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SG Group Holdings Limited

樺欣控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1657)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 OCTOBER 2020

The board of Directors (the “**Board**”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (the “**Group**”) for the six months ended 31 October 2020 (the “**Period**”) together with the comparative unaudited figures for corresponding period in 2019 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 31 October 2020

		Six months ended	
		31 October	
		2020	2019
	<i>NOTES</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(unaudited)	(unaudited)
Revenue	4	48,713	143,082
Cost of sales and services		(39,286)	(107,936)
Gross profit		9,427	35,146
Other income		1,459	946
Other gains and losses, net	5	(721)	(1,077)
Net realised and unrealised gains on financial assets at fair value through profit or loss (“ FVTPL ”)		658	–
Reversal of (provision for) impairment loss recognised on trade receivables, net of reversal		1,168	(1,517)
Administrative expenses		(6,207)	(6,857)
Selling and distribution expenses		(4,813)	(7,897)
Finance costs		(124)	(90)
Professional fee in relation to Transfer of Listing		–	(1,905)

		Six months ended	
		31 October	
		2020	2019
	<i>NOTES</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(unaudited)	(unaudited)
Profit before tax	6	847	16,749
Income tax expense	7	(499)	(3,978)
Profit for the period		<u>348</u>	<u>12,771</u>
OTHER COMPREHENSIVE INCOME			
FOR THE PERIOD			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange difference arising on translation of financial statements of foreign operations		<u>483</u>	<u>(785)</u>
Other comprehensive income (expense) for the period		<u>483</u>	<u>(785)</u>
Total comprehensive income for the period		<u>831</u>	<u>11,986</u>
Basic and diluted earnings per share – (Hong Kong dollars)	9	<u>0.01</u>	<u>0.40</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 October 2020

		31 October 2020	30 April 2020
	<i>NOTES</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(unaudited)	(audited)
Non-current assets			
Property, plant and equipment	<i>10</i>	21,759	21,051
Right-of-use assets		1,633	2,139
Investment properties		5,752	3,960
Intangible assets		7,703	2,471
Deposit paid for acquisition of intangible assets	<i>11</i>	–	5,324
Deposit paid for acquisition/renovation of an owned property	<i>11</i>	2,000	1,238
Deferred tax assets		747	350
		<hr/> 39,594	<hr/> 36,533
Current assets			
Inventories		4,814	868
Trade and other receivables	<i>11</i>	60,815	86,285
Tax recoverable		510	–
Financial assets at fair value through profit and loss		6,532	–
Bank balances and cash		43,625	35,100
		<hr/> 116,296	<hr/> 122,253

		31 October	30 April
		2020	2020
	<i>NOTES</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(unaudited)	(audited)
Current liabilities			
Contract liabilities		324	94
Trade and other payables	<i>12</i>	20,237	26,878
Bank borrowings		6,551	–
Lease liabilities		215	734
Tax payables		–	4,435
		<u>27,327</u>	<u>32,141</u>
Net current assets		<u>88,969</u>	<u>90,112</u>
Total assets less current liabilities		<u>128,563</u>	<u>126,645</u>
Non-current liabilities			
Lease liabilities		1,573	1,593
Deferred tax liabilities		1,240	133
		<u>2,813</u>	<u>1,726</u>
Net assets		<u>125,750</u>	<u>124,919</u>
Capital and reserves			
Share capital	<i>13</i>	320	320
Reserves		125,430	124,599
Total equity		<u>125,750</u>	<u>124,919</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 October 2020

	Share capital HK\$'000	Share premium HK\$'000	Statutory reserve HK\$'000 (Note)	Exchange reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 30 April 2019 (audited)	320	39,201	406	(40)	69,866	109,753
Adjustment on initial application of Hong Kong Financial Reporting Standard 16	—	—	—	—	(114)	(114)
At 1 May 2019 (restated)	320	39,201	406	(40)	69,752	109,639
Profit and total comprehensive income for the period	—	—	—	(785)	12,771	11,986
Transfer to statutory reserve	—	—	139	—	(139)	—
At 31 October 2019 (unaudited)	<u>320</u>	<u>39,201</u>	<u>545</u>	<u>(825)</u>	<u>82,384</u>	<u>121,625</u>
At 1 May 2020 (audited)	320	39,201	456	(601)	85,543	124,919
Profit and total comprehensive income for the period	—	—	—	483	348	831
At 31 October 2020 (unaudited)	<u>320</u>	<u>39,201</u>	<u>456</u>	<u>(118)</u>	<u>85,891</u>	<u>125,750</u>

Note: Amount represents statutory reserve of the subsidiary of the Company established in the People's Republic of China (the "PRC"). According to the relevant laws in the PRC, the subsidiary is required to transfer at least 10% of its net profit after tax, as determined under the relevant accounting principles and financial regulations applicable to enterprises established in the PRC, to a non-distributable reserve fund until the reserve balance reaches 50% of its registered capital. The transfer to this reserve must be made before the distribution of a dividend to owners. Such reserve fund can be used to offset the previous years' losses, if any, and is non-distributable other than upon liquidation.

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL

SG Group Holdings Limited (the “**Company**”) was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 8 October 2015. The ordinary shares (“**Shares**”) of the Company was listed on GEM of The Stock Exchange of Hong Kong Limited in 2017. On 20 March 2020, the Shares of the Company transferred and listed on the main board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

In the opinion of the directors, the immediate and ultimate holding company is JC Fashion International Group Limited which was incorporated in the British Virgin Islands (“**BVI**”). Its ultimate controlling party is Mr. Choi King Ting Charles (“**Mr. Charles Choi**”) who is also a director and the chief executive of the Company.

The registered office of the Company is situated at 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman, KY1-1002, Cayman Islands.

The address of the head office and the principal place of business of the Company is Unit B, 9/F., Mai Wah Industrial Building, 1-7 Wah Sing Street, Kwai Chung, New Territories, Hong Kong. The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the “**Group**”) are principally engaged in the supply of apparel products with design and sourcing services to fashion retailers and the provision of consultation services.

The condensed consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is different from the functional currency of the Company, being United States dollars (“**US\$**”). The directors of the Company consider that presenting the financial information in HK\$ is preferable as the principal place of business of the Company and its principal subsidiaries are in Hong Kong.

2. BASIS OF PRESENTATION OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The condensed consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”), Hong Kong Accounting Standards (“**HKASs**”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622 of the Laws of Hong Kong). Besides, the condensed consolidation financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange. The condensed consolidated financial statements have been prepared under the historical cost convention.

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

Amendments to HKFRSs that are mandatorily effective for the current period

In the current interim period, the Group has applied, for the first time, the following amendments to HKFRSs issued by the HKICPA which are mandatorily effective for the annual period beginning on or after 1 May 2020 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKFRS 3	Definition of a Business
Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

The application of amendments to HKFRSs in the current period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

4. REVENUE AND SEGMENT INFORMATION

Revenue represents revenue arising on supply of apparel products and provision of consultation services.

The Group determines its operating segments based on the reports reviewed by the executive directors, being the chief operating decision makers (the “CODM”), which are used to make strategic decisions for the purposes of resource allocation and assessment of segment performance. The Group mainly sells apparel products with designing and sourcing services to fast fashion clothing retailers and provides consultation services.

For the year ended 30 April 2020, the Group reorganised its internal reporting structure which resulted in changes to the composition of its reportable segments. The Group combined the online fashion retailers segment with fashion retailers segment. With more fashion retailers started to trade on the online platform, the CODM started to make strategic decision for all fashion retailers as a whole. Prior period segment disclosure have been represented to conform with the current period’s presentation.

The details of the Group’s each reportable segment are as follows:

(i) Supply of Apparel Products	Supply of apparel products with designing and sourcing services to fashion retailers.
(ii) Consultation Services	Income from provision of consultation services to the manufacturers which mainly include (a) assisting them to comply with corporate social responsibility standards requirements; (b) providing fashion trends forecast analysis; (c) design specification; and (d) introducing potential customers.

These operating segments also represent the Group’s reportable segments. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

Segment revenue and results

For the six months ended 31 October 2020

	Supply of Apparel products <i>HK\$'000</i> (unaudited)	Consultation Services <i>HK\$'000</i> (unaudited)	Consolidated <i>HK\$'000</i> (unaudited)
Segment revenue			
Womenswear	45,385	–	45,385
Childrenswear	2,628	–	2,628
Consultation service	–	700	700
	<u>48,013</u>	<u>700</u>	<u>48,713</u>
Segment profit	<u>723</u>	<u>513</u>	1,236
Unallocated income			1,221
Unallocated gains and losses, net			–
Net realised and unrealised gains on financial assets at FVTPL			658
Unallocated expenses			(2,237)
Unallocated finance costs			(31)
Profit before tax			<u>847</u>

For the six months ended 31 October 2019

	Supply of Apparel products <i>HK\$'000</i> (unaudited)	Consultation Services <i>HK\$'000</i> (unaudited)	Consolidated <i>HK\$'000</i> (unaudited)
Segment revenue			
Womenswear	136,152	–	136,152
Childrenswear	5,730	–	5,730
Consultation service	–	1,200	1,200
	<u>141,882</u>	<u>1,200</u>	<u>143,082</u>
Segment profit	<u>21,276</u>	<u>867</u>	22,143
Unallocated income			197
Unallocated gains and losses, net			(417)
Unallocated expenses			(3,179)
Unallocated finance costs			(90)
Professional fee in relation to transfer of listing			(1,905)
Profit before tax			<u>16,749</u>

Segment profit represents the profit earned by each segment without allocation of unallocated expenses and income mainly including certain depreciation on property, plant and equipment, depreciation on investment properties, net realised and unrealised gains on financial assets at FVTPL, general office expenses, selling and distribution expenses, professional fee in relation to transfer of listing, finance costs and net exchange losses. This is consistent with the measure reported to the CODMs of the Group for the purposes of resource allocation and performance assessment.

There were no inter-segment sales for both periods.

Revenue by type of products/services

	Six months ended	
	31 October	
	2020	2019
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
At a point in time:		
Supply of apparel products		
Womenswear	45,385	136,152
Childrenswear	2,628	5,730
	<hr/>	<hr/>
Subtotal for the supply of apparel products	48,013	141,882
Overtime:		
Consultation services	700	1,200
	<hr/>	<hr/>
	48,713	143,082
	<hr/>	<hr/>

Revenue from the supply apparel products is recognised at a point in time, when control of the goods has transferred, being when the goods have been shipped to the designated location (delivery) and the control has passed to the customers.

Revenue from consultation services is recognised over time using the output method. The customers simultaneously receive and consume the benefits when the service is provided throughout the period.

Segment assets and liabilities

No analysis of segment assets or segment liabilities is presented as they are not regularly provided to the CODM of the Group.

5. OTHER GAINS AND LOSSES, NET

	Six months ended	
	31 October	
	2020	2019
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Impairment loss recognised in respect of intangible assets	(538)	–
Net exchange losses	(183)	(1,365)
Gain from disposal of property, plant and equipment	–	288
	<u>(721)</u>	<u>(1,077)</u>

6. PROFIT BEFORE TAX

	Six months ended	
	31 October	
	2020	2019
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Profit before tax has been arrived at after charging:		
Depreciation of property, plant and equipment	520	535
Depreciation of right-of-use assets	604	609
Depreciation of investment properties	50	–
Amortisation of intangible assets	403	100
Finance costs (<i>Note</i>)	<u>124</u>	<u>90</u>

Note: Included in the finance costs, a bank interest expense on the bank borrowings amounted to HK\$57,000 is incurred. The bank borrowings are secured by the bond investment classified as financial assets at FVTPL and personal guarantee.

7. INCOME TAX EXPENSE

	Six months ended	
	31 October	
	2020	2019
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Current tax		
Hong Kong Profits Tax	35	3,787
The PRC Enterprise Income Tax (the "EIT")	–	253
	<u>35</u>	<u>4,040</u>
Overprovision in prior years:		
Hong Kong	(246)	(184)
	<u>(211)</u>	<u>3,856</u>
Deferred tax expense	<u>710</u>	<u>122</u>
	<u>499</u>	<u>3,978</u>

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Accordingly, the Hong Kong Profits Tax is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

The PRC EIT is calculated based on the statutory rate of 25% of the assessable profit of subsidiaries established in the PRC, as determined in accordance with the relevant enterprise income law, implementation rules and notices in the PRC.

The United Kingdom (the "UK") Corporate Tax is calculated at 19% of the taxable profits of subsidiary established in UK.

8. DIVIDEND

No dividend was paid or proposed for the ordinary shareholders of the Company during the six months ended 31 October 2020 (for the six months ended 31 October 2019: Nil), nor has any dividend been proposed since the end of the reporting period.

9. BASIC AND DILUTED EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following data:

	Six months ended	
	31 October	
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Earnings:		
Earnings for the purpose of calculating basic earnings per share (profit for the period)	<u>348</u>	<u>12,771</u>
	<i>'000</i>	<i>'000</i>
Number of shares:		
Number of ordinary shares for the purpose of calculating basic earnings per share	<u>32,000</u>	<u>32,000</u>

No diluted earnings per share for both periods was presented as there were no potential ordinary shares in issue for both periods.

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 October 2020, additions to property, plant and equipment, which mainly comprised additions to fixtures and furniture, amounted to HK\$432,000 (for the six months ended 31 October 2019: mainly comprised additions to land and building and motor vehicle of HK\$2,900,000).

During the six months ended 31 October 2020, additions to construction in progress amounted to HK\$2,594,000 (for the six months ended 31 October 2019: HK\$1,848,000) for the renovation of an owned property.

11. DEPOSIT PAID FOR ACQUISITION OF INTANGIBLE ASSETS/DEPOSIT PAID FOR ACQUISITION/RENOVATION OF AN OWNED PROPERTY/TRADE AND OTHER RECEIVABLES

	31 October 2020 HK\$'000 (unaudited)	30 April 2020 HK\$'000 (audited)
Trade receivables	29,521	62,363
Less: allowance for credit losses	(1,999)	(3,167)
	<u>27,522</u>	<u>59,196</u>
Other receivables		
– Deposits and prepayments (<i>Note</i>)	30,344	24,353
– Deposit paid for acquisition of intangible assets	–	5,324
– Deposit paid for acquisition/renovation of an owned property	2,000	1,238
– Value-added tax receivables	2,639	2,451
– Others	310	285
	<u>35,293</u>	<u>33,651</u>
Total trade and other receivables	<u>62,815</u>	<u>92,847</u>
Analysis for reporting purpose as		
Non-current assets	2,000	6,562
Current assets	<u>60,815</u>	<u>86,285</u>
	<u>62,815</u>	<u>92,847</u>

Note: The amount mainly represented prepayment to suppliers and other refundable deposits.

For customers with good credit quality and payment history, the Group allows credit periods of no longer than 90 days (30 April 2020: 90 days). For other customers, the Group requests an advance deposit payment and demands for full settlement upon delivery of the goods.

The following is an aged analysis of trade receivables (net of allowance for credit losses) presented based on the invoice date at the end of the reporting period, which approximates the revenue recognition dates:

	31 October 2020 HK\$'000 (unaudited)	30 April 2020 HK\$'000 (audited)
Within 60 days	18,947	26,301
61 to 180 days	6,796	31,616
181 to 365 days	767	421
Over 365 days	1,012	858
	<u>27,522</u>	<u>59,196</u>

The management of the Group closely monitors the credit quality of trade receivables and considers the debts that are neither past due nor impaired are of a good credit quality. Before accepting any new customer, the Group has assessed the potential customer's credit quality and defined credit rating limits for each customer. Limits attributed to customers are reviewed once a year. Receivables that were neither past due nor impaired related to a wide range of customers for whom there was no history of default.

12. TRADE AND OTHER PAYABLES

	31 October 2020 HK\$'000 (unaudited)	30 April 2020 HK\$'000 (audited)
Trade payables	15,535	22,124
Other payables	3,263	2,966
Accrued expenses	1,439	1,788
	<u>20,237</u>	<u>26,878</u>
Total trade and other payables	<u>20,237</u>	<u>26,878</u>

The credit period of trade payables ranges from 30 to 90 days for both period/year.

The following is an aged analysis of trade payables based on the invoice date at the end of the reporting period.

	31 October 2020 HK\$'000 (unaudited)	30 April 2020 HK\$'000 (audited)
Within 60 days	12,118	16,424
61 to 180 days	3,197	5,087
181 to 365 days	203	436
Over 365 days	17	177
	<u>15,535</u>	<u>22,124</u>

13. SHARE CAPITAL

Details of movements of authorised and issued capital of the Company are as follow:

	Number of shares	Share capital HK\$
Ordinary share of HK\$0.01 each		
Authorised:		
At 1 May 2019, 31 October 2019, 1 May 2020 and 31 October 2020	<u>200,000,000</u>	<u>2,000,000</u>
Issued and fully paid:		
At 1 May 2019, 31 October 2019, 1 May 2020 and 31 October 2020	<u>32,000,000</u>	<u>320,000</u>

There were no changes in both periods.

14. RELATED PARTY DISCLOSURES

In addition to the transactions, balances and commitments disclosed elsewhere in the condensed consolidated financial statements, the Group had entered into the following related party transactions:

(i)	Relationships	Nature of balances/transactions	Six months ended 31 October	
			2020 <i>HK\$'000</i> (unaudited)	2019 <i>HK\$'000</i> (unaudited)
	A related party ¹	Interest expenses on lease liabilities	62	70
		Expenses relating to short-term lease	48	37
		Rental expenses	–	93
		Lease liabilities	<u>1,788</u>	<u>1,898</u>

¹ A relative of Mr. Charles Choi, for the lease of office premises in Shenzhen, the PRC.

(ii) Compensation of key management personnel

The remuneration of directors and other members of key management during the period was as follows:

	Six months ended 31 October	
	2020 <i>HK\$'000</i> (unaudited)	2019 <i>HK\$'000</i> (unaudited)
Salaries and allowances	1,070	1,062
Retirement benefit schemes contributions	<u>53</u>	<u>39</u>
	<u>1,123</u>	<u>1,101</u>

15. CAPITAL COMMITMENTS

	31 October 2020 <i>HK\$'000</i> (unaudited)	30 April 2020 <i>HK\$'000</i> (audited)
Capital expenditure contracted for but not provided in the condensed consolidated financial statements:		
– the acquisition of intangible assets	–	947
– the renovation of an owned property	<u>–</u>	<u>706</u>
	<u>–</u>	<u>1,653</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is an apparel designing and sourcing service provider for branded fashion retailers and wholesalers. The revenue for the Period was derived from the supply of apparel products to online fashion retailers and fashion retailers and the provision of consultation services.

Supply of apparel products to branded fashion retailers and wholesalers

The Group's revenue from the segment decreased by 66.2% to approximately HK\$48.0 million for the Period from approximately HK\$141.9 million for the six months ended 31 October 2019. The decrease reflected the impact of novel coronavirus COVID-19 pandemic ("COVID-19") on both supply chain, and brands and retailers. Some major customers requested to delay shipment, reduce or cancel orders amid COVID-19 pandemic outbreak. However, the Group continuously strengthens its customized comprehensive apparel designing and sourcing services to the customers within a short lead time to secure existing customers' orders and requirements, which in turn will strengthen the relationships between the Group and its customers.

Consultation services

The Group engaged its business in the provision of consultation services which generated revenue of approximately HK\$0.7 million during the Period as compared to approximately HK\$1.2 million for the six months ended 31 October 2019, representing a decrease of approximately 41.7% due to one of the customers did not subscribe the services as the customer's business significantly shrunk. This segment mainly includes providing consultation services to apparel and footwear manufacturers by assisting them to comply with the corporate social responsibility standards requirements, providing fashion trend forecast analysis as well as design specification and introducing potential customers to them.

The Shares were successfully transferred its listing from GEM to the main board of the Stock Exchange (the “**Main Board**”) on 20 March 2020 (the “**Transfer of Listing**”). The Directors consider that Main Board is a premier board on the Stock Exchange and the Transfer of Listing will be able to attract new institutional investors and broaden the Company’s investor base and increase trading liquidity for Shares, which is beneficial to the Company for its continued growth, financing flexibility and business developments, and is in the overall interest of the Company as it will create a long-term value to its Shareholders as a whole. In addition, the Board also believes that the Transfer of Listing will (i) enhance the profile and promote market recognition of the Company amongst public investors, its existing and potential customers (such as large apparel brands and sourcing agents of apparel brands) which will, in turn, have a positive impact on its business developments and strengthen the confidence of its stakeholders; (ii) reinforce confidence of existing and potential customers and suppliers in the financial strength, corporate governance and credibility of the Group because in general, Main Board is perceived to be a more prestige status for listed companies and has more stringent requirements for listing as compared to GEM. This might be advantageous for the Group when negotiating contractual terms for its sales and purchases; and (iii) promote the corporate image of the Group, as such, it would be easier to retain and recruit experienced staff and to attract new customers.

FINANCIAL REVIEW

Revenue

The Group’s revenue decreased by 66.0% to approximately HK\$48.7 million for the Period from approximately HK\$143.1 million for the six months ended 31 October 2019. The decrease in revenue was mainly due to (i) sales discount granted to the customers upon our major customers’ requests; and (ii) reflected the impact of COVID-19 on both supply chain, and brands and retailers. Most customers in UK requested to delay shipment, reduce or cancel orders amid COVID-19 pandemic outbreak.

Cost of sales and services

The Group’s cost of sales and services primarily consists of cost of goods sold and services provided and other direct costs. The cost of sales and services decreased by 63.6% to approximately HK\$39.3 million for the Period as compared to HK\$107.9 million for the six months ended 31 October 2019. The cost of sales and services decreased along with the decrease in revenue for the Period.

Gross profit and gross profit margin

The Group's gross profit decreased to approximately HK\$9.4 million for the Period from approximately HK\$35.1 million for the six months ended 31 October 2019, representing a decrease of approximately 73.2%. The Group's gross profit margin was approximately 19.4% for the Period and approximately 24.6% for the six months ended 31 October 2019. The decrease in gross profit margin was mainly due to (i) sales discount granted to the customers upon our major customers' requests; and (ii) the extra production costs incurred in relation to the shortening of production lead time upon our major customers' request for the re-schedule of delivery arrangement.

Other gains and losses

The Group recorded other losses on impairment loss recognised in respect of intangible assets of approximately HK\$0.5 million for the Period. The Group also recorded other losses on foreign exchange loss of approximately HK\$0.2 million for the Period, as compared to approximately HK\$1.4 million for the six months ended 31 October 2019, representing a decrease of approximately 85.7%. The decrease was mainly due to the Group has adopted a comprehensive foreign currency risk management policy to minimise exchange rate risk from fluctuations of Great British Pound (“**GBP**”).

Net realised and unrealised gains on financial assets at FVTPL

The Group recorded a net realised and unrealised gains on financial assets at FVTPL of HK\$0.7 million for the Period. The Group continues to explore suitable investment opportunities to create and nurture new profit growth drivers.

Reversal of (provision for) impairment loss recognised on trade receivables, net of reversal

The Group recorded a net reversal of impairment loss recognised on trade receivables of approximately HK\$1.2 million for the Period from recording a provision for impairment loss recognised on trade receivables of approximately HK\$1.5 million for the six months ended 31 October 2019. There was no significant change of credit risk exposure for the major customers of the Group. As a result of the decrease in trade receivables of the major customers of the Group and the Group had considered the macroeconomic impact of COVID-19 and took into account the forward looking factor when assessing the expected credit loss on the trade receivables, the Group incurred a lesser amount of credit loss allowance against the trade receivables as compared to the six months ended 31 October 2019.

Administrative expenses

Administrative expenses primarily consist of employee benefit expenses, entertainment expenses, travelling expenses, depreciation of property and equipment and right-of-use assets, legal and professional fees and other miscellaneous general and administrative expenses. Administrative expenses decreased to approximately HK\$6.2 million for the Period from approximately HK\$6.9 million for the six months ended 31 October 2019, representing a decrease of approximately 9.5%. The decrease was mainly due to the decrease of staff salaries for the Period.

Selling and distribution expenses

The Group's selling and distribution expenses decreased to approximately HK\$4.8 million for the Period from approximately HK\$7.9 million for the six months ended 31 October 2019, representing a decrease of approximately 39.1%. The decrease was mainly due to the decrease in agency fee due to a US major customer and staff salaries for the Period.

Professional fee in relation to the Transfer of Listing

The Group were successfully transferred its listing from GEM to the Main Board on 20 March 2020. The Group recognised approximately HK\$1.9 million non-recurring professional fee in relation to the Transfer of Listing for the six months ended 31 October 2019.

Total comprehensive income attributable to owners of the Company

Total comprehensive income attributable to owners of the Company decreased to approximately HK\$0.8 million for the Period from approximately HK\$12.0 million for the six months ended 31 October 2019, representing a decrease of approximately 93.1%. The decrease was mainly attributable to (i) some major customers requested to delay shipment, reduce or cancel orders amid COVID-19 pandemic outbreak; (ii) sales discount granted to the customers upon our major customers' requests; and (iii) the extra costs incurred on the re-schedule of delivery arrangement due to shortening of production lead time upon our major customers' requests.

Basic earnings per Share

The Company's basic earnings per Share for the Period was approximately HK\$0.01 (31 October 2019: HK\$0.40), representing a decrease of approximately HK\$0.39, or approximately 97.5%, which was in line with the profit for the year attributable to owners of the Company for the Period, as compared to that for the six months ended 31 October 2019.

LIQUIDITY AND FINANCIAL RESOURCES

The Group maintains a healthy financial position. As at 31 October 2020 and 30 April 2020, the Group had net current assets of approximately HK\$89.0 million and HK\$90.1 million, respectively, which include bank balances and cash of approximately HK\$43.6 million and HK\$35.1 million, respectively. The Group's current ratio (that is, current assets divided by current liabilities) increased from approximately 3.8 as at 30 April 2020 to approximately 4.3 as at 31 October 2020.

Gearing ratio is calculated by dividing total debts by total equity as at the end of the reporting period. The total debts include obligations under finance lease and lease liabilities. The Group's gearing ratio was approximately 0.0663 as at 31 October 2020 (30 April 2020: 0.0186).

TREASURY POLICIES

The Group adopts prudent treasury policies. The Group's management performs an ongoing credit evaluation of the financial conditions of the customers in order to reduce the Group's exposure to credit risk. In addition to these ongoing credit evaluations, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements.

COMMITMENTS

As at 31 October 2020, the Group did not have any capital commitments contracted for but not provided in the unaudited condensed consolidated financial statements (30 April 2020: HK\$1.7 million). Such commitments related to capital expenditure in respect of renovation of an owned property and acquisition of intangible asset of the Group.

CAPITAL STRUCTURE

As at 31 October 2020 and 30 April 2020, the Company's issued share capital was HK\$320,000 divided into 32,000,000 Shares of HK\$0.01 each.

SIGNIFICANT INVESTMENTS

As at 31 October 2020 and 30 April 2020, the Group did not hold any significant investments.

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

The Group did not have any material acquisitions or disposals of subsidiaries and affiliated companies during the six months ended 31 October 2020.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as those disclosed in the prospectus dated 28 February 2017 for the listing of Shares on the Company on GEM of the Stock Exchange (“**Prospectus**”), the Group currently has no other plan for material investments and capital assets.

CONTINGENT LIABILITIES

The Group did not have material contingent liabilities as at 31 October 2020 and 30 April 2020.

FOREIGN EXCHANGE EXPOSURE

As at 31 October 2020 and 30 April 2020, the Group’s exposure to currency risk primarily related to HK\$ and GBP. As HK\$ is pegged to the functional currency of the Group, US\$, the Group does not expect significant exchange rate risk from HK\$. The management of the Group strives to change invoicing currency of sales from GBP to US\$ to minimise exchange rate risk from fluctuations of GBP. The Group has set up a comprehensive foreign currency risk management policy that the Group may adopt to manage the risk it faces. The Group will review such policy from time to time. The Group currently does not undertake any foreign currency hedge.

PLEDGE OF ASSETS

As at 31 October 2020 and 30 April 2020, the Group did not have any leased assets secured by the lessor’s title under finance lease.

EMPLOYEES AND REMUNERATION POLICIES

The total number of employees were 41 and 49 as at 31 October 2020 and 30 April 2020, respectively. The Group’s employee benefit expenses mainly include salaries, wages, other staff benefits, contributions to retirement schemes. For the six months ended 31 October 2020 and 2019, the Group’s total employee benefit expenses (including Directors’ emoluments) amounted to approximately HK\$4.4 million and HK\$5.9 million, respectively. Remuneration is determined with reference to market terms and the performance, qualification and experience of individual employee. In addition to basic salary, year-end bonuses would be discretionarily offered to those employees with outstanding performance.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group mainly carries out its businesses in Hong Kong and the PRC. To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Group has complied with all relevant laws and regulations in Hong Kong and the PRC during the Period.

The Group also complies with the requirements under the Company Law (2013 Revision) of the Cayman Islands, the Rules Governing the Listings of Securities on the Stock Exchange (the “**Listing Rules**”) and the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong (the “**SFO**”) for the disclosure of information and corporate governance.

ENVIRONMENTAL POLICY

The Group aims to protect the environment by minimising environmental adverse impacts in daily operations, such as energy saving and recycling of office resources. The Group will continue to seek for better environmental practices and promote the right environmental attitudes within the organisation. The Group has complied with all relevant laws and regulations regarding environmental protection, health and safety, workplace conditions and employment.

RELATIONSHIPS WITH STAKEHOLDERS

The Group recognises employees as one of the valuable assets of the Group and the Group strictly complies with the labour laws and regulations in Hong Kong and regularly reviews the existing staff benefits for improvement. Apart from the reasonable remuneration packages, the Group also offers other employee benefits, such as medical insurance.

The Group provides good quality services to the customers and maintains a good relationship with them. The Group keeps a database to directly communicate with recurring customers for developing a long-term business relationship.

The Group also maintains effective communication and develops a long term trust relationship with the suppliers. During the Period, there was no material dispute or disagreement between the Group and its suppliers.

COMPARISON OF BUSINESS STRATEGIES WITH ACTUAL BUSINESS PROGRESS

The following sets out a comparison of the business strategies as stated in the Prospectus with the Group's actual business progress up to the date of this announcement.

Business strategies as stated in the Prospectus	Actual business progress up to the date of this announcement
Further strengthening the relationships with the Group's existing customers and developing relationships with new customers	<ul style="list-style-type: none">– Acquired a premises for setting up a flagship showroom in Hong Kong with planned budget– Online platform implemented during the year ended 30 April 2020– Recruited an assistant general manager who is in charge of the development and enhancement of the business relationships with customers, and the economic impact brought by Brexit
Further strengthening the design and development capabilities of the Group to enhance its business model	<ul style="list-style-type: none">– Recruited two designers in the UK in May 2019
Expanding the geographical base of the third-party suppliers and diversifying the supplier base	<ul style="list-style-type: none">– Established two PRC subsidiaries as sourcing offices in the PRC
Widening product offerings of the Group	<ul style="list-style-type: none">– Received the first order for knitwear apparel products in May 2017
Enhancing the Group's corporate image to attract customer attention	<ul style="list-style-type: none">– Planning to participate in trade shows to be held in the UK and Europe to approach potential customers during the year ending 30 April 2021

USE OF PROCEEDS

The actual net proceeds from Listing on the GEM by way of share offer (the “**Share Offer**”) on 21 March 2017, after deducting commission and expenses borne by the Company in connection with the Share Offer, were approximately HK\$44.4 million (the “**Actual Net Proceeds**”), which were higher than the estimated figure as stated in the Prospectus. Thus, the Company plans to apply the Actual Net Proceeds on the same business strategic plans as stated in the Prospectus for the period from the Listing Date to 31 October 2020 but with monetary adjustments to each business strategic plan on a pro-rata basis. The table below sets out an adjusted allocation and the actual use of the Actual Net Proceeds as at 31 October 2020 as well as the reasons for the delay in using the Actual Net Proceeds as proposed in the Prospectus:

Business strategies as set out in the Prospectus	Adjusted allocation of the Actual Net Proceeds HK\$'000	Actual usage of the Actual Net Proceeds as at 31 October 2020 HK\$'000	Unutilised Actual Net Proceeds as at 31 October 2020 HK\$'000
Further strengthening the relationships with our existing customers and developing relationships with new customers	27,464	24,986	2,478
Further strengthening our design and development capabilities to enhance our business model	4,703	3,479	1,224
Expanding the geographical base of the third-party suppliers and diversifying our supplier base	5,191	4,872	319
Enhancing our corporate image to attract customer attention	2,662	256	2,406
General working capital	4,392	4,392	–
Total	44,412	37,985	6,427

Reference is made to the update on the use of proceeds on the Group’s 2020 annual report. As at 30 April 2020, the Group has utilised approximately HK\$36.5 million of the Actual Net Proceeds from the Share Offer.

FUTURE PROSPECTS

The COVID-19 pandemic has caused severe disruption to economic activities worldwide and caused significant uncertainties in the current business environment. As COVID-19 spread to the western world, retail stores closed, people stayed home, and demand for apparel collapsed overnight. Fashion is not an essential purchase for people locked down at home and was therefore one of the hardest hit segments in all of retail.

The collapse in demand at retail reverberated up the supply chain, and the Group was not exempt. However, the Group was probably less affected than most. More than half of the Group's sales goes to customers with digitally native brands and platforms. Secondly, the Group has an asset-light business model with a variable cost structure and no factory overhead, so a sharp downturn in sales did not result in unsustainable losses.

While COVID-19 caused short-term revenue and profitability challenges, the Board will continue to assess the impact of the COVID-19 pandemic on the Group's operations and financial performance and closely monitor the Group's exposure to the risks and uncertainties in connection therewith. The Group will take appropriate measures to adapt to the challenging environment when necessary including but not limited to cost control measures to reduce the operating costs of the Group.

Looking ahead, the Group will continue to strengthen its customized comprehensive apparel designing and sourcing services to cater the existing and potential customers' needs. The Group will actively promote its products in various ways including (i) display and promote sample products in showroom in Hong Kong and in the UK during customers' visits; and (ii) e-promotion via online platforms tailored for individual customers. The Directors believe that regular communications with the Group's customers allows the Group to better understand their needs and requirements, which in turn will strengthen the relationships between the Group and its customers.

As the pandemic and the resulting depressed fashion market persist, the Directors will continue to review and evaluate the business objectives and strategies and make timely execution taking into account the business risks and market uncertainties. The Directors will also continue to explore suitable business and investment opportunities to create and nurture new profit growth drivers which in time will bring sustainable and stable development to the Group.

PRINCIPAL RISKS AND UNCERTAINTIES

There are certain other risks involved in the Group's current operations. In particular, the Group relies on several major customers and the Group does not enter into any long-term contracts with the customers and therefore they have no commitment to place future orders with the Group, which exposes the Group to the risk of uncertainty and potential volatility in the Group's revenue. The Group also faces business risks such as (i) customers' reliance on the Group's ability to respond to changes in end consumers' preference in a timely manner; (ii) if there is a significant decrease in the orders from our customers in the UK, the Group cannot guarantee that it would be able to make up the loss of sales from other markets; (iii) the Group operates in a competitive market and the intense competition it faces may lead to a decline in the Group's market share and lower profit margins; (iv) the Group is exposed to credit risk from our customers and the payments may not be collected from our customers in the future; (v) costs increase due to fluctuations in the price, availability and quality of raw materials which could affect the supplies of the Group; and (vi) some of our customers are sensitive to social responsibility and social compliance standards if our approved suppliers have or are perceived to have failed to comply with these standards, our reputation as a design and sourcing service provider could be adversely affected and customers may choose not to continue their business with us.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY SPECIFIED UNDERTAKING OF THE COMPANY OR ANY OTHER ASSOCIATED CORPORATIONS

As at 31 October 2020, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to Rules 13 of Appendix 16 to the Listing Rules, were as follows:

Name of Directors	Nature of interest	Number of Shares held	Percentage of shareholding in the Company's issued share capital
Mr. Charles Choi (<i>Note 1</i>)	Interest in controlled corporation	23,000,000	71.88%
	Beneficial owner	<u>252,500</u>	<u>0.79%</u>
	Total	23,252,500	72.67%
Mr. Lai Kwok Hung, Alex	Beneficial owner	10,000	0.03%

Note:

1. Mr. Charles Choi directly owns 100% of JC Fashion International Group Limited (“**JC International**”), which in turn holds 71.88% of the issued share capital of the Company. Mr. Charles Choi is deemed, or taken to be interested in, all the Shares held by JC International for the purpose of the SFO.
2. The letter “L” denotes the person’s long position in the Shares.

Save as disclosed above, as at 31 October 2020, none of the Directors nor chief executive of the Company has registered an interests and short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be 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 were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to Rule 13 of Appendix 16 to the Listing Rules.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY SPECIFIED UNDERTAKING OF THE COMPANY OR ANY OTHER ASSOCIATED CORPORATIONS

So far as the Directors are aware, as at 31 October 2020, the following persons (not being Directors or chief executive of the Company) will have or be deemed or taken to have an interest or short position in the Shares or the underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be recorded in the register required to be kept under Section 336 of the SFO, and/or who are directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Name of shareholder	Nature of interests	Number of Shares held	Percentage of shareholding in the Company's issued share capital
JC International (<i>Note 1</i>)	Beneficial owner	23,000,000 (L) (<i>Note 2</i>)	71.88%

Note:

- Mr. Charles Choi directly owns 100% of JC International, which in turn holds 71.88% of the issued share capital of the Company. Mr. Charles Choi is deemed, or taken to be interested in, all the Shares held by JC International for the purpose of the SFO.
- The letter "L" denotes the person's long position in the Shares.

Save as disclosed above, as at 31 October 2020, the Directors were not aware of any other persons who had any interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be recorded in the register required to be kept under Section 336 of the SFO, and/or who are directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year and up to the date of this interim report, the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings set out in Appendix 10 to Listing Rules (the “**Model Code**”). In response to the specific enquiry made by the Company of the Directors, all Directors have confirmed that they had complied with the required standard of dealings and the code of conduct regarding securities transactions by the Directors adopted by the Company throughout the six months ended 31 October 2020.

Pursuant to B.13 of the Model Code, the Directors have also requested any employee of the Company or director or employee of subsidiary of the Company who, because of his/her office or employment in the Company or a subsidiary, is likely to possess inside information in relation to the securities of the Company, not to deal in securities of the Company when he/she would be prohibited from dealing by the Model Code as if he/she were a Director.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

No transactions, arrangements or contracts of significance in relation to the business of the Group to which the Company, or any of its holding companies, or any of its subsidiaries or fellow subsidiaries was a party and in which a Director or an entity connected with a Director had a material interest, whether directly or indirectly, subsisted at the end of the six months ended 31 October 2020 or at any time during the six months ended 31 October 2020, nor was there any transaction, arrangements or contract of significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder (as defined in the Listing Rules) or any of its subsidiaries for the six months ended 31 October 2020. There was also no contract of significance between the Company or one of the subsidiaries and the controlling shareholders or any of its subsidiaries.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

During the Period and up to the date of this announcement, none of the Directors or the controlling shareholders or substantial shareholders (as defined in the Listing Rules) of the Company or their respective close associates (as defined in the Listing Rules) were considered to have any interests in a business which competed or was likely to compete, either directly or indirectly, with the business of the Group and/or caused, or was likely to cause any other conflicts of interest with the Group, as required to be disclosed under the Listing Rules.

NON-COMPETITION UNDERTAKING

Each of the covenants of the deed of non-competition dated 21 February 2017 (“**Non-Competition Undertakings**”), Mr. Charles Choi and JC International (“**Covenants**”), has made annual declarations to the Company that during the six months ended 31 October 2020 and 2019, they have complied with the terms of the Non-Competition Undertakings. Details of the Non-Competition Undertakings are set out in the section headed “Relationship with our Controlling Shareholders” of the Prospectus.

The independent non-executive Directors have reviewed the status of compliance by each of the Covenants with the undertakings in the Non-Competition Undertakings and as far as the independent non-executive Directors can ascertain, the undertakings have been fully complied with and enforced during the six months ended 31 October 2020 and 2019. The executive Directors and the independent non-executive Directors also confirm that there are no other matters in relation to the aforesaid undertaking which should be brought to the attention of the Shareholders and the potential investors of the Group.

CORPORATE GOVERNANCE PRACTICES

The Company’s corporate governance code are based on the principles of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 of the Listing Rules. The Company is committed to ensure a quality board and transparency and accountability to Shareholders. The CG Code provision A.2.1 stipulates that the roles of chairman and chief executive should be separated and should not be performed by the same individual. Mr. Charles Choi is the chairman and chief executive officer of the Company, which constitutes a deviation from the code provision A.2.1.

Since Mr. Charles Choi has been operating and managing JC Fashion Group Limited, the main operating subsidiary of the Company since its incorporation, the Board believes that it is in the best interest of the Group to have Mr. Charles Choi taking up both roles for effective management and business development. Therefore, the Directors consider that the deviation from code provision A.2.1 of the CG Code is appropriate in such circumstance. The Directors also believe that a balance of power and authority is adequately ensured by the operations of the Board which comprises experienced and professional individuals including three independent non-executive Directors. The Board shall nevertheless review the structure from time to time in light of prevailing circumstances.

The Company complied with all code provisions in the CG Code during the six months ended 31 October 2020, save for code provision A.2.1.

EVENTS AFTER THE REPORTING PERIOD

There are no significant events affecting the Group after the six months ended 31 October 2020 and up to the date of this announcement.

DIVIDEND

The Board does not recommend the payment of dividend for the six months ended 31 October 2020 (31 October 2019: Nil).

AUDIT AND RISK MANAGEMENT COMMITTEE

The Company has set up an Audit and Risk Management Committee on 21 February 2017 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and section C3 of the CG Code. The duties of the Audit and Risk Management Committee are to review relationship with the Company's external auditors, review the Company's financial information, oversee the Company's financial reporting system and internal control procedures and oversee the Company's continuing connected transactions. The Audit and Risk Management Committee comprises all three independent non-executive Directors, namely Mr. Lai Kwok Hung, Alex, who is the chairman of the Audit and Risk Management Committee, Mr. Yeung Chuen Chow, Thomas and Mr. Cüneyt Bülent Bilâlođlu. The unaudited condensed consolidated financial statements of the Group for the Period have been reviewed by the Audit and Risk Management Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards, the Listing Rules and legal requirements, and adequate disclosures have been made.

By order of the Board
SG Group Holdings Limited
Choi King Ting, Charles
Chairman and Chief Executive Officer

Hong Kong, 30 December 2020

As at the date of this announcement, the executive Directors are Mr. Choi King Ting, Charles and Mr. Choi Ching Shing; and the independent non-executive Directors are Mr. Lai Kwok Hung, Alex, Mr. Yeung Chuen Chow, Thomas and Mr. Cüneyt Bülent Bilâlođlu.