

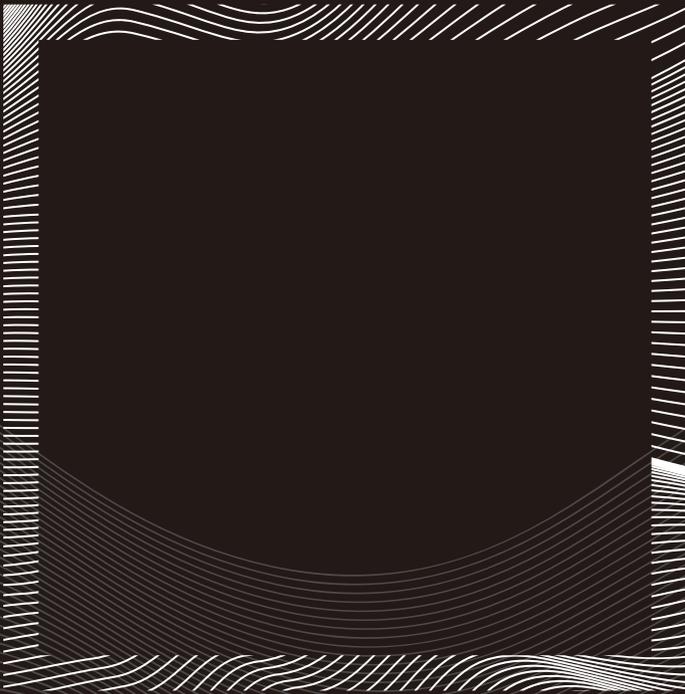


FORWARD FASHION  
HOLDINGS

Forward Fashion (International) Holdings Company Limited  
尚晉(國際)控股有限公司

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

Stock Code : 2528



**INTERIM REPORT 2022**

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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### *Executive Directors*

Mr. Fan Wing Ting (*Chairman*)  
Ms. Chen Xingyi (*Chief Executive Officer*)  
Mr. Kevin Trantallis  
Mr. Fong Yat Ming  
Ms. Fan Tammy

#### *Independent Non-executive Directors*

Mr. Yu Chun Kau  
Mr. Cheung Chun Yue, Anthony  
(*resigned on 1 July 2022*)  
Mr. Ng Kam Tsun  
Mr. Sze Irons, B.B.S., J.P.  
(*appointed on 1 July 2022*)

### BOARD COMMITTEES

#### *Audit Committee*

Mr. Yu Chun Kau (*Chairman*)  
Mr. Cheung Chun Yue, Anthony  
(*resigned on 1 July 2022*)  
Mr. Ng Kam Tsun  
Mr. Sze Irons, B.B.S., J.P.  
(*appointed on 1 July 2022*)

#### *Remuneration Committee*

Mr. Yu Chun Kau (*Chairman*)  
Ms. Chen Xingyi  
Mr. Cheung Chun Yue, Anthony  
(*resigned on 1 July 2022*)  
Mr. Sze Irons, B.B.S., J.P.  
(*appointed on 1 July 2022*)

#### *Nomination Committee*

Mr. Fan Wing Ting (*Chairman*)  
Mr. Yu Chun Kau  
Mr. Cheung Chun Yue, Anthony  
(*resigned on 1 July 2022*)  
Mr. Sze Irons, B.B.S., J.P.  
(*appointed on 1 July 2022*)

### AUTHORISED REPRESENTATIVES

Mr. Kevin Trantallis  
Ms. Fan Tammy

### COMPANY SECRETARY

Mr. Kevin Trantallis

### AUDITORS

PricewaterhouseCoopers  
Certified Public Accountants  
Registered Public Interest Entity Auditor  
22/F, Prince's Building  
Central, Hong Kong

### REGISTERED OFFICE IN THE CAYMAN ISLANDS

Cricket Square, Hutchins Drive  
P.O. Box 2681  
Grand Cayman, KY1-1111  
Cayman Islands

### PRINCIPAL PLACE OF BUSINESS AND HEAD OFFICE IN HONG KONG

Suite 1204, 12/F., Tower 6  
The Gateway, Harbour City  
Tsim Sha Tsui, Kowloon  
Hong Kong

### 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  
Bank of China (Hong Kong) Limited  
China Merchants Bank Co., Ltd.

### COMPLIANCE ADVISOR

China Industrial Securities International  
Capital Limited  
32/F, Infinitus Plaza  
199 Des Voeux Road Central  
Hong Kong

### COMPANY WEBSITE

[www.forward-fashion.com](http://www.forward-fashion.com)

### STOCK CODE

02528

**FINANCIAL HIGHLIGHTS**

		<b>For the six months ended 30 June 2022</b>	For the six months ended 30 June 2021
Revenue	<i>HKD million</i>	<b>495.78</b>	625.80
Gross Profit	<i>HKD million</i>	<b>244.29</b>	322.33
(Loss)/Profit for the period	<i>HKD million</i>	<b>(22.69)</b>	15.8
(Loss)/Earnings per share	<i>HKD</i>	<b>(0.06)</b>	0.04
		<b>As of 30 June 2022</b>	As of 31 December 2021
Current Ratio		<b>1.1</b>	1.2
Gearing Ratio		<b>52%</b>	58%

## CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Notes	Unaudited	
		Six months ended 30 June	
		2022	2021
		HKD'000	HKD'000
Revenue	5	495,776	625,800
Cost of sales	8	(251,485)	(303,473)
<b>Gross profit</b>		<b>244,291</b>	<b>322,327</b>
Selling and marketing expenses	8	(201,728)	(245,952)
General and administrative expenses	8	(50,908)	(53,373)
Other income	6	4,219	4,762
Other (losses)/gains, net	7	(2,751)	8,304
<b>Operating (loss)/profit</b>		<b>(6,877)</b>	<b>36,068</b>
Finance income		195	556
Finance costs		(9,832)	(10,737)
Finance costs, net		(9,637)	(10,181)
<b>(Loss)/profit before income tax</b>		<b>(16,514)</b>	<b>25,887</b>
Income tax expenses	9	(6,172)	(10,091)
<b>(Loss)/profit for the period</b>		<b>(22,686)</b>	<b>15,796</b>
<b>(Loss)/profit is attributable to:</b>			
Equity holders of the Company		(23,141)	15,556
Non-controlling interests		455	240
		<b>(22,686)</b>	<b>15,796</b>
<b>(Loss)/earnings per share for profit attributable to equity holders of the Company</b>			
Basic and diluted (loss)/earnings per share (HKD)	10	(0.06)	0.04

## CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b>HKD'000</b>	<b>HKD'000</b>
<b>(Loss)/profit for the period</b>	<b>(22,686)</b>	15,796
<b>Other comprehensive (loss)/income for the period</b>		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Currency translation differences	<b>(6,946)</b>	1,072
<b>Other comprehensive (loss)/income for the period, net of tax</b>	<b>(6,946)</b>	1,072
<b>Total comprehensive (loss)/income for the period</b>	<b>(29,632)</b>	16,868
<b>Total comprehensive (loss)/income for the period is attributable to:</b>		
Equity holders of the Company	<b>(30,429)</b>	17,299
Non-controlling interests	<b>797</b>	(431)

## CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		<b>Unaudited As at 30 June 2022 HKD'000</b>	Audited As at 31 December 2021 HKD'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	<b>118,213</b>	127,223
Right-of-use assets	12	<b>188,107</b>	251,248
Intangible assets		<b>8,331</b>	7,566
Financial asset at fair value through other comprehensive income		<b>11,700</b>	11,700
Investment in insurance contract		<b>34,321</b>	33,723
Deferred tax assets		<b>16,214</b>	19,800
Prepayment		–	1,099
Other receivables and deposit	15	<b>13,175</b>	28,892
<b>Total non-current assets</b>		<b>390,061</b>	481,251
<b>Current assets</b>			
Inventories	13	<b>264,594</b>	260,408
Trade receivable	14	<b>45,983</b>	49,791
Prepayment		<b>44,305</b>	65,894
Amount due from related parties	22	<b>2,569</b>	9,740
Other receivables and deposit	15	<b>47,017</b>	50,181
Restricted cash	16	<b>23,778</b>	26,216
Term deposit with initial term of over three months		–	70,000
Cash and cash equivalents		<b>196,646</b>	115,891
<b>Total current assets</b>		<b>624,892</b>	648,121
<b>Total assets</b>		<b>1,014,953</b>	1,129,372
<b>Equity</b>			
Share capital	17	<b>4,000</b>	4,000
Share premium	17	<b>859,232</b>	859,232
Reserves		<b>(584,240)</b>	(576,952)
Retained earnings		<b>(4,944)</b>	18,197
<b>Capital and reserve attributable to equity holders of the Company</b>		<b>274,048</b>	304,477
Non-controlling interest in equity		<b>(4,044)</b>	(4,841)
<b>Total equity</b>		<b>270,004</b>	299,636

## CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(continued)

		<b>Unaudited As at 30 June 2022 HKD'000</b>	Audited As at 31 December 2021 HKD'000
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Borrowings		<b>56,606</b>	30,979
Lease liabilities		<b>82,903</b>	119,376
Provisions	18	<b>4,258</b>	4,472
Financial liabilities at fair value through profit or loss	4.2	<b>2,000</b>	1,444
Other non-current liabilities	19	<b>2,137</b>	14,393
Deferred tax liabilities		<b>5,095</b>	2,442
Other payables	20	<b>12,629</b>	14,504
		<hr/>	
<b>Total non-current liabilities</b>		<b>165,628</b>	187,610
		<hr/>	
<b>Current liabilities</b>			
Trade and other payables	20	<b>153,591</b>	158,507
Amount due to related parties	22	<b>188,198</b>	190,666
Other current liabilities	19	<b>23,594</b>	24,882
Contract liabilities		<b>8,104</b>	3,905
Lease liabilities		<b>122,208</b>	148,065
Provisions	18	<b>6,364</b>	4,906
Income tax liabilities		<b>4,680</b>	12,578
Borrowings		<b>72,582</b>	98,617
		<hr/>	
<b>Total current liabilities</b>		<b>579,321</b>	642,126
		<hr/>	
<b>Total liabilities</b>		<b>744,949</b>	829,736
		<hr/>	
<b>Net assets</b>		<b>270,004</b>	299,636
		<hr/> <hr/>	

## CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Unaudited Attributable to equity holders of the Company						Total equity HKD'000
	Share capital	Share premium	Reserve	Retained earnings	Sub-total	Non-controlling interests	
	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	
<b>Balance at 1 January 2022</b>	<b>4,000</b>	<b>859,232</b>	<b>(576,952)</b>	<b>18,197</b>	<b>304,477</b>	<b>(4,841)</b>	<b>299,636</b>
<b>Total comprehensive income for the period</b>							
Loss for the period	-	-	-	(23,141)	(23,141)	455	(22,686)
Other comprehensive (loss)/ profit for the period	-	-	(7,288)	-	(7,288)	342	(6,946)
	-	-	(7,288)	(23,141)	(30,429)	797	(29,632)
<b>Balance at 30 June 2022</b>	<b>4,000</b>	<b>859,232</b>	<b>(584,240)</b>	<b>(4,944)</b>	<b>274,048</b>	<b>(4,044)</b>	<b>270,004</b>
<b>Balance at 1 January 2021</b>	<b>4,000</b>	<b>859,232</b>	<b>(584,052)</b>	<b>(11,188)</b>	<b>267,992</b>	<b>(4,082)</b>	<b>263,910</b>
<b>Total comprehensive income for the period</b>							
Loss for the period	-	-	-	15,556	15,556	240	15,796
Other comprehensive income/ (loss) for the period	-	-	1,743	-	1,743	(671)	1,072
<b>Balance at 30 June 2021</b>	<b>4,000</b>	<b>859,232</b>	<b>(582,309)</b>	<b>4,368</b>	<b>285,291</b>	<b>(4,513)</b>	<b>280,778</b>

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b>HKD'000</b>	<b>HKD'000</b>
<b>Cash flows from operating activities</b>		
Cash generated from operations	<b>(10,018)</b>	187,923
Income tax paid	<b>(1,661)</b>	(11,710)
	<hr/>	<hr/>
<b>Net cash generated from operating activities</b>	<b>(11,679)</b>	176,213
	<hr/>	<hr/>
<b>Cash flows from investing activities</b>		
Interest income received	<b>195</b>	556
Purchase of intangible assets	<b>(1,295)</b>	(1,767)
Purchase of property, plant and equipment	<b>(17,097)</b>	(4,637)
Proceeds from disposal of fixed assets	<b>4,919</b>	–
Redemption of term deposit	<b>70,000</b>	–
	<hr/>	<hr/>
<b>Net cash generated from/(used in) investing activities</b>	<b>56,722</b>	(5,848)
	<hr/>	<hr/>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	<b>82,110</b>	77,014
Interest paid	<b>(4,436)</b>	(4,818)
Loans from related parties	<b>143,378</b>	–
Repayment of loans from related parties	<b>(12,667)</b>	(90,178)
Repayment of borrowings	<b>(82,518)</b>	(114,491)
Payment of lease liabilities and interest expenses	<b>(92,239)</b>	(108,867)
	<hr/>	<hr/>
<b>Net cash generated from/(used in) financing activities</b>	<b>33,628</b>	(241,340)
	<hr/>	<hr/>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>78,671</b>	(70,975)
	<hr/>	<hr/>
Cash and cash equivalents at beginning of the period	<b>115,891</b>	209,639
Effect on exchange rate difference	<b>2,084</b>	1,072
	<hr/>	<hr/>
<b>Cash and cash equivalents at end of the period</b>	<b>196,646</b>	139,736
	<hr/> <hr/>	<hr/> <hr/>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 1 GENERAL INFORMATION

Forward Fashion (International) Holdings Company Limited (the "**Company**") was incorporated in the Cayman Islands on 16 May 2019. The address of the Company's registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company and its subsidiaries (together the "**Group**") are principally engaged in the retail of fashion apparel of international brands ranging from established designer label brands, popular global brands to up-and-coming brands through our multi-brand and multi-store business model (the "**Business**") in Mainland China, Macau, Hong Kong and Taiwan.

The ultimate holding company of the Company is Gold Star Fashion Limited, a company incorporated in the British Virgin Islands and is wholly-owned by Mr. Fan Wing Ting ("**Mr. Fan**"), the ultimate controlling shareholder (the "**Controlling Shareholder**") of the Group.

The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") since 13 January 2020.

This unaudited condensed consolidated financial information is presented in Hong Kong dollars ("**HKD**") and all values are rounded to the nearest thousand (HKD'000), unless otherwise stated.

This interim condensed consolidated financial information has been approved for issue by the Board of directors of the Company (the "**Board**") on 26 August 2022.

### 2 BASIS OF PREPARATION

This unaudited condensed consolidated financial information for the six months ended 30 June 2022 has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" issued by the International Accounting Standards Board ("**IASB**").

The condensed consolidated financial information does not include all the notes of the type normally included in an annual financial report. Accordingly, this condensed consolidated financial information should be read in conjunction with the annual report for the year ended 31 December 2021 and any public announcements made by the Company during the six-month ended 30 June 2022.

The preparation of condensed consolidated financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing these condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial information for the year ended 31 December 2021 except for the adoption of new and amended standards as set out below.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

(continued)

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the 2021 Financial Statements, as described in those annual consolidated financial statements, except for the adoption of new and amended standards as set out below.

#### 3.1 *New and amended standards adopted by the Group*

The Group has applied the following standards and amendments for the first time for the current accounting period:

- (a) Property, Plant and Equipment: Proceeds before intended use – HKAS 16 (Amendments)
- (b) Onerous Contracts – Cost of Fulfilling a Contract – HKAS 37 (Amendments)
- (c) Reference to the Conceptual Framework – HKFRS 3 (Amendments)
- (d) Merger Accounting for Common Control Combinations – AG 5 (Revised)
- (e) Annual improvements to IFRS 2018–2020

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

#### 3.2 *Impact of standards issued but not yet applied by the entity*

Certain new accounting standards and interpretations have been published that are not mandatory for the six-month ended 30 June 2022 and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

### 4 FINANCIAL RISK MANAGEMENT

#### 4.1 *Financial risk factors*

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, fair value interest rate risk, cash flow interest rate risk), credit risk and liquidity risk.

The condensed consolidated financial information do not include all financial risk management information and disclosures required in the annual financial information, and should be read in conjunction with the Group's annual financial information as at 31 December 2021.

There have been no changes in the risk management policies since year end.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION (continued)

### 4 FINANCIAL RISK MANAGEMENT (continued)

#### 4.2 Fair value estimation

##### (i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial information. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

<b>Recurring fair value measurements At 31 December 2021 (Audited)</b>	Level 3 HKD'000
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#### **Financial assets**

Equity security – an unlisted company	11,700
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Financial assets at fair value through other comprehensive income (FVOCI)	11,700
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#### **Financial liabilities**

Call option	1,444
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Financial liabilities at fair value through profit or loss	1,444
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<b>Recurring fair value measurements At 30 June 2022 (Unaudited)</b>	<b>Level 3 HKD'000</b>
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#### **Financial assets**

Equity security – an unlisted company	11,700
---------------------------------------	--------

Financial assets at fair value through other comprehensive income (FVOCI)	11,700
---	--------

#### **Financial liabilities**

Call option	2,000
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Financial liabilities at fair value through profit or loss	2,000
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## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

(continued)

### 4 FINANCIAL RISK MANAGEMENT (continued)

#### 4.2 Fair value estimation (continued)

(i) Fair value hierarchy (continued)

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

(ii) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices
- the Monte Carlo simulation
- discounted cash flow analysis

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION (continued)

### 4 FINANCIAL RISK MANAGEMENT (continued)

#### 4.2 Fair value estimation (continued)

- (iii) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the six months ended 30 June 2021 and 2022:

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2022</b>	2021
	<b>HKD'000</b>	HKD'000
At the beginning of the period	<b>1,444</b>	7,996
Change in fair value	<b>(556)</b>	(1,859)
At the end of the period	<b>2,000</b>	6,137
Total		
Net unrealised gains for the period	<b>(556)</b>	(1,859)

- (iv) Valuation processes

The finance department of the Group includes a team that performs the valuations of non-property items required for financial reporting purposes, including level 3 fair values. This team reports directly to the chief financial officer (CFO). Discussions of valuation processes and results are held between the CFO and the valuation team at least once every year. External valuation experts will be involved when necessary.

The main level 3 inputs used by the Group are derived and evaluated as follows:

- Discount rates for financial assets and financial liabilities are determined using a capital asset pricing model to calculate a post-tax rate that reflects current market assessments of the time value of money and the risk specific to the asset or liability.
- Drift rates of EBITDA multiples are estimated based on the entity's knowledge of the business and how the current economic environment is likely to impact it.
- EBITDA multiples and EBITDA volatilities are based on the respective historical measures of comparable companies.

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

(continued)

### **4 FINANCIAL RISK MANAGEMENT (continued)**

#### *4.2 Fair value estimation (continued)*

(v) Fair values of other financial instruments

The Group also has a number of financial instruments which are not measured at fair value in the balance sheet. For these instruments, the fair values are not materially different to their carrying amounts, since the interest receivable/payable is either close to current market rates or the instruments are short-term in nature.

### **5 SEGMENT INFORMATION**

The Group is principally engaged in the retailing and wholesale of luxury and fashion clothes and products in the Mainland China, Macau, Hong Kong and other places. The performance of the Group's retail stores is subject to seasonal fluctuations and certain holiday seasons.

The Group's business activities, for which discrete financial information are available, are regularly reviewed and evaluated by the chief operating decision maker ("**CODM**"). The CODM considers the business from geographic perspective and assesses the performance of the geographical segments mainly based on segment revenues and segment result. Assets and liabilities are regularly reviewed on a consolidated basis.

The revenues from external customers reported to CODM are measured as segment revenues, which are the revenues derived from customers of each segment.

Segment result is equal to revenue from external customers deducted by cost of sales and selling and marketing expenses from each segment.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION (continued)

### 5 SEGMENT INFORMATION (continued)

The segment information for the six months ended 30 June 2021 and 2022 are as follows:

	Six months ended 30 June 2022 (Unaudited)			
	Mainland China HKD'000	Macau HKD'000	Hong Kong and others HKD'000	Total HKD'000
Segment revenue	251,088	210,036	52,572	513,696
Inter-segment revenue	(552)	(1,242)	(16,126)	(17,920)
Revenue from external customers	250,536	208,794	36,446	495,776
Cost of sales	(130,361)	(101,320)	(19,804)	(251,485)
Selling and marketing expenses	(90,312)	(93,905)	(17,511)	(201,728)
Segment result	29,863	13,569	(869)	42,563
General and administrative expenses				(50,908)
Other income				4,219
Other losses				(2,751)
Finance income				195
Finance costs				(9,832)
Finance costs – net				(9,637)
<b>Loss before income tax expenses</b>				(16,514)
Income tax expenses				(6,172)
<b>Loss for the period</b>				<b>(22,686)</b>
	As at 30 June 2022 (Unaudited)			
	Mainland China HKD'000	Macau HKD'000	Hong Kong and others HKD'000	Total HKD'000
Segment non-current assets	111,516	265,390	42,559	419,465
Segment current assets	247,719	322,814	54,972	625,505



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

(continued)

### 5 SEGMENT INFORMATION (continued)

(a) Revenue by business line and nature

	Unaudited	
	Six months ended 30 June	
	2022	2021
	HKD'000	HKD'000
Retail	465,685	613,663
Store management and consignment service	18,919	11,064
Wholesale	11,172	1,073
	<hr/>	<hr/>
Total	495,776	625,800
	<hr/> <hr/>	<hr/> <hr/>

(b) Timing of revenue recognition

	Unaudited	
	Six months ended 30 June	
	2022	2021
	HKD'000	HKD'000
Revenue at a point in time	476,857	614,736
Revenue over time	18,919	11,064
	<hr/>	<hr/>
Total	495,776	625,800
	<hr/> <hr/>	<hr/> <hr/>

### 6 OTHER INCOME

	Unaudited	
	Six months ended 30 June	
	2022	2021
	HKD'000	HKD'000
Government grants	1,026	499
Other subsidies	2,520	3,828
Others	673	435
	<hr/>	<hr/>
Total	4,219	4,762
	<hr/> <hr/>	<hr/> <hr/>

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION**

(continued)

**7 OTHER (LOSSES)/GAINS – NET**

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b>HKD'000</b>	<b>HKD'000</b>
Net changes in cash surrender value of investment in insurance contracts	<b>522</b>	443
Gains on the derecognition of right-of-use assets and lease liabilities	<b>1,594</b>	6,155
Exchange (losses)/gains	<b>(1,578)</b>	800
Fair value (losses)/gains on financial liabilities at fair value through profit or losses	<b>(624)</b>	1,859
Net losses on disposal of property, plant and equipment	<b>(2,473)</b>	(411)
Others	<b>(192)</b>	(542)
	<b>(2,751)</b>	8,304

**8 EXPENSES BY NATURE**

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b>HKD'000</b>	<b>HKD'000</b>
Change in inventories	<b>250,254</b>	281,785
Reversal of inventories impairment	<b>(2,902)</b>	(2,397)
Depreciation of right-of-use assets (Note 12)	<b>84,445</b>	96,015
Employee benefit expenses	<b>86,518</b>	114,114
Depreciation of property, plant and equipment (Note 11)	<b>15,762</b>	20,792
Operating lease expenses (Note 12)	<b>22,248</b>	22,813
Property management fee	<b>15,858</b>	18,036
Advertising and promotion expenses	<b>9,361</b>	8,023
Travelling, entertainment and communication expenses	<b>4,248</b>	2,723
Impairment loss on property, plant and equipment (Note 11)	<b>668</b>	1,318
Amortisation of intangible assets	<b>677</b>	2,167
Impairment loss on right-of-use assets (Note 12)	<b>4,917</b>	3,532
Professional service fees	<b>1,315</b>	2,779
Auditor's remuneration	<b>1,615</b>	495
Other expenses	<b>9,137</b>	30,603
	<b>504,121</b>	602,798

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

(continued)

### 9 INCOME TAX EXPENSES

*Income tax expenses*

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2022</b>	2021
	<b>HKD'000</b>	HKD'000
Current income tax	<b>452</b>	7,204
Deferred income tax related to the temporary differences	<b>5,720</b>	2,887
	<b>6,172</b>	10,091

### 10 (LOSS)/EARNINGS PER SHARE

(a) *Basic (loss)/earnings per share*

Basic (loss)/earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in outstanding during the period.

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2022</b>	2021
	<b>HKD'000</b>	HKD'000
(Loss)/profit attributable to equity holders of the Company (HKD'000)	<b>(23,141)</b>	16,313
Weighted average number of ordinary shares in issue	<b>400,000,000</b>	400,000,000
Basic (loss)/earnings per share (HKD)	<b>(0.06)</b>	0.04

(b) No diluted earnings per share is presented as the Group has no dilutive potential ordinary shares during the period.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION**

(continued)

**11 PROPERTY, PLANT AND EQUIPMENT**

	Buildings HKD'000	Leasehold improvements HKD'000	Vehicle HKD'000	Office furniture and equipment HKD'000	Computer and electronic equipment HKD'000	Total HKD'000
<b>At 31 December 2021</b>						
Cost	83,577	281,496	2,796	19,870	14,678	402,417
Accumulated depreciation and impairment provision	(7,079)	(237,035)	(2,592)	(18,289)	(10,199)	(275,194)
Net book amount	76,498	44,461	204	1,581	4,479	127,223
<b>Six months ended 30 June 2022</b>						
Opening net book amount	76,498	44,461	204	1,581	4,479	127,223
Additions	-	16,329	-	-	768	17,097
Depreciation	(820)	(13,293)	(36)	(1)	(1,612)	(15,762)
Impairment provision	-	(668)	-	-	-	(668)
Exchange differences	-	(7,754)	-	646	(124)	(7,232)
Disposals	-	(2,360)	-	-	(85)	(2,445)
Closing net book amount (unaudited)	75,678	36,715	168	2,226	3,426	118,213
<b>At 30 June 2022</b>						
Cost	83,577	286,426	2,788	19,868	14,767	407,426
Accumulated depreciation and impairment provision	(7,899)	(249,711)	(2,620)	(17,642)	(11,341)	(289,213)
Net book amount (unaudited)	75,678	36,715	168	2,226	3,426	118,213

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION (continued)

### 11 PROPERTY, PLANT AND EQUIPMENT (continued)

	Buildings HKD'000	Leasehold improvements HKD'000	Vehicle HKD'000	Office furniture and equipment HKD'000	Computer and electronic equipment HKD'000	Total HKD'000
<b>At 31 December 2020</b>						
Cost	83,577	292,646	3,172	20,889	13,849	414,133
Accumulated depreciation and impairment provision	(5,285)	(235,966)	(2,896)	(19,068)	(9,549)	(272,764)
Net book amount	78,292	56,680	276	1,821	4,300	141,369
<b>Six months ended 30 June 2021</b>						
Opening net book amount	78,292	56,680	276	1,821	4,300	141,369
Additions	-	3,646	-	-	991	4,637
Depreciation	(816)	(18,184)	(36)	(636)	(1,120)	(20,792)
Impairment provision	-	(1,818)	-	-	-	(1,818)
Exchange differences	-	377	-	51	31	459
Disposals	-	86	-	(193)	-	(107)
Closing net book amount (unaudited)	77,476	40,787	240	1,043	4,202	123,748
<b>At 30 June 2021</b>						
Cost	83,577	291,993	3,172	19,489	14,805	413,036
Accumulated depreciation and impairment provision	(6,101)	(251,206)	(2,932)	(18,446)	(10,603)	(289,288)
Net book amount (unaudited)	77,476	40,787	240	1,043	4,202	123,748

Depreciation of the Group's property, plant and equipment has been recognised in the consolidated information of profit or loss as follows:

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b>HKD'000</b>	<b>HKD'000</b>
Selling and marketing expenses	<b>12,725</b>	16,901
Administrative expenses	<b>3,037</b>	3,891
	<b>15,762</b>	20,792

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION**

(continued)

**12 RIGHT-OF-USE ASSETS**

	<b>Unaudited As at 30 June 2022 HKD'000</b>	Audited As at 31 December 2021 HKD'000
Retail stores	<b>174,409</b>	232,119
Vehicle	–	368
Office	<b>13,698</b>	18,761
	<b>188,107</b>	251,248

	<b>Retail stores HKD'000</b>	<b>Vehicle HKD'000</b>	<b>Office HKD'000</b>	<b>Total HKD'000</b>
<b>At 31 December 2021</b>				
Cost	499,370	4,415	39,691	543,476
Accumulated depreciation and impairment	(267,251)	(4,047)	(20,930)	(292,228)
<b>Net book amount</b>	<b>232,119</b>	<b>368</b>	<b>18,761</b>	<b>251,248</b>

**Six months ended 30 June  
2022**

Opening net book amount	<b>232,119</b>	<b>368</b>	<b>18,761</b>	<b>251,248</b>
Additions	<b>30,327</b>	–	<b>190</b>	<b>30,517</b>
Depreciation	<b>(79,504)</b>	–	<b>(4,941)</b>	<b>(84,445)</b>
Impairment provision	<b>(4,917)</b>	–	–	<b>(4,917)</b>
Early termination of lease contracts	<b>(1,312)</b>	<b>(368)</b>	–	<b>(1,680)</b>
Exchange differences	<b>(2,304)</b>	–	<b>(312)</b>	<b>(2,616)</b>

**Closing net book amount  
(unaudited)**

<b>174,409</b>	–	<b>13,698</b>	<b>188,107</b>
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**At 30 June 2022**

Cost	<b>478,621</b>	<b>4,416</b>	<b>39,274</b>	<b>522,311</b>
Accumulated depreciation and impairment	<b>(304,212)</b>	<b>(4,416)</b>	<b>(25,576)</b>	<b>(334,204)</b>

**Net book amount  
(unaudited)**

<b>174,409</b>	–	<b>13,698</b>	<b>188,107</b>
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## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION (continued)

### 12 RIGHT-OF-USE ASSETS (continued)

The statement of profit or loss shows the following amounts relating to leases:

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2022</b>	2021
	<b>HKD'000</b>	HKD'000
Expense relating to variable lease payments not included in lease liabilities ( <i>Note 8</i> )	<b>22,248</b>	22,813
Depreciation charge of right-of-use assets ( <i>Note 8</i> )	<b>84,445</b>	96,015
Interest expenses (included in finance cost)	<b>5,396</b>	5,891

### 13 INVENTORIES

	<b>Unaudited</b>	Audited
	<b>As at</b>	As at
	<b>30 June</b>	31 December
	<b>2022</b>	2021
	<b>HKD'000</b>	HKD'000
Fashion wears and accessories	<b>269,038</b>	267,086
Electronic devices	<b>4,813</b>	4,702
Skincare and cosmetic products	<b>4,987</b>	7,447
Less: provision for impairment	<b>(14,244)</b>	(18,827)
	<b>264,594</b>	260,408
Inventory measured at cost	<b>248,671</b>	234,355
Inventory measured at net realizable value	<b>15,923</b>	26,053
	<b>264,594</b>	260,408

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION**

(continued)

**14 TRADE RECEIVABLE**

	<b>Unaudited</b>	Audited
	<b>As at</b>	As at
	<b>30 June</b>	31 December
	<b>2022</b>	2021
	<b>HKD'000</b>	HKD'000
<b>Trade receivables</b>		
Due from third parties	<b>46,334</b>	50,470
Less: provision for impairment of trade receivables	<b>(351)</b>	(679)
	<hr/>	<hr/>
Net trade receivables	<b>45,983</b>	49,791
	<hr/> <hr/>	<hr/> <hr/>
	<b>Unaudited</b>	Audited
	<b>As at</b>	As at
	<b>30 June</b>	31 December
	<b>2022</b>	2021
	<b>HKD'000</b>	HKD'000
Within 3 months	<b>36,120</b>	45,401
Over 3 months and within 6 months	<b>6,415</b>	2,052
Over 6 months and within 1 year	<b>3,505</b>	2,221
Over 1 year	<b>294</b>	796
	<hr/>	<hr/>
	<b>46,334</b>	50,470
	<hr/> <hr/>	<hr/> <hr/>

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION (continued)

### 15 OTHER RECEIVABLES AND DEPOSIT

	<b>Unaudited As at 30 June 2022 HKD'000</b>	Audited As at 31 December 2021 HKD'000
Included in current assets		
– Rental deposits	<b>33,112</b>	23,811
– Value-added tax recoverable	<b>3,844</b>	6,332
– Staff advance	<b>697</b>	852
– Others	<b>9,364</b>	19,186
	<b>47,017</b>	50,181
Included in non-current assets		
– Rental deposits	<b>13,175</b>	28,892
	<b>60,192</b>	79,073

### 16 RESTRICTED CASH

	<b>Unaudited As at 30 June 2022 HKD'000</b>	Audited As at 31 December 2021 HKD'000
Restricted cash	<b>23,778</b>	26,216

Restricted cash mainly includes the security deposits for issuance of letters of credit by banks denominated in HKD and the security deposits for bank loans denominated in HKD.

### 17 SHARE CAPITAL

	<b>Number of shares</b>	<b>Nominal value of shares HKD'000</b>	<b>Share premium HKD'000</b>
As at 31 December 2021 and 30 June 2022	400,000,000	4,000	859,232

The Group did not issued any new ordinary share during the period.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION**

(continued)

**18 PROVISIONS**

	<b>Unaudited As at 30 June 2022 HKD'000</b>	Audited As at 31 December 2021 HKD'000
<b>Non-current</b>		
Make good provision	<b>4,258</b>	4,472
<b>Current</b>		
Make good provision	<b>6,364</b>	4,906
	<b>10,622</b>	9,378

**19 OTHER CURRENT AND NON-CURRENT LIABILITIES**

	<b>Unaudited As at 30 June 2022 HKD'000</b>	Audited As at 31 December 2021 HKD'000
At 1 January	<b>39,275</b>	71,064
Receipt	<b>2,736</b>	8,122
Recognised in consolidated statements of profit or loss	<b>(15,567)</b>	(41,009)
Exchange difference	<b>(713)</b>	1,098
At 30 June/31 December	<b>25,731</b>	39,275
Current	<b>23,594</b>	24,882
Non current	<b>2,137</b>	14,393

The other current and non-current liabilities are mainly the decoration subsidy received from the franchisors and shopping malls and is amortised on a straight-line basis over the rental periods.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION (continued)

### 20 TRADE AND OTHER PAYABLES

	<b>Unaudited As at 30 June 2022 HKD'000</b>	Audited As at 31 December 2021 HKD'000
<b>Current</b>		
Trade payables ( <i>Note</i> )	<b>97,605</b>	77,920
Salaries payable	<b>28,642</b>	49,289
Variable lease payable	<b>9,889</b>	7,018
Other taxes payable	<b>4,598</b>	1,670
License fee payable	<b>6,606</b>	5,251
Renovation service fee payables	<b>5,458</b>	9,515
Other payables	<b>793</b>	7,844
	<b>153,591</b>	158,507
<b>Non-current</b>		
Operating support fund	<b>12,629</b>	13,209
License fee payables	<b>–</b>	1,295
	<b>12,629</b>	14,504
	<b>166,220</b>	173,011

*Note:*

Trade payables primarily represent payables for inventories. The ageing analysis of the trade payables based on invoice date is as follows:

	<b>Unaudited As at 30 June 2022 HKD'000</b>	Audited As at 31 December 2021 HKD'000
Within 3 months	<b>59,011</b>	77,683
Over 3 months and within 1 year	<b>38,372</b>	213
Over 1 year	<b>222</b>	24
	<b>97,605</b>	77,920

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION**

(continued)

**21 DIVIDENDS**

The board of directors of the Company does not recommend the payment of any interim dividend for the six months ended 30 June 2022.

**22 SIGNIFICANT RELATED PARTY TRANSACTIONS***(a) Significant transactions with related parties*

The following significant transactions occurred with related parties:

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2022</b>	2021
	<b>HKD'000</b>	HKD'000
<b>Purchase of goods</b>		
A subsidiary	<b>14,279</b>	–
<b>Purchase of decoration services</b>		
Controlled by a close family member of Mr. Fan	<b>1,200</b>	–
<b>Purchase of rental services (with variable lease payment)</b>		
Fellow subsidiaries	<b>3,498</b>	970
<b>Purchase of management, promotion and administration services</b>		
Fellow subsidiary	<b>2,867</b>	7,404
<b>Interest expense</b>		
Controlling shareholder of the Company	<b>3,116</b>	446

In the opinion of the directors of the Company, the related party transactions were carried out in the normal course of business and at terms negotiated between the Group and the respective related parties.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

(continued)

### 22 SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

(b) *Period/year end balances with related parties*

(1) Due from/(to) related parties

	<b>Unaudited As at 30 June 2022 HKD'000</b>	Audited As at 31 December 2021 HKD'000
<b>Amount due from related parties – trade</b>		
Sao Hang Investment Company Limited	<b>253</b>	2,754
Sheng Jie Decoration And Engineering Co. Ltd	<b>2,228</b>	2,226
White S.R.L	–	4,760
<b>Amount due from related parties – non-trade</b>		
Gold Star Fashion Limited	<b>88</b>	–
<b>Loans from related parties – non-trade</b>		
Mr. Fan	<b>(97,777)</b>	(97,744)
Shun Ao. Limited	<b>(8,086)</b>	(9,259)
Zhuo Zhi Fu Da	<b>(49,462)</b>	(51,536)
<b>Amount due to related parties – trade</b>		
Sheng Jie Decoration And Engineering Co. Ltd	<b>(31,229)</b>	(31,230)
SJ Synergy Engineering Company Limited	<b>(897)</b>	(897)
Sao Hang Investment Company Limited	<b>(166)</b>	–
White S.R.L	<b>(581)</b>	–

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

(continued)

### 22 SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

(c) *Leases as lessee with other related parties*

The following amounts of leases are related to related parties:

	<b>Unaudited</b>	Audited
	<b>As at</b>	As at
	<b>30 June</b>	31 December
	<b>2022</b>	2021
	<b>HKD'000</b>	HKD'000
<b>Lease liabilities</b>		
Controlling shareholder of the Company	<b>4,832</b>	6,935
	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2022</b>	2021
	<b>HKD'000</b>	HKD'000
<b>Interest of lease liabilities</b>		
Controlling shareholder of the Company	<b>164</b>	253

### 23 SUBSEQUENT EVENTS

There is no material subsequent event undertaken by the Company or the Group after 30 June 2022 and up to the date of this financial statement.

## MANAGEMENT DISCUSSION AND ANALYSIS

### OVERVIEW

The Group principally engages in the retail of fashion apparel of international brands ranging from established designer label brands, popular global brands to up-and-coming brands in Mainland China, Macau, Hong Kong and Taiwan (collectively, "**Greater China**"). The Group adopts a multi-brand and multi-store business model. As at 30 June 2022, the Group operated 199 self-operated retail stores in Greater China, of which 174 retail stores are mono-brand stores operated under the brand name of the merchandise to cater for the brand's target customers and 25 retail stores are multi-brand stores that offer a broad assortment of the Group's selected fashion apparel and lifestyle merchandise from different international brands and the Group's own brands. As at 30 June 2022, the Group's brand portfolio had 119 brands, of which 3 brands are international brands owned by third-party brand owners or their master/authorised licensors and three are its own brands, namely, *UM*, *UM•IXOX* and *IXOX*.

The COVID-19 pandemic ("**Pandemic**") has continued to affect the economy of Greater China in which the Group operates. The GDP growth in Mainland China contracted from 12.7% in the first half of 2021 to 2.5% in the first half of 2022 and the growth rate of consumer goods consumption in the first half of 2022 recorded a negative growth of 0.7%, among the consumer goods, a negative growth rate of 6.5% was recorded for retail value of apparel in the first half of 2022. The lockdown of borders between Mainland China and Hong Kong, Macau and Taiwan impacted seriously on the number of tourists visiting these areas. The number of visitors to Macau for the six months ended 30 June 2022 diminished by 11.8% comparing with that for the six months ended 30 June 2021.

Against these backdrops, the Group experienced a shrink of 20.8% YoY in revenue for the six months ended 30 June 2022. Of the decrease in revenue of HKD130.0 million, Macau and Mainland China recorded a decrease of HKD84.7 million and HKD37.3 million, or 65.2% and 28.7% of total decrease in revenue, respectively.

In light of this tough business environment, the Group has been closely monitoring the market conditions and adjusted its business strategies and operations to minimise the negative impact, including proactive cost control measures on merchandise costs, rental expenses and staff costs to ensure that a healthy cashflow position is maintained.

### FINANCIAL REVIEW

#### *Revenue*

The Group's revenue decreased to HKD495.8 million for the six months ended 30 June 2022 (2021: HKD625.8 million), representing a YoY 20.8% decrease. The decreased of revenue for the six months ended 30 June 2022 was mainly due to slowdown of economy in Greater China resulting from the social distancing and the curb on travelling as preventive measures of combating the Pandemic. Both mono-brand stores and multi-brand stores recorded a decrease of 21.2% and 38.6% YoY, respectively. The Group recorded a shrinkage of 7.9% over the online sales through different media platforms. Both store management and consignment services and wholesale also recorded a growth rate of 71.0% and 941.2% YoY, respectively. Notwithstanding the adverse consumption contraction during the Pandemic, the Group managed to increase the average sales floor area from 35,383 m<sup>2</sup> for the six months ended 30 June 2021 to 35,955 m<sup>2</sup> for the six months ended 30 June 2022, mainly in Hong Kong and Taiwan with expectation to capture the rebound of consumption upon the economic recovery and reopening of tourism by the end of the Pandemic. At the same time, the Group streamlined the store portfolio by closing those stores with below average performance or high rental expenses without satisfactory concession from the landlords.

**MANAGEMENT DISCUSSION AND ANALYSIS** (continued)

Breakdown of revenue by sales channels:

	<b>Six months ended 30 June 2022</b>		Six months ended 30 June 2021		Change (%)
	<b>HKD million</b>	<b>% of revenue</b>	HKD million	% of revenue	
Retail					
Mono-brand stores	<b>384.7</b>	<b>77.5</b>	488.0	78.0	-21.2
Multi-brand stores	<b>69.2</b>	<b>14.0</b>	112.8	18.0	-38.6
Online sales	<b>11.8</b>	<b>2.4</b>	12.8	2.0	-7.9
	<b>465.7</b>	<b>93.9</b>	613.6	98.0	-24.1
Store Management & consignment services	<b>18.9</b>	<b>3.8</b>	11.1	1.8	+71.0
Wholesale	<b>11.2</b>	<b>2.3</b>	1.1	0.2	+941.2
Total	<b>495.8</b>	<b>100.0</b>	625.8	100.0	-20.8

The revenue generated from the retail stores in Macau for the six months ended 30 June 2022 decreased to HKD208.8 million, representing a drop of 28.9% compared to that for the six months ended 30 June 2021. The revenue generated from Mainland China recorded HKD250.5 million for the six months ended 30 June 2022, representing a YoY decrease of 13.0%. The revenue generated from the sales in Hong Kong and Taiwan recorded a drop to HKD36.5 million for the six months ended 30 June 2022, representing a YoY decrease of 18.0%.

Revenue by geographical areas:

	<b>Six months ended 30 June 2022</b>		Six months ended 30 June 2021		Change (%)
	<b>HKD million</b>	<b>% of revenue</b>	HKD million	% of revenue	
Mainland China	<b>250.5</b>	<b>50.5</b>	287.8	46.0	-13.0
Macau	<b>208.8</b>	<b>42.1</b>	293.5	46.9	-28.9
Hong Kong and Taiwan	<b>36.5</b>	<b>7.4</b>	44.5	7.1	-18.0
	<b>495.8</b>	<b>100.0</b>	625.8	100.0	-20.8

## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

### *Gross profit*

The Group's cost of sales consisted of cost of inventory sold for the fashion apparel and lifestyle products and the cost of store management and consignment services rendered to the brand owners. The cost of sales decreased to HKD251.5 million for the six months ended 30 June 2022, or a YoY decrease of 17.1%, primarily attributable to the decrease in sales.

As such, the gross profit for the six months ended 30 June 2022 decreased by HKD78.0 million, or a YoY decrease of 24.2%, to HKD244.3 million and the gross profit margin decreased from 51.5% for the six months ended 30 June 2021 to 49.3% for the six months ended 30 June 2022. Among the Greater China areas, the gross profit margin of sales in the PRC for the six months ended 30 June 2022 recorded a decrease of 660 basis points to 48.0% mainly due to lower sales with more discount offered. The gross profit margins of sales in Macau recorded a decrease of 50 basis points for the six months ended 30 June 2022 resulting from pricing pressure suffered from the declining demands in these areas. The gross profit margins of sales in Hong Kong and Taiwan recorded an increase of 1,730 basis points for the six months ended 30 June 2022 due to clearance sale in Taiwan in the first half of 2021 and inventory provision impact for the six months ended 30 June 2021.

### *Other income and other gains and losses, net*

The Group had other income of HKD4.2 million for the six months ended 30 June 2022 mainly comprising government grants and subsidy from franchisor on operating loss, representing a YoY decrease of 11.4%. The Group recorded net other losses of HKD2.8 million, compared with net other gains of HKD8.3 million for the six months ended 30 June 2021, mainly attributable to the decrease of gains on the derecognition of right-of-use assets and lease liabilities and the increase of fair value losses on financial liabilities and net losses on disposal of property, plant and equipment of HKD4.6 million and HKD4.5 million, respectively.

### *Operating expenses*

Selling and marketing expenses dwindled to HKD201.7 million for the six months ended 30 June 2022, or a 18.0% YoY decrease, primarily due to a drop of employee benefit expenses of HKD21.8 million and a decrease in depreciation of right-of-use assets of HKD13.5 million.

General and administrative expenses decreased to HKD50.9 million for the six months ended 30 June 2022, or a YoY decrease of 4.6%, primarily due to a decrease in depreciation of right-of-use assets of HKD3.6 million.

### *Finance costs*

Net finance costs decreased to HKD9.6 million for the six months ended 30 June 2022, or a YoY decrease of 5.3%. The decrease was mainly due to a decrease in interest expenses on lease liabilities of HKD0.7 million mainly resulting from lower balance of lease liability and a decrease in interest on bank borrowing of HKD0.2 million mainly resulting from lower average balance of bank borrowing.

## **MANAGEMENT DISCUSSION AND ANALYSIS** (continued)

### *Loss for the period*

The Group recorded a net loss of HKD22.7 million for the six months ended 30 June 2022 comparing with a profit of HKD15.8 million for the six months ended 30 June 2021 mainly attributable to the drop in revenue of HKD130.0 million which exceeded the cost saving made in operation.

### **SEASONALITY**

The Group's sales performance is subject to seasonal fluctuations and it normally generates higher revenue during winter season than summer season as winter apparel generally has a higher unit price than summer apparel. The Group records higher revenue in festive seasons such as Christmas and the month before Chinese New Year and the traditional peak season in Mainland China long holidays. Normally revenue recorded in the first half and the second half of the year are of equal weighting as they have similar festivals and holidays.

### **FINANCIAL**

#### *Working capital structure*

The Group's net current assets amounted to HKD45.6 million as at 30 June 2022 (31 December 2021: HKD6.0 million), representing an increase of HKD39.6 million from 31 December 2021. Such increase was primarily the result of the decrease in current assets of HKD23.2 million mainly resulting from the decrease in prepayment of HKD21.6 million and amount due from related parties of HKD7.2 million which were partially offset by the increase in net of restricted cash, term deposit with initial term of over three months and cash and cash equivalents of HKD8.3 million and offset by the decrease in current liabilities of HKD62.8 million which mainly comprised of decrease in bank borrowing of HKD26.0 million, lease liabilities of HKD25.9 million and income tax liabilities of HKD7.9 million.

#### *Liquidity and financial management*

The Group strives to maintain a healthy financial position and liquidity for its normal operation, development needs and ad hoc events. As at 30 June 2022, the cash and cash equivalents were HKD196.6 million, representing an increase of HKD80.8 million comparing with that for 31 December 2021.

The Group's current ratio was 1.1 times as at 30 June 2022, compared to that of 1.0 times as at 31 December 2021. The increase in current ratio was mainly attributable to the decrease in bank borrowing and lease liabilities. As at 30 June 2022, the Group had borrowings totaled HKD129.2 million (31 December 2021: 129.6 million). The gearing ratio of the Group, which is calculated as net debt divided by total capital was 52% as at 30 June 2022 compared to that of 59% as at 31 December 2021.

## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

### *Pledge of assets*

As at 30 June 2022, a building with net book value of HKD59.2 million, restricted cash of HKD23.8 million and the investments in life insurance contract of HKD33.7 million were pledged for a first mortgage, credit loans and credit facilities of bank borrowings, respectively.

### CAPITAL COMMITMENT

The Group had no material capital commitment contracted, but not provided for as at 30 June 2022 (31 December 2021: Nil).

### CONTINGENT LIABILITIES

As of 30 June 2022, the Group did not have any material contingent liabilities except pending litigation for which a provision of HKD nil million and HKD2.3 million for 2021 and 2020 was made, respectively.

### FOREIGN EXCHANGE RISK MANAGEMENT

Merchandise purchased by the Group is mainly denominated in Euros, United States Dollars (USD) and Renminbi (RMB) whereas the retail operation is mainly exposed to RMB, Macanese pataca (MOP), New Taiwan Dollars (TWD) and Hong Kong Dollars (HKD). However, the Group did not expect foreign currency fluctuations to materially impact its operation. The Group did not hedge foreign exchange fluctuation by forward contracts. The Group managed the foreign exchange risk by reviewing its net foreign exchange exposures regularly and endeavored to shrink these exposures through reviewing the exchange rates with the suppliers, the brand owners periodically.

### OUTLOOK

The outbreak of the Pandemic occurred in Mainland China, Macau, Hong Kong, and others since January 2020 and later spread globally, which, from the Directors' point of view, has and would further hurt the apparel retail market in Greater China.

As disclosed in our 2021 annual report, the Group's business could be adversely affected by the Pandemic and/or other adverse public health developments in Greater China. Such events could severely disrupt the Group's business operations by having a negative impact on consumer sentiment, the macro-economic condition as well as the financial conditions of the stock markets.

Though the Group expect the impact of the Pandemic would diminish and the economy will gradually recover, the Group will continue to reinforce existing prudent measures including costs control and efficiency optimization while at the same time adjusting strategies to cope with the rebound in sales once all travel restrictions are lifted.

## **MANAGEMENT DISCUSSION AND ANALYSIS (continued)**

### **USE OF PROCEEDS FROM THE LISTING**

The shares of the Company (the “**Shares**”) were listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 13 January 2020 (the “**Listing Date**”) and the net proceeds from the global offering of its Shares (the “**Global Offering**”) amounted to HKD140.0 million.

As of 30 June 2022, the Company has used approximately 74.5% (31 December 2021: 61.6%) of the proceeds from the Global Offering and the net proceeds have been utilised in line with those set out in the section headed “Future Plans and Use of Proceeds” in the prospectus of the Company dated 30 December 2019 (the “**Prospectus**”).

The following sets forth a summary of the utilisation of the net proceeds from the Global Offering as of 30 June 2022:

- approximately 95.6% was used for expanding our retail stores
- approximately 69.5% was used for upgrading our existing retail stores
- approximately 28.9% was used for exploring new brands
- approximately 68.4% was used for the set up and implementation of our Centralised Retail Management System
- approximately 100.0% was used for strengthening of our online sales

### **MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

During the six months ended 30 June 2022, the Group did not have any material acquisitions or disposals of subsidiaries, associates or joint ventures.

### **EMPLOYEES AND REMUNERATION POLICIES**

The Group adopts a competitive emolument policy to attract, retain and motivate high quality individuals. Remuneration packages are reviewed regularly to reflect the market practice and employees’ performance. As at 30 June 2022, the Group employed around 1,210 employees (30 June 2021: 1,340 employees). The total staff costs for the six months ended 30 June 2022 was HKD86.5 million (30 June 2021: HKD114.1 million), a YoY decrease of 24.2%.

### **EVENTS AFTER THE REPORTING PERIOD**

Up to the date of this report, the Directors are not aware of any significant events related to the business or financial performance of the Group after reporting period.

## OTHER INFORMATION

### PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2022, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company.

### DISCLOSURE OF INTERESTS

*Interests and short positions of directors and chief executive in the shares, underlying shares and debentures of the Company and its associated corporations*

As at 30 June 2022, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive of the Company were deemed or taken to have under such provisions of the SFO), or which were 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 pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") in Appendix 10 of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange were as follows:

Name of Director	Nature of interest	Number of Shares held/ interested	Approximately percentage of shareholding in the Company
Mr. Fan Wing Ting ("Mr. Fan") (Note 1)	Interest in controlled corporation	300,000,000	75%

Note:

- Mr. Fan owns the entire issued share capital of Gold Star Fashion Limited and he is deemed to be interested in the 300,000,000 Shares held by Gold Star Fashion Limited by virtue of the SFO.

*Interests and short positions of substantial shareholders in the shares and underlying shares of the Company*

So far as the Directors and chief executive of the Company are aware, as at 30 June 2022, the following shareholders of the Company (other than the interests of the Directors and the chief executives of the Company) had interests in the Shares or underlying Shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

Shareholders	Capacity/ Nature of interest	Number of Shares held/ interested	Approximately percentage of shareholding in the Company
Gold Star Fashion Limited (Note 1)	Beneficial owner	300,000,000	75%
Ms. Cheng King Ling (Note 2)	Interest of spouse	300,000,000	75%

Notes:

- Mr. Fan owns the entire issued share capital of Gold Star Fashion Limited.
- Ms. Cheng King Ling is the spouse of Mr. Fan. Therefore, she is deemed to be interested in all the Shares in which Mr. Fan has interest in under the SFO.

## **OTHER INFORMATION (continued)**

### **SHARE OPTION SCHEME**

The Company has conditionally adopted a share option scheme (the "**Share Option Scheme**") pursuant to the written resolutions of the Company's shareholders and Directors passed on 17 December 2019 which took effect upon the Listing Date. The principal terms of the Share Option Scheme are summarised in Appendix IV to the Prospectus.

The purpose of the Share Option Scheme is to provide an incentive or reward to any full-time or part-time employees, consultants or potential employees, consultants, executives or officers (including Directors) of the Company or any of its subsidiaries, and any suppliers, customers, consultants, agents and advisors, for their contribution or potential contribution to the Group.

No share option has been granted, exercised, cancelled or lapsed under the Share Option Scheme since its adoption on 17 December 2019, and there is no outstanding share option as at 30 June 2022.

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

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings as set out in the Model Code. The Company, having made specific enquiry of all the Directors, is not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by the Directors during the six months ended 30 June 2022.

### **CHANGES IN INFORMATION OF DIRECTORS**

In accordance with Rule 13.51B(1) of the Listing Rules, the changes in information which is required to be disclosed by Directors pursuant to paragraphs (c) and (g) of Rules 13.51(2) of the Listing Rules are as follows:

Mr. Cheung Chun Yue, Anthony resigned as an Independent Non-executive Director and ceased to be a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company with effect from 1 July 2022.

Mr. Sze Irons, *B.B.S., J.P.*, has been appointed as an Independent Non-executive Director, and a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company with effect from 1 July 2022.

Save as disclosed in this interim report, the Directors are not aware of any change in the information of Directors and chief executives of the Company that are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules as at the date of this interim report.

### **INTERIM DIVIDEND**

The Board does not recommend the declaration of an interim dividend for the six months ended 30 June 2022 (30 June 2021: Nil).

## OTHER INFORMATION (continued)

### CORPORATE GOVERNANCE CODE

The Directors recognise the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of the Company so as to achieve effective accountability.

The Company has adopted the code provisions of the Corporate Governance Code and Corporate Governance Report (the “**CG Code**”) as set out in Appendix 14 of the Listing Rules issued by the Stock Exchange.

The Company has complied with the code provisions in the CG Code for the six months ended 30 June 2022. The Company is committed to the objective that the Board should include a balanced composition of Executive Directors and Independent Non-executive Directors so that there is a strong independent element on the Board which can effectively exercise independent judgement.

### AUDIT COMMITTEE

The Audit Committee has reviewed with management of the Company the accounting principles and practices adopted, discussed risk management and internal controls and financial reporting matters including a general review of the unaudited interim financial results for the six months ended 30 June 2022.

On behalf of the Board

**Fan Wing Ting**

*Chairman*

Hong Kong, 26 August 2022