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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)

### ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

#### ANNUAL RESULTS

The board of directors (the “Board”) of Cosmo Lady (China) Holdings Company Limited (the “Company”) announced the annual results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2021, together with comparative figures for 2020 and selected explanatory notes, as follows:

#### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

|   | Note | Year ended 31 December |                  |
|---|------|------------------------|------------------|
|   |      | 2021<br>RMB'000        | 2020<br>RMB'000  |
| <b>Revenue</b>  | 4    | <b>3,355,403</b>       | 3,057,491        |
| Cost of sales   |      | (1,942,780)            | (1,566,711)      |
| <b>Gross profit</b>   |      | <b>1,412,623</b>       | 1,490,780        |
| Selling and marketing expenses  |      | (1,539,113)            | (1,354,586)      |
| General and administrative expenses   |      | (259,930)              | (287,521)        |
| Net impairment losses on financial assets   |      | (42,981)               | (15,889)         |
| Other income  | 5    | 43,893                 | 75,187           |
| Other gains – net   |      | 5,480                  | 6,857            |
| <b>Operating loss</b>   |      | <b>(380,028)</b>       | (85,172)         |
| Finance income  |      | 5,227                  | 4,743            |
| Finance expenses  |      | (53,183)               | (55,434)         |
| <b>Finance expenses – net</b>   |      | <b>(47,956)</b>        | (50,691)         |
| Share of net profit of joint ventures   |      | 2,349                  | 8,934            |
| <b>Loss before income tax</b>   | 6    | <b>(425,635)</b>       | (126,929)        |
| Income tax (expense)/credit   | 7    | (70,422)               | 10,603           |
| <b>Loss for the year</b>  |      | <b>(496,057)</b>       | (116,326)        |
| <b>Other comprehensive loss for the year</b>  |      |                        |                  |
| <i>Item that may be reclassified subsequently to profit or loss</i>                                 |      |                        |                  |
| Exchange differences  |      | (20,449)               | (18,277)         |
| <i>Item that will not be reclassified to profit or loss</i>   |      |                        |                  |
| Changes in the fair value of equity investments<br>at fair value through other comprehensive income |      | 670                    | (2,122)          |
| <b>Total comprehensive loss for the year</b>  |      | <b>(515,836)</b>       | (136,725)        |
| <b>Loss/profit attributable to:</b>   |      |                        |                  |
| Owners of the Company   |      | (493,988)              | (118,095)        |
| Non-controlling interests   |      | (2,069)                | 1,769            |
|   |      | <b>(496,057)</b>       | (116,326)        |
| <b>Total comprehensive (loss)/income attributable to:</b>   |      |                        |                  |
| Owners of the Company   |      | (513,767)              | (138,494)        |
| Non-controlling interests   |      | (2,069)                | 1,769            |
|   |      | <b>(515,836)</b>       | (136,725)        |
| <b>Loss per share</b>   | 8    | <b>RMB cents</b>       | <b>RMB cents</b> |
| Basic loss per share  |      | (22.49)                | (5.32)           |
| Diluted loss per share  |      | (22.49)                | (5.32)           |

## CONSOLIDATED BALANCE SHEET

|   |      | As at 31 December       |                         |
|---|------|-------------------------|-------------------------|
|   |      | 2021                    | 2020                    |
|   | Note | RMB'000                 | RMB'000                 |
| <b>ASSETS</b>   |      |                         |                         |
| <b>Non-current assets</b>   |      |                         |                         |
| Property, plant and equipment                                     |      | 676,484                 | 695,368                 |
| Right-of-use assets   |      | 342,800                 | 522,894                 |
| Intangible assets   |      | 31,419                  | 33,975                  |
| Investment in joint ventures                                      |      | 154,884                 | 295,107                 |
| Investment in an associate  |      | –                       | –                       |
| Financial assets at fair value through other comprehensive income |      | 70,083                  | 67,893                  |
| Deposits, prepayments and other receivables                       |      | 8,050                   | 13,396                  |
| Deferred income tax assets  |      | 148,858                 | 211,226                 |
|   |      | <u>1,432,578</u>        | <u>1,839,859</u>        |
| <b>Current assets</b>   |      |                         |                         |
| Inventories   |      | 964,129                 | 793,730                 |
| Trade and notes receivables                                       | 10   | 280,555                 | 302,157                 |
| Deposits, prepayments and other receivables                       |      | 608,889                 | 574,129                 |
| Financial assets at fair value through profit or loss             |      | 3,533                   | 4,623                   |
| Term deposits and restricted bank deposits                        |      | 240,292                 | 266,344                 |
| Cash and cash equivalents   |      | 515,547                 | 714,569                 |
|   |      | <u>2,612,945</u>        | <u>2,655,552</u>        |
| <b>Total assets</b>   |      | <u><b>4,045,523</b></u> | <u><b>4,495,411</b></u> |
| <b>EQUITY</b>   |      |                         |                         |
| <b>Capital and reserves attributable to owners of the Company</b> |      |                         |                         |
| Share capital   | 11   | 140,312                 | 140,312                 |
| Share premium   | 11   | 1,656,669               | 1,656,669               |
| Other reserves  |      | 381,598                 | 401,310                 |
| (Accumulated losses)/retained earnings                            |      | (306,699)               | 187,289                 |
|   |      | <u>1,871,880</u>        | <u>2,385,580</u>        |
| Non-controlling interests   |      | 22,026                  | 22,067                  |
| <b>Total equity</b>   |      | <u><b>1,893,906</b></u> | <u><b>2,407,647</b></u> |
| <b>LIABILITIES</b>  |      |                         |                         |
| <b>Current liabilities</b>  |      |                         |                         |
| Trade and notes payables  | 12   | 1,007,450               | 719,562                 |
| Accruals and other payables                                       |      | 334,156                 | 321,107                 |
| Contract liabilities  |      | 110,526                 | 61,261                  |
| Current income tax liabilities                                    |      | 17,818                  | 15,805                  |
| Borrowings  | 13   | 307,136                 | 198,674                 |
| Lease liabilities   |      | 174,243                 | 214,434                 |
| Deferred income   |      | 242                     | 267                     |
|   |      | <u>1,951,571</u>        | <u>1,531,110</u>        |
| <b>Non-current liabilities</b>                                    |      |                         |                         |
| Borrowings  | 13   | 61,941                  | 339,077                 |
| Lease liabilities   |      | 136,803                 | 215,855                 |
| Deferred income tax liabilities                                   |      | 716                     | 893                     |
| Deferred income   |      | 586                     | 829                     |
|   |      | <u>200,046</u>          | <u>556,654</u>          |
| <b>Total liabilities</b>  |      | <u><b>2,151,617</b></u> | <u><b>2,087,764</b></u> |
| <b>Total equity and liabilities</b>                               |      | <u><b>4,045,523</b></u> | <u><b>4,495,411</b></u> |

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

|   | Attributable to owners of the Company |                                    |                                     |  |                         |  |                                   |
|---|---------------------------------------|------------------------------------|-------------------------------------|--|-------------------------|--|-----------------------------------|
|   | Share<br>capital<br><i>RMB'000</i>    | Share<br>premium<br><i>RMB'000</i> | Other<br>reserves<br><i>RMB'000</i> | (Accumulated<br>losses)/<br>retained<br>earnings<br><i>RMB'000</i> | Total<br><i>RMB'000</i> | Non-<br>controlling<br>interests<br><i>RMB'000</i> | Total<br>equity<br><i>RMB'000</i> |
| As at 1 January 2021  | 140,312                               | 1,656,669                          | 401,310                             | 187,289  | 2,385,580               | 22,067   | 2,407,647                         |
| <b>Comprehensive income</b>   |                                       |                                    |                                     |  |                         |  |                                   |
| Loss for the year   | -                                     | -                                  | -                                   | (493,988)  | (493,988)               | (2,069)  | (496,057)                         |
| <b>Other comprehensive loss</b>   |                                       |                                    |                                     |  |                         |  |                                   |
| Exchange differences  | -                                     | -                                  | (20,449)                            | -  | (20,449)                | -  | (20,449)                          |
| Changes in the fair value of equity investments<br>at fair value through other comprehensive income | -                                     | -                                  | 670                                 | -  | 670                     | -  | 670                               |
| <b>Total comprehensive loss for the year</b>  | -                                     | -                                  | (19,779)                            | (493,988)  | (513,767)               | (2,069)  | (515,836)                         |
| <b>Transactions with owners</b>   |                                       |                                    |                                     |  |                         |  |                                   |
| Transaction with non-controlling interests  | -                                     | -                                  | 821                                 | -  | 821                     | (821)  | -                                 |
| Equity-settled share-based compensation   | -                                     | -                                  | 5,823                               | -  | 5,823                   | -  | 5,823                             |
| Shares purchased for share award scheme   | -                                     | -                                  | (6,577)                             | -  | (6,577)                 | -  | (6,577)                           |
| Capital injection from non-controlling interests  | -                                     | -                                  | -                                   | -  | -                       | 3,842  | 3,842                             |
| Disposal of a subsidiary  | -                                     | -                                  | -                                   | -  | -                       | (714)  | (714)                             |
| Dividends   | -                                     | -                                  | -                                   | -  | -                       | (279)  | (279)                             |
| <b>Total transactions with owners</b>   | -                                     | -                                  | 67                                  | -  | 67                      | 2,028  | 2,095                             |
| <b>As at 31 December 2021</b>   | <b>140,312</b>                        | <b>1,656,669</b>                   | <b>381,598</b>                      | <b>(306,699)</b>   | <b>1,871,880</b>        | <b>22,026</b>                                      | <b>1,893,906</b>                  |
| As at 1 January 2020  | 140,312                               | 1,656,669                          | 418,807                             | 320,835  | 2,536,623               | 15,989   | 2,552,612                         |
| <b>Comprehensive income</b>   |                                       |                                    |                                     |  |                         |  |                                   |
| Loss for the year   | -                                     | -                                  | -                                   | (118,095)  | (118,095)               | 1,769  | (116,326)                         |
| <b>Other comprehensive loss</b>   |                                       |                                    |                                     |  |                         |  |                                   |
| Exchange differences  | -                                     | -                                  | (18,277)                            | -  | (18,277)                | -  | (18,277)                          |
| Changes in the fair value of equity investments<br>at fair value through other comprehensive income | -                                     | -                                  | (2,122)                             | -  | (2,122)                 | -  | (2,122)                           |
| <b>Total comprehensive loss for the year</b>  | -                                     | -                                  | (20,399)                            | (118,095)  | (138,494)               | 1,769  | (136,725)                         |
| <b>Transactions with owners</b>   |                                       |                                    |                                     |  |                         |  |                                   |
| Transaction with non-controlling interests  | -                                     | -                                  | (3,308)                             | -  | (3,308)                 | 3,308  | -                                 |
| Equity-settled share-based compensation   | -                                     | -                                  | 8,823                               | -  | 8,823                   | -  | 8,823                             |
| Shares purchased for share award scheme   | -                                     | -                                  | (18,064)                            | -  | (18,064)                | -  | (18,064)                          |
| Contribution from non-controlling interests   | -                                     | -                                  | -                                   | -  | -                       | 1,001  | 1,001                             |
| <b>Total transactions with owners</b>   | -                                     | -                                  | (12,549)                            | -  | (12,549)                | 4,309  | (8,240)                           |
| Appropriation to statutory reserves   | -                                     | -                                  | 15,451                              | (15,451)   | -                       | -  | -                                 |
| <b>As at 31 December 2020</b>   | <b>140,312</b>                        | <b>1,656,669</b>                   | <b>401,310</b>                      | <b>187,289</b>   | <b>2,385,580</b>        | <b>22,067</b>                                      | <b>2,407,647</b>                  |

## CONSOLIDATED STATEMENT OF CASH FLOWS

|   | Year ended 31 December |                  |
|---|------------------------|------------------|
|   | 2021<br>RMB'000        | 2020<br>RMB'000  |
| <b>Cash flows from operating activities</b>   |                        |                  |
| Cash generated from operations  | 177,470                | 593,593          |
| Income tax paid   | (10,244)               | (38,161)         |
| <b>Net cash generated from operating activities</b>   | <b>167,226</b>         | <b>555,432</b>   |
| <b>Cash flows from investing activities</b>   |                        |                  |
| Proceeds from disposal of property, plant and equipment                                       | 4,279                  | 3,686            |
| Interest received   | 5,227                  | 4,743            |
| Investment income from financial assets at fair value through profit or loss                  | 2,959                  | 1,297            |
| Dividends from financial assets at fair value through other comprehensive income              | 12,216                 | 11,402           |
| Proceeds from divestment of financial assets at fair value through other comprehensive income | 142,572                | –                |
| Investment income from a joint venture  | 5,658                  | –                |
| Purchases of property, plant and equipment  | (103,336)              | (139,072)        |
| Purchases of intangible assets  | (5,793)                | (1,996)          |
| Repayment from a joint venture  | 265                    | 2,306            |
| Capital contribution to joint ventures  | –                      | (999)            |
| Capital contribution to financial assets at fair value through other comprehensive income     | (1,520)                | –                |
| Received from term deposits with initial term of over three months                            | –                      | 630              |
| Net cash received from disposal of subsidiaries   | (714)                  | –                |
| <b>Net cash generated from/(used in) investing activities</b>                                 | <b>61,813</b>          | <b>(118,003)</b> |
| <b>Cash flows from financing activities</b>   |                        |                  |
| Purchase of the Company's shares for share award scheme                                       | (6,577)                | (18,064)         |
| Capital injections from non-controlling interests   | –                      | 1,001            |
| Restricted bank deposit   | 26,052                 | (266,344)        |
| Proceeds from bank borrowings   | 200,000                | 269,284          |
| Repayments of bank borrowings   | (368,674)              | (186,723)        |
| Interest paid for bank borrowings   | (35,939)               | (32,942)         |
| Principal elements of lease payments  | (232,717)              | (338,487)        |
| <b>Net cash used in financing activities</b>  | <b>(417,855)</b>       | <b>(572,275)</b> |
| Net decrease in cash and cash equivalents   | (188,816)              | (134,846)        |
| Cash and cash equivalents at beginning of the year  | 714,569                | 854,164          |
| Effect of foreign exchange rate changes   | (10,206)               | (4,749)          |
| <b>Cash and cash equivalents at end of the year</b>   | <b>515,547</b>         | <b>714,569</b>   |

*NOTES:*

**1 GENERAL INFORMATION**

The Company was incorporated in the Cayman Islands on 28 January 2014 as an exempted company with limited liability under the Companies Law (2010 Revision) of the Cayman Islands. The address of the Company's registered office is Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands.

The Company is an investment holding company. The Group is principally engaged in the designing, marketing and selling of intimate wear products in the People's Republic of China (the "PRC"). The Company's ordinary shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 26 June 2014.

The directors of the Company regarded Yao Li Investment Holdings Limited, a company incorporated in the British Virgin Islands (the "BVI") with limited liability and controlled by Mr. Zheng Yaonan, as being the ultimate holding company of the Company.

The consolidated financial statements are presented in Renminbi ("RMB"), unless otherwise stated, and have been approved for issue by the Board on 31 March 2022.

**2 BASIS OF PREPARATION**

The consolidated financial statements of the Group have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs") and under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income, which are carried at fair value.

The preparation of the financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

**(a) New and amended standards adopted by the Group**

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2021:

- Interest Rate Benchmark Reform – amendments to IFRS 9, IAS 39 and IFRS 7, HKFRS 4 and HKFRS 16

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

**(b) New standards, amendments to existing standards and interpretations that have been issued but are not effective**

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2021 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

| <b>Standards, Amendments or Interpretations</b>    | <b>Subject</b>  | <b>Effective for annual accounting periods beginning on or after</b> |
|--|---|--|
| Amendments to IAS 16                               | Property, Plant and Equipment: Proceeds Before Intended Use   | 1 January 2022   |
| Amendments to IFRS 3                               | Reference to the Conceptual Framework   | 1 January 2022   |
| Amendments to IAS 37                               | Onerous Contracts – Cost of Fulfilling a Contract   | 1 January 2022   |
| Accounting Guideline 5 (revised)                   | Merger Accounting for Common Control Combinations   | 1 January 2022   |
| Annual Improvements to 2018–2021 Cycle             | Improvements to IFRS  | 1 January 2022   |
| IFRS 17  | Insurance Contracts   | 1 January 2023   |
| Amendments to IAS 1                                | Classification of liabilities as Current or Non-current   | 1 January 2023   |
| IFRS Interpretation 5 (2020)                       | Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause | 1 January 2023   |
| Amendments to IAS 8                                | Definition of Accounting Estimates  | 1 January 2023   |
| Amendments to ISA 1 and HKFRS Practice Statement 2 | Disclosure of Accounting Policies   | 1 January 2023   |
| Amendments to IAS 12                               | Deferred Tax related to Assets and Liabilities arising from a Single Transaction  | 1 January 2023   |
| Amendments to IFRS 10 and IAS 28                   | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture   | To be determined   |

### **3 SEGMENT INFORMATION**

The Group operates as a single operating segment. The single operating segment is reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the executive directors that make strategic decisions.

The Group is principally engaged in designing, marketing and selling of intimate wear products. Substantially all of its revenue are derived in the PRC.

For the year ended 31 December 2021, none of the revenue derived from any single external customer amounted to more than 10% of the Group's revenue (2020: none).

#### 4 REVENUE

|  | Year ended 31 December |                  |
|--|------------------------|------------------|
|  | 2021                   | 2020             |
|  | RMB'000                | RMB'000          |
| Retail sales   | 1,780,769              | 1,150,951        |
| Sales to franchisees                                     | 628,076                | 1,127,029        |
| E-commerce   | 831,532                | 763,684          |
| Others ( <i>Note</i> )                                   | 115,026                | 15,827           |
|  | <u>3,355,403</u>       | <u>3,057,491</u> |
|  | As at 31 December      |                  |
|  | 2021                   | 2020             |
|  | RMB'000                | RMB'000          |
| Contract liabilities related to sales to franchisees     | 105,373                | 52,730           |
| Contract liabilities related to trading of raw materials | 5,153                  | 8,531            |
|  | <u>110,526</u>         | <u>61,261</u>    |

The revenue recognised in the current reporting year relating to carried-forward contract liabilities as at 1 January 2021 is approximately RMB61,261,000.

*Note:* These mainly represent revenue from logistics and warehousing services and sales of raw materials.

#### 5 OTHER INCOME

|  | Year ended 31 December |               |
|--|------------------------|---------------|
|  | 2021                   | 2020          |
|  | RMB'000                | RMB'000       |
| Dividends from financial assets at fair value through other comprehensive income | 7,756                  | 18,057        |
| Investment income from joint ventures  | 5,658                  | –             |
| Government grants ( <i>Note (a)</i> )  | 3,550                  | 10,621        |
| Investment income from financial assets at fair value through profit or loss     | 2,959                  | 1,297         |
| Software usage fee income  | 1,218                  | 1,005         |
| Others ( <i>Note (b)</i> )   | 22,752                 | 44,207        |
|  | <u>43,893</u>          | <u>75,187</u> |

*Notes:*

- (a) These mainly represented grants received from various local governments in the PRC. There are no unfulfilled conditions or contingencies relating to these grants.

Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

- (b) These mainly represented the net income from logistic warehousing and delivery services.

## 6 LOSS BEFORE INCOME TAX

|   | Year ended 31 December |         |
|---|------------------------|---------|
|   | 2021                   | 2020    |
|   | RMB'000                | RMB'000 |
| Operating expenses in respect of stores<br>under cooperative arrangements     | 225,294                | 162,141 |
| Commission expenses in respect of consignment sales<br>in franchisees' stores | 291,971                | 56,908  |
| Employee benefit expenses (including directors' emoluments)                   | 362,545                | 326,863 |
| Other operating rental expenses   | 14,025                 | 13,063  |
| Depreciation and amortization   | 384,537                | 459,284 |
| Marketing and promotion expenses  | 240,895                | 233,903 |
| E-commerce platforms commission expenses                                      | 86,185                 | 95,024  |
| Provision for inventories   | 146,134                | 65,362  |
| Provision for impairment of trade receivables                                 | 9,285                  | 12,983  |
| Provision for impairment of other receivables                                 | 33,696                 | 2,906   |

## 7 INCOME TAX EXPENSE/(CREDIT)

|  | Year ended 31 December |          |
|--|------------------------|----------|
|  | 2021                   | 2020     |
|  | RMB'000                | RMB'000  |
| Current income tax                             |                        |          |
| – Hong Kong profits tax ( <i>Note (a)</i> )    | –                      | –        |
| – PRC corporate income tax ( <i>Note (b)</i> ) | 8,231                  | 22,356   |
|  | 8,231                  | 22,356   |
| Deferred income tax                            |                        |          |
| – Deferred income tax                          | 62,191                 | (32,959) |
| Income tax expense/(credit)                    | 70,422                 | (10,603) |

*Notes:*

### (a) Hong Kong profits tax

The applicable Hong Kong profits tax rate is 16.5% for the year ended 31 December 2021 (2020: 16.5%).

### (b) PRC corporate income tax

The Company's subsidiary, Cosmo Lady Guangdong Holdings Limited ("Cosmo Lady Guangdong") was given the preferential corporate income tax at 15% under the High and New Technology Enterprises ("HNTE") in December 2021, which is effective for 3 years from 2021 to 2024. The Group's other subsidiaries in the PRC are subject to PRC corporate income tax at the rate of 25% for the year ended 31 December 2021 (2020: 25%) on the estimated assessable profits for the year, based on the existing legislation, interpretations and practices in respect thereof.

### (c) Overseas income tax

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



## 8 LOSS PER SHARE

### Basic

Basic loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares in issue<sup>(Note)</sup> during the year.

|  | Year ended 31 December |                  |
|--|------------------------|------------------|
|  | 2021                   | 2020             |
|  | RMB'000                | RMB'000          |
| Loss for the year attributable to owners of the Company<br>(RMB'000)   | <u>(493,988)</u>       | <u>(118,095)</u> |
| Weighted average number of ordinary shares for the purposes of<br>basic loss per share (thousands of shares) | <u>2,196,196</u>       | <u>2,221,102</u> |
| Basic loss per share (RMB cents per share)   | <u>(22.49)</u>         | <u>(5.32)</u>    |

*Note:* The weighted average number of ordinary shares for the purpose of basic loss per share for the year ended 31 December 2021 has been adjusted for the effects of purchase and withholding of ordinary shares of the Company for the share award scheme during the year ended 31 December 2021.

### Diluted

For the year ended 31 December 2021, diluted loss per share is the same as the basic loss per share as there is no diluted impact from the 2019 share award scheme.

## 9 DIVIDENDS

At a meeting held on 31 March 2022, the Board does not recommend a final dividend to the shareholders of the Company for the year ended 31 December 2021 (2020: nil).

The Board did not recommend the payment of interim dividend to shareholders of the Company for the six months ended 30 June 2021 (2020: nil).

## 10 TRADE AND NOTES RECEIVABLES

|  | As at 31 December |                 |
|--|-------------------|-----------------|
|  | 2021              | 2020            |
|  | RMB'000           | RMB'000         |
| Trade receivables – due from third parties | 365,283           | 383,745         |
| Notes receivables                          | 3,830             | 2,872           |
| Less: loss allowance                       | <u>(88,558)</u>   | <u>(84,460)</u> |
| Trade and notes receivables – net          | <u>280,555</u>    | <u>302,157</u>  |

(a) As at 31 December 2021, the carrying amounts of the trade receivables of the Group approximate their fair values and are all denominated in RMB.

- (b) The Group's trade receivables are primarily derived from sales to certain franchise customers with an appropriate credit history. The Group generally grants franchise customers with a credit period of 60 to 90 days from the invoice date for seasonal products. The Group also gives franchise customers a credit period of 180 to 360 days for their first order of products for new retail stores. The Group would also extend the credit period for certain franchise customers under certain circumstances. The ageing analysis of trade receivables based on invoice date, as at 31 December 2021 is as follows:

|                                     | <b>As at 31 December</b> |                |
|-------------------------------------|--------------------------|----------------|
|                                     | <b>2021</b>              | <b>2020</b>    |
|                                     | <b>RMB'000</b>           | <b>RMB'000</b> |
| Trade receivables, gross            |                          |                |
| – Within 30 days                    | <b>139,254</b>           | 143,215        |
| – Over 30 days and within 60 days   | <b>23,684</b>            | 41,710         |
| – Over 60 days and within 90 days   | <b>18,163</b>            | 42,608         |
| – Over 90 days and within 180 days  | <b>66,604</b>            | 60,935         |
| – Over 180 days and within 360 days | <b>67,578</b>            | 38,498         |
| – Over 360 days                     | <b>50,000</b>            | 56,779         |
|                                     | <b>365,283</b>           | <b>383,745</b> |

## 11 SHARE CAPITAL AND SHARE PREMIUM

|                               | <b>Number of<br/>ordinary shares</b> | <b>Share<br/>capital<br/>RMB'000</b> | <b>Share<br/>premium<br/>RMB'000</b> | <b>Total<br/>RMB'000</b> |
|-------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------|
| As at 31 December 2020        | <u>2,249,457,213</u>                 | <u>140,312</u>                       | <u>1,656,669</u>                     | <u>1,796,981</u>         |
| <b>As at 31 December 2021</b> | <b><u>2,249,457,213</u></b>          | <b><u>140,312</u></b>                | <b><u>1,656,669</u></b>              | <b><u>1,796,981</u></b>  |

## 12 TRADE AND NOTES PAYABLES

|                        | <b>As at 31 December</b> |                |
|------------------------|--------------------------|----------------|
|                        | <b>2021</b>              | <b>2020</b>    |
|                        | <b>RMB'000</b>           | <b>RMB'000</b> |
| Due to third parties   | <b>703,450</b>           | 469,754        |
| Due to related parties | <b>11,373</b>            | 143            |
| Trade payables         | <b>714,823</b>           | 469,897        |
| Notes payables         | <b>292,627</b>           | 249,665        |
|                        | <b>1,007,450</b>         | <b>719,562</b> |

As at 31 December 2021, trade payables of the Group are non-interest bearing, and their fair values approximate their carrying amounts due to their short maturities.

As at 31 December 2021, trade payables are denominated in RMB. The ageing analysis of trade payables based on invoice date, as at 31 December 2021 is as follows:

|                                     | As at 31 December |                |
|-------------------------------------|-------------------|----------------|
|                                     | 2021              | 2020           |
|                                     | <i>RMB'000</i>    | <i>RMB'000</i> |
| Trade payables                      |                   |                |
| – Within 30 days                    | 56,368            | 187,983        |
| – Over 30 days and within 60 days   | 83,149            | 69,689         |
| – Over 60 days and within 90 days   | 177,993           | 97,634         |
| – Over 90 days and within 180 days  | 372,832           | 111,152        |
| – Over 180 days and within 360 days | 19,303            | 3,191          |
| – Over 360 days                     | 5,178             | 248            |
|                                     | <u>714,823</u>    | <u>469,897</u> |

### 13 BORROWINGS

|   | As at 31 December |                |
|---|-------------------|----------------|
|   | 2021              | 2020           |
|   | <i>RMB'000</i>    | <i>RMB'000</i> |
| <b>Non-current</b>                      |                   |                |
| Secured bank borrowings ( <i>Note</i> ) | <u>61,941</u>     | <u>339,077</u> |
| <b>Current</b>                          |                   |                |
| Secured bank borrowings ( <i>Note</i> ) | 307,136           | 190,300        |
| Unsecured bank borrowings               | –                 | 8,374          |
|   | <u>307,136</u>    | <u>198,674</u> |
|   | <u>369,077</u>    | <u>537,751</u> |

Movements in borrowings are analysed as follows:

|  | <i>RMB'000</i>        |
|--|-----------------------|
| <b>Opening amount as at 1 January 2021</b>   | <b>537,751</b>        |
| Repayments of bank borrowings                | <b>(368,674)</b>      |
| Proceeds from bank borrowings                | <u><b>200,000</b></u> |
| <b>Closing amount as at 31 December 2021</b> | <u><b>369,077</b></u> |

*Note:* The amount represents the bank borrowings that are secured by the Group's certain buildings and land use rights of approximately RMB461,579,000 (2020: RMB483,072,000).

The fair values of the non-current borrowings approximate their carrying amounts, as the impact of discounting is not significant. The fair values are based on cash flows discounted using a rate based on the borrowing rate of 5.14% (2020: 5.11%) and are within level 2 of the fair value hierarchy.

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

## **BUSINESS REVIEW**

2021 was a year full of challenges and uncertainties. In the first half, mainland China's economy continued to impress the world with its resilience and vitality, achieving an increase of GDP by 12.7% year-on-year.

However, the momentum was not without headwinds. The economy of mainland China slowed down in the second half due to the resurgence of the COVID-19. In addition, occasional power outages forcing factory closure, real estate market downturn and the repeated occurrence of heavy raining and flooding further pressed the mainland China's consumer market and economy. Facing a complicated and grim environment, mainland China's GDP delivered a full-year growth of 8.1% year-on-year against the 4%-growth in the fourth quarter, the weakest level since 2020.

The pandemic continued to exert a heavy blow on supply chains across the globe, and raw material commodity prices continued the hike amid the strong demand. Notably, the surge in price of cotton, a key raw material in intimate wear industry, has increased by around 44% year-on-year, affecting the gross profit margin of the Group adversely.

The intimate wear industry in mainland China has been undergoing swift changes in recent years. Consumers prioritize comfort and health products over sexy ones. Manufacturers and brands are required to adopt a user-centered design strategy to satisfy the needs of consumers. The emergence of internet intimate wear brands has further intensified the competition.

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. Such expenditures did not bring fruitful results as planned, but instead affected the operating results of the Group.

In view of the above, the operating performance of the Group in 2021 was not satisfactory, especially in the second half, due to sales return and lower-than-expected sales, decline in gross profit margin, higher-than-expected expense ratio and further provision for inventories and provision for impairment of other receivables.

The Group has implemented and will implement the following reform measures for improving the operating results of the Group:

### **1. Products upgrading**

- (a) Launching hero products (dust-free cotton loungewear products, soft cup bra products, one-size underwear and one-size panty) and raising quality of products in 2021, and launching the upgraded version of the above hero products and other new hero products (rauxing cup bra and massage cup bra) in 2022;
- (b) Strengthening the cooperation with top raw material manufacturers to explore and develop new raw materials, and around 40 new raw materials have already been used in the Group's products in recent two years;
- (c) Increasing the ratio of classic products and reducing numbers of stock keeping unit ("SKU") to enjoy economies of scale (taking underwear as an example, the ratio of classic products has increased from about 6.0% to about 12.5% while the number of SKUs has declined by about 42.8% in 2021); and
- (d) Forming strategic alliance with capable suppliers in December 2021 with a view to enhancing sales and production coordination, responding to the market changes swiftly, delivering products on a timely basis, lowering procurement costs, assuring quality and improving creativity.

## **2. Brand upgrading**

- (a) Engaging a renowned market position consultant in January 2022 to clearly define the new market position of the Group's brands, create distinctive values for attracting consumers and select appropriate competitive strategies in different markets;
- (b) Continuing to enhance membership system, refine membership management, introduce appropriate products to members and drive the promotion activities between stores and online private domain traffic; and
- (c) Launching various promotion activities such as new brand stories, two fashion shows and creative videos to promote hero products in various channels.

## **3. Distribution channel upgrading**

- (a) Offline stores
  - (i) Expanding business territories proactively in untapped markets in low-tier regions, and continuing to seek opportunities to open stores;
  - (ii) Retaining stores with good potential and striving for rental reduction, closing poor performance stores and continuing to set up outlets for clearing aged inventories; and
  - (iii) Developing shopping mall channel under a new brand "Cotton Regions" with new store image in 2022.
- (b) E-commerce channel
  - (i) Apart from the 3 major e-commerce channels (Alibaba, JD and VIP), the Group started cooperation with other e-commerce channels (e.g. TikTok, Kwai and Pinduoduo) in 2021;
  - (ii) Arranging live-streams with celebrities in various e-commerce platforms in 2021; and
  - (iii) Launching online products such as Flower Heart series and Vbra series.

## **4. Other areas**

- (a) Cooperating with JD about digitalization in 2022, with higher investments to be made in the next few years for optimizing information technology operation system;
- (b) Continuing to step up effort on clearing aged inventories on both online and offline distribution channels; and
- (c) Streamlining corporate structure from the second half of 2021 onwards by gradually simplifying and merging departments in order to reduce overall staff costs.

## FINANCIAL REVIEW

### Revenue

The Group's revenue is mainly derived from sales of products, either to the franchisees or to the consumers through self-managed stores and online sales platforms.

#### *Revenue by sales channel*

The products of the Group were sold to consumers through an extensive network of stores in various cities across China and via online sales platforms. The breakdown of the total revenue by sales channel is as follows:

|                             | Year ended 31 December |              |                  |              |
|-----------------------------|------------------------|--------------|------------------|--------------|
|                             | 2021                   |              | 2020             |              |
|                             | RMB'000                | %            | RMB'000          | %            |
| Offline sales               |                        |              |                  |              |
| Retail sales                | 1,780,769              | 53.1         | 1,150,951        | 37.6         |
| Sales to franchisees        | 628,076                | 18.7         | 1,127,029        | 36.9         |
|                             | <u>2,408,845</u>       | <u>71.8</u>  | <u>2,277,980</u> | <u>74.5</u>  |
| E-commerce                  | 831,532                | 24.8         | 763,684          | 25.0         |
| Revenue from products sales | 3,240,377              | 96.6         | 3,041,664        | 99.5         |
| Others                      | 115,026                | 3.4          | 15,827           | 0.5          |
| Total revenue               | <u>3,355,403</u>       | <u>100.0</u> | <u>3,057,491</u> | <u>100.0</u> |

On adoption of various transformation measures, in 2021, revenue from product sales increased by approximately 6.5% to approximately RMB3,240,377,000 (2020: RMB3,041,664,000), while total revenue increased by approximately 9.7% to approximately RMB3,355,403,000 (2020: RMB3,057,491,000).

In 2021, retail sales increased significantly while sales to franchisees declined significantly, mainly because the Group focused on direct-to-consumers sales model during the year. There was an increase of sales by about 5.7% for the overall offline sales.

Others mainly represented revenue from logistics warehousing and delivery services and trading of raw materials.

### Gross profit margin

During the year, the gross profit margin of the Group decreased to around 42.1% (2020: 48.8%), mainly due to the provision for inventories of approximately RMB146,134,000 made and the significant increase in raw material prices as mentioned in the "Business Review" section.

### Selling and marketing expenses

Selling and marketing expenses primarily consist of employee benefit expenses, operating expenses in respect of stores under cooperative arrangements, commission expenses in respect of consignment sales in franchisees' stores, marketing and promotion expenses, e-commerce platforms commission expenses, depreciation and amortization and others.

The rise of selling and marketing expenses by about 13.6% for the year ended 31 December 2021 to approximately RMB1,539,113,000 (2020: RMB1,354,586,000) was primarily due to the increase in commission expenses in respect of consignment sales in franchisees' stores as a result of stepping up effort on promoting the direct-to-consumers sales model during the year.

## General and administrative expenses

General and administrative expenses primarily consist of employee benefit expenses, impairment of right-of-use assets, consulting service expenses, travelling expenses, depreciation and amortization and others.

The decline of general and administrative expenses by about 9.6% for the year ended 31 December 2021 to approximately RMB259,930,000 (2020: RMB287,521,000) was mainly due to the fact that there was a larger provision for impairment of right-of-use assets in 2020.

## Other income

Other income mainly consists of government grants, dividends from financial assets at fair value through other comprehensive income, software usage fee income and others. During the year, other income decreased by approximately 41.6% to approximately RMB43,893,000 (2020: RMB75,187,000) because the revenue and cost of logistics warehousing and delivery services were netted off and included as other income in 2020, but were separately included as revenue and cost in 2021.

## Finance expenses – net

Finance expenses – net mainly represents financial expenses on bank borrowings and lease liabilities less interest income on short-term bank deposits and advances to suppliers.

The finance income increased to approximately RMB5,227,000 (2020: RMB4,743,000), mainly due to the increase in interest income on short-term bank deposits.

The decrease in finance expenses to approximately RMB53,183,000 (2020: RMB55,434,000) was in line with the decrease in bank borrowings and lease liabilities.

## Income tax (expense)/credit

The income tax expense in 2021 was mainly due to the reversal of part of the deferred tax assets recognized in previous years.

## WORKING CAPITAL MANAGEMENT

|   | Year ended 31 December |          |
|---|------------------------|----------|
|   | 2021                   | 2020     |
| Average inventory turnover days         | <b>165 days</b>        | 172 days |
| Average trade receivables turnover days | <b>32 days</b>         | 35 days  |
| Average trade payables turnover days    | <b>162 days</b>        | 137 days |

There were no significant changes for the average inventory turnover days and average trade receivables turnover days.

The average trade payables turnover days increased to 162 days, mainly due to the fact that suppliers have granted longer credit period to the Group.

## LIQUIDITY AND FINANCIAL RESOURCES

The Group maintained a solid balance sheet. As at 31 December 2021, the Group's term deposits, restricted bank deposits and cash and cash equivalents amounted to approximately RMB755,839,000 (31 December 2020: RMB980,913,000) and bank borrowings amounted to approximately RMB369,077,000 (31 December 2020: RMB537,751,000). As at 31 December 2021, the current ratio was about 1.3 times (31 December 2020: 1.7 times).

As at 31 December 2021, the Group's gross gearing ratio, which was calculated on the basis of the amount of bank borrowings as a percentage of the total shareholders' equity, was approximately 19.5% (31 December 2020: 22.3%). The gross gearing ratio decreased as part of the bank borrowings has been repaid. The net gearing ratio, which was calculated on the basis of the amount of bank borrowings less term deposits, restricted bank deposits and cash and cash equivalents as a percentage of the total shareholders' equity, was approximately negative 20.4% (31 December 2020: negative 18.4%) as the Group was at a net cash position.

## FOREIGN CURRENCY RISK

Most of the Group's income, expenses and purchases of raw materials are denominated in Renminbi. The Group has never had any significant difficulties in obtaining sufficient foreign currencies for repatriation of profits declared by the subsidiaries in mainland China to the overseas holding companies.

## USE OF PROCEEDS FROM THE INITIAL PUBLIC OFFERING

The Company's ordinary shares were listed on the Main Board of the Stock Exchange on 26 June 2014. The gross proceeds from the Company's initial public offering amounted to approximately HK\$1,463,245,000 while the net proceeds amounted to approximately HK\$1,386,405,000. The said net proceeds were fully utilized as of 31 August 2020.

## USE OF PROCEEDS FOR FUNDS RAISED

### Fosun Subscription

Reference is made to the announcements by the Company dated 5 May 2017 and 17 May 2017 regarding the issuance of new shares under general mandate (the "Fosun Subscription"). On 17 May 2017, the Company issued 240,000,000 shares at a price of HK\$2.50 per share to a wholly-owned subsidiary of Fosun International Limited, raising gross proceeds of HK\$600,000,000 and net proceeds of approximately HK\$599,000,000.

It was set out at the time that the net proceeds from the Fosun Subscription were intended to be used by the Company for financing the reforms in sales and distribution channels of the Group, potential mergers, acquisitions and cooperation opportunities, and general working capital. Up to 31 December 2021, the use of net proceeds was as follows:

|   | Intended<br>use of net proceeds<br>HK\$ | Amount utilized<br>as at 31 December 2021<br>HK\$ | Expected timeline of<br>full utilization of said<br>unutilized balance<br>(Note) |
|---|---|---|--|
| Use of net proceeds   |   |   |  |
| Financing the reforms in sales and<br>distributions channels of the Group | 39,000,000                              | 39,000,000  | N/A  |
| Potential mergers, acquisitions and<br>cooperation opportunities          | 30,000,000                              | –   | Before the end of 2023   |
| General working capital   | 530,000,000                             | 530,000,000                                       | N/A  |

*Note:* The expected timeline of full utilization of said unutilized balance is based on the best estimation of the future market conditions made by the Group. It may be subject to change due to future development of market conditions.



The net proceeds not yet utilized from the Fosun Subscription have been deposited with certain licensed banks. The Company will continue to actively seek to identify opportunities suitable but has no definitive timetable nor expectation for when such opportunities will be found.

### Windcreek Subscription

Reference is made to the announcements by the Company dated 26 April 2018 and 25 May 2018 regarding the issuance of new shares under general mandate (the “Windcreek Subscription”). On 25 May 2018, the Company issued an aggregate of 121,443,213 shares at a price of HK\$4.20 per share to Windcreek Limited (an indirect wholly-owned subsidiary of JD.com, Inc.), Image Frame Investment (HK) Limited (a wholly-owned subsidiary of Tencent Holdings Limited), Vipshop International Holdings Limited (a wholly-owned subsidiary of Vipshop Holdings Limited) and Quick Returns Global Limited, raising gross proceeds of approximately HK\$510,061,000 and net proceeds of approximately HK\$509,000,000.

It was set out at the time that the net proceeds from the Windcreek Subscription were intended to be used by the Company for financing the reforms in sales and distribution channels of the Group, potential mergers, acquisitions and cooperation opportunities, and general working capital. Up to 31 December 2021, the use of the net proceeds was as follows:

| Use of net proceeds  | Intended<br>use of net proceeds<br>HK\$ | Amount utilized<br>as at 31 December 2021<br>HK\$ | Expected timeline of<br>full utilization of said<br>unutilized balance<br>(Note) |
|--|---|---|--|
| Financing the reforms in sales and distributions channels of the Group | 239,000,000                             | 31,698,369  | Before the end of 2023   |
| Potential mergers, acquisitions and cooperation opportunities          | 70,000,000                              | –   | Before the end of 2023   |
| General working capital  | 200,000,000                             | 22,455,000  | Before the end of 2023   |

*Note:* The expected timeline of full utilization of said unutilized balance is based on the best estimation of the future market conditions made by the Group. It may be subject to change due to future development of market conditions.

The net proceeds from the Windcreek Subscription have been deposited with certain licensed banks. The Company will continue to actively seek to identify opportunities suitable but has no definitive timetable nor expectation for when such opportunities will be found.

### CAPITAL EXPENDITURE

During the year, capital expenditure amounted to approximately RMB100,404,000 (2020: RMB260,634,000), which was mainly used for the construction of the new office of the Group.

### PLEDGE OF ASSETS

As at 31 December 2021, certain property, plant and equipment, and land use rights were pledged for obtaining banking borrowings of approximately RMB369,077,000 (31 December 2020: RMB529,377,000).

### CONTINGENT LIABILITIES

As at 31 December 2021, the Group did not have any significant contingent liabilities.

### HUMAN RESOURCES AND MANAGEMENT

The Group had approximately 3,300 full-time employees as at 31 December 2021 (31 December 2020: 3,200). The Group’s remuneration package is determined with reference to the experience and qualifications of the individual employees and general market conditions. Bonus is linked to the Group’s operating result as well as individual performance.

## **ENVIRONMENTAL MANAGEMENT**

Being a socially and environmentally responsible enterprise, the Group is dedicated to achieving environmental sustainability through its daily operations and is in compliance with regulations including the “Environmental Protection Law of the People’s Republic of China” and regulations set by the Environmental Protection Bureau of local governments. The Group has also attained ISO 14001 Environment Management Systems. A corporate social responsibility report for the Group issued in accordance with the Environmental, Social and Governance Reporting Guide of the Stock Exchange has been included in the 2021 annual report.

## **OUTLOOK**

Over the past three years, the major goal of the Group is to revitalize its business. In this process, we continue to examine our core competitiveness and advantages while scrutinizing our shortfalls and flaw amid the fast-changing market. We also make reference to past experience in order to pick the competitive strategies suitable for the Group.

The Group has been navigating various changes and challenges. Looking ahead, we aspire to align the resources required to unlock the intrinsic value of the Group and unleash the competitive strengths that distinguish us from our peers in order to improve the Group’s operating performance.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES**

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities during the year ended 31 December 2021.

## **CORPORATE GOVERNANCE PRACTICES**

The Board has applied the principles set out in the Corporate Governance Code (the “CG Code”) contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and has complied with the code provisions contained therein during the year ended 31 December 2021 and up to the date of this annual result announcement, with the exception of Code Provision C.2.1.

According to Code Provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same person. The Company deviated from this provision from 30 November 2021 because Mr. Zheng Yaonan (“Mr. Zheng”) performed both the roles of the chairman of the Board and the chief executive officer of the Company. Mr. Zheng, with the established market reputation in the intimate wear industry in China, is the founder of the Group and has extensive experience in business operations and management in general. Under the leadership of Mr. Zheng, the Board worked effectively and performed its responsibilities with all key and appropriate issues discussed in a timely manner. In addition, as all major decisions were made in consultation with members of the Board and relevant Board committees, and there are four independent non-executive directors on the Board offering advice in independent perspectives, the Board was therefore of the view that there were adequate safeguards in place to ensure sufficient balance of powers within the Board.

## **AUDIT COMMITTEE REVIEW**

The audit committee comprises four independent non-executive Directors, namely, Mr. Yau Chi Ming, Dr. Dai Yiyi, Mr. Chen Zhigang and Dr. Lu Hong Te. Mr. Yau Chi Ming, who has appropriate professional qualifications as required by the Listing Rules, is the chairman of the audit committee.

The audit committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters for the year ended 31 December 2021. The audit committee has also reviewed the annual results of the Group for the year ended 31 December 2021.

The figures in respect of the Group's consolidated statement of profit or loss and other comprehensive income, consolidated balance sheet, consolidated statement of changes in equity, consolidated statement of cash flows and the related notes thereto for the year ended 31 December 2021 have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year as approved by the Board. The work performed by PricewaterhouseCoopers 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 PricewaterhouseCoopers on the preliminary announcement.

## **SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules (the "Model Code") as the code of conduct regarding securities transactions by the Directors. Specific enquiry was made with all the Directors and all confirmed that they have complied with the requirements set out in the Model Code during the year ended 31 December 2021.

## **FINAL DIVIDEND**

The Board does not recommend the payment of final dividend for the year ended 31 December 2021 (2020: nil).

## **CLOSURE OF REGISTER OF MEMBERS**

For determining shareholders' entitlement to attend and vote at the annual general meeting held on 2 June 2022, the register of members of the Company will be closed from Monday, 30 May 2022 to Thursday, 2 June 2022, both days inclusive, during which period no transfer of shares of the Company will be effected.

In order to be eligible to attend and vote at the annual general meeting, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the share registrar of the Company in Hong Kong Special Administrative Region of the PRC, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queens's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Friday, 27 May 2022 for registration.

## **PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2021**

This annual results announcement is published on the HKExnews website of Hong Kong Exchanges and Clearing Limited at <http://www.hkexnews.hk> and on the Company's website at <http://www.cosmo-lady.com.hk>. The 2021 annual report of the Company will be available on both websites and dispatched to the shareholders of the Company in due course.

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

Hong Kong, 31 March 2022

*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. Chen Xin 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.*