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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)

**UNAUDITED INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

The board of directors (“**Board**”) of Forward Fashion (International) Holdings Company Limited (“**Company**”) is pleased to announce the unaudited consolidated financial statements of the Company and its subsidiaries (“**Group**”) for the six months ended 30 June 2024, together with the comparative figures for the six months ended 30 June 2023. The financial information has been approved by the Board.

FINANCIAL HIGHLIGHTS

		For the six months ended 30 June 2024	For the six months ended 30 June 2023
Revenue	<i>HKD million</i>	468.36	505.43
Gross Profit	<i>HKD million</i>	202.01	235.43
Loss for the period	<i>HKD million</i>	(54.70)	(7.40)
Loss per share	<i>HKD</i>	(0.13)	(0.02)
		As of 30 June 2024	As of 31 December 2023
Current Ratio		1.20	1.01
Gearing Ratio		66%	59%

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

		Unaudited	
		Six months ended 30 June	
	<i>Notes</i>	2024	2023
		<i>HKD'000</i>	<i>HKD'000</i>
Revenue	5	468,361	505,425
Cost of sales	8	(266,356)	(269,998)
Gross profit		202,005	235,427
Selling and marketing expenses	8	(197,965)	(187,451)
General and administrative expenses	8	(51,791)	(49,371)
Other income	6	–	164
Other gains, net	7	2,680	4,695
Operating (loss)/profit		(45,071)	3,464
Finance income		949	420
Finance costs		(9,660)	(9,957)
Finance costs, net		(8,711)	(9,537)
Loss before income tax		(53,782)	(6,073)
Income tax expense	9	(916)	(1,331)
Loss for the period		(54,698)	(7,404)
Loss is attributable to:			
Equity holders of the Company		(50,771)	(6,261)
Non-controlling interests		(3,927)	(1,143)
		(54,698)	(7,404)
Loss per share for profit attributable to equity holders of the Company			
Basic and diluted loss per share (<i>HKD</i>)	10	(0.13)	(0.02)

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Unaudited	
	Six months ended 30 June	
	2024	2023
	<i>HKD'000</i>	<i>HKD'000</i>
Loss for the period	(54,698)	(7,404)
Other comprehensive loss for the period		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Currency translation differences	<u>(788)</u>	<u>(4,793)</u>
Other comprehensive loss for the period, net of tax	<u>(788)</u>	<u>(4,793)</u>
Total comprehensive loss for the period	<u>(55,486)</u>	<u>(12,197)</u>
Total comprehensive loss for the period is attributable to:		
Equity holders of the Company	(51,664)	(11,444)
Non-controlling interests	<u>(3,822)</u>	<u>(753)</u>

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		Unaudited As at 30 June 2024 HKD'000	Audited As at 31 December 2023 HKD'000
Assets			
Non-current assets			
Property, plant and equipment	11	116,073	135,600
Right-of-use assets	12	157,482	175,123
Intangible assets		4,999	5,509
Financial asset at fair value through other comprehensive income		602	602
Deferred tax assets		14,787	16,187
Prepayments		14,715	13,031
Other receivables and deposits	15	33,365	24,592
Total non-current assets		342,023	370,644
Current assets			
Inventories	13	289,949	308,219
Trade receivables	14	45,133	47,953
Prepayments		25,902	24,827
Amounts due from related parties	22	4,476	1,088
Other receivables and deposits	15	20,816	23,477
Restricted cash	16	10,209	16,359
Term deposits with initial term of over three months		36,303	46,303
Cash and cash equivalents		47,630	73,298
Total current assets		480,418	541,524
Total assets		822,441	912,168
Equity			
Share capital	17	4,000	4,000
Share premium	17	859,232	859,232
Reserves		(602,511)	(601,667)
Accumulated losses		(83,572)	(32,752)
Capital and reserve attributable to equity holders of the Company		177,149	228,813
Non-controlling interests in equity		(13,991)	(10,169)
Total equity		163,158	218,644

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Continued)

	<i>Notes</i>	Unaudited As at 30 June 2024 HKD'000	Audited As at 31 December 2023 HKD'000
Liabilities			
Non-current liabilities			
Borrowings		28,040	22,672
Lease liabilities		82,546	96,584
Provisions	18	17,074	11,113
Other non-current liabilities	19	10,885	12,774
Amounts due to related parties	22	106,407	–
Deferred tax liabilities		1,628	2,117
Other payables	20	11,505	12,690
Total non-current liabilities		258,085	157,950
Current liabilities			
Trade and other payables	20	198,275	208,073
Amounts due to related parties	22	30,609	155,902
Other current liabilities	19	7,956	9,005
Contract liabilities		10,369	4,665
Lease liabilities		81,934	89,588
Provisions	18	9,961	8,412
Income tax liabilities		2,955	3,129
Borrowings		59,139	56,800
Total current liabilities		401,198	535,574
Total liabilities		659,283	693,524
Net assets		163,158	218,644

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Unaudited attributable to equity holders of the Company

	Share capital <i>HKD'000</i>	Share premium <i>HKD'000</i>	Reserve <i>HKD'000</i>	Accumulated losses <i>HKD'000</i>	Sub-total <i>HKD'000</i>	Non- controlling interests <i>HKD'000</i>	Total equity <i>HKD'000</i>
Balance at 1 January 2024	4,000	859,232	(601,667)	(32,752)	228,813	(10,169)	218,644
Total comprehensive loss for the period							
Loss for the period	-	-	-	(50,771)	(50,771)	(3,927)	(54,698)
Other comprehensive (loss)/ income for the period	-	-	(893)	-	(893)	105	(788)
	-	-	(893)	(50,771)	(51,664)	(3,822)	(55,486)
Balance at 30 June 2024	4,000	859,232	(602,511)	(83,572)	177,149	(13,991)	163,158
Balance at 1 January 2023	4,000	859,232	(599,088)	(15,166)	248,978	(7,395)	241,583
Total comprehensive loss for the period							
Loss for the period	-	-	-	(6,261)	(6,261)	(1,143)	(7,404)
Other comprehensive (loss)/ income for the period	-	-	(5,183)	-	(5,183)	390	(4,793)
	-	-	(5,183)	(6,261)	(11,444)	(753)	(12,197)
Balance at 30 June 2023	4,000	859,232	(604,271)	(21,427)	237,534	(8,148)	229,386

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Unaudited	
	Six months ended 30 June	
<i>Notes</i>	2024	2023
	<i>HKD'000</i>	<i>HKD'000</i>
Cash flows from operating activities		
Cash generated from operations	32,712	135,960
Income tax refund/(paid)	560	(24,711)
	<u>33,272</u>	<u>111,249</u>
Net cash generated from operating activities		
Cash flows from investing activities		
Interest income received	949	420
Purchase of intangible assets	–	–
Purchase of property, plant and equipment	(12,182)	(27,186)
Proceeds from disposal of fixed assets	18,757	12,324
Investment in term deposits	10,000	–
	<u>17,524</u>	<u>(14,442)</u>
Net cash generated from/(used in) investing activities		
Cash flows from financing activities		
Proceeds from borrowings	88,632	80,888
Interest paid	(5,115)	(1,844)
Repayment of loans from related parties	(16,609)	(7,366)
Repayment of borrowings	(80,924)	(90,095)
Payment of lease liabilities and interest expense	(62,664)	(73,731)
	<u>(76,680)</u>	<u>(92,148)</u>
Net cash used in financing activities		
Net (decrease)/increase in cash and cash equivalents		
	<u>(25,884)</u>	<u>4,659</u>
Cash and cash equivalents at beginning of the period	73,298	69,881
Effects of exchange rate changes on cash and cash equivalents	216	1,544
	<u>47,630</u>	<u>76,084</u>
Cash and cash equivalents at end of the period		
	<u><u>47,630</u></u>	<u><u>76,084</u></u>

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 30 August 2024.

2 BASIS OF PREPARATION

This unaudited condensed consolidated financial information for the six months ended 30 June 2024 has been prepared in accordance with International Accounting Standard (“**IAS**”) 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 2023 and any public announcements made by the Company during the six months ended 30 June 2024.

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 2023 except for the adoption of new and amended standards as set out below.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the 2023 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:

Amendments to IAS 1	Classification of Liabilities as Current or Non-current and Non-current liabilities with covenants
Amendments to IFRS 16	Lease liability in a sale and leaseback
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

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 months ended 30 June 2024 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 does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2023.

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

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.

Recurring fair value measurements	Level 3
At 31 December 2023 (Audited)	HKD'000

Financial assets

Equity security – an unlisted company	602
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Financial assets at fair value through other comprehensive income (FVOCI)	602
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Recurring fair value measurements	Level 3
At 30 June 2024 (Unaudited)	HKD'000

Financial assets

Equity security – an unlisted company	602
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Financial assets at fair value through other comprehensive income (FVOCI)	602
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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) Fair values of other financial instruments

The Group also has a number of financial instruments which are not measured at fair value in the statements of financial position. 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 is 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.

The segment information for the six months ended 30 June 2024 and 2023 are as follows:

	Six months ended 30 June 2024 (Unaudited)			
	Mainland China <i>HKD'000</i>	Macau <i>HKD'000</i>	Hong Kong and others <i>HKD'000</i>	Total <i>HKD'000</i>
Segment revenue	203,232	234,691	46,018	483,941
Inter-segment revenue	(1,287)	(11,365)	(2,928)	(15,580)
Revenue from external customers	<u>201,945</u>	<u>223,326</u>	<u>43,090</u>	<u>468,361</u>
Cost of sales	(116,667)	(120,181)	(29,508)	(266,356)
Selling and marketing expenses	<u>(83,326)</u>	<u>(96,871)</u>	<u>(17,768)</u>	<u>(197,965)</u>
Segment result	<u>1,952</u>	<u>6,274</u>	<u>(4,186)</u>	<u>4,040</u>
General and administrative expenses				(51,791)
Other income				–
Other gains, net				2,680
Finance income				949
Finance costs				(9,660)
Finance costs – net				(8,711)
Loss before income tax				(53,782)
Income tax expense				<u>(916)</u>
Loss for the period				<u><u>(54,698)</u></u>
	As at 30 June 2024 (Unaudited)			
	Mainland China <i>HKD'000</i>	Macau <i>HKD'000</i>	Hong Kong and others <i>HKD'000</i>	Total <i>HKD'000</i>
Segment non-current assets	59,014	259,787	23,222	342,023
Segment current assets	<u>224,870</u>	<u>212,149</u>	<u>43,399</u>	<u>480,418</u>

	Six months ended 30 June 2023 (Unaudited)			
	Mainland		Hong Kong	Total
	China	Macau	and others	
	HKD'000	HKD'000	HKD'000	HKD'000
Segment revenue	228,798	235,206	64,249	528,253
Inter-segment revenue	(661)	(9,588)	(12,579)	(22,828)
Revenue from external customers	<u>228,137</u>	<u>225,618</u>	<u>51,670</u>	<u>505,425</u>
Cost of sales	(114,095)	(121,312)	(34,591)	(269,998)
Selling and marketing expenses	<u>(79,861)</u>	<u>(83,895)</u>	<u>(23,695)</u>	<u>(187,451)</u>
Segment result	<u>34,181</u>	<u>20,411</u>	<u>(6,616)</u>	<u>47,976</u>
General and administrative expenses				(49,371)
Other income				164
Other losses				4,695
Finance income				420
Finance costs				(9,957)
Finance costs – net				(9,537)
Loss before income tax				(6,073)
Income tax credit				<u>(1,331)</u>
Loss for the period				<u><u>(7,404)</u></u>

	As at 30 June 2023 (Unaudited)			
	Mainland		Hong Kong	Total
	China	Macau	and others	
	HKD'000	HKD'000	HKD'000	HKD'000
Segment non-current assets	77,092	296,603	24,765	398,460
Segment current assets	<u>234,063</u>	<u>210,678</u>	<u>49,204</u>	<u>493,945</u>

(a) Revenue by business line and nature

	Unaudited	
	Six months ended 30 June	
	2024	2023
	HKD'000	HKD'000
Retail	375,481	464,778
Store management and consignment service	51,320	29,389
Catering service	15,411	10,342
Wholesale	<u>26,149</u>	<u>916</u>
Total	<u><u>468,361</u></u>	<u><u>505,425</u></u>

(b) **Timing of revenue recognition**

	Unaudited	
	Six months ended 30 June	
	2024	2023
	HKD'000	HKD'000
Revenue at a point in time	417,041	465,694
Revenue over time	51,320	39,731
	<hr/>	<hr/>
Total	468,361	505,425
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6 OTHER INCOME

	Unaudited	
	Six months ended 30 June	
	2024	2023
	HKD'000	HKD'000
Government grants	–	56
Other subsidies	–	–
Others	–	108
	<hr/>	<hr/>
	–	164
	<hr/> <hr/>	<hr/> <hr/>

7 OTHER GAINS/(LOSSES) – NET

	Unaudited	
	Six months ended 30 June	
	2024	2023
	HKD'000	HKD'000
Net changes in cash surrender value of investment in insurance contracts	–	2,759
Gains on the derecognition of right-of-use assets and lease liabilities	720	5,785
Exchange losses	(1,949)	(1,751)
Net gains/(losses) on disposal of property, plant and equipment	3,796	(2,292)
Others	113	194
	<hr/>	<hr/>
	2,680	4,695
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8 EXPENSES BY NATURE

	Unaudited	
	Six months ended 30 June	
	2024	2023
	<i>HKD'000</i>	<i>HKD'000</i>
Change in inventories	232,441	253,953
Provision/(reversal of provision) of inventories impairment	2,134	(5,646)
Depreciation of right-of-use assets (<i>Note 12</i>)	51,944	69,135
Employee benefit expenses	114,341	106,635
Depreciation of property, plant and equipment (<i>Note 11</i>)	18,579	11,821
Operating lease expenses (<i>Note 12</i>)	27,640	19,974
Property management fee	24,424	16,649
Advertising and promotion expenses	15,974	6,272
Travelling, entertainment and communication expenses	3,031	3,543
Impairment loss on property, plant and equipment (<i>Note 11</i>)	1,044	1,275
Amortisation of intangible assets	471	1,198
Impairment loss on right-of-use assets (<i>Note 12</i>)	2,438	2,558
Professional service fees	1,197	1,006
Auditor's remuneration	1,258	1,226
Other expenses	19,196	17,221
	<u>516,112</u>	<u>506,820</u>

9 INCOME TAX EXPENSE

Income tax expense

	Unaudited	
	Six months ended 30 June	
	2024	2023
	<i>HKD'000</i>	<i>HKD'000</i>
Current income tax	9	91
Deferred income tax related to the temporary differences	907	1,240
	<u>916</u>	<u>1,331</u>

10 LOSS PER SHARE

(a) Basic loss per share

Basic loss 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.

	Unaudited	
	Six months ended 30 June	
	2024	2023
Loss attributable to equity holders of the Company (HKD'000)	(50,771)	(6,261)
Weighted average number of ordinary shares in issue	<u>400,000,000</u>	<u>400,000,000</u>
Basic loss per share (HKD)	<u>(0.13)</u>	<u>(0.02)</u>

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

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
At 31 December 2023						
Cost	83,579	312,398	3,146	18,695	17,921	435,739
Accumulated depreciation and impairment provision	<u>(10,364)</u>	<u>(255,297)</u>	<u>(3,086)</u>	<u>(17,468)</u>	<u>(13,924)</u>	<u>(300,139)</u>
Net book amount	<u>73,215</u>	<u>57,101</u>	<u>60</u>	<u>1,227</u>	<u>3,997</u>	<u>135,600</u>
Six months ended 30 June 2024						
Opening net book amount	73,215	57,101	60	1,227	3,997	135,600
Additions	-	10,333	-	3,011	1,872	15,216
Depreciation	(741)	(15,806)	(36)	(921)	(1,075)	(18,579)
Impairment provision	-	(1,044)	-	-	-	(1,044)
Exchange differences	-	(136)	-	(10)	(13)	(159)
Disposals	<u>(13,445)</u>	<u>(1,154)</u>	<u>-</u>	<u>(266)</u>	<u>(96)</u>	<u>(14,961)</u>
Closing net book amount (unaudited)	<u>59,029</u>	<u>49,294</u>	<u>24</u>	<u>3,041</u>	<u>4,685</u>	<u>116,073</u>
At 30 June 2024						
Cost	67,025	308,699	3,146	24,168	19,180	422,218
Accumulated depreciation and impairment provision	<u>(7,996)</u>	<u>(259,405)</u>	<u>(3,122)</u>	<u>(21,127)</u>	<u>(14,495)</u>	<u>(306,145)</u>
Net book amount (unaudited)	<u>59,029</u>	<u>49,294</u>	<u>24</u>	<u>3,041</u>	<u>4,685</u>	<u>116,073</u>

	Buildings <i>HKD'000</i>	Leasehold improvements <i>HKD'000</i>	Vehicle <i>HKD'000</i>	Office furniture and equipment <i>HKD'000</i>	Computer and electronic equipment <i>HKD'000</i>	Total <i>HKD'000</i>
At 31 December 2022						
Cost	83,577	303,831	3,148	19,870	15,886	426,312
Accumulated depreciation and impairment provision	<u>(8,722)</u>	<u>(254,984)</u>	<u>(3,016)</u>	<u>(18,895)</u>	<u>(12,343)</u>	<u>(297,960)</u>
Net book amount	<u><u>74,855</u></u>	<u><u>48,847</u></u>	<u><u>132</u></u>	<u><u>975</u></u>	<u><u>3,543</u></u>	<u><u>128,352</u></u>
Six months ended 30 June 2023						
Opening net book amount	74,855	48,847	132	975	3,543	128,352
Additions	4	24,906	–	541	1,735	27,186
Depreciation	(820)	(9,705)	(36)	(3)	(1,257)	(11,821)
Impairment provision	–	(1,275)	–	–	–	(1,275)
Exchange differences	–	(2,998)	–	(33)	(96)	(3,127)
Disposals	<u>–</u>	<u>(9,898)</u>	<u>–</u>	<u>–</u>	<u>(134)</u>	<u>(10,032)</u>
Closing net book amount (unaudited)	<u><u>74,039</u></u>	<u><u>49,877</u></u>	<u><u>96</u></u>	<u><u>1,480</u></u>	<u><u>3,791</u></u>	<u><u>129,283</u></u>
At 30 June 2023						
Cost	83,579	316,494	3,143	18,100	17,391	438,707
Accumulated depreciation and impairment provision	<u>(9,540)</u>	<u>(266,617)</u>	<u>(3,047)</u>	<u>(16,620)</u>	<u>(13,600)</u>	<u>(309,424)</u>
Net book amount (unaudited)	<u><u>74,039</u></u>	<u><u>49,877</u></u>	<u><u>96</u></u>	<u><u>1,480</u></u>	<u><u>3,791</u></u>	<u><u>129,283</u></u>

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

	Unaudited	
	Six months ended 30 June	
	2024	2023
	<i>HKD'000</i>	<i>HKD'000</i>
Selling and marketing expenses	17,087	10,422
Administrative expenses	1,492	1,399
	<u><u>18,579</u></u>	<u><u>11,821</u></u>

12 RIGHT-OF-USE ASSETS

	Unaudited As at 30 June 2024 HKD'000	Audited As at 31 December 2023 HKD'000
Retail stores	154,727	170,573
Office	2,755	4,550
	<u>157,482</u>	<u>175,123</u>

	Retail stores HKD'000	Vehicle HKD'000	Office HKD'000	Total HKD'000
At 31 December 2023				
Cost	356,941	4,414	20,035	381,390
Accumulated depreciation and impairment	<u>(186,368)</u>	<u>(4,414)</u>	<u>(15,485)</u>	<u>(206,267)</u>
Net book amount	<u>170,573</u>	<u>–</u>	<u>4,550</u>	<u>175,123</u>

Six months ended 30 June 2024

Opening net book amount	170,573	–	4,550	175,123
Additions	38,935	–	–	38,935
Depreciation	(50,166)	–	(1,778)	(51,944)
Impairment provision	(2,438)	–	–	(2,438)
Early termination of lease contracts	(2,001)	–	–	(2,001)
Exchange differences	<u>(176)</u>	<u>–</u>	<u>(17)</u>	<u>(193)</u>
Closing net book amount (unaudited)	<u>154,727</u>	<u>–</u>	<u>2,755</u>	<u>157,482</u>

At 30 June 2024

Cost	316,180	–	10,477	326,657
Accumulated depreciation and impairment	<u>(161,453)</u>	<u>–</u>	<u>(7,722)</u>	<u>(169,175)</u>
Net book amount (unaudited)	<u>154,727</u>	<u>–</u>	<u>2,755</u>	<u>157,482</u>

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

	Unaudited Six months ended 30 June 2024 HKD'000	2023 HKD'000
Expense relating to variable lease payments not included in lease liabilities (Note 8)	27,640	19,974
Depreciation charge of right-of-use assets (Note 8)	51,944	69,135
Interest expense (included in finance costs)	<u>4,545</u>	<u>4,643</u>

13 INVENTORIES

	Unaudited As at 30 June 2024 HKD'000	Audited As at 31 December 2023 HKD'000
Fashion wears and accessories	283,622	296,520
Electronic devices	12,411	15,670
Skincare and cosmetic products	10,957	10,966
Food and beverages	145	115
Less: provision for impairment	(17,186)	(15,052)
	<u>289,949</u>	<u>308,219</u>
Inventory measured at cost	267,747	274,077
Inventory measured at net realizable value	22,202	34,142
	<u>289,949</u>	<u>308,219</u>

14 TRADE RECEIVABLES

	Unaudited As at 30 June 2024 HKD'000	Audited As at 31 December 2023 HKD'000
Trade receivables		
Due from third parties	45,449	48,269
Less: provision for impairment of trade receivables	(316)	(316)
	<u>45,133</u>	<u>47,953</u>
	Unaudited As at 30 June 2024 HKD'000	Audited As at 31 December 2023 HKD'000
Within 3 months	43,604	47,393
Over 3 months and within 6 months	570	411
Over 6 months and within 1 year	984	333
Over 1 year	291	132
	<u>45,449</u>	<u>48,269</u>

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

15 OTHER RECEIVABLES AND DEPOSITS

	Unaudited As at 30 June 2024 HKD'000	Audited As at 31 December 2023 HKD'000
Included in current assets		
– Rental deposits	5,520	8,420
– Value-added tax recoverable	2,617	3,177
– Staff advance	897	1,021
– Others	11,782	10,859
	<u>20,816</u>	<u>23,477</u>
Included in non-current assets		
– Rental deposits	33,365	24,592
	<u>54,181</u>	<u>48,069</u>

16 RESTRICTED CASH

	Unaudited As at 30 June 2024 HKD'000	Audited As at 31 December 2023 HKD'000
Restricted cash	<u>10,209</u>	<u>16,359</u>

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

	Number of shares	Nominal value of shares HKD'000	Share premium HKD'000
As at 31 December 2023 (audited) and 30 June 2024 (unaudited)	<u>400,000,000</u>	<u>4,000</u>	<u>859,232</u>

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

18 PROVISIONS

	Unaudited As at 30 June 2024 HKD'000	Audited As at 31 December 2023 HKD'000
Non-current		
Make good provision	17,074	11,113
Current		
Make good provision	9,961	8,412
	27,035	19,525

19 OTHER CURRENT AND NON-CURRENT LIABILITIES

	Unaudited As at 30 June 2024 HKD'000	Audited As at 31 December 2023 HKD'000
At 1 January	21,779	24,330
Receipt	1,796	13,574
Recognised in consolidated statements of profit or loss	(4,635)	(15,871)
Exchange differences	(99)	(254)
At 30 June/31 December	18,841	21,779
Current	7,956	9,005
Non-current	10,885	12,774

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

20 TRADE AND OTHER PAYABLES

	Unaudited As at 30 June 2024 HKD'000	Audited As at 31 December 2023 HKD'000
Current		
Trade payables (<i>Note</i>)	133,841	135,565
Salaries payable	25,867	24,255
Variable lease payable	8,151	8,766
Other taxes payable	6,095	9,833
License fee payable	8,359	8,359
Operating support fund	49	238
Renovation service fee payables	5,104	9,822
Other payables	10,809	11,235
	<u>198,275</u>	<u>208,073</u>
Non-current		
Operating support fund	11,505	12,690
	<u>209,780</u>	<u>220,763</u>

Note:

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

	Unaudited As at 30 June 2024 HKD'000	Audited As at 31 December 2023 HKD'000
Within 3 months	99,458	98,724
Over 3 months and within 1 year	26,057	17,585
Over 1 year	8,326	19,256
	<u>133,841</u>	<u>135,565</u>

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 2024.

22 SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) Significant transactions with related parties

The following significant transactions occurred with related parties:

	Unaudited	
	Six months ended 30 June	
	2024	2023
	HKD'000	HKD'000
Purchase of goods		
A subsidiary	202	11,544
Purchase of rental services (with variable lease payments)		
Fellow subsidiaries	1,067	1,089
Interest expense		
Controlling shareholder of the Company	1,521	3,007
Sales of corporate management services		
Controlled by Mr. Fan	1,775	524

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.

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

(1) *Due from/(to) related parties*

	Unaudited As at 30 June 2024 HKD'000	Audited As at 31 December 2023 HKD'000
Amounts due from related parties – trade		
Sao Hang Investment Company Limited	–	1,011
White S.R.L	4,336	77
深圳豐如佳餐飲品牌管理諮詢中心 (有限合夥)	81	–
深圳軒之味餐飲品牌管理諮詢中心 (有限合夥)	59	–
Loans from related parties – non-trade		
Mr. Fan	70,206	84,919
Zhuo Zhi Fu Da	36,201	38,807
Amount due to a related party – non-trade		
Sao Hang Investment Company Limited	710	–
Amounts due to related parties – trade		
Sheng Jie Decoration And Engineering Co. Ltd	28,995	31,229
SJ Synergy Engineering Company Limited	897	897
深圳創雅品牌管理有限責任公司	7	21
深圳樺尚品牌管理有限責任公司	–	29

Loan from Mr. Fan was unsecured with an interest rate between 4%–5% per annum and the amount is due in 2027 (2023: due in 2024).

Loan from Zhuo Zhi Fu Da was unsecured with an interest rate between 4%–5% per annum and the amount is due in 2027 (2023: due in 2024).

Amounts due to related parties represent unsecured, interest-free and repayable on demand amounts paid on behalf of the Group by related parties.

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

The following amounts of leases are related to related parties:

	Unaudited As at 30 June 2024 <i>HKD'000</i>	Audited As at 31 December 2023 <i>HKD'000</i>
Lease liabilities		
Controlling shareholder of the Company	<u>724</u>	<u>1,851</u>
	Unaudited Six months ended 30 June 2024 <i>HKD'000</i>	2023 <i>HKD'000</i>
Interest of lease liabilities		
Controlling shareholder of the Company	<u>75</u>	<u>107</u>

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 2024, the Group operated 158 self-operated retail stores in Greater China, of which 145 retail stores are mono-brand stores operated under the brand name of the merchandise to cater for the brand’s target customers and 13 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 2024, the Group’s brand portfolio had 154 brands, of which 151 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 Group experienced a drop of 7.3% in revenue for the first six months ended 30 June 2024 and recorded a loss of HKD54.7 million. Of the decrease in revenue of HKD37.0 million, Macau together with Hong Kong and Taiwan jointly recorded a drop of HKD2.3 million and HKD8.6 million, or a negative growth rate of 1.0% and 16.6% YoY, respectively. Mainland China recorded a decrease of HKD26.1 million or a negative growth rate of 11.4% YoY.

Several factors have contributed to this downturn, which have been pervasive across the Greater China market. The sluggish post-COVID recovery being one of the factors and it has been compounded by an environment of high interest rates and inflation. Additionally, the macroeconomic landscape has been unfavorable. Geopolitical tensions and a weak Chinese economy have further exacerbated the situation.

FINANCIAL REVIEW

Revenue

The Group’s revenue decreased to HKD468.4 million for the six months ended 30 June 2024 (2023: HKD505.4 million), representing a YoY 7.3% decrease. The decreased of revenue for the six months ended 30 June 2024 was mainly due to the economic slowdown and the poor customer sentiment in Mainland China, Macau, Hong Kong and Taiwan. The mono-brand stores recorded a decrease of 25.7% YoY and the multi-brand stores recorded a decrease of 11.4% YoY. The Group recorded a growth of 205.6% over the online sales through different media platforms. Store management and consignment services and wholesale recorded a growth rate of 74.6% YoY and 2,754.7% YoY, respectively.

Breakdown of revenue by sales channels:

	Six months ended 30 June 2024		Six months ended 30 June 2023		Change (%)
	<i>HKD million</i>	<i>% of revenue</i>	<i>HKD million</i>	<i>% of revenue</i>	
Retail					
Mono-brand stores	270.3	57.7	363.7	72.0	(25.7)
Multi-brand stores	83.2	17.8	93.9	18.6	(11.4)
Online sales	22.0	4.7	7.2	1.4	205.6
	<u>375.5</u>	<u>80.2</u>	<u>464.8</u>	<u>92.0</u>	(19.2)
Catering service	15.4	3.3	10.3	2.0	49.0
Store Management & consignment services	51.3	10.9	29.4	5.8	74.6
Wholesale	26.2	5.6	0.9	0.2	2,754.7
Total	<u><u>468.4</u></u>	<u><u>100.0</u></u>	<u><u>505.4</u></u>	<u><u>100.0</u></u>	(7.3)

The revenue generated from the retail stores in Macau for the six months ended 30 June 2024 decreased to HKD223.3 million, representing a decrease of 1.0% when compared to that for the six months ended 30 June 2023. The revenue generated from Mainland China recorded HKD202.0 million for the six months ended 30 June 2024, representing a YoY decrease of 11.5%. The revenue generated from the sales in Hong Kong and Taiwan recorded a decrease to HKD43.1 million for the six months ended 30 June 2024, representing a YoY decrease of 16.6%.

Revenue by geographical areas:

	Six months ended 30 June 2024		Six months ended 30 June 2023		Change (%)
	<i>HKD million</i>	<i>% of revenue</i>	<i>HKD million</i>	<i>% of revenue</i>	
Mainland China	202.0	43.1	228.1	45.2	(11.5)
Macau	223.3	47.7	225.6	44.6	(1.0)
Hong Kong and Taiwan	43.1	9.2	51.7	10.2	(16.6)
	<u><u>468.4</u></u>	<u><u>100.0</u></u>	<u><u>505.4</u></u>	<u><u>100.0</u></u>	(7.3)

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 HKD266.4 million for the six months ended 30 June 2024, or a YoY decrease of 1.3%, primarily attributable to the decrease in sales.

The gross profit for the six months ended 30 June 2024 decreased by HKD33.4 million, or a YoY decrease of 14.2%, to HKD202.0 million and the gross profit margin decreased from 46.6% for the six months ended 30 June 2023 to 43.1% for the six months ended 30 June 2024. Among the Greater China areas, the gross profit margin of sales in the PRC for the six months ended 30 June 2024 recorded a decrease of 780 basis points to 42.2% mainly due to stock clearance of store closures. The gross profit margins of sales in Hong Kong and Taiwan recorded a decrease of 160 basis points for the six months ended 30 June 2024 due to clearance sale of store closures in Hong Kong. The gross profit margins on sales in Macau was maintained at 46.2% for the six months ended 30 June 2024 and for the six months ended 30 June 2023.

Other income and other gains and losses, net

The Group had no other income for the six months ended 30 June 2024, representing a YoY decrease of 100%, mainly attributable to the decrease of government grants and subsidies from vendors. The Group recorded net other gains of HKD2.7 million, compared with net other gains of HKD4.7 million for the six months ended 30 June 2023, mainly attributable to the decrease of gains on the derecognition of right-of-use assets and lease liabilities as well as net changes in cash surrender value of investment in insurance contracts collectively; and the increase of net gains on disposal of property, plant and equipment of HKD7.8 million and HKD6.1 million, respectively.

Operating expenses

Selling and marketing expenses increased to HKD198.0 million for the six months ended 30 June 2024, or a 5.6% YoY increase, primarily due to an increase of advertising and promotion expenses of HKD7.8 million and an increase in depreciation of property, plant and equipment of HKD5.5 million.

General and administrative expenses increased to HKD51.8 million for the six months ended 30 June 2024, or a YoY increase of 4.9%, primarily due to an increase in employee benefit expenses of HK3.2 million.

Finance costs

Net finance costs decreased to HKD8.7 million for the six months ended 30 June 2024, or a YoY decrease of 8.7%. The decrease was mainly due to a decrease in interest on bank borrowing and lease liabilities of HKD0.3 million and an increase in interest income of HKD0.5 million.

Loss for the period

The Group recorded a net loss of HKD54.7 million for the six months ended 30 June 2024 comparing with a net loss of HKD7.4 million for the six months ended 30 June 2023 mainly attributable to the decrease of gross profit of HKD33.4 million and the increase of selling and marketing expenses of HKD10.5 million.

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 HKD79.2 million as at 30 June 2024 (31 December 2023: net current assets HKD6.0 million), representing an increase of HKD73.2 million from 31 December 2023. Such increase was primarily the result of the decrease in current assets of HKD61.1 million (mainly resulting from the decrease in net of restricted cash, term deposits with initial term of over three months and cash and cash equivalents of HKD41.8 million and the decrease in inventories of HKD18.3 million) and offset by the decrease in current liabilities of HKD134.4 million (mainly comprised of the decrease in the amount due to related parties of HKD125.3 million and the decrease in trade and other payable of HKD9.8 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 2024, the cash and cash equivalents were HKD47.6 million, representing a decrease of HKD25.7 million comparing with that for 31 December 2023.

The Group's current ratio, calculated by comparing all the current assets to all the current liabilities, was 1.2 times as at 30 June 2024, compared to that of 1.0 times as at 31 December 2023. The increase in the current ratio was mainly attributable to the decrease in amount due to related parties, trade and other payable and other current liabilities which outweighed the decrease in net of restricted cash, term deposits with initial term of over three months, cash and cash equivalents and other current assets. As at 30 June 2024, the Group had borrowings totaled HKD87.2 million (31 December 2023: HKD79.5 million). The gearing ratio of the Group, which is calculated as net debt divided by total capital was 66% as at 30 June 2024 compared to that of 59% as at 31 December 2023.

Pledge of assets

As at 30 June 2024, a building with net book value of HKD56.6 million and restricted cash of HKD10.2 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 2024 (31 December 2023: Nil).

CONTINGENT LIABILITIES

As of 30 June 2024, the Group did not have any material contingent liabilities.

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 manages the foreign exchange risk by reviewing its net foreign exchange exposures regularly and endeavors to shrink these exposures through reviewing the exchange rates with the suppliers and the brand owners periodically.

OUTLOOK

Looking ahead, the Group remains cautiously optimistic about the future, despite the current challenges and adversities. Strategic initiatives are being put in place to mitigate the impact of these challenges. The Group will continue to enhance its digital presence and e-commerce capabilities to capture the growing online market and to invest in data analytics which will also help us to better understand and to adapt to changing consumer behaviors.

Moreover, cost optimization and operational efficiency initiatives to manage expenses better will continue to be our priority. This includes renegotiating leases, optimizing inventory levels, and streamlining supply chains. While the macroeconomic conditions and geopolitical issues may persist, the Group is committed to navigating these challenges with resilience and agility, aiming for a gradual recovery and long-term sustainable growth.

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 2024, the Company has used approximately 87.2% (31 December 2023: 83.8%) 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 2024:

- 100% was used for expanding our retail stores
- 100% was used for upgrading our existing retail stores
- approximately 49.0% was used for exploring new brands
- approximately 95.0% was used for the set up and implementation of our Centralised Retail Management System
- 100% 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 2024, 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 2024, the Group employed around 1,205 employees (30 June 2023: 1,170 employees). The total staff costs for the six months ended 30 June 2024 was HKD114.3 million (30 June 2023: HKD106.6 million), a YoY increase of 7.2%.

EVENTS AFTER THE REPORTING PERIOD

Up to the date of this announcement, 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 2024, 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 2024, 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 C3 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:

1. 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 2024, 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:

1. Mr. Fan owns the entire issued share capital of Gold Star Fashion Limited.
2. 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.

Share Option Scheme

The Company has 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 2024. Therefore the weighted average closing price of the shares immediately before the dates on which the options were exercised or vested pursuant to Rule 17.07(1) (d) of the Listing Rules is not available.

Pursuant to Rule 17.07(2) of the Listing Rules, the total number of share options available for grant under the Share Option Scheme as at 1 January 2024 and 30 June 2024 were 40,000,000 and 40,000,000 respectively.

Pursuant to Rule 17.09(3) of the Listing Rules, the total number of share options available for grant under the Share Option Scheme as at 30 June 2024 was 40,000,000 shares, representing approximately 10% of the 400,000,000 ordinary shares of the Company at issue as at 30 June 2024, being the date of this announcement.

Model Code for Securities Transactions by Directors as set out in Appendix C3 of the Listing Rules (the “Model Code”)

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 2024.

Interim Dividend

The Board does not recommend the declaration of an interim dividend for the six months ended 30 June 2024 (30 June 2023: Nil).

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 C1 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 2024. 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 2024.

By Order of the Board
Forward Fashion (International) Holdings Company Limited
Fan Wing Ting
Chairman

Hong Kong, 30 August 2024

As at the date of this announcement, the Board comprises Mr. Fan Wing Ting, Ms. Chen Xingyi, Mr. Kevin Trantallis, Mr. Fong Yat Ming and Ms. Fan Tammy as the Executive Directors, and Mr. Yu Chun Kau, Mr. Ng Kam Tsun and Mr. Sze Irons as the Independent Non-executive Directors.

In case of any inconsistency, the English text of this announcement shall prevail over the Chinese text.