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## **Cosmo Lady (China) Holdings Company Limited**

### **都市麗人(中國)控股有限公司**

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

**(Stock code: 2298)**

### **PROFIT WARNING**

This announcement is made pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

#### **Estimated loss for the year ending 31 December 2021**

The board of directors (the “Board”) of Cosmo Lady (China) Holdings Company Limited (the “Company”, together with its subsidiaries, collectively the “Group”) announces that based on the preliminary assessment of the unaudited consolidated management accounts of the Group for the eleven months ended 30 November 2021, the Board estimated that the loss attributable to the owners of the Company for the year ending 31 December 2021 would not be less than RMB450 million while the loss attributable to the owners of the Company was approximately RMB118 million for the year ended 31 December 2020.

The estimated loss is primarily attributable to the following factors:

1. General downturn of mainland China’s economy due to the resurgence of COVID-19 since June 2021 and the repeated occurrences of flooding, heavy raining and electricity shortage in the second half of 2021, which dampened consumer sentiment severely resulting in sales return and lower-than-expected sales in the second half of 2021;
2. The increase in raw material prices in the market led to a decline in gross profit margin of the Group, especially in the second half of 2021;
3. In order to improve revenue in 2021, the Group has materially increased various expenditures such as revamping its incentives programs for franchisees and staff, launching extensive advertising campaigns, as well as increasing more officers and consulting expenses. Such expenditures had not brought fruitful results as planned, but instead affected the operating results of the Group; and

- Accounting for the above-mentioned factors in 2021, the Group had increased provisions for aged inventories and provision for impairment of right-of-use assets in the second half of 2021, which also contributed to the increase in the estimated net loss for the year ending 31 December 2021.

As the results for the year ending 31 December 2021 have not been finalized, the information contained in this announcement is only a preliminary assessment by the Board based on the information currently available including the unaudited consolidated management accounts of the Group for the eleven months ended 30 November 2021, which have not been confirmed, reviewed or audited by the auditors of the Company.

The Group has adequate cash to meet its current business needs.

**Shareholders of the Company and potential investors are advised to read carefully the interim results announcement of the Company for the year ending 31 December 2021 which is expected to be published in late March 2022.**

**Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.**

By Order of the Board  
**Cosmo Lady (China) Holdings Company Limited**  
**Zheng Yaonan**  
*Chairman*

Hong Kong, 16 December 2021

*As at the date of this announcement, the Board comprises Mr. Zheng Yaonan, Mr. Zhang Shengfeng, and Ms. Wu Xiaoli as executive Directors; Mr. Lin Zonghong, Mr. Wen Baoma, Mr. Jiang Bo and Ms. Fung Yat Carol as non-executive Directors; and Mr. Yau Chi Ming, Dr. Dai Yiyi, Mr. Chen Zhigang and Dr. Lu Hong Te as independent non-executive Directors.*