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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)**

### **DISCLOSEABLE TRANSACTION CONSTRUCTION AGREEMENT**

#### **CONSTRUCTION AGREEMENT**

The Board hereby announces that on 1 July 2022, the Company, through its indirect wholly-owned subsidiary, Guangdong Cosmo Lady, entered into the Construction Agreement with the Contractor, pursuant to which the Contractor will provide construction services to Guangdong Cosmo Lady at the Consideration of approximately RMB129,991,882 (equivalent to approximately HK\$152,003,510) for demolishing existing dilapidated warehouse facilities and constructing new warehouse and factory facilities in Dongguan, the PRC.

#### **LISTING RULES IMPLICATION**

As one or more of the applicable percentage ratios in relation to the transaction contemplated under the Construction Agreement exceeds 5% but is less than 25%, the transaction contemplated under the Construction Agreement constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

#### **INTRODUCTION**

The Board hereby announces that on 1 July 2022, the Company, through its indirect wholly-owned subsidiary, Guangdong Cosmo Lady, entered into the Construction Agreement with the Contractor, pursuant to which the Contractor will provide construction services to Guangdong Cosmo Lady at the Consideration of approximately RMB129,991,882 (equivalent to approximately HK\$152,003,510) for demolishing the existing dilapidated warehouse facilities and constructing new warehouse and factory facilities in Dongguan, the PRC.

#### **CONSTRUCTION AGREEMENT**

The principal terms of the Construction Agreement are set out below:

**Date** : 1 July 2022

**Parties** : (1) Guangdong Cosmo Lady; and  
(2) the Contractor

To the best of the Directors' knowledge, information and believe having made all reasonable enquiries, the Contractor and its ultimate beneficial owners(s) are third parties independent of the Company and its connected person.

**Subject matter** : The Contractor will act as the general contractor responsible for demolishing the existing dilapidated warehouse facilities and constructing the new warehouse and factory facilities, which are located in Fenggang County, Dongguan City, Guangdong Province, the PRC, with a total planned site area of 21,077 m<sup>2</sup>.

**Construction period** : The construction works are expected to be completed within 303 days after the commencement. The commencement date is the relevant date as stated in the commencement order signed by the construction supervisory company.

**Consideration** : The Consideration payable to the Contractor pursuant to the Construction Agreement shall be approximately RMB129,991,882 (equivalent to approximately HK\$152,003,510), which may be subject to final adjustment, inter alias, due to (1) any change in the scope and level of construction and engineering works and the budget calculation as contemplated under the final construction plan to be approved by the parties; (2) the service fees for coordinating contracting management and providing contracting utilities; (3) the price adjustments of materials and equipment; and (4) the preparation and audit of the completion settlement with regards to any changes in the construction project.

**Payment terms** : The Consideration shall be paid by Guangdong Cosmo Lady in the following manner:

- (1) up to 75% of the Consideration shall be settled by way of progress payment to be made monthly, which shall be determined based on the actual work done and approved by Guangdong Cosmo Lady and construction supervisory company;
- (2) up to 90% of the Consideration shall be paid within 30 business days after the completion and acceptance of the construction works;
- (3) up to 97% of the confirmed final contract sum of the construction works shall be paid within 30 business days after Comprehensive Completion of the Construction Works; and
- (4) the remaining 3% of the confirmed final contract sum of the construction works shall be used as warranty payment, which shall be payable after the expiration of the relevant warranty period.

**Warranty period** : During the warranty period, the Contractor shall be responsible for handling quality problems of the construction works in a timely manner and in accordance with terms and conditions of the Construction Agreement. The warranty period varies depending on the types of construction works.

## **BASIS OF DETERMINATION OF CONSIDERATION**

The Construction Agreement was awarded to the Contractor through a tendering process and the Consideration was based on the tender price. The Consideration was arrived at after arm's length negotiation with the Contractor as the Contractor possesses the requisite construction licence and the relevant experience. The Directors (including the independent non-executive Directors) consider that the Consideration is fair and reasonable. The Consideration for the Construction Agreement will be financed by the Group's banking facilities, internal resources or a combination of both.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE CONSTRUCTION AGREEMENT**

The existing warehouse facilities have been put into operation for many years with deteriorating conditions. The Board therefore intends to demolish the existing dilapidated warehouse facilities and construct new warehouse and factory facilities on the same parcel of land, which enable the Group to use new facilities and lease the spare facilities to potential tenants for use in the future. The Board is of the view that, given the geographical proximity of the facilities to Shenzhen and the well-connected transport network, the new facilities will attract potential tenants due to the relatively low rental and transportation cost.

Based on the above, the Directors (including the independent non-executive Directors) consider that the transaction contemplated under the Construction Agreement are on normal commercial terms, fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

## **INFORMATION ON THE GROUP AND THE CONTRACTOR**

The Company is an investment holding company. The Group is principally engaged in the design, research, development and sale of its own branded intimate wear products (namely, bras, underpants, sleepwear and loungewear, thermal clothes and others) in the PRC.

The Contractor is principally engaged in building construction works, municipal and public works, building decoration works, electrical and mechanical works and pipeline works, etc. According to the information available to the Company, the Contractor is wholly owned by Guangdong Baihe Industrial Co., Ltd.\* (廣東佰和實業有限公司), a company established under the laws of the PRC with limited liability which is in turn ultimate owned as to 100% by Zhou Shu Man\*(周舒曼).

To the best of the Directors' knowledge and belief and having made all reasonable enquiries, the Contractor and its ultimate beneficial owners are third parties independent of the Company and connected persons of the Company.

## **LISTING RULES IMPLICATION**

As one or more of the applicable percentage ratios in relation to the transaction contemplated under the Construction Agreement exceeds 5% but is less than 25%, the transaction contemplated under the Construction Agreement constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

None of the Directors has a material interest in the Construction Agreement or was required to abstain from voting on the Board resolutions approving the Construction Agreement.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the following meanings:

“Board”	the board of Directors
“business day(s)”	days on which the commercial banks in the PRC are generally open for business, other than Saturday, Sunday (except days on which they are open for business due to adjustment of PRC holidays) or any other statutory holidays in the PRC
“Company”	Cosmo Lady (China) Holdings Company Limited, a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the main board of the Stock Exchange (stock code: 2298)
“Comprehensive Completion of the Construction Works”	the completion of the construction works, the comprehensive acceptance of the construction works by Guangdong Cosmo Lady and the relevant government departments, and the filing with the relevant government departments for record
“Consideration”	the total consideration to be paid by Guangdong Cosmo Lady to the Contractor pursuant to the Construction Agreement, being approximately RMB 129,991,882 (equivalent to approximately HK\$152,003,510)
“Construction Agreement”	the agreement dated 1 July 2022 entered into between Guangdong Cosmo Lady and the Contractor for the construction works
“Contractor”	Guangdong Xingfeng Construction Co., Ltd.* (廣東星鳳建設有限公司), a company established under the laws of the PRC with limited liability
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Guangdong Cosmo Lady”	Cosmo Lady Guangdong Holdings Limited* (廣東都市麗人實業有限公司), a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
“PRC”	the People’s Republic of China (excluding Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan for the purpose of this announcement)
“RMB”	Renminbi, the lawful currency of the PRC

“Shareholder(s)”	the shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary” or “subsidiaries”	has the meanings ascribed to it under the Listing Rules
“%”	per cent

*For the purpose of this announcement, unless otherwise indicated, the exchange rate of HK\$1.00 = RMB0.85519 has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amount has been, could have been or may be exchanged at such a rate or at any other rates.*

*The English translation of Chinese names or words in this announcement, where indicated by “\*”, are included for information only, and should not be regarded as the official English translation of such Chinese names or words.*

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

Hong Kong, 1 July 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.*