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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

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 six months ended 30 June 2023, together with the comparative figures for the previous period, as follows:

FINANCIAL HIGHLIGHTS

	Six months ended 30 June		
	2023	2022	
	RMB million	*RMB million*	*Changes*
REVENUE	**113.7**	121.6	(6.5%)
Gross profit	**71.3**	75.8	(5.9%)
Gross profit margin	***62.7%***	*62.3%*	*+0.4 p.p.t.*
Operating loss	**(49.4)**	(56.9)	(13.2%)
Operating loss margin	***(43.5%)***	*(46.8%)*	*+3.3 p.p.t.*
Loss attributable to owners of the parent	**(68.1)**	(73.8)	(7.7%)
Basic loss per share – *RMB cent*	**(2.07)**	(2.25)	(8.0%)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2023

	Notes	**2023** *RMB'000* **(Unaudited)**	2022 *RMB'000* (Unaudited)
REVENUE	*5*	**113,721**	121,597
Cost of sales		**(42,430)**	(45,821)
Gross profit		**71,291**	75,776
Other income and gains	*6*	**8,948**	6,024
Selling and distribution expenses		**(85,153)**	(94,739)
Administrative expenses		**(25,020)**	(23,371)
Impairment gains on financial assets, net		**156**	6
Other expenses	*8*	**(19,650)**	(20,559)
Operating loss		**(49,428)**	(56,863)
Finance income	*7*	**6,226**	3,616
Finance costs		**(307)**	(529)
Share of profits/(losses) of:			
Associates		**40**	(243)
LOSS BEFORE TAX	*8*	**(43,469)**	(54,019)
Income tax expense	*9*	**(24,731)**	(19,833)
LOSS FOR THE PERIOD		**(68,200)**	(73,852)
Attributable to:			
Owners of the parent		**(68,080)**	(73,772)
Non-controlling interests		**(120)**	(80)
		(68,200)	(73,852)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted			
– For loss for the period	*11*	**RMB(2.07) cents**	RMB(2.25) cents

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2023

	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
LOSS FOR THE PERIOD	**(68,200)**	(73,852)
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of financial statements	**16,045**	16,254
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	**16,045**	16,254
Other comprehensive (loss)/profit that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of financial statements	**(3,364)**	–
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value	**(751)**	(639)
Income tax effect	**–**	123
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods	**(4,115)**	(516)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	**11,930**	15,738
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	**(56,270)**	(58,114)
Attributable to:		
Owners of the parent	**(56,164)**	(58,043)
Non-controlling interests	**(106)**	(71)
	(56,270)	(58,114)

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	Notes	**30 June 2023** *RMB'000* **(Unaudited)**	31 December 2022 *RMB'000* (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**250,433**	257,676
Investment properties		**45,497**	47,153
Right-of-use assets		**44,056**	46,201
Investment in associates		**7,651**	7,277
Equity investments designated at fair value through other comprehensive income		**28,203**	28,954
Other non-current assets		**30,757**	25,139
Other intangible assets		**41,391**	51,015
Deferred tax assets		**8,336**	35,428
Total non-current assets		**456,324**	498,843
CURRENT ASSETS			
Inventories	*12*	**165,167**	186,669
Properties under development	*13*	**202,890**	201,589
Trade receivables	*14*	**18,490**	23,657
Prepayments and other receivables		**70,420**	61,847
Financial assets at fair value through profit or loss	*15*	**70,397**	84,436
Structured bank deposits and deposits in financial institutes	*16*	**170,912**	148,743
Cash and cash equivalents	*17*	**261,804**	263,615
Total current assets		**960,080**	970,556
CURRENT LIABILITIES			
Trade payables	*18*	**12,624**	9,206
Other payables and accruals		**50,792**	53,312
Lease liabilities		**7,378**	11,023
Tax payable		**120,243**	120,144
Total current liabilities		**191,037**	193,685
NET CURRENT ASSETS		**769,043**	776,871
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,225,367**	1,275,714

	Note	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
NON-CURRENT LIABILITIES			
Lease liabilities		**1,592**	711
Interest-bearing other borrowings		**6,400**	–
Deferred tax liabilities		**3,597**	5,955
Total non-current liabilities		**11,589**	6,666
Net assets		**1,213,778**	1,269,048
EQUITY			
Equity attributable to owners of the parent			
Share capital	*19*	**280,661**	280,661
Shares held for share award scheme		**(30,946)**	(30,946)
Reserves		**958,748**	1,014,912
		1,208,463	1,264,627
Non-controlling interests		**5,315**	4,421
Total equity		**1,213,778**	1,269,048

NOTES

1. CORPORATE AND GROUP INFORMATION

The Company was incorporated in the Cayman Islands on 7 March 2011 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The registered office of the Company is located at One Nexus Way, Camana Bay, 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, and property development. There has been no significant change in the Group's principal activities during the six months period ended 30 June 2023 (the "**Relevant Period**").

2. BASIS OF PREPARATION

These interim condensed consolidated financial information for the Relevant Period have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and International Accounting Standard ("**IAS**") 34 *Interim Financial Reporting* issued by the International Accounting Standards Board.

These interim condensed consolidated financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2022.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of the following revised International Financial Reporting Standards ("**IFRSs**") for the first time for the current period's financial information.

IFRS 17	*Insurance Contracts*
Amendments to IFRS 17	*Insurance Contracts*
Amendment to IFRS 17	*Initial Application of IFRS 17 and IFRS 9 – Comparative Information*
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to IAS 8	*Definition of Accounting Estimates*
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to IAS 12	*International Tax Reform – Pillar Two Model Rules*

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

(a) Amendments to IAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to IFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has applied the amendments since 1 January 2023. The amendments did not have any impact on the Group's interim condensed consolidated financial information and are expected to have no significant impact on the accounting policy disclosures in the Group's annual consolidated financial statements.

(b) Amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The Group has applied the amendments to changes in accounting policies and changes in accounting estimates that occur on or after 1 January 2023. Since the Group's policy of determining accounting estimates aligns with the amendments, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to IAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in IAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The Group has applied the amendments on temporary differences related to leases as at 1 January 2022, with any cumulative effect recognised as an adjustment to the balance of retained profits or other component of equity as appropriate at that date. In addition, the Group has applied the amendments prospectively to transactions other than leases and decommissioning obligations that occurred on or after 1 January 2022, if any.

Prior to the initial application of these amendments, the Group applied the initial recognition exception and did not recognise a deferred tax asset and a deferred tax liability for temporary differences for transactions related to leases. Upon initial application of these amendments, the Group recognised (i) a deferred tax asset for all deductible temporary differences associated with lease liabilities (provided that sufficient taxable profit is available), and (ii) a deferred tax liability for all taxable temporary differences associated with right-of-use assets as at 1 January 2022. The change primarily impacts disclosures of components of deferred tax assets and liabilities in the annual financial statements, but does not impact the overall deferred tax balances presented in the consolidated statement of financial position as the related deferred tax balances qualify for offsetting under IAS 12.

The adoption of amendments to IAS 12 did not have any impact on the consolidated statement of financial position as at 30 June 2023, 31 December 2022 and 1 January 2022.

(d) Amendments to IAS 12 *International Tax Reform – Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. Entities are required to disclose the information relating to their exposure to Pillar Two income taxes in annual periods beginning on or after 1 January 2023, but are not required to disclose such information for any interim periods ending on or before 31 December 2023. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

4. OPERATING SEGMENT INFORMATION

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

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

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

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit/loss before tax except that interest income, non-lease-related finance costs, dividend income, fair value gains/losses from the Group's financial instruments as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude deferred tax assets, cash and cash equivalents, equity investments at fair value through profit or loss and other unallocated head office and corporate assets as these assets are managed on a group basis.

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

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

Six months ended 30 June 2023	**Apparel products and accessories** *RMB'000*	**Property development** *RMB'000*	**Total** *RMB'000*
Segment revenue			
Sales to external customers	**113,721**	**–**	**113,721**
Reconciliation:			
Elimination of intersegment sales			**–**
Revenue			**113,721**
Segment results			
Reconciliation:	**(39,414)**	**41**	**(39,373)**
Elimination of intersegment results			**(4,791)**
Finance income			**6,226**
Dividend income and unallocated gains			**4,411**
Corporate and other unallocated expenses			**(9,942)**
Loss before tax			**(43,469)**

30 June 2023 (unaudited)	Apparel products and accessories *RMB'000*	Property development *RMB'000*	Total *RMB'000*
Segment assets	**835,233**	**256,733**	**1,091,966**
Reconciliation:			
Elimination of intersegment receivables			**(259,880)**
Elimination of capitalised interest expense			**(33,876)**
Corporate and other unallocated assets			**618,194**
Total assets			**1,416,404**
Segment liabilities			
Reconciliation:	**71,967**	**260,281**	**332,248**
Elimination of intersegment payables			**(259,880)**
Corporate and other unallocated liabilities			**130,258**
Total liabilities			**202,626**

Six months ended 30 June 2023	Apparel products and accessories *RMB'000*	Property development *RMB'000*	Total *RMB'000*
Other segment information			
Reversal of impairment of trade receivables, net	**(212)**	–	**(212)**
Impairment of other intangible assets	**10,887**	–	**10,887**
Impairment of right-of-use assets	**842**	–	**842**
Impairment of property, plant and equipment	**23**	–	**23**
Depreciation and amortisation	**17,971**	–	**17,971**
Capital expenditure*	**1,687**	**1,301**	**2,988**

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

Six months ended 30 June 2022	Apparel products and accessories *RMB'000*	Property development *RMB'000*	Total *RMB'000*
Segment revenue			
Sales to external customers	121,597	–	121,597
Reconciliation:			
Elimination of intersegment sales			–
Revenue			121,597
Segment results	(46,685)	12	(46,673)
Reconciliation:			
Elimination of intersegment results			(5,193)
Finance income			3,616
Dividend income and unallocated gains			2,775
Corporate and other unallocated expenses			(8,544)
Loss before tax			(54,019)

30 June 2022 (unaudited)	Apparel products and accessories *RMB'000*	Property development *RMB'000*	Total *RMB'000*
Segment assets	959,499	256,043	1,215,542
Reconciliation:			
Elimination of intersegment receivables			(262,421)
Elimination of capitalised interest expense			(24,655)
Corporate and other unallocated assets			725,260
Total assets			1,653,726
Segment liabilities	75,627	266,372	341,999
Reconciliation:			
Elimination of intersegment payables			(262,421)
Corporate and other unallocated liabilities			139,471
Total liabilities			219,049

Six months ended 30 June 2022	Apparel products and accessories *RMB'000*	Property development *RMB'000*	Total *RMB'000*
Other segment information			
Reversal of impairment of trade and bills receivables, net	(720)	–	(720)
Impairment of other intangible assets	12,225	–	12,225
Impairment of right-of-use assets	4,339	–	4,339
Depreciation and amortisation	24,983	–	24,983
Capital expenditure	3,361	23,872	27,233

Geographical information

(a) Revenue from external customers

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Taiwan	**1,348**	1,603
Mainland China	**112,373**	119,994
	113,721	121,597

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

(b) Non-current assets

	30 June 2023	31 December 2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Hong Kong	**47,405**	46,754
Mainland China	**372,380**	387,707
	419,785	434,461

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

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

5. REVENUE

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue from contracts with customers		
Sale of goods	**113,721**	121,597

Revenue from contracts with customers

(i) Disaggregated revenue information for revenue from contracts with customers

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Type of goods		
Sale of apparel and accessories	**113,721**	121,597
Timing of revenue recognition		
Goods transferred at a point in time	**113,721**	121,597

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

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of apparel and accessories	**5,017**	4,743

(ii) Performance obligation

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

Sale of products

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.

6. OTHER INCOME AND GAINS

An analysis of other income and gains is as follows:

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Other income		
Government subsidies*	**551**	3,249
Gross rental income from investment property operating leases:		
Other lease payments, including fixed payments	**2,962**	2,010
Sundry income	**1,097**	–
Service income	**226**	–
Processing income	**2,223**	–
	7,059	5,259
Other gains		
Fair value gains, net:		
Financial assets at fair value through profit or loss	**689**	363
Others	**1,200**	402
	1,889	765
	8,948	6,024

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

7. FINANCE INCOME

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest income on bank deposits	**2,487**	798
Interest income on structured bank deposits, deposits in financial institutes and investment income on wealth management products	**3,305**	2,186
Others	**434**	632
	6,226	3,616

8. LOSS BEFORE TAX

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

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Cost of inventories sold	**29,999**	49,693
Depreciation of property, plant and equipment	**9,361**	8,735
Depreciation of investment properties	**1,656**	1,264
Depreciation of right-of-use assets	**8,554**	15,534
Amortisation of other intangible assets*	**56**	714
Employee benefit expenses (including directors' remuneration):		
Wages and salaries	**13,821**	15,138
Equity-settled share option expense	**–**	219
Pension scheme contributions	**1,370**	1,616
	15,191	16,973
Outsourced labor costs	**23,367**	22,255
Other operating costs from warehousing and logistics services**	**318**	716
Processing costs**	**3,143**	–
Impairment of other intangible assets**	**10,887**	12,225
Impairment of right-of-use assets**	**842**	4,339
Reversal of impairment of trade receivables, net***	**(212)**	(720)
Impairment of property, plant and equipment	**23**	–
Impairment of other receivables, net***	**56**	714
Fair value gains, net:		
Financial assets at fair value through profit or loss – wealth management products	**(689)**	(363)
Lease payments not included in the measurement of lease liabilities	**19,651**	18,123
Write-off of inventories provisions#	**(12,298)**	(33,749)
Write-down of inventories to net realisable value#	**24,729**	29,877
Exchange differences, net	**2,464**	3,279

* The amortisation of other intangible assets is included in "Administrative expenses" in the interim condensed consolidated statement of profit or loss.

** The impairment of other intangible assets and right-of-use assets, other operating costs from warehousing and logistics services, and processing costs are included in "Other expenses" in the interim condensed consolidated statement of profit or loss.

*** The reversal of impairment of trade receivables and impairment of other receivables are included in "Impairment gains on financial assets, net" in the interim condensed consolidated statement of profit or loss.

The write-down of inventories to net realisable value and write-off of inventories provisions are included in "Cost of sales" in the interim condensed 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 Relevant Period.

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 ("**CIT**") at a statutory rate of 25% on their respective taxable income for the Relevant Period and the six months period ended 30 June 2022.

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current – PRC		
Charge for the period	**(3)**	350
Deferred	**24,734**	19,483
Total tax charge for the period	**24,731**	19,833

10. DIVIDENDS

The Board does not recommend to declare any interim dividends or final dividends for the Relevant Period and the year ended 31 December 2022, respectively.

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

The calculation of basic loss per share is based on the loss for the Relevant Period attributable to owners of the parent of RMB68,080,000 (six months ended 30 June 2022: the loss of RMB73,772,000) and the weighted average number of ordinary shares of 3,282,916,000 (six months ended 30 June 2022: 3,282,916,000) shares in issue during the Relevant Period.

No adjustment has been made to the basic loss per share amounts presented for the Relevant Period in respect of a dilution as the share options under Share Option Scheme outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

The calculation of basic loss per share is based on:

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Losses		
Loss attributable to owners of the parent, used in the basic loss per share calculation	**(68,080)**	(73,772)

	Number of shares For the six months ended 30 June	
	2023	2022
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	**(162,534,000)**	(162,534,000)
Adjusted weighted average number of ordinary shares in issue used in the basic loss per share calculation	**3,282,916,000**	3,282,916,000

12. INVENTORIES

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Raw materials	**5,653**	6,264
Work in progress	**1,450**	841
Finished goods	**158,064**	179,564
	165,167	186,669

13. PROPERTIES UNDER DEVELOPMENT

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Properties under development	**202,890**	201,589

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

14. TRADE RECEIVABLES

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Trade receivables	**26,781**	32,705
Impairment	**(8,291)**	(9,048)
	18,490	23,657

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, is as follows:

	30 June 2023 *RMB'000* **(Unaudited)**	31 December 2022 *RMB'000* (Audited)
Within 1 month	**12,337**	13,647
1 to 2 months	**2,462**	5,642
2 to 3 months	**1,396**	1,321
Over 3 months	**2,295**	3,047
	18,490	23,657

The movements in the loss allowance for impairment of trade receivables are as follows:

	30 June 2023 *RMB'000* **(Unaudited)**	31 December 2022 *RMB'000* (Audited)
At beginning of period/year	**9,048**	8,611
Amount written off as uncollectible	**(545)**	–
(Reversal of impairment losses)/impairment losses, net	**(212)**	437
At end of period/year	**8,291**	9,048

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2023 *RMB'000* **(Unaudited)**	31 December 2022 *RMB'000* (Audited)
Wealth management products, at fair value	**70,397**	84,436

The above financial assets at fair value at 30 June 2023 were wealth management products issued by securities companies in the PRC and Hong Kong. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

16. STRUCTURED BANK DEPOSITS AND DEPOSITS IN FINANCIAL INSTITUTES

	30 June 2023	31 December 2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Structured bank deposits and deposits in financial institutes, at amortised cost	**170,912**	148,743

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

17. CASH AND CASH EQUIVALENTS

	30 June 2023	31 December 2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Cash and bank balances	**195,827**	198,705
Time deposits	**65,977**	64,910
Cash and cash equivalents	**261,804**	263,615

At the end of the reporting period, the cash and bank balances and time deposits of the Group denominated in HK$, US$, Euro ("**€**"), and Macau Pataca ("**MOP$**") amounted to RMB34,301,000, RMB20,348,000, RMB57,000 and RMB90,000, respectively (31 December 2022: RMB28,710,000, RMB18,340,000, RMB383,000, and RMB166,000, respectively). The RMB is not freely convertible into other currencies, however, under the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between seven days and three 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.

18. TRADE PAYABLES

An ageing analysis of the trade payables as at 30 June 2023 and 31 December 2022, based on the invoice date, is as follows:

	30 June 2023 *RMB'000* **(Unaudited)**	31 December 2022 *RMB'000* (Audited)
Trade payables		
Payables to third parties		
Within 30 days	**11,079**	6,483
31 to 90 days	**36**	330
91 to 180 days	**4**	344
Over 181 days	**1,505**	2,049
	12,624	9,206

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

19. SHARE CAPITAL

	30 June 2023 *RMB'000* **(Unaudited)**	31 December 2022 *RMB'000* (Audited)
Issued and fully paid:		
3,445,450,000 (31 December 2022: 3,445,450,000) ordinary shares	**344,545**	344,545
Equivalent to RMB'000	**280,661**	280,661

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET OVERVIEW

During the six months ended 30 June 2023 (the "**Relevant Period**"), with the impact of the COVID-19 pandemic on the macro-economy in China significantly reduced, the growth rate of China's Gross Domestic Product ("**GDP**") increased by 3.0 percentage points from 2.5% in the six months ended 30 June 2022 to 5.5% in the Relevant Period. The total retail sales of consumer products also increased by 8.9 percentage points from a decrease of 0.7% in the six months ended 30 June 2022 to an increase of 8.2% in the Relevant Period. Particularly, retail sales achieved by the top 100 key and large-scale retailers increased by 11.8% in the Relevant Period.

Despite the recovery of the macro-economy and retail market, the Group reported a decrease in revenue by 7.9 million from RMB121.6 million in the six months ended 30 June 2022 to RMB113.7 million in the Relevant Period and a decrease in loss attributable to owners of the parent by RMB5.7 million from RMB73.8 million in the six months ended 30 June 2022 to RMB68.1 million in the Relevant Period.

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 stated at the net invoiced value of goods sold after trade discounts.

The total revenue of the Group was RMB113.7 million in the Relevant Period, representing a decrease by RMB7.9 million, or approximately 6.5%, as compared to RMB121.6 million in the six months ended 30 June 2022.

By sales channels

Revenue from sales of products through self-operated retail points decreased by RMB5.6 million, or approximately 5.6%, from RMB100.6 million in the six months ended 30 June 2022 to RMB95.0 million in the Relevant Period and accounted for approximately 83.6% (six months ended 30 June 2022: 82.7%) of the total revenue. Such decrease was mainly attributable to the decrease in number of self-operated retail points from 258 as at 30 June 2022 to 159 as at 30 June 2023, representing a decrease by 38.4%. However, the revenue from outlet stores increased by RMB1.5 million, or approximately 4.1%, from RMB36.7 million in the six months ended 30 June 2022 to RMB38.2 million in the Relevant Period.

Revenue from sales of products to third-party retailers decreased by RMB2.6 million, or approximately 34.2%, from RMB7.6 million in the six months ended 30 June 2022 to RMB5.0 million in the Relevant Period and accounted for approximately 4.4% (six months ended 30 June 2022: 6.3%) of the total revenue. The decrease in sales to third-party retailers was mainly attributable to the decrease in number of retail points operated by third-party retailers from 40 as at 30 June 2022 to 35 as at 30 June 2023.

Revenue from sales of products through online channels slightly increased by RMB0.3 million, or approximately 2.2%, from RMB13.4 million in the six months ended 30 June 2022 to RMB13.7 million in the Relevant Period and accounted for approximately 12.0% (six months ended 30 June 2022: 11.0%) of the total revenue. The increase in revenue was primarily attributable to a mixed effect of:

(i) an increase in sales of product through our e-shops on Tmall. com and JD.com by RMB2.0 million, or approximately 95.2%, from RMB2.1 million in the six months ended 30 June 2022 to RMB4.1 million in the Relevant Period;

(ii) an increase in sales from online discount platform such as VIP.com by RMB0.9 million, or approximately 33.3%, from RMB2.7 million in the six months ended 30 June 2022 to RMB3.6 million in the Relevant Period; and partially offset by

(iii) a decrease in sales from WeChat stores by RMB2.3 million, or approximately 34.8%, from RMB6.6 million in the six months ended 30 June 2022 to RMB4.3 million in the Relevant Period; and

(iv) a decrease in sales of products to online third-party retailers by RMB0.3 million, or approximately 15.0%, from RMB2.0 million in the six months ended 30 June 2022 to RMB1.7 million in the Relevant Period.

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:

	Six months ended 30 June			
	2023		2022	
	Revenue ***RMB million***	***% of total revenue***	Revenue *RMB million*	*% of total revenue*
Retail sales from self-operated retailers	**95.0**	**83.6%**	100.6	82.7%
Sales to third-party retailers	**5.0**	**4.4%**	7.6	6.3%
Sales through online channels	**13.7**	**12.0%**	13.4	11.0%
Total	**113.7**	**100.0%**	121.6	100.0%

By Brand

Revenue contributed from self-owned brands increased by RMB8.8 million, or approximately 13.7%, from RMB64.3 million in the six months ended 30 June 2022 to RMB73.1 million in the Relevant Period. Percentage of revenue from self-owned brands over total revenue also increased from 52.9% in the six months ended 30 June 2022 to 64.3% in the Relevant Period.

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

	Six months ended 30 June			
	2023		2022	
	Revenue		Revenue	
	RMB million	***% of total revenue***	*RMB million*	*% of total revenue*
Licensed brands	**40.6**	**35.7%**	57.3	47.1%
Self-owned brands	**73.1**	**64.3%**	64.3	52.9%
Total	**113.7**	**100.0%**	121.6	100.0%

Cost of sales

Our cost of sales decreased by RMB3.4 million, or approximately 7.4%, from RMB45.8 million in the six months ended 30 June 2022 to RMB42.4 million in the Relevant Period. The decrease in cost of sales was primarily in line with the decrease in revenue.

Gross profit and gross profit margin

Our gross profit decreased by RMB4.5 million, or approximately 5.9%, from RMB75.8 million in the six months ended 30 June 2022 to RMB71.3 million in the Relevant Period as a result of the decrease in revenue. Our overall gross profit margin was 62.7% in the Relevant Period which was largely in line with that of 62.3% in the six months ended 30 June 2022.

Other income and gains

Our other income and gains increased by RMB2.9 million, or approximately 48.3%, from RMB6.0 million in the six months ended 30 June 2022 to RMB8.9 million in the Relevant Period, which was primarily due to an increase in processing income by approximately RMB2.2 million for processing of apparel product orders placed by third-party apparel companies and an increase in rental income by approximately RMB1.0 million.

Selling and distribution expenses

Our selling and distribution expenses decreased by RMB9.5 million, or approximately 10.0%, from RMB94.7 million in the six months ended 30 June 2022 to RMB85.2 million in the Relevant Period.

Rents and concession fees for occupying concession counters within department stores decreased by RMB5.2 million, or approximately 15.8%, from RMB32.9 million in the six months ended 30 June 2022 to RMB27.7 million in the Relevant Period, which was largely due to the decrease in revenue from self-operated retail points.

The labour and costs related to sales and marketing staff and outsourcing costs related to sales and marketing activities decreased from RMB31.4 million in the six months ended 30 June 2022 to RMB31.2 million in the Relevant Period.

We incurred advertising and promotion expenses of RMB1.2 million (six months ended 30 June 2022: RMB1.7 million) during the Relevant Period for organizing promotion activities and spending on social media marketing to share our brand stories and product knowledge with our customers through Little Red Book (小紅書), Douyin (抖音), WeChat and Weibo etc.

Consumables and decoration fees for self-operated retail points decreased from RMB8.2 million in the six months ended 30 June 2022 to RMB7.7 million in the Relevant Period which was primarily attributable to the decrease in number of retail points opened during the Relevant Period.

The other selling and distribution expenses, including freight and vehicle expenses, sample expenses, travelling expenses, office expenses and other operating expenses remained consistent during the both periods indicated.

Administrative expenses

The administrative expenses increased by RMB1.6 million, or approximately 6.8%, from RMB23.4 million in the six months ended 30 June 2022 to RMB25.0 million in the Relevant Period. The increase in administrative expenses was mainly due to an increase in depreciation and amortization by RMB1.0 million.

Other expenses

Other expenses mainly included:

(i) impairment on trademarks – Marina Yachting of RMB5.0 million, London Fog of RMB3.0 million and Zoo York of RMB2.4 million, respectively (six months ended 30 June 2022: impairment on trademarks – Marina Yachting of RMB8.5 million, Henry Cotton's of RMB1.9 million, Artful Dodger of RMB1.3 million and Zoo York of RMB0.1 million, respectively). The impairment made on trademarks was mainly because the Group has focused on developing of the business of MCS brand in recent years and less resources will be allocated to develop of the business of other self-owned brands including London Fog, Zoo York etc.;

(ii) an impairment on right-of-use assets of RMB0.8 million (six months ended 30 June 2022: RMB4.3 million); and

(iii) an exchange loss of RMB2.5 million (six months ended 30 June 2022: RMB3.3 million).

Finance income

Our finance income increased to RMB6.2 million in the Relevant Period as compared to that of RMB3.6 million in the six months ended 30 June 2022, representing an increase by 72.2%. The increase in finance income was mainly because the increase in interest rate on bank deposits and increase in return rate on wealth management products in Hong Kong in the Relevant Period.

Loss before tax

As a result of the foregoing factors, the Group reported a loss before tax of RMB43.5 million in the Relevant Period (six months ended 30 June 2022: RMB54.0 million).

Income tax expense

Income tax expense mainly represented reversal of deferred tax assets for deductible temporary differences arising from impairment of assets of RMB19.0 million and from losses available for offsetting against future taxable profits of RMB8.1 million (six months ended 30 June 2022: RMB19.6 million and RMB2.0 million, respectively), as the Group does not expect to generate sufficient taxable income in future to utilise these temporary differences.

Loss for the period

The Group reported a loss for the period of RMB68.2 million in the Relevant Period (six months ended 30 June 2022: RMB73.9 million).

Loss attributable to owners of the parent

As a result of the foregoing, the loss attributable to owners of the parent decreased by RMB5.7 million, or approximately 7.7%, from RMB73.8 million in the six months ended 30 June 2022 to RMB68.1 million in the Relevant Period.

Working Capital Management

	30 June 2023	31 December 2022
Inventory turnover days	**746**	599
Trade receivables turnover days	**33**	55
Trade payables turnover days	**46**	36

The increase in inventory turnover days by 147 days was mainly due to an increase in turnover days of inventories aged between 1 year to 3 years by 171 days due to the decrease in revenue.

The decrease in trade receivables turnover days by 22 days was mainly because of the increase in sales proportion from sales through online channels where payment in advance is normally required.

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

Liquidity, financial position and cash flows

As at 30 June 2023, we had net current assets of approximately RMB769.0 million, as compared to RMB776.9 million as at 31 December 2022. The current ratio of our Group was 5.0 times as at 30 June 2023 which remained consistent with that of 5.0 times as at 31 December 2022.

There was no undrawn banking facility as at 30 June 2023.

As at 30 June 2023, we had an aggregate cash and cash equivalents, structured bank deposits, deposits in financial institutes and financial assets at fair value through profit or loss of approximately RMB503.1 million. The table below sets forth selected cash flow data from our interim condensed consolidated statement of cash flows:

	Six months ended 30 June	
	2023	2022
	RMB million	*RMB million*
Net cash flows from/(used in) operating activities	**11.3**	(18.1)
Net cash flows (used in)/from investing activities	**(8.9)**	162.2
Net cash flows used in financing activities	**(2.6)**	(16.8)
Net (decrease)/increase in cash and cash equivalents	**(0.2)**	127.3
Effect of foreign exchange rate changes, net	**(1.6)**	3.0
Cash and cash equivalents at the beginning of the period	**263.6**	128.0
Cash and cash equivalents at the end of the period	**261.8**	258.3

Operating activities

Net cash flows from operating activities increased by RMB29.4 million, from a cash outflow of RMB18.1 million in the six months ended 30 June 2022 to a cash inflow of RMB11.3 million in the Relevant Period. The increase was primarily attributable to an increase in cash flows from operating activities before change in working capital by RMB23.7 million from a cash outflow of RMB18.2 million in the six months ended 30 June 2022 to a cash inflow of RMB5.5 million in the Relevant Period.

Investing activities

Net cash flows used in investing activities of RMB8.9 million mainly represented an increase in structured bank deposits and deposits in financial institutes and financial assets at fair value through profit or loss of RMB7.4 million.

Financing activities

Net cash flows used in financing activities mainly represented principal portion of lease payments of RMB10.0 million and partially offset by a loan from a related party of RMB6.4 million.

Pledge of group assets

As at 30 June 2023, no asset of our Group was pledged as a security for bank borrowings or any other financing facilities.

Capital commitments and contingent liabilities

As at 30 June 2023, the Group had capital commitments of approximately RMB0.5 million (31 December 2022: RMB1.3 million) and there were no significant contingent liabilities (31 December 2022: Nil).

Foreign exchange management

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

OPERATION REVIEW

Retail and distribution network

As at 30 June 2023, our sales network comprised a total of 159 self-operated retail points, consisting of concession counters, consignment stores and standalone stores, and 35 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 Mainland China and Taiwan by brand as at 30 June 2023 and 31 December 2022:

	As at 30 June 2023			As at 31 December 2022		
Brand	**Self-operated retail points**	**Retail points operated by third-party retailers**	**Total retail points**	Self-operated retail points	Retail points operated by third-party retailers	Total retail points
SBPRC	**63**	**8**	**71**	84	10	94
MCS	**86**	**25**	**111**	96	28	124
Marina Yachting	**10**	**2**	**12**	15	2	17
Others	**–**	**–**	**–**	–	1	1
Total	**159**	**35**	**194**	195	41	236

Self-operated retail points

As at 30 June 2023, we had a network of 155 self-operated concession counters (31 December 2022: 188 self-operated concession counters). A majority of the concession counters are located within mainstream department stores in the first and second tier cities in China, including Parkson（百盛）, Golden Eagle（金鷹）, MOI（茂業）, Intime（銀泰）, Wangfujing（王府井）etc., among which a total of 51 were outlet stores as at 30 June 2023 (31 December 2022: 63 outlet stores).

As at 30 June 2023, we had a network of 4 standalone stores (31 December 2022: 7 stores) which were located in shopping malls within major cities in the PRC to ensure a steady flow of consumers as well as to enhance our sales and brand awareness.

Retail points operated by third party retailers

As at 30 June 2023, we had a total of 35 retail points that were operated by third-party retailers, which remained consistent as compared to that of 41 retail points as at 31 December 2022.

Online Channels

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

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

Branding

The continuing implementation of a multi-brand strategy is critical to our sustainable expansion and growth. We believe that our multi-brand strategy will allow us 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.

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

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

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 decreased by RMB2.2 million, or approximately 26.2%, from RMB8.4 million in the six months ended 30 June 2022 to RMB6.2 million in the Relevant Period.

We also operated a social network-based commerce and marketing program in collaboration with Weimob to sell and deliver our products in our WeChat stores. Total revenue derived from WeChat stores decrease by RMB2.3 million, or approximately 34.8%, from RMB6.6 million in the six months ended 30 June 2022 to RMB4.3 million in the Relevant Period.

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

Properties under development

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

The properties under development are indirectly wholly owned by the Company. As at 30 June 2023, the carrying amount of the properties under development is RMB202.9 million. The percentage of stage of completion of the project is approximately 99.8%. Currently, the Group is in the process of applying for the permit for advance sale of commodity houses from the relevant governmental authorities.

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

Impairment of Trademarks

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

During the Relevant Period, the impairment loss of these trademarks was approximately RMB10.9 million which mainly included impairment of Marina Yachting of RMB5.0 million, London Fog of RMB3.0 million and Zoo York of RMB2.4 million, respectively (six months ended 30 June 2022: impairment on trademarks – Marina Yachting of RMB8.5 million, Henry Cotton's of RMB1.9 million, Artful Dodger of RMB1.3 million and Zoo York of RMB0.1 million, respectively).

The impairment made on trademarks for the Relevant Period was mainly because the Group will focus on development of the business of MCS brand in recent years and less resources will be allocated to develop the business of other self-owned brands including Artful Dodger, Zoo York, London Fog and Henry Cotton's.

Outsourcing

In order to enable our management team to continuously focus on our core missions, we outsourced substantially all of our sales staff in self-operated retail points and the production workers in our manufacturing plant in Dezhou to a third-party outsourcing service company. As at 30 June 2023, approximately 751 sales representatives, store managers and production workers, were employees of the outsourcing service company (31 December 2022: 921).

Employee information

As at 30 June 2023, the Group had approximately 227 full-time employees (31 December 2022: 273). Staff costs, including directors' remuneration, totalled RMB15.2 million in the Relevant Period (six months ended 30 June 2022: RMB17.0 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 203,500,000 options under the Share Option Scheme that was granted to 71 participants (including 6 directors) remain outstanding as at 30 June 2023.

Corporate Social Responsibility

Being a responsible corporate citizen is a core fundamental of our culture. During the Relevant Period, we looked for opportunities to reduce the consumption of paper, electricity and other resources in order to reduce the impact to the environment and set reduction targets as appropriate.

Prospects

The Board will focus on the following initiatives in the second half of 2023:

- to increase the portion of online sales by exploring sales opportunities from live streaming and online stores operated by department stores and shopping malls; and to increase sales from our Wechat stores and e-shops on mainstream e-commerce platform such as Tmall, JD.com etc.;
- to increase the average store sales of our MCS, SBPRC and Marina Yachting stores by leveraging the Group's digital tools such as O2O system and customer loyal program etc.;
- to increase our brand presence on social media including Little Red Book, Douyin and WeChat;
- to develop new online and offline third-party retailers to expand the retail network;
- stock clearance of aged inventories; and
- to explore new businesses opportunities such as brand licensing, group purchases, consignment sales of non-apparel products on our WeChat stores etc.

INTERIM DIVIDENDS

The Board does not recommend to declare any interim dividends for the Relevant Period (six months ended 30 June 2022: 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 (the "**Model Code**") as set out in Appendix 10 to the Listing Rules. Having made specific enquiry with all directors of the Company, all directors have confirmed that they have complied with the required standard set out in the Model Code and the Code of Conduct throughout the Relevant Period.

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 Relevant Period, 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 C.2.1.

According to code provision C.2.1, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The Company deviates from this code provision because both the chairman 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 Relevant Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

The audit committee has discussed with the management regarding the risk management and internal control systems and financial reporting matters related to the preparation of the unaudited interim condensed consolidated financial statements for the Relevant Period. It has also reviewed the said unaudited interim condensed consolidated financial statements in conjunction with the Company's external auditors.

REVIEW OF THE INTERIM RESULTS ANNOUNCEMENT BY AUDITORS

The unaudited interim results of the Group for the Relevant Period have been reviewed by the Group's auditors, Ernst & Young, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Preformed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results 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 interim report for the Relevant Period containing all the information required by Appendix 16 to the Listing Rules will be despatched to the shareholders of the Company and available on the same websites in due course.

APPRECIATION

Dedicated and loyal employees are our most valuable asset. I would like to take this opportunity to thank our colleagues on behalf of the Board for their contribution and support, and our management and staff members of the Group for their hard work and loyal service throughout the challenging period. I would also like to express our sincere appreciation to our shareholders, customers and suppliers as well as our business partners for their continuing support.

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

Hong Kong, 25 August 2023

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