



米蘭站控股有限公司  
MILAN STATION HOLDINGS LIMITED

(Incorporated in Cayman Islands with limited liability)

STOCK CODE : 1150

INTERIM  
REPORT  
2023  
中期報告

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## Corporate Information

### BOARD OF DIRECTORS

#### Executive Directors

Mr. Li Zhongqi  
Mr. Hu Bo  
Ms. Lin Mei Sze (Resigned on 28 April 2023)

#### Independent Non-executive Directors

Mr. Chan Chi Hung  
Mr. Tou Kin Chuen  
Mr. Choi Kam Yan, Simon

### AUDIT COMMITTEE

Mr. Tou Kin Chuen  
*(Chairman of audit committee)*  
Mr. Chan Chi Hung  
Mr. Choi Kam Yan, Simon

### REMUNERATION COMMITTEE

Mr. Tou Kin Chuen  
*(Chairman of remuneration committee)*  
Mr. Chan Chi Hung  
Mr. Hu Bo

### NOMINATION COMMITTEE

Mr. Hu Bo  
*(Chairman of nomination committee)*  
Mr. Chan Chi Hung  
Mr. Tou Kin Chuen

### AUDITOR

McMillan Woods (Hong Kong) CPA Limited  
24/F., Siu On Centre,  
188 Lockhart Road, Wanchai,  
Hong Kong

### COMPANY SECRETARY

Mr. Yung Kai Wing

### AUTHORISED REPRESENTATIVES

Mr. Hu Bo  
Mr. Yung Kai Wing

### REGISTERED OFFICE

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

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

Room 13, 6/F, Block A  
Hong Kong Industrial Centre,  
489-491 Castle Peak Road  
Kowloon

### CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Suntera (Cayman) Limited  
Suite 3204, Unit 2A,  
Block 3, Building D,  
P.O. Box 1586, Gardenia Court  
Camana Bay,  
Grand Cayman, KY1-1100,  
Cayman Islands

## Corporate Information

### HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited  
17M/F  
Hopewell Centre  
183 Queen's Road East  
Wan Chai, Hong Kong

### COMPANY'S WEBSITE

[www.milanstation.com.hk](http://www.milanstation.com.hk)

### STOCK CODE

1150

### PRINCIPAL BANKERS

#### HONG KONG

OCBC Wing Hang Bank Limited  
DBS Bank (Hong Kong) Limited  
China Construction Bank (Asia) Corporation Limited

# Condensed Consolidated Statement of Profit or Loss

## UNAUDITED INTERIM RESULTS

The board (the “Board”) of directors (the “Directors”) of Milan Station Holdings Limited (the “Company”) presents the unaudited condensed consolidated interim financial results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 June 2023 (the “Period”) together with the comparative figures for the corresponding period in 2022 and the relevant explanatory notes as set out below. The interim results for the Period are unaudited, but have been reviewed by the audit committee (the “Audit Committee”) of the Company.

		For the six months ended 30 June	
Note		2023	2022
		(Unaudited) HK\$'000	(Unaudited) HK\$'000
<b>Revenue</b>	4	<b>100,004</b>	118,363
Cost of sales		<b>(82,932)</b>	(86,522)
<b>Gross profit</b>		<b>17,072</b>	31,841
Other income	4	<b>1,597</b>	2,568
Loss on fair value change of financial assets at fair value through profit or loss		<b>(6,495)</b>	(17,086)
Selling expenses		<b>(15,530)</b>	(23,350)
Administrative and other operating expenses		<b>(8,212)</b>	(17,582)
Finance costs	5	<b>(466)</b>	(425)
<b>Loss before tax</b>	6	<b>(12,034)</b>	(24,034)
Income tax expense	7	<b>–</b>	(3)
<b>Loss for the period</b>		<b>(12,034)</b>	(24,037)
<b>Loss for the period attributable to:</b>			
Owners of the Company		<b>(12,034)</b>	(24,201)
Non-controlling interests		<b>–</b>	164
		<b>(12,034)</b>	(24,037)
Loss per share			
– Basic	8	<b>HK(1.37) cents</b>	HK(3.35) cents
– Diluted	8	<b>HK(1.37) cents</b>	HK(3.35) cents

## Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

	For the six months ended 30 June	
	2023	2022
	(Unaudited) HK\$'000	(Unaudited) HK\$'000
<b>Loss for the period</b>	<b>(12,034)</b>	<b>(24,037)</b>
<b>Other comprehensive loss, net of tax:</b>		
<i>Item that may be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences arising on translation of foreign operations	(9)	44
<b>Total comprehensive loss for the period</b>	<b>(12,043)</b>	<b>(23,993)</b>
Total comprehensive loss for the period attributable to:		
Owners of the Company	(12,043)	(24,157)
Non-controlling interests	–	164
	<b>(12,043)</b>	<b>(23,993)</b>

## Condensed Consolidated Statement of Financial Position

	Note	30 June 2023	31 December 2022
		(Unaudited) HK\$'000	(Audited) HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	10	3,925	4,983
Right-of-use assets		11,454	15,233
Deposits		1,972	3,081
		<b>17,351</b>	<b>23,297</b>
<b>Current assets</b>			
Inventories		50,813	44,497
Trade receivables	11	7,246	5,732
Loan receivables	12	13,424	12,749
Prepayments, deposits and other receivables		18,476	15,655
Financial assets at fair value through profit or loss		14,860	20,059
Cash and cash equivalents		9,668	18,479
Tax recoverable		114	114
		<b>114,601</b>	<b>117,285</b>
<b>Current liabilities</b>			
Trade and other payables	13	10,211	10,887
Bond payables		8,132	–
Contract liabilities		340	301
Lease liabilities		6,175	8,673
Tax payable		479	479
		<b>25,337</b>	<b>20,340</b>
<b>Net current assets</b>		<b>89,264</b>	<b>96,945</b>
<b>Total assets less current liabilities</b>		<b>106,615</b>	<b>120,242</b>
<b>Non-current liabilities</b>			
Provisions		252	7,272
Lease liabilities		5,688	252
		<b>5,940</b>	<b>7,524</b>
<b>NET ASSETS</b>		<b>100,675</b>	<b>112,718</b>
<b>CAPITAL AND RESERVES</b>			
Share capital	14	35,231	35,231
Reserves		65,444	77,487
<b>TOTAL EQUITY</b>		<b>100,675</b>	<b>112,718</b>

# Condensed Consolidated Statement of Changes in Equity

	Attributable to owners of the Company										
	Issued capital	Share premium account	Capital reserve	Merger reserve	Statutory reserve fund	Exchange fluctuation reserve	Share option reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000 (note a)	HK\$'000 (note b)	HK\$'000 (note c)	HK\$'000 (note d)	HK\$'000	HK\$'000 (note e)	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2023 (audited)	35,231	265,050	10	(23,782)	30	503	6,056	(170,380)	112,718	-	112,718
Exchange differences arising on translation of foreign operations	-	-	-	-	-	(9)	-	-	(9)	-	(9)
Loss for the Period	-	-	-	-	-	-	-	(12,034)	(12,034)	-	(12,034)
Total comprehensive income for the Period	-	-	-	-	-	(9)	-	(12,034)	(12,043)	-	(12,043)
At 30 June 2023 (unaudited)	35,231	265,050	10	(23,782)	30	494	6,056	(182,414)	100,675	-	100,675

	Attributable to owners of the Company										
	Issued capital	Share premium account	Capital reserve	Merger reserve	Statutory reserve fund	Exchange fluctuation reserve	Share option reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000 (note a)	HK\$'000 (note b)	HK\$'000 (note c)	HK\$'000 (note d)	HK\$'000	HK\$'000 (note e)	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2022 (audited)	28,477	251,857	10	(23,782)	30	496	5,658	(128,920)	133,826	877	134,703
Exchange differences arising on translation of foreign operations	-	-	-	-	-	44	-	-	44	-	44
Lapsed of share options	-	-	-	-	-	-	(4,395)	4,395	-	-	-
Share options exercised	883	2,608	-	-	-	-	(1,263)	-	2,228	-	2,228
Equity-settled share-based payments	-	-	-	-	-	-	6,056	-	6,056	-	6,056
Loss for the period	-	-	-	-	-	-	-	(24,201)	(24,201)	164	(24,037)
Total comprehensive income for the period	883	2,608	-	-	-	44	398	(19,806)	(15,873)	164	(15,709)
At 30 June 2022 (unaudited)	29,360	254,465	10	(23,782)	30	540	6,056	(148,726)	117,953	1,041	118,994

## Notes:

- (a) The share premium account of the Group includes: (i) the premium arising from the issue of new shares in prior years; (ii) the expense incurred in connection with issuance of new shares in prior years; (iii) dividends declared and paid in prior years; and (iv) amount transferred from share-based compensation reserve upon exercise of share options.
- (b) The capital reserve represents the difference between the nominal value of shares of the subsidiaries acquired pursuant to the group reorganisation on 28 April 2011 and the nominal value of the ordinary shares of a subsidiary of the Company in exchange therefor.
- (c) The merger reserve represents the excess of the consideration for acquiring subsidiaries over the nominal value of the paid-up capital of the subsidiaries acquired.
- (d) In accordance with the Company Law of the People's Republic of China (the "PRC"), the Company's subsidiaries registered in the PRC are required to appropriate 10% of the annual statutory net profit after tax (after offsetting any prior years' losses) to the statutory reserve fund. When the balance of the statutory reserve fund reaches 50% of the subsidiaries' registered capital, any further appropriation is optional. The statutory reserve fund can be utilised to offset prior years' losses or to increase the registered capital. However, such balance of the statutory reserve fund must be maintained at a minimum of 50% of the registered capital after such usages.
- (e) The share option reserve relates to share options granted to the directors and employees under the Company's share option scheme.

## Condensed Consolidated Statement of Cash Flows

	For the six months ended 30 June	
	2023	2022
	(Unaudited) HK\$'000	(Unaudited) HK\$'000
<b>NET CASH FLOWS USED IN OPERATING ACTIVITIES</b>	<b>(10,766)</b>	<b>(10,674)</b>
<b>NET CASH FLOWS USED IN INVESTING ACTIVITIES</b>	<b>(63)</b>	<b>(1,309)</b>
<b>NET CASH FLOWS GENERATED FROM FINANCING ACTIVITIES</b>	<b>2,027</b>	<b>119</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(8,802)</b>	<b>(11,864)</b>
Cash and cash equivalents at beginning of the period	18,479	28,552
Effect of foreign exchange rates, net	(9)	44
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>9,668</b>	<b>16,732</b>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	9,668	16,732

# Notes to Condensed Consolidated Interim Financial Statements

## 1. CORPORATE INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 1 November 2007. The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, the Cayman Islands and its principal place of business in Hong Kong is located at Room 13, 6/F, Block A, Hong Kong Industrial Centre, 489-491 Castle Peak Road, Kowloon.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries of the Company are retailing of handbags, fashion accessories and embellishments and spa and wellness products. There were no significant changes in the nature of the Group's principal activities during the Period.

## 2. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements (the "Interim Financial Statements") have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") and with Hong Kong Accounting Standard (the "HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The Interim Financial Statements have been prepared in accordance with same accounting policies adopted in the annual financial statements for the year ended 31 December 2022, except for the new and revised Hong Kong Financial Reporting Standards, amendments and interpretations issued by HKICPA that adopted for the first time in the 2023 annual financial statements. The adoption of the new/revised HKFRSs that are relevant to the Group and effective from the current period, does not have any significant effect on the results and financial position of the Group for the current and prior accounting periods.

The Group has not early adopted any new/revised HKFRSs that have been issued but are not yet effective for the financial period beginning 1 January 2023. The Directors have already commenced an assessment of the impact of these new and revised HKFRSs but are not yet in a position to reasonably estimate whether these new and revised HKFRSs would have a significant impact on the Group's results of operations and financial position.

The preparation of an Interim Financial Statements in conformity with HKAS 34 requires management to make judgement, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The Interim Financial Statements are presented in Hong Kong dollar ("HK\$") and all are rounded to the nearest thousand except for otherwise indicated. The Group's Interim Financial Statements have been reviewed by the Audit Committee of the Company.

## Notes to Condensed Consolidated Interim Financial Statements

## 3. OPERATING SEGMENT INFORMATION

The board of directors is the chief operating decision maker. The Group's principal activity is the retail of handbags, fashion accessories, embellishments and spa and wellness products. Since it is the only operating segment of the Group, no further analysis thereof is presented. In determining the Group's geographical segment information, the revenue information is based on the locations of the customers, and the non-current assets information is based on the locations of the property, plant and equipment, deposits and right-of-use assets.

## Geographical information

	For the six months ended 30 June	
	2023	2022
	(Unaudited) HK\$'000	(Unaudited) HK\$'000
<b>Revenue from external customers</b>		
Hong Kong	100,004	118,363
	<b>At 30 June 2023</b>	<b>At 31 December 2022</b>
	(Unaudited) HK\$'000	(Audited) HK\$'000
<b>Non-current assets</b>		
Hong Kong	17,351	32,847
<b>Other information</b>		
Additions to non-current assets (including right-of-use assets)	1,646	798

## Information about major customers

No customer of the Group has individually accounted for over 10% of the Group's total revenue during the Period (six months ended 30 June 2023 and 2022) and thus no information about major customers is presented accordingly.

## Notes to Condensed Consolidated Interim Financial Statements

## 4. REVENUE AND OTHER INCOME

Revenue represents the net invoiced value of goods sold. An analysis of revenue and other income is as follows:

	For the six months ended 30 June	
	2023	2022
	(Unaudited) HK\$'000	(Unaudited) HK\$'000
<b>Revenue</b>		
<b>Revenue from contracts with customers within the scope of HKFRS 15:</b>		
Disaggregation of revenue from contracts with customers recognise at a point in time by major products for the year as follow:		
Sales of handbags	96,336	97,469
Sales of natural aroma, skincare products and fashion accessories	3,668	20,894
	<b>100,004</b>	<b>118,363</b>
<b>Other income</b>		
Interest income	95	44
Interest income on loan receivables	676	507
Covid-19 related rent concessions	–	67
Government grant (note)	–	948
Others	826	1,002
	<b>1,597</b>	<b>2,568</b>

*Note:* During the period ended 30 June 2022, the Group recognised government grants of HK\$948,000 in respect of Covid-19-related subsidies, mainly in relation to Employee Support Scheme and Retail Sector Subsidy Scheme provided by the Hong Kong government.

## 5. FINANCE COSTS

	For the six months ended 30 June	
	2023	2022
	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Interest expenses on bonds	132	–
Interest expenses on lease liabilities	334	425
	<b>466</b>	<b>425</b>

## Notes to Condensed Consolidated Interim Financial Statements

### 6. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging:

	For the six months ended 30 June	
	2023	2022
	(Unaudited) HK\$'000	(Unaudited) HK\$'000
<b>(a) Employee benefit expenses (excluding directors' remuneration)</b>		
Pension scheme contributions	209	465
Salaries, wages and other benefits	6,081	11,722
Equity-settled share-based payments	–	4,239
	<b>6,290</b>	<b>16,426</b>
<b>(b) Other items</b>		
Cost of inventories recognised as an expense	82,932	86,522
Depreciation		
– owned assets	1,151	1,750
– right-of-use assets	5,336	8,023

### 7. INCOME TAX EXPENSE

	For the six months ended 30 June	
	2023	2022
	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Hong Kong Profits Tax	–	3

No provision for Hong Kong Profits Tax is required since the Group has no assessable profit for the Period (2022: HK\$3,000).

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

## Notes to Condensed Consolidated Interim Financial Statements

## 8. LOSS PER SHARE

## (a) Basic

The calculation of the basic loss per share attributable to owners of the Company is based on the following data:

	For the six months ended 30 June	
	2023	2022
	(Unaudited) HK\$'000	(Unaudited) HK\$'000
<b>Loss</b>		
Loss attributable to owners of the Company for the purpose of calculating basic loss per share	(12,034)	(24,201)
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	880,786,650	733,988,875

## (b) Diluted

For the six months ended 30 June 2023 and 2022, no adjustment has been made to the basic loss per share presented in respect of a dilution as the impact of the share option outstanding has no dilutive effect on the basic loss per share amounts presented.

## 9. DIVIDENDS

No dividend was paid or proposed during the Period (2022: Nil).

## 10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2023, the Group acquired property, plant and equipment of approximately HK\$89,000 (six months ended 30 June 2022: HK\$798,000).

During the six months ended 30 June 2023, the Group has no disposed of property, plant and equipment (six months ended 30 June 2022: Nil).

## Notes to Condensed Consolidated Interim Financial Statements

## 11. TRADE RECEIVABLES

The Group's trading terms with its customers are mainly on cash and credit card settlement. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing. Customers are generally granted with credit term of 0-90 days during the period.

	30 June 2023	31 December 2022
	(Unaudited) HK\$'000	(Audited) HK\$'000
Trade receivables	10,234	8,720
Less: Allowance for ECLs	(2,988)	(2,988)
	<b>7,246</b>	<b>5,732</b>

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

	30 June 2023	31 December 2022
	(Unaudited) HK\$'000	(Audited) HK\$'000
Within 1 month	570	2,919
1 to 2 months	1,125	32
2 to 3 months	–	255
4 to 6 months	–	66
7 to 12 months	5,551	2,460
	<b>7,246</b>	<b>5,732</b>

## 12. LOAN RECEIVABLES

An aged analysis of the loan receivables as at the end of the reporting period, based on the terms of loan agreements, is as follows:

	30 June 2023	31 December 2022
	(Unaudited) HK\$'000	(Audited) HK\$'000
Loan receivables	18,954	18,279
Less: Allowance for ECLs	(5,530)	(5,530)
6 months to 1 year	<b>13,424</b>	<b>12,749</b>

## Notes to Condensed Consolidated Interim Financial Statements

## 13. TRADE AND OTHER PAYABLES

	30 June 2023	31 December 2022
	(Unaudited) HK\$'000	(Audited) HK\$'000
Trade payables	42	468
Accrued liabilities	6,723	7,153
Other payables	946	766
Deposits received	2,500	2,500
	<b>10,211</b>	<b>10,887</b>

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

	30 June 2023	31 December 2022
	(Unaudited) HK\$'000	(Audited) HK\$'000
Within 1 month	42	468

## 14. SHARE CAPITAL

	30 June 2023	31 December 2022
	(Unaudited) HK\$'000	(Audited) HK\$'000
Authorised: ordinary shares of HK\$0.04 each	80,000	80,000
Issued and fully paid: 880,786,650 (31 December 2022: 880,786,650) ordinary shares of HK\$0.04 each	<b>35,231</b>	<b>35,231</b>

## Notes to Condensed Consolidated Interim Financial Statements

## 15. RELATED PARTY TRANSACTIONS

- (i) The Group had the following material transactions with related parties during the periods:

	Amount owed by the Group as at 30 June		Related interest expense for the six months ended 30 June	
	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
Lease liabilities (note a and b)	4,814	7,195	137	47

Notes:

- (a) Milan Station (Causeway Bay) Limited ("MS (CWB)"), a company incorporated in Hong Kong with limited liability and an indirect wholly owned subsidiary of the Company, and Excel Trend Limited ("Excel Trend"), a company incorporated in Hong Kong with limited liability and indirectly beneficially wholly owned by Mr. Yiu Kwan Tat ("Mr. Yiu"), the former chairman and an executive director, entered into a lease agreement in relation to the leasing of the premises situated at Areas E and F on the Ground Floor of Percival House, No. 83 Percival Street, Causeway Bay, Hong Kong for retail uses.
- (b) In June 2022 and 2023, the Group entered into a lease in respect of the same leasehold properties with Mr. Yiu which is connected party. The amount of lease payable by the Group under the lease is HK\$220,000 and HK\$220,000 per month respectively, which was determined with reference to market rent. The Group recognised a right-of-use asset and a lease liability of HK\$7,387,000 and HK\$7,387,000 at the date of lease on 2022 and 2023 respectively.
- (ii) Compensation of key management personnel of the Group during the periods are as follows:

	For the six months ended 30 June	
	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
Short-term employee benefits	2,500	2,275
Post-employment benefits	70	45
	2,570	2,320

- (iii) Amount due from a related company

	For the six months ended 30 June	
	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
Other receivables WLS Limited (note)	6,744	–

Note: Mr. Yiu Kwan Tat, and Mr. Choi Wai Kei who are key management of the Group and the directors of certain subsidiaries, and also they are beneficial shareholder of WLS Limited.

## Notes to Condensed Consolidated Interim Financial Statements

## 16. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

**Financial assets**

	30 June 2023	31 December 2022
	(Unaudited) HK\$'000	(Audited) HK\$'000
Financial assets at fair value through profit or loss:		
Listed securities	14,860	20,059
Financial assets at amortised cost:		
Trade receivables	7,246	5,732
Loan receivables	13,424	12,749
Financial assets included in deposits and other receivables	8,464	17,681
Cash and cash equivalents	9,668	18,479
	<b>38,802</b>	<b>54,641</b>
	<b>53,662</b>	<b>74,700</b>

**Financial liabilities**

	30 June 2023	31 December 2022
	(Unaudited) HK\$'000	(Audited) HK\$'000
Financial liabilities at amortised cost:		
Trade payables	42	468
Financial liabilities included in other payables	7,669	7,919
Lease liabilities	11,863	15,945
	<b>19,574</b>	<b>24,332</b>

## 17. APPROVAL OF UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The unaudited condensed consolidated interim financial statements were approved and authorised for issue by the Board on 31 August 2023.

# Management Discussion and Analysis

## MARKET OVERVIEW

The first quarter of 2023 remained a particularly challenging time for the Hong Kong economy.

The seasonally adjusted unemployment rate fell to 2.8% in May to July 2023. Private consumption expenditure posted faster year-on-year growth alongside the receding local epidemic and improving labour market situation. The Census and Statistics Department has published Report on Monthly Survey of Retail Sales, which shows that the value of total retail sales in June 2023, provisionally estimated at HK\$33.1 billion, increased by 19.5% compared with the same month in 2022. In light of the above, the retail sales is start to be recovered in the future.

The global economy has continued to recover, thanks to the rollout of mass vaccinations and strong fiscal and monetary support in many major economies. Nevertheless, corporations may have to be more careful in their business plans in the face of various headwinds such as the uncertainty of the development and effect of COVID-19, China-US relations, geopolitical tensions and the evolving monetary policy stance of major central banks also warrant attention.

## BUSINESS REVIEW

During the Period, the Group's total revenue decreased by approximately 15.5% to approximately HK\$100 million. The revenues generated in the markets of Hong Kong of the Group's revenue. The Group's gross profit was approximately HK\$17.1 million, which was decreased by 46.2% as compared to the same period last year. The Group recorded a net loss of approximately HK\$12 million, which was decreased by 49.9% as compared to the same period last year. The decrease was mainly due to the decrease in the fair value change of financial assets at fair value through profit or loss and the absence of the recognition of share option expenses.

### Hong Kong

During the Period, sales of the Group in Hong Kong decreased by 15.5% to approximately HK\$100.0 million. The revenue came from the 5 "Milan Station" retail stores in Hong Kong and the online sales platform directly managed by the Group and the product sales in other new sales channels.

The Group adhered to the principle of providing genuine and certified products for its customers and formulated stringent and systematic product certification programs. In order to strengthen the Group's leading position in the luxury handbags trading industry, the Group continued to devote human resources to the management of merchandise quality, and strengthened the product certification programs with the finer division of labor to ensure that all the products were inspected by professional team. These measures helped the Group to maintain the "Milan Station" brand reputation and earn market recognition.

## Management Discussion and Analysis

During the Period, the Group remained prudent on the store network expansion strategy and adhered to the principle of providing genuine and certified products for its customers and formulated stringent and systematic product certification programs. The Group also focus on the control on cost in order to overcome the effect from COVID-19. The Group also tried to open new stores in more favourable places with cheaper rent. During the Period, the Group continued to devote more human resources to the management of merchandise quality, and strengthened the product certification programs with the finer division of labor to ensure that all the products were inspected by professional team. These measures helped the Group to maintain the “Milan Station” brand reputation and earn market recognition, pursuant to which it strengthened the Group’s leading position in the luxury handbags trading industry under the adverse operating environment.

As at 30 June 2023, the Group held the listed securities in Hong Kong with the fair value of HK\$14.9 million under financial assets at fair value through profit or loss. The Group recognised a loss on fair value change of financial assets at fair value through profit or loss of approximately HK\$6.5 million. In light of the recent volatile financial market in Hong Kong, the Group will closely monitor the performance of this business and keep adopting a prudent investment attitude with the aim to improve the capital usage efficiency and generate additional investment returns on the idle funds of the Group.

### Macau

The business performance of its points of sale in exclusive clubhouses performed better during the Period. No revenue generated from the Macau market. This was mainly due to the COVID-19 resulted in the restriction on travellers. The Group will continue to adjust the product mix of point of sale in exclusive clubhouses.

## FINANCIAL REVIEW

### Revenue

During the Period, total revenue decreased to approximately HK\$100 million, representing a decrease of 15.5% as compared to approximately HK\$118.4 million recorded in the corresponding period last year. Handbags were the most important product category for the Group, representing over 96.3% of the total revenue of the Group. The revenue generated from the sales of unused products decreased from approximately HK\$101.2 million recorded in the corresponding period last year, representing 85.5% of the total revenue of the Group, to approximately HK\$76.4 million during the Period, representing 76.4% of the total revenue of the Group.

Since most of the retail shops under the brand name of “Milan Station” are located in Hong Kong, the source of revenue also concentrates in the Hong Kong market. For the six months ended 30 June 2023, the revenue generated from the Hong Kong market was approximately HK\$100.0 million, representing approximately 100% of the total revenue of the Group. No revenue generated from the Macau market during the corresponding period last year during the Period.

## Management Discussion and Analysis

The table below sets out the breakdown of the Group's revenue recorded for the six months ended 30 June 2023 and 2022 by product categories, by price range of products and by geographical locations and their respective approximate percentages to the total revenue of the Group:

	2023		2022		Approximate percentage change in revenue %
	HK\$ million	Approximate percentage of total revenue %	HK\$ million	Approximate percentage of total revenue %	
<b>For the six months ended 30 June</b>					
<b>By product categories (handbags and other products)</b>					
Handbags	96.3	96.3	97.5	82.3	(1.2)
Other products	3.7	3.7	20.9	17.7	(82.3)
<b>Total</b>	<b>100.0</b>	<b>100</b>	<b>118.4</b>	<b>100</b>	<b>(15.5)</b>
<b>By product categories (unused and second-hand products)</b>					
Unused products	76.4	76.4	101.2	85.5	(24.5)
Second-hand products	23.6	23.6	17.2	14.5	37.2
<b>Total</b>	<b>100.0</b>	<b>100</b>	<b>118.4</b>	<b>100</b>	<b>(15.5)</b>
<b>By price range of products</b>					
Within HK\$10,000	12.7	12.7	44.0	37.2	(71.1)
HK\$10,001 – HK\$30,000	22.0	22.0	15.0	12.7	46.7
HK\$30,001 – HK\$50,000	19.0	19.0	16.7	14.1	13.8
Above HK\$50,000	46.3	46.3	42.7	36.0	8.4
<b>Total</b>	<b>100.0</b>	<b>100</b>	<b>118.4</b>	<b>100</b>	<b>(15.5)</b>
<b>By geographical locations</b>					
Hong Kong	100.0	100	118.4	100	(15.5)
Macau	–	–	–	–	–
<b>Total</b>	<b>100.0</b>	<b>100</b>	<b>118.4</b>	<b>100</b>	<b>(15.5)</b>

## Management Discussion and Analysis

### Cost of sales

For the six months ended 30 June 2023, cost of sales of the Group was approximately HK\$82.9 million, decreased by 4.1% as compared to the same period last year. The decrease in cost of sales was in line with the decrease in revenue. Cost of sales mainly consists of cost of inventories sold by the Group's suppliers.

### Gross profit and gross profit margin

Gross profit of the Group for the Period decreased by HK\$14.7 million to approximately HK\$17.1 million, with its gross profit margin decreased by 26.9% to 17.1%.

### Inventory analysis

The Group's total inventories as at 30 June 2023 and 31 December 2022 were approximately HK\$50.8 million and HK\$44.5 million respectively. The total inventories of the Group are recorded after netting of provision for slow-moving inventories.

The following table sets forth an aging analysis of inventories for the Group's handbag products as at 30 June 2023 and 31 December 2022:

	As at 30 June 2023	As at 31 December 2022
	HK\$'000	HK\$'000
<b>Aging of inventories (handbags products)</b>		
0 to 90 days	10,826	9,394
91 to 180 days	8,514	6,215
181 days to 1 year	8,689	9,724
Over 1 year	21,943	18,419
Total	<b>49,972</b>	<b>43,752</b>

The following table sets forth an aging analysis of inventories for the Group's other products as at 30 June 2023 and 31 December 2022:

	As at 30 June 2023	As at 31 December 2022
	HK\$'000	HK\$'000
<b>Aging of inventories (other products)</b>		
0 to 45 days	35	125
46 to 90 days	23	104
91 days to 1 year	444	228
Over 1 year	339	288
Total	<b>841</b>	<b>745</b>

## Management Discussion and Analysis

The following table sets forth an aging analysis of inventories for the Group's premium priced handbag products over HK\$50,000 as at 30 June 2023 and 31 December 2022:

	As at 30 June 2023	As at 31 December 2022
	HK\$'000	HK\$'000
<b>Aging of inventories (handbags products over HK\$50,000)</b>		
0 to 90 days	6,210	5,539
91 to 180 days	5,621	3,511
181 days to 1 year	5,589	7,448
Over 1 year	12,947	26,053
Total	<b>30,367</b>	26,053

### Other income

Other income amounted to approximately HK\$1.6 million, decreased by HK\$1 million as compared to other income amounted to approximately HK\$2.6 million in the corresponding period last year. The decrease was mainly attributable to the absence of government grant during the year.

### Other loss, net

Other loss amounted to approximately HK\$6.5 million, decreased by HK\$10.6 million as compared to other loss amounted to approximately HK\$17.1 million in corresponding period last year. The decrease was mainly attributable to the loss on fair value change of financial assets at fair value through profit or loss.

### Selling expenses

The major items of the Group's selling expenses include rent and rates, employee benefit expenses for sales staff and bank credit card charges. For the six months ended 30 June 2023, selling expenses of the Group were approximately HK\$15.5 million, representing 15.5% of its revenue (six months ended 30 June 2022: approximately HK\$23.4 million, representing 19.7% of revenue). Selling expenses decreased was mainly due to the decrease in marketing expenses.

### Administrative and other operating expenses

Administrative and other operating expenses of the Group for the six months ended 30 June 2023 amounted to approximately HK\$8.2 million, representing approximately 8.2% of the revenue, decreased by approximately HK\$9.4 million as compared to the corresponding period last year. The Group's administrative and other operating expenses mainly consist of directors' remuneration, employee benefit expenses for the senior management and administrative staff, as well as legal and professional expenses.

### Finance costs

Finance costs of the Group mainly consists of interest expenses on bank overdrafts and bonds, interest expense on lease liability and finance leases. Finance costs remained same in the Period.

## Management Discussion and Analysis

### Loss attributable to the owners of the Company

Loss attributable to the owners of the Company for the six months ended 30 June 2023 was approximately HK\$12.0 million, representing a decrease of 50.4% from loss of approximately HK\$24.2 million for the period ended 30 June 2022. The basic and diluted loss per share attributable to the owners of the Company was approximately HK\$1.37 cents and HK\$1.37 cents respectively for the six months ended 30 June 2023, as compared to the basic and diluted earnings per share of approximately HK\$3.35 cents and HK\$3.35 cent respectively for the six months ended 30 June 2022.

### Employees and remuneration policy

As at 30 June 2023, the Group had a total of 46 employees (31 December 2022: 63 employees). The Group's remuneration policy was determined according to the position, performance, experience of the staff as well as the market trend. Staff benefits of the Group include basic salaries, subsidies, insurance and commission/bonus. The remuneration policy was reviewed by the Board from time to time. Emoluments of Directors were reviewed by the remuneration committee of the Company and recommended to the Board for approval after considering the Group's operating results, individual performance and comparing with marketing conditions.

### Liquidity and financial resources

As at 30 June 2023 and 31 December 2022, the Group did not have any bank borrowing.

As at 30 June 2023, the Group's total balance of cash and cash equivalents, total liabilities and shareholders' equity were approximately HK\$9.7 million, HK\$31.3 million and HK\$100.7 million respectively (31 December 2022: approximately HK\$18.5 million, HK\$27.9 million and HK\$122.7 million respectively). The Group's gearing ratio (Note 1), current ratio (Note 2) and quick ratio (Note 3) as at 30 June 2023 were approximately 19.9%, 4.5 and 2.5 respectively (31 December 2022: 14.1%, 5.8 and 3.6 respectively).

#### Notes:

1. Gearing ratio is calculated based on the borrowing and obligations under a finance lease divided by the total equity at the end of the Period and multiplied by 100%.
2. Current ratio is calculated based on the total current assets divided by the total current liabilities as at the end of the Period.
3. Quick ratio is calculated based on the difference between the total current assets and the inventories divided by the total current liabilities as at the end of the Period.

### Pledge of assets

As at 30 June 2023 and 31 December 2022, the Group had no assets and bank deposits were pledged to banks to secure the bank borrowing and general banking facilities granted to the Group.

### Foreign exchange policy

The Group carried on its trading transactions mainly in Hong Kong dollars, Renminbi ("RMB") and United States ("US") dollars. It is the Group's policy to continue maintaining the balance of its sales and purchases in the same currency. The Group did not have any hedging arrangement on foreign exchange. The Directors are of the view that the transactional exposure of the Group in currencies other than the functional currencies is maintained at acceptable level.

## Management Discussion and Analysis

### Contingent liabilities

As at 30 June 2023, the Group did not have any significant contingent liabilities.

### Capital commitments

The Group do not have any capital commitments on property, plant and equipment as at 30 June 2023 and 31 December 2022.

### Significant Investments

The Group held significant investments under financial assets at fair value through profit or loss and available-for-sales investment as below:

Company	Stock code	As at 1 January 2023 HK\$'000	Gain on disposal HK\$'000	Fair value loss HK\$'000	As at 30 June 2023 HK\$'000	Percentage of shareholding (approximately)	Approximate percentage to the total assets
China e-Wallet Payment Group Limited	802	1,094	-	(575)	518	1.3%	0.4%
Tai Kam Holdings Limited	8321	2,067	-	(151)	1,915	3.7%	1.5%
Others		16,898	-	(5,769)	12,427		
		20,059	-	(6,495)	14,860		

Except the significant investments disclosed above, there was no investment held by the Group of which the value was more than 5% of the total assets of the Group.

## OUTLOOK

Domestically, the government launched consumption voucher scheme, applicants are able to receive electronic consumption vouchers which encourage the public to spend in local retail, consumption-related sectors, hence stimulating local consumer sentiment. The improved local business sentiment, coupled with the support from various government relief measures, should help domestic demand to improve in the period ahead and accelerating local economic recovery.

Looking ahead, local consumption may rebound further on the back of declining unemployment rate, high vaccination rate as well as the launch of the e-consumption vouchers. However, various uncertainty such as China-US relations, geopolitical tensions, the evolving policy stance of major central banks and the recent spread of the epidemic has cast uncertainty over the global economic outlook. The management therefore should continue to catch up any opportunities arose in this market and continued to strengthened our resources in order to maintain the leading position in the luxury handbags and accessories trading industry. Simultaneously, the management will also impose more prudent business policy to operate with great caution and lead the Group through unprecedented challenges.

## Additional Information

### DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2023, the Directors and the chief executive of the Company had the following interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) which would fall to be disclosed to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which were required, pursuant to Section 352 of the SFO, to be entered in the register required to be kept therein or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") to be notified to the Company and the Stock Exchange.

#### Long positions in share options of the Company

Name of participants	Number of share held	Number of share options		Total	Approximate percentage of total number of issued shares
		Personal Interest	Family Interest		
<b>Executive Directors</b>					
Mr. Hu Bo	2,210,000	7,119,200	–	9,329,200	1.06%
Mr. Li Zhongqi	2,210,000	7,119,200	–	9,329,200	1.06%
Ms. Lin Mei Sze (resigned on 28 April 2023)	–	7,119,200	–	7,119,200	0.81%

Save as disclosed above, as at 30 June 2023, none of the Directors or the chief executive of the Company or any of their associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any associated corporations.

### SHARE OPTIONS

The Company operates a share option scheme adopted by the Company on 30 June 2021 (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. The movements in share options granted under the Scheme during the six months ended 30 June 2023 are shown below:

Name or category of participants	Number of share options							Date of share options granted	Validity period of share options	Exercise price of share options HK\$ per share
	At 1 January 2023	Granted during the year	Exercised during the year (Note)	Expired during the year	Reclassified during the year	Lapsed during the year	At 31 December 2022			
Director										
Hu Bo	7,119,200	–	–	–	–	–	7,119,200	27-4-22	27-4-22 to 26-4-24	0.183
Li Zhongqi	7,119,200	–	–	–	–	–	7,119,200	27-4-22	27-4-22 to 26-4-24	0.183
Lin Mei Sze (resigned on 28 April 2023)	7,119,200	–	–	–	–	–	7,119,200	27-4-22	27-4-22 to 26-4-24	0.183
Other employees/consultants										
In aggregate	49,834,400	–	–	–	–	–	49,834,400	27-4-22	27-4-22 to 26-4-24	0.183
	71,192,000	–	–	–	–	–	71,192,000			

The closing price of the Company's shares immediately before the date on which the share options were granted, i.e., 27 April 2022, was HK\$0.190 per share.

## Additional Information

During the Period, (i) no share options under the Scheme were exercised; and (ii) no share options under the Scheme were lapsed.

As at the date of this interim report, no shares options were granted and the total number of shares available for issue under the Scheme is 71,192,000, which represents approximately 8.1% of the total number of issued shares of the Company as at 31 August 2023 (i.e. 880,786,650 shares).

### **SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES**

As at 30 June 2023, according to the register kept by the Company pursuant to section 336 of SFO, and so far as is known to the Directors or chief executive of the Company, there is no person had, or was deemed or taken to have, an interest or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly interested in 10% or more of the nominal value of any class of share capital, including options in respect of such capital, carrying voting rights to vote in all circumstances at general meeting of any other member of the Group.

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

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

### **USE OF NET PROCEEDS**

The proceeds from the listing, after deduction of related issuance expenses, amounted to HK\$1.7 million.

### **COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES**

During the six months ended 30 June 2023, the Company had complied with all applicable code provisions set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules save as disclosed below.

Under code provision A.1.3 of the CG Code, notice of at least 14 days should be given of a regular board meeting to all Directors to give all Directors an opportunity to attend. During the period, certain Board meetings were convened with less than 14 days' notice to facilitate the Directors' timely reaction and expeditious decision making process in respect of investment opportunity and internal affairs of the Group. All Board meetings, nevertheless, were duly convened and held in the way prescribed by the Articles of Association of the Company. The Board will use reasonable endeavour to meet the requirement of code provision A.1.3 of the CG Code in future.

## Additional Information

### MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of the Directors, all the Directors confirmed that they complied with the required standards as set out in the Model Code throughout the six months ended 30 June 2023.

### AUDIT COMMITTEE

The Company has established an Audit Committee with written terms of reference in compliance with the Listing Rules. The Audit Committee comprises three Independent Non-executive Directors, namely, Mr. Tou Kin Chuen (chairman), Mr. Chan Chi Hung and Mr. Choi Kam Yan, Simon. The Audit Committee has reviewed with the management of the Company the financial statements of the Group for the six months ended 30 June 2023 and discussed with the management of the Company on auditing, risk management, internal control and financial reporting matters.

### REMUNERATION COMMITTEE

The Company has established a Remuneration Committee with written terms of reference in compliance with the Listing Rules. During the six months ended 30 June 2023, the Remuneration Committee comprises three members, a majority of whom are independent non-executive Directors, namely, Mr. Tou Kin Chuen (chairman), Mr. Chan Chi Hung and Mr. Hu Bo. The Remuneration Committee formulates the Company's remuneration policy of Directors and senior management, reviews and determines their remuneration packages and makes recommendations to the Board regarding the remuneration of Directors and senior management.

### NOMINATION COMMITTEE

The Company has established a Nomination Committee with written terms of reference in compliance with the Listing Rules. During the six months ended 30 June 2023, the Nomination Committee comprises three members, a majority of whom are independent non-executive Directors, namely, Mr. Hu Bo (chairman), Mr. Chan Chi Hung and Mr. Tou Kin Chuen.

### RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness. Such systems is designed to provide reasonable, but not absolute, assurance of no material misstatement or loss, and to mitigate rather than eliminate risks of failure in the operational systems and achievements of the Group's business objectives. The Board has engaged an independent internal control review advisor (the "Internal Control Advisor"), conducted reviews of the effectiveness of the internal control system of the Group covering the Group's corporate governance, internal control, financial, operational (including information security), as well as risk management function and compliance functions. The Board as the ultimate responsible governing body of the Group monitors compliance with policies and procedures and the effectiveness of internal control structures across the Group and its principal divisions. The Board ensures the internal controls are in place and functioning properly as intended. The Board also considered that significant risks of the Group were managed within the acceptable level and the management will continue to monitor the residual risks and report to the Board on an ongoing basis.

## Additional Information

In response to the risk, the management shall implement proper policies and procedures to review the effectiveness of risk management and internal control and remedy any defects of internal control, including conduct evaluation on a regular basis to keep abreast of the related information in a timely manner so as to facilitate the Audit Committee and the Board to evaluate the effectiveness of control and risk management of the Group.

For the period ended 30 June 2023, the Board and Audit committee have reviewed and confirmed the effectiveness of the risk management and internal control systems.

The Group has a formal whistle-blowing policy to encourage and guide its staff to raise serious concerns internally in a responsible manner, without fear of retribution. During the period under review, the Board has not been informed any complaints or concerns over financial improprieties from staff.

The Group has the Inside Information Policy which sets out guidelines to the Directors and senior management of the Group to ensure inside information of the Group would be disseminated to the public in equal and timely manner in accordance with applicable laws and regulations.

### INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

By order of the Board  
**Milan Station Holdings Limited**  
**Hu Bo**  
*Executive Director*

Hong Kong, 31 August 2023



米蘭站控股有限公司  
MILAN STATION HOLDINGS LIMITED

(Incorporated in Cayman Islands with limited liability)

STOCK CODE : 1150



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