匯成國際控股有限公司
Huicheng International Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1146)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

The board of directors (the "**Board**") of Huicheng International Holdings Limited (the "**Company**") hereby announces the consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2024, together with the comparative figures for the previous year, as follows:

FINANCIAL HIGHLIGHTS

	Year ended 31 December		
	2024	2023	
	RMB million	*RMB million*	*Changes*
REVENUE	**156.1**	207.7	(24.8%)
Gross profit	**81.1**	101.3	(19.9%)
Gross profit margin	***52.0%***	*48.8%*	*+3.2 p.p.t.*
Operating loss	**(122.3)**	(125.0)	(2.2%)
Operating loss margin	***(78.3%)***	*(60.2%)*	*+18.1 p.p.t.*
Loss attributable to owners of the parent	**(109.4)**	(142.5)	(23.2%)
Basic loss per share – *RMB cents*	**(3.33)**	(4.34)	(23.3%)
Proposed special final dividends – *HK cents*	–	2.0	n.a.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December

	Notes	2024 RMB'000	2023 RMB'000
CONTINUING OPERATIONS			
REVENUE	5	**156,082**	207,660
Cost of sales		**(74,966)**	(106,346)
Gross profit		**81,116**	101,314
Other income and gains	5	**33,571**	19,892
Selling and distribution expenses		**(139,114)**	(163,451)
Administrative expenses		**(55,870)**	(50,875)
Impairment losses on financial assets, net		**(11,730)**	(7,661)
Other expenses		**(30,280)**	(24,248)
Operating loss		**(122,307)**	(125,029)
Finance income	6	**12,707**	12,282
Finance costs	7	**(533)**	(616)
Share of profits and losses of:			
Associates		**(1,683)**	(452)
LOSS BEFORE TAX	8	**(111,816)**	(113,815)
Income tax expense	9	**60**	(30,292)
LOSS FOR THE YEAR		**(111,756)**	(144,107)
Attributable to:			
Owners of the parent		**(109,413)**	(142,522)
Non-controlling interests		**(2,343)**	(1,585)
		(111,756)	(144,107)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted			
– For loss for the year	11	**RMB(3.33) cents**	RMB(4.34) cents

Details of the dividend proposed and paid for the year are disclosed in note 10.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December

	2024	2023
	RMB'000	*RMB'000*
LOSS FOR THE YEAR	**(111,756)**	(144,107)
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of financial statements	**6,957**	9,476
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	**6,957**	9,476
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of financial statements	**(548)**	(2,760)
Equity investments designated at fair value through other comprehensive loss:		
Changes in fair value	**(1,351)**	(2,663)
Income tax effect	**–**	–
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods	**(1,899)**	(5,423)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**5,058**	4,053
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(106,698)**	(140,054)
Attributable to:		
Owners of the parent	**(104,365)**	(138,476)
Non-controlling interests	**(2,333)**	(1,578)
	(106,698)	(140,054)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December

	Notes	2024 RMB'000	2023 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**226,542**	242,600
Investment properties		**41,109**	44,036
Right-of-use assets		**38,623**	40,945
Other intangible assets		**24,930**	39,763
Investments in associates		**65,391**	11,942
Equity investments designated at fair value through other comprehensive income		**24,940**	26,291
Other non-current assets		**9,288**	9,702
Deferred tax assets		**2,768**	2,768
Total non-current assets		**433,591**	418,047
CURRENT ASSETS			
Inventories	*12*	**96,707**	128,420
Properties under development	*13*	**204,598**	204,024
Trade receivables	*14*	**17,032**	23,711
Prepayments and other receivables		**77,169**	75,218
Financial assets at fair value through profit or loss	*15*	**11,880**	31,812
Structured bank deposits and deposits with financial institutions	*15*	**74**	217,013
Time deposits		**220,720**	–
Cash and cash equivalents	*16*	**100,816**	226,350
Total current assets		**728,996**	906,548
CURRENT LIABILITIES			
Trade payables	*17*	**9,249**	9,083
Other payables and accruals		**47,823**	49,977
Lease liabilities		**3,309**	4,069
Tax payable		**120,205**	120,190
Total current liabilities		**180,586**	183,319
NET CURRENT ASSETS		**548,410**	723,229
TOTAL ASSETS LESS CURRENT LIABILITIES		**982,001**	1,141,276

	Notes	**2024**	2023
		RMB'000	*RMB'000*
NON-CURRENT LIABILITIES			
Lease liabilities		**891**	857
Other borrowing		**5,126**	5,894
Deferred tax liabilities		**3,414**	3,536
Total non-current liabilities		**9,431**	10,287
Net assets		**972,570**	1,130,989
EQUITY			
Equity attributable to owners of the parent			
Share capital	*18*	**280,661**	280,661
Shares held for share award scheme		**–**	(30,946)
Reserves		**690,399**	877,431
		971,060	1,127,146
Non-controlling interests		**1,510**	3,843
Total equity		**972,570**	1,130,989

NOTES

1. CORPORATE AND GROUP INFORMATION

The Company was incorporated in the Cayman Islands on 7 March 2011 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The registered office of the Company is located at One Nexus Way, Camana Bay, Grand Cayman KY1-9005, Cayman Islands. The address of its principal place of business is Room 1303, 13/F., New East Ocean Centre, 9 Science Museum Road, Tsim Sha Tsui East, Kowloon, Hong Kong. The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 9 December 2011 (the "**Listing Date**").

The principal activity of the Company is investment holding. The Group is principally engaged in the business of design, manufacture, marketing and sale of apparel products and accessories in the People's Republic of China (the "**PRC**", or "**China**" which excludes, for the purpose of this announcement, the Hong Kong Special Administrative Region of the PRC or Hong Kong, the Macau Special Administrative Region of the PRC or Macau, and Taiwan), with a focus on menswear. The Group also engages in the business of property development in the PRC. There has been no significant change in the Group's principal activities during the year.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**") (which include all International Financial Reporting Standards, International Accounting Standards ("**IAS**") and Interpretations) issued by the International Accounting Standards Board (the "**IASB**"), and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, wealth management products and equity investments which have been measured at fair value. These consolidated financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2024. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries and a trust (the "**Share Award Scheme Trust**"), a controlled special purpose entity, are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

The Board has approved a share award scheme (the "**Share Award Scheme**") to provide incentives to employees of the Group and to retain and encourage employees for the continual operation and development of the Group. Pursuant to the rules of the Share Award Scheme, the Group has set up the Share Award Scheme Trust for the purpose of administering the Share Award Scheme and holding the award shares before they vest. As the Group has the power to govern the financial and operating policies of the Share Award Scheme Trust and derives benefits from the contributions of the employees, who have been awarded the awarded shares through their continued relationship with the Group, the Group is required to consolidate the Share Award Scheme Trust under IAS 27 (Revised) *Separate Financial Statements*.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised IFRSs for the first time for the current year's financial statements.

Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current (the "**2020 Amendments**")*
Amendments to IAS 1	*Non-current Liabilities with Covenants (the "**2022 Amendments**")*
Amendments to IAS 7 and IFRS 7	*Supplier Finance Arrangements*

The nature and the impact of the revised IFRSs are described below:

(a) Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of IFRS 16, the amendments did not have any impact on the financial position or performance of the Group.

(b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

    The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to IAS 7 and IFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity’s liabilities, cash flows and exposure to liquidity risk. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the Group’s financial statements.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has two reportable operating segments as follows:

(a) the apparel products and accessories segment engaged in the business of the design, manufacture, marketing and sale of apparel products and accessories in the PRC with a focus on menswear; and

(b) the property development segment engaged in the business of the development properties in the PRC.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit/loss before tax except that interest income, non-lease-related finance costs, dividend income, fair value gains/losses from the Group's financial instruments as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude deferred tax assets, cash and cash equivalents, financial assets at fair value through profit or loss, structured bank deposits and deposits with financial institutions, equity investments designated at fair value through other comprehensive income and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude tax payable, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

Year ended 31 December 2024	Apparel products and accessories *RMB'000*	Property development *RMB'000*	Total *RMB'000*
Segment revenue			
Sales to external customers	**156,082**	**–**	**156,082**
Reconciliation:			
Elimination of intersegment sales			**–**
Revenue			**156,082**
Segment results	**(97,236)**	**8**	**(97,228)**
Reconciliation:			
Elimination of intersegment results			**(4,930)**
Interest income			**12,707**
Dividend income and unallocated gains			**10,165**
Corporate and other unallocated expenses			**(32,530)**
Loss before tax from continuing operations			**(111,816)**
Segment assets	**913,162**	**263,836**	**1,176,998**
Reconciliation:			
Elimination of intersegment receivables			**(238,671)**
Elimination of capitalized interest expense			**(38,873)**
Corporate and other unallocated assets			**263,133**
Total assets			**1,162,587**
Segment liabilities	**32,218**	**272,847**	**305,065**
Reconciliation:			
Elimination of intersegment payables			**(238,671)**
Corporate and other unallocated liabilities			**123,623**
Total liabilities			**190,017**
Other segment information			
Impairment of trade receivables, net	**2,915**	**–**	**2,915**
Impairment of other intangible assets	**14,636**		**14,636**
Impairment of right-of-use assets	**930**		**930**
Depreciation and amortisation	**30,508**		**30,508**
Capital expenditure*	**1,863**	**574**	**2,437**

* Capital expenditure consists of additions to property, plant and equipment, long-term prepayments, other intangible assets and properties under development.

Year ended 31 December 2023	Apparel products and accessories *RMB'000*	Property development *RMB'000*	Total *RMB'000*
Segment revenue			
Sales to external customers	207,660	–	207,660
Reconciliation:			
Elimination of intersegment sales			–
Revenue			207,660
Segment results	(108,313)	45	(108,268)
Reconciliation:			
Elimination of intersegment results			(4,859)
Interest income			12,282
Dividend income and unallocated gains			14,668
Corporate and other unallocated expenses			(27,638)
Loss before tax from continuing operations			(113,815)
Segment assets	781,045	258,107	1,039,152
Reconciliation:			
Elimination of intersegment receivables			(261,952)
Elimination of capitalized interest expense			(33,944)
Corporate and other unallocated assets			581,339
Total assets			1,324,595
Segment liabilities	69,122	262,710	331,832
Reconciliation:			
Elimination of intersegment payables			(261,952)
Corporate and other unallocated liabilities			123,726
Total liabilities			193,606
Other segment information			
Impairment of trade receivables, net	(208)	–	(208)
Impairment of other intangible assets	12,322	–	12,322
Impairment of right-of-use assets	860	–	860
Impairment of property, plant and equipment	122	–	122
Depreciation and amortisation	33,211	–	33,211
Capital expenditure	4,023	2,435	6,458

Geographical information

(a) Revenue from external customers

	2024	2023
	RMB'000	*RMB'000*
Mainland China	**151,811**	203,803
Taiwan	**4,271**	3,857
Total	**156,082**	207,660

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	2024	2023
	RMB'000	*RMB'000*
Hong Kong	**45,085**	45,770
Mainland China	**359,216**	343,469
Total	**404,301**	389,239

The non-current asset information above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

No revenue from a single external customer amounted to 10% or more of the Group's revenue during the financial year presented.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2024	2023
	RMB'000	*RMB'000*
Revenue from contracts with customers	**156,082**	207,660

Revenue from contracts with customers

(i) Disaggregated revenue information

For the year

	2024	2023
	RMB'000	*RMB'000*
Type of goods		
Sale of apparel and accessories	**156,082**	207,660
Timing of revenue recognition		
Goods transferred at a point in time	**156,082**	207,660

The following table shows the amount of revenue recognised in the current reporting period that was included in the contract liabilities at the beginning of the reporting period:

	2024	2023
	RMB'000	*RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of apparel and accessories	**14,467**	5,050

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

Sale of apparel and accessories

The performance obligation is satisfied upon delivery of the products and payment is generally due within 30 to 90 days from delivery, except for third-party retailers, where payment in advance is normally required.

An analysis of other income and gains is as follows:

	2024	2023
	RMB'000	*RMB'000*
Other income		
Government subsidies*	**1,766**	1,456
Gross rental income from investment property operating leases:		
Other lease payments, including fixed payments	**8,256**	6,473
Royalty income**	**12,211**	5,269
Dividend income from equity investments at fair value through other comprehensive income	**22**	77
Sundry income	**1,135**	1,465
Service and processing income***	**8,548**	3,600
	31,938	18,340
Gains		
Fair value gains, net:		
Financial assets at fair value through profit or loss	**268**	208
Others	**1,365**	1,344
	1,633	1,552
	33,571	19,892

* These represent incentive subsidies provided by local governments as a measure to attract investments in these localities. The amounts of these subsidies are generally determined by reference to value-added tax, corporate income tax, city maintenance and construction tax and other taxes paid by the Group's operating entities in these localities, subject to the government's further discretion.

** This mainly represents the brand licensing income generated from third-party licensees for the Group's sub-licensing of the Santa Barbara Polo & Racquet Club trademarks.

*** This mainly represents income from garment processing services for orders placed by third-party apparel companies.

6. FINANCE INCOME

	2024	2023
	RMB'000	*RMB'000*
Interest income on bank deposits	**6,889**	5,125
Interest income on structured bank deposits, deposits with financial institutions and wealth management products	**5,446**	6,185
Others	**372**	972
Total	**12,707**	12,282

7. FINANCE COSTS

	2024	2023
	RMB'000	*RMB'000*
Interest on other loans	**231**	154
Interest on lease liabilities	**302**	462
Total	**533**	616

8. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	2024 *RMB'000*	2023 *RMB'000*
Cost of inventories sold	**35,471**	55,676
Depreciation of property, plant and equipment	**17,924**	18,498
Depreciation of investment properties	**2,927**	3,117
Depreciation of right-of-use assets	**9,473**	14,553
Amortisation of other intangible assets	**184**	160
Auditor's remuneration	**2,285**	2,273
Employee benefit expense (including directors' and chief executive's remuneration):		
Wages and salaries	**16,290**	19,647
Equity-settled share option expense	**4,973**	995
Pension scheme contributions *	**1,541**	2,503
	22,804	23,145
Outsourced labour costs	**34,653**	42,871
Impairment of other intangible assets**	**14,636**	12,322
Impairment of property, plant and equipment**	**–**	122
Impairment of right-of-use assets**	**930**	860
Impairment/(Reversal of impairment) of trade receivables, net***	**2,915**	(208)
Impairment of other receivables and prepayments#	**8,815**	7,869
Write-off of inventories provisions^	**(21,087)**	(19,812)
Write-down of inventories to net realisable value, net^	**60,582**	70,482
Fair value gains, net:		
Financial assets at fair value through profit or loss-wealth management products	**(268)**	(208)
Dividend income from equity investments at fair value through other comprehensive income	**(22)**	(77)
Lease payments not included in the measurement of lease liabilities	**35,558**	40,171
Loss on disposal of items of property, plant and equipment	**55**	10
Exchange differences, net	**2,180**	2,921

* As at 31 December 2024, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years (2023: Nil).

** The impairment of other intangible assets and property, plant and equipment and right-of-use assets are included in "Other expenses" in the consolidated statement of profit or loss.

*** The impairment/reversal of impairment of trade receivables is included in "Impairment losses on financial assets, net" in the consolidated statement of profit or loss.

\# The impairment of other receivables is included in "Impairment losses on financial assets, net" and the impairment of prepayments is included in "Other expenses" in the consolidated statement of profit or loss.

^ The write-off of inventories provisions and write-down of inventories to net realisable value is included in "Cost of sales" in the consolidated statement of profit or loss.

9. INCOME TAX EXPENSE

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

The Company incorporated in the Cayman Islands and its subsidiary incorporated in the BVI are exempted from taxation.

No provision for Hong Kong profits tax has been made, as the Group had no assessable profits derived from or earned in Hong Kong during the year.

In accordance with the relevant PRC income tax rules and regulations, the Group's subsidiaries registered in the PRC were subject to Corporate Income Tax ("**CIT**") at a statutory rate of 25% on their respective taxable income for the year ended 31 December 2024.

	2024	2023
	RMB'000	*RMB'000*
Current – PRC		
Charge for the year	**62**	51
Deferred	**(122)**	30,241
Total	**(60)**	30,292

A reconciliation of the tax expense applicable to loss before tax at the statutory rate for the jurisdiction in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate, and a reconciliation of the applicable rate (i.e., statutory tax rate) to the effective tax rate, are as follows:

	2024		2023	
	RMB'000	***%***	*RMB'000*	*%*
Loss before tax from continuing operations	**(111,816)**		(113,815)	
Tax at the statutory tax rate	**(27,955)**	**25**	(28,454)	25
Entities subject to lower statutory income tax rates	**450**	**–**	508	–
Effect of withholding tax on distributable profits of certain PRC subsidiaries	**–**	**–**	(2,296)	2
Losses attributable to associates	**421**	**–**	(9)	–
Adjustments in respect of current tax of previous periods	**10**	**–**	(4)	–
Tax losses utilised from previous periods	**(3,300)**	**3**	(3,385)	3
Tax losses not recognised	**16,900**	**(15)**	23,839	(21)
Deductible temporary differences not recognised	**13,414**	**(13)**	40,093	(35)
Tax charge at the Group's effective rate	**(60)**	**–**	30,292	(26)

10. DIVIDENDS

The Board does not recommend any final dividends for the year ended 31 December 2024.

The special final dividends for the year ended 31 December 2023 on ordinary shares of RMB59,501,000 were approved by shareholders of the Company at the annual general meeting held on 17 May 2024 and were subsequently paid on 19 July 2024.

11. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic loss per share is based on the loss for the year attributable to ordinary equity holders of the parent of RMB109,413,000 (2023: the loss of RMB142,522,000) and the weighted average number of ordinary shares of 3,337,094,000 (2023: 3,282,916,000) in issue during the year.

No adjustment has been made to the basic loss per share amounts presented for the years ended 31 December 2024 and 31 December 2023 in respect of a dilution as the impact of the share options outstanding under the Share Option Scheme had an anti-dilutive effect on the basic loss per share amounts presented.

The calculation of basic loss per share is based on:

	2024	2023
	RMB'000	*RMB'000*
Losses		
Loss attributable to owners of the parent, used in the basic loss per share calculation	**(109,413)**	(142,522)

	Number of shares	
	2024	2023
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic loss per share calculation	**3,445,450,000**	3,445,450,000
Less: Weighted average number of shares purchased for the Share Award Scheme	**(108,356,000)**	(162,534,000)
Adjusted weighted average number of ordinary shares in issue used in the basic loss per share calculation	**3,337,094,000**	3,282,916,000

12. INVENTORIES

	2024	2023
	RMB'000	*RMB'000*
Raw materials	**3,744**	4,041
Work in progress	**2,744**	911
Finished goods	**90,219**	123,468
Total	**96,707**	128,420

13. PROPERTIES UNDER DEVELOPMENT

	2024	2023
	RMB'000	*RMB'000*
Properties under development	**204,598**	204,024

The Group's properties under development are located in the PRC and situated on leasehold land with long term leases. Properties under development are classified under current assets as they are expected to be realised in the Group's normal operating cycle.

14. TRADE RECEIVABLES

	2024	2023
	RMB'000	*RMB'000*
Trade receivables	**28,182**	32,006
Impairment	**(11,150)**	(8,295)
Total	**17,032**	23,711

The Group's trading terms with its customers are mainly on credit, except for third-party retailers, where payment in advance is normally required. The credit period is generally one month, extending up to three months for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance are as follows:

	2024	2023
	RMB'000	*RMB'000*
Within 1 month	**11,070**	20,529
1 to 2 months	**2,047**	2,785
2 to 3 months	**1,855**	72
Over 3 months	**2,060**	325
Total	**17,032**	23,711

The movements in the loss allowance for impairment of trade receivables are as follows:

	2024	2023
	RMB'000	*RMB'000*
At beginning of year	**8,295**	9,048
Amount written off as uncollectible	**(60)**	(545)
Impairment losses/(reversal of impairment losses), net	**2,915**	(208)
At end of year	**11,150**	8,295

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS, STRUCTURED BANK DEPOSITS AND DEPOSITS WITH FINANCIAL INSTITUTES

	2024	2023
	RMB'000	*RMB'000*
Financial assets at fair value through profit or loss		
Wealth management products, at fair value	**11,880**	31,812
Structured bank deposits and deposits with financial institutions		
Structured bank deposits and deposits with financial institutions, at amortised cost	**74**	217,013

The above financial assets at fair value at 31 December 2024 were wealth management products issued by securities companies in the PRC and Hong Kong. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

The structured deposits and deposits with financial institutions have terms of less than one year and are denominated in RMB, Hong Kong Dollar ("**HK$**"), United States Dollar ("**US$**").

16. CASH AND CASH EQUIVALENTS

	2024	2023
	RMB'000	*RMB'000*
Cash and bank balances	**97,945**	164,974
Time deposits	**223,591**	61,376
	321,536	226,350
Less: Time deposits with original maturity of over three months	**(220,720)**	–
Cash and cash equivalents	**100,816**	226,350

At the end of the reporting period, the cash and bank balances and time deposits of the Group denominated in HK$, US$, Euro ("**€**") and Macau Pataca ("**MOP$**"), amounted to RMB220,720,000, RMB2,871,000, RMBnil and RMB131,000, respectively (2023: RMB61,695,000, RMB28,007,000, RMB215,000 and RMB177,000, respectively). The RMB is not freely convertible into other currencies, however, under the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term deposits are made for varying periods of between seven days and twelve months depending on the immediate cash requirements of the Group, and earn interest at the respective short term deposit rates. The bank balances and short term deposits are deposited with creditworthy banks with no recent history of default.

17. TRADE PAYABLES

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

	2024	2023
	RMB'000	*RMB'000*
Trade payables		
Within 30 days	**6,112**	6,043
31 to 90 days	**15**	9
91 to 180 days	**–**	–
181 to 360 days	**3,122**	3,031
Total	**9,249**	9,083

The trade payables are non-interest-bearing and are normally settled on terms of 30 to 45 days.

18. SHARE CAPITAL

	2024	2023
	HK$'000	*HK$'000*
Issued and fully paid:		
3,445,450,000 (2023: 3,445,450,000) ordinary shares	**344,545**	344,545
Equivalent to RMB'000	**280,661**	280,661

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET OVERVIEW

During the year ended 31 December 2024, China's Gross Domestic Product ("**GDP**") growth rate decreased by 0.2 percentage points, from 5.2% in 2023 to 5.0% in 2024. The growth rate of total retail sales of consumer products also decreased by 3.7 percentage points from 7.2% in 2023 to 3.5% in 2024. Particularly, retail sales achieved by the top 100 key and large-scale retailers decreased by 4.6% during the year.

Amid the sluggish retail market sentiment, the Group reported a decrease in revenue by RMB51.6 million from RMB207.7 million in 2023 to RMB156.1 million in 2024, and a decrease in loss attributable to owners of the parent by RMB33.1 million from RMB142.5 million in 2023 to RMB109.4 million in 2024.

FINANCIAL REVIEW

Revenue

We derive our revenue primarily from retail sales of our products to our end-consumers through self-operated retail points in department stores and shopping malls in major cities in the PRC, sales of products to third-party retailers who directly manage concession counters and retail stores in other cities in the PRC where we do not operate retail points and sales of products through online channels. Our revenue is stated at the net invoiced value of goods sold after trade discounts.

The total revenue of the Group was RMB156.1 million in 2024, representing a decrease by RMB51.6 million, or approximately 24.8% as compared to RMB207.7 million in 2023.

By sales channel

Revenue from sales of products through self-operated retail points decreased by RMB47.4 million, or approximately 27.7%, from RMB171.3 million in 2023 to RMB123.9 million in 2024 and accounted for approximately 79.4% (2023: 82.5%) of the total revenue. Such decrease was mainly attributable to the decrease in number of self-operated retail points as a result of the Group's strategic initiative to close underperforming stores. In particular, the revenue from outlet stores decreased by RMB18.3 million, or approximately 26.2%, from RMB69.8 million in 2023 to RMB51.5 million in 2024.

Revenue from sales of products to third-party retailers decreased by RMB1.8 million, or approximately 16.5%, from RMB10.9 million in 2023 to RMB9.1 million in 2024 and accounted for approximately 5.8% (2023: 5.2%) of the total revenue. The decrease in sales to third-party retailers was mainly attributable to the decrease in number of retail points operated by third-party retailers.

Revenue from sales of products through online channels decreased by RMB2.4 million, or approximately 9.4%, from RMB25.5 million in 2023 to RMB23.1 million in 2024 and accounted for approximately 14.8% (2023: 12.3%) of the total revenue. The decrease in revenue was primarily attributable to a mixed effect of:

(i) a decrease in sales of products through our WeChat stores by RMB2.0 million, or approximately 27.0%, from RMB7.4 million in 2023 to RMB5.4 million in 2024;

(ii) a decrease in sales of products to online third-party retailers by RMB0.7 million, or approximately 18.4%, from RMB3.8 million in 2023 to RMB3.1 million in 2024; and partially offset by

(iii) stable sales of product through our e-shops on mainstream e-commerce platform such as Tmall.com and JD.com remained at RMB8.0 million in 2024, consistent with the previous year; and

(iv) an increase in sales from online discount platform such as VIP.com by RMB0.3 million, or approximately 4.8%, from RMB6.3 million in 2023 to RMB6.6 million in 2024.

The table below sets forth the breakdown of our revenue contributed by sales made through our self-operated retail points, sales to third-party retailers and sales through online channels:

	Year ended 31 December			
	2024		2023	
	Revenue RMB million	***% of total revenue***	*Revenue RMB million*	*% of total revenue*
Retail sales from self-operated retailers	**123.9**	**79.4%**	171.3	82.5%
Sales to third-party retailers	**9.1**	**5.8%**	10.9	5.2%
Sales through online channels	**23.1**	**14.8%**	25.5	12.3%
Total	**156.1**	**100.0%**	207.7	100.0%

By Brand

Revenue contributed from self-owned brands decreased by RMB29.0 million, or approximately 21.3%, from RMB136.1 million in 2023 to RMB107.1 million in 2024. Percentage of revenue from self-owned brands over total revenue increased from 65.5% in 2023 to 68.6% in 2024.

The table below sets forth our revenue contributed by licensed brands and self-owned brands:

	Year ended 31 December			
	2024		2023	
	Revenue RMB million	***% of total revenue***	*Revenue RMB million*	*% of total revenue*
Self-owned brands	**107.1**	**68.6%**	136.1	65.5%
Licensed brands	**49.0**	**31.4%**	71.6	34.5%
Total	**156.1**	**100.0%**	207.7	100.0%

Cost of sales

Our cost of sales decreased by RMB31.3 million, or approximately 29.4%, from RMB106.3 million in 2023 to RMB75.0 million in 2024. The decrease in cost of sales was primarily due to the decrease in sales.

Gross profit and gross profit margin

Our gross profit decreased by RMB20.2 million, or approximately 19.9%, from RMB101.3 million in 2023 to RMB81.1 million in 2024. Our overall gross profit margin increased by 3.2 percentage points from 48.8% in 2023 to 52.0% in 2024. Save for the inventory provisions, our gross profit margin would have been increased from 73.2% in 2023 to 77.0% in 2024. Such increase was mainly due to a higher sales proportion of self-owned brands, which had a higher gross profit margin.

Other income and gains

Our other income and gains increased by RMB13.7 million, or approximately 68.8%, from RMB19.9 million in 2023 to RMB33.6 million in 2024, which was primarily due to (i) an increase in royalty income by approximately RMB6.9 million, from RMB5.3 million in 2023 to RMB12.2 million in 2024, resulting from the sublicensing business of the Santa Barbara Polo & Racquet Club ("**SBPRC**") trademarks; and (ii) an increase in sales from external order processing services by RMB4.9 million, from RMB3.6 million in 2023 to RMB8.5 million in 2024.

Selling and distribution expenses

Our selling and distribution expenses decreased by RMB24.4 million, or approximately 14.9%, from RMB163.5 million in 2023 to RMB139.1 million in 2024.

Rents and concession fees for occupying concession counters within department stores and department store charges decreased by RMB15.6 million, or approximately 21.1%, from RMB74.0 million in 2023 to RMB58.4 million in 2024, which was largely in line with the decrease in revenue from self-operated retail points.

The labour costs related to sales and marketing staff and outsourcing costs related to sales and marketing activities decreased from RMB56.0 million in 2023 to RMB44.3 million in 2024 which was primarily attributable to the decrease in number of sales and marketing staff.

We incurred advertising and promotion expenses of RMB3.0 million (2023: RMB2.2 million) during the year for organizing promotion activities and spending on social media marketing to share our brand stories and product knowledge with our customers through Little Red Book（小紅書）, Douyin（抖音）, WeChat and Weibo etc.

Consumables and decoration fees for self-operated retail points decreased from RMB13.3 million in 2023 to RMB12.0 million in 2024 which was primarily attributable to the decrease in number of new retail points opened during the year.

The other selling and distribution expenses, including advertising and promotion expenses, royalty fees, freight and vehicle expenses, sample expenses, travelling expenses, office expenses and other operating expenses remained consistent during the both years indicated.

Administrative expenses

Our administrative expenses increased by RMB5.0 million, or approximately 9.8%, from RMB50.9 million in 2023 to RMB55.9 million in 2024. The increase in administrative expenses was mainly due to an increase in equity-settled share award expense by RMB4.0 million during the year.

Impairment losses on financial assets, net

These mainly represented an impairment of other receivables and prepayments of RMB8.8 million (2023: RMB7.9 million) and an impairment of trade receivables of RMB2.9 million (2023: a reversal of credit losses arising from trade and bills receivables of RMB0.2 million).

Other expenses

Other expenses mainly included:

(i) impairment on trademarks of RMB14.6 million which mainly included impairment of MCS of RMB13.3 million, London Fog of RMB0.8 million and Marina Yachting of RMB0.5 million, respectively (2023: impairment of Marina Yachting of RMB5.8 million, London Fog of RMB3.1 million and Zoo York of RMB2.4 million, respectively);

(ii) an exchange loss of RMB2.2 million (2023: RMB2.9 million); and

(iii) processing costs for external processing services of RMB8.1 million (2023: RMB2.2 million).

Finance income

Our finance income remained stable at RMB12.7 million in 2024 as compared to that of RMB12.3 million in 2023, despite of the decrease in structured bank deposits and cash and cash equivalents, which was mainly because the relatively higher interest rate on bank deposits and higher return rate on wealth management products in Hong Kong during the year.

Share of profits and losses of associates

Share of profits and losses of associates mainly represented share of losses of the associates – China Mingmen Investment Group Limited of RMB0.7 million (2023: RMB0.5 million) and Shanghai Jegoplay Hongmeng Culture Development Co., Ltd. of RMB0.8 million (2023: RMB0.2 million).

Loss before tax

As a result of the foregoing factors, loss before tax decreased by RMB2.0 million, or approximately 1.8%, from RMB113.8 million in 2023 to RMB111.8 million in 2024.

Income tax expense

Income tax expense decreased by RMB30.4 million, from an expense of RMB30.3 million in 2023 to a tax credit of RMB0.1 million in 2024. No deferred tax assets were recognised on losses available for offsetting against future taxable profits, as the Group does not anticipate generating sufficient taxable income in future to utilise these temporary differences.

Loss for the year

The Group reported a loss for the year of RMB111.8 million in 2024 (2023: RMB144.1 million).

Loss attributable to owners of the parent

As a result of the foregoing, the loss attributable to owners of the parent decreased by RMB33.1 million, or approximately 23.2%, from RMB142.5 million in 2023 to RMB109.4 million in 2024.

Working Capital Management

	31 December 2024	31 December 2023
Inventory turnover days	**548**	541
Trade receivables turnover days	**48**	42
Trade payables turnover days	**45**	31

The turnover days of inventories and trade receivables remained consistent for the both years indicated.

The trade payables turnover days increased by 14 days from 31 days as at 31 December 2023 to 45 days as at 31 December 2024, which was mainly because of the earlier arrival of the 2025 Chinese New Year, with products being concentratedly delivered before year-end.

Liquidity, financial position and cash flows

As at 31 December 2024, we had net current assets of approximately RMB548.4 million, as compared to RMB723.2 million as at 31 December 2023. The current ratio of our Group was 4.0 times as at 31 December 2024, as compared to that of 4.9 times as at 31 December 2023.

There was no undrawn banking facility as at 31 December 2024.

As at 31 December 2024, we had an aggregate cash and cash equivalents, time deposits, structured bank deposits, deposits in financial institutes and financial assets at fair value through profit or loss of approximately RMB333.4 million (31 December 2023: RMB475.2 million). The table below sets forth selected cash flow data from our consolidated statement of cash flows:

	Year ended 31 December	
	2024	2023
	RMB million	*RMB million*
Net cash flows used in operating activities	**(24.3)**	(8.6)
Net cash flows used in investing activities	**(31.2)**	(17.8)
Net cash flows used in financing activities	**(66.6)**	(9.5)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(122.1)**	(35.9)
Effect of foreign exchange rate changes, net	**(3.5)**	(1.3)
Cash and cash equivalents at beginning of year	**226.4**	263.6
CASH AND CASH EQUIVALENTS AT END OF YEAR	**100.8**	226.4

Operating activities

Net cash flows used in operating activities increased by RMB15.7 million from RMB8.6 million in 2023 to RMB24.3 million in 2024, which was primarily because of an increase in cash outflows related to increase in inventories from RMB12.2 million in 2023 to RMB29.5 million in 2024.

Investing activities

Net cash flows used in investing activities of RMB31.2 million mainly represented the increase in short-term deposits with original maturity of over three months of RMB220.7 million and an investment in an associate of RMB55.0 million and partially offset by the withdrawal of investments in structured bank deposits and deposits in financial institutes and financial assets at fair value through profit or loss of RMB237.1 million.

Financing activities

Net cash flows used financing activities mainly represented payment of the special final dividends of RMB56.7 million and principal portion of lease payments of RMB9.1 million during the year.

Pledge of group assets

As at 31 December 2024, no asset of the Group was pledged as a security for bank borrowings or any other financing facilities.

Capital commitments and contingent liabilities

As at 31 December 2024, the Group had no significant capital commitments (31 December 2023: Nil) and no significant contingent liabilities (31 December 2023: Nil).

Foreign exchange management

We conduct business primarily in Hong Kong and the PRC with most of our transactions denominated and settled in HK$ and RMB. To minimise foreign-exchange risks, the Group has a hedging policy in place.

OPERATION REVIEW

Retail and distribution network

As at 31 December 2024, our sales network comprised a total of 122 self-operated retail points, consisting of concession counters, consignment stores and standalone stores, and 38 retail points operated by our third-party retailers.

The following table sets forth the number of our self-operated retail points and retail points operated by our third-party retailers in the PRC and Taiwan by brand as at 31 December 2024 and 31 December 2023:

	As at 31 December 2024			As at 31 December 2023		
Brand	**Self-operated retail points**	**Retail points operated by third-party retailers**	**Total retail points**	Self-operated retail points	Retail points operated by third-party retailers	Total retail points
SBPRC	**50**	**5**	**55**	46	6	52
MCS	**70**	**29**	**99**	82	28	110
Marina Yachting	**2**	**4**	**6**	6	5	11
Total	**122**	**38**	**160**	134	39	173

Self-operated retail points

As at 31 December 2024, we had a network of 118 self-operated concession counters (31 December 2023: 131 self-operated concession counters). A majority of the concession counters are located within mainstream department stores in the first and second tier cities in China, including Bailian(百聯), Golden Eagle(金鷹), MOI(茂業), Intime(銀泰), Inzone(銀座), Wangfujing(王府井)etc., among which a total of 40 were outlet stores as at 31 December 2024 (31 December 2023: 48 outlet stores).

As at 31 December 2024, we had a network of 4 standalone stores (31 December 2023: 3 stores) which were located in shopping malls within major cities in the PRC to ensure a steady flow of consumers as well as to enhance our sales and brand awareness.

Retail points operated by third party retailers

As at 31 December 2024, we had a total of 38 retail points that were operated by third-party retailers, which remained consistent as compared to that of 39 retail points as at 31 December 2023.

Online Channels

We primarily sell past season products through online channels which consisted of (1) online discount platforms such as VIP.com; (ii) online third-party retailers; (iii) our self-operated e-shops on mainstream online platforms such as Tmall.com, JD.com etc.; and (iv) our WeChat stores.

During the year, we continued to participate in the just-in-time delivery program (the "**JIT Program**") of VIP.com, which allows us to receive orders placed by customers on VIP.com and make direct distribution of the products to customers from our warehouse. We also actively developed new online third-party retailers for online retailing of our products.

Branding

The continuing implementation of a multi-brand strategy is critical to our sustainable expansion and growth. We believe that our multi-brand strategy will allow us to capture more market segments, take advantage of a wider range of market opportunities and ultimately increase our overall market share in China's menswear market.

During the year, the Group continued to increase its brand presence by sharing brand stories and product knowledge with target audience through social media platforms such as Little Red Book, Douyin, WeChat and Weibo etc.

On 1 July 2024, a subsidiary of the Company entered into a cooperation agreement with Mr. Rock Ji(紀煥博先生), under which Mr. Ji will serve as the brand ambassador for MCS and collaborate with the Group to promote the MCS brand in the Greater China region.

Business digitalization

We developed an O2O system that is tailored to our retail network and allows our customers to make purchases on demand even if the desired item is out of stock at a particular location, which in turn both enhances customers' shopping experience and drives our sales. Sales contributed by the self-developed O2O system remained stable at RMB13.7 million in 2024 as compared with that of RMB13.8 million in 2023.

We also operate a social network-based commerce and marketing program in collaboration with Weimob and sell and deliver our products in our WeChat stores. Total revenue derived from the WeChat stores decreased by RMB2.0 million from RMB7.4 million in 2023 to RMB5.4 million in 2024.

In addition, as our Customer Relationship Management (CRM) system has been online, we are also working on a customer loyalty program with an aim to further promote customer loyalty, encourage repeat purchases and cross-selling.

Properties under development

The Group's property development segment represents the properties under development which are situated at No.833, Shuiyun Road, China (Shanghai) Pilot Free Trade Zone Lin-Gang Special Area. The site area of the project is approximately 5,819 square meters and the floor area is approximately 11,637 square meters, which mainly includes commercial area of approximately 3,435 square meters and residential area of approximately 7,600 square meters.

The properties under development are indirectly wholly owned by the Company. As at 31 December 2024, the carrying amount of the properties under development is RMB204.6 million. The percentage of stage of completion of the project is approximately 99.9%. Currently, the Group is in the process of applying for the permit for advance sale of commodity houses from the relevant governmental authorities.

The Board expects the construction of the properties under development will be completed in the second half of 2025. When completion and the permit for advance sale of commodity houses is obtained, the properties are expected to be sold to recover funds. After sale of the properties, the Board expects that the Group will no longer engage in the property development business.

Impairment of trademarks

The Group classified the trademarks of "London Fog", "Artful Dodger", "Zoo York", "MCS", "Henry Cotton's" and "Marina Yachting" as intangible assets with indefinite lives. The Group performs impairment test on each trademark at the end of each reporting period. The impairment assessment was based on the forecast and estimation on the future development of each cash-generating unit to which the trademark is allocated.

During the year, the impairment loss of these trademarks was approximately RMB14.6 million which mainly included impairment of MCS of RMB13.3 million and London Fog of RMB0.8 million and Marina Yachting of RMB0.5 million, respectively (2023: impairment of Marina Yachting of RMB5.8 million, London Fog of RMB3.1 million and Zoo York of RMB2.4 million, respectively).

Share award scheme

The Company adopted a Share Award Scheme to recognise the contributions by certain employees and to give incentives to them in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of the Group.

On 31 October 2023, the Board granted 162,534,000 shares of the Company (the "**Award Shares**") to 11 employees (including 7 directors) for free and the Award Shares granted were exercisable on 31 October 2024.

Formation of partnerships

Formation of partnership 1

On 24 January 2024, Zhuhai Sinosure Joint Investment Co., Ltd.(珠海信保聯合投資有限公司, "**Zhuhai Sinosure**", a company indirectly owned as to 49% by the Company and is therefore not regarded as a subsidiary of the Company), as limited partner, entered into a partnership agreement (the "**Partnership Agreement 1**") with Zhuhai Gree Equity Investment Fund Management Co., Ltd.(珠海格力股權投資基金管理有限公司, "**Gree Equity**"), as general partner, in relation to the formation of Zhuhai Gejin Xinbao Joint Investment Partnership (Limited Partnership) 珠海格金信保聯合投資合夥企業(有限合夥), the "**Partnership 1**"). Pursuant to the Partnership Agreement 1, the total capital contribution by all partners to the Partnership 1 shall be RMB10,000,000, of which each of Zhuhai Sinosure and Gree Equity shall contribute RMB5,000,000 and RMB5,000,000, respectively.

Formation of partnership 2

On 24 January 2024, Guangdong Junrui Industrial Co., Ltd. (廣東君瑞實業有限公司, "**Guangdong Junrui**", an indirect wholly-owned subsidiary of the Company), as limited partner, entered into a partnership agreement (the "**Partnership Agreement 2**") with Zhuhai Xingge Capital Investment Co., Ltd. (珠海興格資本投資有限公司, "**Zhuhai Xingge**"), as limited partner, and Partnership 1, as general partner, in relation to the formation of Zhuhai Gejin Xinbao Equity Investment Fund Partnership (Limited Partnership) (珠海格金信保股權投資基金合夥企業(有限合夥), the "**Partnership 2**"). Pursuant to the Partnership Agreement 2, The total capital contribution by all partners to the Partnership 2 shall be RMB100,000,000, of which each of Guangdong Junrui, Zhuhai Xingge and Partnership 1 shall contribute RMB55,000,000, RMB35,000,000 and RMB10,000,000, respectively.

The purpose of formation of the Partnership 2 is to achieve satisfactory return to all partners to the Partnerships 2 by engaging in the business of direct equity investment and fund investment.

The Partnership 2 shall invest in the fields of new generation information technology, new energy, integrated circuits, intelligent manufacturing, biomedicine and health, smart home appliances, equipment manufacturing and fine chemicals and would prioritize investments in areas that can generate synergies with the business of the Company. The Board is confident that, the formation of the Partnership 2 will provide the Group with opportunities to engage with industries and enterprises poised for future growth, thereby creating favorable conditions for the Group's business transformation, development and diversification.

On 23 April 2024, Guangdong Junrui made a capital injection of RMB55,000,000 to Partnership 2.

Change of Company Name

The English name of the Company has been changed from "China Outfitters Holdings Limited" to "Huicheng International Holdings Limited" and the dual foreign name in Chinese of the Company has been changed from "中國服飾控股有限公司" to "匯成國際控股有限公司". The Certificate of Incorporation on Change of Name of the Company was issued by the Registrar of Companies in the Cayman Islands on 22 May 2024 and the Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company was issued by the Companies Registry in Hong Kong on 6 June 2024 (the "**Change of Company Name**").

The Board considers that the Change of Company Name will better reflect the Company's strategic business plan and its future development direction. In addition, the Board believes that the new English and Chinese names of the Company will provide the Company with a new corporate image which will benefit the Company's future business development.

Outsourcing

In order to enable our management team to continuously focus on our core missions, we outsourced substantially all our sales staff in self-operated retail points and the production workers in our manufacturing plant in Dezhou to a third-party outsourcing service company. As at 31 December 2024, approximately 599 sales representatives, store managers and production workers, were employees of the outsourcing service company (31 December 2023: 661).

Employee information

As at 31 December 2024, the Group had approximately 190 full-time employees (31 December 2023: 208). Staff costs, including directors' remuneration, totaled RMB22.8 million in 2024 (2023: RMB23.1 million).

Corporate Social Responsibility

Being a responsible corporate citizen, we continued to look for opportunities to reduce the consumption of paper, electricity and other resources in order to reduce the impact to the environment and set reduction targets as appropriate.

Prospects

The Board will prioritize the following objectives and initiatives in 2025:

- Clearing aged inventories and optimizing cash flow, which remains our top priority;
- Enhancing brand presence on social media platforms such as Little Red Book, Douyin, and WeChat;
- Expanding online sales channels by increasing sales through department store and shopping mall-operated online stores, as well as boosting sales from our WeChat stores and e-shops on major e-commerce platforms like Tmall and JD.com;
- Driving sales growth among VIP customers by leveraging our CRM program;
- Completing the construction of the Group's properties under development and initiating property sales; and
- Exploring new business opportunities, including brand licensing, group purchases etc.

FINAL DIVIDENDS

The Board does not recommend any final dividends for the year ended 31 December 2024.

The special final dividends for the year ended 31 December 2023 on ordinary shares of RMB59,501,000 were approved by shareholders of the Company (the "**Shareholders**") at the annual general meeting held on 17 May 2024 and were subsequently paid on 19 July 2024.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has devised its own code of conduct regarding directors' dealings in the Company's securities and securities transactions by employees who are likely to be in possession of unpublished price-sensitive information of the Company (the "**Code of Conduct**") on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). All directors have confirmed, following specific enquiry by the Company, that they have complied with the required standard set out in the Model Code and the Code of Conduct for the year ended 31 December 2024.

CORPORATE GOVERNANCE

The Board believes that high corporate governance standards are essential in providing a framework for the Company to safeguard the interests of Shareholders and to enhance corporate value and accountability. The Board is of the view that throughout the year ended 31 December 2024, the Company has complied with all the code provisions as set out in the Corporate Governance Code contained in Appendix C1 of the Listing Rules, with the exception of code provision C.2.1.

According to code provision C.2.1, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The Company deviates from this code provision because both the chairman ("**Chairman**") and chief executive officer ("**CEO**") positions of the Company are held by Mr. Zhang Yongli. The Board believes that vesting the roles of Chairman and CEO in the same person provides the Group with strong and consistent leadership and allows for efficient business planning and decisions under the current situation.

PURCHASE, REDEMPTION OR SALE OF SHARES OF THE COMPANY

During the year ended 31 December 2024, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares).

As at 31 December 2024, there were no treasury shares held by the Company.

AUDIT COMMITTEE

The audit committee has discussed with the management regarding the risk management and internal control systems and financial reporting matters related to the preparation of the consolidated financial statements for the year ended 31 December 2024. It has also reviewed the said consolidated financial statements.

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, the consolidated statement of comprehensive income, and the related notes thereto for the year ended 31 December 2024 as set out in the preliminary announcement have been agreed by the Company's auditors to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by the Company's auditors in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Company's auditors on the preliminary announcement.

RECORD DATE FOR ENTITLEMENT TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING

Shareholders whose names appear on the register of members of the Company at the close of business on Tuesday, 13 May 2025 will be entitled to attend and vote at the Annual General Meeting. In order to be eligible to attend and vote at the Annual General Meeting, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration no later than 4:30 p.m. on Tuesday, 13 May 2025.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This result announcement is published on the website of the Company at *www.hcihl.com* and Hong Kong Exchanges and Clearing Limited at *www.hkexnews.hk*. The 2024 Annual Report and the Notice of Annual General Meeting will be available on the same websites in due course.

APPRECIATION

Dedicated and loyal employees are our most valuable asset. We would like to take this opportunity to thank our colleagues on the Board and the staff members of the Group for their hard work, loyal service and contributions during the year.

By Order of the Board
Huicheng International Holdings Limited
Zhang Yongli
Chairman

Hong Kong, 21 March 2025

As at the date of this announcement, the executive directors are Mr. Zhang Yongli, Mr. Sun David Lee and Ms. Huang Xiaoyun; the non-executive director is Mr. Wang Wei; and the independent non-executive directors are Mr. Kwong Wilson Wai Sun, Mr. Yeung Chi Wai and Mr. Ho Ka Wang.