Consolidated Statement of Changes in Equity

	Attributable to owners of the Company							
	Share capital *RMB'000* *(Note 27)*	Share Premium *RMB'000*	Shares held for share award scheme *RMB'000* *(Note 27)*	Other reserves *RMB'000* *(Note 28)*	Accumulated losses *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
As at 1 January 2023	140,312	1,656,669	(64,139)	442,528	(273,012)	1,902,358	9,817	1,912,175
Comprehensive income/(loss)								
Profit for the year	–	–	–	–	42,483	42,483	(1,797)	40,686
Other comprehensive income/(loss)								
Exchange differences	–	–	–	2,618	–	2,618	–	2,618
Changes in the fair value of equity investments at fair value through other comprehensive income	–	–	–	(8,803)	–	(8,803)	–	(8,803)
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/(loss) for the year	–	–	–	(2,404)	38,702	36,298	(1,797)	34,501
Transactions with owners								
Transactions with non-controlling interests	–	–	–	980	–	980	(5,480)	(4,500)
Equity-settled share-based compensation *(note 29)*	–	–	–	(1,272)	–	(1,272)	–	(1,272)
Shares vested for share award scheme	–	–	8,480	(8,480)	–	–	–	–
Shares purchased for share award scheme	–	–	(8,821)	–	–	(8,821)	–	(8,821)
Liquidation of subsidiary	–	–	–	–	701	701	(1,370)	(669)
Disposal of a subsidiary	–	–	–	(1,175)	–	(1,175)	–	(1,175)
Dividend paid to non-controlling interests	–	–	–	–	–	–	(1,800)	(1,800)
Total transactions with owners	–	–	(341)	(9,947)	701	(9,587)	(8,650)	(18,237)
Appropriation to statutory reserves	–	–	–	121	(121)	–	–	–
As at 31 December 2023	140,312	1,656,669	(64,480)	430,298	(233,730)	1,929,069	(630)	1,928,439

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Year ended 31 December 2024 RMB'000	2023 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	34(a)	**333,538**	363,042
Tax paid		**(9,669)**	(122)
Net cash generated from operating activities		**323,869**	362,920
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		**11,591**	1,489
Refundable deposits received from the prospective purchasers or lessees of property, plant and equipment		**–**	102,853
Interest received		**7,378**	7,618
Investment income from financial assets at fair value through profit or loss		**3,723**	1,453
Dividends from financial assets at fair value through other comprehensive income		**1,999**	81
Proceeds from disposal of financial assets at fair value through other comprehensive income		**–**	3,011
Purchases of property, plant and equipment		**(79,998)**	(336,389)
Purchases of intangible assets		**(6,902)**	(8,926)
Advance to a joint venture		**–**	(2)
Proceeds from divestment of a joint venture		**1,952**	3,555
Capital contribution to a joint venture		**–**	(600)
Return of capital from a joint venture		**10,065**	–
Net cash received from disposal of subsidiaries		**–**	115
Net cash used in investing activities		**(50,192)**	(225,742)
CASH FLOWS FROM FINANCING ACTIVITIES			
Transactions with non-controlling interests		**–**	(1,250)
Dividends paid to non-controlling interests in subsidiaries		**(197)**	(1,800)
Purchase of the Company's shares for share award scheme		**–**	(8,821)
Proceeds from bank borrowings		**275,000**	279,210
Repayments of bank borrowings		**(271,850)**	(218,232)
Interest paid		**(27,218)**	(36,960)
Principal elements of lease payments		**(196,564)**	(196,150)
Dividend paid		**(22,823)**	–
Net cash used in financing activities		**(243,652)**	(184,003)
Net increase/(decrease) in cash and cash equivalents		**30,025**	(46,825)
Cash and cash equivalents at beginning of the year	26	**506,157**	554,083
Effect of foreign exchange rate changes		**1,582**	(1,101)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	26	**537,764**	506,157

Consolidated Statement of Cash Flows

		Year ended 31 December	
		2024	2023
	Notes	***RMB'000***	*RMB'000*
Analysis of balances of cash and cash equivalents			
Cash and bank balances		**530,564**	460,197
Non-pledged time deposits with original maturity of less than three months when acquired		**7,200**	45,960
Cash and cash equivalents as stated in the consolidated statement of financial position	*26*	**537,764**	506,157

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 Company and its subsidiaries (the "Group") are 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 year, 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.

2 Accounting policies

2.1 Basis of preparation

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (the "IASB") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for financial assets at fair value through other comprehensive income, which have been measured at fair value. The consolidated financial statements are presented in Renminbi ("RMB"), and all values are rounded to the nearest thousand ("RMB'000") except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2024. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

2 Accounting policies (Continued)

2.1 Basis of preparation (Continued)

Basis of consolidation (Continued)

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 Changes in accounting policies and disclosures

The Group has adopted the following amended IFRS Accounting Standards for the first time for the current year's financial statements.

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

The nature and impact of the amended IFRS Accounting Standards 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.

2 Accounting policies (Continued)

2.2 Changes in accounting policies and disclosures (Continued)

(b) (Continued)

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. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the Group's financial statements.

2.3 Issued but not yet effective IFRS Accounting Standards

The Group has not applied the following new and amended IFRS Accounting Standards that have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and amended IFRS Accounting Standards, if applicable, when they become effective.

IFRS 18	*Presentation and Disclosure in Financial Statements*[3]
IFRS 19	*Subsidiaries without Public Accountability: Disclosures*[3]
Amendments to IFRS 9 and IFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[2]
Amendments to IFRS 9 and IFRS 7	*Contracts Referencing Nature-dependent Electricity*[2]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
Amendments to IAS 21	*Lack of Exchangeability*[1]
Annual Improvements to IFRS Accounting Standards – Volume 11	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7[2]

1 Effective for annual periods beginning on or after 1 January 2025

2 Effective for annual periods beginning on or after 1 January 2026

3 Effective for annual/reporting periods beginning on or after 1 January 2027

4 No mandatory effective date yet determined but available for adoption

Further information about those IFRS Accounting Standards that are expected to be applicable to the Group is described below.

IFRS 18 replaces IAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from IAS 1 with limited changes, IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in IAS 1 are moved to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as IAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of IFRS 18, limited, but widely applicable, amendments are made to IAS 7 *Statement of Cash Flows*, IAS 33 *Earnings per Share* and IAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other IFRS Accounting Standards. IFRS 18 and the consequential amendments to other IFRSs are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of IFRS 18 on the presentation and disclosure of the Group's financial statements.

2 Accounting policies (Continued)

2.3 Issued but not yet effective IFRS Accounting Standards (Continued)

IFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS Accounting Standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10 *Consolidated Financial Statements*, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with IFRS Accounting Standards. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply IFRS 19.

Amendments to IFRS 9 and IFRS 7 *Amendments to the Classification and Measurement of Financial Instruments* clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IFRS 9 and IFRS 7 *Contracts Referencing Nature-dependent Electricity* clarify the application of the "own-use" requirements for in-scope contracts and amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts. The amendments also include additional disclosures that enable users of financial statements to understand the effects these contracts have on an entity's financial performance and future cash flows. The amendments relating to the own-use exception shall be applied retrospectively. Prior periods are not required to be restated and can only be restated without the use of hindsight. The amendments relating to the hedge accounting shall be applied prospectively to new hedging relationships designated on or after the date of initial application. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 *Investments in Associates and Joint Ventures* in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed by the IASB. However, the amendments are available for adoption now.

Amendments to IAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The amendments are not expected to have any significant impact on the Group's financial statements.

2 Accounting policies (Continued)

2.3 Issued but not yet effective IFRS Accounting Standards (Continued)

Annual Improvements to IFRS Accounting Standards – Volume 11 set out amendments to IFRS 1, IFRS 7 (and the accompanying *Guidance on implementing IFRS 7*), IFRS 9, IFRS 10 and IAS 7. Details of the amendments that are expected to be applicable to the Group are as follows:

- IFRS 7 *Financial Instruments: Disclosures*: The amendments have updated certain wording in paragraph B38 of IFRS 7 and paragraphs IG1, IG14 and IG20B of the Guidance on implementing *IFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the *Guidance on implementing IFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- IFRS 9 *Financial Instruments*: The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply paragraph 3.3.3 of IFRS 9 and recognise any resulting gain or loss in profit or loss. In addition, the amendments have updated certain wording in paragraph 5.1.3 of IFRS 9 and Appendix A of IFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- IFRS 10 *Consolidated Financial Statements*: The amendments clarify that the relationship described in paragraph B74 of IFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of IFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- IAS 7 *Statement of Cash Flows*: The amendments replace the term "cost method" with "at cost" in paragraph 37 of IAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

2.4 Material accounting policies

Investments in joint ventures

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

2 Accounting policies (Continued)

2.4 Material accounting policies (Continued)

Investments in joint ventures (Continued)

The Group's share of the post-acquisition results and other comprehensive income of joint ventures is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its joint ventures are eliminated to the extent of the Group's investments in the joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of joint ventures is included as part of the Group's investments in joint ventures.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Fair value measurement

The Group measures its financial assets at fair value through other comprehensive income at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

2 Accounting policies (Continued)

2.4 Material accounting policies (Continued)

Fair value measurement (Continued)

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

2 Accounting policies (Continued)

2.4 Material accounting policies (Continued)

Related parties (Continued)

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Owned assets	
Buildings	20–40 years
Leasehold improvements	Shorter of remaining lease terms or useful life of 2–5 years
Machinery and equipment	5–10 years
Furniture, fittings and equipment	3–5 years
Vehicles	5–10 years

2 Accounting policies (Continued)

2.4 Material accounting policies (Continued)

Property, plant and equipment and depreciation (Continued)

Right-of-use assets

Land use right	Over the lease terms of 42 years to 50 years
Properties	2 to 5 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Acquired trademarks

Acquired trademarks are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 5 to 10 years.

Computer software

Acquired computer software license is stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 3 to 10 years.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis as detailed in the *Property, plant and equipment and depreciation* policy above. If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

2 Accounting policies (Continued)

2.4 Material accounting policies (Continued)

Leases (Continued)

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases

The Group applies the short-term lease recognition exemption to its short-term leases of office properties and staff quarters (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option).

Lease payments on short-term leases are recognised as an expense on a straight-line basis over the lease term.

Completed properties held for sale

Properties held for sale are stated at the lower of cost and net realisable value. Cost is determined by an apportionment of the total land and building costs attributable to unsold properties. Net realisable value is estimated by the directors based on the prevailing market prices on an individual property basis.

When the right-of-use assets relate to interests in leasehold land held as completed properties held for sale, they are subsequently measured at the lower of cost and net realisable value in accordance with the policy above.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (“FVOCI”), and fair value through profit or loss (“FVPL”).

2 Accounting policies (Continued)

2.4 Material accounting policies (Continued)

Investments and other financial assets (Continued)

Initial recognition and measurement (Continued)

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under HKAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as revenue in profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

2 Accounting policies (Continued)

2.4 Material accounting policies (Continued)

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates, if and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

2 Accounting policies (Continued)

2.4 Material accounting policies (Continued)

Impairment of financial assets (Continued)

General approach (Continued)

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For trade receivables that contain a significant financing component and lease receivables, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss and financial liabilities at amortised cost, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of financial liabilities at amortised cost, net of directly attributable transaction costs.

The Group's financial liabilities include financial liabilities included in accruals and other payables, trade and notes payable and interest-bearing bank borrowings.

2 Accounting policies (Continued)

2.4 Material accounting policies (Continued)

Financial liabilities (Continued)

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (other payables, borrowings and trade and notes payables)

After initial recognition, other payables, interest-bearing borrowings and trade and notes payables are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average method and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

2 Accounting policies (Continued)

2.4 Material accounting policies (Continued)

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less any bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in profit or loss net of any reimbursement.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

2 Accounting policies (Continued)

2.4 Material accounting policies (Continued)

Income tax (Continued)

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of taxable temporary differences associated with investments in subsidiaries and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of deductible temporary differences associated with investments in subsidiaries and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised in profit or loss on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

2 Accounting policies (Continued)

2.4 Material accounting policies (Continued)

Revenue recognition

(a) *Sales of goods – sales to franchisees*

The Group sells intimate wear products in the wholesale market. Sales are recognised when control of the products has transferred, being when the products are delivered to the franchisees, the franchisees have full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the franchisees' acceptance of the products. Delivery occurs when the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the franchisees, and either the franchisees have accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

The goods are sold and the customers have a right to return faulty products in the wholesale market. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated returns at the time of sale. Accumulated experience is used to estimate and provide for the returns, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. A refund liability (included in trade and other payables) is recognised for expected payable to customers in relation to sales made until the end of the reporting period. No element of financing is deemed present as the sales are made with a credit term of 15 to 90 days, which is consistent with market practice. The Group's obligation to provide a refund for faulty products under the standard warranty terms is recognised as a provision.

As receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(b) *Sales of goods – retail sales and e-commerce transaction*

The Group operates a chain of retail stores and uses third party e-commerce platforms selling intimate wear products. Revenue from the sale of goods is recognised when a Group entity sells a product to the customer.

Payment of the transaction price is due immediately when the customer purchases the products and takes delivery in store. It is the Group's policy to sell its products to the end customer which is usually at the time a Group entity has delivered products to the customer, the customer has accepted the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Accumulated experience is used to estimate and provide for such returns at the time of sale.

(c) *Franchise fee*

Revenue from franchise fee is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided (percentage of completion method). Advance payments are normally required before the commencement of the service period.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

Notes to the Consolidated Financial Statements

2 Accounting policies (Continued)

2.4 Material accounting policies (Continued)

Revenue recognition (Continued)

(d) *Logistic warehousing and delivery income*

Revenue from logistic warehousing and delivery services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided (percentage of completion method).

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management. Payment in advance is normally required.

(e) *Sale of properties from industrial projects*

Revenue from the sale of properties is recognised at the point in time when the customer obtains the physical possession or the legal title of the completed property or the completed property is deemed to be accepted by the customer according to the contract and the Group has the present right to payment and the collection of the consideration is probable. Payment in advance is normally required.

(f) *Royalty income*

The Group enters into brand licensing agreements with customers, pursuant to the licensing agreements, the Group grants non-exclusive rights for the customers to manufacture and sell the brand's products on the online platform over the licensing period stipulated in the agreement. The performance obligation is satisfied over time as services are rendered and advance payments are normally required before the commencement of the licensing period. License agreements are for periods of one year. In addition, the Group also earns additional sales-based royalties when cumulative royalties are in excess of the minimum guarantees and these additional royalties are recognised as revenue when the minimum guarantees are exceeded on a cumulative basis.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

2 Accounting policies (Continued)

2.4 Material accounting policies (Continued)

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Share-based payments

The Company operates a number of share aware schemes. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or services conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding awards during the year is reflected as additional share dilution in the computation of loss per share.

2 Accounting policies (Continued)

2.4 Material accounting policies (Continued)

Other employee benefits

Pension schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme, except for the Group's employer voluntary contributions, which are refunded to the Group when the employee leaves employment prior to the contributions vesting fully, in accordance with the rules of the MPF Scheme.

The employees of the Group's subsidiaries which operate in the PRC are required to participate in central pension schemes operated by the local municipal governments. These subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension schemes. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension schemes.

Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements. Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

These financial statements are presented in RMB. The functional currency of the Company is Hong Kong dollars ("HK$") while RMB is used as the presentation currency of the consolidated financial statements of the Company for the purpose of aligning with the functional and presentation currency of most of the subsidiaries within the Group. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period.

2 Accounting policies (Continued)

2.4 Material accounting policies (Continued)

Foreign currencies (Continued)

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain subsidiaries are currencies other than the RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss and other comprehensive income are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular operation is recognised in profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of non-PRC entities are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

3 Significant accounting judgements and estimates

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Net realisable value of inventories

The marketability and consumption of the Group's inventories are subject to changing consumer demands and fashion trends. As a result, it is necessary to consider the recoverability of the cost of inventories and the associated provision required. When calculating the inventory provision, management considers the nature and condition of inventories, as well as applying assumptions around anticipated marketability of finished goods.

Provision for expected credit losses on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by different channels of customers, such as franchisees, E-commerce and retail stores).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 39 to the financial statements, respectively.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets within the scope of IAS 36 *Impairment of Assets*) at the end of each reporting period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

4 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 and 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 year, as mentioned in note 1 to the financial statements, 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 year ended 31 December 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.

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, interest expenses on bank borrowings as well as head office and corporate income and expenses are excluded from such measurement.

No assets and liabilities are included in the measures of the Group's segment reporting that are used by the management for performance assessment and resource allocation. Accordingly, no segment assets and liabilities are presented.

The Group's revenue from external customers was derived solely from its operations in the PRC and the non-current assets of the Group were located in the PRC as at 31 December 2024 and 2023.

None of the revenue derived from any single external customer amounted to 10% or more of the Group's revenue for the year ended 31 December 2024 (2023: None).

4 Segment information (Continued)

Information regarding the reportable segments is presented below.

	Intimate wear products		Industrial projects and logistic		Total	
	2024	2023	**2024**	2023	**2024**	2023
	RMB'000	*RMB'000* (restated)	***RMB'000***	*RMB'000* (restated)	***RMB'000***	*RMB'000* (restated)
Segment revenue						
Revenue from external customers	**2,554,880**	2,642,960	**455,250**	114,121	**3,010,130**	2,757,081
Intersegment sales	**–**	–	**117,149**	120,031	**117,149**	120,031
Total segment revenue	**2,554,880**	2,642,960	**572,399**	234,152	**3,127,279**	2,877,112
Reconciliation:						
Elimination of intersegment sales					**(117,149)**	(120,031)
Total revenue					**3,010,130**	2,757,081
Segment gross profit	**1,209,067**	1,285,315	**166,600**	23,344	**1,375,667**	1,308,659
Segment results before impairment losses on financial assets	**97,649**	55,175	**122,055**	16,265	**219,704**	71,440
Net (impairment losses)/reversal of impairment losses on financial assets	**(8,688)**	31,317	**–**	–	**(8,688)**	31,317
Segment results	**88,961**	86,492	**122,055**	16,265	**211,016**	102,757
Reconciliation:						
Interest income					**7,378**	7,618
Unallocated gains/(loss) – net					**2,900**	5,426
Corporate and other unallocated expenses					**(37,929)**	(49,903)
Interest expenses on bank borrowings					**(15,062)**	(17,896)
Profit before income tax					**168,303**	48,002
Other segment information						
Share of net (profit)/loss of Joint ventures	**823**	(3,973)	**–**	–	**823**	(3,973)
Interest expense on lease liabilities	**11,690**	10,927	**466**	1,371	**12,156**	12,298
Impairment of property, plant and equipment	**–**	749	**–**	–	**–**	749
Impairment of intangible assets	**–**	2,887	**–**	–	**–**	2,887
Impairment of right-of-use assets	**6,752**	8,490	**–**	–	**6,752**	8,490
Depreciation and amortisation	**269,693**	267,498	**14,748**	14,989	**284,441**	282,487
Provision for inventories	**12,671**	47,076	**–**	–	**12,671**	47,076
Investments in joint ventures	**72,782**	85,622	**–**	–	**72,782**	85,622
Capital expenditure*	**80,019**	141,213	**6,881**	366,875	**86,900**	508,088

* Capital expenditure consists of additions to property, plant and equipment and intangible assets.

5 Revenue

	2024 *RMB'000*	2023 *RMB'000*
Retail sales	1,279,128	1,212,137
Sales to franchisees	864,983	906,704
E-commerce	410,769	524,119
Logistic income	132,481	114,121
Sales of properties from industrial projects	322,769	–
	3,010,130	2,757,081

Revenue from contracts with customers

Disaggregated revenue information

For the year ended 31 December 2024

	Intimate wear products *RMB'000*	Industrial projects and logistic *RMB'000*	Total *RMB'000*
Type of goods or services			
Sales of goods	2,495,499	322,769	2,818,268
Services rendered	–	132,481	132,481
Royalty income	59,381	–	59,381
	2,554,880	455,250	3,010,130
Timing of revenue recognition			
Goods transferred at a point in time	2,495,499	322,769	2,818,268
Services transferred over time/revenue recognised over time	59,381	132,481	191,862
	2,554,880	455,250	3,010,130

5 Revenue (Continued)

Revenue from contracts with customers (Continued)

Disaggregated revenue information (Continued)

For the year ended 31 December 2023

	Intimate wear products *RMB'000*	Industrial projects and logistic *RMB'000*	Total *RMB'000*
Type of goods or services			
Sales of goods	2,642,960	–	2,642,960
Services rendered	–	114,121	114,121
	2,642,960	114,121	2,757,081
Timing of revenue recognition			
Goods transferred at a point in time	2,642,960	–	2,642,960
Services transferred over time	–	114,121	114,121
	2,642,960	114,121	2,757,081

The following table shows the amounts of revenue recognised in the current year that were included in the contract liabilities at the beginning of the year.

	2024 ***RMB'000***	2023 *RMB'000*
Revenue recognised for:		
Contract liabilities related to sales to franchisees	**36,856**	51,542
Contract liabilities related to others	**11,600**	794
	48,456	52,336

5 REVENUE (Continued)

Performance obligations

Information about the Group's performance obligations is disclosed in note 2.4.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) are not disclosed in the notes to the financial statements because all the remaining performance obligations in relation to the sale of goods and services rendered are a part of contracts that have an original expected duration of one year or less. The variable consideration is not considered in the amounts of transaction prices allocated to the remaining performance obligations.

6 Other income

An analysis of the Group's other income is as follows:

	2024 **RMB'000**	2023 RMB'000
Government grants *(note)*	**1,507**	3,653
Dividends from financial assets at fair value through other comprehensive income	**1,999**	81
Investment income from financial assets at fair value through profit or loss	**3,723**	1,453
Others	**18,273**	20,447
	25,502	25,634

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

7 Other gains/(losses) – net

An analysis of the Group's other gains/(losses) – net is as follows:

	2024 **RMB'000**	2023 RMB'000
Net foreign exchange losses	**(274)**	(2,021)
Gain on disposal of a subsidiary	**–**	742
Gains on disposal of property, plant and equipment – net	**1,067**	444
Loss on disposal of intangible assets	**–**	(22)
	793	(857)

8 Profit before income tax

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

	2024	2023
	RMB'000	*RMB'000*
Costs of inventories sold	**1,319,731**	1,333,900
Cost of services rendered	**135,163**	114,522
Cost of properties sold	**179,569**	–
Depreciation and amortisation		
– Right-of-use assets	**209,077**	172,522
– Property, plant and equipment	**68,454**	103,206
– Intangible assets	**6,910**	6,759
Expenses relating to short-term leases	**22,366**	20,569
Leasing expenses in respect of stores under cooperative arrangements	**338,473**	362,173
Auditor's remuneration	**3,200**	3,900
Employee benefit expense (including directors' emoluments) *(note 9)*	**276,038**	275,868
Provision for inventories	**12,671**	47,076
Impairment of property, plant and equipment	**–**	749
Impairment of intangible assets	**–**	2,887
Impairment of right-of-use assets	**6,752**	8,490

9 Employee benefit expenses

The employee benefit expenses, including directors' and senior management's emoluments, are as follows:

	2024	2023
	RMB'000	*RMB'000*
Wages, salaries, bonuses and benefits in kind	**261,500**	262,382
Contribution to retirement schemes	**12,357**	14,758
Equity-settled share-based compensation *(note 29)*	**2,181**	(1,272)
	276,038	275,868

10 Directors and chief executive's emoluments and five highest paid individuals

(a) Emoluments of directors

Directors' and chief executive's emoluments for the year ended 31 December 2024 are set out below:

	Fees *RMB'000*	Wages, Salaries, bonuses and benefits in kind *RMB'000*	Contribution to retirement schemes *RMB'000*	Equity-settled share-based compensation *RMB'000*	Total *RMB'000*
Executive directors					
Mr. Zheng Yaonan	–	652	51	–	703
Mr. Zhang Shengfeng	–	648	51	–	699
Ms. Wu Xiaoli	–	1,018	51	–	1,069
Mr. Xian Shunxiang *(note a)*	–	766	23	301	1,090
Mr. Zhu Hongbo *(note a)*	–	350	–	130	480
Non-executive directors					
Mr. Lin Zonghong	–	176	–	–	176
Ms. Kong Xiangying	–	–	–	–	–
Independent Non-executive directors					
Dr. Dai Yiyi	150	–	–	–	150
Mr. Chen Zhigang	120	–	–	–	120
Mr. Yau Chi Ming	184	–	–	–	184
Dr. Lu Hong Te	150	–	–	–	150
	604	3,610	176	431	4,821

10 Directors and chief executive's emoluments and five highest paid individuals (Continued)

(a) Emoluments of directors (Continued)

Directors' and chief executive's emoluments for the year ended 31 December 2023 are set out below:

	Fees *RMB'000*	Wages, Salaries, bonuses and benefits in kind *RMB'000*	Contribution to retirement schemes *RMB'000*	Equity-settled share-based compensation *RMB'000*	Total *RMB'000*
Executive directors					
Mr. Zheng Yaonan	–	493	46	–	539
Mr. Zhang Shengfeng	–	493	46	–	539
Ms. Wu Xiaoli	–	1,008	46	–	1,054
Mr. Xian Shunxiang *(note a)*	76	536	22	619	1,253
Mr. Zhu Hongbo *(note a)*	76	115	–	–	191
Non-executive directors					
Mr. Lin Zonghong	–	176	–	–	176
Mr. Wen Baoma *(note b)*	–	–	–	–	–
Ms. Kong Xiangying	–	–	–	–	–
Independent Non-executive directors					
Dr. Dai Yiyi	150	–	–	–	150
Mr. Chen Zhigang	120	–	–	–	120
Mr. Yau Chi Ming	181	–	–	–	181
Dr. Lu Hong Te	150	–	–	–	150
	753	2,821	160	619	4,353

Note a: Mr. Xian Shunxiang and Mr. Zhu Hongbo were appointed as executive directors on 26 August 2023.

Note b: Mr. Wen Baoma retired as non-executive director with effect from 2 June 2023.

No directors or chief executive of the Company waived any emoluments and no emoluments were paid by the Group to any of the directors of the Company as an inducement to join or upon joining the Group or as a compensation for loss of office as director.

No retirement benefits were paid to or receivable by any directors in respect of their other services in connection with the management of the affairs of the Company or its subsidiary undertaking (2023: Nil).

There are no loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors during the year (2023: Nil).

10 Directors and chief executive's emoluments and five highest paid individuals (Continued)

(a) Emoluments of directors (Continued)

Except for those disclosed in note 37 to the financial statements, no other significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year (2023: Nil).

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group included 3 directors (2023: 2), whose emoluments are reflected in the analysis presented in (a) above. The emoluments of the remaining 2 (2023: 3) employees during the year are as follows:

	2024 *RMB'000*	2023 *RMB'000*
Wages, salaries, bonuses and benefits in kind	**2,495**	2,777
Contribution to retirement schemes	**71**	75
Equity-settled share-based compensation	**–**	413
	2,566	3,265

The emoluments fell within the following bands:

	2024	2023
	Number of individual	
Emolument bands:		
HK$500,001 to HK$1,000,000	**1**	2
HK$1,000,001 to HK$1,500,000	**–**	–
HK$1,500,001 to HK$2,000,000	**1**	–
HK$2,000,001 to HK$2,500,000	**–**	1

During the year, none of the five highest paid individuals received any emolument from the Group as an inducement to join, upon joining the Group, leave the Group or as compensation for loss of office (2023: Nil).

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

	2024 **RMB'000**	2023 RMB'000
(Provision for)/reversal of impairment of trade receivables	**(6,410)**	32,100
Provision for impairment of other receivables	**(2,278)**	(783)
	(8,688)	31,317

12 Finance income and expense

	2024 **RMB'000**	2023 RMB'000
Finance income		
Interest income on short-term bank deposits	**7,378**	7,618
	7,378	7,618
Finance expenses		
Interest expenses on bank borrowings	**(15,062)**	(24,662)
Less: interest capitalised	**–**	6,766
Interest expenses on lease liabilities	**(12,156)**	(12,298)
	(27,218)	(30,194)
Finance expenses – net	**(19,840)**	(22,576)

13 Income tax expense

	2024 *RMB'000*	2023 *RMB'000*
Current income tax		
– PRC corporate income tax *(note (b))*	**6,565**	(20,538)
– PRC land appreciation tax ("LAT") *(note (c))*	**33,704**	–
	40,269	(20,538)
Deferred income tax *(note 22)*	**12,677**	27,854
Income tax expense	**52,946**	7,316

Notes:

(a) Hong Kong profits tax

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the current and the prior years.

(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 year ended 31 December 2024 (2023: 25%) on the estimated assessable profits for the year, 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.

(d) Overseas income tax

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Act, Cap 22 (Act 3 of 1961, as consolidated and revised) of Cayman Islands and accordingly, is exempted from Cayman Islands income tax. The Company's direct subsidiary in the BVI was incorporated under the International Business Companies Act of the BVI and, accordingly, is exempted from BVI income tax.

13 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:

	2024 *RMB'000*	2023 *RMB'000*
Profit before income tax	**168,303**	48,002
Tax calculated at statutory tax rates applicable to each group entity	**30,273**	(3,748)
Recognition of tax losses for which deferred tax assets were not recognised previously	**(46,016)**	(24,000)
Tax losses for which no deferred income tax asset was recognised	**47,067**	31,217
Utilisation of tax losses previously not recognised	**(8,998)**	(27,037)
Income not subject to taxation	**(151)**	–
Expenses not deductible for tax purposes	**672**	56,546
LAT provided	**33,704**	–
Tax effect of LAT deductible for corporate income tax	**(3,605)**	–
Withholding tax	**–**	(25,662)
Income tax expense	**52,946**	7,316

14 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 year.

The calculations of basic and diluted earnings per share are based on:

	2024	2023
Profit for the year attributable to owners of the Company *(RMB'000)*	**126,157**	42,483
Weighted average number of ordinary shares for the purposes of basic earning per share *(thousands of shares)*	**2,177,311**	2,187,880
Effect of dilution – weighted average number of ordinary shares share award scheme *(thousands of shares)*	**45,026**	39,697
Number of shares used in diluted earnings per share calculation *(thousands of shares)*	**2,222,337**	2,227,577

Note: The weighted average number of ordinary shares for the purpose of basic earnings per share for the years ended 31 December 2024 and 2023 has been adjusted for the effects of vesting, purchase and withholding of ordinary shares of the Company for the share award scheme.

The diluted earnings per share calculation for the year ended 31 December 2023 disclosed in the table above had been restated to add the dilutive effect of the shares held for the Group's share award scheme.

15 Dividends

At a meeting held on 28 March 2025, the Board recommended a final dividend of HK0.5 cents (2023: Nil) per ordinary share of the Company, totalling approximately HK$11,247,000 for the year ended 31 December 2024. This proposed dividend is not reflected as a dividend payable in the consolidated financial statements for the year ended 31 December 2024, but will be reflected as an appropriation for the year ending 31 December 2025. The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

At a meeting held on 27 August 2024, the Board has recommended the payment of an interim dividend of HK1.1 cents (2023: Nil) per ordinary share of the Company, totalling approximately HK$24,744,000 for the six months ended 30 June 2024, which was paid during the year and has been reflected as an appropriation for the year ended 31 December 2024.

Notes to the Consolidated Financial Statements

16 Property, plant and equipment

	Buildings RMB'000 (note (b))	Leasehold improvements RMB'000	Machinery and equipment RMB'000	Furniture, fittings and equipment RMB'000	Vehicles RMB'000	Construction in progress RMB'000 (note (b))	Total RMB'000
At 1 January 2023							
Cost	623,866	455,243	83,062	165,910	12,693	24,724	1,365,498
Accumulated depreciation	(176,897)	(378,044)	(56,463)	(140,090)	(8,927)	–	(760,421)
Accumulated impairment loss	–	(4,757)	–	–	–	–	(4,757)
Net book amount	446,969	72,442	26,599	25,820	3,766	24,724	600,320
Year ended 31 December 2023							
Opening net book amount	446,969	72,442	26,599	25,820	3,766	24,724	600,320
Additions	9,631	69,328	186	4,533	359	415,281	499,318
Disposals	–	(483)	–	(517)	(45)	–	(1,045)
Depreciation *(note 8)*	(39,072)	(47,004)	(5,771)	(10,623)	(736)	–	(103,206)
Impairment loss *(note (a))*	–	(749)	–	–	–	–	(749)
Closing net book amount	417,528	93,534	21,014	19,213	3,344	440,005	994,638
At 31 December 2023							
Cost	633,497	523,653	83,248	168,950	12,341	440,005	1,861,694
Accumulated depreciation	(215,969)	(424,613)	(62,234)	(149,737)	(8,997)	–	(861,550)
Accumulated impairment loss	–	(5,506)	–	–	–	–	(5,506)
Net book amount	417,528	93,534	21,014	19,213	3,344	440,005	994,638
Year ended 31 December 2024							
Opening net book amount	**417,528**	**93,534**	**21,014**	**19,213**	**3,344**	**440,005**	**994,638**
Additions	**–**	**66,937**	**1,550**	**5,534**	**50**	**5,927**	**79,998**
Disposals	**(30)**	**(2,425)**	**(2,506)**	**(5,104)**	**(459)**	**–**	**(10,524)**
Depreciation *(note 8)*	**(15,466)**	**(46,471)**	**(3,898)**	**(2,394)**	**(225)**	**–**	**(68,454)**
Transfer	**208,750**	**–**	**–**	**–**	**–**	**(439,047)**	**(230,297)**
Closing net book amount	**610,782**	**111,575**	**16,160**	**17,249**	**2,710**	**6,885**	**765,361**
At 31 December 2024							
Cost	**842,217**	**588,165**	**82,292**	**169,380**	**11,932**	**6,885**	**1,700,871**
Accumulated depreciation	**(231,435)**	**(471,084)**	**(66,132)**	**(152,131)**	**(9,222)**	**–**	**(930,004)**
Accumulated impairment loss	**–**	**(5,506)**	**–**	**–**	**–**	**–**	**(5,506)**
Net book amount	**610,782**	**111,575**	**16,160**	**17,249**	**2,710**	**6,885**	**765,361**

16 Property, plant and equipment (Continued)

Notes:

(a) As at 31 December 2024, net book amount of retail store assets that belong to intimate wear products segment including leasehold improvement and right-of-use assets amounted to RMB271,895,000 (2023: RMB297,450,000). The Group regards each individual retail store as a separately identifiable CGU and monitors their financial performance for the existence of impairment indicators, such as stores making a loss and early closure of stores before the expiry of lease term. 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. 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 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.

The following table sets out the key assumptions for the CGUs used in the value-in-use calculations:

	Individual retail store	
	2024	2023
Revenue *(% annual growth rate)*	**5%–6%**	6%–8%
Pre-tax discount rate *(%)*	**12%**	13%

Management has determined the values assigned to each of the above key assumptions as follows:

Assumption	Approach used to determine the value
Revenue *(% annual growth rate)*	Annual growth rate over the period before the expiry of lease term. It is determined based on past performance and management's expectations of market development.
Pre-tax discount rates *(%)*	Reflect specific risks relating to the CGU and the countries in which it operates.

Certain retail store CGUs were loss-making during the year, leading to the recognition of impairment losses on property, plant and equipment of nil (2023: RMB749,000) and impairment losses on right-of-use assets of RMB6,752,000 (2023: RMB8,490,000) based on their value-in-use calculations as mentioned above. The recoverable amount of these retail store CGUs was RMB315,451,000 (2023: RMB371,709,000).

With all other variables held constant, if the revenue growth rates used in the value-in-use calculation was decreased by 1% than the management estimates as at 31 December 2024, the recoverable amount would be further reduced by RMB680,000 (i.e. additional impairment loss of RMB680,000). With all other variables held constant, if the discount rate used in the value-in-use calculation had been increased by 1% than the management estimates as at 31 December 2024, the recoverable amount would be further reduced by RMB812,000 (i.e. additional impairment loss of RMB812,000).

(b) As at 31 December 2024, buildings and construction in progress with a net book value of RMB358,319,000 and nil (2023: RMB302,204,000 and RMB432,977,000) were pledged as collateral for the Group's borrowings, respectively (note 32).

(c) Construction-in-progress of RMB440,005,000 as at 31 December 2023 mainly represented construction cost of the industrial projects located at Dongguan Guangdong with an area of approximately 145,000 square metres ("Yuquan Project"). A part of the properties with an area of approximately 56,000 square metres is planned to be held by the Group for self use. And, the Group planned to sell or lease the remaining part of the properties with an area of approximately 89,000 square metres upon completion but is subject to satisfaction of certain substantive procedures and the approval by the relevant authorities. Certain refundable deposits of RMB102,853,000 were collected from prospective customers as of 31 December 2023.

17 Leases

This note provides information for leases where the Group is a lessee.

(a) Amounts recognised in the statement of financial position

The statement of financial position shows the following amounts relating to leases:

	2024 RMB'000	2023 RMB'000
Right-of-use assets		
Properties	**254,367**	319,611
Land use rights	**56,524**	69,550
	310,891	389,161
Lease liabilities		
Current	**143,193**	135,823
Non-current	**118,809**	175,046
	262,002	310,869

Analysed into:

	2024 RMB'000	2023 RMB'000
Within one year	**143,193**	135,823
In the second year	**80,285**	92,245
In the third to fifth years, inclusive	**38,524**	64,914
Beyond five years	**–**	17,887
	262,002	310,869

Additions to the right-of-use assets during the 2024 financial year were RMB189,966,000 (2023: RMB232,946,000).

As at 31 December 2024, land use rights of RMB22,800,000 (2023: RMB23,089,000) were pledged as collateral for the Group's borrowings (note 32).

The maturity analysis of lease liabilities is disclosed in note 39 to the financial statements.

17 Leases (Continued)

(b) Amounts recognised in profit or loss

The following amounts are recognised in profit or loss relating to leases:

	Notes	2024 RMB'000	2023 RMB'000
Depreciation charge of right-of-use assets			
Properties		207,299	170,571
Land use rights		1,778	1,951
		209,077	172,522
Impairment of right-of-use assets	8	6,752	8,490
Interest expense (included in finance expenses)	12	12,156	12,298
Expense relating to short-term leases (included in selling and marketing expense and general and administrative expenses)	8	22,366	20,569
Variable lease payments not included in the measurement of lease liabilities (included in selling and marketing expense)		338,473	362,173
(Gain)/expense relating to early termination of lease agreement (included in general and administrative expenses)		(1,110)	591
		587,714	576,643

The total cash outflow for leases in 2024 was RMB569,559,000 (2023: RMB591,190,000), details of which are disclosed in note 34(d) to the financial statements.

(c) The Group's leasing activities and how these are accounted for

The Group leases various land use rights, offices, warehouses and retail stores. Lump sum payments were made upfront to lease the land use rights from the owner with a lease period of 42 to 50 years. And no ongoing payments will be made under the terms of the land lease. Leases of other offices, warehouses and retail stores generally have lease terms between 1 and 5 years.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes except for those with land use right certificates.

(d) Variable lease payments

Some property leases contain variable payment terms that are linked to sales generated from a store. For retail stores, up to 35% of lease payments are on the basis of variable payment terms with percentages ranging from 40% to 45% of sales. Variable payment terms are used for a variety of reasons. Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

(e) The method and key assumption of the impairment of right-of-use assets has been set out in note 16(a) to the financial statements.

18 Intangible assets

	Goodwill RMB'000	Acquired trademark RMB'000	Computer software RMB'000	Total RMB'000
At 1 January 2023				
Cost	2,887	10,551	82,388	95,826
Accumulated amortisation	–	(6,447)	(60,731)	(67,178)
Net book amount	2,887	4,104	21,657	28,648
Year ended 31 December 2023				
Opening net book amount	2,887	4,104	21,657	28,648
Additions	–	–	8,770	8,770
Disposal	–	–	(22)	(22)
Amortisation charge *(note 8)*	–	(53)	(6,706)	(6,759)
Impairment *(note 8)*	(2,887)	–	–	(2,887)
Closing net book amount	–	4,051	23,699	27,750
At 31 December 2023				
Cost	2,887	10,551	91,120	104,558
Accumulated amortisation	–	(6,500)	(67,421)	(73,921)
Accumulated impairment	(2,887)	–	–	(2,887)
Net book amount	–	4,051	23,699	27,750
Year ended 31 December 2024				
Opening net book amount	**–**	**4,051**	**23,699**	**27,750**
Additions	**–**	**–**	**10,810**	**10,810**
Disposal	**–**	**(3,908)**	**–**	**(3,908)**
Amortisation charge *(note 8)*	**–**	**(37)**	**(6,873)**	**(6,910)**
Closing net book amount	**–**	**106**	**27,636**	**27,742**
At 31 December 2024				
Cost	**2,887**	**6,643**	**101,930**	**111,460**
Accumulated amortisation	**–**	**(6,537)**	**(74,294)**	**(80,831)**
Accumulated impairment	**(2,887)**	**–**	**–**	**(2,887)**
Net book amount	**–**	**106**	**27,636**	**27,742**

18 Intangible assets (Continued)

Impairment review on goodwill of the Group was conducted by management as at 31 December 2023 according to IAS 36. For the purposes of impairment review, the recoverable amount of goodwill was determined based on value-in-use calculations. The value-in-use calculations used cash flow projections based on financial budgets approved by management for the purposes of impairment reviews covering a five-year period. The discount rate used of 19% is pre-tax and reflected market assessments of the time value and the specific risks relating to the industry. Because the carrying amount of goodwill exceeded the recoverable amount, the Group made an impairment for goodwill of RMB2,887,000.

19 Investment in joint ventures

The movements of carrying amount of investments in joint ventures are as follows:

	2024 ***RMB'000***	2023 *RMB'000*
Carrying amount at 1 January	**85,622**	84,604
Additions	**–**	600
Divestment	**(1,952)**	(3,555)
Return of capital	**(10,065)**	–
Share of profit/(loss) for the year	**(823)**	3,973
Carrying amount at 31 December	**72,782**	85,622

19 Investment in joint ventures (Continued)

Name of entity	Place of business/ country of incorporation	Ownership interest		Nature of relationship	Measurement method	Carrying amount	
		2024	2023			**2024**	2023
		%	%			***RMB'000***	*RMB'000*
Guangdong Dongdu Holdings Limited	PRC	**19.90**	19.90	Joint venture *(Note (a))*	Equity method	**18,315**	17,112
Jinghedu (Dongguan) Equity Investment Management Company Limited	PRC	**60**	60	Joint venture *(Note (b))*	Equity method	**4,128**	19,159
Jinghedu (Dongguan) Equity Investment Fund Partnership (Limited Partnership)	PRC	**53**	53	Joint venture *(Note (b))*	Equity method	**49,095**	47,889
Jinghedu (Dongguan) Equity Investment Management Partnership (Limited Partnership)	PRC	**60**	60	Joint venture *(Note (b))*	Equity method	**502**	445
Shantou Lianda Technology Company Limited	PRC	**19.99**	19.99	Joint venture *(Note (c))*	Equity method	**742**	1,017

Notes:

(a) Guangdong Dongdu Holdings Limited is primarily engaged in developing an industrial centre in Shaoguan, Guangdong Province.

(b) 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.

(c) Shantou Lianda Technology Company Limited is primarily engaged in producing and selling intimate wear products.

20 Financial assets at fair value through other comprehensive income

The equity investments at fair value through other comprehensive income ("FVOCI") include the following:

	2024	2023
	RMB'000	*RMB'000*
Unlisted equity investments		
Intimate wear manufacturing companies registered in the PRC	**18,197**	24,761

These equity investments were irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature.

During the year ended 31 December 2024, the Group received dividends in the amounts of RMB1,999,000 (2023: RMB81,000) from these unlisted equity investments.

21 Deposits, prepayments and other receivables

	2024	2023
	RMB'000	*RMB'000*
Prepayments for acquisition of property, plant and equipment and intangible assets	**6,425**	7,999
Value added tax recoverable	**312,060**	335,871
Prepayments and deposits	**26,434**	21,516
Prepaid expenses in respect of stores under cooperative arrangements	**59,811**	39,669
Prepayments for purchase of goods	**18,879**	29,407
Prepayments for purchase of raw materials	**60,158**	43,690
Deposit receivable from e-commerce platforms and regional franchisees	**9,807**	7,169
Other receivables from staffs	**11,317**	7,471
Dividend receivables	**5,997**	3,998
Others	**70,953**	57,274
Less: provision for impairment of other receivables	**(3,828)**	(5,516)
	578,013	548,548
Less: non-current portion	**(23,832)**	(21,109)
Current portion	**554,181**	527,439

As at 31 December 2024, the carrying amounts of the Group's deposits and other receivables are denominated in RMB and approximate their fair values.

As at 31 December 2024, the Group's deposits and other receivables are fully performing under normal business terms except that certain other receivables of RMB44,666,000 (2023: RMB46,850,000) have been partially impaired.

22 Deferred income tax

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.

	2024 RMB'000	2023 RMB'000
Before offsetting:		
Deferred tax assets	**186,372**	204,189
Deferred tax liability	**73,080**	78,220
After offsetting:		
Deferred income tax assets	**113,292**	125,969
Deferred income tax liability	**–**	–

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

	Provision for inventories RMB'000	Impairment of trade and other 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	Provision for LAT RMB'000	Total RMB'000
At 1 January 2023	17,996	7,532	526	88	85,268	54,643	41,923	12,493	1,882	–	222,351
Credited/(debited) to the profit or loss *(note 13)*	(2,398)	(3,797)	(184)	(36)	9,829	24,000	(41,923)	(3,503)	(150)	–	(18,162)
At 31 December 2023 and 1 January 2024	15,598	3,735	342	52	95,097	78,643	–	8,990	1,732	–	204,189
Credited/(debited) to the profit or loss *(note 13)*	(6,066)	(107)	(349)	(35)	(30,747)	13,477	–	2,204	201	3,605	(17,817)
At 31 December 2024	9,532	3,628	(7)	17	64,350	92,120	–	11,194	1,933	3,605	186,372

22 Deferred income tax (Continued)

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

	Goodwill *RMB'000*	Depreciation of right-of-use assets *RMB'000*	Total *RMB'000*
At 1 January 2023	538	67,990	68,528
(Credited)/debited to profit or loss *(note 13)*	(538)	10,230	9,692
At 31 December 2023 and 1 January 2024	**–**	**78,220**	**78,220**
Credited to profit or loss *(note 13)*	**–**	**(5,140)**	**(5,140)**
At 31 December 2024	**–**	**73,080**	**73,080**

Deferred income tax assets are recognised for tax losses carried forward and deductible temporary differences to the extent that the realisation of the related tax benefit through the future taxable profits is probable. The Group has unrecognised tax losses of RMB731,618,000 (2023: RMB935,290,000) in the PRC and RMB8,562,000 (2023: RMB9,022,000) in Hong Kong that are available for offsetting against future taxable profits of the companies in which the losses arose. The expiry dates of these tax losses are subject to the tax rulings of the respective jurisdictions, which is one to ten years in the PRC and indefinitely in Hong Kong.

The Group is liable for withholding taxes on dividends distributed by those subsidiaries established in the PRC in respect of earnings generated from 1 January 2008. The applicable rate is 5% or 10% for the Group.

At 31 December 2024, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries and joint ventures established in the PRC. In the opinion of the Company's directors, it is not probable that these subsidiaries and joint ventures will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries and joint ventures in the PRC for which deferred tax liabilities have not been recognised totalled approximately RMB720,000 at 31 December 2024 (2023: RMB808,000).

23 Inventories

	2024 ***RMB'000***	2023 *RMB'000*
Raw materials	**2,899**	2,392
Work in progress	**13,030**	4,946
Finished goods	**701,909**	688,270
	717,838	695,608
Less: inventory provision	**(45,140)**	(79,154)
	672,698	616,454

24 Completed properties held for sale

	2024 RMB'000	2023 RMB'000
Carrying amount at 31 December	130,716	–

25 Trade and notes receivables

	2024 RMB'000	2023 RMB'000
Trade receivables		
– Due from third parties	401,417	330,202
Notes receivables	267	761
Less: loss allowance	(16,439)	(10,282)
Trade and notes receivables – net	385,245	320,681

(a) As at 31 December 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 31 December 2024 is as follows:

	2024 RMB'000	2023 RMB'000
Trade receivables, gross		
– Within 30 days	157,275	200,593
– Over 30 days and within 60 days	44,861	19,876
– Over 60 days and within 90 days	94,702	12,767
– Over 90 days and within 180 days	44,192	23,465
– Over 180 days and within 360 days	48,501	66,174
– Over 360 days	11,886	7,327
	401,417	330,202

25 Trade and notes receivables (Continued)

(b) (Continued)

Movements of loss allowance of trade receivables are as follows:

	2024 **RMB'000**	2023 RMB'000
At 1 January	**10,282**	43,063
Loss allowance	**8,822**	4,524
Receivables written-off as uncollectible	**(253)**	(681)
Written-back during the year as received	**(2,412)**	(36,624)
At 31 December	**16,439**	10,282

26 Cash and cash equivalents and restricted bank deposits

	2024 **RMB'000**	2023 RMB'000
Cash and bank balances	**530,564**	460,197
Time deposits with original maturity of less than three months	**7,200**	45,960
Cash and cash equivalents	**537,764**	506,157
Restricted bank deposits *(note (a))*	**84,107**	175,776
Total bank balances and cash	**621,871**	681,933
Denominated in:		
RMB	**554,113**	579,672
HK$	**3,830**	3,783
Other currencies	**63,928**	98,478
	621,871	681,933

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.

27 Share capital

	2024 **USD**	2023 USD
Authorised: 5,000,000,000 ordinary shares of United States Dollars ("USD") 0.01 each	**50,000,000**	50,000,000

	2024 **RMB'000**	2023 RMB'000
Issued and fully paid: 2,249,457,213 (2023: 2,249,457,213) ordinary shares	**140,312**	140,312
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	**140,312**	140,312
Shares held for share award scheme: 70,102,737 (2023: 75,088,334) ordinary shares	**(59,550)**	(64,480)

A summary of movement in the Company's shares under share award scheme:

	Number of shares	RMB'000
At 1 January 2023	**54,908,600**	(64,139)
Shares vested for share award scheme *(note 29(b))*	**(7,352,623)**	8,480
Shares purchased for share award scheme	**27,532,357**	(8,821)
At 31 December 2023	**75,088,334**	(64,480)
Shares vested for share award scheme *(note 29(b))*	**(4,985,597)**	4,930
At 31 December 2024	**70,102,737**	(59,550)

The Share Award Scheme as defined in note 29(b) is managed by a 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.

28 Other reserves

	Merger reserve RMB'000 Note (a)	Statutory reserve RMB'000 Note (b)	Capital reserve RMB'000 Note (c)	Capital contribution reserve RMB'000	Equity-settled share-based compensation RMB'000	Financial assets at FVOCI RMB'000	Exchange reserve RMB'000	Total other reserves RMB'000
At 1 January 2023	(8,938)	221,797	196,222	23,377	38,878	(18,674)	(10,134)	442,528
Equity-settled share-based compensation – Value of employee services	–	–	–	–	(1,272)	–	–	(1,272)
Shares vested for share award scheme	–	–	–	–	(8,480)	–	–	(8,480)
Transaction with NCI	–	–	980	–	–	–	–	980
Transfer of loss on disposal of equity investments at FVOCI to accumulated loss	–	–	–	–	–	3,781	–	3,781
Disposal of subsidiary	–	–	(1,175)	–	–	–	–	(1,175)
Revaluation	–	–	–	–	–	(8,803)	–	(8,803)
Exchange differences	–	–	–	–	–	–	2,618	2,618
Appropriation to statutory reserves	–	121	–	–	–	–	–	121
At 31 December 2023	(8,938)	221,918	196,027	23,377	29,126	(23,696)	(7,516)	430,298
Equity-settled share-based compensation – Value of employee services	–	–	–	–	2,181	–	–	2,181
Shares vested for share award scheme	–	–	–	–	(4,930)	–	–	(4,930)
Revaluation	–	–	–	–	–	(3,450)	–	(3,450)
Exchange differences	–	–	–	–	–	–	1,856	1,856
Appropriation to statutory reserves	–	256	–	–	–	–	–	256
At 31 December 2024	(8,938)	222,174	196,027	23,377	26,377	(27,146)	(5,660)	426,211

28 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 reorganisation prior the initial listing of the Company's shares on the Main Board of the Stock Exchange 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 of the subsidiaries 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 Holdings Limited 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 was recognised as capital reserve.

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 over the share capital with the amount of RMB3,974,000 was recognised as capital reserve.

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 was recognised as capital reserve.

On 13 May and 31 December 2022, Guangdong City Logistical Technology Limited repurchased 10% and 5% shares with a premium of RMB1,945,000 from non-controlling shareholders. This purchase premium was recognised as capital reserve.

On 3 November 2023, Ordifen (Hong Kong) Holdings Company Limited repurchased 10% shares of Ordifen (Tianjing) Fashion Company and Ordinfen (Shanghai) Corporate Management Consulting Company with a premium of RMB980,000 from non-controlling shareholders. This purchase premium was recognised as capital reserve.

On 1 December 2023, Cosmo Lady GuangDong Holdings company disposed 100% shares of Guangzhou City Beauty Garment Company Limited to a third party. The capital reserve of RMB1,175,000 of Guangzhou City Beauty Garment Company Limited was derecognised in the consolidated statement of financial position.

29 Equity-settled share-based compensation

(a) Employee Option Plan

The establishment of the company employee option plan adopted on 9 June 2014. 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.

The old share option scheme adopted on 9 June 2014 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 to grant share options to the eligible participants, including employee participants, related entity participants and service providers, as incentives or rewards for their contribution or potential contribution to the Company and its subsidiaries. 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.

The maximum number of ordinary shares which may be issued upon exercise of all options to be granted under the existing scheme mandate limit of the New Scheme is 224,945,721 shares.

The exercise price in respect of any share option shall be at the discretion of the Board, provided that it must be at least the highest of: (a) the closing price of the ordinary shares as stated in the daily quotation sheets issued by the Stock Exchange on the date on which the Board resolves to make an offer of a share option to an eligible participant("Offer Date"); (b) the average closing price of the ordinary shares as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding the Offer Date; and (c) the nominal value of the Shares on the Offer Date.

No trustee has been appointed under the New Scheme. None of the directors of the Company is a trustee of the New Scheme nor has a direct or indirect interest in the trustees of the New Scheme.

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 years ended 31 December 2024 and 2023 nor was there any option outstanding at the beginning or the end of the year.

(b) 2019 Share Award Scheme

The Company adopted a share award scheme, with a 10-year validity, on 28 June 2019 (the "Share Award Scheme") with certain amendments on 2 June 2023.

The Board has approved the adoption of the 2019 Share Award Scheme on 28 June 2019. The purpose of the Share Award Scheme is to recognise and motivate the contribution of the employees or other eligible participants 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 on 9 June 2014. The grantees are required to fulfil certain performance indicators during the vesting period, and 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 employee share scheme and as part of employee benefit costs in the period the shares are granted.

29 Equity-settled share-based compensation (Continued)

(b) 2019 share award scheme (Continued)

The eligible participants include employee participants, related entity participants and service providers of the Company. The vesting period of the awarded shares is determined by the Board. The basis of eligibility of any of the eligible participants, including employee participants, related entity participants and service providers 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	
	2024	2023
At 1 January	**42,113,900**	21,713,800
Granted	**23,000,000**	34,200,000
Vested	**(4,985,597)**	(7,352,623)
Forfeited	**(5,082,051)**	(6,447,277)
At 31 December	**55,046,252**	42,113,900

Details of the awarded shares outstanding as at 31 December 2024 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 2024	Granted during the year	Forfeited during the year	Vested during the year	Outstanding as at 31 December 2024
The five highest paid individuals							
28 June 2019	1.33	28 June 2019 to 28 June 2024	389,300	–	(96,563)	(292,737)	–
1 January 2023	0.20	1 January 2023 to 31 December 2025	5,500,000	–	–	–	5,500,000
Directors							
10 July 2020	0.60	10 July 2020 to 10 July 2023	210,000	–	(46,761)	(163,239)	–
1 January 2023	0.20	1 January 2023 to 31 December 2025	8,600,000	–	–	–	8,600,000
Other employees							
28 June 2019	1.33	28 June 2019 to 28 June 2024	5,414,300	–	(1,794,088)	(3,620,212)	–
10 July 2020	0.60	10 July 2020 to 10 July 2023	1,360,300	–	(844,639)	(515,661)	–
1 November 2021	0.55	1 November 2021 to 1 November 2024	540,000	–	–	(393,748)	146,252
1 January 2023	0.20	1 January 2023 to 31 December 2025	20,100,000	–	(2,300,000)	–	17,800,000
31 March 2024	0.23	31 March 2024 to 1 April 2027	–	23,000,000	–	–	23,000,000
			42,113,900	23,000,000	(5,082,051)	(4,985,597)	55,046,252

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

29 Equity-settled share-based compensation (Continued)

(c) Expenses/(credit) arising from share-based payment transactions

Total expenses/(credit) arising from the share-based transactions have been charged in profit or loss against the equity-settled share-based compensation reserve as follows:

	2024 *RMB'000*	2023 *RMB'000*
General and administrative expenses		
2019 Share Award Scheme	**545**	235
Selling and marketing expenses		
2019 Share Award Scheme	**1,636**	(1,507)
	2,181	(1,272)

Note: For the year ended 31 December 2023, the reversal of RMB1,507,000 for 2019 share award scheme were recognised in selling and marketing expense due to certain employees' failure to meet conditions.

30 Trade and notes payables

	2024 *RMB'000*	2023 *RMB'000*
Trade payables		
– Due to third parties	**398,564**	295,070
– Due to related parties *(note 37(c))*	**5,544**	1,752
	404,108	296,822
Notes payables	**119,365**	454,614
	523,473	751,436

As at 31 December 2024, trade and notes payables of the Group are non-interest bearing, and their fair values approximate their carrying amounts due to their short maturities.

30 Trade and notes payables (Continued)

As at 31 December 2024, trade payables are denominated in RMB. The ageing analysis of trade payables based on invoice date, as at 31 December 2024 is as follows:

	2024 **RMB'000**	2023 *RMB'000*
Trade payables		
– Within 30 days	**43,302**	61,674
– Over 30 days and within 60 days	**38,016**	45,989
– Over 60 days and within 90 days	**100,054**	104,038
– Over 90 days and within 180 days	**191,386**	80,914
– Over 180 days and within 360 days	**19,748**	2,310
– Over 360 days	**11,602**	1,897
	404,108	296,822

31 Accruals and other payables

	2024 **RMB'000**	2023 *RMB'000*
Refundable deposits received from the prospective purchaser or lessees of property, plant and equipment *(note a)*	**–**	102,853
Other accrued expenses and payables	**67,241**	77,721
Payables for purchases of property, plant and equipment and intangible assets	**42,698**	40,231
Salaries and welfare payables	**31,661**	33,617
Accrued taxes other than income tax	**–**	6,159
Deposits from franchisees	**83,599**	75,051
Payable for logistics	**22,948**	13,847
Payable for short-term leases	**24,344**	10,334
Payable for advertisements	**1,612**	1,939
Provision for sales return	**1,378**	1,369
Payable for operating expenses in respect of stores under cooperative arrangements	**17,954**	6,336
Contract liabilities *(note b)*	**156,156**	48,456
	449,591	417,913

As at 31 December 2024, financial liabilities included in accruals and other payables are non-interest bearing, and their fair values approximate their carrying amounts due to their short maturities.

As at 31 December 2024, accruals and other payables of the Group are denominated in RMB.

Note a: The amount mainly represented refundable deposits received from the prospective customers upon signing contracts of intent to purchase or lease the industrial projects of Yuquan project (note 16(c)).

31 Accruals and other payables (Continued)

Note b:

	31 December 2024 ***RMB'000***	31 December 2023 *RMB'000*	1 January 2023 *RMB'000*
Short-term advances received from customers included in contract liabilities above:			
Sale of properties	**93,690**	–	–
Sales to franchisees	**60,576**	36,856	51,542
Logistic income	**1,890**	11,600	794
	156,156	48,456	52,336

Contract liabilities include short-term advances received to deliver intimate wears to franchisees, provision of logistic services and sales of properties. The increase in contract liabilities in 2024 was mainly due to the increase in short-term advances received from customers in relation to the sales of properties at the end of the year. The decrease in 2023 was mainly due to the decrease in short-term advances received from sales to franchisees.

32 Borrowings

	2024 ***RMB'000***	2023 *RMB'000*
Non-current		
Secured bank borrowings	**91,250**	230,442
Current		
Secured bank borrowings	**304,380**	162,038
	395,630	392,480

	2024 ***RMB'000***	2023 *RMB'000*
Analysed into		
Within one year or on demand	**304,380**	162,038
In the second year	**78,105**	170,107
In the third to fifth years, inclusive	**13,145**	60,335
	395,630	392,480

The amount represents the bank borrowings that are secured by the Group's certain buildings and land use rights of approximately RMB381,119,000 as at 31 December 2024 (2023: buildings, construction in progress and land use rights of approximately RMB758,270,000).

32 Borrowings (Continued)

Bank borrowings as at 31 December 2024 were denominated in RMB, bore interest at floating rates ranging from Loan Prime Rate plus 0.05% to 0.6% (2023: Loan Prime Rate plus 0.05% to 1.9%) per annum and will mature during the years from 2025 to 2028 (2023: from 2024 to 2029).

The agreements governing the bank loans of the Group contain conditions and events of default customary for such financings. Certain bank loans amounting to RMB66,500,000 (31 December 2023: Nil) which were classified as non-current liabilities as at the end of the reporting period also contain financial covenants including current ratio, quick ratio and debt-to-assets ratio requirements with respective applicable test dates of each year until maturity. The Group has complied (2023: N/A) with the covenants under the relevant facility agreements as at 31 December 2024.

The fair values of the non-current portion of interest-bearing bank borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank borrowings as at 31 December 2024 were assessed to be insignificant. The fair values approximate their carrying amounts.

33 Deferred income

	2024	2023
	RMB'000	*RMB'000*
Non-current	**–**	113
Current	**113**	231
	113	344

Deferred income represented government grants relating to property, plant and equipment.

34 Notes to consolidated statement of cash flows

(a) Reconciliation of profit before income tax to net cash generated from operations

	2024 **RMB'000**	2023 RMB'000
Profit before income tax	**168,303**	48,002
Adjustments for:		
Depreciation of property, plant and equipment *(note 16)*	**68,454**	103,206
Depreciation of right-of-use assets *(note 17)*	**209,077**	172,522
Amortisation of intangible assets *(note 18)*	**6,910**	6,759
Provision for impairment of other receivables *(note 11)*	**2,278**	783
Provision for/(reversal of) impairment of trade receivables *(note 11)*	**6,410**	(32,100)
Provision for inventories *(note 8)*	**12,671**	47,076
Impairment of property, plant and equipment and right of use assets *(notes 16, 17)*	**6,752**	9,239
Impairment of intangible assets *(note 18)*	**–**	2,887
Finance income *(note 12)*	**(7,378)**	(7,618)
Finance expense *(note 12)*	**27,218**	30,194
Foreign exchange loss *(note 7)*	**274**	2,021
Equity-settled share-based compensation *(note 29)*	**2,181**	(1,272)
Share of (profit)/loss of joint ventures *(note 19)*	**823**	(3,973)
Investment income from financial assets at fair value through profit or loss *(note 6)*	**(3,723)**	(1,453)
Dividends from financial assets at FVOCI *(note 6)*	**(1,999)**	(81)
Gain on disposal of a subsidiary *(note 7)*	**–**	(742)
Gains on disposal of property, plant and equipment – net *(note 7)*	**(1,067)**	(444)
Loss on disposal of intangible assets – net *(note 7)*	**–**	22
Gain on termination of lease contracts	**(1,110)**	–
	496,074	375,028
Changes in working capital:		
Trade and notes receivables	**(70,974)**	8,557
Deposits, prepayments and other receivables	**(28,629)**	(9,566)
Inventories	**(68,915)**	39,433
Completed properties held for sale	**110,829**	–
Trade and notes payables	**(227,963)**	5,883
Accruals and other payables	**31,678**	(35,650)
Deferred income	**(231)**	(242)
Restricted bank deposits	**91,669**	(20,401)
Cash generated from operations	**333,538**	363,042

34 Note to consolidated statement of cash flows (Continued)

(b) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB189,966,000 (2023: RMB232,946,000) and RMB189,966,000 (2023: RMB232,946,000), respectively, in respect of lease arrangements for retail stores.

(c) Changes in liabilities arising from financing activities

	Liabilities from financing activities	
	Leases *RMB'000*	**Borrowings** *RMB'000*
At 1 January 2023	(276,748)	(331,502)
Cash flows	208,448	(60,978)
Interest expenses	(12,298)	–
Foreign exchange adjustments	–	–
Other non-cash movements	(230,271)	–
At 31 December 2023	(310,869)	(392,480)
At 1 January 2024	**(310,869)**	**(392,480)**
Cash flows	**208,720**	**(3,150)**
Interest expenses	**(12,156)**	**–**
Foreign exchange adjustments	**–**	**–**
Other non-cash movements	**(147,697)**	**–**
At 31 December 2024	**(262,002)**	**(395,630)**

(d) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2024 ***RMB'000***	2023 *RMB'000*
Within operating activities	**360,839**	382,742
Within financing activities	**208,720**	208,448
Total	**569,559**	591,190

35 Balance sheet and reserves of the company

Balance sheet of the Company

	2024 *RMB'000*	2023 *RMB'000*
NON-CURRENT ASSETS		
Interests in subsidiaries	**1,213,108**	1,212,237
CURRENT ASSETS		
Other receivables	**566**	199
Amounts due from a subsidiary	**595,101**	533,922
Bank balances and cash	**18,983**	49,341
	614,650	583,462
CURRENT LIABILITIES		
Accruals and other payables	**4,761**	5,724
NET CURRENT ASSETS	**609,889**	577,738
Net assets	**1,822,997**	1,789,975
Equity		
Capital and reserves		
Share capital *(note 27)*	**140,312**	140,312
Share premium	**1,633,846**	1,656,669
Shares held for share award scheme *(note 27)*	**(59,550)**	(64,480)
Other reserves	**328,261**	268,215
Accumulated losses	**(219,872)**	(210,741)
Total equity	**1,822,997**	1,789,975

Zheng Yaonan
Director

Zhang Shengfeng
Director

35 Balance sheet and reserves of the company (Continued)

Accumulated losses of the Company

	RMB'000
At 1 January 2023	(207,872)
Loss for the year	(2,869)
At 31 December 2023	(210,741)
Loss for the year	**(9,131)**
At 31 December 2024	**(219,872)**

Other reserves of the Company

	Capital reserve *RMB'000*	Equity-settled share-based compensation *RMB'000*	Exchange reserves *RMB'000*	Total *RMB'000*
At 1 January 2023	18,429	38,219	196,370	253,018
Value of employee services	–	(1,272)	–	(1,272)
Shares vested for share award scheme	–	(8,480)	–	(8,480)
Currency translation differences	–	–	24,949	24,949
At 31 December 2023	18,429	28,467	221,319	268,215
Value of employee services	**–**	**2,181**	**–**	**2,181**
Shares vested for share award scheme	**–**	**(4,930)**	**–**	**(4,930)**
Currency translation differences	**–**	**–**	**62,795**	**62,795**
At 31 December 2024	**18,429**	**25,718**	**284,114**	**328,261**

36 Commitments

As at 31 December 2024, the Group had the following contractual commitments not provided for:

	2024 *RMB'000*	2023 *RMB'000*
Property, plant and equipment	**44,529**	88,373
Intangible assets	**149**	10
	44,678	88,383

37 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 during the year, and balances arising from related party transactions as at 31 December 2024.

(a) Name and relationship with related parties

	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
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 of the Group

(b) Transactions with related parties – Purchases of goods:

	2024 *RMB'000*	2023 *RMB'000*
Continuing transactions:		
Shantou Shengqiang	**14,200**	15,850
Shantou Maosheng	**3,579**	4,772
	17,779	20,622

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%.

These related party transactions also constitute continuing connected transactions as defined in Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

37 Related party transactions (Continued)

(c) Balance with related party

	2024 RMB'000	2023 RMB'000
Trade payables balance:		
Shantou Shengqiang	**3,991**	1,639
Shantou Maosheng	**1,553**	113
	5,544	1,752

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

(d) Key management compensation

The remuneration of directors of the Company (other than independent non-executive directors) of the Group is as follows:

	2024 RMB'000	2023 RMB'000
Fees, wages, salaries, bonuses and benefit in kind	**3,610**	2,973
Contribution to retirement schemes	**176**	160
Equity-settled share-based compensation	**431**	619
	4,217	3,752

38 Particulars of the subsidiaries of the group

Particulars of the subsidiaries of the Group as at 31 December 2024 are set out below:

Company name	Place of incorporation	Paid-in capital/ registered capital	Interests held by the Group 2024	2023	Principal activities/ place of operation
Directly held:					
Cosmo Lady (International) Holdings Co., Ltd (都市麗人(國際)控股有限公司)	BVI	1 share of US$1	100%	100%	Investment holding/ Hong Kong
Indirectly held:					
Cosmo Lady Guangdong Holdings Limited (廣東都市麗人實業有限公司)*	PRC	RMB420,000,000	100%	100%	Sale of intimate wear/ PRC
Beijing Ziseyangguang Sale Co., Ltd. (北京紫色陽光銷售有限公司)**	PRC	RMB1,000,000	100%	100%	Sale of intimate wear/ PRC
Shenzhen Sisters Fashion Co., Ltd (深圳市姐妹風尚服裝銷售有限公司)**	PRC	RMB2,000,000	100%	100%	Sale of intimate wear/ PRC
Tianjin Dushifengshang Fashion Co., Ltd. (天津都市風尚服裝銷售有限公司)**	PRC	RMB30,000,000	100%	100%	Sale of intimate wear/ PRC
Fanxue Fashion (Chongqing) Co., Ltd (重慶市凡雪服裝有限公司)**	PRC	RMB20,000,000	100%	100%	Sale of intimate wear/ PRC
Fanxue Fashion (Shanghai) Co., Ltd (上海市凡雪服裝有限公司)**	PRC	RMB3,000,000	100%	100%	Sale of intimate wear/ PRC
Cosmo Lady (TianJin) E-commerce Company Limited (天津都市儷人電子商務有限公司)**	PRC	RMB10,000,000	100%	100%	Sale of intimate wear/ PRC
Freeday (Tianjin) Fashion Company Limited (天津自在時光服裝銷售有限公司)*	PRC	RMB15,000,000	100%	100%	Sale of intimate wear/ PRC
Ordinfen (Tianjin) Fashion Company Limited (天津歐迪芬服裝銷售有限公司)**	PRC	RMB111,111,100	100%	100%	Sale of intimate wear/ PRC
Cosmo Lady (Guang Dong) Technology Company Limited (廣東都市麗人科技有限公司)*	PRC	RMB15,000,000	100%	100%	Sale of raw material/ PRC
Guangdong Cosmo Logistics Technology Company Limited (廣東都市物流科技有限公司)*	PRC	RMB45,000,000	95%	95%	Logistics warehousing and distribution services/PRC
Cosmo Lady (Hong Kong) Holdings Co., Ltd. (都市麗人(香港)控股有限公司)	Hong Kong	10,000 shares of HK$1	100%	100%	Investment holding/ Hong Kong
Freeday (Hong Kong) Holdings Company Limited (自由時光(香港)控股有限公司)	Hong Kong	1 share of HK$1	100%	100%	Investment holding/ Hong Kong
Cosmo Lady (Hong Kong) Industrial Company Limited (都市麗人(香港)工業有限公司)	Hong Kong	1 share of HK$1	100%	100%	Investment holding/ Hong Kong
Ordifen (Hong Kong) Holdings Company Limited (歐迪芬(香港)控股有限公司)	Hong Kong	1 share of HK$1	100%	100%	Investment holding/ Hong Kong

Notes to the Consolidated Financial Statements

38 Particulars of the subsidiaries of the group (Continued)

Particulars of the subsidiaries of the Group as at 31 December 2024 are set out below: (Continued)

Company name	Place of incorporation	Paid-in capital/ registered capital	Interests held by the Group 2024	Interests held by the Group 2023	Principal activities/ place of operation
Guangxi Linde Trading Company Limited (廣西霖德商貿有限公司) **	PRC	RMB17,083,400	**100%**	100%	Sale of intimate wear/ PRC
Ordinfen (Shanghai) Corporate Management Consulting Co., Ltd (上海歐迪芬實業有限公司) *	PRC	HK$11,111,100	**100%**	100%	Corporate consulting/ PRC
Dongguan Cosmo Lady Sales Company Limited (東莞市都市麗人銷售有限公司) *	PRC	RMB10,000,000	**100%**	100%	Sale of intimate wear/ PRC
Shenzhen Yueshang IT Company Limited (深圳悅尚信息科技有限公司) **	PRC	RMB5,000,000	**100%**	100%	Sale of intimate wear/ PRC
Cosmo Lady (Dongguan) E-commerce Company Limited (東莞市都市麗人電子商務有限公司) **	PRC	RMB5,000,000	**100%**	100%	Sale of intimate wear/ PRC
Shenzhen Dushi Fashion Company Limited (深圳都市貝比服飾有限公司) **	PRC	RMB10,000,000	**51%**	51%	Sale of intimate wear/ PRC
Shangyue (Tianjin) Fashion Company Limited (悅尚(天津)服飾有限公司) **	PRC	RMB20,000,000	**100%**	100%	Sale of intimate wear/ PRC
Dongguan Dushi Hengfeng Sales Company Limited (東莞市都市恒鋒銷售有限公司) **	PRC	RMB10,000,000	**100%**	100%	Sale of intimate wear/ PRC
Dongguan Dushi Hengyao Sales Company Limited (東莞市都市恒耀銷售有限公司) **	PRC	RMB10,000,000	**100%**	100%	Sale of intimate wear/ PRC
Dongguan Dushi Hongfeng Sales Company Limited (東莞市都市宏鋒銷售有限公司) **	PRC	RMB10,000,000	**100%**	100%	Sale of intimate wear/ PRC
Dongguan Dushi Yaoli Sales Company Limited (東莞市都市耀麗銷售有限公司) **	PRC	RMB10,000,000	**100%**	100%	Sale of intimate wear/ PRC
Shaoguan Dongdu Property Management Company Limited (韶關市東都物業管理有限公司) **	PRC	RMB5,000,000	**100%**	100%	Property management services/PRC
Shaoguan Dushi Feiteng Logistics Company Limited (韶關都市飛騰物流有限公司) **	PRC	RMB2,000,000	**95%**	95%	Logistics warehousing and distribution services/PRC
Dongguan Lishe Brand Management Company Limited (東莞市麗舍品牌管理有限公司) **	PRC	RMB1,000,000	**60%**	60%	Brand management services/PRC
Tianjin Yuemu E-commerce Company Limited (天津悅慕電子商務有限公司) **	PRC	RMB1,000,000	**100%**	100%	Sale of intimate wear/ PRC

38 Particulars of the subsidiaries of the group (Continued)

Particulars of the subsidiaries of the Group as at 31 December 2024 are set out below: (Continued)

Company name	Place of incorporation	Paid-in capital/ registered capital	Interests held by the Group 2024	2023	Principal activities/ place of operation
Shenzhen Ordifen Information Technology Service Company Limited (深圳市歐迪芬信息技術服務有限公司)**	PRC	RMB10,000,000	**90%**	90%	Computer technology services/PRC
Dongguan Fengshang Preferred Sales Co., Ltd (東莞市鋒尚優選銷售有限公司)**	PRC	RMB1,000,000	**100%**	100%	Sale of intimate wear/ PRC
Guangdong Pure Cotton Juwu Medical Technology Co., Ltd (廣東純棉居物醫療科技有限公司)**	PRC	RMB10,000,000	**80%**	80%	Sale of intimate wear/ PRC
Guangdong Dushi Yuncang Technology Company Limited (廣東都市雲倉科技有限公司)**	PRC	RMB45,000,000	**95%**	95%	Sale of intimate wear/ PRC
Shanghai Oufen Yaoli E-commerce Co., Ltd. (上海歐芬耀麗電子商務有限公司)**	PRC	RMB5,000,000	**100%**	–	Sale of intimate wear/ PRC
Cosmo Lady (Dongguan) Selection E-commerce Company Limited (東莞市麗人甄選電子商務有限公司)**	PRC	RMB10,000,000	**100%**	100%	Sale of intimate wear/ PRC

* Registered as a wholly foreign-owned enterprise under the PRC law.

** Registered as limited liability companies under the PRC law.

The English names of the PRC companies referred to the above in this note represent management's best efforts in translating the Chinese names of those companies as no English names have been registered or available.

39 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 minimize 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 year.

(i) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities of a Group entity are denominated in a currency that is not the entity's functional currency. The Group manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures and tries to minimize these exposures through natural hedges, wherever possible.

The Group operates in the PRC with most of the Group's transactions denominated and settled in RMB. The Group's assets and liabilities, and transactions arising from its operations do not expose the Group to material foreign exchange risk as the Group's recognised assets and liabilities as at 31 December 2024 are denominated in the respective Group companies' functional currencies.

(ii) Cash flow and fair value interest rate risk

As the Group has no significant interest-bearing assets (bank balances and cash, details of which have been disclosed in note 26), the Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's exposure to changes in interest rates is also attributable to its borrowings, details of which have been disclosed in note 32. Borrowings carried at floating rates expose the Group to cash flow interest-rate risk whereas those carried at fixed rates expose the Group to fair value interest-rate risk. During 2024 and 2023, the Group's bank borrowings carried at floating rates.

The sensitivity analyses below have been determined based on the exposure to interest rates for floating interest bank borrowings. The analysis is prepared assuming the amount of asset and liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 (2023: 50) basis points increase or decrease representing management's assessment of the reasonably possible change in interest rates is used.

At 31 December 2024, if interest rates at that date had been 50 (2023: 50) basis points higher/lower with all other variables held constant, consolidated profit for the year would have been RMB1,269,000 lower/higher (2023: RMB1,092,000 lower/higher), arising mainly as a result of higher/lower interest expense on bank borrowings, netting off against bank interest income.

(iii) Price risk

Except for the investments held by the Group and classified as financial assets at FVOCI of RMB18,197,000 (2023: RMB24,761,000) and joint ventures of RMB72,782,000 (2023: RMB85,622,000), the Group is not exposed to any equity securities price risk.

39 Financial risk management (Continued)

(a) Financial risk factors (Continued)

(iv) Credit risk

At the end of the reporting period, the Group had certain concentrations of credit risk as 21% (2023: 7%) and 48% (2023: 30%) of the Group's trade receivables were due from the Group's largest customer and five largest customers, respectively, within the intimate wear products segment. The carrying amounts of trade and notes receivables, deposits and other receivables, cash and cash equivalents and restricted bank deposit represent the Group's maximum exposure to credit risk in relation to its financial assets. For wholesale customers (i.e., franchisees), the Group has policies in place to ensure credit terms are only granted to franchise customers with good credit histories and credit evaluations were conducted on them periodically, taking into account their financial position, past experience and other factors. For other customers without credit terms granted, deposits and advances are received in most cases before delivery is made. The Group in general does not require collaterals from trade debtors. Sales to retail customers are settled in cash, credit cards issued by major banks or on-line payments such as WeChat Pay and AliPay.

Trade receivable

The Group applies the IFRS 9 simplified approach to measuring ECLs which uses a lifetime expected loss allowance for all trade receivables. The management assesses ECL on a half yearly basis. The management determines the ECL on the trade receivables using a provision matrix group by common risk characteristic.

To measure the ECLs, trade receivables have been grouped based on shared credit risk characteristics. A provision matrix is initially based on the Group's historical default rates and the rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified CPI inflation and fiscal balance as a percentage of nominal GDP to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors. Different expected loss rates were applied to different groups of customers and each age band to calculate the provisions required.

For the calculation of above ECL rates, accounts receivable are divided into several groups according to risk characteristic. The ECL rates are determined on different channels of customers, such as franchisees, E-commerce and retail stores. The receivables from franchisees as at 31 December 2024 accounts for approximately 66% of total receivables (2023: 70%).

On that basis, the loss allowance as at 31 December 2024 was determined as follows for trade receivables:

31 December 2024	Within 30 days	30 days to 60 days	60 days to 90 days	90 days to 180 days	180 days to 360 days	More than 360 days	Total
Franchisees:							
Expected loss rate	0.6%	0.6%	0.9%	1.1%	3.4%	41.5%	
Gross carrying amount – trade receivables	54,660	33,964	90,774	40,331	44,808	2,018	266,555
Loss allowance	341	216	831	460	1,527	837	4,212
Others:							
Expected loss rate	0.9%	3.3%	7.2%	28.5%	54%	76.5%	
Gross carrying amount – trade receivables	102,615	10,897	3,928	3,861	3,693	9,868	134,862
Loss allowance	941	364	282	1,100	1,994	7,546	12,227

39 Financial risk management (Continued)

(a) Financial risk factors (Continued)

(iv) Credit risk (Continued)

Trade receivable (Continued)

The loss allowance as at 31 December 2023 was determined as follows for trade receivables:

31 December 2023	Within 30 days	30 days to 60 days	60 days to 90 days	90 days to 180 days	180 days to 360 days	More than 360 days	Total
Franchisees:							
Expected loss rate	0.2%	0.3%	0.4%	0.5%	0.8%	6.1%	
Gross carrying amount – trade receivables	119,384	15,890	11,027	20,573	63,609	1,040	231,523
Loss allowance	278	53	42	94	540	63	1,070
Others:							
Expected loss rate	0%	5%	11%	23%	75%	94%	
Gross carrying amount – trade receivables	81,209	3,986	1,740	2,892	2,565	6,287	98,679
Loss allowance	283	219	194	662	1,927	5,927	9,212

Deposits and other receivables

The loss allowance as at 31 December 2024 was determined as follows for deposits and other receivables:

Deposits and other receivables at amortised cost mainly include deposits and staff advances, and advances to suppliers. Impairment on other receivables is measured as either 12-month ECLs or lifetime ECLs, depending on whether there has been a significant increase in credit risk since initial recognition. To assess whether there is a significant increase in credit risk, the Group compares the risk of default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition by considering available, reasonable and supportive forward-looking information.

As at 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1 *RMB'000*	Stage 2 *RMB'000*	Stage 3 *RMB'000*	Simplified approach *RMB'000*	Total *RMB'000*
Financial assets included in deposits, prepayments and other receivables					
– fully performing	**76,014**	**–**	**–**	**–**	**76,014**
– doubtful	**–**	**–**	**44,666**	**–**	**44,666**
	76,014	**–**	**44,666**	**–**	**120,680**

39 Financial risk management (Continued)

(a) Financial risk factors (Continued)

(iv) Credit risk (Continued)

Deposits and other receivables (Continued)

As at 31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1 *RMB'000*	Stage 2 *RMB'000*	Stage 3 *RMB'000*	Simplified approach *RMB'000*	Total *RMB'000*
Financial assets included in deposits, prepayments and other receivables					
– fully performing	45,062	–	–	–	45,062
– doubtful	–	–	46,850	–	46,850
	45,062	–	46,850	–	91,912

Cash and cash equivalents and restricted bank deposits

The Group has policies in place to ensure that cash and cash equivalents and restricted bank deposits with banks are mainly placed with either state-owned or reputable financial institutions in the PRC and Hong Kong with good credit rating. There has been no recent history of default in relation to these financial institutions. As at 31 December 2024, the cash and cash equivalents and restricted bank deposits with banks as detailed in note 26 are held in the following banks in the PRC and Hong Kong:

	2024 ***RMB'000***	2023 *RMB'000*
Top-four major state-owned banks in the PRC/Hong Kong	**218,134**	387,362
Listed state-owned banks in the PRC/Hong Kong	**31,317**	110,994
Other regional banks in the PRC/Hong Kong	**371,008**	180,841
	620,459	679,197
Cash on hand	**1,412**	2,736
	621,871	681,933

Management does not expect any loss arising from non-performance by these counterparties.

39 Financial risk management (Continued)

(a) Financial risk factors (Continued)

(v) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of committed credit facilities.

The Group's primary cash requirements have been for payment for capital expenditures, purchases and operating expenses. The Group finances its working capital requirements through a combination of internal generated funds and bank borrowings, as necessary.

The table below analyses the Group's non-derivative financial liabilities into relevant maturity grouping based on the remaining period at each balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Contractual maturities of financial liabilities	**Less than 1 year** *RMB'000*	**Between 1 and 2 years** *RMB'000*	**Between 2 and 5 years** *RMB'000*	**More than 5 years** *RMB'000*	**Total contractual cash flows** *RMB'000*	**Carrying amount** *RMB'000*
At 31 December 2024						
Borrowings *(note 32)*	**309,580**	**81,540**	**13,811**	**–**	**404,931**	**395,630**
Lease liabilities *(note 17)*	**148,920**	**86,837**	**42,752**	**–**	**278,509**	**262,002**
Trade and notes payable *(note 30)*	**523,473**	**–**	**–**	**–**	**523,473**	**523,473**
Accruals and other payables*	**260,396**	**–**	**–**	**–**	**260,396**	**260,396**
Guarantee	**250,023**	**–**	**–**	**–**	**250,023**	**250,023**
Total	**1,492,392**	**168,377**	**56,563**	**–**	**1,717,332**	**1,691,524**

Contractual maturities of financial liabilities	Less than 1 year *RMB'000*	Between 1 and 2 years *RMB'000*	Between 2 and 5 years *RMB'000*	More than 5 years *RMB'000*	Total contractual cash flows *RMB'000*	Carrying amount *RMB'000*
At 31 December 2023						
Borrowings *(note 32)*	171,855	175,758	55,797	10,777	414,187	392,480
Lease liabilities *(note 17)*	139,823	97,266	71,867	20,302	329,258	310,869
Trade and notes payable *(note 30)*	751,436	–	–	–	751,436	751,436
Accruals and other payables*	225,459	–	–	–	225,459	225,459
Total	1,288,573	273,024	127,664	31,079	1,720,340	1,680,244

* Excluding salaries and welfare payables, accrued taxes other than income tax, provision for sales return and contract liabilities from customers.

39 Financial risk management (Continued)

(a) Financial risk factors (Continued)

(v) Liquidity risk (Continued)

As at 31 December 2024, the Group provided guarantees amounting to approximately RMB250,023,000 (2023: Nil) to certain banks in respect of mortgage loans granted by banks for purchasers of the Group's industrial properties. The fair value of the guarantees is not significant and the Group considers that in case of default in payments, the net realisable value of the related properties will be sufficient to cover the repayment of the outstanding loan principals together with the accrued interest and penalty.

(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:

	2024 ***RMB'000***	2023 *RMB'000*
Total bank borrowings	**395,630**	392,480
Total equity	**2,021,363**	1,928,439
Gearing ratio	**20%**	20%

39 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 31 December 2024, except for the financial assets at FVOCI of RMB18,197,000 (2023: RMB24,761,000), which was measured at level 3 fair value, the Group's financial instruments are mainly receivables and financial liabilities carried at amortised cost. Analysis of level 3 financial instruments for the year ended 31 December 2024 are as follows:

	Level 1 *RMB'000*	Level 2 *RMB'000*	Level 3 *RMB'000* *(Note)*	Total *RMB'000*
Financial asset at FVOCI	–	–	**18,197**	**18,197**
At 31 December 2024	–	–	**18,197**	**18,197**
Financial asset at FVOCI	–	–	24,761	24,761
At 31 December 2023	–	–	24,761	24,761

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

	Unlisted equity securities *RMB'000*
At 1 January 2023	36,094
Additions	–
Disposal	(2,530)
Loss recognised in OCI	(8,803)
At 31 December 2023	24,761
Additions	–
Divestment	**(3,114)**
Loss recognised in OCI	**(3,450)**
At 31 December 2024	**18,197**

39 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 FVOCI 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 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:

Nine entities engaging in the manufacturing of intimate wear in the PRC	2024	2023
Discount rate	14.8%	15.5%
Long term revenue growth rates	2%	6%
Discount for lack of marketability	30%	30%

As at 31 December 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 RMB1,402,000 (31 December 2023: RMB2,727,000). As at 31 December 2024, it is estimated that with all other variables held constant, a decrease/increase in long term revenue growth rates by 1% (31 December 2023: 1%) would have decreased/increased the Group's other comprehensive income by RMB1,412,000 (31 December 2023: RMB1,833,000). As at 31 December 2024, it is estimated that with all other variables held constant, a decrease/increase in discount for lack of marketability by 1% (31 December 2023: 1%) would have increased/decreased the Group's other comprehensive income by RMB115,000 (31 December 2023: RMB395,000).

40 Comparative amounts

Certain comparative amounts have been reclassified to conform with the current year's presentation and disclosures.

41 Approval of the financial statements

The financial statements were approved and authorised for issue by the Board on 28 March 2025.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out as follows:

	Year ended 31 December				
	2024	2023	2022	2021	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	**3,010,130**	2,757,081	3,008,760	3,355,403	3,057,491
Gross profit	**1,375,667**	1,308,659	1,396,752	1,412,623	1,490,780
Gross profit margin	**45.7%**	47.5%	46.4%	42.1%	48.8%
Operating profit/(loss)	**188,966**	66,605	81,529	(380,028)	(85,172)
Operating profit/(loss) margin	**6.3%**	2.4%	2.7%	-11.3%	-2.8%
Profit/(loss) attributable to owners of the Company	**126,157**	42,483	33,024	(493,988)	(118,095)
Net profit/(loss) margin	**4.2%**	1.5%	1.1%	-14.7%	-3.8%

	As of 31 December				
	2024	2023	2022	2021	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Bank balances and cash*	**621,871**	681,933	709,458	755,839	980,913
Borrowings	**395,630**	392,480	331,502	369,077	537,751
Non-current assets	**1,332,097**	1,669,010	1,254,669	1,432,578	1,839,859
Current assets	**2,364,711**	2,146,507	2,227,094	2,612,945	2,655,552
Non-current liabilities	**210,059**	405,601	284,294	200,046	556,654
Current liabilities	**1,465,386**	1,481,477	1,285,294	1,951,571	1,531,110
Net current assets	**899,325**	665,030	941,800	661,374	1,124,442
Total assets	**3,696,808**	3,815,517	3,481,763	4,045,523	4,495,411
Total liabilities	**1,675,445**	1,887,078	1,569,588	2,151,617	2,087,764
Total equity	**2,021,363**	1,928,439	1,912,175	1,893,906	2,407,647

* Including cash and cash equivalent and restricted bank deposits of the Group