



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)

2023

Interim Report

Contents

	<i>Pages</i>
Corporate Information	2
Financial Highlights	3
Management Discussion and Analysis	5
Other Information	19
Report on Review of Interim Condensed Consolidated Financial Statements	26
Interim Condensed Consolidated Statement of Profit or Loss	28
Interim Condensed Consolidated Statement of Comprehensive Income	29
Interim Condensed Consolidated Statement of Financial Position	30
Interim Condensed Consolidated Statement of Changes in Equity	32
Interim Condensed Consolidated Statement of Cash Flows	34
Notes to Interim Condensed Consolidated Financial Statements	37

CORPORATE INFORMATION

Executive directors

Mr. ZHANG Yongli
(Chairman & Chief Executive Officer)
Mr. SUN David Lee
Ms. HUANG Xiaoyun
(Chief Financial Officer)

Non-executive director

Mr. WANG Wei

Independent non-executive directors

Mr. KWONG Wilson Wai Sun
Mr. YEUNG Chi Wai
Mr. HO Ka Wang

Company secretary

Ms. LI Rita Yan Wing

Authorised representatives

Ms. HUANG Xiaoyun
Ms. LI Rita Yan Wing

Audit committee

Mr. KWONG Wilson Wai Sun
(Chairman)
Mr. YEUNG Chi Wai
Mr. HO Ka Wang

Remuneration committee

Mr. HO Ka Wang (Chairman)
Mr. ZHANG Yongli
Mr. KWONG Wilson Wai Sun

Nomination committee

Mr. ZHANG Yongli (Chairman)
Mr. YEUNG Chi Wai
Mr. KWONG Wilson Wai Sun

Registered office

One Nexus Way
Camana Bay
Grand Cayman
KY1-9005
Cayman Islands

Head office in the PRC

No. 9 Lane 1225
Tong Pu Road
Pu Tuo District
Shanghai, PRC

Principal place of business in Hong Kong

Room 1303, 13/F.
New East Ocean Centre
9 Science Museum Road
Tsim Sha Tsui East
Kowloon, Hong Kong

Website

www.cohl.hk

Hong Kong branch share registrar and transfer office

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

Principal bankers

The Hongkong and Shanghai
Banking Corporation Limited
China Merchants Bank,
Hong Kong Branch
China Construction Bank

Legal advisor

Herbert Smith Freehills LLP

Auditor

Ernst & Young,
Certified Public Accountants

FINANCIAL HIGHLIGHTS

	Six months ended 30 June		
	2023 (Unaudited)	2022 (Unaudited)	Change
Revenue (RMB million)	113.7	121.6	(6.5%)
Gross profit (RMB million)	71.3	75.8	(5.9%)
Operating loss (RMB million)	(49.4)	(56.9)	(13.2%)
Loss attributable to owners of the parent (RMB million)	(68.1)	(73.8)	(7.7%)
Loss per share – Basic (RMB cents) ¹	(2.07)	(2.25)	(8.0%)
Gross profit margin	62.7%	62.3%	+0.4 p.p.t
Operating loss margin	(43.5%)	(46.8%)	+3.3 p.p.t
Net loss margin	(60.0%)	(60.8%)	+0.8 p.p.t
Effective tax rate	n.a.	n.a.	n.a.
	As at 30 June 2023 (Unaudited)	As at 31 December 2022 (Audited)	Change
Current ratio (times) ²	5.0	5.0	–
Trade receivables turnover days (days) ³	33	55	(22) days
Trade payables turnover days (days) ⁴	46	36	(10) days
Inventory turnover days (days) ⁵	746	599	+147 days

China Outfitters Holdings Limited

Key ratios:

1. Basic loss per share = Loss attributable to owners of the parent/weighted average number of ordinary shares (the weighted average number of shares in the six months ended 30 June 2023 was 3,282,916,000 versus 3,282,916,000 in the same period of last year)
2. Current ratio = Current assets/current liabilities
3. Trade receivables turnover days = Average of opening and closing balances on trade receivables/revenue for the period x 180 days
4. Trade payables turnover days = Average of opening and closing balances on trade payables/cost of sales for the period x 180 days
5. Inventory turnover days = Average of opening and closing balances on inventory/cost of sales for the period x 180 days

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.

FINANCIAL REVIEW *(continued)*

Revenue *(continued)*

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.

FINANCIAL REVIEW (continued)**Revenue** (continued)**By sales channels** (continued)

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 RMB million	% of total revenue	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%

FINANCIAL REVIEW *(continued)*

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 (小红书), Douyin (抖音), WeChat and Weibo etc.

FINANCIAL REVIEW *(continued)***Selling and distribution expenses** *(continued)*

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).

FINANCIAL REVIEW *(continued)*

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

FINANCIAL REVIEW *(continued)*

Working Capital Management *(continued)*

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.

FINANCIAL REVIEW *(continued)*

Liquidity, financial position and cash flows *(continued)*

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:

	For the 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.

FINANCIAL REVIEW *(continued)*

Liquidity, financial position and cash flows *(continued)*

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:

Brand	As at 30 June 2023			As at 31 December 2022		
	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.

OPERATION REVIEW *(continued)***Retail and distribution network** *(continued)***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.

OPERATION REVIEW *(continued)*

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.

OPERATION REVIEW *(continued)***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.

OPERATION REVIEW *(continued)*

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).

OTHER INFORMATION DISCLOSURE OF INTERESTS

Directors' and Chief Executives' Interests and Short Positions in Shares and Underlying Shares and Debentures

As at 30 June 2023, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") contained in Appendix 10 to the Listing Rules, were as follows:

Long Positions in Ordinary Shares and Underlying Shares of the Company:

Name of director	Nature of interest	Number of Ordinary Shares Owned	Underlying Shares Interested (Note 1)	Total	Percentage of the Company's Issued Share Capital (Note 3) (%)
Mr. ZHANG Yongli	Beneficial owner	9,028,000	3,000,000	12,028,000	0.35
	Corporate interest (Note 2)	839,748,000	-	839,748,000	24.37
Mr. SUN David Lee	Beneficial owner	452,000	10,000,000	10,452,000	0.30
Ms. HUANG Xiaoyun	Beneficial owner	320,600,000	20,000,000	340,600,000	9.89
Mr. Wang Wei	Beneficial owner	-	3,000,000	3,000,000	0.09
Mr. KWONG Wilson Wai Sun	Beneficial owner	-	3,000,000	3,000,000	0.09
Mr. YEUNG Chi Wai	Beneficial owner	-	3,000,000	3,000,000	0.09

Notes:

- (1) The number of underlying shares represents the shares in which the Directors are deemed to be interested as a result of holding share options.
- (2) CEC Outfitters Limited, holding 839,748,000 shares (long position) of the Company, was wholly owned by Vinglory Holdings Limited ("Vinglory") and Vinglory was wholly owned by Mr. ZHANG Yongli.
- (3) The percentage is calculated based on the total number of 3,445,450,000 shares in issue of the Company as at 30 June 2023.

Save as disclosed above, as at 30 June 2023, none of the Directors and chief executives of the Company had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DISCLOSURE OF INTERESTS *(continued)*

Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares

As at 30 June 2023, the following interests and short positions of 5% or more of the issued share capital and share options of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO or were otherwise notified to the Company:

Long Position in Ordinary Shares and Underlying Shares of the Company:

Name	Notes	Nature of Interest	Number of Shares	Percentage of the Company's Issued Share Capital (Note 5)
Mr. ZHANG Yongli	(1)	Corporate interest	839,748,000	24.37
	(1)	Beneficial owner	12,028,000	0.35
Vinglory Holdings Limited	(1)	Corporate interest	839,748,000	24.37
CEC Outfitters Limited	(1)	Beneficial owner	839,748,000	24.37
Ms. HUANG Xiaoyun	(2)	Beneficial owner	340,600,000	9.89
Mr. KRAVIS Henry Roberts	(3)	Corporate interest	285,366,000	8.28
Mr. ROBERTS George R.	(3)	Corporate interest	285,366,000	8.28
KKR Management LLP	(3)	Corporate interest	285,366,000	8.28
KKR & Co. Inc.	(3)	Corporate interest	285,366,000	8.28
KKR Group Co. Inc.	(3)	Corporate interest	285,366,000	8.28
KKR Group Holdings L.P.	(3)	Corporate interest	285,366,000	8.28
KKR Group Holdings Corp.	(3)	Corporate interest	285,366,000	8.28
KKR Group Partnership L.P.	(3)	Corporate interest	285,366,000	8.28
KKR China Growth Limited	(3)	Corporate interest	285,366,000	8.28
KKR Associates China Growth L.P.	(3)	Corporate interest	285,366,000	8.28
KKR China Growth Fund L.P.	(3)	Corporate interest	285,366,000	8.28
KKR China Apparel Limited	(3)	Beneficial owner	285,366,000	8.28
Mr. SHEN Chengjian	(4)	Beneficial owner	112,150,000	3.26
	(4)	Interest of spouse	168,904,000	4.90
Ms. XIAO Wenqing	(4)	Beneficial owner	168,904,000	4.90
	(4)	Interest of spouse	112,150,000	3.26
Ms. ZHANG Kailun		Beneficial owner	173,000,000	5.02

DISCLOSURE OF INTERESTS *(continued)***Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares** *(continued)*

Notes:

- (1.1) CEC Outfitters Limited, holding 839,748,000 shares (long position) of the Company, was wholly owned by Vinglory and Vinglory was wholly owned by Mr. ZHANG Yongli.
- (1.2) Mr. ZHANG Yongli held interests in a total of 12,028,000 shares (long position) of the Company, including 3,000,000 underlying shares interested as a result of holding share options.
- (2) Ms. HUANG Xiaoyun held interests in a total of 340,600,000 shares (long position) of the Company, including 20,000,000 underlying shares interested as a result of holding share options.
- (3) KKR China Apparel Limited, holding 285,366,000 shares (long position) of the Company, was owned as to 90% by KKR China Growth Fund L.P.. KKR Associates China Growth L.P. ("**KKR Associates**") was the general partner of KKR China Growth Fund L.P.. KKR China Growth Limited was the general partner of KKR Associates. KKR China Growth Limited was wholly owned by KKR Group Partnership L.P. (formerly known as KKR Fund Holdings L.P.). KKR Group Partnership L.P. was owned as to 69% by KKR Group Holdings Corp. and 31% by KKR Group Holdings L.P. (formerly known as KKR Holdings LP). KKR Group Holdings Corp. was wholly owned by KKR Group Co. Inc. (formerly known as KKR & Co. Inc.). KKR Group Holdings L.P. was owned as to 99% by KKR Group Co. Inc.. KKR & Co. Inc. (formerly known as KKR Aubergine Inc.) was the sole shareholder of KKR Group Co. Inc.. KKR Management LLP (formerly known as KKR Management LLC) was the general partner of KKR & Co. Inc.. Mr. KRAVIS Henry Roberts and Mr. ROBERTS George R. disclaimed any beneficial ownership interest in the shares held by KKR China Apparel Limited. The interest in 285,366,000 shares (long position) related to the same block of shares in the Company.
- (4) Mr. SHEN Chengjian ("**Mr. Shen**") held interests in 112,150,000 shares (long position) of the Company and his spouse Ms. XIAO Wenqing ("**Ms. Xiao**") held 168,904,000 shares (long position) of the Company. Mr. Shen is deemed to be interested in the 168,904,000 shares held by Ms. Xiao and Ms. Xiao is deemed to be interested in the 112,150,000 shares held by Mr. Shen.
- (5) The percentage is calculated based on the total number of 3,445,450,000 shares in issue of the Company as at 30 June 2023.

Save as disclosed above, as at 30 June 2023, no person, other than the Directors and chief executives of the Company, whose interests are set out in the section "Directors' and Chief Executives' Interests and Short Positions in Shares and Underlying Shares and Debentures" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 June 2023, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

SHARE OPTION SCHEME

The Company operates a 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, the Group. The Share Option Scheme was conditionally approved by the written resolutions of the shareholders passed on 25 November 2011. As at 30 June 2023, a total of 203,500,000 shares under the Share Option Scheme were granted at a consideration of HK\$1 paid by each participant.

Details of movements of the options during the six months ended 30 June 2023 are set out below:

Category of grantees	Name of director	Date of grant	Exercise price (HK\$)	Outstanding at 1.1.2023	Granted during the period	Exercised during the period	Cancelled during the period	Forfeited during the period	Lapsed during the period	Outstanding at 30.6.2023	Vesting and exercise period
Executive director	Mr. ZHANG Yongli	10 December 2018	0.2114	3,000,000	-	-	-	-	-	3,000,000	Note 1
Executive director	Mr. SUN David Lee	10 December 2018	0.2114	10,000,000	-	-	-	-	-	10,000,000	Note 1
Executive director	Ms. HUANG Xiaoyun	10 December 2018	0.2114	20,000,000	-	-	-	-	-	20,000,000	Note 1
Non-executive director	Mr. WANG Wei	10 December 2018	0.2114	3,000,000	-	-	-	-	-	3,000,000	Note 1
Independent non-executive director	Mr. KWONG Wilson Wai Sun	10 December 2018	0.2114	3,000,000	-	-	-	-	-	3,000,000	Note 1
Independent non-executive director	Mr. CUI Yi (Note 3)	10 December 2018	0.2114	3,000,000	-	-	-	-	3,000,000	-	Note 1
Independent non-executive director	Mr. YEUNG Chi Wai	10 December 2018	0.2114	3,000,000	-	-	-	-	-	3,000,000	Note 1
Consultant	-	10 December 2018	0.2114	10,000,000	-	-	-	-	-	10,000,000	Note 1
Employees in aggregate	-	10 December 2018	0.2114	166,500,000	-	-	-	-	15,000,000	151,500,000	Note 2

Note 1: The remaining of outstanding options as at 30 June 2023 was vested and became exercisable on 10 December 2020. All vested options shall be exercisable until 9 December 2023.

Note 2: 56,625,000 of the outstanding options as at 30 June 2023 was vested and became exercisable on 10 December 2019, and another 56,625,000 of the outstanding options as at 30 June 2023 was vested and became exercisable on 10 December 2020, whereas 38,250,000 outstanding options became vested and exercisable on 10 December 2021 and 2022 in equal portions. All vested options shall be exercisable until 9 December 2023.

Note 3: Mr. CUI Yi resigned as independent non-executive Director on 19 May 2023.

SHARE OPTION SCHEME *(continued)*

Details of the share options granted by the Company under the Share Option Scheme are set out on pages 68 and 69 of the interim report.

Save as disclosed above, no share option granted under the Share Option Scheme was exercised, forfeited, lapsed or cancelled during the six months ended 30 June 2023.

SHARE AWARD SCHEME

The Company adopted a share award scheme (the “**Share Award Scheme**”) on 4 November 2014. The purpose of the Share Award Scheme is to recognise the contributions by certain employees and to give incentives to them in order to retain them for the continuing operation and development of the Group, and to attract suitable personnel for further development of the Group.

Subject to any early termination as may be determined by the Board, the Share Award Scheme shall be valid and effective for a term of 10 years commencing on the adoption date being 4 November 2014. The Share Award Scheme shall be administered by the Board in accordance with the terms stated in the Share Award Scheme. The trustee will hold the shares and any income in accordance with the terms of the trust deed. The Board may from time to time at its absolute discretion, select any employee (excluding any excluded employee) for participation in the Share Award Scheme as a selected employee and grant to such selected employee the award shares for free or at a price/consideration per award share determined by the Board at its sole discretion. The Board shall not make any further grant which will result in the number of shares granted by the Board under the Share Award Scheme would represent in excess of 10 per cent of the issued share capital of the Company as at the adoption date being 4 November 2014. The maximum number of shares which may be granted to a selected employee under the Share Award Scheme shall not exceed 1 per cent of the issued share capital of the Company at any time.

No shares of the Company were purchased by the trustee during the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

The Board has not yet granted any shares to any employees from 4 November 2014 to 30 June 2023.

CORPORATE GOVERNANCE

Corporate governance practices

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 six months ended 30 June 2023, 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.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has devised its own code of conduct regarding Directors’ dealings in the Company’s securities and securities transactions by employees who are likely to be in possession of unpublished price-sensitive information of the Company (the “**Code of Conduct**”) on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules.

Having made specific enquiry with the Directors, all of Directors confirmed that they have complied with the required standard set out in the Model Code and the Code of Conduct for the six months ended 30 June 2023.

CHANGES OF DIRECTORS' INFORMATION

Pursuant to Rule 13.51B of the Listing Rules, the changes in information of a Director since the date of the 2022 annual report of the Company are set out below:

Name of Director	Detail of Changes
YEUNG Chi Wai	Resigned as an independent non-executive director of Golden Century International Holdings Group Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 91), with effect from 22 March 2023

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 six months ended 30 June 2023. It has also reviewed the said unaudited interim condensed consolidated financial statements in conjunction with the Company's external auditors.

APPRECIATION

I would like to take this opportunity to thank our colleagues on the Board for their contribution and support throughout the challenging period, and our management and staff members of the Group for their hard work and loyal service. 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

Shanghai

25 August 2023



**REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
TO THE BOARD OF DIRECTORS OF CHINA OUTFITTERS HOLDINGS LIMITED**

(Incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 28 to 80, which comprises the condensed consolidated statement of financial position of China Outfitters Holdings Limited (the “**Company**”) and its subsidiaries (the “**Group**”) as at 30 June 2023 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 *Interim Financial Reporting* (“**IAS 34**”) issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young

Certified Public Accountants

Hong Kong

25 August 2023

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the six months ended 30 June 2023

	Notes	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
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 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
LOSS FOR THE PERIOD	(68,200)	(73,852)
OTHER COMPREHENSIVE INCOME/(LOSS)		
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods:</i>		
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
<i>Other comprehensive (loss)/profit that will not be reclassified to profit or loss in subsequent periods:</i>		
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)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	Notes	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	12	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	13	28,203	28,954
Other non-current assets	14	30,757	25,139
Other intangible assets	12	41,391	51,015
Deferred tax assets		8,336	35,428
Total non-current assets		456,324	498,843
CURRENT ASSETS			
Inventories	15	165,167	186,669
Properties under development	16	202,890	201,589
Trade receivables	17	18,490	23,657
Prepayments and other receivables	18	70,420	61,847
Financial assets at fair value through profit or loss	19	70,397	84,436
Structured bank deposits and deposits in financial institutes	20	170,912	148,743
Cash and cash equivalents	21	261,804	263,615
Total current assets		960,080	970,556
CURRENT LIABILITIES			
Trade payables	22	12,624	9,206
Other payables and accruals	23	50,792	53,312
Lease liabilities		7,378	11,023
Tax payable		120,243	120,144
Total current liabilities		191,037	193,685

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*
As at 30 June 2023

	Notes	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
NET CURRENT ASSETS		769,043	776,871
TOTAL ASSETS LESS CURRENT LIABILITIES		1,225,367	1,275,714
NON-CURRENT LIABILITIES			
Lease liabilities		1,592	711
Interest-bearing other borrowings	29(b)(ix)	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	24	280,661	280,661
Shares held for share award scheme	26	(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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

	Attributable to owners of the parent											Non-controlling interests	Total equity	
	Share capital	Shares held for Share Award Scheme	Capital redemption reserve	Merger reserve	Acquisition reserve	Share option reserve	Fair value reserve of financial assets at fair value	Statutory surplus	Exchange fluctuation reserve	Retained profits	Total			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(note 24)	(note 26)				(note 25)								
At 1 January 2023 (audited)	280,661	(30,946)	543	389,848	(182,362)	18,423	(36,505)	53,562	16,309	755,094	1,264,627	4,421	1,269,048	
Loss for the period	-	-	-	-	-	-	-	-	-	(68,080)	(68,080)	(120)	(68,200)	
Other comprehensive loss for the period:														
Change in fair value of equity investments at fair value through other comprehensive income, net of tax	-	-	-	-	-	-	(751)	-	-	-	(751)	-	(751)	
Exchange differences on translation of financial statements	-	-	-	-	-	-	-	-	12,667	-	12,667	14	12,681	
Total comprehensive loss for the period	-	-	-	-	-	-	(751)	-	12,667	(68,080)	(56,164)	(106)	(56,270)	
Transfer of share option reserve upon the forfeiture or expiry of share options	-	-	-	-	-	(1,503)	-	-	-	1,503	-	-	-	
Addition of non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	1,000	1,000	
At 30 June 2023 (unaudited)	280,661	(30,946)	543*	389,848*	(182,362)*	16,920*	(37,256)*	53,562*	28,976*	688,517*	1,208,463	5,315	1,213,778	

* These components of equity comprise the consolidated reserves of RMB958,748,000(31 December 2022: RMB1,014,912,000) in the interim condensed consolidated statement of financial position as at 30 June 2023.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

For the six months ended 30 June 2022

	Attributable to owners of the parent												
	Share capital RMB'000 (note 24)	Shares held for Share Award Scheme RMB'000 (note 26)	Capital redemption reserve RMB'000	Merger reserve RMB'000	Acquisition reserve RMB'000	Share option reserve RMB'000 (note 25)	Fair value reserve of financial assets at fair value through other comprehensive income RMB'000	Statutory surplus reserve RMB'000	Exchange fluctuation reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2022 (audited)	280,661	(30,946)	543	389,848	(182,362)	20,037	(29,749)	66,280	(19,156)	992,600	1,487,756	(84)	1,487,672
Loss for the period	-	-	-	-	-	-	-	-	-	(73,772)	(73,772)	(80)	(73,852)
Other comprehensive loss for the period:													
Change in fair value of equity investments at fair value through other comprehensive income, net of tax	-	-	-	-	-	-	(516)	-	-	-	(516)	-	(516)
Exchange differences on translation of financial statements	-	-	-	-	-	-	-	-	16,245	-	16,245	9	16,254
Total comprehensive loss for the period	-	-	-	-	-	-	(516)	-	16,245	(73,772)	(58,043)	(71)	(58,114)
Equity-settled share option arrangements	-	-	-	-	-	219	-	-	-	-	219	-	219
Establishment of a not wholly-owned company	-	-	-	-	-	-	-	-	-	-	-	4,900	4,900
At 30 June 2022 (unaudited)	280,661	(30,946)	543*	389,848*	(182,362)*	20,256*	(30,265)*	66,280*	(2,911)*	918,828*	1,429,932	4,745	1,434,677

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

	Notes	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(43,469)	(54,019)
Adjustments for:			
Depreciation of property, plant and equipment	8	9,361	8,735
Depreciation of investment properties	8	1,656	1,264
Depreciation of right-of-use assets	8	8,554	15,534
Amortisation of other intangible assets	8	56	714
Gain on disposal of property, plant and equipment		–	(77)
Gain on disposal of right-of-use assets		(307)	–
Write-down/(reversal of write-down) of inventories to net realisable value	8	24,729	(3,872)
Share of (profits)/losses of associates		(40)	243
Fair value gains, net:			
Financial assets at fair value through profit or loss	8	(689)	(363)
Impairment of other intangible assets	8	10,887	12,225
Impairment of right-of-use assets		842	4,339
Impairment of items of property, plant and equipment		23	–
Reversal of impairment of trade receivables, net	8	(212)	(720)
Impairment of other receivables and prepayments, net	8	56	714
Equity-settled share option expense		–	219
Finance costs		307	529
Finance income	7	(6,226)	(3,616)
		5,528	(18,151)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS*(continued)***For the six months ended 30 June 2023**

	Notes	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
(Increase)/decrease in inventories		(3,226)	6,323
Increase in properties under development		(1,301)	(21,589)
Decrease in trade receivables		5,378	9,425
Decrease in prepayments, other receivables		3,912	29,207
Increase in trade payables		3,418	1,971
Decrease in other payables and accruals		(2,417)	(25,261)
Net cash generated from/(used in) operating activities		11,292	(18,075)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of items of property, plant and equipment		–	81
Purchase of items of property, plant and equipment		(687)	(3,911)
Additions to other intangible assets	12	(1,000)	–
Decrease in short term deposits with original maturity of over three months		–	100,000
Interest received from bank deposits	7	2,487	798
Interest received from structured bank deposits and investment income on wealth management products	7	3,305	350
(Increase)/decrease in structured bank deposits and deposits in financial institutes and financial assets at fair value through profit or loss		(7,441)	42,258
Repayment of loan from third parties		–	22,100
Interest received from third parties		–	487
Loans to a related party	29(a)(iv)	(5,475)	–
Investment in an associate		(125)	–

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS*(continued)***For the six months ended 30 June 2023**

	Notes	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Net cash flows (used in)/generated from investing activities		(8,936)	162,163
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital injected by non-controlling interests		1,000	–
Loan from a related party	29(a)(vi)	6,400	–
Principal portion of lease payments		(9,997)	(16,815)
Net cash flows used in financing activities		(2,597)	(16,815)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS			
		(241)	127,273
Cash and cash equivalents at beginning of period		263,615	127,995
Effect of foreign exchange rate changes, net		(1,570)	3,031
CASH AND CASH EQUIVALENTS AT END OF PERIOD			
		261,804	258,299
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	21	195,827	196,437
Time deposits	21	65,977	61,862
Cash and cash equivalents as stated in the interim condensed consolidated statement of financial position and condensed consolidated statement of cash flows	21	261,804	258,299

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2023

1. CORPORATE 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 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 Company and its subsidiaries (the **“Group”**) are 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 Mainland China which excludes, for the purpose of this report, 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 in the PRC. There has been no significant change in the Group’s principal activities during the six months ended 30 June 2023 (the **“Relevant Period”**).

2. BASIS OF PREPARATION

The interim condensed consolidated financial information for the Relevant Period has 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 new and revised International Financial Reporting Standards ("IFRSs") for the first time for the current period's financial information.

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

The nature and impact of the new and 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.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

(continued)

- (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.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

(continued)

(c) (continued)

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.

4. OPERATING SEGMENT INFORMATION (continued)

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:			
Elimination of intersegment results	(39,414)	41	(39,373)
Finance income			6,226
Dividend income and unallocated gains			4,411
Corporate and other unallocated expenses			(9,942)
Loss before tax			(43,469)

4. OPERATING SEGMENT INFORMATION (continued)

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:			
Elimination of intersegment payables	71,967	260,281	332,248
Corporate and other unallocated liabilities			(259,880)
			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.

4. OPERATING SEGMENT INFORMATION (continued)

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)

4. OPERATING SEGMENT INFORMATION (continued)

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

4. OPERATING SEGMENT INFORMATION (continued)

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.

4. OPERATING SEGMENT INFORMATION *(continued)*
(b) Non-current assets

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (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 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
<i>Revenue from contracts with customers</i>		
Sale of goods	113,721	121,597

5. REVENUE (continued)

Revenue from contracts with customers

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

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

5. REVENUE *(continued)***Revenue from contracts with customers** *(continued)***(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

6. OTHER INCOME AND GAINS *(continued)*

* 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 the 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):

	Note	For the six months ended 30 June	
		2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Cost of inventories sold		29,999	49,693
Depreciation of property, plant and equipment	12	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*	12	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 cost**		3,143	–
Impairment of other intangible assets**	12	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

8. LOSS BEFORE TAX *(continued)*

- * 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 cost are included in “Other expenses” in the interim condensed consolidated statement of profit or loss.
- *** The reversal of impairment of trade receivables, 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-month 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. DIVIDEND

The board of directors of the Company (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)

11. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EUIY HOLDERS OF THE PARENT *(continued)*

	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. PROPERTY, PLANT AND EQUIPMENT AND OTHER INTANGIBLE ASSETS

	Property, plant and equipment RMB'000	Other intangible assets RMB'000
Unaudited		
Opening net book amount at 1 January 2023	257,676	51,015
Additions	896	1,000
Disposals	(45)	-
Depreciation and amortisation provided during the period	(9,361)	(56)
Impairment	(23)	(10,887)
Exchange realignment	1,290	319
Closing net book amount at 30 June 2023	250,433	41,391
Audited		
Opening net book amount at 1 January 2022	252,492	86,082
Additions	23,293	676
Acquisition of a subsidiary	5,268	-
Transfer to investment properties	(6,792)	-
Disposals	(15)	(115)
Depreciation and amortisation provided during the year	(17,167)	(1,045)
Impairment	(2,942)	(35,683)
Exchange realignment	3,539	1,100
Closing net book amount at 31 December 2022	257,676	51,015

As at 30 June 2023, one certificate of ownership in respect of a certain building with net carrying amount of approximately RMB3,249,000 (31 December 2022: RMB3,428,000) has not been issued by the relevant PRC authorities. The Group is in the process of obtaining the relevant certificates.

12. PROPERTY, PLANT AND EQUIPMENT AND OTHER INTANGIBLE ASSETS *(continued)*

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 has performed impairment reviews of the carrying values of trademarks as at 30 June 2023 based on a value in use calculation using cash flow projections from financial budgets covering a five-year period approved by senior management. For the period ended 30 June 2023, the discount rates applied to the cash flow projection were 36.9% (2022: 28.9%) for “London Fog”, 29.7% (2022: 27.2%) for “Zoo York”, 29.7% (2022: 28.3%) for “MCS”, 30.0% (2022: 29.1%) for “Henry Cotton’s” and 29.7% (2022: 27.4%) for “Marina Yachting” and cash flows beyond the five-year period were extrapolated using a growth rate of 3.0% (2022: 3.0%) which does not exceed the projected long term average growth rate for the relevant industry in Mainland China. Based on the result of the impairment test, the recoverable amounts of the trademarks of “London Fog”, “Zoo York”, “Henry Cotton’s”, “MCS” and “Marina Yachting” were lower than their carrying amounts as at 30 June 2023. Accordingly, management determined that there was impairment of these trademarks and recognised RMB2,992,000, RMB2,448,000, RMB15,000, RMB477,000 and RMB4,955,000 for “London Fog”, “Zoo York”, “Henry Cotton’s”, “MCS” and “Marina Yachting”, respectively. (2022: impairment of RMB2,394,000, RMB2,354,000, RMB801,000, RMB8,654,000, RMB2,941,000 and RMB17,610,000 for “London Fog”, “Artful Dodger”, “Zoo York”, “MCS”, “Henry Cotton’s” and “Marina Yachting”, respectively).

Assumptions were used in the value in use calculation of the trademarks. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of the trademarks.

Budgeted gross profit margins

Budgeted gross profit margins are based on average values achieved historically. These are adjusted over the budget period in accordance with anticipated efficiency improvements and expected market developments.

Discount rates

The discount rates used are before tax and reflect specific risks relating to the Menswear cash-generating unit and the trademarks with indefinite lives.

In the opinion of the directors, any reasonably possible change in the key assumptions on which the recoverable amounts are based would not cause the carrying amounts of trademarks with indefinite lives to exceed their recoverable amounts, respectively.

13. EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Listed equity investment, at fair value Guangdong Shaoneng Group Co., Ltd.	28,196	28,871
Unlisted equity investment, at fair value CCF Investment Limited	7	83
	28,203	28,954

The above equity investments were irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature.

14. OTHER NON-CURRENT ASSETS

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Prepayments for purchase of properties	9,288	9,497
Prepayments for leasehold improvements*	414	414
Long-term loan receivables 29(b)(viii)	21,055	15,228
	30,757	25,139

* These represent prepayments for leasehold improvements for the Group's properties held for self-use.

15. 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

16. 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.

17. 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

17. TRADE RECEIVABLES *(continued)*

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

An impairment analysis is performed at each reporting date using a provision matrix or individually assessed to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.

17. TRADE RECEIVABLES *(continued)*
As at 30 June 2023

	Gross carrying amount (RMB'000)	Expected credit losses (RMB'000)	Expected credit loss rate
Individually assessed	628	628	100.00%
Based on provision matrix	26,153	7,663	29.30%
	26,781	8,291	
	Ageing as at 30 June 2023		Total
	Within one year	Over one year	
Expected credit loss rate	4.34%	100.00%	
Gross carrying amount (RMB'000)	19,329	6,824	26,153
Expected credit losses (RMB'000)	839	6,824	7,663

17. TRADE RECEIVABLES *(continued)*

As at 31 December 2022

	Gross carrying amount (RMB'000)	Expected credit losses (RMB'000)	Expected credit loss rate
Individually assessed	782	782	100%
Based on provision matrix	31,923	8,266	25.89%
	32,705	9,048	
	Ageing as at 31 December 2022 Within one year	Over one year	Total
Expected credit loss rate	3.70%	100.00%	
Gross carrying amount (RMB'000)	24,565	7,358	31,923
Expected credit losses (RMB'000)	908	7,358	8,266

18. PREPAYMENTS AND OTHER RECEIVABLES

	Note	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Prepayments		25,758	21,327
Deposits and other receivables		53,072	52,521
Deposit and other receivables from related parties	29(b)	2,923	–
		81,753	73,848
Impairment allowance		(11,333)	(12,001)
		70,420	61,847

Included in deposits and other receivables as at 30 June 2023 are loans and related interest receivables from two third parties at amounts of RMB9,194,000 (31 December 2022: RMB8,799,000) and RMB5,553,000 (31 December 2022: RMB5,553,000), respectively, which are interest-bearing at 2.5% (31 December 2022: 2.5%) and 5.22% (31 December 2022: 5.22%), per annum, respectively. The carrying amounts net of impairment allowance of the above two third parties are RMB4,339,000 and nil respectively (31 December 2022: RMB4,150,000 and nil respectively). The loans are unsecured and repayable in one year.

The Group's loans to third parties are subject to approval by the executive committee or the board of directors, depending on the amount lent.

Except for the loans receivable and interest receivables from third parties, other receivables are unsecured, non-interest-bearing and repayment on demand.

18. PREPAYMENTS AND OTHER RECEIVABLES *(continued)*

Management makes periodic collective assessments for other receivables and prepayments as well as individual assessment on the recoverability of other receivables and prepayments based on historical settlement records, past experience and other factors.

As at 30 June 2023, a provision for impairment of RMB10,408,000 (31 December 2022: RMB10,201,000) for the above loans receivable and interest receivables was made with loss rates applied ranging from 53% to 100% (31 December 2022: 53% to 100%).

As at 30 June 2023, a provision for impairment of RMB925,000 (31 December 2022: RMB897,000) for the royalty receivable past due from a third party debtor were made with 100% loss rates.

The carrying amount of the remaining prepayments and other receivables that were neither past due nor impaired relates to other debtors for whom there was no recent history of default.

The movement in the loss allowance for impairment of prepayments and other receivables is as follows:

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
At beginning of period/year	12,001	6,295
Impairment losses, net	56	5,431
Amounts written off as uncollectable	(903)	–
Exchange realignment	179	275
At end of period/year	11,333	12,001

19. 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 HK. 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.

20. STRUCTURED BANK DEPOSITS AND DEPOSITS IN FINANCIAL INSTITUTES

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

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

21. CASH AND CASH EQUIVALENTS

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (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\$, EUR (“€”), and MOP (“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.

22. 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.

23. OTHER PAYABLES AND ACCRUALS

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
	10,485	12,549
Contract liabilities		
Other payables	14,918	15,441
Accruals	5,058	5,338
Other taxes payable	20,014	19,761
Payables to related parties	317	223
Note		
	50,792	53,312

The other payables are non-interest-bearing and are due within one year.

24. SHARE CAPITAL

Shares

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'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

There was no movement of issued share capital during the Relevant Period.

Share Option

Details of the Company's Share Option schemes and the Share Options issued under the Schemes are included in note 25 to the financial statements.

25. SHARE OPTION SCHEME

The Company adopted a share option scheme (the "**Share Option Scheme**"), approved by the written resolutions of the shareholders passed on 25 November 2011. The terms and conditions of the share option scheme is disclosed in the consolidated financial statements for the year ended 31 December 2022.

Share Option Scheme

A summary of option movements during the Relevant Period is presented below:

	Six months ended 30 June 2023		Six months ended 30 June 2022	
	Weighted average exercise price HK\$ per share	Number of options '000	Weighted average exercise price HK\$ per share	Number of options '000
At beginning of period	0.2114	221,500	0.2114	229,800
Forfeited during the period	0.2114	-	0.2114	(2,500)
Lapsed during the period	0.2114	(18,000)	0.2114	-
At end of period	0.2114	203,500	0.2114	227,300

25. SHARE OPTION SCHEME *(continued)*

The exercise price and exercise period of the share options outstanding at the end of June 2023 are as follows:

Date of grant	Number of options '000	Exercise price HK\$ per share	Exercise period
10 December 2018	82,625	0.2114	10 December 2019 to 9 December 2023
10 December 2018	82,625	0.2114	10 December 2020 to 9 December 2023
10 December 2018	19,125	0.2114	10 December 2021 to 9 December 2023
10 December 2018	19,125	0.2114	10 December 2022 to 9 December 2023
	203,500		

The vesting period of the share options is from the date of grant until the commencement of the exercise period.

During the Relevant Period, 18,000,000 share options became lapsed as six of the grantees resigned and one of the grantees retired. No share option expense was recognized in the Relevant Period (six months ended 30 June 2022: RMB1,126,000).

As at 30 June 2023, the Company had 203,500,000 share options outstanding under the Share Option Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 203,500,000 additional ordinary shares of the Company and additional share capital of HK\$20,350,000 (equivalent to RMB18,762,293) and share premium of HK\$22,669,900 (equivalent to RMB20,901,194) (before issue expenses).

At the date of approval of these interim condensed consolidated financial statements, the Company had 203,500,000 share options outstanding under the Share Option Scheme, which represented approximately 5.91% of the Company's shares in issue as at that date.

26. SHARE AWARD SCHEME

The Company adopted a share award scheme (the “**Share Award Scheme**”), approved by the resolutions of the Board passed on 4 November 2014.

The specific purposes and objectives of the Share Award Scheme are to:

- (a) recognise the contributions by certain employees and to give incentives to them in order to retain them for the continual operation and development of the Group; and
- (b) attract suitable personnel for further development of the Group.

To facilitate the implementation of the Share Award Scheme, a trust Deed is entered into by the Group and South Zone Holding Limited (the “**Trustee**”) pursuant to which the Trustee shall purchase and hold shares for the benefit of certain employees of the Group and in such manner as the Board may determine from time to time.

The Board may from time to time at its absolute discretion, select any employee (excluding any excluded employee) for participation in the Share Award Scheme as a selected employee and grant to such selected employee the award shares for free or at a price/consideration per award share determined by the Board at its sole discretion.

The maximum number of share currently permitted to be granted under the Share Award Scheme is an amount equivalent, to 10% of the issued share capital of the Company as at 4 November 2014. The maximum number of shares issuable under the Share Award Scheme to each eligible participant in the Share Award Scheme is limited to 1% of the issued share capital of the Company at any time.

From 4 November 2014 to 30 June 2023, the Company purchased 162,534,000 shares, amounting to RMB30,946,000.

No shares of the Company were purchased by the Trustee during the Relevant Period (six months ended 30 June 2022: Nil).

The Board did not yet grant any shares to any employees from 4 November 2014 to 30 June 2023.

27. OPERATING LEASE ARRANGEMENTS**As lessor**

The Group leases its investment properties under operating lease arrangements, with leases negotiated for terms ranging from one to ten years.

At 30 June 2023, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Within one year	5,450	3,910
In the second to fifth years, inclusive	14,422	9,766
After five years	13,574	7,128
	33,446	20,804

28. COMMITMENTS

The Group had the following capital commitments at the end of the Relevant Period:

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Contracted, but not provided for:		
Buildings	484	1,345
	484	1,345

29. RELATED PARTY TRANSACTIONS

(a) Other transactions with related parties:

- (i) During the period, the Group purchased product tags amounting to RMB209,000 (six months ended 30 June 2022: RMB211,000) from Wuxi Hengye Software Technology Co., Ltd. (“**Wuxi Hengye**”), whose key management personnel was Zhang Yongli, chairman and the chief executive officer of the Group. Sun Jing, the spouse of Zhang Yongli, is a minority shareholder and holds 27.7% equity interest in Wuxi Hengye. The purchases were made on mutually agreed terms.
- (ii) During the period, the Group provided rental services amounting to RMB222,000 (six months ended 30 June 2022: RMB222,000) to Wuxi Hengye. The rental services were made on mutually agreed terms.
- (iii) During the period, the Group purchased rental services amounting to RMB144,000 (six months ended 30 June 2022: RMB133,000) from Huang Xiaoyun, an executive director and the chief financial officer of the Group. The rental services were made on mutually agreed terms.
- (iv) During the period, the Group granted a loan amounting to RMB5,475,000 to Shanghai Jegoplay Hongmeng Culture Development Co., Ltd. (“**Jegoplay Hongmeng**”), which is the associate of the Group. The loan bears interest at 4.5% per annum and is due on 31 August 2024.
- (v) During the period, the Group sold products amounting to RMB820,000 (six months ended 30 June 2022: Nil) to Jegoplay Hongmeng. The transaction were made on mutually agreed terms.
- (vi) During the period, the Group obtained a loan amounting to RMB6,400,000 from Shanghai Pancoat Trading Co., Ltd. (“**Shanghai Pancoat**”), which is the non-controlling shareholder of a subsidiary of the Group. The loan bears interest at 4.5% per annum and is due on 7 June 2025.

29. RELATED PARTY TRANSACTIONS *(continued)***(a) Other transactions with related parties:** *(continued)*

- (vii) During the period, the Group obtained services amounting to RMB1,000,000 (six months ended 30 June 2022: Nil) to Shanghai Pancoat. The services were made on mutually agreed terms.

- (viii) During the period, the Group provided services amounting to RMB542,000 (six months ended 30 June 2022: Nil) to Zhejiang Manqu Technology Co., Ltd. (“**Zhengjiang Manqu**”), which is the subsidiary of the non-controlling shareholder of a subsidiary of the Group. The transaction were made on mutually agreed terms.

(b) Outstanding balances with related parties:

- (i) The Group had an outstanding balance of other payables of RMB41,000 (31 December 2022:RMB41,000) due to Sun Jing, the spouse of Zhang Yongli, the chairman and chief executive officer of the Group, which was related to the acquisition of Panland Investment Co., Ltd. and Artway Design Co., Ltd. in 2021. The balance is unsecured, interest-free and has no fixed terms of repayment.

- (ii) The Group had an outstanding balance of other payables of RMB11,000 (31 December 2022:RMB11,000) due to Huang Xiaoyun, an executive director and the chief financial officer of the Group, which was related to the acquisition of Panland Investment Co., Ltd. and Artway Design Co., Ltd. in 2021. The balance is unsecured, interest-free and has no fixed terms of repayment.

- (iii) The Group had an outstanding deposit of other payable of RMB100,000 (31 December 2022: RMB100,000) due to Wuxi Hengye, which was related to the Group’s provision of rental services to Wuxi Hengye. The balance is unsecured, interest-free and is due at the end of the lease term.

29. RELATED PARTY TRANSACTIONS *(continued)*

(b) Outstanding balances with related parties: *(continued)*

- (iv) The Group had an outstanding deposit of other receivable of RMB100,000 (31 December 2022: RMB100,000) due from China Brands Group. China Brands Group is the parent company of Shanghai Pancoat, which is the non-controlling shareholder of a subsidiary of the Group. The balance is unsecured, interest-free and has no fixed terms of repayment.
- (v) The Group had an outstanding balance of other payables of RMB147,000 (31 December 2022: RMB71,000) due to Huang Xiaoyun, which was related to the Group's procurement of rental services from Huang Xiaoyun. The balance is unsecured, interest-free and has no fixed terms of repayment.
- (vi) The Group had an outstanding balance of trade receivables of RMB538,000 (31 December 2022: RMB414,000) due from Jegoplay Hongmeng, which is the associate of the Group. The balance is unsecured, interest-free and due in one month.
- (vii) The Group had an outstanding deposit of other receivable of RMB30,000 (31 December 2022: Nil) due from Jegoplay Hongmeng. The balance is unsecured, interest-free and has no fixed terms of repayment.
- (viii) The Group has an outstanding balance of other receivables of RMB21,055,000 (31 December 2022: RMB15,228,000) due from Jegoplay Hongmeng, which is related to a loan granted by the Group. The loan bears interest at 4.5% per annum and is due on 31 August 2024.
- (ix) The Group has an outstanding balance of other borrowings of RMB6,400,000 (31 December 2022: Nil) and its interests of RMB18,000 (31 December 2022: Nil) due to Shanghai Pancoat. The loan bears interest at 4.5% per annum and is due on 7 June 2025.

29. RELATED PARTY TRANSACTIONS *(continued)***(b) Outstanding balances with related parties:** *(continued)*

- (x) The Group had an outstanding balance of other receivables of RMB2,793,000 (31 December 2022: RMB177,000) due from Zhejiang Manqu, which is the subsidiary of the non-controlling shareholder of a subsidiary of the Group. The balance is unsecured, interest-free and due in one month.

(c) Compensation of key management personnel of the Group, including directors' remuneration, is as follows:

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Fees	1,481	1,350
Salaries, allowances and benefits in kind	2,828	3,100
Equity-settled share option expense	–	3
Pension scheme contributions	108	122
Total compensation paid to key management personnel	4,417	4,575

29(a)(iii) constituted connected transactions as defined in Chapter 14A of the Listing Rules. The Company is of the view that the transaction was de minimis transaction and was therefore fully exempt from the reporting, annual review, announcement and independent shareholders' approval requirements under Rule 14A.76(1) of the Listing Rules ("**Fully Exempt CT**").

30. FAIR VALUES AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Financial assets				
Equity investments designated at fair value through other comprehensive income	28,203	28,954	28,203	28,954
Financial assets at fair value through profit or loss	70,397	84,436	70,397	84,436
Financial assets included in other non-current assets	21,055	15,228	21,020	15,189
	119,655	128,618	119,620	128,579

Management has assessed that the fair values of cash and cash equivalents, structured bank deposits, trade receivables, trade payables, financial assets included in prepayments and other receivables, and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer and the audit committee. At each reporting date, the finance department analyses the movements in the value of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

30. FAIR VALUES AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of listed equity investments are based on quoted market prices.

The Group invests in unlisted investments, which mainly represent wealth management products issued by securities companies in the PRC and Hong Kong. The Group has estimated the fair value of these unlisted investments by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

For the fair value of the unlisted equity investments at fair value through other comprehensive income, management has estimated the potential effect of using reasonably possible alternatives as inputs to the valuation model.

30. FAIR VALUES AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value
As at 30 June 2023

	Fair value measurement using			Total RMB'000 (Unaudited)
	Quoted prices in active markets Level 1 RMB'000 (Unaudited)	Significant observable inputs Level 2 RMB'000 (Unaudited)	Significant unobservable inputs Level 3 RMB'000 (Unaudited)	
Equity investments designated at fair value through other comprehensive income – listed	28,196	-	-	28,196
Equity investments designated at fair value through other comprehensive income – unlisted	-	-	7	7
Financial assets at fair value through profit or loss	-	70,397	-	70,397
	28,196	70,397	7	98,600

30. FAIR VALUES AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

Fair value hierarchy *(continued)*

Assets measured at fair value *(continued)*

As at 31 December 2022

	Fair value measurement using			Total RMB'000 (Audited)
	Quoted prices in active markets Level 1 RMB'000 (Audited)	Significant observable inputs Level 2 RMB'000 (Audited)	Significant unobservable inputs Level 3 RMB'000 (Audited)	
Equity investments designated at fair value through other comprehensive income – listed	28,871	–	–	28,871
Equity investments designated at fair value through other comprehensive income – unlisted	–	–	83	83
Financial assets at fair value through profit or loss	–	84,436	–	84,436
	28,871	84,436	83	113,390

30. FAIR VALUES AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

Fair value hierarchy *(continued)*

Assets measured at fair value *(continued)*

The movements in fair value measurements within Level 3 during the period are as follows:

	2023 RMB'000 (Unaudited)	2022 RMB'000 (Audited)
Equity investments designated at fair value through other comprehensive income – unlisted		
At 1 January	83	310
Total losses recognised in other comprehensive income	(76)	(227)
At end of period/year	7	83

Liabilities measured at fair value

The Group did not have any financial liabilities measured at fair value as at 30 June 2023 and 31 December 2022.

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (six months ended 30 June 2022: Nil).

31. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These unaudited interim condensed consolidated financial statements of the Group for the Relevant Period were approved and authorised for issue in accordance with a resolution of the Board on 25 August 2023.