

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



bonny 博尼

**BONNY INTERNATIONAL HOLDING LIMITED**

**博尼国际控股有限公司**

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

**(Stock Code: 1906)**

**ANNOUNCEMENT OF ANNUAL RESULTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

The board (the “**Board**”) of directors (the “**Directors**”) of Bonny International Holding Limited (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2023 (the “**Reporting Period**”), together with the comparative figures for the year ended 31 December 2022, as follows:

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

*For the year ended 31 December 2023*

	<i>Notes</i>	<b>2023</b> <b>RMB'000</b>	<b>2022</b> <b>RMB'000</b>
<b>REVENUE</b>	4	<b>177,671</b>	160,910
Cost of sales		<b>(136,003)</b>	(129,266)
Gross profit		<b>41,668</b>	31,644
Other income and gains	4	<b>18,742</b>	6,912
Selling and distribution expenses		<b>(40,159)</b>	(41,850)
Administrative expenses		<b>(28,219)</b>	(28,737)
Impairment losses on financial assets, net		<b>(1,252)</b>	(1,034)
Other expenses		<b>(25,017)</b>	(33,671)
Finance costs		<b>(5,987)</b>	(4,596)

	<i>Notes</i>	<b>2023</b> <b><i>RMB'000</i></b>	2022 <i>RMB'000</i>
<b>LOSS BEFORE TAX</b>	5	<b>(40,224)</b>	(71,332)
Income tax (expense)/credit	6	<u>(4,986)</u>	<u>390</u>
<b>LOSS FOR THE YEAR</b>		<b>(45,210)</b>	(70,942)
Attributable to:			
Owners of the parent		(45,271)	(70,935)
Non-controlling interests		<u>61</u>	<u>(7)</u>
		<u><b>(45,210)</b></u>	<u>(70,942)</u>
<b>LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>	8		
Basic and diluted		<u><b>RMB(3.8 cents)</b></u>	<u>RMB(5.9 cents)</u>

## CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
<b>LOSS FOR THE YEAR</b>	<b>(45,210)</b>	<b>(70,942)</b>
<b>OTHER COMPREHENSIVE INCOME</b>		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation from functional currency to presentation currency	<u>(4,321)</u>	<u>(25,265)</u>
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation from functional currency to presentation currency	4,447	25,953
Gains on property revaluation	79,788	17,013
Income tax effect	<u>(11,968)</u>	<u>(2,551)</u>
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	<u>72,267</u>	<u>40,415</u>
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX</b>	<b><u>67,946</u></b>	<b><u>15,150</u></b>
<b>TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR</b>	<b><u>22,736</u></b>	<b><u>(55,792)</u></b>
Attributable to:		
Owners of the parent	22,675	(55,785)
Non-controlling interests	<u>61</u>	<u>(7)</u>
	<b><u>22,736</u></b>	<b><u>(55,792)</u></b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	<i>Notes</i>	<b>2023</b> <b>RMB'000</b>	2022 <i>RMB'000</i>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	9	<b>205,871</b>	317,955
Advance payments for property, plant and equipment		<b>176</b>	695
Investment properties	10	<b>228,070</b>	48,400
Right-of-use assets		<b>24,851</b>	28,634
Intangible assets		<b>299</b>	494
Equity investments designated at fair value through other comprehensive income		<b>150</b>	—
Deferred tax assets	17	—	4,896
Other non-current assets		—	5,170
<b>Total non-current assets</b>		<b>459,417</b>	406,244
<b>CURRENT ASSETS</b>			
Inventories		<b>83,367</b>	109,884
Trade receivables	11	<b>33,783</b>	32,576
Prepayments, other receivables and other assets	12	<b>7,817</b>	6,781
Pledged deposits		—	7,257
Cash and cash equivalents		<b>3,649</b>	6,454
Due from related parties		<b>49</b>	2,302
<b>Total current assets</b>		<b>128,665</b>	165,254
<b>CURRENT LIABILITIES</b>			
Trade payables	13	<b>30,740</b>	26,378
Other payables and accruals	14	<b>60,168</b>	88,530
Interest-bearing bank and other borrowings	15	<b>91,032</b>	60,506
Tax payable		<b>270</b>	266
Provision	16	—	4,138
Due to related parties		<b>5,181</b>	11,384
<b>Total current liabilities</b>		<b>187,391</b>	191,202

	<i>Notes</i>	<b>2023</b> <b><i>RMB'000</i></b>	2022 <i>RMB'000</i>
<b>NET CURRENT LIABILITIES</b>		<b>(58,726)</b>	(25,948)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>400,691</b>	380,296
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank and other borrowings	15	<b>42,555</b>	83,734
Deferred tax liabilities	17	<b>18,589</b>	6,621
Due to a related party		<b>26,870</b>	—
<b>Total non-current liabilities</b>		<b>88,014</b>	90,355
<b>Net assets</b>		<b>312,677</b>	289,941
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital	18	<b>80,827</b>	80,827
Share premium	18	<b>205,242</b>	205,242
Other reserves		<b>25,483</b>	2,808
		<b>311,552</b>	288,877
Non-controlling interests		<b>1,125</b>	1,064
<b>Total equity</b>		<b>312,677</b>	289,941

## **NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION**

### **1. CORPORATE AND GROUP INFORMATION**

The Company is an exempted company incorporated with limited liability in the Cayman Islands on 19 July 2017. The registered office address of the Company is 4th Floor Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands.

The Group was principally involved in the manufacture and sale of brassieres, functional sportswear, panties and thermal underwear in the People's Republic of China (the "PRC"). In the opinion of the directors, the ultimate controlling shareholder of the Group is Mr. Jin Guojun.

### **2. ACCOUNTING POLICIES**

#### **2.1 BASIS OF PREPARATION**

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and equity investments which have been measured at fair value. The financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

#### **Going concern assumption**

As at 31 December 2023, the Group's net current liabilities amounted to approximately RMB58,726,000, which comprised current assets of approximately RMB128,665,000 and current liabilities of approximately RMB187,391,000. The liquidity of the Group is primarily dependent on its ability to maintain adequate cash inflows from operations and sufficient financing to meet its financial obligations as and when they fall due. In preparing the financial statements, the directors of the Company have considered the Group's liquidity and believe that adequate sources of funding are available to fulfil the Group's debt obligations and capital expenditure requirements.

As at 31 December 2023, the Group's total interest-bearing bank and other borrowings amounted to RMB133,587,000, RMB91,032,000 of which will be due within twelve months from 31 December 2023.

As at the end of the reporting period, the Group had unutilised banking facilities of RMB77,000,000 with a final maturity date of 30 November 2028 to meet the debt obligations and capital expenditure requirements. Subsequent to the end of the reporting period, in January 2024, the Group drew down an additional bank loan of RMB69,000,000 under the existing banking facilities and repaid a bank loan of RMB49,000,000. As at the approval date of the financial statements, the Group had unutilised banking facilities of RMB8,000,000. The Group is continuously taking great effort to develop new customers and secure new orders, improve its working capital and reduce capital expenditure since the Group had completed the construction of its plant.

The directors of the Company have reviewed the Group’s cash flow forecast prepared by management which covers a period of twelve months from the end of the reporting period. They are of the opinion that, taking into account the above-mentioned measures, the Group will have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due in the foreseeable future.

Accordingly, the consolidated financial statements have been prepared on a basis that the Group will be able to continue as a going concern.

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year’s financial statements.

HKFRS 17	<i>Insurance Contracts</i>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to HKAS 12	<i>International Tax Reform – Pillar Two Model Rules</i>

## 2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following revised HKFRSs, that have been issued but are not yet effective, in the financial statements. The Group intends to apply these revised HKFRSs, if applicable, when they become effective.

Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> <sup>3</sup>
Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i> <sup>1</sup>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current (the “2020 Amendments”)</i> <sup>1,4</sup>
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants (the “2022 Amendments”)</i> <sup>1,4</sup>
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i> <sup>1</sup>
Amendments to HKAS 21	<i>Lack of Exchangeability</i> <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2024

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2025

<sup>3</sup> No mandatory effective date yet determined but available for adoption

<sup>4</sup> As a consequence of the 2020 Amendments and 2022 Amendments, Hong Kong Interpretation 5 *Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised to align the corresponding wording with no change in conclusion

### 3. OPERATING SEGMENT INFORMATION

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

- (a) the Original Design Manufacture (“ODM”) products segment engages in the manufacture and sale of seamless underwear or other ODM products for overseas customers or their agents; and
- (b) the brand products segment engages in the manufacture and sale of ladies’ brassieres, panties, thermal underwear with the Bonny brand for the domestic market.

The Group’s chief operating decision maker is the Chief Executive Officer of the Company, who reviews revenue from and results of the major type of products sold for the purpose of resource allocation and assessment of segment performance. Segment result is evaluated based on gross profit less selling expenses allocated. No analysis of the Group’s assets and liabilities by operating segment is disclosed as it is not regularly provided to the chief operating decision maker for review.

<b>Year ended 31 December 2023</b>	<b>ODM products</b> <i>RMB’000</i>	<b>Brand products</b> <i>RMB’000</i>	<b>Total</b> <i>RMB’000</i>
<b>Segment revenue (note 4)</b>			
Sales to external customers	<u>134,984</u>	<u>42,687</u>	<u>177,671</u>
Segment results	<u>27,194</u>	<u>(25,685)</u>	<u>1,509</u>
Other income and gains			18,742
Corporate and other unallocated expenses			(54,488)
Finance costs			<u>(5,987)</u>
Loss before tax			<u><u>(40,224)</u></u>

<b>Year ended 31 December 2023</b>	<b>ODM products</b> <i>RMB’000</i>	<b>Brand products</b> <i>RMB’000</i>	<b>Total</b> <i>RMB’000</i>
<b>Other segment information</b>			
Impairment losses recognised in the statement of profit or loss, net	844	2,063	2,907
Impairment of property, plant and equipment	902	1,069	1,971
Depreciation and amortisation	15,549	756	16,305
Capital expenditure*	16,261	24	16,285

Year ended 31 December 2022	ODM products <i>RMB'000</i>	Brand products <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Segment revenue (note 4)</b>			
Sales to external customers	119,680	41,230	160,910
Segment results	17,027	(27,233)	(10,206)
Other income and gains			6,912
Corporate and other unallocated expenses			(63,442)
Finance costs			(4,596)
Loss before tax			(71,332)

Year ended 31 December 2022	ODM products <i>RMB'000</i>	Brand products <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Other segment information</b>			
Impairment losses recognised in the statement of profit or loss, net	618	(170)	448
Impairment of property, plant and equipment	5,891	213	6,104
Depreciation and amortisation	17,117	774	17,891
Capital expenditure*	36,057	145	36,202

\* Capital expenditure consists of additions to property, plant and equipment.

## Geographical information

### (a) Revenue from external customers

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Chinese Mainland	91,440	103,580
United States of America	39,613	16,344
Germany	16,712	12,592
Netherlands	12,702	13,645
Mexico	6,026	6,806
Korea	3,427	1,528
Canada	2,995	2,689
Britain	2,583	2,897
Other countries/regions	2,173	829
	<hr/>	<hr/>
Total revenue	<u>177,671</u>	<u>160,910</u>

The revenue information above is based on the shipment destinations.

### (b) Non-current assets

All non-current assets of the Group are located in Chinese Mainland.

## Information about major customers

Revenue derived from sales of goods to each major customer which accounted for 10% or more of the Group's revenue during the year is set out below:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Customer 1	17,436	22,893
Customer 2	41,803	16,405
	<hr/>	<hr/>
Total	<u>59,239</u>	<u>39,298</u>

The revenue of the above two customers is derived from sales of ODM products.

#### 4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Revenue from contracts with customers	<u>177,671</u>	<u>160,910</u>

##### Revenue from contracts with customers

##### (a) *Disaggregated revenue information*

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
<b>Timing of revenue recognition</b>		
Goods transferred at a point in time	<u>177,671</u>	<u>160,910</u>

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

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of goods	<u>15,320</u>	<u>6,184</u>

##### (b) *Performance obligations*

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

The performance obligations are satisfied upon delivery, which occurs when the goods are shipped on board to the overseas ODM customers, or when the goods are accepted by the PRC ODM customers and franchised outlets or by the consumers in self-operated stores and counters and E-commerce platforms, the risks of obsolescence and loss have been transferred to the customers, and acceptance by the customers occurs. Acceptance refers to the situations of either the customers accept the goods in accordance with the sales contract or the acceptance provisions have lapsed or the Group has objective evidence that all criteria for acceptance have been satisfied and there is no unfulfilled obligation that could affect the customers' acceptance of the products.

The payments are generally due within one to six months from delivery while some contracts with ODM customers are settled by letters of credit and some contracts require advances as deposits to transfer goods.

Some customers from branded sales are entitled to loyalty points which results in allocation of a portion of the transaction price to the loyalty points. Revenue is recognised when the points are redeemed. Some customers from branded sales are provided with a right of return usually in seven or fifteen days. The right of return assets and refund liabilities arising from rights of return as at the end of each reporting period was insignificant and no right of return assets and refund liabilities were recognised.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2023 are expected to be recognised as revenue within one year. As permitted under HKFRS 15, the transaction prices allocated to these unsatisfied contracts are not disclosed.

An analysis of other income and gains is as follows:

	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
<b>Other income</b>		
Bank interest income	<b>108</b>	87
Government grants (a)	<b>3,829</b>	4,512
Gross rental income from investment		
property operating leases	<b>10,593</b>	2,176
Additional deduction of value added tax	<b>386</b>	—
Others	<b>156</b>	71
	<hr/>	<hr/>
Total other income	<b>15,072</b>	6,846
	<hr/>	<hr/>
<b>Gains</b>		
Gain from mediation (b)	<b>3,459</b>	—
Early termination of leases	<b>211</b>	66
	<hr/>	<hr/>
Total gains	<b>3,670</b>	66
	<hr/>	<hr/>
Total other income and gains	<b>18,742</b>	6,912
	<hr/> <hr/>	<hr/> <hr/>

(a) The government grants mainly represent incentives awarded by the local governments to support the Group's operation in Yiwu City, the PRC. There were no unfulfilled conditions or contingencies attached to these government grants.

(b) The amount represents a gain from the settlement of a legal claim with a customer. The Group entered into a sales agreement with a customer in 2020. Prepayments and interest on occupied prepayments of RMB21,159,000 in total were disputable between the Group and such customer. In 2023, as agreed by both parties, the customer waived the payment of RMB3,459,000 from the Group, resulting in a gain of RMB3,459,000.

## 5. LOSS BEFORE TAX

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

	<i>Notes</i>	<b>2023</b> <b>RMB'000</b>	2022 <i>RMB'000</i>
Cost of inventories sold*		<b>136,003</b>	129,266
Depreciation of property, plant and equipment	9	<b>11,779</b>	13,162
Depreciation of right-of-use assets		<b>4,331</b>	4,474
Amortisation of intangible assets**		<b>195</b>	255
Research and development costs***		<b>17,123</b>	21,198
Lease payments not included in the measurement of lease liabilities		<b>429</b>	762
Government grants		<b>(3,829)</b>	(4,512)
Auditor's remuneration		<b>1,659</b>	1,562
Outsourced manufacturers		<b>3,777</b>	2,917
Employee benefit expense (excluding directors' and chief executive's remuneration):			
Wages and salaries		<b>53,696</b>	56,476
Pension scheme contributions****		<b>5,583</b>	6,609
Staff welfare expenses		<b>115</b>	708
		<hr/>	<hr/>
Total		<b>59,394</b>	63,793
		<hr/>	<hr/>
Concession fees		<b>6,620</b>	6,245
Foreign exchange differences, net		<b>228</b>	1,377
Impairment/(reversal of impairment) of inventories, net		<b>1,655</b>	(586)
Impairment/(reversal of impairment) of trade receivables, net	11	<b>591</b>	(58)
Impairment of other receivables and prepayments	12	<b>661</b>	1,092
Impairment of property, plant and equipment*****	9	<b>1,971</b>	6,104
Changes in fair value of investment properties	10	<b>5,550</b>	200
Gross rental income from investment property operating leases	4	<b>(10,593)</b>	(2,176)
Bank interest income	4	<b>(108)</b>	(87)
Loss on disposal of items of property, plant and equipment		<b>30</b>	51
		<hr/> <hr/>	<hr/> <hr/>

- \* The cost of inventories sold includes RMB35,338,000 (2022: RMB26,660,000) relating to staff cost, depreciation of property, plant and equipment, depreciation of right-of-use assets, amortisation of intangible assets and impairment of inventories for the year ended 31 December 2023, which are also included in the respective total amounts disclosed above for each type of expenses.
- \*\* The amortisation of intangible assets is included in “Cost of sales” and “Other expenses” in the consolidated statement of profit or loss.
- \*\*\* The research and development costs include RMB11,269,000 (2022: RMB12,573,000) relating to staff cost, depreciation of property, plant and equipment and amortisation of intangible assets for the year ended 31 December 2023, which are also included in the respective total amounts disclosed above for each type of expenses.
- \*\*\*\* There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.
- \*\*\*\*\* The impairment of property, plant and equipment is included in “Other expenses” in the consolidated statement of profit or loss.

## 6. INCOME TAX

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.

Pursuant to the rules and regulations of the Cayman Islands, the Group is not subject to any income tax in the Cayman Islands.

Pursuant to the relevant tax law of the Hong Kong Special Administrative Region, Hong Kong profits tax has been provided at the rate of 16.5% (2022: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. A subsidiary of the Group is a qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 (2022: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2022: 8.25%) and the remaining assessable profits are taxed at 16.5% (2022: 16.5%).

The provision for Chinese Mainland current income tax is based on the statutory rate of 25% of the assessable profits of certain PRC subsidiaries of the Group as determined in accordance with the PRC Corporate Income Tax Law which was approved and became effective on 1 January 2008, except for certain subsidiaries of the Group in Chinese Mainland which are granted tax concession and are taxed at preferential tax rates.

Zhejiang Bonny is qualified as a High and New Technology Enterprise and was entitled to a preferential income tax rate of 15% (2022: 15%) during the year.

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
Current		
Charge for the year	<b>90</b>	135
Deferred ( <i>note 17</i> )	<b>4,896</b>	(525)
Total tax charge/(credit) for the year	<b>4,986</b>	(390)

A reconciliation of the tax credit applicable to loss before tax at the statutory tax rates for the jurisdiction where the operations of the Group are substantially based to the tax charge/(credit) at the effective tax rate is as follows:

	<u>2023</u>		<u>2022</u>	
	<b>RMB'000</b>	%	RMB'000	%
Loss before tax	<b>(40,224)</b>		(71,332)	
Tax at the statutory tax rate	<b>(10,056)</b>	<b>25.0</b>	(17,833)	25.0
Preferential income tax rate applicable to a subsidiary	<b>3,338</b>	<b>(8.3)</b>	7,022	(9.8)
Additional deductible allowance for research and development expenses	<b>(2,646)</b>	<b>6.6</b>	(3,149)	4.4
Expenses not deductible for tax	<b>115</b>	<b>(0.3)</b>	122	(0.2)
Reversal of temporary differences recognised in prior years	<b>4,896</b>	<b>(12.2)</b>	—	—
Temporary differences not recognised	<b>(312)</b>	<b>0.8</b>	—	—
Tax losses not recognised	<b>9,651</b>	<b>(24.0)</b>	13,448	(18.9)
Tax charge/(credit) at the Group's effective rate	<b>4,986</b>	<b>(12.4)</b>	(390)	0.5

## 7. DIVIDENDS

No dividend was declared and paid by the Company during the reporting period.

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

The calculation of the basic loss per share amounts is based on the loss for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 1,200,000,000 (2022: 1,200,000,000) in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2023 and 2022.

The calculations of basic and diluted loss per share are based on:

	<b>2023</b>	2022
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
<b>Losses</b>		
Loss attributable to ordinary equity holders of the parent, used in the basic loss per share calculation	<u>(45,271)</u>	<u>(70,935)</u>
	<b>Number of shares</b>	
	<b>2023</b>	2022
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the year	<u>1,200,000,000</u>	<u>1,200,000,000</u>

## 9. PROPERTY, PLANT AND EQUIPMENT

	Buildings <i>RMB'000</i>	Leasehold improvements <i>RMB'000</i>	Machinery and equipment <i>RMB'000</i>	Motor vehicles <i>RMB'000</i>	Computer and office equipment <i>RMB'000</i>	Construction in progress <i>RMB'000</i>	Total <i>RMB'000</i>
<b>31 December 2023</b>							
At 1 January 2023:							
Cost	242,374	17,196	162,736	2,120	8,711	64,800	497,937
Accumulated depreciation	(19,339)	(15,790)	(117,638)	(1,335)	(6,158)	—	(160,260)
Impairment	—	—	(19,099)	(68)	(555)	—	(19,722)
Net carrying amount	<u>223,035</u>	<u>1,406</u>	<u>25,999</u>	<u>717</u>	<u>1,998</u>	<u>64,800</u>	<u>317,955</u>
At 1 January 2023, net of accumulated depreciation and impairment							
	223,035	1,406	25,999	717	1,998	64,800	317,955
Additions	—	941	171	—	865	6,312	8,289
Transfer to investment properties ( <i>note 10</i> )	(105,432)	—	—	—	—	—	(105,432)
Transfers	71,094	—	—	—	—	(71,094)	—
Disposals	(265)	—	(907)	—	(19)	—	(1,191)
Depreciation provided during the year ( <i>note 5</i> )	(8,534)	(560)	(1,961)	(248)	(476)	—	(11,779)
Impairment ( <i>note 5</i> )	—	(1,002)	(786)	(18)	(165)	—	(1,971)
At 31 December 2023, net of accumulated depreciation and impairment	<u>179,898</u>	<u>785</u>	<u>22,516</u>	<u>451</u>	<u>2,203</u>	<u>18</u>	<u>205,871</u>
At 31 December 2023:							
Cost	200,512	7,893	161,590	2,120	9,440	18	381,573
Accumulated depreciation	(20,614)	(6,106)	(119,211)	(1,583)	(6,517)	—	(154,031)
Impairment	—	(1,002)	(19,863)	(86)	(720)	—	(21,671)
Net carrying amount	<u>179,898</u>	<u>785</u>	<u>22,516</u>	<u>451</u>	<u>2,203</u>	<u>18</u>	<u>205,871</u>

	Buildings <i>RMB'000</i>	Leasehold improvements <i>RMB'000</i>	Machinery and equipment <i>RMB'000</i>	Motor vehicles <i>RMB'000</i>	Computer and office equipment <i>RMB'000</i>	Construction in progress <i>RMB'000</i>	Total <i>RMB'000</i>
<b>31 December 2022</b>							
At 1 January 2022:							
Cost	185,658	16,956	162,835	2,120	8,286	75,583	451,438
Accumulated depreciation	(10,973)	(14,822)	(114,979)	(1,048)	(5,672)	—	(147,494)
Impairment	—	—	(13,618)	—	—	—	(13,618)
Net carrying amount	<u>174,685</u>	<u>2,134</u>	<u>34,238</u>	<u>1,072</u>	<u>2,614</u>	<u>75,583</u>	<u>290,326</u>
At 1 January 2022, net of accumulated depreciation and impairment							
	174,685	2,134	34,238	1,072	2,614	75,583	290,326
Additions	—	240	290	—	515	63,450	64,495
Transfer to investment properties ( <i>note 10</i> )	(17,517)	—	—	—	—	—	(17,517)
Transfers	74,233	—	—	—	—	(74,233)	—
Disposals	—	—	(39)	—	(47)	—	(86)
Exchange realignment	—	—	—	—	3	—	3
Depreciation provided during the year ( <i>note 5</i> )	(8,366)	(968)	(3,009)	(287)	(532)	—	(13,162)
Impairment ( <i>note 5</i> )	—	—	(5,481)	(68)	(555)	—	(6,104)
At 31 December 2022, net of accumulated depreciation and impairment	<u>223,035</u>	<u>1,406</u>	<u>25,999</u>	<u>717</u>	<u>1,998</u>	<u>64,800</u>	<u>317,955</u>
At 31 December 2022:							
Cost	242,374	17,196	162,736	2,120	8,711	64,800	497,937
Accumulated depreciation	(19,339)	(15,790)	(117,638)	(1,335)	(6,158)	—	(160,260)
Impairment	—	—	(19,099)	(68)	(555)	—	(19,722)
Net carrying amount	<u>223,035</u>	<u>1,406</u>	<u>25,999</u>	<u>717</u>	<u>1,998</u>	<u>64,800</u>	<u>317,955</u>

At 31 December 2023, certain of the Group's buildings and machinery and equipment with a net carrying amount of approximately RMB176,855,000 (2022: RMB111,907,000) were pledged to secure general banking facilities granted to the Group (note 15).

At 31 December 2022, certain of the Group's machinery and equipment with a net carrying amount of approximately RMB14,228,000 were pledged to secure the property preservation applied by A Barcs & Co. Nominees Pty. Ltd. ("BARCS") who has a legal arbitration of contract dispute with the Group. The pledge was released as both parties to the legal arbitration reached a settlement agreement during the year ended 31 December 2023.

As the product prices and orders have declined, the Group performed impairment test for the sale of traditional business products, i.e., brassieres, functional sportswear, panties and thermal underwear, including the ODM products CGU and the brand products CGU, whose assets consists of buildings, machines and other long-lived assets. Among the assets of the traditional business, the recoverable amounts were lower than their carrying amounts and therefore a provision for impairment of RMB902,000 (2022: RMB2,537,000) and RMB1,069,000 (2022: RMB215,000) was provided for the ODM products CGU and the brand products CGU during the year ended 31 December 2023, respectively. The Group evaluated recoverable amount of each CGU which has been determined based on a value in use calculation and allocated the impairment loss to each individual asset except for those assets with the estimated fair value less cost of disposal amounts higher than their carrying amounts. The value in use calculations of the ODM products CGU and the brand products CGU were using cash flow projections based on financial budgets covering a three-year period approved by senior management and the discount rate applied to the cash flow projections is 12%.

As the face mask prices and orders have declined, the Group performed impairment test for the face mask cash-generating unit ("face mask CGU"), whose assets consists of machines, during the year ended 31 December 2022. The recoverable amount of the face mask CGU was determined as the fair value less costs of disposal based on the valuation performed by an external professional valuer using the market approach. Among the assets of the face mask CGU, the recoverable amount of machines was RMB50,000, which was lower than their carrying amount of RMB3,402,000 and therefore a provision for impairment of RMB3,352,000 was provided for those face mask machines during the year ended 31 December 2022.

The fair value of the assets of the CGUs was measured by using significant unobservable inputs.

## 10. INVESTMENT PROPERTIES

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Carrying amount at 1 January	48,400	14,070
Transfer from property, plant and equipment ( <i>note 9</i> )	105,432	17,517
Gain on revaluation upon reclassification		
to investment properties	79,788	17,013
Net loss from a fair value adjustment	(5,550)	(200)
	<u>228,070</u>	<u>48,400</u>
Carrying amount at 31 December	<u>228,070</u>	<u>48,400</u>

The Group's investment properties consist of industrial properties in Chinese Mainland. The addition was the Group's own-occupied properties which were transferred to investment properties in June 2023 and the fair value amounting to RMB185,220,000 was based on valuations performed by AVISTA Valuation Advisory Limited ("AVISTA"), an independent firm of professionally qualified valuers.

At 31 December 2023, the Group's investment properties with a carrying amount of RMB228,070,000 (2022: RMB48,400,000) were pledged to secure general banking facilities granted to the Group (note 15).

The investment properties are leased to third parties under operating leases.

### Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

	Fair value measurement as at 31 December 2023 using			Total <i>RMB'000</i>
	Quoted prices in active markets (Level 1) <i>RMB'000</i>	Significant observable inputs (Level 2) <i>RMB'000</i>	Significant unobservable inputs (Level 3) <i>RMB'000</i>	
Recurring fair value measurement for:				
Industrial properties	<u>—</u>	<u>—</u>	<u>228,070</u>	<u>228,070</u>

	Fair value measurement as at 31 December 2022 using			
	Quoted prices in active markets (Level 1) <i>RMB'000</i>	Significant observable inputs (Level 2) <i>RMB'000</i>	Significant unobservable inputs (Level 3) <i>RMB'000</i>	Total <i>RMB'000</i>
Recurring fair value measurement for:				
Industrial properties	—	—	48,400	48,400

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2022: nil).

Reconciliation of fair value measurements categorised within Level 3 of the fair value hierarchy:

	<b>2023</b> <b><i>RMB'000</i></b>	2022 <i>RMB'000</i>
Carrying amount at 1 January	<b>48,400</b>	14,070
Transfer from property, plant and equipment	<b>105,432</b>	17,517
Gain on revaluation upon reclassification to investment properties	<b>79,788</b>	17,013
Net loss from a fair value adjustment recognised in other expenses in profit or loss	<b>(5,550)</b>	(200)
Carrying amount at 31 December	<b>228,070</b>	48,400

Below is a summary of the valuation techniques used and the key inputs to the valuation of investment properties:

**As at 31 December 2023:**

	<b>Valuation techniques</b>	<b>Significant unobservable inputs</b>	<b>Range or weighted average</b>
<b>1<sup>st</sup> floor of industrial properties</b>	<b>Income method</b>	<b>Prevailing market rent</b>	<b>RMB41 per square metre per month</b>
		<b>Term yield</b>	<b>7.0%</b>
		<b>Reversionary yield</b>	<b>7.5%</b>
<b>Other floors of industrial properties</b>	<b>Income method</b>	<b>Prevailing market rent</b>	<b>RMB25 per square metre per month</b>
		<b>Term yield</b>	<b>7.0%</b>
		<b>Reversionary yield</b>	<b>7.5%</b>

**As at 31 December 2022:**

	<b>Valuation technique</b>	<b>Significant unobservable inputs</b>	<b>Range or weighted average</b>
Industrial properties	Income method	Prevailing market rent	RMB38 per square metre per month
		Term yield	8.0%
		Reversionary yield	8.5%

The income method measures the value of the properties by taking into account the rental income derived from the existing leases with due allowance for the reversionary income potential of the leases, which are then capitalised into the value at appropriate rates.

A significant increase (decrease) in the estimated rental value would result in a significant increase (decrease) in the fair value of the investment properties. A significant increase (decrease) in the term yield and the reversionary yield in isolation would result in a significant decrease (increase) in the fair value of the investment properties.

## 11. TRADE RECEIVABLES

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Trade receivables	35,658	34,308
Impairment	(1,875)	(1,732)
Net carrying amount	<u>33,783</u>	<u>32,576</u>

The Group's trading terms with its customers are mainly on credit. The credit period is generally one month to three months, extending up to six months for major customers. The Group seeks to maintain strict control over its outstanding receivables. 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:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Within 3 months	32,228	30,675
3 to 6 months	442	517
6 to 12 months	751	265
1 to 2 years	254	759
2 to 3 years	108	360
Total	<u>33,783</u>	<u>32,576</u>

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

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
At beginning of year	1,732	3,661
Impairment losses/(reversal of impairment losses), net ( <i>note 5</i> )	591	(58)
Amount written off as uncollectible	(449)	(1,870)
Exchange realignment	1	(1)
At end of year	<u>1,875</u>	<u>1,732</u>

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The Group has applied the simplified approach to provide for expected credit losses under HKFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. The Group overall considers the credit risk characteristics and the days past due of each group of trade receivables to measure the expected credit losses. The Group classifies the trade receivables into three groups according to the credit risk characteristics. The Group considers the historical loss rate and adjusts for forward looking macroeconomic data in calculating the expected credit loss rate.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

	<b>As at 31 December 2023</b>		
	<b>Gross carrying amount RMB'000</b>	<b>Expected credit loss rate</b>	<b>Expected credit losses RMB'000</b>
<b>ODM customers and</b>			
<b>E-commerce platform</b>			
Within 1 year	26,013	0.52%	135
1 to 2 years	144	49.31%	71
2 to 3 years	59	83.05%	49
Over 3 years	173	100.00%	173
<b>Self-operated stores and counters and franchised outlets</b>			
Within 1 year	6,780	1.00%	68
1 to 2 years	217	22.12%	48
2 to 3 years	149	40.94%	61
Over 3 years	87	100.00%	87
<b>Others</b>			
Within 1 year	875	5.03%	44
1 to 2 years	19	36.84%	7
2 to 3 years	26	61.54%	16
Over 3 years	699	100.00%	699
	<b>35,241</b>		<b>1,458</b>
<b>Individually identified as high expected credit loss rate while the ageing is less than three years</b>			
	<b>417</b>	<b>100.00%</b>	<b>417</b>
	<b>35,658</b>		<b>1,875</b>

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix: (continued)

	As at 31 December 2022		
	Gross carrying amount <i>RMB'000</i>	Expected credit loss rate	Expected credit losses <i>RMB'000</i>
<b>ODM customers and</b>			
<b>E-commerce platform</b>			
Within 1 year	24,270	0.62%	151
1 to 2 years	81	37.04%	30
2 to 3 years	112	81.25%	91
Over 3 years	103	100.00%	103
<b>Self-operated stores and counters and franchised outlets</b>			
Within 1 year	6,654	1.10%	73
1 to 2 years	845	18.70%	158
2 to 3 years	22	59.10%	13
Over 3 years	227	100.00%	227
<b>Others</b>			
Within 1 year	792	4.42%	35
1 to 2 years	26	19.23%	5
2 to 3 years	699	52.79%	369
Over 3 years	58	100.00%	58
	<u>33,889</u>		<u>1,313</u>
<b>Individually identified as high expected credit loss rate while the ageing is less than three years</b>			
	<u>419</u>	100.00%	<u>419</u>
	<u>34,308</u>		<u>1,732</u>

## 12. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Prepayments	2,919	2,312
Prepaid expenses	1,477	1,182
Deposits and other receivables	9,051	17,997
Tax recoverable	19	78
	<u>13,466</u>	<u>21,569</u>
Impairment allowance:		
Prepayments	(1,072)	(1,072)
Deposits and other receivables	(4,577)	(13,716)
	<u>(5,649)</u>	<u>(14,788)</u>
Total	<u><u>7,817</u></u>	<u><u>6,781</u></u>

The movements in the loss allowance for impairment of prepayments and other receivables are as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
At beginning of year	14,788	13,696
Impairment losses recognised	661	1,092
Amount written off as uncollectible	(9,800)	—
	<u>(9,139)</u>	<u>14,788</u>
At end of year	<u><u>5,649</u></u>	<u><u>14,788</u></u>

Due to delay in delivery of face mask machines and decline in the purchase price of face mask machines and other dispute with suppliers, the Group requested the suppliers to refund the advance payment and credit loss allowance of RMB4,577,000 (2022: RMB13,716,000) were recorded for those suppliers with poor financial position and credit history. During the year ended 31 December 2023, one supplier was in process of liquidation and impairment loss of RMB9,800,000 (2022: Nil) was written off by management. Provisions for prepayments of raw materials of RMB1,072,000 (2022: RMB1,072,000) were recorded due to the decline of face mask orders.

### 13. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	<b>2023</b> <i>RMB'000</i>	2022 <i>RMB'000</i>
Within 3 months	<b>14,023</b>	17,513
3 to 6 months	<b>4,789</b>	5,878
6 to 12 months	<b>6,744</b>	1,737
Over 12 months	<b>5,184</b>	1,250
Total	<b>30,740</b>	26,378

The trade payables are non-interest-bearing and are normally settled on terms of one to six months.

### 14. OTHER PAYABLES AND ACCRUALS

	<i>Notes</i>	<b>2023</b> <i>RMB'000</i>	2022 <i>RMB'000</i>
Contract liabilities	(a)	<b>3,687</b>	15,320
Advances from lessees		<b>11,230</b>	2,632
Payroll payables		<b>6,046</b>	8,990
Tax payable other than income tax		<b>13,658</b>	9,239
Payable for property, plant and equipment and other intangible assets		<b>19,352</b>	28,708
Interest payable		<b>182</b>	226
Other payables	(b)	<b>6,013</b>	23,415
Total		<b>60,168</b>	88,530

Notes:

(a) Details of contract liabilities are as follows:

	<b>31 December</b>	31 December	1 January
	<b>2023</b>	2022	2022
	<b>RMB'000</b>	RMB'000	RMB'000
<i>Short-term advances received from customers</i>			
Sale of goods	<u><u>3,687</u></u>	<u><u>15,320</u></u>	<u><u>6,184</u></u>

Contract liabilities represented the obligations to transfer goods to a customer for which the Group has received consideration. The amount was included in “Other payables and accruals” in the consolidated statement of financial position. As at 31 December 2023, no contract liabilities were resulted from the loyalty points programme (2022: nil).

The changes in the contract liabilities are mainly attributable to the short-term advances received to transfer goods to customers and satisfaction of performance obligations.

(b) Other payables are non-interest-bearing and repayable on demand.

## 15. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2023			2022		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
<b>Current</b>						
Lease liabilities	4.75	2024	4,032	4.75	2023	3,506
Bank loans - secured	4.35	2024	49,000	4.35	2023	49,000
Current portion of long term bank loans - secured	4.65-4.85	2024	38,000	6.00	2023	8,000
Total - current			91,032			60,506
<b>Non-current</b>						
Lease liabilities	4.75	2025-2026	555	4.75	2024-2027	3,734
Bank loans - secured	4.85	2025-2029	42,000	6.00	2024-2029	80,000
Total - non-current			42,555			83,734
Total			133,587			144,240

	2023 RMB'000	2022 RMB'000
Analysed into:		
Bank loans repayable:		
Within one year or on demand	87,000	57,000
In the second year	8,000	38,000
In the third to fifth years, inclusive	24,000	24,000
Beyond five years	10,000	18,000
Subtotal	129,000	137,000
Other borrowings repayable:		
Within one year	4,032	3,506
In the second year	530	2,156
In the third to fifth years, inclusive	25	1,578
Subtotal	4,587	7,240
Total	133,587	144,240

*Notes:*

- (a) Certain of the Group's bank loans are secured by:
- (i) the Group's buildings and machinery and equipment situated in Chinese Mainland, which had a net carrying value of RMB176,855,000 as at 31 December 2023 (2022: RMB111,907,000) (note 9);
  - (ii) the Group's investment properties situated in Chinese Mainland, which had a carrying amount of RMB228,070,000 as at 31 December 2023 (2022: RMB48,400,000) (note 10); and
  - (iii) the Group's leasehold land situated in Chinese Mainland, which had a net carrying value of RMB21,408,000 as at 31 December 2023 (2022: RMB20,735,000).
- (b) Mr. Jin Guojun and Ms. Gong Lijin, the Chairman and his wife, have guaranteed certain of the Group's bank loans of up to RMB250,000,000 as at 31 December 2023 (2022: RMB100,000,000).
- (c) Ms. Huang Jingyi, the non-executive director, has guaranteed certain of the Group's bank loans of up to RMB200,000,000 as at 31 December 2023 (2022: Nil).

**16. PROVISION**

	<b>Legal arbitration RMB'000</b>
At 1 January 2022	—
Additional provision	4,138
At 31 December 2022 and 1 January 2023	4,138
Amounts paid during the year	(679)
Gain from mediation	(3,459)
At 31 December 2023	—

A provision for a legal claim of RMB4,138,000 was recognised as at 31 December 2022, which was based on the first-instance judgement. During the year ended 31 December 2023, as agreed by both parties to the legal claim, the customer waived the payment of RMB3,459,000 from the Group, resulting in a gain of RMB3,459,000.

## 17. DEFERRED TAX

The movements in deferred tax assets and liabilities during the year are as follows:

### Deferred tax assets

	2023					
	Impairment of financial assets <i>RMB'000</i>	Impairment of inventories and fixed assets <i>RMB'000</i>	Accruals <i>RMB'000</i>	Lease liabilities <i>RMB'000</i>	Total <i>RMB'000</i>	
At 1 January 2023	2,461	5,377	833	352	9,023	
Deferred tax charged to the statement of profit or loss during the year ( <i>note 6</i> )	<u>(2,461)</u>	<u>(5,377)</u>	<u>(833)</u>	<u>(352)</u>	<u>(9,023)</u>	
Gross deferred tax assets as at 31 December 2023	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	
	2022					
	Impairment of financial assets <i>RMB'000</i>	Impairment of inventories and fixed assets <i>RMB'000</i>	Accruals <i>RMB'000</i>	Lease liabilities <i>RMB'000</i>	Loss available for offsetting against future taxable profits <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2022	2,586	4,550	190	1,322	1,234	9,882
Deferred tax credited/(charged) to the statement of profit or loss during the year ( <i>note 6</i> )	<u>(125)</u>	<u>827</u>	<u>643</u>	<u>(970)</u>	<u>(1,234)</u>	<u>(859)</u>
Gross deferred tax assets as at 31 December 2022	<u>2,461</u>	<u>5,377</u>	<u>833</u>	<u>352</u>	<u>—</u>	<u>9,023</u>

## Deferred tax liabilities

	2023		
	Right-of- use assets <i>RMB'000</i>	Revaluation of investment properties <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2023	3,611	7,137	10,748
Deferred tax credited to the statement of profit or loss during the year ( <i>note 6</i> )	(3,611)	(516)	(4,127)
Deferred tax charged to the other comprehensive income during the year	—	11,968	11,968
Gross deferred tax liabilities at 31 December 2023	<u>—</u>	<u>18,589</u>	<u>18,589</u>
	2022		
	Right-of- use assets <i>RMB'000</i>	Revaluation of investment properties <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2022	4,794	4,787	9,581
Deferred tax credited to the statement of profit or loss during the year ( <i>note 6</i> )	(1,183)	(201)	(1,384)
Deferred tax charged to the other comprehensive income during the year	—	2,551	2,551
Gross deferred tax liabilities at 31 December 2022	<u>3,611</u>	<u>7,137</u>	<u>10,748</u>

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	<b>2023</b> <b>RMB'000</b>	2022 <i>RMB'000</i>
Net deferred tax assets recognised in the consolidated statement of financial position	<u>—</u>	<u>4,896</u>
Net deferred tax liabilities recognised in The consolidated statement of financial position	<u><b>(18,589)</b></u>	<u>(6,621)</u>

The Group has tax losses arising in Chinese Mainland of RMB151,422,000 (2022: RMB100,990,000) that will expire in one to ten years for offsetting against future taxable profits of the companies in which the losses arose. The Group has tax losses arising in Hong Kong of nil (2022: RMB716,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose.

Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

Deferred tax assets have not been recognised in respect of the following item:

	<b>2023</b> <b>RMB'000</b>	2022 <i>RMB'000</i>
Deductible temporary differences	<b>31,464</b>	—
Tax losses	<u>151,422</u>	<u>101,706</u>
	<u><b>182,886</b></u>	<u>101,706</u>

The above tax losses will expire in one to ten years for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of the above items as it is not considered probable that taxable profits will be available against which the above items can be utilised.

The Group is liable for withholding taxes on dividends distributable by those subsidiaries established in Chinese Mainland in respect of earnings generated from 1 January 2008. The applicable rate is 10% for the Group.

At 31 December 2023, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Chinese Mainland. In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in Chinese Mainland for which deferred tax liabilities have not been recognised totalled nil at 31 December 2023 (2022: nil).

## 18. SHARE CAPITAL

### Shares

	<b>2023</b>	2022
	<b>RMB'000</b>	<b>RMB'000</b>
Issued and fully paid:		
1,200,000,000 (2022: 1,200,000,000) ordinary shares	<b>80,827</b>	80,827

A summary of movements in the Company's share capital is as follows:

	<b>Number of</b>	<b>Share</b>	<b>Share</b>
	<b>shares in issue</b>	<b>capital</b>	<b>premium</b>
		<b>RMB'000</b>	<b>RMB'000</b>
At 1 January 2022			
and 31 December 2022			
and 31 December 2023	<b>1,200,000,000</b>	<b>80,827</b>	<b>205,242</b>

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Business and operations review**

During the Reporting Period, design, research and development, production and sales of seamless and traditional intimate wear products remained to be the principal activities of the Group. It focuses on providing manufacturing solutions of one-stop intimate wear for the original design manufacturers (the “ODM”) in the PRC and overseas, and selling traditional intimate wear products under the “Bonny” and “U+Bonny” brands through the retail network in the PRC. The Group offers a wide variety of products, such as bras and shorts, underwear sets, casual apparels, sportswear and loungewear products.

During the Reporting Period, the Group’s total revenue reached approximately RMB177.7 million, representing an increase of approximately 10.4% as compared to 2022 (2022: approximately RMB160.9 million). The Group recorded a loss attributable to owners of the Company for the Reporting Period of approximately RMB45.3 million (2022: approximately RMB70.9 million).

### **Brand management and sales**

The Group operates under the “Bonny” and “U+ Bonny” brands for its sales of traditional intimate wear products through its retail network in the PRC.

During the Reporting Period, the Group continued the restructuring and adjustment for our retail structure by closing down 32 stores that are under performing and loss-making and opening 23 new stores. As at 31 December 2023, the Group had 111 self-operated retail outlets (comprising 104 self-operated concession counters and 7 self-operated standalone stores) and 12 franchised retail outlets, covering 12 provinces, municipalities and autonomous regions in the PRC, which did not involve any distributors or multiple layers of franchisees.

The Group has been continuously investing in its brands to further raise brand recognition and acceptance. The Group has also renewed and upgraded the brand images for key stores and set up SVIP policies to increase the loyalty of our customers.

Meanwhile, the Group’s products are also available for sale through its e-commerce network and different well-recognised e-commerce platforms. The online shops and live broadcast accounts established by the Group have already become a powerful back-up for offline sales and effectively mitigated the inventory level.

## **Product design, research and development**

The research and development department of the Company is mainly responsible for product development and development of prototype and technology and preparation and guidance for manufacturing process. The Company has also collaborated with domestic research institutes to enhance the research and development of new processes and products. During the Reporting Period, expenses for product design, research and development was approximately RMB17.1 million (2022: approximately RMB21.2 million).

As at 31 December 2023, the Group had a total of 78 registered trademarks in Chinese Mainland, 1 registered trademark in Hong Kong, 5 registered domain names, 14 registered software copyrights and 17 registered patents in Chinese Mainland, including 5 invention patents and 12 utility model patents.

## **Production capacity**

During the Reporting Period, the production site of the Company at Beiyuan Street, Yiwu City, Zhejiang Province and the production site at Yushan County, Shangrao City, Jiangxi Province were under normal operations. The production of the products of the Company was organized autonomously using its own equipment, workers and techniques and applying the production strategy of “basing production on sales prospects” to ensure that production is scheduled at the right time to meet customer demands. The production capacity can meet the current order delivery demand at this stage and there is no need to make adjustments.

## **Human resources**

The number of full-time employees of the Group decreased to 607 as at 31 December 2023 (2022: 642). The employee benefit expense (excluding directors’ and chief executive’s remunerations) for the Reporting Period was approximately RMB59.4 million (2022: approximately RMB63.8 million).

In addition to direct employment and labour dispatch, the Group engages production subcontractors to provide on-site sub-contracting staff. The Group’s human resources policy does not apply to workers of the relevant production subcontractor and the Group neither determines nor directly pays wages to the subcontracting staff. Subcontracting fees, calculated based on the quantity of goods or services delivered to the Group for the Reporting Period was approximately RMB3.8 million (2022: approximately RMB2.9 million).

## **Financial Review**

### ***Revenue***

Revenue for the Reporting Period reached approximately RMB177.7 million, representing an increase of approximately RMB16.8 million, or approximately 10.4%, from approximately RMB160.9 million for the year ended 31 December 2022 (the “**Corresponding Period**”).

The revenue of ODM products segment for the Reporting Period was approximately RMB135.0 million, representing an increase of approximately RMB15.3 million, or approximately 12.8%, from segment revenue of approximately RMB119.7 million for the Corresponding Period, primarily because the impact of the Covid-19 pandemic on import and export trade has been largely undone in 2023, and the international trade situation has eased, resulting in the increased overall export orders, among which the order income of exports to the United States has increased by approximately 142.4% compared with that of 2022.

The brand products segment revenue for the Reporting Period was approximately RMB42.7 million. In 2023, the Group took shop restructuring and inventory clearance as its strategic focus. 32 retail stores were closed during the Reporting Period. As the business performance was no longer affected by the Covid-19 pandemic as in previous years, sales in retail stores increased, and those stock products were depleted through multiple channels, such as promotion and discount, wholesale sales in factories and low price sales in online stores, thus the overall revenue was slightly higher than that of the Corresponding Period (2022: approximately RMB41.2 million).

### ***Gross Profit***

Gross profit for the Reporting Period was approximately RMB41.7 million, representing an increase of approximately RMB10.1 million, or approximately 32.0%, from approximately RMB31.6 million for the Corresponding Period.

Segment gross profit for ODM products for the Reporting Period was approximately RMB35.4 million which increased from approximately RMB26.4 million for the Corresponding Period, because the overall order volume increased in 2023, and the Group searched for and received orders mainly based on product gross margin.

Segment gross profit for brand products for the Reporting Period was approximately RMB6.3 million, which increased from approximately RMB5.2 million for the Corresponding Period, primarily because of the increase in sales and corresponding decrease in inventory, resulting in a decrease of approximately RMB2.7 million in the provision for impairment on inventories in 2023 compared with the Corresponding Period.

### ***Other Income and Gains***

Other income and gains for the Reporting Period was approximately RMB18.7 million, representing an increase of approximately RMB11.8 million, or approximately 171.0%, from approximately RMB6.9 million for the Corresponding Period, primarily because i) the lease income increased by approximately RMB8.4 million compared with the Corresponding Period; and ii) Zhejiang Bonny Fashion Holding Group Co., Ltd., a subsidiary of the Company and A Barcs & Co. Nominees Pty. Ltd. reached a settlement agreement after court mediation, resulting in the litigation compensation exemption income of approximately RMB3.5 million.

### ***Selling and Distribution Expenses***

Selling and distribution costs for the Reporting Period slightly decreased to RMB40.2 million compared with the amount of approximately RMB41.9 million for the Corresponding Period.

### ***Administrative and Other Expenses***

Administrative and other expenses for the Reporting Period were approximately RMB53.2 million, representing a decrease of approximately RMB9.2 million, or approximately 14.7%, from approximately RMB62.4 million for the Corresponding Period, primarily because among other expenses, research and development expenses, litigation compensation and default payments, and impairment of long-term assets decreased by approximately RMB4.0 million, RMB4.6 million and RMB4.1 million, respectively, compared with the Corresponding Period.

### ***Finance Costs***

Finance costs for the Reporting Period were approximately RMB6.0 million, representing an increase of approximately RMB1.4 million, or approximately 30.4%, from approximately RMB4.6 million for the Corresponding Period, primarily because the interest on a special loan for construction in progress ceased to be capitalized in March 2023.

### ***Income Tax Expense/Credit***

Income tax expense for the Reporting Period were approximately RMB5.0 million as compared to the income tax credit of RMB0.4 million for the Corresponding Period. The income tax expense incurred during the Reporting Period was due to the deferred tax assets recognised in previous years were all reversed based on reassessment of the realisation of these deferred tax assets.

### ***Loss Attributable to Equity Holders of the Parent***

Loss attributable to ordinary equity holders of the parent for the Reporting Period was approximately RMB45.3 million, and a loss of approximately RMB70.9 million was recorded for the Corresponding Period.

## **LIQUIDITY AND FINANCIAL RESOURCES**

As at 31 December 2023, the Group had cash and cash equivalents, which are mostly denominated in Renminbi, U.S. dollars and Hong Kong dollars currency unit, of approximately RMB3.6 million (2022: approximately RMB6.5 million). The interest-bearing liabilities as at 31 December 2023 was approximately RMB133.6 million (2022: approximately RMB144.2 million) with interest rates ranging from approximately 4.35% to 4.85% per annum.

In terms of gearing, the Group's gearing ratio as at 31 December 2023, calculated based on net debts divided by total capital plus net debts, was approximately 44.8% (2022: approximately 47.1%). The Group recorded net current liabilities of approximately RMB58.7 million as of 31 December 2023. As at 31 December 2023, the Group had no material contingent liabilities, other than those disclosed in its consolidated financial statements and the notes thereto. The management believes that the Group has maintained adequate financial resources to fulfil its working capital requirements.

## **FOREIGN EXCHANGE RISK**

The monetary assets and liabilities and business transactions of the Group are mainly carried out and conducted in Renminbi, U.S. dollars and Hong Kong dollars currency unit. In view of the stability of the exchange rate between these currencies, the Directors do not consider that the Group was significantly exposed to foreign exchange risk for the Reporting Period. The Group manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures and to mitigate the impact on exchange rate fluctuations by entering into currency hedge arrangement, if necessary. During the Reporting Period, no forward foreign exchange or hedging contracts had been entered into by the Group. The Group will continue to evaluate the Group's foreign currency exposure and take actions as appropriate.

## **MATERIAL ACQUISITIONS AND DISPOSALS**

During the Reporting Period, the Group has made no material acquisitions or disposals of subsidiaries, associates and joint ventures.

## **CAPITAL COMMITMENTS**

As at 31 December 2023, the Group had total capital commitments of RMB22.6 million (2022: RMB36.0 million), primarily related to the settlement of the construction of phase III of the Beiyuan Production Site.

These capital commitments are expected to be financed by internal and external resources of the Group.

## **CONTINGENT LIABILITIES**

As at 31 December 2023, the Group did not have any significant contingent liabilities.

## **PLEDGE OF ASSETS**

As at 31 December 2023, save for i) the Group's buildings and machinery and equipment situated in Chinese Mainland, which had a net carrying value of RMB176,855,000 as at 31 December 2023 (2022: RMB111,907,000); ii) the Group's investment properties situated in Chinese Mainland, which had a carrying amount of RMB228,070,000 as at 31 December 2023 (2022: RMB48,400,000); and iii) the Group's leasehold land situated in Chinese Mainland, which had a net carrying value of RMB21,408,000 as at 31 December 2023 (2022: RMB20,735,000) which were pledged to secure general banking facilities, the Group did not pledge any other assets. Details of the Group's assets pledged for Group's bank loans are included in Note 15 to the consolidated financial statements.

## USE OF PROCEEDS

The shares of the Company were listed (“**Listing**”) on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 26 April 2019 by way of global offering. The net proceeds (the “**Net Proceeds**”) of the Group raised from the initial public offering were approximately HK\$131.3 million, after deducting the underwriting fees, commissions and other listing expenses. The Group does not have any unutilised Net Proceeds (the “**Unutilised Net Proceeds**”) at the date of this announcement.

On 30 November 2021, the Board reallocated part of the Unutilised Net Proceeds originally allocated for acquisition and implementation of additional production equipment at the Beiyuan Production Site to i) preparation for the construction of the Jiangxi Shangrao Production Site; and ii) replenishment of general working capital of the Group. The Board is of the view that the reallocation of the Unutilised Net Proceeds of approximately HK\$24.5 million is more suitable for the current business and operating needs of the Group. The abovementioned changes in the use of proceeds are fair and reasonable as the Group can effectively utilise its financial resources to improve its profitability, and are in the interests of the Group and its shareholders as a whole. The changes in the use of proceeds will not have any material adverse effect on the current business and operation of the Group. For details, please refer to the announcement of the Company dated 30 November 2021.

The table below sets out the use of net proceeds from the initial public offering and the Unutilised Net Proceeds as at 31 December 2023:

	Planned allocation of Net Proceeds as stated in the Prospectus <i>HK\$ million</i>	Amount unutilised as at 1 January 2021 (before revised allocation on 30 November 2021) <i>HK\$ million</i>	Unutilised Net Proceeds (after revised allocation on 30 November 2021) <i>HK\$ million</i>	Amount utilised as at 31 December 2023 <i>HK\$ million</i>	Unutilised Net Proceeds as at 31 December 2023 <i>HK\$ million</i>	Expected timeline for full utilisation
<b>Beiyuan Production Site for expansion of our seamless production capacity</b>						
– construction of phase II of the Beiyuan Production Site	26.3	—	—	—	—	N/A
– acquisition and implementation of additional production equipment at the Beiyuan Production Site	78.8	24.5	—	—	—	N/A
<b>Enhancing product design, research and development capability</b>	13.1	—	—	—	—	N/A
<b>Working capital and general corporate purposes</b>	13.1	—	—	—	—	N/A
<b>Acquisition mask production line and ancillary equipment and constructing medical mask production workshop</b>	—	—	—	—	—	N/A
<b>Preparation for the construction of the Jiangxi Shangrao Production Site</b>	—	—	5.5	5.5	0.0	N/A
<b>General working capital</b>	—	—	19.0	19.0	0.0	N/A
<b>Total</b>	<u>131.3</u>	<u>24.5</u>	<u>24.5</u>	<u>24.5</u>	<u>0.0</u>	

## **SUBSEQUENT EVENT**

Up to the date of this announcement, the Group had no significant event occurred which would materially affect the Group's operating and financial performance.

## **EMPLOYEE AND REMUNERATION POLICY**

The Group's remuneration policy is to compensate its employees based on their performance, qualifications and the Group's operational results. The total remuneration of employees includes basic salaries and performance bonus. Directors and senior management of the Group receive compensation in the form of fees, salaries, allowances, discretionary bonus, defined contribution plans and other benefits in kind with reference to those paid by comparable companies, time commitment and the performance of the Group. The Group also reimburses its Directors and senior management for expenses which are necessarily and reasonably incurred for the provision of services to the Group or executing their functions in relation to the operations of the Group. The Group regularly reviews and determines the remuneration and compensation packages (including incentive plans) of its Directors and senior management, by reference to, among other things, market level of remuneration and compensation paid by comparable companies, the respective responsibilities of its Directors and senior management and the performance of the Group. The Company has adopted a share option scheme on 19 March 2019 as incentive or reward to the Directors, senior management and other selected participant.

During the Reporting Period, no remuneration or compensation was paid or payable by the Group to any of the five highest paid individuals in the Group, the Directors and the chief executive officer of the Company as an inducement to join or upon joining the Group or as compensation for any loss of office. None of the Directors has waived any remuneration during the Reporting Period.

## **SIGNIFICANT INVESTMENTS HELD**

During the Reporting Period, the Group did not have any significant investment.

## **FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS**

Save as otherwise disclosed this announcement, there were no material investments or additions of capital assets authorised by the Board at the date of this announcement.

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

Neither the Company, nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

## **CORPORATE GOVERNANCE MEASURES**

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of shareholders and to enhance corporate value and accountability. The Board has adopted the principles and the code provisions of the Corporate Governance Code (the “**CG Code**”) contained in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) to ensure that the Company’s business activities and decision-making processes are regulated in a proper and prudent manner.

The Company had complied with all the applicable code provisions under the CG Code during the Reporting Period, save and except for deviation from code provision C.2.1 of the CG Code.

Mr. Jin Guojun is the chairman of the Board and chief executive officer of the Company. Although this deviates from the practice under code provision C.2.1 of the CG Code, where it provides that the two positions should be held by two different individuals, as Mr. Jin has considerable experience in the enterprise operation and management of the Company, the Board believes that it is in the best interests of the Company and its shareholders as a whole to continue to have Mr. Jin as chairman of the Board so that it can benefit from his experience and capability in leading the Board in the long-term development of the Company. From a corporate governance point of view, the decisions of the Board are made collectively by way of voting and therefore the chairman should not be able to monopolize the decision-making of the Board. The Board considers that the balance of power between the Board and management can still be maintained under the current structure. The Board shall review the structure from time to time to ensure appropriate action be taken should the need arise.

## **AUDIT COMMITTEE**

The audit committee of the Company (the “**Audit Committee**”) consists of three independent non-executive Directors, being Mr. Chan Yin Tsung, Mr. Chow Chi Hang Tony and Dr. Wei Zhongzhe. Mr. Chan Yin Tsung currently serves as the chairman of the Audit Committee.

The Audit Committee has reviewed with management the Group’s consolidated financial statements for the year ended 31 December 2023, the accounting principles and practices adopted and discussed auditing, internal control and financial reporting matters.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard as set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules.

Upon specific enquiry, all Directors have confirmed that they have complied with the Model Code during the Reporting Period. In addition, the Company is not aware of any non-compliance of the Model Code by the senior management of the Company during the Reporting Period.

## **DIVIDENDS**

The Board does not recommend a final dividend for the Reporting Period (2022: nil).

## **ANNUAL GENERAL MEETING**

The forthcoming 2024 annual general meeting (“**AGM**”) of the Company will be held at PRC on 30 May 2024. Notice of the AGM will be published and, if necessary, despatched to the shareholders of the Company in the manner as required by the Listing Rules in due course.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from 27 May 2024 to 30 May 2024, both days inclusive, during which no transfer of Shares will be registered. In order to be entitled to attend and vote at the Annual General Meeting, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m. on 24 May 2024.

## **SCOPE OF WORK FOR ANNUAL RESULTS ANNOUNCEMENT BY AUDITORS**

The financial information set out in this announcement does not constitute the Group's audited accounts for the year ended 31 December 2023, but represents an extract from the consolidated financial statements for the year ended 31 December 2023 which have been audited by the auditor of the Company, Ernst & Young in accordance with Hong Kong Standards of Auditing issued by the Hong Kong Institute of Certified Public Accountants. The financial information has been received by the Audit Committee and approved by the Board.

## **PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This annual results announcement of the Group for the year ended 31 December 2023 is available for viewing on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and on the website of the Company at [www.bonnychina.com](http://www.bonnychina.com).

An annual report of the Group for the year ended 31 December 2023, containing all the information required by the Listing Rules, will be despatched to the shareholders of the Company and published on the above websites in due course.

By order of the Board  
**Bonny International Holding Limited**  
**Jin Guojun**  
*Chairman*

Hong Kong, 28 March 2024

*As at the date of this announcement, the Board comprises Mr. Jin Guojun and Mr. Zhao Hui as executive Directors; Ms. Gong Lijin and Ms. Huang Jingyi as non-executive Directors; and Mr. Chan Yin Tsung, Mr. Chow Chi Hang Tony and Dr. Wei Zhongzhe as independent non-executive Directors.*