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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 2019

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 2019, together with the comparative figures for the previous year, as follows:

FINANCIAL HIGHLIGHTS

	Year ended 31 December		
	2019	2018	
	RMB million	*RMB million*	*Changes*
REVENUE	**818.7**	898.3	(8.9%)
Gross profit	**638.0**	682.3	(6.5%)
Gross profit margin	***77.9%***	*76.0%*	*+1.9 p.p.t.*
Operating profit	**43.3**	85.9	(49.6%)
Operating profit margin	***5.3%***	*9.6%*	*(4.3 p.p.t.)*
Profit attributable to ordinary equity holders of the parent	**19.9**	60.2	(66.9%)
Basic earnings per share — *RMB cent*	**0.58**	1.76	(67.0%)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December

	Notes	**2019** ***RMB'000***	2018 *RMB'000*
REVENUE	*5*	**818,747**	898,295
Cost of sales		**(180,751)**	(215,983)
Gross profit		**637,996**	682,312
Other income and gains	*5*	**30,168**	47,135
Selling and distribution expenses		**(485,534)**	(495,697)
Administrative expenses		**(82,511)**	(63,573)
Impairment losses on financial assets, net	*8*	**(1,686)**	(4,371)
Other expenses		**(55,105)**	(79,880)
Operating profit		**43,328**	85,926
Finance income	*6*	**18,523**	20,726
Finance costs	*7*	**(3,404)**	—
Share of profits and losses of:			
Joint ventures		**(160)**	2,563
An associate		**(4,484)**	(1,242)
PROFIT BEFORE TAX	*8*	**53,803**	107,973
Income tax expense	*9*	**(34,098)**	(47,138)
PROFIT FOR THE YEAR		**19,705**	60,835
Attributable to:			
Ordinary equity holders of the parent		**19,930**	60,179
Non-controlling interests		**(225)**	656
		19,705	60,835
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted			
— For profit for the year	*11*	**RMB0.58 cents**	RMB1.76 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

	2019	2018
	RMB'000	*RMB'000*
PROFIT FOR THE YEAR	**19,705**	60,835
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of financial statements	**9,261**	13,152
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	**9,261**	13,152
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:		
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value	**10,797**	(35,398)
Income tax effect	**(2,795)**	5,345
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods	**8,002**	(30,053)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	**17,263**	(16,901)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**36,968**	43,934
Attributable to:		
Ordinary equity holders of the parent	**37,193**	43,276
Non-controlling interests	**(225)**	658
	36,968	43,934

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December

	Notes	**2019** **RMB'000**	2018 *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**270,795**	255,315
Investment properties		**46,306**	48,724
Right-of-use assets		**86,734**	—
Prepaid land lease payments		—	40,368
Investments in joint ventures		—	37,129
Investment in an associate		**9,818**	14,039
Equity investments designated at fair value through other comprehensive income		**37,503**	26,172
Goodwill		**34,467**	72,123
Other intangible assets		**163,381**	124,889
Deferred tax assets		**189,324**	188,096
Total non-current assets		**838,328**	806,855
CURRENT ASSETS			
Inventories	*12*	**285,576**	220,751
Properties under development	*13*	**169,123**	145,438
Trade and bills receivables	*14*	**104,628**	113,166
Prepayments and other receivables		**109,069**	89,728
Dividend receivable		—	5,136
Financial assets at fair value through profit or loss	*15*	**30,000**	225,000
Structured bank deposits	*15*	**275,221**	101,958
Pledged deposits	*16*	—	4,911
Cash and cash equivalents	*16*	**386,610**	427,581
Total current assets		**1,360,227**	1,333,669
CURRENT LIABILITIES			
Trade and bills payables	*17*	**38,172**	36,548
Other payables and accruals		**131,119**	134,038
Lease liabilities		**40,098**	—
Tax payable		**146,528**	172,714
Total current liabilities		**355,917**	343,300
NET CURRENT ASSETS		**1,004,310**	990,369
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,842,638**	1,797,224

	Notes	**2019**	2018
		RMB'000	*RMB'000*
NON-CURRENT LIABILITIES			
Lease liabilities		**7,409**	—
Deferred tax liabilities		**22,496**	18,894
Total non-current liabilities		**29,905**	18,894
Net assets		**1,812,733**	1,778,330
EQUITY			
Equity attributable to owners of the parent			
Share capital	*18*	**280,661**	280,661
Shares held for share award scheme		**(26,234)**	(10,031)
Reserves		**1,558,736**	1,507,905
		1,813,163	1,778,535
Non-controlling interests		**(430)**	(205)
Total equity		**1,812,733**	1,778,330

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, manufacturing, 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. 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 2019. 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).

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 new and revised IFRSs for the first time for the current year's financial statements.

Amendments to IFRS 9	*Prepayment Features with Negative Compensation*
IFRS 16	*Leases*
Amendments to IAS 19	*Plan Amendment, Curtailment or Settlement*
Amendments to IAS 28	*Long-term Interests in Associates and Joint Ventures*
IFRIC–Int 23	*Uncertainty over Income Tax Treatments*
Annual Improvements to IFRSs 2015–2017 Cycle	Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23

4. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the business of the design, manufacturing, marketing and sale of apparel products and accessories in the PRC, with a focus on menswear.

IFRS 8 *Operating Segments* requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to segments and to assess their performance. The information reported to the Directors, who are the chief operating decision makers for the purpose of resource allocation and assessment of performance, does not contain profit or loss information of each product line and the Directors reviewed the financial results of the Group as a whole reported under IFRSs. Therefore, the operation of the Group constitutes one single reportable segment. Accordingly, no operating segment is presented.

All of the external revenues of the Group during the financial year presented are attributable to customers established in the PRC, the place of domicile of the Group's operating entities. Since the principal non-current assets held by the Group are all located in the PRC, no geographical information required by IFRS 8 is presented.

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:

	2019	2018
	RMB'000	*RMB'000*
Revenue from contracts with customers	**818,747**	898,295

Revenue from contracts with customers

(i) Disaggregated revenue information

For the year ended 31 December 2019

	Total
	RMB'000
Type of goods	
Sale of apparel and accessories	818,747
Timing of revenue recognition	
Goods transferred at a point in time	818,747

(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:

	2019	2018
	RMB'000	*RMB'000*
Other income		
Government subsidies*	**19,955**	38,675
Gross rental income from investment property operating leases:		
Other lease payments, including fixed payments	**3,662**	3,832
Exchange gain	**2,093**	—
Dividend income from equity investments at fair value through other comprehensive income	**2,020**	1,351
Sale of software	**1,790**	1,647
Sale of consumables, net	**153**	66
External order processing income	**48**	969
Others	**447**	595
	30,168	47,135

* 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 further discretion of the government.

6. FINANCE INCOME

	2019	2018
	RMB'000	*RMB'000*
Interest income on bank deposits	**11,531**	8,109
Interest income on structured bank deposits	**6,531**	12,153
Others	**461**	464
	18,523	20,726

7. FINANCE COSTS

	2019 *RMB'000*	2018 *RMB'000*
Interest on lease liabilities	**3,404**	—

8. PROFIT BEFORE TAX

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

	2019 *RMB'000*	2018 *RMB'000*
Cost of inventories sold	**217,077**	238,649
Depreciation of property, plant and equipment	**17,230**	16,277
Depreciation of investment properties	**2,418**	1,692
Depreciation of right-of-use assets	**61,743**	—
Amortisation of prepaid land lease payments	**—**	1,048
Amortisation of other intangible assets	**1,572**	1,572
Auditor's remuneration	**2,798**	2,753
Employee benefit expenses (including Directors' remuneration):		
Wages and salaries	**90,032**	118,542
Equity-settled share option expense	**13,638**	853
Pension scheme contributions	**8,094**	16,640
	111,764	136,035
Outsourced labour costs	**49,695**	—
Impairment of goodwill*	**42,169**	—
Impairment of other intangible assets**	**4,521**	2,250
Fair value losses, net:		
Financial assets at fair value through profit or loss — structured bank deposits	**—**	458
Dividend income from equity investments at fair value through other comprehensive income	**(2,020)**	(1,351)
Losses on remeasurement of the previously held interests in joint ventures	**8,415**	62,563
Impairment of trade receivables, net	**1,686**	4,371
Lease payments under operating leases in respect of buildings and retail stores	**—**	187,680
Lease payments not included in the measurement of lease liabilities	**111,523**	—
Reversal of write-down of inventories to net realisable value, net^	**(36,326)**	(40,372)
Write-off of uncollectible other receivables	**—**	2,500

* The impairment of goodwill is included in "Other expenses" in the consolidated statement of profit or loss.

** The impairment of other intangible assets is included in "Other expenses" in the consolidated statement of profit or loss.

^ The reversal of 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 2019.

	2019	2018
	RMB'000	*RMB'000*
Current — PRC		
Charge for the year	**32,814**	42,491
Deferred	**1,284**	4,647
Total tax charge for the year	**34,098**	47,138

A reconciliation of the tax expense applicable to profit 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:

	2019		2018	
	RMB'000	*%*	*RMB'000*	*%*
Profit before tax	**53,803**		107,973	
Tax charge at the statutory tax rate	**13,451**	**25**	26,993	25
Entities subject to lower statutory income tax rates	**1,511**	**3**	3,456	5
Effect of withholding tax on distributable profits of certain PRC subsidiaries	**4,382**	**8**	3,021	3
Effect of withholding tax on service fees	**1,306**	**2**	2,439	2
Profits and losses attributable to an associate	**1,121**	**2**	311	—
Profits and losses attributable to joint ventures	**40**	**—**	(641)	(1)
Adjustments in respect of current tax of previous periods	**(5,405)**	**(10)**	(7,344)	(7)
Tax losses utilised from previous periods	**(3,338)**	**(6)**	(816)	(1)
Tax losses not recognised	**21,499**	**40**	19,336	18
Others	**(469)**	**(1)**	383	—
Tax charge at the Group's effective tax rate	**34,098**	**63**	47,138	44

10. DIVIDENDS

The Board does not recommend to declare any final dividends for the year ended 31 December 2019 and 31 December 2018.

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

The calculation of basic earnings per share is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 3,406,958,767 (2018: 3,425,479,627) in issue during the year.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2019 and 31 December 2018 in respect of a dilution as the impact of the share options under the Share Option Scheme (defined below) outstanding had an anti-dilutive effect on the basic earnings per share amounts presented.

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

	2019	2018
	RMB'000	*RMB'000*
Earnings		
Profit attributable to equity holders of the parent, used in the basic earnings per share calculation	**19,930**	60,179

	Number of shares	
	2019	2018
Shares		
Weighted average number of ordinary shares in issue	**3,445,450,000**	3,445,450,000
Weighted average number of shares purchased for the Share Award Scheme	**(38,491,233)**	(19,970,373)
Adjusted weighted average number of ordinary shares in issue used in the basic earnings per share calculation	**3,406,958,767**	3,425,479,627

12. INVENTORIES

	2019	2018
	RMB'000	*RMB'000*
Raw materials	**15,434**	16,587
Work in progress	**7,164**	8,805
Finished goods	**262,978**	195,359
	285,576	220,751

13. PROPERTIES UNDER DEVELOPMENT

	2019	2018
	RMB'000	*RMB'000*
Properties under development	**169,123**	145,438

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 it is expected to be realised in the Group's normal operating cycle.

14. TRADE AND BILLS RECEIVABLES

	2019	2018
	RMB'000	*RMB'000*
Trade receivables	**114,746**	121,475
Bills receivable	**—**	123
Impairment	**(10,118)**	(8,432)
	104,628	113,166

The Group's trading terms with its customers are mainly on credit, except for third-party retailers, 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, and the balances of bills receivables, are as follows:

	2019	2018
	RMB'000	*RMB'000*
Trade receivables		
Within 1 month	**90,508**	93,763
1 to 2 months	**6,917**	9,825
2 to 3 months	**2,230**	3,738
Over 3 months	**4,973**	5,717
	104,628	113,043
Bills receivable	**—**	123
	104,628	113,166

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS/STRUCTURED BANK DEPOSITS

	2019	2018
	RMB'000	*RMB'000*
Financial assets at fair value through profit or loss		
Structured bank deposits, at fair value	**30,000**	225,000
Structured bank deposits		
Structured bank deposits, in licensed banks in the PRC, at amortised cost	**275,221**	101,958

The above structured bank deposits at fair value at 31 December 2019 were wealth management products issued by banks in the PRC. 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.

16. PLEDGED DEPOSITS AND CASH AND CASH EQUIVALENTS

	2019	2018
	RMB'000	*RMB'000*
Cash and bank balances	**90,464**	130,983
Time deposits	**296,146**	301,509
	386,610	432,492
Less: Pledged bank deposits*	**—**	(4,911)
Cash and cash equivalents	**386,610**	427,581

* There is no bank deposit pledged for issuing of bank acceptance notes as at 31 December 2019 (2018: RMB4,911,000).

At the end of the reporting period, the cash and bank balances and time deposits of the Group denominated in Hong Kong Dollar ("**HK$**"), US Dollar ("**US$**") and EUR ("**€**") amounted to RMB285,856,000, RMB9,694,000 and RMB71,000, respectively (2018: RMB310,400,000, RMB3,603,000 and RMB89,000, 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 AND BILLS PAYABLES

An aging analysis of the trade payables as at 31 December 2019 and 31 December 2018, based on the invoice date, is as follows:

	2019	2018
	RMB'000	*RMB'000*
Trade payables		
Within 30 days	**32,629**	26,873
31 to 90 days	**376**	3,639
91 to 180 days	**281**	1,136
181 to 360 days	**4,886**	1,600
	38,172	33,248
Bills payables	**—**	3,300
	38,172	36,548

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

18. SHARE CAPITAL

Shares

	2019	2018
	HK$'000	*HK$'000*
Issued and fully paid:		
3,445,450,000 (2018: 3,445,450,000) ordinary shares of HK$0.1 each	**344,545**	344,545
Equivalent to RMB'000	**280,661**	280,661

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET OVERVIEW

Amid the continuous slowdown of China's macro-economy, demonstrated by the weakest Gross Domestic Product growth rate ("**GDP**") of 6.1% for the past 29 years since 1990, the growth rate of total retail sales of consumer products has decreased by 1.0 percentage point from 9.0% in 2018 to 8.0% in 2019. Particularly, retail sales achieved by the top 100 key and large-scale retailers decreased by 0.3% in 2019.

Confronted with the ever-changing market place, the Group is searching for ways to better adapt to the competitive landscape. The Group reported a decrease in revenue by 8.9% from RMB898.3 million in 2018 to RMB818.7 million in 2019 and a decrease in profit attributable to ordinary equity holders of the parent by 66.9% from RMB60.2 million in 2018 to RMB19.9 million in 2019.

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, 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 recognised when control of goods is transferred to the customers at amount that reflect the consideration to which the Group expects to be entitled in exchange for those goods or services.

The total revenue of the Group was RMB818.7 million in 2019, representing a decrease by RMB79.6 million, or approximately 8.9% as compared to RMB898.3 million in 2018. The decrease in revenue was mainly attributable to the decrease in retail sales from self-operated retailers and sales to third-party retailers.

By sales channel

Revenue from sales of products through self-operated retail points decreased by RMB64.7 million, or 9.4%, from RMB684.9 million in 2018 to RMB620.2 million in 2019 and accounted for approximately 75.7% (2018: 76.2%) of the total revenue. The decrease in revenue was primarily due to the decrease in same store sales by 12.1%. In terms of the retail channel, the revenue from outlet stores also slightly decreased by RMB3.1 million, or approximately 1.4%, from RMB221.5 million in 2018 to RMB218.4 million in 2019.

Revenue from sales of products to third-party retailers decreased by RMB13.3 million, or 8.7% from RMB152.2 million in 2018 to RMB138.9 million in 2019 and accounted for approximately 17.0% (2018: 16.9%) of the total revenue. The decrease in revenue was primarily because third-party retailers became more conservative in placing orders to purchase the products from the Group.

Revenue from sales of products through online channels decreased by RMB1.6 million, or 2.6%, from RMB61.2 million in 2018 to RMB59.6 million in 2019 and accounted for approximately 7.3% (2018: 6.9%) of the total revenue. The decrease in revenue was primarily attributable to a mixed effect of (i) a decrease in sales of products to online third-party retailers by RMB5.7 million or approximately 19.4%, from RMB29.3 million in 2018 to RMB23.6 million in 2019; and (ii) an decrease in sales of product through our e-shops on Tmall.com and JD.com by RMB3.4 million or approximately 18.8%, from RMB18.1 million in 2018 to RMB14.7 million in 2019; and partially offset by (iii) an increase in sales from online discount platform such as VIP.com by RMB7.5 million or approximately 54.3% from RMB13.8 million in 2018 to RMB21.3 million in 2019.

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			
	2019		2018	
	Revenue RMB million	***% of total revenue***	*Revenue RMB million*	*% of total revenue*
Retail sales from self-operated retailers	**620.2**	**75.7%**	684.9	76.2%
Sales to third-party retailers	**138.9**	**17.0%**	152.2	16.9%
Sales from e-commerce business	**59.6**	**7.3%**	61.2	6.9%
Total	**818.7**	**100.0%**	898.3	100.0%

By Brand

Revenue contributed from self-owned brands decreased by RMB9.6 million, or approximately 9.6%, from RMB100.5 million in 2018 to RMB90.9 million in 2019. Percentage of revenue from self-owned brands over total revenue was consistent for the both years indicated.

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

	Year ended 31 December			
	2019		2018	
	Revenue RMB million	***% of total revenue***	*Revenue RMB million*	*% of total revenue*
Licensed brands	**727.8**	**88.9%**	797.8	88.8%
Self-owned brands	**90.9**	**11.1%**	100.5	11.2%
Total	**818.7**	**100.0%**	898.3	100.0%

Cost of sales

Our cost of sales decreased by RMB35.2 million, or approximately 16.3%, from RMB216.0 million in 2018 to RMB180.8 million in 2019. The decrease in cost of sales was primarily due to a decrease in cost of inventories sold by RMB21.5 million from RMB238.6 million in 2018 to RMB217.1 million in 2019 due to the decrease in sales in 2019. The decrease in cost of inventories sold was partially offset by a decrease in reversal of write-down of inventories to net realisable value by RMB4.1 million from RMB40.4 million in 2018 to RMB36.3 million in 2019.

Gross profit and gross profit margin

Our gross profit decreased by RMB44.3 million, or approximately 6.5%, from RMB682.3 million in 2018 to RMB638.0 million in 2019. Our overall gross profit margin was 77.9% in 2019, which was largely consistent with the gross profit margin of 76.0% in 2018.

Other income and gains

Our other income and gains decreased by RMB16.9 million, or approximately 35.9%, from RMB47.1 million in 2018 to RMB30.2 million in 2018, which was primarily due to a decrease in government subsidies by RMB18.7 million and partially offset by an increase in exchange gain by RMB2.1 million during the year.

Selling and distribution expenses

Our selling and distribution expenses decreased by RMB10.2 million, or approximately 2.1%, from RMB495.7 million in 2018 to RMB485.5 million in 2019.

Rents and concession fees for occupying concession counters within department stores and department store charges decreased by RMB5.2 million, or approximately 2.2%, from RMB234.1 million in 2018 to RMB228.9 million in 2019, which was largely due to decrease in revenue from self-operated retail points.

The labour costs related to sales and marketing staff and outsourcing costs related to sales and marketing activities increased from RMB106.9 million in 2018 to RMB113.2 million in 2019 which was primarily attributable to the increase in basic salary of the sales and marketing staff.

We incurred advertising and promotion expenses of RMB22.2 million (2018: RMB24.9 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 WeChat, Weibo and mainstream websites such as Sina.com, Sohu.com etc.

Decoration fees for self-operated retail points decreased from RMB46.2 million in 2018 to RMB41.3 million in 2019 which was primarily attributable to the decrease in number of retail points opened during the year.

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

Administrative expenses

Our administrative expenses increased by RMB18.9 million, or approximately 29.7%, from RMB63.6 million in 2018 to RMB82.5 million in 2019. The increase in administrative expenses was mainly due to an increase in labour cost related to managerial staff and amortisation of share option expenses by RMB18.5 million during the year.

Impairment losses on financial assets, net

Impairment losses on financial and contract assets mainly represented credit losses arising from trade receivables of RMB1.7 million (2018: RMB4.4 million).

Other expenses

Other expenses mainly included an impairment on goodwill of RMB42.2 million (2018: Nil), losses on disposal of joint ventures of RMB8.4 million (2018: RMB62.6 million) and an impairment on trademark — London Fog of RMB4.5 million (2018: RMB2.2 million).

Finance income

Our finance income decreased to RMB18.5 million in 2019 as compared to that of RMB20.7 million in 2018, representing a decrease by 10.6%. The Group has deposited bank deposits of RMB305.8 million in licensed banks in Hong Kong, which accounted for approximately 79.1% of the cash and cash equivalents balance as at 31 December 2019. As the bank interest rate in Hong Kong was lower than the bank interest rate in China, the finance income decreased during the year.

Share of profits and losses of joint ventures

Share of profits and losses of joint ventures represented share of profits of the joint venture Marina Yachting Hong Kong Limited (馬理納香港有限公司) of RMB0.2 million and share of losses of the joint venture Henry Cotton's Greater China Company Limited (亨瑞科頓大中華有限公司) of RMB0.4 million, respectively. (2018: Share of losses of Henry Cotton's and Marina Yachting of RMB0.5 million and RMB1.1 million, respectively).

Share of losses of an associate

Share of losses of an associate represented share of losses of the associate — China Mingmen Investment Group Limited (中國名門投資集團有限公司) of RMB4.5 million (2018: RMB1.2 million).

Profit before tax

As a result of the foregoing factors, our profit before tax decreased by RMB54.2 million, or approximately 50.2%, from RMB108.0 million in the 2018 to RMB53.8 million in 2019.

Income tax expense

Income tax expense decreased by RMB13.0 million, or approximately 27.6%, from RMB47.1 million in 2018 to RMB34.1 million in 2019, which was primarily due to (i) a decrease in current income tax by RMB9.7 million due to the decrease in profit before tax; and (ii) a decrease in deferred tax expense by RMB3.3 million from RMB4.6 million in 2018 to RMB1.3 million in 2019.

Profit for the year

Profit for the year decreased by RMB41.1 million, or approximately 67.6%, from RMB60.8 million in 2018 to RMB19.7 million in 2019. The net profit margin decreased by 4.4 percentage points from 6.8% in 2018 to 2.4% in 2019 which was mainly because the percentage of administrative expenses over total revenue increased by 3.0 percentage points from 7.1% in 2018 to 10.1% in 2019.

Profit attributable to ordinary equity holders of the parent

As a result of the foregoing, profit attributable to ordinary equity holders of the parent decreased by RMB40.3 million, or approximately 66.9%, from RMB60.2 million in 2018 to RMB19.9 million in 2019.

Working Capital Management

	31 December 2019	31 December 2018
Inventory turnover days	**511**	330
Trade receivables turnover days	**49**	47
Trade payables turnover days	**72**	49

The increase in inventory turnover days by 181 days was mainly due to (i) the acquisition of Henry Cotton's and Marina Yachting business which resulted in a full consolidation of Henry Cotton's and Marina Yachting inventories kept by the joint ventures of RMB18.8 million; and (ii) the decrease in sales leading to an increase in turnover days of the past season inventories aged from 1 year to 3 years.

The turnover days of trade receivables and trade payables remained consistent for the two years indicated.

Liquidity, financial position and cash flows

As at 31 December 2019, we had net current assets of approximately RMB1,004.3 million, as compared to RMB990.4 million as at 31 December 2018. The current ratio of our Group was 3.8 as at 31 December 2019, as compared to that of 3.9 as at 31 December 2018.

There was no undrawn banking facility as at 31 December 2019.

As at 31 December 2019, we had an aggregate cash and cash equivalents, financial assets at fair value through profit or loss, pledged deposits and structured bank deposits of approximately RMB691.8 million (31 December 2018: RMB759.5 million). The table below sets forth selected cash flow data from our consolidated statement of cash flows:

	Year ended 31 December	
	2019	2018
	RMB million	*RMB million*
Net cash flows from operating activities	**27.7**	52.1
Net cash flows (used in)/from investing activities	**(79.0)**	27.3
Net cash flows used in financing activities	**(79.2)**	(0.3)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(130.5)**	79.1
Effect of foreign exchange rate changes, net	**8.2**	11.7
Cash and cash equivalents at beginning of year	**218.2**	127.4
CASH AND CASH EQUIVALENTS AT END OF YEAR	**95.9**	218.2

Operating activities

Net cash flows from operating activities decreased by RMB24.4 million, or approximately 46.8%, from RMB52.1 million in 2018 to RMB27.7 million in 2019 which was primarily attributable to a mixed effect of (i) an increase in cash outflows from changes in inventories by RMB10.3 million and an increase in payment of CIT by RMB28.2 million; and partially offset by (ii) an increase in the operating cash inflows before changes in working capital by RMB20.7 million from RMB137.4 million in 2018 to RMB158.1 million in 2019.

Investing activities

Net cash flows used in investing activities of RMB79.0 million mainly represented an increase in short-term deposits with original maturity of over three months of RMB76.4 million.

Financing activities

Net cash flows used in financing activities mainly represented purchase of shares for the Share Award Scheme of RMB16.2 million and payment of the principal portion of lease payments of RMB63.0 million.

Pledge of group assets

As at 31 December 2019, 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 2019, the Group had capital commitments of approximately RMB41.8 million (31 December 2018: RMB47.7 million) and there were no significant contingent liabilities (31 December 2018: 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.

Use of proceeds from the IPO

The shares of the Company were listed on 9 December 2011 on the Stock Exchange. The total net proceeds from the IPO amounted to approximately HK$803.9 million (equivalent to approximately RMB654.8 million), including the net proceeds from the partial exercise of the over-allotment option on 30 December 2011.

In 2019, an aggregate of HK$65.5 million (equivalent to RMB58.0 million) was used for the acquisition of the remaining 50% equity interests in Henry Cotton's and Marina Yachting business and payment of royalties to licensors for the licensed brands and an aggregate of HK$83.0 million (equivalent to RMB73.5 million) was used for additional working capital.

The table below sets forth the utilisation of the net proceeds from the IPO and the unused amount as at 31 December 2019. All the unused proceeds were deposited into licensed banks in the PRC and Hong Kong:

Use of fund raised

	Percentage to total amount	**Net proceeds** *(HK$ million)*	**Utilised amount as at 31 December 2019** *(HK$ million)*	**Unutilised amount as at 31 December 2019** *(HK$ million)*
Licensing or acquisition of additional recognised international brands	47%	380.7	343.5	37.2
Expansion and enhancement of existing logistical system	24%	193.1	193.1	—
Settlement of shareholder's loan	19%	152.8	152.8	—
General working capital	10%	77.3	77.3	—
	100%	803.9	766.7	37.2

As at 31 December 2019, the amount of unutilised IPO proceeds for licensing or acquisition of additional recognized international brands was approximately HK$37.2 million (equivalent to RMB33.3 million). The unutilized IPO proceeds are expected to be utilized in full by the financial years ending 31 December 2020 and 31 December 2021.

OPERATION REVIEW

Retail and distribution network

As at 31 December 2019, our sales network comprised a total of 543 self-operated retail points, consisting of concession counters, consignment stores and standalone stores, and 298 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 China, Hong Kong and Taiwan by brand as at 31 December 2019 and 31 December 2018:

	As at 31 December 2019			As at 31 December 2018		
Brand	**Self-operated retail points**	**Retail points operated by third-party retailers**	**Total retail points**	Self-operated retail points (reclassified)	Retail points operated by third-party retailers (reclassified)	Total retail points (reclassified)
Jeep	**238**	**276**	**514**	242	276	518
SBPRC	**144**	**11**	**155**	170	10	180
London Fog	**42**	**—**	**42**	49	—	49
MCS	**36**	**9**	**45**	32	4	36
Zoo York	**34**	**—**	**34**	39	—	39
Barbour	**17**	**—**	**17**	19	—	19
LINCS	**—**	**—**	**—**	10	—	10
Marina Yachting	**28**	**2**	**30**	11	—	11
Others	**4**	**—**	**4**	4	—	4
Total	**543**	**298**	**841**	576	290	866

Self-operated retail points

As at 31 December 2019, we had a network of 518 self-operated concession counters (31 December 2018: 557 self-operated concession counters). A majority of the concession counters are located within mainstream department stores in first and second tier cities in China, including Parkson (百盛), Golden Eagle (金鷹), MOI (茂業), Intime (銀泰), Wangfujing (王府井) etc., among which a total of 158 were outlet stores as at 31 December 2019 (31 December 2018: 180 outlet stores).

As at 31 December 2019, we had a network of 25 standalone stores (31 December 2018: 19 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

Under the current uncertain and ever-changing market conditions, our third-party retailers have become more conservative in placing orders to purchase products from the Group.

Online Channels

We primarily sell past season products through online channels which consisted of (1) online discount platforms such as VIP.com; (ii) online third-party retailers; and (iii) our self-operated e-shops on mainstream online platforms such as Tmall.com and JD.com.

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. The JIT Program has significantly improved the efficiency of our order-fulfillment process and enhanced customer's shopping experience. 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 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. Our initiatives in brand portfolio diversification and building brand equity during the year included the followings:

Henry Cotton's and Marina Yachting

The Group completed acquisition of 100% equity interest in the joint ventures — Henry Cotton's Greater China Company Limited (亨瑞科頓大中華有限公司) and Marina Yachting Hong Limited (馬理納香港有限公司) during the year and Henry Cotton's and Marina Yachting became a brand 100% owned by the Company. Adding Henry Cotton's and Marina Yachting to the Company's portfolio of brands augments and complements the Company's multi-brand strategy and direct control business model.

Barbour

From April to July 2019, Barbour collaborated with Jaguar to introduce and present the British lifestyle and Barbour products to customers of Jaguar during its promotion events to launch the new Jaguar XEL model in Guangzhou, Shenzhen, Chengdu, Xi'an, Beijing, Tianjin, Suzhou and Shanghai.

In June 2019, Barbour collaborated with the renowned British contemporary artist Mr. Hayden Kays to launch a collaboration collection into the market. Mr. Kays was invited to celebrate the launch of the collaboration at Galeries Lafayette Shopping Mall in Shanghai at the end of June.

Brand Presentation Events

In March and April 2019, we held three brand presentation events in Shanghai, Changsha and Beijing to introduce and promote our brands including MCS, Henry Cotton's, Marina Yachting, Zoo York and Barbour to our customers and operators of shopping malls and department stores. Over 300 celebrities including Mr. Ethan Li (李東學先生), Mr. Rock Ji (紀煥博先生) and Ms. Lela Wang (王詩晴女士) were invited to the event in Beijing.

Fashion Show and public events

In March 2019, we organised fashion shows for a number of our brands including MCS, Henry Cotton's, Marina Yachting and Barbour in Shanghai and a fashion show for Zoo York in Changsha during the 2019 Changsha Fashion Week.

Sponsorship of movies and TV shows

The movie "A Lifetime Treasure" (如珠如寶) and the TV drama "My Commissioned Lovers" (婚姻合夥人) which were sponsored by the Group were broadcasted during the Relevant Period.

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 RMB1.4 million, or approximately 1.7%, from RMB81.6 million in 2018 to RMB83.0 million in 2019.

We have launched our social network-based commerce and marketing program in collaboration with Weimob (微盟) and started to sell and deliver our products on WeChat in the form of WeChat Mini Programs and WeChat Official Accounts during the year.

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

Design and product development

The local design team continues to keep abreast of the latest trends and developments in new designs, through our collaborations with the international design teams from Barbour in London, LINCS in New York, Greg Norman in Sydney and Zoo York in Hong Kong.

Production and supply chain

Microchips with Radio Frequency Identification (RFID) technology have been implanted on product tags of our products. RFID reading devices have also been equipped in our logistic centers in Shanghai, Guangzhou and Dezhou during the year to read and identify product information. The use of this new technology will significantly improve our operational efficiency, from product receiving, positioning, stocktaking to order fulfillment process, and accelerate the transforming of our warehousing system into a B2C logistics center for direct distribution of product to customers.

Outsourcing

In order to enable our management team to continuously focus on our core missions, we outsourced certain of our sales staff in self-operated retail points and substantially all the production workers in our manufacturing plant in Dezhou to a third-party outsourcing service company during the Relevant Period. As a result of this arrangement, the outsourced sales staff and production workers who were formerly our employees became employees of the outsourcing service Company. As of 31 December 2019, approximately 1,780 sales representatives, store managers and production workers, were employees of the outsourcing service company.

Employee information

As at 31 December 2019, the Group had approximately 747 full-time employees. Staff costs, including Directors' remuneration, totalled RMB111.8 million in 2019 (2018: RMB136.0 million). The Company also operated a share option scheme (the "Share Option Scheme") for the purpose of providing incentives and rewards to eligible participants for their contribution to, and continuing efforts to promote the interests of our Group. A total of 261,800,000 options under the Share Option Scheme that was granted to 100 participants (including 7 directors) remained outstanding as at 31 December 2019.

Corporate Social Responsibility

During the year, we continued to participate in the sponsorship of "I fly" (愛飛翔) training program for village school teachers organised by the Chinese Red Cross Foundation and Cui Yong Yuan Commonwealth Foundation (崔永元公益基金) for the purpose of supporting education in rural areas of China. A total donation of approximately RMB0.2 million was made by the Group to the above program during the year.

We are also looking 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 Company has received a notice of expiration from IMG Worldwide, LLC ("**IMG**") as representative for FCA US LLC ("**FCA**") on 10 January 2020. FCA and Guangdong Leaderway Garment Co., Ltd. ("**Guangdong Leaderway**"), a subsidiary of the Company, are contractual parties to a trademarks licensing agreement (the "**Jeep Licensing Agreement**") under which FCA grants Guangdong Leaderway the rights to design, manufacture and sell Jeep branded men's casual apparel (exclusive right) and accessories (non-exclusive right) in China. The notice of expiration from IMG served as a written confirmation on behalf of FCA that the Jeep Licensing Agreement will expire, by its terms, effective as at 31 December 2020 and is not intended to be renewed by FCA. Upon expiration of the Jeep Licensing Agreement, the Group shall immediately cease using the Jeep trademarks. As the number of retail points operating Jeep brand accounted for approximately 60% of the total number of retail points of the Group as at 31 December 2019, the Company will discuss with the retail network partners including department stores, shopping malls and third-party retailers to change the retail points now operating Jeep brand to retail points operating the Group's self-owned brands such as MCS, Marina Yachting, London Fog and Zoo York after the expiration of the Jeep Licensing Agreement.

The outbreak of the novel coronavirus also imposed an adverse impact on the business of the Group. More than 70% of the retail points have been closed since late January and there was minimal sales generated in February. However, up to the date of this announcement, except for the retail points in Wuhan and Tianjin which are closed, 90% of the retail points resumed operation.

Notwithstanding the impact of the above challenges, the Board is of the view that the Group has achieved steady progress in its strategic development and will focus on the following objectives and initiatives in 2020:

- stock clearance will be the first priority of the Group in 2020 given the expiration of Jeep Licensing Agreement at the end of 2020;
- to transfer the retail points now operating Jeep brand to our self-owned brands will be another major objective in 2020;
- to encourage our sales staff and third-party retailers to use our O2O system as well as to sell products through our online stores on WeChat; and
- to leverage of our customer loyalty program to increase interactions with customers and encourage repeat purchases.

FINAL DIVIDENDS

The Board does not recommend to declare any final dividends in 2019 (2018: Nil).

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 as set out in Appendix 10 to 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 2019.

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 2019, the Company has complied with all the code provisions as set out in the Corporate Governance Code contained in Appendix 14 of the Listing Rules, with the exception of code provision A.2.1.

According to code provision A.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 2019, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities, except for the trustee of the Employees' Share Award Scheme adopted by the Board on 4 November 2014. Pursuant to the terms of the rules and trust deed of the Share Award Scheme, a total of 101,400,000 shares of the Company at a total consideration of about HK$18,288,000 (equivalent to RMB16,203,000) were purchased on the Stock Exchange for the year ended 31 December 2019.

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 2019. 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 2019 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

All the shareholders of the Company whose names appear on the register of members of the Company at the close of business on Tuesday, 12 May 2020 will be entitled to attend and vote at the Annual General Meeting of the Company to be held on Monday, 18 May 2020 at 2:00 p.m. (the "**AGM**"). In order to be eligible to attend and vote at the AGM, 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 Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on Tuesday, 12 May 2020.

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 2019 Annual Report and the Notice of AGM will be despatched to the shareholders of the Company and available on the same websites on or about 15 April 2020.

APPRECIATION

Dedicated and loyal employees are our most valuable asset in this challenging and difficult year. 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.

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

Shanghai, 25 March 2020

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. Cui Yi and Mr. Yeung Chi Wai.