



FORWARD FASHION  
HOLDINGS

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

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

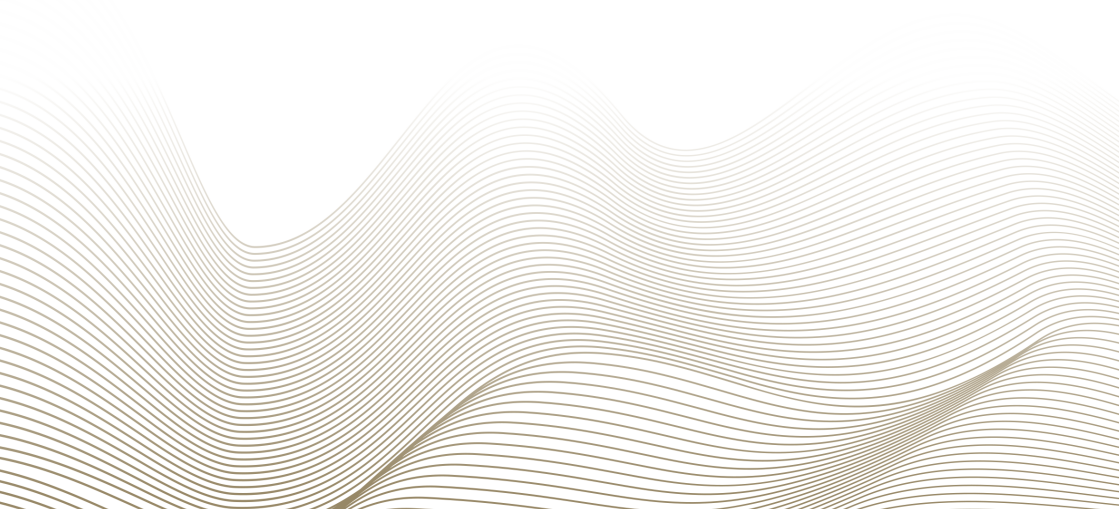
Stock Code : 2528



**INTERIM REPORT 2024**

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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### *Executive Directors*

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

#### *Independent Non-executive Directors*

Mr. Yu Chun Kau  
Mr. Ng Kam Tsun  
Mr. Sze Irons, *B.B.S., J.P.*

### BOARD COMMITTEES

#### *Audit Committee*

Mr. Yu Chun Kau (*Chairman*)  
Mr. Ng Kam Tsun  
Mr. Sze Irons, *B.B.S., J.P.*

#### *Remuneration Committee*

Mr. Yu Chun Kau (*Chairman*)  
Ms. Chen Xingyi  
Mr. Sze Irons, *B.B.S., J.P.*

#### *Nomination Committee*

Mr. Fan Wing Ting (*Chairman*)  
Mr. Yu Chun Kau  
Mr. Sze Irons, *B.B.S., J.P.*

### AUTHORISED REPRESENTATIVES

Mr. Kevin Trantallis  
Ms. Fan Tammy

### COMPANY SECRETARY

Mr. Kevin Trantallis

### AUDITORS

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

### REGISTERED OFFICE IN THE CAYMAN ISLANDS

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

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

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

### HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

### PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited  
Bank of China (Hong Kong) Limited  
China Merchants Bank Co., Ltd.

### COMPANY WEBSITE

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

### STOCK CODE

02528

**FINANCIAL HIGHLIGHTS**

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

## CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Notes	Unaudited	
		Six months ended 30 June	
		2024	2023
		HKD'000	HKD'000
Revenue	5	468,361	505,425
Cost of sales	5	(266,356)	(269,998)
<b>Gross profit</b>		<b>202,005</b>	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
<b>Operating (loss)/profit</b>		<b>(45,071)</b>	3,464
Finance income		949	420
Finance costs		(9,660)	(9,957)
Finance costs, net		(8,711)	(9,537)
<b>Loss before income tax</b>		<b>(53,782)</b>	(6,073)
Income tax expense	9	(916)	(1,331)
<b>Loss for the period</b>		<b>(54,698)</b>	(7,404)
<b>Loss is attributable to:</b>			
Equity holders of the Company		(50,771)	(6,261)
Non-controlling interests		(3,927)	(1,143)
		<b>(54,698)</b>	(7,404)
<b>Loss per share for profit attributable to equity holders of the Company</b>			
Basic and diluted loss per share (HKD)	10	(0.13)	(0.02)

## CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

## CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	Unaudited As at 30 June 2024 HKD'000	Audited As at 31 December 2023 HKD'000
<b>Assets</b>			
<b>Non-current assets</b>			
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
<b>Total non-current assets</b>		<b>342,023</b>	370,644
<b>Current assets</b>			
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
<b>Total current assets</b>		<b>480,418</b>	541,524
<b>Total assets</b>		<b>822,441</b>	912,168
<b>Equity</b>			
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)
<b>Capital and reserve attributable to equity holders of the Company</b>		<b>177,149</b>	228,813
Non-controlling interests in equity		(13,991)	(10,169)
<b>Total equity</b>		<b>163,158</b>	218,644

## CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(continued)

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



## CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Unaudited attributable to equity holders of the Company						Total equity HKD'000
	Share capital HKD'000	Share premium HKD'000	Reserve HKD'000	Accumulated losses HKD'000	Sub-total HKD'000	Non-controlling interests HKD'000	
<b>Balance at 1 January 2024</b>	<b>4,000</b>	<b>859,232</b>	<b>(601,667)</b>	<b>(32,752)</b>	<b>228,813</b>	<b>(10,169)</b>	<b>218,644</b>
<b>Total comprehensive loss for the period</b>							
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)
<b>Balance at 30 June 2024</b>	<b>4,000</b>	<b>859,232</b>	<b>(602,511)</b>	<b>(83,572)</b>	<b>177,149</b>	<b>(13,991)</b>	<b>163,158</b>
<b>Balance at 1 January 2023</b>	<b>4,000</b>	<b>859,232</b>	<b>(599,088)</b>	<b>(15,166)</b>	<b>248,978</b>	<b>(7,395)</b>	<b>241,583</b>
<b>Total comprehensive loss for the period</b>							
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)
<b>Balance at 30 June 2023</b>	<b>4,000</b>	<b>859,232</b>	<b>(604,271)</b>	<b>(21,427)</b>	<b>237,534</b>	<b>(8,148)</b>	<b>229,386</b>

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

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

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 1 GENERAL INFORMATION

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

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

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

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

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

This interim condensed consolidated financial information has been approved for issue by the Board of directors of the Company (the “**Board**”) on 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.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION**

(continued)

**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.

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

**4 FINANCIAL RISK MANAGEMENT (continued)**

4.2 Fair value estimation

(i) Fair value hierarchy

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

<b>Recurring fair value measurements At 31 December 2023 (Audited)</b>	Level 3 HKD'000
<b>Financial assets</b>	
Equity security – an unlisted company	602
Financial assets at fair value through other comprehensive income (FVOCI)	602
	<hr/> <hr/>
<b>Recurring fair value measurements At 30 June 2024 (Unaudited)</b>	<b>Level 3 HKD'000</b>
<b>Financial assets</b>	
Equity security – an unlisted company	602
Financial assets at fair value through other comprehensive income (FVOCI)	602
	<hr/> <hr/>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

(continued)

### 4 FINANCIAL RISK MANAGEMENT (continued)

#### 4.2 Fair value estimation (continued)

(i) Fair value hierarchy (continued)

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

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

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

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

(ii) 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.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

(continued)

### 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)			Total HKD'000
	Mainland China HKD'000	Macau HKD'000	Hong Kong and others HKD'000	
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	201,945	223,326	43,090	468,361
Cost of sales	(116,667)	(120,181)	(29,508)	(266,356)
Selling and marketing expenses	(83,326)	(96,871)	(17,768)	(197,965)
Segment result	1,952	6,274	(4,186)	4,040
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)
<b>Loss before income tax</b>				<b>(53,782)</b>
Income tax expense				(916)
<b>Loss for the period</b>				<b>(54,698)</b>

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION**

(continued)

**5 SEGMENT INFORMATION (continued)**

	As at 30 June 2024 (Unaudited)			
	Mainland China HKD'000	Macau HKD'000	Hong Kong and others HKD'000	Total HKD'000
Segment non-current assets	59,014	259,787	23,222	342,023
Segment current assets	224,870	212,149	43,399	480,418
	Six months ended 30 June 2023 (Unaudited)			
	Mainland China HKD'000	Macau HKD'000	Hong Kong and others HKD'000	Total 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	228,137	225,618	51,670	505,425
Cost of sales	(114,095)	(121,312)	(34,591)	(269,998)
Selling and marketing expenses	(79,861)	(83,895)	(23,695)	(187,451)
Segment result	34,181	20,411	(6,616)	47,976
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)
<b>Loss before income tax</b>				(6,073)
Income tax credit				(1,331)
<b>Loss for the period</b>				(7,404)
	As at 30 June 2023 (Unaudited)			
	Mainland China HKD'000	Macau HKD'000	Hong Kong and others HKD'000	Total HKD'000
Segment non-current assets	77,092	296,603	24,765	398,460
Segment current assets	234,063	210,678	49,204	493,945



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

(continued)

### 5 SEGMENT INFORMATION (continued)

(a) Revenue by business line and nature

	Unaudited	
	Six months ended 30 June	
	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	26,149	916
	<hr/>	<hr/>
Total	468,361	505,425
	<hr/> <hr/>	<hr/> <hr/>

(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
	<hr/> <hr/>	<hr/> <hr/>

### 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/>

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION**

(continued)

**7 OTHER GAINS/(LOSSES) – NET**

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>HKD'000</b>	<b>HKD'000</b>
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	<b>720</b>	5,785
Exchange losses	<b>(1,949)</b>	(1,751)
Net gains/(losses) on disposal of property, plant and equipment	<b>3,796</b>	(2,292)
Others	<b>113</b>	194
	<b>2,680</b>	4,695

**8 EXPENSES BY NATURE**

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

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

(continued)

### 9 INCOME TAX EXPENSE

*Income tax expense*

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

### 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.

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

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

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION**

(continued)

**11 PROPERTY, PLANT AND EQUIPMENT**

	Buildings HKD'000	Leasehold improvements HKD'000	Vehicle HKD'000	Office furniture and equipment HKD'000	Computer and electronic equipment HKD'000	Total HKD'000
<b>At 31 December 2023</b>						
Cost	83,579	312,398	3,146	18,695	17,921	435,739
Accumulated depreciation and impairment provision	(10,364)	(255,297)	(3,086)	(17,468)	(13,924)	(300,139)
Net book amount	73,215	57,101	60	1,227	3,997	135,600
<b>Six months ended 30 June 2024</b>						
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	(13,445)	(1,154)	–	(266)	(96)	(14,961)
Closing net book amount (unaudited)	59,029	49,294	24	3,041	4,685	116,073
<b>At 30 June 2024</b>						
Cost	67,025	308,699	3,146	24,168	19,180	422,218
Accumulated depreciation and impairment provision	(7,996)	(259,405)	(3,122)	(21,127)	(14,495)	(306,145)
Net book amount (unaudited)	59,029	49,294	24	3,041	4,685	116,073

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

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

	Buildings HKD'000	Leasehold improvements HKD'000	Vehicle HKD'000	Office furniture and equipment HKD'000	Computer and electronic equipment HKD'000	Total HKD'000
<b>At 31 December 2022</b>						
Cost	83,577	303,831	3,148	19,870	15,886	426,312
Accumulated depreciation and impairment provision	(8,722)	(254,984)	(3,016)	(18,895)	(12,343)	(297,960)
Net book amount	74,855	48,847	132	975	3,543	128,352
<b>Six months ended 30 June 2023</b>						
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	-	(9,898)	-	-	(134)	(10,032)
Closing net book amount (unaudited)	74,039	49,877	96	1,480	3,791	129,283
<b>At 30 June 2023</b>						
Cost	83,579	316,494	3,143	18,100	17,391	438,707
Accumulated depreciation and impairment provision	(9,540)	(266,617)	(3,047)	(16,620)	(13,600)	(309,424)
Net book amount (unaudited)	74,039	49,877	96	1,480	3,791	129,283

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

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

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION**

(continued)

**12 RIGHT-OF-USE ASSETS**

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

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

**Six months ended 30 June  
2024**

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

**At 30 June 2024**

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

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

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

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

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2024</b>	2023
	<b>HKD'000</b>	HKD'000
Expense relating to variable lease payments not included in lease liabilities ( <i>Note 8</i> )	<b>27,640</b>	19,974
Depreciation charge of right-of-use assets ( <i>Note 8</i> )	<b>51,944</b>	69,135
Interest expense (included in finance costs)	<b>4,545</b>	4,643
	<b>84,129</b>	93,752

### 13 INVENTORIES

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

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION**

(continued)

**14 TRADE RECEIVABLES**

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

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



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

### 15 OTHER RECEIVABLES AND DEPOSITS

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

### 16 RESTRICTED CASH

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

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

### 17 SHARE CAPITAL

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

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

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION**

(continued)

**18 PROVISIONS**

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

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

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

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

### 20 TRADE AND OTHER PAYABLES

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

*Note:*

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

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

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION**

(continued)

**21 DIVIDENDS**

The board of directors of the Company does not recommend the payment of any interim dividend for the six months ended 30 June 2024.

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

The following significant transactions occurred with related parties:

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

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

(continued)

## 22 SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

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

(1) Due from/(to) related parties

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

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION**

(continued)

**22 SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)***(c) Leases as lessee with other related parties*

The following amounts of leases are related to related parties:

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

## 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.

**MANAGEMENT DISCUSSION AND ANALYSIS** (continued)

Breakdown of revenue by sales channels:

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

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



## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

### *Gross profit*

The Group's cost of sales consisted of cost of inventory sold for the fashion apparel and lifestyle products and the cost of store management and consignment services rendered to the brand owners. The cost of sales decreased to 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.

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

## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

### 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

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

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

## OTHER INFORMATION

### PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 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:

- 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:

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

## **OTHER INFORMATION (continued)**

### **SHARE OPTION SCHEME**

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

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

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

### **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.

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

Pursuant to Rule 13.51B(1) of the Listing Rules, there was no change in the information of Directors subsequent to the date of the 2023 Annual Report.

### **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).

## OTHER INFORMATION (continued)

### CORPORATE GOVERNANCE CODE

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

The Company has adopted the code provisions of the Corporate Governance Code and Corporate Governance Report (the “**CG Code**”) as set out in Appendix 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.

On behalf of the Board

**Fan Wing Ting**

*Chairman*

Hong Kong, 30 August 2024