中國服飾控股有限公司
CHINA OUTFITTERS HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1146)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023; AND CHANGE OF COMPANY SECRETARY, AUTHORISED REPRESENTATIVE AND PROCESS AGENT

The board of directors (the "**Board**") of China Outfitters Holdings Limited (the "**Company**") hereby announces the consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2023, together with the comparative figures for the previous year, as follows:

FINANCIAL HIGHLIGHTS

	Year ended 31 December		
	2023	2022	
	RMB million	*RMB million*	*Changes*
REVENUE	**207.7**	206.5	+0.6%
Gross profit	**101.3**	81.4	+24.4%
Gross profit margin	***48.8%***	*39.4%*	*+9.4 p.p.t.*
Operating loss	**(125.0)**	(208.2)	(40.0%)
Operating loss margin	***(60.2%)***	*(100.8%)*	*(40.6 p.p.t.)*
Loss attributable to owners of the parent	**(142.5)**	(252.2)	(43.5%)
Basic loss per share – *RMB cents*	**(4.34)**	(7.68)	(43.5%)
Proposed special final dividend – *HK cents*	**2.0**	–	n.a.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December

	Notes	2023 RMB'000	2022 RMB'000
CONTINUING OPERATIONS			
REVENUE	5	**207,660**	206,516
Cost of sales		**(106,346)**	(125,160)
Gross profit		**101,314**	81,356
Other income and gains	5	**19,892**	11,810
Selling and distribution expenses		**(163,451)**	(195,972)
Administrative expenses		**(50,875)**	(46,261)
Impairment losses on financial assets, net		**(7,661)**	(4,965)
Other expenses		**(24,248)**	(54,198)
Operating loss		**(125,029)**	(208,230)
Finance income	6	**12,282**	5,950
Finance costs	7	**(616)**	(888)
Share of profits and losses of:			
Associates		**(452)**	(77)
LOSS BEFORE TAX	8	**(113,815)**	(203,245)
Income tax expense	9	**(30,292)**	(50,413)
LOSS FOR THE YEAR		**(144,107)**	(253,658)
Attributable to:			
Owners of the parent		**(142,522)**	(252,179)
Non-controlling interests		**(1,585)**	(1,479)
		(144,107)	(253,658)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted			
– For loss for the year	11	**RMB(4.34) cents**	RMB(7.68) cents

Details of the dividend proposed and paid for the year are disclosed in note 10.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December

	2023	2022
	RMB'000	*RMB'000*
LOSS FOR THE YEAR	**(144,107)**	(253,658)
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of financial statements	**9,476**	36,401
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	**9,476**	36,401
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of financial statements	**(2,760)**	(909)
Equity investments designated at fair value through other comprehensive loss:		
Changes in fair value	**(2,663)**	(2,327)
Income tax effect	**–**	(4,429)
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods	**(5,423)**	(7,665)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**4,053**	28,736
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(140,054)**	(224,922)
Attributable to:		
Owners of the parent	**(138,476)**	(223,470)
Non-controlling interests	**(1,578)**	(1,452)
	(140,054)	(224,922)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December

	Notes	2023 RMB'000	2022 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**242,600**	257,676
Investment properties		**44,036**	47,153
Right-of-use assets		**40,945**	46,201
Other intangible assets		**39,763**	51,015
Investments in associates		**11,942**	7,277
Equity investments designated at fair value through other comprehensive income		**26,291**	28,954
Other non-current assets		**9,702**	25,139
Deferred tax assets		**2,768**	35,428
Total non-current assets		**418,047**	498,843
CURRENT ASSETS			
Inventories	*12*	**128,420**	186,669
Properties under development	*13*	**204,024**	201,589
Trade receivables	*14*	**23,711**	23,657
Prepayments and other receivables		**75,218**	61,847
Financial assets at fair value through profit or loss	*15*	**31,812**	84,436
Structured bank deposits and deposits with financial institutions	*15*	**217,013**	148,743
Cash and cash equivalents	*16*	**226,350**	263,615
Total current assets		**906,548**	970,556
CURRENT LIABILITIES			
Trade payables	*17*	**9,083**	9,206
Other payables and accruals		**49,977**	53,312
Lease liabilities		**4,069**	11,023
Tax payable		**120,190**	120,144
Total current liabilities		**183,319**	193,685
NET CURRENT ASSETS		**723,229**	776,871
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,141,276**	1,275,714

	Notes	**2023**	2022
	Notes	***RMB'000***	*RMB'000*
NON-CURRENT LIABILITIES			
Lease liabilities		**857**	711
Other borrowing		**5,894**	–
Deferred tax liabilities		**3,536**	5,955
Total non-current liabilities		**10,287**	6,666
Net assets		**1,130,989**	1,269,048
EQUITY			
Equity attributable to owners of the parent			
Share capital	*18*	**280,661**	280,661
Shares held for share award scheme		**(30,946)**	(30,946)
Reserves		**877,431**	1,014,912
		1,127,146	1,264,627
Non-controlling interests		**3,843**	4,421
Total equity		**1,130,989**	1,269,048

NOTES

1. CORPORATE AND GROUP INFORMATION

The Company was incorporated in the Cayman Islands on 7 March 2011 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The registered office of the Company is located at 190 Elgin Avenue, George Town, Grand Cayman KY1-9005, Cayman Islands. The address of its principal place of business is Room 1303, 13/F., New East Ocean Centre, 9 Science Museum Road, Tsim Sha Tsui East, Kowloon, Hong Kong. The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 9 December 2011 (the "**Listing Date**").

The principal activity of the Company is investment holding. The Group is principally engaged in the business of design, manufacture, marketing and sale of apparel products and accessories in the People's Republic of China (the "**PRC**", or "China" which excludes, for the purpose of this announcement, the Hong Kong Special Administrative Region of the PRC or Hong Kong, the Macau Special Administrative Region of the PRC or Macau, and Taiwan), with a focus on menswear. The Group also engages in the business of property development in the PRC. There has been no significant change in the Group's principal activities during the year.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**") (which include all International Financial Reporting Standards, International Accounting Standards ("**IAS**") and Interpretations) 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 equity investments designated at fair value through other comprehensive income and financial assets at fair value through profit or loss which have been measured at fair value. These consolidated financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand 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 2023. 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, directly or indirectly, 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.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries and a trust (the "**Share Award Scheme Trust**"), a controlled special purpose entity, 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 (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) 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.

The Board has approved a share award scheme (the "**Share Award Scheme**") to provide incentives to employees of the Group and to retain and encourage employees for the continual operation and development of the Group. Pursuant to the rules of the Share Award Scheme, the Group has set up the Share Award Scheme Trust for the purpose of administering the Share Award Scheme and holding the award shares before they vest. As the Group has the power to govern the financial and operating policies of the Share Award Scheme Trust and derives benefits from the contributions of the employees, who have been awarded the awarded shares through their continued relationship with the Group, the Group is required to consolidate the Share Award Scheme Trust under IAS 27 (Revised) *Separate Financial Statements*.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised IFRSs for the first time for the current year's financial statements.

IFRS 17	*Insurance Contracts*
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to IAS 8	*Disclosure of Accounting Policies*
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to IAS 12	*International Tax Reform – Pillar Two Model Rules*

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

(a) Amendments to IAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 Making Materiality Judgements provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has disclosed the material accounting policy information in note 2 to the financial statements. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's financial statements.

(b) Amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.

(c) Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction narrow the scope of the initial recognition exception in IAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions.

    Upon the application of the amendments, the Group has determined the temporary differences arising from right-of-use assets and lease liabilities separately, which have been reflected in the reconciliation disclosed in note to the financial statements. However, they did not have any material impact on the overall deferred tax balances presented in the consolidated statement of financial position as the related deferred tax balances qualified for offsetting under IAS 12.

(d) Amendments to IAS 12 International Tax Reform – Pillar Two Model Rules introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

4. OPERATING SEGMENT INFORMATION

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

(a) the apparel products and accessories segment engaged in the business of the design, manufacture, marketing and sale of apparel products and accessories in the PRC, with a focus on menswear;

(b) the property development segment engaged in the business of the development properties in the PRC.

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/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit/loss before tax except that interest income, non-lease-related finance costs, dividend income, fair value gains/losses from the Group's financial instruments as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude deferred tax assets, cash and cash equivalents, financial assets at fair value through profit or loss, structured bank deposits and deposits with financial institutions, equity investments designated at fair value through other comprehensive income and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude tax payable, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

Year ended 31 December 2023	Apparel products and accessories *RMB'000*	Property development *RMB'000*	Total *RMB'000*
Segment revenue			
Sales to external customers	**207,660**	**–**	**207,660**
Reconciliation:			
Elimination of intersegment sales			**–**
Revenue			**207,660**
Segment results	**(108,313)**	**45**	**(108,268)**
Reconciliation:			
Elimination of intersegment results			**(4,859)**
Interest income			**12,282**
Dividend income and unallocated gains			**14,668**
Corporate and other unallocated expenses			**(27,638)**
Loss before tax from continuing operations			**(113,815)**
Segment assets	**781,045**	**258,107**	**1,039,152**
Reconciliation:			
Elimination of intersegment receivables			**(261,952)**
Elimination of capitalized interest expense			**(33,944)**
Corporate and other unallocated assets			**581,339**
Total assets			**1,324,595**
Segment liabilities	**69,122**	**262,710**	**331,832**
Reconciliation:			
Elimination of intersegment payables			**(261,952)**
Corporate and other unallocated liabilities			**123,726**
Total liabilities			**193,606**
Other segment information			
Reversal of impairment of trade receivables, net	**(208)**	**–**	**(208)**
Impairment of other intangible assets	**12,322**	**–**	**12,322**
Impairment of right-of-use assets	**860**	**–**	**860**
Impairment of property, plant and equipment	**122**	**–**	**122**
Depreciation and amortisation	**33,211**	**–**	**33,211**
Capital expenditure*	**4,023**	**2,435**	**6,458**

* Capital expenditure consists of additions to property, plant and equipment, long-term prepayments, other intangible assets and properties under development.

Year ended 31 December 2022	Apparel products and accessories *RMB'000*	Property development *RMB'000*	Total *RMB'000*
Segment revenue			
Sales to external customers	206,516	–	206,516
Reconciliation:			
Elimination of intersegment sales			–
Revenue			206,516
Segment results	(182,692)	96	(182,596)
Reconciliation:			
Elimination of intersegment results			(9,622)
Interest income			5,950
Dividend income and unallocated gains			6,250
Corporate and other unallocated expenses			(23,227)
Loss before tax from continuing operations			(203,245)
Segment assets	866,220	250,413	1,116,633
Reconciliation:			
Elimination of intersegment receivables			(253,133)
Elimination of capitalized interest expense			(29,084)
Corporate and other unallocated assets			634,983
Total assets			1,469,399
Segment liabilities	64,202	263,183	327,385
Reconciliation:			
Elimination of intersegment payables			(253,133)
Corporate and other unallocated liabilities			126,099
Total liabilities			200,351
Other segment information			
Impairment of trade receivables, net	437	–	437
Impairment of other intangible assets	35,683	–	35,683
Impairment of right-of-use assets	2,359	–	2,359
Impairment of property, plant and equipment	2,942	–	2,942
Depreciation and amortisation	46,107	–	46,107
Capital expenditure	15,852	11,394	27,246

Geographical information

(a) Revenue from external customers

	2023 *RMB'000*	2022 *RMB'000*
Mainland China	**203,803**	202,357
Taiwan	**3,857**	4,159
	207,660	206,516

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	2023 *RMB'000*	2022 *RMB'000*
Hong Kong	**45,770**	46,754
Mainland China	**343,469**	387,707
	389,239	434,461

The non-current assets information above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

No revenue from a single external customer amounted to 10% or more of the Group's revenue during the financial year presented.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2023 *RMB'000*	2022 *RMB'000*
Revenue from contracts with customers	**207,660**	206,516

Revenue from contracts with customers

(i) Disaggregated revenue information

For the year	2023	2022
	RMB'000	*RMB'000*
Type of goods		
Sale of apparel and accessories	**207,660**	206,516
Timing of revenue recognition		
Goods transferred at a point in time	**207,660**	206,516

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	2023	2022
	RMB'000	*RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of apparel and accessories	**5,050**	5,196

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

Sale of apparel and accessories

The performance obligation is satisfied upon delivery of the products and payment is generally due within 30 to 90 days from delivery, except for third-party retailers, where payment in advance is normally required.

An analysis of other income and gains is as follows:

	2023 *RMB'000*	2022 *RMB'000*
Other income		
Government subsidies *	**1,456**	4,335
Gross rental income from investment property operating leases:		
Other lease payments, including fixed payments	**6,473**	5,284
Royalty income	**5,269**	729
Dividend income from equity investments at fair value through other comprehensive income	**77**	307
Sale of consumables	**1,465**	–
Service and processing income	**3,600**	496
	18,340	11,151
Gains		
Fair value gains, net:		
Financial assets at fair value through profit or loss	**208**	177
Others	**1,344**	482
	1,552	659
	19,892	11,810

* These represent incentive subsidies provided by local governments as a measure to attract investments in these localities. The amounts of these subsidies are generally determined by reference to value-added tax, corporate income tax, city maintenance and construction tax and other taxes paid by the Group's operating entities in these localities, but are subject to the government's further discretion.

6. FINANCE INCOME

	2023	2022
	RMB'000	*RMB'000*
Interest income on bank deposits	**5,125**	4,724
Interest income on structured bank deposits, deposits with financial institutions and wealth management products	**6,185**	880
Others	**972**	346
	12,282	5,950

7. FINANCE COSTS

	2023	2022
	RMB'000	*RMB'000*
Interest on other loans	**154**	–
Interest on lease liabilities	**462**	888
	616	888

8. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	2023 *RMB'000*	2022 *RMB'000*
Cost of inventories sold	**55,676**	76,680
Depreciation of property, plant and equipment	**18,498**	17,167
Depreciation of investment properties	**3,117**	2,998
Depreciation of right-of-use assets	**14,553**	27,895
Amortisation of other intangible assets	**160**	1,045
Auditor's remuneration	**2,273**	2,303
Employee benefit expense (including directors' and chief executive's remuneration):		
Wages and salaries	**19,647**	29,432
Equity-settled share option expense	**–**	341
Equity settled share award expense	**995**	–
Pension scheme contributions*	**2,503**	3,077
	23,145	32,850
Outsourced labour costs	**42,871**	53,605
Impairment of other intangible assets**	**12,322**	35,683
Impairment of property, plant and equipment**	**122**	2,942
Impairment of investment properties**	**–**	2,178
Impairment of right-of-use assets**	**860**	2,359
Impairment/(reversal of impairment) of trade receivables, net***	**(208)**	437
Impairment of other receivables and prepayments#	**7,869**	5,431
Write-off of inventories provisions^	**(19,812)**	(40,686)
Write-down of inventories to net realisable value, net^	**70,482**	89,166
Fair value gains, net:		
Financial assets at fair value through profit or loss – wealth management products	**(208)**	(177)
Dividend income from equity investments at fair value through other comprehensive income	**(77)**	(307)
Lease payments not included in the measurement of lease liabilities	**40,171**	34,314
Loss on disposal of items of property, plant and equipment	**10**	–
Exchange differences, net	**2,921**	5,706

* As at 31 December 2023, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years (2022: Nil).

** The impairment of other intangible assets, property, plant and equipment, investment properties and right-of-use assets are included in "Other expenses" in the consolidated statement of profit or loss.

*** The impairment/reversal of impairment of trade receivables is included in "Impairment losses on financial assets, net" in the consolidated statement of profit or loss.

\# The impairment of other receivables is included in "Impairment losses on financial assets, net" and the impairment of prepayments is included in "Other expenses" in the consolidated statement of profit or loss.

^ The write-off of inventories provisions and write-down of inventories to net realisable value is included in "Cost of sales" in the consolidated statement of profit or loss.

9. INCOME TAX EXPENSE

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

The Company incorporated in the Cayman Islands and its subsidiary incorporated in the BVI are exempted from taxation.

No provision for Hong Kong profits tax has been made, as the Group had no assessable profits derived from or earned in Hong Kong during the year.

In accordance with the relevant PRC income tax rules and regulations, the Group's subsidiaries registered in the PRC are subject to corporate income tax at a statutory rate of 25% on their respective taxable income for the year ended 31 December 2023.

	2023	2022
	RMB'000	*RMB'000*
Current – PRC		
Charge for the year	**51**	(4,756)
Deferred	**30,241**	55,169
Total tax charge for the year	**30,292**	50,413

A reconciliation of the tax expense applicable to loss before tax at the statutory rate for the jurisdiction in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate, and a reconciliation of the applicable rate (i.e., statutory tax rate) to the effective tax rate, are as follows:

	2023		2022	
	RMB'000	**%**	*RMB'000*	*%*
Loss before tax from continuing operations	**(113,815)**		(203,245)	
Tax at the statutory tax rate	**(28,454)**	**25**	(50,811)	25
Entities subject to lower statutory income tax rates	**508**	**–**	3,980	(2)
Effect of withholding tax on distributable profits of certain PRC subsidiaries	**(2,296)**	**2**	(10,293)	5
Losses attributable to associates	**(9)**	**–**	56	–
Adjustments in respect of current tax of previous periods	**(4)**	**–**	(6,785)	3
Tax losses utilised from previous periods	**(3,385)**	**3**	(4,294)	2
Tax losses not recognised	**23,839**	**(21)**	25,110	(12)
Deductible temporary differences not recognised	**40,093**	**(35)**	93,450	(46)
Tax charge at the Group's effective rate	**30,292**	**(26)**	50,413	(25)

The share of tax attributable to associates amounting to RMB116,000 (2022: RMB19,000), is included in "Share of profits and losses of associates" in the consolidated statement of profit or loss.

10. DIVIDEND

	2023	2022
	RMB'000	*RMB'000*
Proposed special final dividend – HK2.0 cents per ordinary share (2022: nil)	**59,501**	–

On 22 March 2024, the directors recommended a special final dividend of HK$2 cents per share for the year ended 31 December 2023. The proposed special final dividend is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

11. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic loss per share is based on the loss for the year attributable to owners of the parent of RMB142,522,000 (2022: the loss of RMB252,179,000) and the weighted average number of ordinary shares of 3,282,916,000 (2022: 3,282,916,000) in issue during the year.

No adjustment has been made to the basic loss per share amounts presented for the years ended 31 December 2023 and 31 December 2022 in respect of a dilution as the impact of the share options outstanding under the Share Option Scheme had an anti-dilutive effect on the basic loss per share amounts presented.

The calculation of basic loss per share is based on:

	2023	2022
	RMB'000	*RMB'000*
Losses		
Loss attributable to owners of the parent, used in the basic loss per share calculation	**(142,522)**	(252,179)

	Number of shares	
	2023	2022
Shares		
Weighted average number of ordinary shares in issue	**3,445,450,000**	3,445,450,000
Less: Weighted average number of shares purchased for the Share Award Scheme	**(162,534,000)**	(162,534,000)
Adjusted weighted average number of ordinary shares in issue used in the basic loss per share calculation	**3,282,916,000**	3,282,916,000

12. INVENTORIES

	2023	2022
	RMB'000	*RMB'000*
Raw materials	**4,041**	6,264
Work in progress	**911**	841
Finished goods	**123,468**	179,564
	128,420	186,669

13. PROPERTIES UNDER DEVELOPMENT

	2023	2022
	RMB'000	*RMB'000*
Properties under development	**204,024**	201,589

The Group's properties under development are located in the PRC and situated on leasehold land with long term leases. Properties under development are classified under current assets as they are expected to be realised in the Group's normal operating cycle.

14. TRADE RECEIVABLES

	2023	2022
	RMB'000	*RMB'000*
Trade receivables	**32,006**	32,705
Impairment	**(8,295)**	(9,048)
	23,711	23,657

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally one month, extending up to three months for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, are as follows:

	2023	2022
	RMB'000	*RMB'000*
Within 1 month	**20,529**	13,647
1 to 2 months	**2,785**	5,642
2 to 3 months	**72**	1,321
Over 3 months	**325**	3,047
	23,711	23,657

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS, STRUCTURED BANK DEPOSITS AND DEPOSITS WITH FINANCIAL INSTITUTIONS

	2023	2022
	RMB'000	*RMB'000*
Financial assets at fair value through profit or loss		
Wealth management products, at fair value	**31,812**	84,436
Structured bank deposits and deposits with financial institutions		
Structured bank deposits and deposits with financial institutions, at amortised cost	**217,013**	148,743

The above financial assets at fair value at 31 December 2023 were wealth management products issued by securities companies in the PRC and Hong Kong. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

The structured bank deposits and deposits with financial institutions have terms of less than one year and are denominated in RMB, Hong Kong Dollar ("**HK$**") and United States Dollar ("**US$**").

16. CASH AND CASH EQUIVALENTS

	2023	2022
	RMB'000	*RMB'000*
Cash and bank balances	**164,974**	198,705
Time deposits	**61,376**	64,910
Cash and cash equivalents	**226,350**	263,615

At the end of the reporting period, the cash and bank balances and time deposits of the Group denominated in HK$, US$, Euro ("**€**") and Macau Pataca ("**MOP$**"), amounted to RMB61,695,000, RMB28,007,000, RMB215,000 and RMB177,000, respectively (2022: RMB28,710,000, RMB18,340,000, RMB383,000 and RMB166,000, respectively). The RMB is not freely convertible into other currencies, however, under the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term deposits are made for varying periods of between seven days and twelve months depending on the immediate cash requirements of the Group, and earn interest at the respective short term deposit rates. The bank balances and short term deposits are deposited with creditworthy banks with no recent history of default.

17. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2023	2022
	RMB'000	*RMB'000*
Trade payables		
Within 30 days	**6,043**	6,483
31 to 90 days	**9**	330
91 to 180 days	**–**	344
181 to 360 days	**3,031**	2,049
	9,083	9,206

The trade payables are non-interest-bearing and are normally settled on terms of 30 to 45 days.

18. SHARE CAPITAL

	2023	2022
	HK$'000	*HK$'000*
Issued and fully paid:		
3,445,450,000 (2022: 3,445,450,000) ordinary shares	**344,545**	344,545
Equivalent to RMB'000	**280,661**	280,661

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET OVERVIEW

During the year ended 31 December 2023, with the impact of the COVID-19 pandemic on the macro-economy in China significantly reduced, the growth rate of China's Gross Domestic Product ("**GDP**") increased by 2.2 percentage points from 3.0% in 2022 to 5.2% in 2023. The total retail sales of consumer products also increased by 7.4 percentage points from a decrease of 0.2% in 2022 to an increase of 7.2% in 2023. Particularly, retail sales achieved by the top 100 key and large-scale retailers increased by 12.3% during the year.

The Group's revenue slightly increased by RMB1.2 million from RMB206.5 million in 2022 to RMB207.7 million in 2023, and a decrease in loss attributable to owners of the parent by RMB109.7 million from RMB252.2 million in 2022 to RMB142.5 million in 2023.

FINANCIAL REVIEW

Revenue

We derive our revenue primarily from retail sales of our products to our end-consumers through self-operated retail points in department stores and shopping malls in major cities in the PRC, and from sales of products to third-party retailers who directly manage concession counters and retail stores in other cities in the PRC where we do not operate retail points and sales of products through online channels. Our revenue is stated at the net invoiced value of goods sold after trade discounts.

The total revenue of the Group was RMB207.7 million in 2023, representing an increase by RMB1.2 million, or approximately 0.6% as compared to RMB206.5 million in 2022.

By sales channel

Revenue from sales of products through self-operated retail points slightly increased by RMB2.2 million, or approximately 1.3%, from RMB169.1 million in 2022 to RMB171.3 million in 2023 and accounted for approximately 82.5% (2022: 81.8%) of the total revenue. The increase was mainly attributable to the recovery of retail market sentiment as the impact of the COVID-19 pandemic on the macro-economy in China had significantly reduced. In particular, the revenue from outlet stores increased by RMB5.2 million, or approximately 8.0%, from RMB64.6 million in 2022 to RMB69.8 million in 2023.

Revenue from sales of products to third-party retailers decreased by RMB1.2 million, or approximately 9.9%, from RMB12.1 million in 2022 to RMB10.9 million in 2023 and accounted for approximately 5.2% (2022: 5.9%) of the total revenue. The decrease in sales to third-party retailers was mainly attributable to the decrease in number of retail points operated by third-party retailers.

Revenue from sales of products through online channels increased by RMB0.2 million, or approximately 0.8%, from RMB25.3 million in 2022 to RMB25.5 million in 2023 and accounted for approximately 12.3% (2022: 12.3%) of the total revenue. The increase in revenue was primarily attributable to a mixed effect of:

(i) an increase in sales of product through our e-shops on mainstream e-commerce platform such as Tmall.com and JD.com by RMB2.8 million, or approximately 53.8%, from RMB5.2 million in 2022 to RMB8.0 million in 2023;

(ii) an increase in sales from online discount platform such as VIP.com by RMB0.8 million, or approximately 14.5%, from RMB5.5 million in 2022 to RMB6.3 million in 2023;

(iii) a slight increase in sales of products to online third-party retailers by RMB0.1 million, or approximately 2.7%, from RMB3.7 million in 2022 to RMB3.8 million in 2023; and partially offset by

(iv) a decrease in sales of products through our WeChat stores by RMB3.5 million, or approximately 32.1%, from RMB10.9 in 2022 to RMB7.4 million in 2023.

The table below sets forth the breakdown of our revenue contributed by sales made through our self-operated retail points, sales to third-party retailers and sales through online channels:

	Year ended 31 December			
	2023		2022	
	Revenue *RMB million*	***% of total revenue***	Revenue *RMB million*	*% of total revenue*
Retail sales from self-operated retail points	**171.3**	**82.5%**	169.1	81.8%
Sales to third-party retailers	**10.9**	**5.2%**	12.1	5.9%
Sales through online channels	**25.5**	**12.3%**	25.3	12.3%
Total	**207.7**	**100.0%**	206.5	100.0%

By Brand

Revenue contributed from self-owned brands increased by RMB18.0 million, or approximately 15.2%, from RMB118.1 million in 2022 to RMB136.1 million in 2023. Percentage of revenue from self-owned brands over total revenue increased from 57.2% in 2022 to 65.5% in 2023.

The table below sets forth our revenue contributed by self-owned brands and licensed brands:

	Year ended 31 December			
	2023		2022	
	Revenue		Revenue	
	RMB million	***% of total revenue***	*RMB million*	*% of total revenue*
Self-owned brands	**136.1**	**65.5%**	118.1	57.2%
Licensed brands	**71.6**	**34.5%**	88.4	42.8%
Total	**207.7**	**100.0%**	206.5	100.0%

Cost of sales

Our cost of sales decreased by RMB18.9 million, or approximately 15.1%, from RMB125.2 million in 2022 to RMB106.3 million in 2023. The decrease in cost of sales was primarily due to a decrease in provision of inventory provisions by RMB18.7 million from RMB89.2 million in 2022 to RMB70.5 million in 2023 due to the decrease in aged inventories as a result of the decrease in procurement.

Gross profit and gross profit margin

Our gross profit increased by RMB19.9 million, or approximately 24.4%, from RMB81.4 million in 2022 to RMB101.3 million in 2023. Our overall gross profit margin increased by 9.4 percentage points from 39.4% in 2022 to 48.8% in 2023. Save for the factors of inventory provisions and stock clearance of Barbour inventories in 2022, our gross profit margin would have been 73.2% in 2023 which remained consistent with that of 74.1% in 2022.

Other income and gains

Our other income and gains increased by RMB8.1 million, or approximately 68.6%, from RMB11.8 million in 2022 to RMB19.9 million in 2023, which was primarily due to (i) an increase in royalty income by approximately RMB4.6 million from RMB0.7 million in 2022 to RMB5.3 million in 2023, as the Group commenced brand licensing business on Santa Barbara Polo & Racquet Club ("**SBPRC**") brand during the year; and (ii) an increase in processing income by approximately RMB3.2 million during the year for processing of apparel product orders placed by third-party apparel companies.

Selling and distribution expenses

Our selling and distribution expenses decreased by RMB32.5 million, or approximately 16.6%, from RMB196.0 million in 2022 to RMB163.5 million in 2023.

Rents and concession fees for occupying concession counters within department stores and department store charges decreased by RMB12.8 million, or approximately 14.7%, from RMB86.8 million in 2022 to RMB74.0 million in 2023, which was largely due to decrease in number of self-operated retail points.

The labour costs related to sales and marketing staff and outsourcing costs related to sales and marketing activities decreased from RMB70.7 million in 2022 to RMB56.0 million in 2023 which was primarily attributable to the decrease in number of sales and marketing staff.

We incurred advertising and promotion expenses of RMB2.2 million (2022: RMB4.1 million) during the year for organizing promotion activities and spending on social media marketing to share our brand stories and product knowledge with our customers through Little Red Book (小紅書), Douyin (抖音), WeChat and Weibo etc.

Consumables and decoration fees for self-operated retail points decreased from RMB16.2 million in 2022 to RMB13.3 million in 2023 which was primarily attributable to the decrease in number of new retail points opened during the year.

The other selling and distribution expenses, including advertising and promotion expenses, royalty fees, freight and vehicle expenses, sample expenses, travelling expenses, office expenses and other operating expenses remained consistent during the both years indicated.

Administrative expenses

Our administrative expenses increased by RMB4.6 million, or approximately 9.9%, from RMB46.3 million in 2022 to RMB50.9 million in 2023. The increase in administrative expenses was mainly due to (i) an increase in depreciation of properties, plant and equipment by RMB1.3 million from RMB14.2million in 2022 to RMB15.5 million in 2023; (ii) an increase in taxes and surcharges by RMB1.1 million from RMB2.2 million in 2022 to RMB3.3million in 2023; and (iii) the amortisation of award shares granted under the Share Award Scheme of RMB1.0 million (2022: nil).

Impairment losses on financial assets, net

These mainly represented impairment of other receivables of RMB7.9 million (2022: RMB4.5 million) and a reversal of credit losses arising from trade receivables of RMB0.2 million (2022: an impairment of trade receivables of RMB0.4 million).

Other expenses

Other expenses mainly included:

(i) impairment on trademarks of RMB12.3 million which mainly included impairment of Marina Yachting of RMB5.8 million, London Fog of RMB3.1 million and Zoo York of RMB2.4 million, respectively (2022: impairment of Marina Yachting of RMB17.6 million, MCS of RMB8.7 million, Henry Cotton's of RMB2.9 million, Artful Dodger of RMB2.4 million, London Fog of RMB2.4 million and Zoo York of RMB0.8 million, respectively). The impairment made to trademarks was mainly because the Group will be focusing on developing of the business of MCS brand in coming years and less resources will be allocated to developing the business of other self-owned brands including London Fog, Zoo York etc.;

(ii) an exchange loss of RMB2.9 million arising from the depreciation of RMB against HK$ during the year (2022: RMB5.7 million); and

(iii) an impairment of right-of-use assets of RMB0.9 million (2022: RMB2.4 million).

Finance income

Our finance income increased to RMB12.3 million in 2023 as compared to that of RMB6.0 million in 2022, representing an increase by approximately 1.05 times. The increase in finance income was mainly because of the increase in interest rate on bank deposits and increase in return rate on wealth management products in Hong Kong during the year.

Share of profits and losses of associates

Share of profits and losses of associates mainly represented share of losses of the associate – China Mingmen Investment Group Limited ("**China Mingmen**",中國名門投資集團有限公司) of RMB0.5 million (2022: share of losses of China Mingmen of RMB0.5 million).

Loss before tax

As a result of the foregoing factors, loss before tax decreased by RMB89.4 million, or approximately 44.0%, from RMB203.2 million in 2022 to RMB113.8 million in 2023.

Income tax expense

Income tax expense decreased by RMB20.1 million, or approximately 39.9%, from RMB50.4 million in 2022 to RMB30.3 million in 2023, which was primarily due to a decrease in deferred tax expense by RMB25.0 million from RMB55.2 million in 2022 to RMB30.2 million in 2023. The deferred tax expense charged during the year mainly represented the reversal of deferred tax assets for deductible temporary differences arising from impairment of assets of RMB23.8 million (2022: RMB69.4 million) and losses available for offsetting against future taxable profits of RMB8.8 million (2022: a credit of deferred tax of RMB3.4 million arising from the recognition of losses available for offsetting against future taxable profits), as the Group does not expect to generate sufficient taxable income in future to utilise these temporary differences.

Loss for the year

The Group reported a loss for the year of RMB144.1 million in 2023 (2022: RMB253.7 million).

Loss attributable to owners of the parent

As a result of the foregoing, the loss attributable to owners of the parent decreased by RMB109.7 million, or approximately 43.5%, from RMB252.2 million in 2022 to RMB142.5 million in 2023.

Working Capital Management

	31 December 2023	31 December 2022
Inventory turnover days	**541**	599
Trade receivables turnover days	**42**	55
Trade payables turnover days	**31**	36

The decrease in inventory turnover days by 58 days was mainly because of a decrease in turnover days of inventories aged within 1 year by 138 days from 369 days as at 31 December 2022 to 231 days as at 31 December 2023, which was primarily due to the decrease in procurement during the year.

The decrease in trade receivables turnover days by 13 days from 55 days as at 31 December 2022 to 42 days as at 31 December 2023 was mainly because the Group adopted more stringent policies to collect trade receivables during the year.

The trade payables turnover days remained consistent for the both years indicated.

Liquidity, financial position and cash flows

As at 31 December 2023, we had net current assets of approximately RMB723.2 million, as compared to RMB776.9 million as at 31 December 2022. The current ratio of our Group was 4.9 times as at 31 December 2023, as compared to that of 5.0 times as at 31 December 2022.

There was no undrawn banking facility as at 31 December 2023.

As at 31 December 2023, we had an aggregate cash and cash equivalents, structured bank deposits, deposits with financial institutions and financial assets at fair value through profit or loss of approximately RMB475.2 million (31 December 2022: RMB496.8 million). The table below sets forth selected cash flow data from our consolidated statement of cash flows:

	Year ended 31 December	
	2023	2022
	RMB million	*RMB million*
Net cash flows used in operating activities	**(8.6)**	(31.5)
Net cash flows (used in)/from investing activities	**(17.8)**	191.4
Net cash flows used in financing activities	**(9.5)**	(23.4)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(35.9)**	136.5
Effect of foreign exchange rate changes, net	**(1.3)**	(0.9)
Cash and cash equivalents at beginning of year	**263.6**	128.0
CASH AND CASH EQUIVALENTS AT END OF YEAR	**226.4**	263.6

Operating activities

Net cash flows used in operating activities decreased by RMB22.9 million from RMB31.5 million in 2022 to RMB8.6 million in 2023, which was primarily because the operating cashflows before changes in working capital increased from a cash outflow of RMB21.3 million in 2022 to a cash inflow of RMB2.5 million in 2023 due to the decrease in loss for the year.

Investing activities

Net cash flows used in investing activities of RMB17.8 million mainly represented withdrawal of structured bank deposits, deposits with financial institutions and financial assets at fair value through profit or loss of RMB15.4 million and increase in investment in an associate of RMB5.0 million during the year.

Financing activities

Net cash flows used in financing activities mainly represented payment of the principal portion of lease payments of RMB16.4 million and partially offset by a loan received from a related party of RMB6.4 million during the year.

Pledge of group assets

As at 31 December 2023, no asset of the Group was pledged as a security for bank borrowings or any other financing facilities.

Capital commitments and contingent liabilities

As at 31 December 2023, there was no significant capital commitments (31 December 2022: RMB1.3 million) and there were no significant contingent liabilities (31 December 2022: Nil).

Foreign exchange management

We conduct business primarily in Hong Kong and the PRC with most of our transactions denominated and settled in HK$ and RMB. To minimise foreign-exchange risks, the Group has a hedging policy in place.

OPERATION REVIEW

Retail and distribution network

As at 31 December 2023, our sales network comprised a total of 134 self-operated retail points, consisting of concession counters, consignment stores and standalone stores, and 39 retail points operated by our third-party retailers.

The following table sets forth the number of our self-operated retail points and retail points operated by our third-party retailers in the PRC and Taiwan by brands as at 31 December 2023 and 31 December 2022:

	As at 31 December 2023			As at 31 December 2022		
Brands	**Self-operated retail points**	**Retail points operated by third-party retailers**	**Total retail points**	Self-operated retail points	Retail points operated by third-party retailers	Total retail points
SBPRC	**46**	**6**	**52**	84	10	94
MCS	**82**	**28**	**110**	96	28	124
Marina Yachting	**6**	**5**	**11**	15	2	17
Others	**–**	**–**	**–**	–	1	1
Total	**134**	**39**	**173**	195	41	236

Self-operated retail points

As at 31 December 2023, we had a network of 131 self-operated concession counters (31 December 2022: 188 self-operated concession counters). A majority of the concession counters are located within mainstream department stores in the first and second tier cities in China, including Bailian (百聯), Golden Eagle (金鷹), MOI (茂業), Intime (銀泰), Inzone (銀座), Wangfujing (王府井) etc., among which a total of 48 were outlet stores as at 31 December 2023 (31 December 2022: 63 outlet stores).

As at 31 December 2023, we had a network of 3 standalone stores (31 December 2022: 7 stores) which were located in shopping malls within major cities in the PRC to ensure a steady flow of consumers as well as to enhance our sales and brand awareness.

Retail points operated by third party retailers

As at 31 December 2023, we had a total of 39 retail points that were operated by third-party retailers, which remained consistent as compared to that of 41 retail points as at 31 December 2022.

Online Channels

We primarily sell past season products through online channels which consisted of (i) online discount platforms such as VIP.com; (ii) online third-party retailers; (iii) our self-operated e-shops on mainstream online platforms such as Tmall.com, JD.com etc.; and (iv) our WeChat stores.

During the year, we continued to participate in the just-in-time delivery program (the "**JIT Program**") of VIP.com, which allows us to receive orders placed by customers on VIP.com and make direct distribution of the products to customers from our warehouse. We also actively developed new online third-party retailers for online retailing of our products.

Branding

The continuing implementation of a multi-brand strategy is critical to our sustainable expansion and growth. We believe that our multi-brand strategy will allow us to capture more market segments, take advantage of a wider range of market opportunities and ultimately increase our overall market share in China's menswear market.

During the year, the Group continued to increase its brand presence by sharing brand stories and product knowledge with target audience through social media such as Little Red Book, Douyin, WeChat and Weibo etc.

On 25 April 2023, Panland Investment Co., Ltd. ("**Panland Investment**"), a subsidiary of the Company, entered into an exclusive master licensing agreement with Interasia & Associates (USA) Inc. ("**Interasia USA**"), pursuant to which, Panland Investment will act as the master licensee to represent SBPRC brand in Mainland China, Hong Kong and Macau from 1 July 2023 to 30 June 2037. Panland Investment has the legal authority for the manufacturing, sales and distribution, marketing and promotion of licensed products bearing "SBPRC" registered trademarks and logos; to conduct "sub licensing" of the SBPRC registered trademarks and logos to third party entities for the manufacturing, sales and distribution, marketing and promotion of licensed products; and to manage the sub-licensees' trademark compliance in the territories of Mainland China, Hong Kong and Macau.

Business digitalization

We developed an O2O system that is tailored to our retail network and allows our customers to make purchases on demand even if the desired item is out of stock at a particular location, which in turn both enhances customers' shopping experience and drives our sales. Sales contributed by the self-developed O2O system increased by RMB1.6 million, or approximately 13.1%, from RMB12.2 million in 2022 to RMB13.8 million in 2023.

We also operate a social network-based commerce and marketing program in collaboration with Weimob and sell and deliver our products in our WeChat stores. Total revenue derived from the WeChat stores decreased by RMB3.5 million from RMB10.9 million in 2022 to RMB7.4 million in 2023.

In addition, as our Customer Relationship Management (CRM) system has been online, we are also working on a customer loyalty program with an aim to further promote customer loyalty, encourage repeat purchases and cross-selling.

Properties under development

The Group's property development segment represents the properties under development which are situated at No.833, Shuiyun Road, China (Shanghai) Pilot Free Trade Zone Lin-Gang Special Area. The site area of the project is approximately 5,819 square meters and the floor area is approximately 11,637 square meters, which mainly includes commercial area of approximately 3,435 square meters and residential area of approximately 7,600 square meters.

The properties under development are indirectly wholly owned by the Company. As at 31 December 2023, the carrying amount of the properties under development is RMB204.0 million. The percentage of completion of the project is approximately 99.8%. Currently, the Group is in the process of applying for the permit for advance sale of commodity houses from the relevant governmental authorities.

The Board expects the construction of the properties under development will be completed in the second half of 2024. When completion and the permit for advance sale of commodity houses is obtained, the properties are expected to be sold to recover funds. After sale of the properties, the Board expects that the Group will no longer engage in the property development business.

Impairment of trademarks

The Group classified the trademarks of "London Fog", "Artful Dodger", "Zoo York", "MCS", "Henry Cotton's" and "Marina Yachting" as intangible assets with indefinite lives. The Group performs impairment test on each trademark at the end of each reporting period. The impairment assessment was based on the forecast and estimation on the future development of each cash-generating unit to which the trademark is allocated.

During the year, the impairment loss of these trademarks was approximately RMB12.3 million which mainly included impairment of Marina Yachting of RMB5.8 million, London Fog of RMB3.1 million and Zoo York of RMB2.4 million, respectively (2022: impairment of Marina Yachting of RMB17.6 million, MCS of RMB8.7 million, Henry Cotton's of RMB2.9 million, Artful Dodger of RMB2.4 million, London Fog of RMB2.4 million and Zoo York of RMB0.8 million, respectively).

The impairment made to trademarks for the year was mainly because the Group will be focusing on development of the business of MCS brand in coming years and less resources will be allocated to developing the business of other self-owned brands including London Fog, Zoo York etc.

Share award scheme

The Company adopted a Share Award Scheme to recognise the contributions by certain employees and to give incentives to them in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of the Group.

On 31 October 2023, the Board granted 162,534,000 shares of the Company (the "**Award Shares**") to 11 employees (including 7 directors) for free. The vesting period of the Award Shares granted will be exercisable on or after 31 October 2024.

Formation of partnerships

Formation of partnership 1

On 24 January 2024, Zhuhai Sinosure Joint Investment Co., Ltd. (珠海信保聯合投資有限公司, "**Zhuhai Sinosure**", a company indirectly owned as to 49% by the Company and is therefore not regarded as a subsidiary of the Company), as limited partner, entered into a partnership agreement (the "**Partnership Agreement 1**") with Zhuhai Gree Equity Investment Fund Management Co., Ltd. (珠海格力股權投資基金管理有限公司, "**Gree Equity**"), as general partner, in relation to the formation of Zhuhai Gejin Xinbao Joint Investment Partnership (Limited Partnership) (珠海格金信保聯合投資合夥企業(有限合夥), "**Partnership 1**"). Pursuant to the Partnership Agreement 1, the total capital contribution by all partners to Partnership 1 shall be RMB10,000,000, of which each of Zhuhai Sinosure and Gree Equity shall contribute RMB5,000,000 and RMB5,000,000, respectively.

Formation of partnership 2

On 24 January 2024, Guangdong Junrui Industrial Co., Ltd. (廣東君瑞實業有限公司, "**Guangdong Junrui**", an indirect wholly-owned subsidiary of the Company), as limited partner, entered into a partnership agreement (the "**Partnership Agreement 2**") with Zhuhai Xingge Capital Investment Co., Ltd. (珠海興格資本投資有限公司, "**Zhuhai Xingge**"), as limited partner, and Partnership 1, as general partner, in relation to the formation of Zhuhai Gejin Xinbao Equity Investment Fund Partnership (Limited Partnership) (珠海格金信保股權投資基金合夥企業(有限合夥), "**Partnership 2**"). Pursuant to the Partnership Agreement 2, The total capital contribution by all partners of Partnership 2 shall be RMB100,000,000, of which each of Guangdong Junrui, Zhuhai Xingge and Partnership 1 shall contribute RMB55,000,000, RMB35,000,000 and RMB10,000,000, respectively.

The purpose of formation of Partnership 2 is to achieve satisfactory return to all partners of Partnerships 2 by engaging in the business of direct equity investment and fund investment.

Partnership 2 shall invest in the fields of new generation information technology, new energy, integrated circuits, intelligent manufacturing, biomedicine and health, smart home appliances, equipment manufacturing and fine chemicals and would prioritize investments in areas that can generate synergies with the business of the Company. The Board is confident that, the formation of Partnership 2 will provide the Group with opportunities to engage with industries and enterprises poised for future growth, thereby creating favorable conditions for the Group's business transformation, development and diversification.

Outsourcing

In order to enable our management team to continuously focus on our core missions, we outsourced substantially all our sales staff in self-operated retail points and the production workers in our manufacturing plant in Dezhou to a third-party outsourcing service company. As at 31 December 2023, approximately 661 sales representatives, store managers and production workers, were employees of the outsourcing service company (31 December 2022: 921).

Employee information

As at 31 December 2023, the Group had approximately 208 full-time employees (31 December 2022: 273). Staff costs, including directors' remuneration, totaled RMB23.1 million in 2023 (2022: RMB32.9 million).

Corporate Social Responsibility

Being a responsible corporate citizen, we continued to look for opportunities to reduce the consumption of paper, electricity and other resources in order to reduce the impact to the environment and set reduction targets as appropriate.

Prospects

The Board will focus on the following objectives and initiatives in 2024:

- to increase our brand presence on social media including Little Red Book, Douyin and WeChat;

- to increase the portion of online sales by exploring sales opportunities from live streaming and online stores operated by department stores and shopping malls; and to increase sales from our Wechat stores and e-shops on mainstream e-commerce platform such as Tmall, JD.com etc.;

- to increase the average store sales of our MCS, SBPRC and Marina Yachting stores by leveraging the Group's digital tools such as O2O system and customer loyal program etc.;

- to develop new online and offline third-party retailers to expand the retail network;
- stock clearance of aged inventories;
- to complete the construction of the Group's properties under development and commence sales of the properties; and
- to explore new businesses opportunities such as brand licensing, group purchases etc.

SPECIAL FINAL DIVIDEND

The Board proposed to declare a special final dividend of HK2.0 cents per share (2022: nil) for the year ended 31 December 2023.

Subject to the approval at the annual general meeting of the Company to be held on 17 May 2024 (the "**Annual General Meeting**"), the special final dividend will be payable to the shareholders of the Company (the "**Shareholders**") in due course.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has devised its own code of conduct regarding directors' dealings in the Company's securities and securities transactions by employees who are likely to be in possession of unpublished price-sensitive information of the Company (the "**Code of Conduct**") on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). All directors have confirmed, following specific enquiry by the Company, that they have complied with the required standard set out in the Model Code and the Code of Conduct for the year ended 31 December 2023.

CORPORATE GOVERNANCE

The Board believes that high corporate governance standards are essential in providing a framework for the Company to safeguard the interests of Shareholders and to enhance corporate value and accountability. The Board is of the view that throughout the year ended 31 December 2023, the Company has complied with all the code provisions as set out in the Corporate Governance Code contained in Appendix C1 of the Listing Rules, with the exception of code provision C.2.1.

According to code provision C.2.1, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The Company deviates from this code provision because both the chairman ("**Chairman**") and chief executive officer ("**CEO**") positions of the Company are held by Mr. Zhang Yongli. The Board believes that vesting the roles of Chairman and CEO in the same person provides the Group with strong and consistent leadership and allows for efficient business planning and decisions under the current situation.

PURCHASE, REDEMPTION OR SALE OF SHARES OF THE COMPANY

During the year ended 31 December 2023, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

The audit committee has discussed with the management regarding the risk management and internal control systems and financial reporting matters related to the preparation of the consolidated financial statements for the year ended 31 December 2023. It has also reviewed the said consolidated financial statements.

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, the consolidated statement of comprehensive income, and the related notes thereto for the year ended 31 December 2023 as set out in the preliminary announcement have been agreed by the Company's auditors to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by the Company's auditors in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Company's auditors on the preliminary announcement.

RECORD DATE FOR ENTITLEMENT TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING

Shareholders whose names appear on the register of members of the Company at the close of business on Friday, 10 May 2024 will be entitled to attend and vote at the Annual General Meeting. In order to be eligible to attend and vote at the Annual General Meeting, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration no later than 4:30 p.m. on Friday, 10 May 2024.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This result announcement is published on the website of the Company at *www.cohl.hk* and Hong Kong Exchanges and Clearing Limited at *www.hkexnews.hk*. The 2023 Annual Report and the Notice of Annual General Meeting will be despatched to the Shareholders and available on the same websites in due course.

APPRECIATION

Dedicated and loyal employees are our most valuable asset. We would like to take this opportunity to thank our colleagues on the Board and the staff members of the Group for their hard work, loyal service and contributions during the year.

CHANGE OF COMPANY SECRETARY, AUTHORISED REPRESENTATIVE AND PROCESS AGENT

The Board announces that Ms. Li Rita Yan Wing ("**Ms. Li**") has tendered her resignation as (i) the company secretary of the Company (the "**Company Secretary**"); (ii) the authorised representative of the Company (the "**Authorised Representative**") under Rule 3.05 of the Listing Rules on the Stock Exchange; and (iii) a person authorised to accept service of process and notices on behalf of the Company (the "**Process Agent**") in Hong Kong under Rule 19.05(2) of the Listing Rules and Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) due to personal work arrangements, with effect from 22 March 2024.

Ms. Li has confirmed that she has no disagreement with the Board and there is no matter in relation to her resignation that needs to be brought to the attention of the Shareholders or the Stock Exchange.

The Board would like to take this opportunity to express its gratitude to Ms. Li for her invaluable contributions to the Company during her tenure of office.

The Board further announces that it has resolved to appoint Ms. Kwan Sau In ("**Ms. Kwan**") as the Company Secretary, the Authorised Representative and the Process Agent with effect from 22 March 2024.

The biographical details of Ms. Kwan are as follows:

Ms. Kwan Sau In is a manager of Corporate Services of Tricor Services Limited. She has over 10 years of the corporate secretarial and compliance experience for Hong Kong listed companies as well as multinational, private and offshore companies. Ms. Kwan is an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom. She obtained a master's degree in law (Chinese Law) from The University of Hong Kong and a bachelor's degree of business administration in corporate administration from The Hong Kong Metropolitan University (formerly known as The Open University of Hong Kong).

Save as disclosed above, the Board is not aware of any other matters in relation to the appointment of Ms. Kwan that need to be brought to the attention of the Shareholders and the Stock Exchange, or any information that need to be disclosed pursuant to the requirements of the Listing Rules.

The Board would like to take this opportunity to extend welcome to Ms. Kwan.

By Order of the Board
China Outfitters Holdings Limited
Zhang Yongli
Chairman

Hong Kong, 22 March 2024

As at the date of this announcement, the executive directors of the Company are Mr. Zhang Yongli, Mr. Sun David Lee and Ms. Huang Xiaoyun; the non-executive Director is Mr. Wang Wei; and the independent non-executive directors are Mr. Kwong Wilson Wai Sun, Mr. Yeung Chi Wai and Mr. Ho Ka Wang.