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FORWARD FASHION  
HOLDINGS

**Forward Fashion (International) Holdings Company Limited**

**尚晉(國際)控股有限公司**

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

**(Stock Code: 2528)**

**UNAUDITED INTERIM RESULTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2023**

The board of directors (“**Board**”) of Forward Fashion (International) Holdings Company Limited (“**Company**”) is pleased to announce the unaudited consolidated financial statements of the Company and its subsidiaries (“**Group**”) for the six months ended 30 June 2023, together with the comparative figures for the six months ended 30 June 2022. The financial information has been approved by the Board.

**FINANCIAL HIGHLIGHTS**

		<b>For the six months ended 30 June 2023</b>	For the six months ended 30 June 2022
Revenue	<i>HKD million</i>	<b>505.43</b>	495.78
Gross Profit	<i>HKD million</i>	<b>235.43</b>	244.29
Loss for the period	<i>HKD million</i>	<b>(7.40)</b>	(22.69)
Loss per share	<i>HKD</i>	<b>(0.02)</b>	(0.06)
		<b>As of 30 June 2023</b>	As of 31 December 2022
Current Ratio		<b>1.0</b>	1.0
Gearing Ratio		<b>59%</b>	58%

## CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

		<b>Unaudited</b>	
		<b>Six months ended 30 June</b>	
	<i>Notes</i>	<b>2023</b>	<b>2022</b>
		<i>HKD'000</i>	<i>HKD'000</i>
Revenue	5	<b>505,425</b>	495,776
Cost of sales	8	<b>(269,998)</b>	(251,485)
<b>Gross profit</b>		<b>235,427</b>	244,291
Selling and marketing expenses	8	<b>(187,451)</b>	(201,728)
General and administrative expenses	8	<b>(49,371)</b>	(50,908)
Other income	6	<b>164</b>	4,219
Other gains/(losses), net	7	<b>4,695</b>	(2,751)
<b>Operating profit/(loss)</b>		<b>3,464</b>	(6,877)
Finance income		<b>420</b>	195
Finance costs		<b>(9,957)</b>	(9,832)
Finance costs, net		<b>(9,537)</b>	(9,637)
<b>Loss before income tax</b>		<b>(6,073)</b>	(16,514)
Income tax expenses	9	<b>(1,331)</b>	(6,172)
<b>Loss for the period</b>		<b>(7,404)</b>	(22,686)
<b>Loss is attributable to:</b>			
Equity holders of the Company		<b>(6,261)</b>	(23,141)
Non-controlling interests		<b>(1,143)</b>	455
		<b>(7,404)</b>	(22,686)
<b>Loss per share for profit attributable to equity holders of the Company</b>			
Basic and diluted loss per share ( <i>HKD</i> )	10	<b>(0.02)</b>	(0.06)

## CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
	<i>HKD'000</i>	<i>HKD'000</i>
<b>Loss for the period</b>	<b>(7,404)</b>	<b>(22,686)</b>
<b>Other comprehensive loss for the period</b>		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Currency translation differences	<u>(4,793)</u>	<u>(6,946)</u>
<b>Other comprehensive loss for the period, net of tax</b>	<u>(4,793)</u>	<u>(6,946)</u>
<b>Total comprehensive loss for the period</b>	<u><b>(12,197)</b></u>	<u><b>(29,632)</b></u>
<b>Total comprehensive (loss)/income for the period is attributable to:</b>		
Equity holders of the Company	<b>(11,444)</b>	<b>(30,429)</b>
Non-controlling interests	<u><b>(753)</b></u>	<u><b>797</b></u>

## CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		Unaudited As at 30 June 2023 HKD'000	Audited As at 31 December 2022 HKD'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	129,283	128,352
Right-of-use assets	12	175,082	150,713
Intangible assets		6,385	8,109
Financial asset at fair value through other comprehensive income		1,715	1,715
Investment in insurance contract		37,628	34,843
Deferred tax assets		14,384	20,979
Prepayment		21,202	18,780
Other receivables and deposit	15	12,781	28,404
<b>Total non-current assets</b>		<b>398,460</b>	<b>391,895</b>
<b>Current assets</b>			
Inventories	13	255,787	274,114
Trade receivable	14	29,106	40,285
Prepayment		21,301	28,615
Amount due from related parties	22	–	3,939
Other receivables and deposit	15	43,662	33,688
Restricted cash	16	13,801	17,987
Term deposit with initial term of over three month		50,058	50,058
Cash and cash equivalents		76,084	69,881
<b>Total current assets</b>		<b>489,799</b>	<b>518,567</b>
<b>Total assets</b>		<b>888,259</b>	<b>910,462</b>
<b>Equity</b>			
Share capital	17	4,000	4,000
Share premium	17	859,232	859,232
Reserves		(604,271)	(599,088)
Retained earnings		(21,427)	(15,166)
<b>Capital and reserve attributable to equity holders of the Company</b>		<b>237,534</b>	<b>248,978</b>
Non-controlling interest in equity		<b>(8,148)</b>	<b>(7,395)</b>
<b>Total equity</b>		<b>229,386</b>	<b>241,583</b>

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
(Continued)

		<b>Unaudited</b>	Audited
		<b>As at</b>	As at
		<b>30 June</b>	31 December
	<i>Notes</i>	<b>2023</b>	2022
		<b>HKD'000</b>	<b>HKD'000</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Borrowings		<b>42,289</b>	45,291
Lease liabilities		<b>95,741</b>	70,688
Provisions	18	<b>9,788</b>	9,955
Other non-current liabilities	19	<b>3,693</b>	6,269
Deferred tax liabilities		<b>1,405</b>	6,271
Other payables	20	<b>9,761</b>	12,091
		<hr/>	<hr/>
<b>Total non-current liabilities</b>		<b>162,677</b>	150,565
		<hr/>	<hr/>
<b>Current liabilities</b>			
Trade and other payables	20	<b>165,643</b>	161,350
Amount due to related parties	22	<b>178,557</b>	182,915
Other current liabilities	19	<b>8,133</b>	18,061
Contract liabilities		<b>11,448</b>	4,533
Lease liabilities		<b>82,438</b>	91,564
Provisions	18	<b>6,790</b>	6,369
Income tax liabilities		<b>4,692</b>	8,819
Borrowings		<b>38,495</b>	44,703
		<hr/>	<hr/>
<b>Total current liabilities</b>		<b>496,196</b>	518,314
		<hr/>	<hr/>
<b>Total liabilities</b>		<b>658,873</b>	668,879
		<hr/>	<hr/>
<b>Net assets</b>		<b>229,386</b>	241,583
		<hr/> <hr/>	<hr/> <hr/>

## 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	Retained earnings HKD'000	Sub-total HKD'000	Non- controlling interests HKD'000	
<b>Balance at 1 January 2023</b>	4,000	859,232	(599,088)	(15,166)	248,978	(7,395)	241,583
<b>Total comprehensive income for the period</b>							
Loss for the period	-	-	-	(6,261)	(6,261)	(1,143)	(7,404)
Other comprehensive (loss)/ profit 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>	<u>4,000</u>	<u>859,232</u>	<u>(604,271)</u>	<u>(21,427)</u>	<u>237,534</u>	<u>(8,148)</u>	<u>229,386</u>
<b>Balance at 1 January 2022</b>	4,000	859,232	(576,952)	18,197	304,477	(4,841)	299,636
<b>Total comprehensive income for the period</b>							
(Loss)/profit for the period	-	-	-	(23,141)	(23,141)	455	(22,686)
Other comprehensive (loss)/ profit for the period	-	-	(7,288)	-	(7,288)	342	(6,946)
<b>Balance at 30 June 2022</b>	<u>4,000</u>	<u>859,232</u>	<u>(584,240)</u>	<u>(4,944)</u>	<u>274,048</u>	<u>(4,044)</u>	<u>270,004</u>

## CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
<i>Notes</i>	<b>2023</b>	<b>2022</b>
	<i>HKD'000</i>	<i>HKD'000</i>
<b>Cash flows from operating activities</b>		
Cash generated from/(used in) operations	<b>135,960</b>	(10,018)
Income tax paid	<b>(24,711)</b>	(1,661)
<b>Net cash generated from operating activities</b>	<b>111,249</b>	(11,679)
<b>Cash flows from investing activities</b>		
Interest income received	<b>420</b>	195
Purchase of intangible assets	–	(1,295)
Purchase of property, plant and equipment	<b>(27,186)</b>	(17,097)
Proceeds from disposal of fixed assets	<b>12,324</b>	4,919
Redemption of term deposit	–	70,000
<b>Net cash (used in)/generated from investing activities</b>	<b>(14,442)</b>	56,722
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	<b>80,888</b>	82,110
Interest paid	<b>(1,844)</b>	(4,436)
Loans from related parties	–	143,378
Repayment of loans from related parties	<b>(7,366)</b>	(12,667)
Repayment of borrowings	<b>(90,095)</b>	(82,518)
Payment of lease liabilities and interest expenses	<b>(73,731)</b>	(92,239)
<b>Net cash (used in)/generated from financing activities</b>	<b>(92,148)</b>	33,628
<b>Net increase in cash and cash equivalents</b>	<b>4,659</b>	78,671
Cash and cash equivalents at beginning of the period	<b>69,881</b>	115,891
Effect on exchange rate difference	<b>1,544</b>	2,084
<b>Cash and cash equivalents at end of the period</b>	<b>76,084</b>	196,646

# 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 25 August 2023.

## 2 BASIS OF PREPARATION

This unaudited condensed consolidated financial information for the six months ended 30 June 2023 has been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” issued by the International Accounting Standards Board (“**IASB**”).

The condensed consolidated financial information does not include all the notes of the type normally included in an annual financial report. Accordingly, this condensed consolidated financial information should be read in conjunction with the annual report for the year ended 31 December 2022 and any public announcements made by the Company during the six-month ended 30 June 2023.

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 2022 except for the adoption of new and amended standards as set out below.



### **3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies applied are consistent with those of the 2022 Financial Statements, as described in those annual consolidated financial statements, except for the adoption of new and amended standards as set out below.

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

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

- (a) Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- (b) Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)
- (c) Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)
- (d) International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12)
- (e) Definition of Accounting Estimates (Amendments to IAS 8)
- (f) IFRS 17 Insurance Contracts – the Group do not have any contracts that meet the definition of insurance contracts as set out in IFRS 17

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

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

Certain new accounting standards and interpretations have been published that are not mandatory for the six-month ended 30 June 2023 and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

### **4 FINANCIAL RISK MANAGEMENT**

#### **4.1 Financial risk factors**

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

The condensed consolidated financial information do not include all financial risk management information and disclosures required in the annual financial information, and should be read in conjunction with the Group's annual financial information as at 31 December 2022.

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

## 4.2 Fair value estimation

### (i) Fair value hierarchy

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

**Recurring fair value measurements** Level 3  
**At 31 December 2022 (Audited)** *HKD'000*

**Financial assets**

Equity security – an unlisted company 1,715

Financial assets at fair value through other comprehensive income  
(FVOCI) 1,715

**Financial liabilities**

Call option –

Financial liabilities at fair value through profit or loss –

**Recurring fair value measurements** Level 3  
**At 30 June 2023 (Unaudited)** *HKD'000*

**Financial assets**

Equity security – an unlisted company 1,715

Financial assets at fair value through other comprehensive income  
(FVOCI) 1,715

**Financial liabilities**

Call option –

Financial liabilities at fair value through profit or loss –

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 value measurements using significant unobservable inputs (level 3)*

The following table presents the changes in level 3 items for the six months ended 30 June 2022 and 2023:

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2023</b>	2022
	<b>HKD'000</b>	<b>HKD'000</b>
At the beginning of the period	–	1,444
Change in fair value	–	556
At the end of the period	–	2,000
	<hr/>	<hr/>
Total		
Net unrealised gains for the period	–	556
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(iii) *Fair values of other financial instruments*

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

## 5 SEGMENT INFORMATION

The Group is principally engaged in the retailing and wholesale of luxury and fashion clothes and products in the Mainland China, Macau, Hong Kong and other places. The performance of the Group's retail stores is subject to seasonal fluctuations and certain holiday seasons. During the period, a new business commenced on providing catering service in Macau.

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

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

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

The segment information for the six months ended 30 June 2022 and 2023 are as follows:

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

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

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

	As at 30 June 2022 (Unaudited)			
	Mainland		Hong Kong	Total
	China	Macau	and others	
	<i>HKD'000</i>	<i>HKD'000</i>	<i>HKD'000</i>	<i>HKD'000</i>
Segment non-current assets	111,516	265,390	42,559	419,465
Segment current assets	<u>247,719</u>	<u>322,814</u>	<u>54,972</u>	<u>625,505</u>

(a) Revenue by business line and nature

	Unaudited	
	Six months ended 30 June	
	2023	2022
	<i>HKD'000</i>	<i>HKD'000</i>
Retail	464,778	465,685
Store management and consignment service	29,389	18,919
Catering service	10,342	–
Wholesale	<u>916</u>	<u>11,172</u>
Total	<u><u>505,425</u></u>	<u><u>495,776</u></u>

(b) **Timing of revenue recognition**

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
	<b>HKD'000</b>	<b>HKD'000</b>
Revenue at a point in time	<b>465,694</b>	476,857
Revenue over time	<b>39,731</b>	18,919
	<hr/>	<hr/>
Total	<b>505,425</b>	495,776
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**6 OTHER INCOME**

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
	<b>HKD'000</b>	<b>HKD'000</b>
Government grants	<b>56</b>	1,026
Other subsidies	<b>–</b>	2,520
Others	<b>108</b>	673
	<hr/>	<hr/>
	<b>164</b>	4,219
	<hr/> <hr/>	<hr/> <hr/>

**7 OTHER GAINS/(LOSSES) – NET**

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
	<b>HKD'000</b>	<b>HKD'000</b>
Net changes in cash surrender value of investment in insurance contracts	<b>2,759</b>	522
Gains on the derecognition of right-of-use assets and lease liabilities	<b>5,785</b>	1,594
Exchange losses	<b>(1,751)</b>	(1,578)
Fair value losses on financial liabilities at fair value through profit or losses	<b>–</b>	(624)
Net gains/(losses) on disposal of property, plant and equipment	<b>(2,292)</b>	(2,473)
Others	<b>194</b>	(192)
	<hr/>	<hr/>
	<b>4,695</b>	(2,751)
	<hr/> <hr/>	<hr/> <hr/>

## 8 EXPENSES BY NATURE

	Unaudited	
	Six months ended 30 June	
	2023	2022
	HKD'000	HKD'000
Change in inventories	253,953	250,254
Reversal of inventories impairment	(5,646)	(2,902)
Depreciation of right-of-use assets (Note 12)	69,135	84,445
Employee benefit expenses	106,635	86,518
Depreciation of property, plant and equipment (Note 11)	11,821	15,762
Operating lease expenses (Note 12)	19,974	22,248
Property management fee	16,649	15,858
Advertising and promotion expenses	6,272	9,361
Travelling, entertainment and communication expenses	3,543	4,248
Impairment loss on property, plant and equipment (Note 11)	1,275	668
Amortisation of intangible assets	1,198	677
Impairment loss on right-of-use assets (Note 12)	2,558	4,917
Professional service fees	1,006	1,315
Auditor's remuneration	1,226	1,615
Other expenses	17,221	9,137
	<u>506,820</u>	<u>504,121</u>

## 9 INCOME TAX EXPENSES

### Income tax expenses

	Unaudited	
	Six months ended 30 June	
	2023	2022
	HKD'000	HKD'000
Current income tax	91	452
Deferred income tax related to the temporary differences	1,240	5,720
	<u>1,331</u>	<u>6,172</u>

## 10 LOSS PER SHARE

### (a) Basic loss per share

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

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
Loss attributable to equity holders of the Company (HKD'000)	<b>(6,261)</b>	(23,141)
Weighted average number of ordinary shares in issue	<b>400,000,000</b>	400,000,000
Basic loss per share (HKD)	<b>(0.02)</b>	(0.06)

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

## 11 PROPERTY, PLANT AND EQUIPMENT

	Buildings HKD'000	Leasehold improvements HKD'000	Vehicle HKD'000	Office furniture and equipment HKD'000	Computer and electronic equipment HKD'000	Total HKD'000
<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	<b>74,855</b>	<b>48,847</b>	<b>132</b>	<b>975</b>	<b>3,543</b>	<b>128,352</b>
<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)	<b>74,039</b>	<b>49,877</b>	<b>96</b>	<b>1,480</b>	<b>3,791</b>	<b>129,283</b>
<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)	<b>74,039</b>	<b>49,877</b>	<b>96</b>	<b>1,480</b>	<b>3,791</b>	<b>129,283</b>



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

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>2023</b>	2022
	<b><i>HKD'000</i></b>	<i>HKD'000</i>
Selling and marketing expenses	<b>10,422</b>	12,725
Administrative expenses	<b>1,399</b>	3,037
	<u><b>11,821</b></u>	<u>15,762</u>

12 RIGHT-OF-USE ASSETS

	Unaudited As at 30 June 2023 HKD'000	Audited As at 31 December 2022 HKD'000
Retail stores	171,218	142,022
Office	3,864	8,691
	<u>175,082</u>	<u>150,713</u>

	Retail stores HKD'000	Vehicle HKD'000	Office HKD'000	Total HKD'000
<b>At 31 December 2022</b>				
Cost	316,032	4,414	14,620	335,066
Accumulated depreciation and impairment	<u>(174,010)</u>	<u>(4,414)</u>	<u>(5,929)</u>	<u>(184,353)</u>
Net book amount	<u>142,022</u>	<u>0</u>	<u>8,691</u>	<u>150,731</u>

**Six months ended 30 June 2023**

Opening net book amount	142,022	–	8,691	150,713
Additions	119,448	–	–	119,448
Depreciation	(64,051)	–	(5,084)	(69,135)
Impairment provision	(2,558)	–	–	(2,558)
Early termination of lease contracts	(22,462)	–	357	(22,105)
Exchange differences	<u>(1,181)</u>	<u>–</u>	<u>(100)</u>	<u>(1,281)</u>
Closing net book amount (unaudited)	<u>171,218</u>	<u>–</u>	<u>3,864</u>	<u>175,082</u>

**At 30 June 2023**

Cost	387,353	4,415	9,630	401,398
Accumulated depreciation and impairment	<u>(216,135)</u>	<u>(4,415)</u>	<u>(5,766)</u>	<u>(226,316)</u>
Net book amount (unaudited)	<u>171,218</u>	<u>–</u>	<u>3,864</u>	<u>175,082</u>

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

	Unaudited Six months ended 30 June 2023 HKD'000	2022 HKD'000
Expense relating to variable lease payments not included in lease liabilities (Note 8)	19,974	22,248
Depreciation charge of right-of-use assets (Note 8)	69,135	84,445
Interest expenses (included in finance cost)	<u>4,643</u>	<u>5,396</u>

### 13 INVENTORIES

	Unaudited As at 30 June 2023 HKD'000	Audited As at 31 December 2022 HKD'000
Fashion wears and accessories	260,696	281,560
Electronic devices	5,188	8,349
Skincare and cosmetic products	10,512	10,933
Less: provision for impairment	(20,609)	(26,728)
	<u>255,787</u>	<u>274,114</u>
Inventory measured at cost	216,747	242,727
Inventory measured at net realizable value	39,040	31,387
	<u>255,787</u>	<u>274,114</u>

### 14 TRADE RECEIVABLE

	Unaudited As at 30 June 2023 HKD'000	Audited As at 31 December 2022 HKD'000
<b>Trade receivables</b>		
Due from third parties	29,562	40,741
Less: provision for impairment of trade receivables	(456)	(456)
Net trade receivables	<u>29,106</u>	<u>40,285</u>
	Unaudited As at 30 June 2023 HKD'000	Audited As at 31 December 2022 HKD'000
Within 3 months	29,177	39,349
Over 3 months and within 6 months	100	909
Over 6 months and within 1 year	206	216
Over 1 year	79	267
	<u>29,562</u>	<u>40,741</u>

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

## 15 OTHER RECEIVABLES AND DEPOSIT

	Unaudited As at 30 June 2023 HKD'000	Audited As at 31 December 2022 HKD'000
Included in current assets		
– Rental deposits	23,115	14,908
– Value-added tax recoverable	2,762	5,930
– Staff advance	1,066	956
– Others	16,719	11,894
	<u>43,662</u>	<u>33,688</u>
Included in non-current assets		
– Rental deposits	12,781	28,404
	<u>56,443</u>	<u>62,092</u>

## 16 RESTRICTED CASH

	Unaudited As at 30 June 2023 HKD'000	Audited As at 31 December 2022 HKD'000
Restricted cash	<u>13,801</u>	<u>17,987</u>

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

## 17 SHARE CAPITAL

	Number of shares	Nominal value of shares HKD'000	Share premium HKD'000
As at 31 December 2022 (audited) and 30 June 2023 (unaudited)	<u>400,000,000</u>	<u>4,000</u>	<u>859,232</u>

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

## 18 PROVISIONS

	Unaudited As at 30 June 2023 HKD'000	Audited As at 31 December 2022 HKD'000
<b>Non-current</b>		
Make good provision	<u>9,788</u>	<u>9,955</u>
<b>Current</b>		
Make good provision	<u>6,790</u>	<u>6,369</u>
	<b><u>16,578</u></b>	<b><u>16,324</u></b>

## 19 OTHER CURRENT AND NON-CURRENT LIABILITIES

	Unaudited As at 30 June 2023 HKD'000	Audited As at 31 December 2022 HKD'000
At 1 January	24,330	39,275
Receipt	–	13,006
Recognised in consolidated statements of profit or loss	(11,952)	(25,870)
Exchange difference	<u>(552)</u>	<u>(2,081)</u>
At 30 June/31 December	<b><u>11,826</u></b>	<b><u>24,330</u></b>
Current	8,133	18,061
Non current	<b><u>3,693</u></b>	<b><u>6,269</u></b>

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

## 20 TRADE AND OTHER PAYABLES

	<b>Unaudited</b> <b>As at 30 June</b> <b>2023</b> <i>HKD'000</i>	Audited As at 31 December 2022 <i>HKD'000</i>
<b>Current</b>		
Trade payables (Note)	100,076	96,246
Salaries payable	32,414	29,782
Variable lease payable	6,417	5,129
Other taxes payable	4,603	734
License fee payable	6,965	8,125
Renovation service fee payables	1,464	10,574
Other payables	13,704	10,760
	<u>165,643</u>	<u>161,350</u>
<b>Non-current</b>		
Operating support fund	9,761	12,091
	<u>175,404</u>	<u>173,441</u>

*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 30 June</b> <b>2023</b> <i>HKD'000</i>	Audited As at 31 December 2022 <i>HKD'000</i>
Within 3 months	61,781	69,756
Over 3 months and within 1 year	35,137	26,367
Over 1 year	3,158	123
	<u>100,076</u>	<u>96,246</u>

## 21 DIVIDENDS

The board of directors of the Company does not recommend the payment of any interim dividend for the six months ended 30 June 2023.

## 22 SIGNIFICANT RELATED PARTY TRANSACTIONS

### (a) Significant transactions with related parties

The following significant transactions occurred with related parties:

	Unaudited	
	Six months ended 30 June	
	2023	2022
	HKD'000	HKD'000
<b>Purchase of goods</b>		
A subsidiary	11,544	14,279
<b>Purchase of decoration services</b>		
Controlled by a close family member of Mr. Fan	–	1,200
<b>Purchase of rental services (with variable lease payment)</b>		
Fellow subsidiaries	1,089	3,498
<b>Purchase of management, promotion and administration services</b>		
Fellow subsidiary	–	2,867
<b>Interest expense</b>		
Controlling shareholder of the Company	3,007	3,116
<b>Sales of corporate management services</b>		
Controlled by Mr. Fan	524	–

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

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

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

	<b>Unaudited</b> <b>As at 30 June</b> <b>2023</b> <b>HKD'000</b>	<b>Audited</b> <b>As at 31 December</b> <b>2022</b> <b>HKD'000</b>
<b>Amount due from related parties – trade</b>		
Sao Hang Investment Company Limited	–	722
White S.R.L	–	124
Shenzhen Zhishang Brand Management Co., Ltd	–	3,093
<b>Loans from related parties – non-trade</b>		
Mr. Fan	<b>(91,654)</b>	(95,576)
Shun Ao. Limited	<b>(8,086)</b>	(8,086)
Zhuo Zhi Fu Da	<b>(43,974)</b>	(47,127)
<b>Amount due to related parties – trade</b>		
Sheng Jie Decoration And Engineering Co. Ltd	<b>(31,229)</b>	(31,229)
SJ Synergy Engineering Company Limited	<b>(897)</b>	(897)
Shenzhen Chuangya Brand Management Company Limited	<b>(77)</b>	–
White S.R.L	<b>(2,640)</b>	–

Loans from Mr. Fan were unsecured with term of one year and an interest rate of 4%.

Loans from related parties were unsecured with term of one year and an interest rate of 4%.

Amounts due to related parties represents unsecured, interest-free and repayable on demand.



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

The following amounts of leases are related to related parties:

	<b>Unaudited</b> <b>As at 30 June</b> <b>2023</b> <i>HKD'000</i>	<b>Audited</b> <b>As at 31 December</b> <b>2022</b> <i>HKD'000</i>
<b>Lease liabilities</b>		
Controlling shareholder of the Company	<u><u>3,009</u></u>	<u><u>4,050</u></u>
	<b>Unaudited</b> <b>Six months ended 30 June</b> <b>2023</b> <i>HKD'000</i>	<b>2022</b> <i>HKD'000</i>
<b>Interest of lease liabilities</b>		
Controlling shareholder of the Company	<u><u>107</u></u>	<u><u>360</u></u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### OVERVIEW

The Group principally engages in the retail of fashion apparel of international brands ranging from established designer label brands, popular global brands to up-and-coming brands in Mainland China, Macau, Hong Kong and Taiwan (collectively, “**Greater China**”). The Group adopts a multi-brand and multi-store business model. As at 30 June 2023, the Group operated 178 self-operated retail stores in Greater China, of which 160 retail stores are mono-brand stores operated under the brand name of the merchandise to cater for the brand’s target customers and 18 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 2023, the Group’s brand portfolio had 116 brands, of which 113 brands are international brands owned by third-party brand owners or their master/authorised licensors and three are its own brands, namely, *UM*, *UM•IXOX* and *IXOX*.

The COVID-19 pandemic (“**Pandemic**”) has ceased to affect the economy of Greater China in which the Group operates. The GDP growth in Mainland China increased from 2.5% in the first half of 2022 to 5.5% in the first half of 2023 and the growth rate of consumer goods consumption in the first half of 2023 recorded a growth of 8.2%, among the consumer goods, a growth rate of 12.8% was recorded for retail value of apparel in the first half of 2023.

The Group experienced a growth of 1.9% YoY in revenue for the six months ended 30 June 2023. Of the increase in revenue of HKD9.6 million, Macau together with Hong Kong and Taiwan jointly recorded an increase of HKD16.8 million and HKD15.2 million, or a growth rate of 8.1% and 41.8% YoY, respectively. Mainland China recorded a decrease of HKD22.4 million or a negative growth rate of 8.9% YoY.

It has been a challenging six months for the Group. Despite the fading impact of the Pandemic, the global economy was further hit by geopolitical events leading to inflation and interest rate spikes and further dented consumer confidence resulting in a slower than expected sales recovery for the Group’s business. The Group will continue to monitor closely the market condition and adjust its business strategies to ensure that shareholder value is protected.

## FINANCIAL REVIEW

### Revenue

The Group's revenue increased to HKD505.4 million for the six months ended 30 June 2023 (2022: HKD495.8 million), representing a YoY 1.9% increase. The increase of revenue for the six months ended 30 June 2023 was mainly due to economy recovery in Macau, Hong Kong and Taiwan. The mono-brand stores recorded a decrease of 5.4% YoY and the multi-brand stores recorded an increase of 35.6% YoY. The Group recorded a shrinkage of 39.2% over the online sales through different media platforms. Store management and consignment services recorded a growth rate of 55.3% YoY and wholesale recorded a negative growth rate of 91.8% YoY.

Breakdown of revenue by sales channels:

	Six months ended 30 June 2023		Six months ended 30 June 2022		Change (%)
	<i>HKD million</i>	<i>% of revenue</i>	<i>HKD million</i>	<i>% of revenue</i>	
Retail					
Mono-brand stores	<b>363.7</b>	<b>72.0</b>	384.7	77.5	-5.4
Multi-brand stores	<b>93.9</b>	<b>18.6</b>	69.2	14.0	35.6
Online sales	<b>7.2</b>	<b>1.4</b>	11.8	2.4	-39.2
	<b>464.8</b>	<b>92.0</b>	465.7	93.9	-0.2
Catering service	<b>10.3</b>	<b>2.0</b>	–	–	N/A
Store Management & consignment services	<b>29.4</b>	<b>5.8</b>	18.9	3.8	55.3
Wholesale	<b>0.9</b>	<b>0.2</b>	11.2	2.3	-91.8
Total	<b>505.4</b>	<b>100.0</b>	495.8	100.0	1.9

The revenue generated from the retail stores in Macau for the six months ended 30 June 2023 increased to HKD225.6 million, representing an increase of 8.1% when compared to that for the six months ended 30 June 2022. The revenue generated from Mainland China recorded HKD228.1 million for the six months ended 30 June 2023, representing a YoY decrease of 8.9%. The revenue generated from the sales in Hong Kong and Taiwan recorded an increase to HKD51.7 million for the six months ended 30 June 2023, representing a YoY increase of 41.8%.

Revenue by geographical areas:

	<b>Six months ended</b>		Six months ended		<i>Change</i>
	<b>30 June 2023</b>		30 June 2022		
	<i>HKD</i>	<i>% of</i>	<i>HKD</i>	<i>% of</i>	
	<i>million</i>	<i>revenue</i>	<i>million</i>	<i>revenue</i>	<i>(%)</i>
Mainland China	<b>228.1</b>	<b>45.2</b>	250.5	50.5	-8.9
Macau	<b>225.6</b>	<b>44.6</b>	208.8	42.1	8.1
Hong Kong and Taiwan	<b>51.7</b>	<b>10.2</b>	36.5	7.4	41.8
	<b><u>505.4</u></b>	<b><u>100.0</u></b>	<u>495.8</u>	<u>100.0</u>	<u>1.9</u>

### **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 increased to HKD270.0 million for the six months ended 30 June 2023, or a YoY increase of 7.4%, primarily attributable to the increase in sales.

As such, the gross profit for the six months ended 30 June 2023 decreased by HKD8.9 million, or a YoY decrease of 3.6%, to HKD235.4 million and the gross profit margin decreased from 49.3% for the six months ended 30 June 2022 to 46.6% for the six months ended 30 June 2023. Among the Greater China areas, the gross profit margins of sales in Macau recorded a decrease of 530 basis points for the six months ended 30 June 2023 resulting from stock clearance of store closure. The gross profit margins of sales in Hong Kong and Taiwan recorded a decrease of 1,260 basis points for the six months ended 30 June 2023 due to clearance sale of all self-operated retail stores in Taiwan in the first half of 2023. The gross profit margin of sales in the PRC for the six months ended 30 June 2023 recorded an increase of 200 basis points to 50.0% mainly due to less discount offered for market recovery in PRC.

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

The Group had other income of HKD0.2 million for the six months ended 30 June 2023, representing a YoY decrease of 96.1%, mainly attributable to the decrease of government grants and subsidies from vendors. The Group recorded net other gains of HKD4.7 million, compared with net other losses of HKD2.8 million for the six months ended 30 June 2022, mainly attributable to the increase of gains on the derecognition of right-of-use assets and lease liabilities and the increase of net changes in cash surrender value of investment in insurance contracts of HKD4.2 million and HKD2.2 million, respectively.

## **Operating expenses**

Selling and marketing expenses dwindled to HKD187.5 million for the six months ended 30 June 2023, or a 7.1% YoY decrease, primarily due to a decrease in impairment loss on property, plant and equipment of HKD6.1 million, a decrease of operating lease expenses of HKD5.1 million and a decrease of advertising and promotion expenses of HKD3.6 million.

General and administrative expenses decreased to HKD49.4 million for the six months ended 30 June 2023, or a YoY decrease of 3.0%, primarily due to a decrease in operating lease expenses of HKD1.1 million.

## **Finance costs**

Net finance costs decreased to HKD0.1 million for the six months ended 30 June 2023, or a YoY decrease of 1.0%. The decrease was mainly due to a decrease in interest expenses on lease liabilities of HKD1.2 million mainly resulting from lower balance of lease liability and a increase in interest on bank borrowing of HKD1.3 million.

## **Loss for the period**

The Group recorded a net loss of HKD7.4 million for the six months ended 30 June 2023 comparing with a net loss of HKD22.7 million for the six months ended 30 June 2022 mainly attributable to the cost saving made in selling and marketing expenses of HKD14.3 million.

## **SEASONALITY**

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

## **FINANCIAL**

### **Working capital structure**

The Group's net current liabilities amounted to HKD6.4 million as at 30 June 2023 (31 December 2022: net current assets HKD0.3 million), representing a decrease of HKD6.7 million from 31 December 2022. Such decrease was primarily the result of the decrease in current assets of HKD28.8 million mainly resulting from the decrease in inventories of HKD18.3 million and trade receivable of HKD11.2 million which were partially offset by the increase in net of restricted cash, term deposit with initial term of over three months and cash and cash equivalents of HKD2.0 million and offset by the decrease in current liabilities of HKD22.1 million which mainly comprised of decrease in bank borrowing of HKD6.2 million, lease liabilities of HKD9.1 million and income tax liabilities of HKD4.1 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 2023, the cash and cash equivalents were HKD76.1 million, representing an increase of HKD6.2 million comparing with that for 31 December 2022.

The Group's current ratio (which is calculated based on the total current assets divided by the total liabilities) was 1.0 times as at 30 June 2023, compared to that of 1.0 times as at 31 December 2022. The current ratio maintained was mainly attributable to the same degree of change between the decrease in inventory and trade receivable; and the decrease in bank borrowing and lease liabilities. As at 30 June 2023, the Group had borrowings totaled HKD80.8 million (31 December 2022: HKD90.0 million). The gearing ratio of the Group, which is calculated as net debt divided by total capital was 59% as at 30 June 2023 compared to that of 58% as at 31 December 2022.

### **Pledge of assets**

As at 30 June 2023, a building with net book value of HKD57.9 million, restricted cash of HKD13.8 million and the investments in life insurance contract of HKD37.6 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 2023 (31 December 2022: Nil).

## **CONTINGENT LIABILITIES**

As of 30 June 2023, the Group did not have any material contingent liabilities.

## FOREIGN EXCHANGE RISK MANAGEMENT

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

## OUTLOOK

Looking ahead, the Group expects 2023 to remain challenging. The high-interest-rate environment and the uncertain prospect of the Russia-Ukraine war are expected to continue to weigh on business activity. The current state of the global market is marked by uncertainty with multiple challenges but The Group will continue to learn and adapt and closely monitor the market for the latest developments. The Group remains committed to its long-term growth strategy and is taking a cautious approach to expansion despite the challenges the retail industry faces.

## 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 2023, the Company has used approximately 81.9% (31 December 2022: 80.9%) 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 2023:

- 100% was used for expanding our retail stores
- 100% was used for upgrading our existing retail stores
- approximately 32.0% was used for exploring new brands
- approximately 83.4% was used for the set up and implementation of our Centralised Retail Management System
- 100% was used for strengthening of our online sales

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

During the six months ended 30 June 2023, 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 2023, the Group employed around 1,170 employees (30 June 2022: 1,210 employees). The total staff costs for the six months ended 30 June 2023 was HKD106.6 million (30 June 2022: HKD86.5 million), a YoY increase of 23.3%.

## **EVENTS AFTER THE REPORTING PERIOD**

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

## **OTHER INFORMATION**

### **Purchase, Sale and Redemption of Listed Securities**

During the six months ended 30 June 2023, 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 2023, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”)) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive of the Company were deemed or taken to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) in Appendix 10 of the Rules Governing the Listing of Securities (the “Listing Rules”) on the Stock Exchange were as follows:

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

*Note:*

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

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

So far as the Directors and chief executive of the Company are aware, as at 30 June 2023, 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:

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

*Notes:*

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

### **Share Option Scheme**

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

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

No share option has been granted, exercised, cancelled or lapsed under the Share Option Scheme since its adoption on 17 December 2019, and there is no outstanding share option as at 30 June 2023.

## **Model Code for Securities Transactions by Directors**

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings as set out in the Model Code. The Company, having made specific enquiry of all the Directors, is not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by the Directors during the six months ended 30 June 2023.

## **Interim Dividend**

The Board does not recommend the declaration of an interim dividend for the six months ended 30 June 2023 (30 June 2022: Nil).

## **Corporate Governance Code**

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

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

The Company has complied with the code provisions in the CG Code for the six months ended 30 June 2023. 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 2023.

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

Hong Kong, 25 August 2023

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

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