MILAN STATION HOLDINGS LIMITED
米 蘭 站 控 股 有 限 公 司
(Incorporated in the Cayman Islands with limited liability)
(Stock code: 1150)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

FINANCIAL HIGHLIGHTS

- Revenue for the year ended 31 December 2024 was approximately HK$111.9 million, representing a decrease of 35.2% from approximately HK$172.5 million for the year ended 31 December 2023.

- Gross profit for the year ended 31 December 2024 was approximately HK$8.3 million, representing a decrease of 67.0% from approximately HK$25.1 million for the year ended 31 December 2023.

- Selling expenses for the year ended 31 December 2024 were approximately HK$21.6 million, representing a decrease of 25.2% of approximately HK$28.9 million for the year ended 31 December 2023.

- Loss attributable to the owners of the Company for the year ended 31 December 2024 were approximately HK$26.4 million, representing a decrease of 5.5% of approximately HK$27.9 million for the year ended 31 December 2023.

- The Board has resolved not to declare a final dividend for the year ended 31 December 2024.

ANNUAL RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Milan Station Holdings Limited (the "**Company**") presents the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2024 (the "**Reporting Year**") together with the comparative figures for the preceding financial year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
REVENUE	*5*	**111,855**	172,525
Cost of sales		**(103,549)**	(147,385)
Gross profit		**8,306**	25,140
Provision for allowance for expected credit losses ("**ECLs**")		**(4,871)**	(5,328)
Impairment loss on property, plant and equipment and right-of-use assets		**(7,561)**	(2,371)
Other income	*6*	**1,592**	3,823
Other gains/(losses), net	*7*	**13,215**	(2,087)
Selling expenses		**(21,605)**	(28,872)
Administrative and other operating expenses		**(13,807)**	(17,127)
Loss from operations		**(24,731)**	(26,822)
Finance costs	*8*	**(1,628)**	(1,262)
LOSS BEFORE TAX	*9*	**(26,359)**	(28,084)
Income tax credit	*10*	**–**	200
LOSS FOR THE YEAR		**(26,359)**	(27,884)
OTHER COMPREHENSIVE INCOME/(LOSS), NET OF TAX:			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**40**	(16)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(26,319)**	(27,900)

	Notes	**2024**	2023
		HK$'000	*HK$'000*
Loss for the year attributable to:			
Owners of the Company		**(26,359)**	(27,884)
Total comprehensive loss for the year attributable to:			
Owners of the Company		**(26,319)**	(27,900)
LOSS PER SHARE	*12*		
– Basic and Diluted (HK cent)		**(2.74)**	(3.17)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**294**	2,078
Right-of-use assets		**4,878**	12,927
Deposits		**2,408**	1,689
		7,580	16,694
CURRENT ASSETS			
Financial assets at fair value through profit or loss		**35,014**	22,762
Prepayments, deposits and other receivables		**6,167**	12,833
Inventories		**37,757**	47,501
Trade receivables	*13*	**2,182**	1,843
Loan receivables	*14*	**3,655**	5,762
Cash and cash at banks		**11,249**	10,337
Income tax recoverable		**93**	93
		96,117	101,131
CURRENT LIABILITIES			
Trade and other payables	*15*	**12,120**	11,941
Contract liabilities		**12**	63
Lease liabilities		**7,053**	7,481
Income tax liabilities		**278**	278
		19,463	19,763
NET CURRENT ASSETS		**76,654**	81,368
TOTAL ASSETS LESS CURRENT LIABILITIES		**84,234**	98,062

	Notes	**2024** *HK$'000*	2023 *HK$'000*
NON-CURRENT LIABILITIES			
Lease liabilities		**4,595**	5,993
Bond payables		**7,131**	6,979
Provisions		**272**	272
		11,998	13,244
NET ASSETS		**72,236**	84,818
CAPITAL AND RESERVES			
Equity attributable to owners of the Company			
Share capital		**42,277**	35,231
Reserves		**29,959**	49,587
TOTAL EQUITY		**72,236**	84,818

Notes:

1. GENERAL INFORMATION

The Company was a public limited company incorporated in the Cayman Islands on 1 November 2007 as an exempted company with limited liability. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, the Cayman Islands and its principal place of business in Hong Kong is located at Room 13, 6/F, Block A, Hong Kong Industrial Centre, 489-491 Castle Peak Road, Kowloon.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries of the Company are retailing of handbags and fashion accessories.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and accounting principles general accepted in Hong Kong. HKFRS Accounting Standards comprise Hong Kong Financial Reporting Standards ("**HKFRS**"), Hong Kong Accounting Standards ("**HKAS**") and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange ("**Listing Rules**") and the disclosure requirements of the Companies Ordinance.

The HKICPA has issued certain new and amendments to HKFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

3. APPLICATION OF NEW AND REVISED HKFRS ACCOUNTING STANDARDS

(a) New and amendments to HKFRS Accounting Standards that are mandatorily effective for the current year

The Group has applied the following amendments to HKFRS Accounting Standards and interpretation issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Hong Kong Interpretation 5 ("HK Int 5") (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the new and amendments to HKFRS Accounting Standards and interpretation in the current year has had no material impact on the Group's consolidated financial position and performance for the current and prior years and/or on the disclosures set out in this consolidated financial statements.

(b) Amendments to HKFRS Accounting Standards in issue but not yet effective

The Group has not applied any new and amendments to standards and interpretation have been issued but are not yet effective for the financial year beginning 1 January 2024. The amendments to standards and interpretation include the following which may be relevant to the Group.

	Effective for accounting periods beginning
Amendments to HKFRS 10 and HKAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
Amendments to HKAS 21 and HKFRS 1 – Lack of Exchangeability	1 January 2025
Amendments to HKFRS 9 and HKFRS 7 – Classification and Measurement of Financial Instruments	1 January 2026
Annual Improvements to HKFRS and HKFRS 1 – Accounting Standards – Volume 11	1 January 2026
Amendments to HKFRS 9 and HKFRS 7 – Contracts Referring Nature – Dependent Electricity	1 January 2026
HKFRS 18 – Presentation and Disclosure in Financial Statements	1 January 2027
HKFRS 19 – Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to HK Int 5 – Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2027

Except for the new and amendments to HKFRS Accounting Standards and interpretation mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRS Accounting Standards and interpretation will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 Presentation and Disclosure in Financial Statements, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 Presentation of Financial Statements. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 and HKFRS 7. Minor amendments to HKAS 7 Statement of Cash Flows and HKAS 33 Earnings per Share are also made. HKFRS 18 and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted.

The directors of the Company are currently assessing the impact of applying HKFRS 18 on the presentation and the disclosures of the consolidated financial statements.

4. OPERATING SEGMENT INFORMATION

The board of directors is the chief operating decision maker. The Group's principal activity is the retail of handbags, fashion accessories, natural aroma and skincare products. Since it is the only operating segment of the Group for the purpose of resource allocation and assessment focus on revenue analysis by products, no further analysis thereof is presented. Since the Group's revenue is principally derived from sales of goods in Hong Kong, and the Group's location of the non-current assets are principally located in Hong Kong, only entity-wide disclosure are presented accordingly.

Information about major customers

No customer of the Group has individually contributed 10% or more of the Group's total revenue during the years ended 31 December 2024 and 2023 and no information about major customers is presented accordingly.

5. REVENUE

Revenue represents the net invoiced value of goods sold. An analysis of revenue, is as follows:

	2024	2023
	HK$'000	*HK$'000*
Revenue from contracts with customers within the scope of HKFRS 15:		
Disaggregation of revenue from contracts with customers recognise at a point in time by major products for the year as follow:		
Sales of handbags	**109,931**	168,285
Sales of fashion accessories	**1,924**	4,240
	111,855	172,525
Primary geographical market		
Hong Kong	**111,855**	172,525

6. OTHER INCOME

	2024	2023
	HK$'000	*HK$'000*
Bank interest income	**18**	37
Interest income on loan receivables	**1,090**	1,309
Imputed interest income on lease deposits	**136**	147
Imputed interest income on bond payables	**–**	1,544
Consultancy fee income (Note)	**–**	225
Management fee income (Note)	**156**	331
Others	**192**	230
	1,592	3,823

Note: Represents revenue from contract with customers within the scope of HKFRS 15.

7. OTHER GAINS/(LOSSES), NET

	2024	2023
	HK$'000	*HK$'000*
Fair value gain/(loss) on financial assets at FVTPL	**7,785**	(2,248)
Gain on disposal of financial assets at FVTPL	**2,505**	203
Loss on disposal of property, plant and equipment	**–**	(44)
Gain of deregistration of a subsidiary	**2,925**	–
Exchange differences, net	**–**	2
	13,215	(2,087)

8. FINANCE COSTS

	2024	2023
	HK$'000	*HK$'000*
Imputed interest expenses on bond payables	**792**	523
Interest expenses on lease liabilities	**836**	739
	1,628	1,262

9. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging the followings:

	2024	2023
	HK$'000	*HK$'000*
Cost of inventories sold	**103,549**	144,604
Allowance for inventories (included in cost of sales)	**–**	2,781
Depreciation		
– property, plant and equipment	**811**	2,201
– right-of-use assets	**9,181**	9,790
	9,992	11,991
Expenses relating to short-term leases	**834**	2,007
Auditor's remuneration		
– Audit services	**670**	670
Directors' emoluments	**860**	1,111
Employee benefit expenses (excluding directors' emoluments)		
– Salaries, wages and other benefits	**8,374**	13,034
– Pension scheme contributions	**323**	431
	8,697	13,465
Total staff costs (including directors' emoluments)	**9,557**	14,576
Provision for reinstatement costs	**–**	170

10. INCOME TAX CREDIT

	2024	2023
	HK$'000	*HK$'000*
Macau complementary tax:		
Over-provision in prior years	–	(200)
Total tax credit for the year	–	(200)

Under the two-tiered Hong Kong Profits Tax rates regime, the first HK$2,000,000 of assessable profits of qualifying group entities established in Hong Kong will be taxed at 8.25% (2023: 8.25%), and assessable profits above HK$2,000,000 (2023: HK$2,000,000) will be taxed at 16.5% (2023: 16.5%). The assessable profits of group entities established in Hong Kong not qualifying for the two-tiered Hong Kong Profits Tax rate regime will continue to be taxed at a flat rate of 16.5% (2023: 16.5%).

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements since the Group's Hong Kong entities have sufficient tax losses brought forward to set off against the assessable profit for the years ended 31 December 2024 and 2023.

Under the Law of the PRC on Enterprise Income Tax (the "**EIT**") and Implementation Regulation of the EIT, the tax rate of the PRC subsidiaries of the Group is 25% from 1 April 2008 onwards. No provision for EIT is required since the PRC subsidiaries of the Group have no assessable profits for the years ended 31 December 2024 and 2023.

Macau complementary tax is calculated at 12% of the estimated assessable profit exceeding MOP600,000 for both years. No provision for Macau complementary tax has been made in the consolidated financial statements since the Group's Macau entities have no assessable profits for the years ended 31 December 2024 and 2023.

11. DIVIDENDS

No dividend was paid or proposed during the Reporting Year (2023: Nil), nor has any dividend been proposed since the end of the reporting periods.

12. LOSS PER SHARE

The calculation of the basic loss per share is based on the loss for the year attributable to owners of the Company of approximately HK$26,359,000 (2023: HK$27,884,000) and the weighted average number of ordinary shares of 962,123,674 (2023: 880,786,650) in issue during the year.

During the years ended 31 December 2024 and 2023, no adjustment has been made to the basic loss per share presented in respect of a dilution as the share options outstanding had no dilutive effect on the basic loss per share presented.

13. TRADE RECEIVABLES

The Group's trading terms with its customers related to sales of handbags, natural aroma, skincare products and accessories are mainly on cash and credit card settlement. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

	2024	2023
	HK$'000	*HK$'000*
Trade receivables	**3,129**	2,280
Less: Allowance for ECLs	**(947)**	(437)
	2,182	1,843

An ageing analysis of the trade receivables, net of allowance, if any, as at the end of the reporting period, based on invoice date, is as follows:

	2024	2023
	HK$'000	*HK$'000*
Within 1 month	**581**	1,005
1 to 2 months	**–**	13
2 to 3 months	**–**	–
4 to 6 months	**–**	668
7 to 12 months	**1,601**	157
	2,182	1,843

Customers are generally granted with credit term of 0-90 days during the years ended 31 December 2024 and 2023.

The Group applies the HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables and measures the lifetime ECL on shared credit risk characteristics and the day past.

The carrying amounts of the Group's trade receivables in denominated in HK$.

14. LOAN RECEIVABLES

The Group's loan receivables, which arise from the money lending business in Hong Kong, are unsecured, interest-bearing at rate of 8% (2023: 8%) per annum. The loan receivables are short-term loans and repayable by 1 year (2023: 1 year).

An ageing analysis of the loan receivables, net of allowance, as at the reporting period, based on the terms of loan is as follows:

	2024	2023
	HK$'000	*HK$'000*
Loan receivables	**14,696**	15,916
Less: Allowance for ECLs	**(11,041)**	(10,154)
Within 1 year	**3,655**	5,762

Loan receivables are denominated in HK$.

The Group's loan receivables bear interests at fixed interest rates and therefore are subject to fair value interest rate risk.

15. TRADE AND OTHER PAYABLES

	2024	2023
	HK$'000	*HK$'000*
Trade payables	**1,989**	1,452
Accrued liabilities	**7,805**	6,494
Other payables	**2,326**	1,495
Deposits received	**–**	2,500
	12,120	11,941

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

	2024	2023
	HK$'000	*HK$'000*
Within 1 month	**1,989**	1,452

The credit period on purchase of goods range from 0 to 90 days.

Trade and other payables are denominated in HK$.

MANAGEMENT DISCUSSION AND ANALYSIS

Market Overview

The 2024 Hong Kong retail market reflects resilience, driven by tourism recovery and adaptive strategies. While luxury and experiential sectors thrive, challenges like cost efficiency and regional competition necessitate ongoing innovation and policy support. Sustainability and tech integration remain critical to long-term growth.

In 2024, the local labour market saw some decline. The seasonally adjusted unemployment rate increased to 3.1% in December 2024. The Census and Statistics Department has published Report on Monthly Survey of Retail Sales, which shows that the value of total retail sales in December 2024, provisionally estimated at HK$32.8 billion, decreased by 11.5% compared with the same month in 2023.

Corporation may have to be more careful in their business plans in the face of various headwinds such as the uncertainty of the development and effect of China-US relations, geopolitical tensions, economic conditions, customers behavior and government policies.

BUSINESS REVIEW

During the Reporting Year, the Group's total revenue decreased by approximately 35.2% to approximately HK$111.9 million. The revenues generated in the markets of Hong Kong only of the Group's revenue. The Group's gross profit at approximately HK$8.3 million, which was decreased by 67.0% as compared to last year. The net loss for the Reporting Year decreased by approximately HK$1.5 million to net loss of approximately HK$26.4 million mainly due to the recognition of fair value gain on financial assets at fair value through profit or loss.

Hong Kong

During the Reporting Year, revenue of the Group in Hong Kong decreased by 35.2% to approximately HK$111.9 million. The revenue came from the 5 "Milan Station" retail stores in Hong Kong and the online sales platform directly managed by the Group and the product sales in other new sales channels.

The Group adhered to the principle of providing genuine and certified products for its customers and formulated stringent and systematic product certification programs. During the Reporting Year, the Group continued to devote more human resources to the management of merchandise quality, and strengthened the product certification programs with the finer division of labor to ensure that all the products were inspected by professional team. These measures helped the Group to maintain the "Milan Station" brand reputation and earn market recognition, pursuant to which it strengthened the Group's leading position in the luxury handbags trading industry under the adverse operating environment.

As at 31 December 2024, the Group held the listed securities in Hong Kong with the fair value of approximately HK$35.0 million classified as financial assets at fair value through profit or loss. The Group recognised a fair value gain on financial assets through profit or loss of approximately HK$7.8 million and gain on disposal of financial assets at fair value through profit or loss of approximately HK$2.5 million. In light of the recent volatile financial market in Hong Kong, the Group will closely monitor the performance of this business and keep adopting a prudent investment attitude with the aim to improve the capital usage efficiency and generate additional investment returns on the idle funds of the Group.

Mainland China

During the Reporting Year, no revenue was generated in Mainland.

Macau

During the Reporting Year, no revenue was generated in Macau.

Significant Investments

The Group held significant investments under financial assets at fair value through profit or loss as below:

Company	**Stock code**	**Fair value as at 1 January 2024**	**Addition**	**Proceed**	**Gain on disposal**	**Fair value gain/(loss)**	**Fair value as at 31 December 2024**	**Percentage of shareholding**	**Approximate percentage to the total assets**
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*(approximately)*	
China Investment and Finance Group Limited	1226	4,986	–	–	–	1,212	6,198	1.1%	6.0%
Hao Wen Holdings Limited	8019	3,425	2,996	(1,107)	558	5,824	11,696	4.8%	11.3%
Harbour Digital Asset Capital Limited	913	239	3,259	–	–	1,780	5,278	3.9%	5.1%
Others		14,112	487	(3,673)	1,947	(1,031)	11,842		
		22,762	6,742	(4,780)	2,505	7,785	35,014		

At 31 December 2024, the Group held (i) approximately 4.7 million shares (approximately 1.1%) of China Investment and Finance Group Limited. The company was listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). China Investment and Finance Group Limited is principally engaged in securities trading and investment holding. The investment cost of China Investment and Finance Group Limited is HK$1.9 million. The Group adopted a passive investment strategy for the investments and maintain a diversified investment portfolio to mitigate risks; (ii) approximately 17.2 million shares (approximately 4.8%) of Hao Wen Holdings Limited. The company was listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). Hao Wen Holdings Limited is principally engaged in money lending and processing and trading of electronic parts. The investment cost of Hao Wen Holdings Limited is HK$6.5 million. The Group adopted a passive investment strategy for the investments and maintain a diversified investment portfolio to mitigate risks; (iii) approximately 13.9 million shares (approximately 3.9%) of Harbour Digital Asset Capital Limited. The company was listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). Harbour Digital Asset Capital Limited is principally engaged in the investments in listed and unlisted securities. The investment cost of Harbour Digital Asset Capital Limited is HK$3.4 million. The Group adopted a passive investment strategy for the investments and maintain a diversified investment portfolio to mitigate risks.

MONEY LENDING BUSINESS

Business Model

The Group's money lending business is managed through a wholly-owned subsidiary with money lenders license issued under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong). The Group target to provide both secured or unsecured loans to different customers which included individuals and corporations mainly in Hong Kong and the PRC. The source of customers is mainly past customers which consists of entrepreneurs and sizable enterprises or referrals by the directors. The source of funds for the money lending business is funded by the internal resources of the Group.

Major Terms of Loans Granted

As at 31 December 2024, the loan receivables were due from ten independent third parties. The interest rates of the loan receivables are 8% per annum. The total loan receivables amounted to approximately HK$3.7 million. All of the loan receivables are unsecured, of which the largest loan receivables of approximately HK$1.7 million and the five largest loan receivables represent 95% of the total loan receivables. All loan receivables were matured within twelve months as of 31 December 2024. The aged analysis of the loan receivables as at 31 December 2024 is within 1 year.

Risk management policies

The Group manages credit risk through review and credit approval and post-transaction monitoring processes. An independent credit risk assessment has been performed before granting the loans which including but not limited to the background check, income or asset proof of individual customers and financial reports of corporate customers. Besides, verification of the authenticity of the information will be performed. Upon the completion of credit assessment procedures, the Group will propose loan terms, which include loan size, loan tenure, interest rate, guarantee and collateral, with reference to the prime lending rate offered by commercials banks, prevailing interest rates offered by other money lending institutions in the market and internal credit risk rating of the borrowers and ensure that the Company complies with the Money Lenders Ordinance. The proposed loans will then be passed to the directors for review and approval.

The Company has also adopted the procedures on monitoring loan repayment and recovery which involve (a) finance department is required to submit management accounts to the board of directors of the Company and report on the financial and business performance quarterly; (b) finance department required to report the repayment status of all loans to the board of directors of the Company quarterly and report for any material defaulted loans immediately upon occurrence; In respect of overdue loans, the finance managers will proactively contact the borrowers to understand the reasons for overdue repayments and assess the repayment ability of the borrowers by considering factors including but not limited to the business, financial and economic conditions that may affect the repayment ability of the borrowers; actual and expected financial performance and cashflows of the borrowers; and probability of the borrowers entering into bankruptcy or other financial reorganisation. After assessing the repayment ability of the borrowers, the directors may choose to negotiate new repayment schedules with the borrowers if the underlying default risk is considered to be acceptable. In respect of delinquent loans with significant default risk, the standard demand letters will be issued. If no satisfactory response is received, formal legal demand letters will be issued. Thereafter formal legal proceedings may be issued where appropriate.

Loan impairments

The Group will consider both general and specific provision on the impairment of the loan receivables. Specific provision will be considered when the customers are bankrupt, liquidation or any probably events which indicate the occurrence on the default of payments. The Group based on the borrowers' current financial status by communicating with the borrowers, referring to their past and current repayment records, loan terms, and the value of the collaterals, and will make further additional independent adjustments, to calculate the loan impairment for the Reporting Year.

In 2024, the loan impairment is assessed by three-stage model for impairment based on changes in credit quality since initial recognition which outlined by HKFRS 9. Since the economic downturn continued due to the continuation of the epidemic which may affect the repayment ability of the borrower, thus affecting the Group's expectation to each of the borrowers on their ability to repay their debts. Therefore, the Group considered that the default rate of each borrowers increased, thus general provision on the loan impairment was recognized due to the expected credit losses. The Group has appointed an independent valuer to assess the impairment of the loan receivables. General approach is adopted to assess the expected credit losses of loan receivables in which the loss rate is derived from the probability of default and loss given default. The probability of default is extracted from Refinitiv, Moody's or other public sources are assumed to be unbiased. The allowance of expected credit losses of loan and interest receivables is approximately HK$11.0 million (2023: HK$10.2 million). The increase in the allowance of expected credit losses was mainly due to the increase in the default rate of certain borrowers due to the limited repayment of debts has been received during the Reporting Year. The credit loss rate of borrowers was ranged from 55% to 100%, therefore the grants of loans were fair and reasonable.

Outlook

Hong Kong's retail market in 2025 is poised for cautious recovery, driven by the gradual return of mainland Chinese and international tourists, supported by streamlined travel policies and the city's reputation as a luxury shopping destination. Integration with the Greater Bay Area (GBA) will further boost foot traffic, as improved cross-border infrastructure and tailored promotions attract high-spending consumers from the region. Domestic spending will remain resilient, bolstered by government initiatives like consumption vouchers and "Night Economy" campaigns, though inflation and global economic uncertainty may temper growth. Retailers will prioritize omnichannel strategies, blending e-commerce with experiential in-store innovations (e.g., AI personalization, VR/AR), while cashless payments and data analytics optimize operations and customer engagement.

Looking ahead, various uncertainties such as the uncertainty of the development and effect of China-US relations, geopolitical tensions, economic conditions, customers behavior and government policies has cast uncertainty over the global economic outlook. The management therefore should continue to catch up any opportunities arose in this market and continued to strengthened our resources in order to maintain the leading position in the luxury handbags and accessories trading industry. Simultaneously, the management will also impose more prudent business policy to operate with great caution and lead the Group through unprecedented challenges.

FINANCIAL REVIEW

Revenue

During the Reporting Year, total revenue decreased to approximately HK$111.9 million, representing a decrease of 35.2% as compared to approximately HK$172.5 million recorded in last year. Handbags were the most important product category for the Group, representing over 98.3% of the total revenue of the Group. The revenue generated from the sales of unused products decreased to approximately HK$81.9 million recorded in 2024, representing 73.2% of the total revenue of the Group.

Since most of the retail shops under the brand name of "Milan Station" are located in Hong Kong, the source of revenue also concentrates in the Hong Kong market. For the Reporting Year, the revenue generated from the Hong Kong market was approximately HK$111.9 million, representing approximately 100% of the total revenue of the Group. No revenue was generated from the Mainland China and Macau market during the Reporting Year.

The table below sets out the breakdown of the Group's revenue recorded for the years ended 31 December 2024 and 2023 by product categories, by price range of products and by geographical locations and their respective percentages to the total revenue of the Group:

	For the year ended 31 December				
	2024		2023		
		Percentage of total revenue		Percentage of total revenue	Percentage change in revenue
	HK$ million	*%*	*HK$ million*	*%*	*%*
By product categories (handbags and other products)					
Handbags	**110.0**	**98.3**	168.3	97.6	(34.6)
Other products*	**1.9**	**1.7**	4.2	2.4	(54.8)
Total	**111.9**	**100**	172.5	100	(35.2)
By product categories (unused and second-hand products)					
Unused products	**81.9**	**73.2**	131.7	76.3	(37.8)
Second-hand products	**30.0**	**26.8**	40.8	23.7	(26.5)
Total	**111.9**	**100**	172.5	100	(35.2)

	For the year ended 31 December				
	2024		2023		
		Percentage of total revenue		Percentage of total revenue	Percentage change in revenue
	HK$ million	***%***	*HK$ million*	*%*	*%*
By price range of products					
Within HK$10,000	**10.8**	**9.6**	21.1	12.3	(48.8)
HK$10,001 – HK$30,000	**26.9**	**24.0**	40.0	23.2	(32.8)
HK$30,001 – HK$50,000	**16.4**	**14.7**	29.9	17.3	(45.2)
Above HK$50,000	**57.8**	**51.7**	81.5	47.2	(29.1)
Total	**111.9**	**100**	172.5	100	(35.2)
By geographical locations					
Hong Kong	**111.9**	**100**	172.5	100	(35.2)

* Other products include natural aroma and skincare products and others accessories.

Cost of sales

For the Reporting Year, cost of sales for the Group was approximately HK$103.5 million, decreased by 29.7% year-on-year. Cost of sales mainly consisted of cost of inventories sold by the Group's suppliers.

Gross profit and gross profit margin

Gross profit of the Group for the Reporting Year decreased by HK$16.8 million to approximately HK$8.3 million, with its gross profit margin decreased from 14.6% to 7.4%. The decrease was mainly due to the low profit margin in the sales of slow moving inventories.

Inventories

The Group's total inventories as at 31 December 2024 and 2023 were HK$37.8 million and HK$47.5 million respectively. Inventory turnover days of the Group changed to 150 days for the Reporting Year (2023: 114 days).

The following table sets forth an aging analysis of inventories for the Group's handbag products as at 31 December of the two comparative years:

	31 December	
	2024	2023
	HK$'000	*HK$'000*
Aging of inventories (handbags products)		
0 to 90 days	**9,623**	7,134
91 to 180 days	**5,123**	8,349
181 days to 1 year	**6,866**	9,972
Over 1 year	**16,145**	21,278
Total	**37,757**	46,733

The following table sets forth an aging analysis of inventories for the Group's other products as at 31 December of the two comparative years:

	31 December	
	2024	2023
	HK$'000	*HK$'000*
Aging of inventories (other products)		
0 to 45 days	**8**	78
46 to 90 days	**24**	24
91 days to 1 year	**105**	288
Over 1 year	**206**	378
Total	**343**	768

The following table sets forth an aging analysis of inventories for the Group's premium priced handbag products over HK$50,000 as at 31 December of the two comparative years:

	31 December	
	2024	2023
	HK$'000	*HK$'000*
Aging of inventories (handbags products over HK$50,000)		
0 to 90 days	**8,121**	2,472
91 to 180 days	**3,108**	6,053
181 days to 1 year	**4,188**	6,617
Over 1 year	**10,466**	3,044
Total	**25,883**	18,186

Other income

During the Reporting Year, other income and gains amounted to approximately HK$1.6 million, decreased by approximately HK$2.2 million as compared to other income and gains amounted to approximately HK$3.8 million in last year. It was mainly attributable to the absence of the imputed interest income on bond payables.

Other gains/(losses), net

During the Reporting Year, other gains amounted to approximately HK$13.2 million, as compared to other loss amounted to approximately HK$2.1 million in last year. It was mainly attributable to the fair value gain on financial assets at fair value through profit or losses and gain on disposal of financial assets at fair value through profit or losses.

Selling expenses

The major items of the Group's selling expenses include rent and rates, employee benefit expenses for sales staff and bank credit card charges. For the Reporting Year, selling expenses of the Group were approximately HK$21.6 million, representing 19.3% of the Group's revenue (2023: approximately HK$28.9 million, representing approximately 16.7% of the Group's revenue). Selling expenses decreased mainly due to the decrease in credit card charges, salaries and marketing expenses.

Administrative and other operating expenses

Administrative and other operating expenses of the Group for the Reporting Year amounted to approximately HK$13.8 million, decreased by approximately HK$3.3 million as compared to last year on a year-on-year basis, representing approximately 12.3% of the revenue. The Group's administrative and other operating expenses mainly consisted of the depreciation of right-of-use assets, directors' remuneration, salaries and employee benefit expenses for the senior management and administrative staff, as well as legal and professional expenses. The decrease in administrative and other operating expenses was mainly due to the decrease in salaries and decrease in the depreciation of property, plant and equipment recognized during the Reporting Year.

Finance costs

Finance costs of the Group mainly consisted of interest expenses on bank borrowings and lease liabilities. Finance costs for the Reporting Year amounted to approximately HK$1.6 million in 2024, increased by HK$0.3 million as compared to last year.

Loss attributable to the owners of the Company

Loss attributable to the owners of the Company for the Reporting Year decreased from approximately HK$27.9 million for the year ended 31 December 2023 to approximately HK$26.4 million. Loss per share attributable to the owners of the Company was approximately HK2.74 cents for the Reporting Year, as compared to loss per share attributable to the owners of the Company of approximately HK3.17 cents for the year ended 31 December 2023.

Employees and remuneration policy

As at 31 December 2024, the Group had a total of 24 employees (2023: 37 employees). The Group shall continue to take into account diversity perspectives including gender diversity in its hiring of employees from time to time. The Group's remuneration policy was determined according to the position, performance and experience of the staff as well as the market trend. Staff benefits of the Group include basic salaries, subsidies, insurance and commission/bonus. The remuneration policy was reviewed by the Board from time to time. The emoluments of the directors of the Company (the "**Directors**") were reviewed by the remuneration committee of the Company and recommended to the Board for approval after considering the Group's operating results, individual performance and comparing with marketing conditions.

Liquidity and financial resources

As at 31 December 2024 and 31 December 2023, the Group did not have any bank borrowing.

As at 31 December 2024, the Group's total balance of cash and cash equivalents, total liabilities and shareholders' equity were approximately HK$11.2 million, HK$31.5 million and HK$72.2 million respectively (2023: approximately HK$10.3 million, HK$33.0 million and HK$84.8 million respectively). The Group's gearing ratio, current ratio and quick ratio as at 31 December 2024 were approximately 26.0%, 4.9 and 3.0 respectively (2023: 24.1%, 5.1 and 2.7 respectively).

Pledge of assets

As at 31 December 2024 and 2023, the Group had no assets and bank deposits were pledged to banks to secure the bank borrowing and general banking facilities granted to the Group.

Foreign exchange policy

The Group carried on its trading transactions mainly in Hong Kong dollars and Renminbi ("**RMB**"). It is the Group's policy to continue maintaining the balance of its sales and purchases in the same currency. The Group did not have any hedging arrangement on foreign exchange. The Directors are of the view that the transactional exposure of the Group in currencies other than the functional currencies is maintained at an acceptable level.

Contingent liabilities

As at 31 December 2024, the Group did not have any significant contingent liabilities.

Capital commitments

The Group did not have any capital commitments regarding any for purchase of property, plant and equipment as at 31 December 2024.

CORPORATE GOVERNANCE PRACTICE

The Board is committed to maintaining high standards of corporate governance and recognizes the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of the Group so as to achieve effective accountability. The Company had adopted the code provisions set out in the Corporate Governance Code (the "**CG Code**") in Appendix C1 of the Listing Rules as its own code of corporate governance practice.

During the Reporting Year, the Company had complied with all applicable code provisions under the CG Code save as disclosed below.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules. Having made specific enquiries to the Directors, all the Directors confirmed that they complied with the required standards as set out in the Model Code for the Reporting Year.

AUDIT COMMITTEE

The Company has established an Audit Committee with written terms of reference in compliance with the Listing Rules. The Audit Committee comprises three independent non-executive Directors, namely Mr. Tou Kin Chuen (chairman), Mr. Chan Chi Hung and Mr. Choi Kam Yan, Simon. The Audit Committee has reviewed with the management of the Company the financial statements of the Group for the Reporting Year and discussed with the management of the Company on auditing, risk management, internal control and financial reporting matters.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the Reporting Year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

USE OF NET PROCEEDS

References were made to the announcements of the Company dated 25 June 2024, 26 June 2024 and 16 July 2024. On 25 June 2024, the Company and the placing agent entered into the placing agreement pursuant to which the placing agent agreed to place, on a best endeavour basis, to not less than six independent placees for up to 176,150,000 new Shares at a price of HK$0.08 per placing share (the "**Placing**"). Placing have been fulfilled and the completion of the Placing took place on 16 July 2024, where a total of 176,150,000 placing shares have been successfully placed by the placing agent to not less than six placees at the placing price of HK$0.08 per placing share. The net proceeds (after all relevant expenses) from the Placing amounted to approximately HK$13.7 million. As at 31 December 2024, the net proceeds from the Placing were applied as follow:

	Planned allocation of net proceeds *Approximately HK$ million*	**Utilised net proceeds up to 31 December 2024** *Approximately HK$ million*	**Unutilised net proceeds as at 31 December 2024** *Approximately HK$ million*	**Expected timeline for fully utilised of remaining net proceeds**
General working capital	13.7	9.4	4.3	the first quarter of 2025
	13.7	9.4	4.3	

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the Reporting Year, the Company complied with all applicable code provisions under the Corporate Governance Code (the "**CG Code**") as set out in Appendix C1 to the Listing Rules except for the following deviations.

Under code provision C.5.3 of the CG Code, notice of at least 14 days should be given of a regular board meeting to all Directors to give all Directors an opportunity to attend. During the Reporting Year, certain Board meetings were convened with less than 14 days' notice to facilitate the Directors' timely reaction and expeditious decision making process in respect of investment opportunity and internal affairs of the Group. All Board meetings, nevertheless, were duly convened and held in the way prescribed by the Articles of Association of the Company. The Board will use reasonable endeavour to meet the requirement of code provision C.5.3 of the CG Code in future. Adequate and appropriate information are circulated normally three days in advance of Board meetings to the Directors.

SCOPE OF WORK OF MCMILLAN WOODS (HONG KONG) CPA LIMITED

The figures in respect of the consolidated statement of financial position and consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the Reporting Year of the Group as set out in the preliminary announcement have been agreed by the Group's auditor, McMillan Woods (Hong Kong) CPA Limited ("**McMillan Woods**"), to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by McMillan Woods in this respect did not constitute an assurance engagement and consequently no opinion or assurance has been expressed by McMillan Woods on the preliminary announcement.

REVIEW OF FINANCIAL STATEMENTS

The preliminary results announcements and consolidated financial statements of the Group for the Reporting Year and the accounting policies and practices adopted by the Group during the Reporting Year and matters of auditing, internal controls and financial reporting have been discussed with the management and reviewed by the Audit Committee.

DIVIDENDS

The Board has resolved not to declare a final dividend for the Reporting Year (2023: Nil).

EVENTS AFTER THE REPORTING PERIOD

There were no significant events after the Reporting Year and up to the date of this announcement.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the website of the Stock Exchange at www.hkex.com.hk and the website of the Company at hk.milanstation.com. The 2024 annual report containing all information required by the Listing Rules will be published on the above websites and dispatched to the shareholders of the Company by the end of April 2025.

By Order of the Board
Milan Station Holdings Limited
Hu Bo
Director

Hong Kong, 27 March 2025

As at the date of this announcement, the Board comprises Mr. HU Bo and Ms. JI Guiping as Executive Directors; and Mr. CHAN Chi Hung, Mr. TOU Kin Chuen and Mr. CHOI Kam Yan Simon as Independent Non-executive Directors.