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FORWARD FASHION
HOLDINGS

Forward Fashion (International) Holdings Company Limited

尚晉(國際)控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2528)

**ANNUAL RESULTS ANNOUNCEMENT FOR
THE YEAR ENDED 31 DECEMBER 2019**

The board of directors (the “**Board**”) of Forward Fashion (International) Holdings Company Limited (the “**Company**”) is pleased to announce the audited consolidated financial statements of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 December 2019, together with the comparative figures for the year ended 31 December 2018. The financial information has been approved by the Board.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2019

	<i>Notes</i>	Year ended 31 December	
		2019	2018
		<i>HKD'000</i>	<i>HKD'000</i>
Revenue	3	1,513,817	1,344,865
Cost of sales	3,6	(725,950)	(614,510)
Gross profit		787,867	730,355
Selling and marketing expenses	6	(596,118)	(509,385)
General and administrative expenses	6	(128,943)	(74,614)
Other income	4	8,745	8,225
Other gains/(losses), net	5	8,934	(3,165)
Operating profit		80,485	151,416
Finance income	8	380	324
Finance costs	8	(32,033)	(25,166)
Finance costs, net		(31,653)	(24,842)
Profit before income tax		48,832	126,574
Income tax expense	9	(11,061)	(17,997)
Profit for the year		37,771	108,577
Profit is attributable to:			
Equity holders of the Company		37,170	103,941
Non-controlling interests		601	4,636
		37,771	108,577
Earnings per share for profit attributable to equity holders of the company			
Basic and diluted earnings per share (HKD)	10	0.12	0.35

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

	<i>Notes</i>	Year ended 31 December	
		2019	2018
		<i>HKD'000</i>	<i>HKD'000</i>
Profit for the year		37,771	108,577
Other comprehensive loss for the year			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Currency translation differences		(2,419)	(5,489)
Other comprehensive loss for the year, net of tax		(2,419)	(5,489)
Total comprehensive income for the year		35,352	103,088
Total comprehensive income for the year is attributable to:			
Equity holders of the Company		34,723	98,551
Non-controlling interests		629	4,537

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

		As of 31 December	
	<i>Notes</i>	2019	2018
		HKD'000	HKD'000
Assets			
Non-current assets			
Property, plant and equipment	11	168,191	111,912
Right-of-use assets		374,953	349,555
Intangible assets		8,635	7,051
Investment in insurance contract		31,355	30,407
Deferred tax assets		15,756	13,035
Prepayment	14	1,306	20,819
Other receivables and deposit	15	42,955	23,326
		<hr/>	<hr/>
Total non-current assets		643,151	556,105
		<hr/>	<hr/>
Current assets			
Inventories	12	383,831	341,764
Trade receivable	13	70,494	66,846
Prepayment	14	54,018	59,801
Amount due from related parties	21	–	24,267
Other receivables and deposit	15	46,359	52,403
Restricted cash		37,908	35,927
Cash and cash equivalents		72,605	85,731
		<hr/>	<hr/>
Total current assets		665,215	666,739
		<hr/>	<hr/>
Total assets		1,308,366	1,222,844
		<hr/>	<hr/>
Equity			
Share capital		–	–
Share premium		691,000	–
Reserves		(592,532)	100,237
Retained earnings		140,226	104,697
		<hr/>	<hr/>
Capital and reserve attributable to equity holders of the Company		238,694	204,934
		<hr/>	<hr/>
Non-controlling interest in equity		(634)	(1,263)
Total equity		238,060	203,671
		<hr/>	<hr/>

		As of 31 December	
	<i>Notes</i>	2019	2018
		HKD'000	HKD'000
Liabilities			
Non-current liabilities			
Borrowings	16	156,408	133,112
Lease liabilities	17	223,211	226,001
Provisions		2,255	2,622
Financial liabilities at fair value through profit or loss		5,883	11,630
Other non-current liabilities		13,571	6,555
Deferred tax liabilities		2,923	1,618
Other payables	18	5,784	19,694
		<hr/>	<hr/>
Total non-current liabilities		410,035	401,232
Current liabilities			
Trade and other payables	18	217,810	195,590
Amount due to related parties		134,292	157,399
Other current liabilities		9,451	4,145
Contract liabilities	19	1,333	3,203
Lease liabilities	17	179,984	157,783
Provisions		4,116	3,704
Income tax liabilities		15,596	18,901
Borrowings	16	97,689	77,216
		<hr/>	<hr/>
Total current liabilities		660,271	617,941
		<hr/>	<hr/>
Total liabilities		1,070,306	1,019,173
		<hr/>	<hr/>
Net assets		238,060	203,671
		<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 16 May 2019. The address of the Company's registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

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

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

The Company's shares have been listed on the Main Board of the Stock Exchange of Hong Kong Limited since 13 January 2020.

The financial statements for the year ended 31 December 2019 are presented in Hong Kong dollars ("**HKD**") and all values are rounded to the nearest thousand (HKD'000), unless otherwise stated. The financial statements for the year ended 31 December 2019 have been approved for issue by the Board on 31 March 2020.

2 BASIS OF PREPARATION

(i) Compliance with IFRS and HKCO

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") issued by International Accounting Standards Board ("**IASB**") and requirements of the Hong Kong Companies Ordinance Cap. 622.

(ii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

- certain financial liabilities – measured at fair value
- investment in insurance contracts – measured at cash surrender value

(iii) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2019:

- Prepayment Features with Negative Compensation – Amendments to IFRS 9
- Long-term Interests in Associates and Joint Ventures – Amendments to IAS 28
- Annual Improvements to IFRS Standards 2015–2017 Cycle
- Plan Amendment, Curtailment or Settlement – Amendments to IAS 19
- Interpretation 23 Uncertainty over Income Tax Treatments
- Definition of Material – Amendments to IAS 1 and IAS 8

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

The Group has elected to early apply IFRS 16 consistently throughout the years ended 31 December 2019 and 2018.

(iv) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2019 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

3 SEGMENT INFORMATION

The Group is principally engaged in the retailing and wholesale of luxury and fashion clothes and products in the PRC, Macau, Hongkong and other places. The performance of the Group's retail stores is subject to seasonal fluctuations and certain holiday seasons.

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

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

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

The segment information for the years ended 31 December 2018 and 2019 are as follows:

	Year ended 31 December 2019			Total HKD'000
	Mainland China HKD'000	Macau HKD'000	HK and others HKD'000	
Segment revenue	586,185	872,563	142,014	1,600,762
Inter-segment revenue	(14,699)	(3,498)	(68,748)	(86,945)
Revenue from external customers	<u>571,486</u>	<u>869,065</u>	<u>73,266</u>	<u>1,513,817</u>
Cost of sales	(314,474)	(380,870)	(30,606)	(725,950)
Selling and marketing expenses	(213,251)	(337,051)	(45,816)	(596,118)
Segment result	<u>43,761</u>	<u>151,144</u>	<u>(3,156)</u>	<u>191,749</u>
General and administrative expenses				(128,943)
Other income				8,745
Other gains – net				8,934
Finance income				380
Finance costs				(32,033)
Finance costs – net				<u>(31,653)</u>
Profit before income tax expenses				48,832
Income tax expense				<u>(11,061)</u>
Profit for the year				<u><u>37,771</u></u>
Depreciation and amortisation	(85,767)	(175,556)	(27,865)	(289,188)
Provision for impairment of property, plant and equipment and right-of-use assets	(5,245)	(2,022)	(116)	(7,383)
Reversal/(provision) for impairment of inventories	<u>2,327</u>	<u>392</u>	<u>(139)</u>	<u>2,580</u>
Segment non-current assets	<u>144,838</u>	<u>460,225</u>	<u>38,088</u>	<u>643,151</u>
Segment current assets	<u>251,713</u>	<u>364,456</u>	<u>49,046</u>	<u>665,215</u>

	Year ended 31 December 2018			
	Mainland China <i>HKD'000</i>	Macau <i>HKD'000</i>	HK and others <i>HKD'000</i>	Total <i>HKD'000</i>
Segment revenue	517,410	776,394	131,918	1,425,722
Inter-segment revenue	(10,906)	(2,137)	(67,814)	(80,857)
Revenue from external customers	<u>506,504</u>	<u>774,257</u>	<u>64,104</u>	<u>1,344,865</u>
Cost of sales	(273,506)	(311,212)	(29,792)	(614,510)
Selling and marketing expenses	(183,693)	(299,339)	(26,353)	(509,385)
Segment result	<u>49,305</u>	<u>163,706</u>	<u>7,959</u>	<u>220,970</u>
General and administrative expenses				(74,614)
Other income				8,225
Other losses – net				(3,165)
Finance income				324
Finance costs				(25,166)
Finance costs – net				<u>(24,842)</u>
Profit before income tax expenses				126,574
Income tax expense				<u>(17,997)</u>
Profit for the year				<u><u>108,577</u></u>
Depreciation and amortisation	(54,350)	(154,608)	(21,053)	(230,011)
Provision for impairment of property, plant and equipment and right-of-use assets	(1,898)	(2,932)	–	(4,830)
(Provision)/reversal of impairment of inventories	<u>(753)</u>	<u>1,013</u>	<u>–</u>	<u>260</u>
Segment non-current assets	131,533	390,891	33,681	556,105
Segment current assets	<u>249,118</u>	<u>381,895</u>	<u>35,726</u>	<u>666,739</u>

(a) Revenue by business line and nature

	Year ended 31 December	
	2019 <i>HKD'000</i>	2018 <i>HKD'000</i>
Retail	1,425,489	1,278,616
Store management and consignment service	63,953	29,256
Wholesale	<u>24,375</u>	<u>36,993</u>
Total	<u><u>1,513,817</u></u>	<u><u>1,344,865</u></u>

(b) Timing of Revenue Recognition

	Year ended 31 December	
	2019	2018
	HKD'000	HKD'000
Revenue at a point in time	1,449,864	1,315,609
Revenue over time	63,953	29,256
Total	<u>1,513,817</u>	<u>1,344,865</u>

(c) Information about major customers

No individual customer's revenue amounted to 10% or more of the Group's total revenue.

(d) Information about unsatisfied performance obligation

The Group elects not to disclose the information for remaining performance obligation of contracts as the contracts have an original expected duration of less than one year or the portion with variable consideration as a practical expedient.

4 OTHER INCOME

	Year ended 31 December	
	2019	2018
	HKD'000	HKD'000
Government grants	252	258
Sale of exhibition materials	203	2,067
Subsidy from franchisor on operating loss (a)	7,783	3,761
Compensation for delayed opening of stores (b)	–	2,139
Others	507	–
	<u>8,745</u>	<u>8,225</u>

(a) In 2018 and 2019, a franchiser of the Group agreed to grant certain amount of subsidies to the Group in relation to the operating loss of two stores which were transferred from the franchiser for the purpose of maintaining long term cooperation relationship.

(b) In 2017, three subsidiaries of the Group signed store opening agreements with a shopping mall landlord, which states if the opening date of the eight stores to be opened occurs later than 31 July 2017, the shopping mall landlord agrees to compensate the Group. These eight stores were finally opened in February 2018 and thus the shopping mall landlord agreed to compensate the Group a total amount of MOP9,906,000 (equivalent to HKD9,618,000).

5 OTHER GAINS/(LOSSES) – NET

	Year ended 31 December	
	2019	2018
	HKD'000	HKD'000
Net changes in cash surrender value of investment in insurance contracts	1,105	1,068
Elimination of liabilities (a)	6,392	–
Gains on the derecognition of right-of-use assets and lease liabilities	768	1,287
Donation	(1,304)	–
Exchange losses	(2,608)	(4,612)
Fair value gains/(losses) on financial liabilities at fair value through profit or losses	5,747	(897)
Net loss on disposal of property, plant and equipment	(986)	(1,077)
Others	(180)	1,066
	<u>8,934</u>	<u>(3,165)</u>

- (a) It represents the gains by elimination of contract liabilities because the counterparty has closed and its legal rights of recourses have expired and gains by the remission of other payables – operating support fund from landlord.

6 EXPENSES BY NATURE

	Year ended 31 December	
	2019	2018
	HKD'000	HKD'000
Change in inventories	668,570	587,933
Depreciation of right-of-use assets	225,291	175,752
Employee benefit expenses (Note 7)	254,472	201,108
Depreciation of property, plant and equipment (Note 11)	60,445	49,637
Operating lease expenses	69,424	60,026
Utilities and electricity expenses	27,930	25,729
Property management fee	18,133	18,149
Advertising and promotion expenses	19,447	12,025
Payment processing fee	13,563	10,605
Labour cost	12,408	10,126
Reversal of inventories impairment	(2,580)	(260)
Travelling, entertainment and communication expenses	10,733	8,559
Impairment loss on property, plant and equipment (Note 11)	4,843	3,584
Repair and maintenance	3,731	2,840
Amortisation of intangible assets	3,452	4,622
Delivery expenses	6,029	6,099
Office expenses	2,520	3,078
Impairment loss on right-of-use assets	2,540	1,246
Professional service fees	2,642	873
Auditor's remuneration	2,611	378
Listing expenses	27,393	2,112
Other expenses	17,414	14,288
	<u>1,451,011</u>	<u>1,198,509</u>

7 EMPLOYEE BENEFIT EXPENSES

(a) Employee benefit expenses are analysed as follows:

	Year ended 31 December	
	2019	2018
	HKD'000	HKD'000
Salaries, wages and bonuses	224,856	178,569
Other social security costs, housing benefits and other employee benefits	14,911	11,573
Pension costs – defined contribution plan	14,705	10,966
	<u>254,472</u>	<u>201,108</u>

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include three (2018: four) directors whose emoluments are reflected in the analysis shown in Note 22. The emoluments payable to the remaining two (2018: one) individuals during the years are as follows:

	Year ended 31 December	
	2019	2018
	HKD'000	HKD'000
Basic salaries, housing allowances, share options, other allowances and benefits in kind	1,961	1,231
Contribution to pension scheme	22	20
Total	<u>1,983</u>	<u>1,251</u>

The emoluments fell within the following bands:

	Number of individuals	
	Year ended 31 December	
	2019	2018
HKD 0–500,000	–	–
HKD 500,001–1,000,000	2	–
HKD 1,000,001–1,500,000	–	1
	<u>2</u>	<u>1</u>

8 FINANCE INCOME AND EXPENSES

	Year ended 31 December	
	2019	2018
	HKD'000	HKD'000
Finance income		
– Interest income	<u>380</u>	<u>324</u>
Finance expenses		
– Interest and finance charges paid/payable for lease liabilities	<u>(18,392)</u>	<u>(15,048)</u>
– Other interest expense	<u>(13,641)</u>	<u>(10,118)</u>
	<u>(32,033)</u>	<u>(25,166)</u>
Finance expenses – net	<u><u>(31,653)</u></u>	<u><u>(24,842)</u></u>

9 INCOME TAX EXPENSE

(a) Income tax expense

	Year ended 31 December	
	2019	2018
	HKD'000	HKD'000
Current income tax	12,633	17,608
Deferred income tax related to the temporary differences	<u>(1,572)</u>	<u>389</u>
	<u><u>11,061</u></u>	<u><u>17,997</u></u>

The Group's principal applicable taxes and tax rates are as follows:

Cayman Islands

Under the prevailing laws of the Cayman Islands, the Company is not subject to tax on income or capital gains. In addition, no Cayman Islands withholding tax is payable on dividend payments by the Company to its shareholders.

British Virgin Islands

The Group's entities incorporated in the British Virgin Islands are not subject to tax on income or capital gains.

Hong Kong

The entities within the Group incorporated and operated in Hong Kong are subject to Hong Kong profits tax at a rate of 16.5% for the years ended 31 December 2018 and 2019.

Mainland China corporate income tax ("CIT")

CIT was made on the estimated assessable profits of the entities within the Group incorporated and operated in Mainland China and was calculated in accordance with the relevant tax rules and regulations of Mainland China. The general CIT rate is 25% for the years ended 31 December 2018 and 2019.

Macau

The entities within the Group incorporated and operating in Macau are subject to Macau profits tax at progressive rates ranging from 3% to 9% on the taxable income above MOP32,000 but below MOP300,000, and thereafter at a fixed rate of 12%. In addition, a special tax incentive has provided to effect that tax free income threshold amounting to MOP600,000 for the years ended 31 December 2018 and 2019.

Taiwan

The entities within the Group operating in Taiwan are subject to Taiwan profits tax at the rate of 20% for the year ended 31 December 2019.

Withholding tax on undistributed profits

According to the relevant tax rules and regulations of the PRC, distribution to foreign investors of profits earned by PRC companies since 1 January 2008 is subject to withholding tax of 5% or 10%, depending on the country of incorporation of the foreign investors' foreign incorporated immediate holding companies.

During the years ended 31 December 2018 and 2019, Yingliang Trading (Shenzhen) Co., Ltd is the only PRC subsidiary with unremitted earnings whose distribution to owners is subject to withholding tax of 5% and deferred tax liabilities are fully provided on the unremitted earnings.

(b) Numerical reconciliation of income tax expense

	Year ended 31 December	
	2019	2018
	HKD'000	HKD'000
Profit before income tax	48,832	126,574
Tax calculated at applicable statutory tax rate of respective entities	9,517	15,604
Effect of progressive tax rate before statutory tax rate	(69)	(69)
Tax preference	(1,022)	(449)
Withholding income tax on the profits to be distributed by the group companies in the mainland China	289	(165)
Tax effect of unrecognised tax losses	542	514
Utilisation of previously unrecognised tax losses	–	(8)
Items not deductible for tax purposes	1,804	2,570
Income tax expense	<u>11,061</u>	<u>17,997</u>

Items not deductible for tax purposes mainly includes the provision of outstanding social security and housing provident fund and impairment and disposal loss of inventories and properties without declaration.

The weighted average applicable tax rate is influenced by the change in the profitability of the group's subsidiaries in the respective regions. There is no change of the tax rate of the respective regions during for the years ended 31 December 2018 and 2019.

10 EARNINGS PER SHARE

(a) Basic earnings per share

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

	Year ended 31 December	
	2019	2018
Profit attributable to equity holders of the Company (<i>HKD'000</i>)	37,170	103,941
Weighted average number of ordinary shares in issue	<u>300,000,000</u>	<u>300,000,000</u>
Basic earnings per share (<i>HKD</i>) (<i>note</i>)	<u>0.12</u>	<u>0.35</u>

Note: Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year. The weighted average number of shares used for such purpose has been retrospectively adjusted for the effects of the issue of shares in connection with the Reorganisation and the effect of the capitalisation of reserves in January 2020.

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

11 PROPERTY, PLANT AND EQUIPMENT

	Buildings <i>HKD'000</i>	Leasehold improvements <i>HKD'000</i>	Vehicle <i>HKD'000</i>	Office furniture and equipment <i>HKD'000</i>	Computer and electronic equipment <i>HKD'000</i>	Total <i>HKD'000</i>
At 31 December 2017						
Cost	17,324	201,205	4,404	20,346	7,324	250,603
Accumulated depreciation and impairment provision	(1,911)	(120,997)	(2,733)	(13,155)	(4,960)	(143,756)
Net book amount	<u>15,413</u>	<u>80,208</u>	<u>1,671</u>	<u>7,191</u>	<u>2,364</u>	<u>106,847</u>
Year ended 31 December 2018						
Opening net book amount	15,413	80,208	1,671	7,191	2,364	106,847
Additions	–	55,050	332	4,931	1,189	61,502
Depreciation	(315)	(43,145)	(555)	(4,280)	(1,342)	(49,637)
Impairment provision	–	(2,802)	–	(731)	(51)	(3,584)
Exchange differences	–	(1,556)	–	(291)	(31)	(1,878)
Disposals	–	(1,071)	(159)	(104)	(4)	(1,338)
Net book amount	<u>15,098</u>	<u>86,684</u>	<u>1,289</u>	<u>6,716</u>	<u>2,125</u>	<u>111,912</u>
At 31 December 2018						
Cost	17,324	230,864	4,084	21,833	7,974	282,079
Accumulated depreciation and impairment provision	(2,226)	(144,180)	(2,795)	(15,117)	(5,849)	(170,167)
Net book amount	<u>15,098</u>	<u>86,684</u>	<u>1,289</u>	<u>6,716</u>	<u>2,125</u>	<u>111,912</u>
Year ended 31 December 2019						
Opening net book amount	15,098	86,684	1,289	6,716	2,125	111,912
Additions	66,253	50,264	361	2,668	4,843	124,389
Depreciation	(1,419)	(52,973)	(427)	(3,918)	(1,708)	(60,445)
Impairment provision	–	(4,417)	–	(400)	(26)	(4,843)
Exchange differences	–	(692)	–	(87)	(62)	(841)
Disposals	–	(1,711)	(223)	(38)	(9)	(1,981)
Net book amount	<u>79,932</u>	<u>77,155</u>	<u>1,000</u>	<u>4,941</u>	<u>5,163</u>	<u>168,191</u>
At 31 December 2019						
Cost	83,577	275,064	4,128	22,070	12,525	397,364
Accumulated depreciation and impairment provision	(3,645)	(197,909)	(3,128)	(17,129)	(7,362)	(229,173)
Net book amount	<u>79,932</u>	<u>77,155</u>	<u>1,000</u>	<u>4,941</u>	<u>5,163</u>	<u>168,191</u>

As at 31 December 2019, the Group performed impairment test on the property, plant and equipment used in the retail stores with discounted cash flow analysis and recognised impairment loss of HKD4,843,000 (2018: HKD3,584,000).

As at 31 December 2019, a building with carrying amount of approximately HKD62,365,000 is pledged for first mortgage of bank borrowings (2018: Nil).

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

	Years ended 31 December	
	2019	2018
	<i>HKD'000</i>	<i>HKD'000</i>
Selling and marketing expenses	55,892	45,027
Administrative expenses	4,553	4,610
	60,445	49,637

12 INVENTORIES

	As of 31 December	
	2019	2018
	<i>HKD'000</i>	<i>HKD'000</i>
Fashion wears and accessories	407,169	369,376
Less: provision for impairment	(23,338)	(27,612)
	383,831	341,764
Inventory measured at cost	335,228	310,719
Inventory measured at net realisable value	48,603	31,045
	383,831	341,764

Provision for impairment was recognised for the amount by which the carrying amount of the inventories exceeds its net realisable value, and was recorded in "cost of sales" in the consolidated statements of profit or loss.

For the year ended 31 December 2019, the cost of inventories recognised as expense and included in "cost of sales" amounted to HKD665,990,000 (2018: HKD587,673,000).

13 TRADE RECEIVABLE

	As of 31 December	
	2019	2018
	<i>HKD'000</i>	<i>HKD'000</i>
Trade receivables		
Due from third parties	70,494	66,846
Less: provision for impairment of trade receivables	–	–
	<hr/>	<hr/>
Net trade receivables	70,494	66,846
	<hr/> <hr/>	<hr/> <hr/>

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivable. The directors of the Company consider the credit risk of trade receivables are low and the impairment provision of trade receivables is insignificant and almost no credit loss is expected after taking into consideration that: (i) all of the receivables are due from shopping malls who would centrally collect all the revenue and settle with the Company quarterly or credit card companies with good reputation; (ii) no significant receivable is beyond the settlement credit period; (iii) the Group has no default history with the shopping malls and (iv) available reasonable and supportive forwarding-looking information shows low risk of default.

Trade receivables are denominated in the following currencies:

	As of 31 December	
	2019	2018
	<i>HKD'000</i>	<i>HKD'000</i>
RMB	49,612	47,455
MOP	15,020	12,395
HKD	3,258	6,996
TWD	2,604	–
	<hr/>	<hr/>
	70,494	66,846
	<hr/> <hr/>	<hr/> <hr/>

The credit terms of trade receivables granted by the Group are generally 1–3 months. For the years ended 31 December 2018 and 2019, the ageing analysis of the trade receivables based on invoice date is as follows:

	As of 31 December	
	2019	2018
	<i>HKD'000</i>	<i>HKD'000</i>
Within 3 month	69,960	65,265
Over 3 month and within 6 months	278	1,062
Over 6 months and within 1 year	256	519
Over 1 year	–	–
	<hr/>	<hr/>
	70,494	66,846
	<hr/> <hr/>	<hr/> <hr/>

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

14 PREPAYMENTS

	As of 31 December	
	2019	2018
	<i>HKD'000</i>	<i>HKD'000</i>
Included in current assets		
– Prepayments to supplier	37,099	55,412
– Capitalised listing expense	8,178	594
– Other prepayments	8,741	3,795
	<u>54,018</u>	<u>59,801</u>
Included in non-current assets		
– Prepayments for leasehold improvement and furniture	1,306	5,036
– Prepayments for buildings	–	15,783
	<u>1,306</u>	<u>20,819</u>
	<u>55,324</u>	<u>80,620</u>

15 OTHER RECEIVABLES AND DEPOSIT

	As of 31 December	
	2019	2018
	<i>HKD'000</i>	<i>HKD'000</i>
Included in current assets		
– Rental deposits	12,181	21,098
– Value-added tax recoverable	12,042	11,646
– Compensation receivables (a)	9,618	9,618
– Staff advance	875	1,019
– Construction allowance receivables (b)	4,904	6,500
– Others	6,739	2,522
	<u>46,359</u>	<u>52,403</u>
Included in non-current assets		
– Rental deposits	42,955	23,326
	<u>89,314</u>	<u>75,729</u>

- (a) In 2017, three subsidiaries of the Group signed store opening agreements with a shopping mall landlord, which states if the opening date of the eight stores to be opened occurs later than 31 July 2017 due to the landlord's reason, the landlord would compensate the Group according to an agreed calculation method. These eight stores were finally opened in February 2018 and the shopping mall landlord initially agreed to compensate the Group a total amount of MOP9,906,000 (equivalent to HKD9,618,000) which is below the contract agreed compensation amount. After further negotiation, the landlord agree to raise the compensation but with additional conditions. The Group is still negotiating with the landlord on the compensation amount and the additional conditions up to date of the financial statement. The directors of the Company consider the credit risk of the amount booked is low.

- (b) In December 2017, Ieng Leong, a subsidiary of the Group came into an agreement with a land lord according to which Ieng Leong is entitled to the reimbursement of the costs for the total base building related works and fit-out works required to be carried out by Ieng Leong in respect of a shop or an amount up to HKD6,500,000, whichever is lower.

In January 2020, the Group has received a construction valuation report from the landlord, claiming the reimbursement amount shall be approximately HKD4,904,000. In order to accelerate the collection, the Group agreed with the lower claim in March 2020.

The directors of the Company consider the credit risk of other receivables are low and the impairment provision of other receivables is insignificant and almost no credit loss is expected after taking into consideration that:(i) rental deposits will be refunded once the related rental contracts expire; (ii) the third party has good credit level and no history of default; and (iii) the Group has no significant default history on staff advances and those staff are all still employees servicing the Group.

Other receivables and deposit in non-current portion mainly include deposits for stores leasing. The terms of stores leasing are normally more than one year.

16 BORROWINGS

	As of 31 December	
	2019	2018
	HKD'000	HKD'000
Non-current		
Bank loans (a)	<u>156,408</u>	<u>133,112</u>
Current		
Bank loans (a)	52,187	58,037
Letter of credit loans (b)	<u>45,502</u>	<u>19,179</u>
	<u>97,689</u>	<u>77,216</u>
	<u>254,097</u>	<u>210,328</u>

- (a) All borrowings are guaranteed and pledged as shown below:

	As of 31 December	
	2019	2018
	HKD'000	HKD'000
Guaranteed by Mr. Fan and pledged by his properties	66,443	60,764
Guaranteed by Mr. Fan and pledged by his properties and time deposit	22,590	19,179
Guaranteed by Mr. Fan and pledged by his properties, time deposit and insurance contract	119,312	130,385
Pledged by buildings (<i>Note 11</i>)	<u>45,752</u>	–
	<u>254,097</u>	<u>210,328</u>

- (b) Letter of credit loans represent loans granted by banks in connection with inward cargoes.
- (c) The Group's bank borrowings for the years ended 31 December 2018 and 2019 are denominated in the following currencies:

	As of 31 December	
	2019	2018
	<i>HKD'000</i>	<i>HKD'000</i>
RMB	29,708	40,778
HKD	190,056	141,141
USD	23,431	28,409
EURO	10,902	–
	<u>254,097</u>	<u>210,328</u>

- (d) The weighted average effective interest rates at the balance sheet dates are set out as follows:

	As of 31 December	
	2019	2018
Bank borrowings	<u>3.85%</u>	<u>3.65%</u>

- (e) The following tables sets forth the ranges of the effective interest rate on our bank borrowings as of the dates indicated:

	As of 31 December	
	2019	2018
	%	%
Fixed-rate bank borrowings	4.00–5.88	4.00–6.18
	HIBOR+1.75–	HIBOR+1.75–
	HIBOR+3.00;	HIBOR+3.00;
Floating-rate bank borrowings	LIBOR+1.25–	LIBOR+1.25–
	LIBOR+3.00;	LIBOR+3.00;
	3.00–3.88	3.00–3.88

- (f) The borrowings were repayable by repayment day as follows:

	As of 31 December	
	2019	2018
	<i>HKD'000</i>	<i>HKD'000</i>
Within 1 year	97,689	77,216
Between 1 and 2 years	22,883	17,728
Between 2 and 5 years	61,358	56,979
Over 5 years	72,167	58,405
	<u>254,097</u>	<u>210,328</u>

- (g) The fair values of the Group's borrowings are not materially different to their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short-term nature.

(h) Compliance with loan covenants

The Group complied with the financial covenants of its borrowing facilities throughout the reporting period.

17 LEASE LIABILITIES

	As of 31 December	
	2019	2018
	HKD'000	HKD'000
Current	179,984	157,783
Non-current	223,211	226,001
	<u>403,195</u>	<u>383,784</u>

Liabilities arising from a lease are initially measured on a present value basis. Leases of entities operating in Mainland China are discounted at the rate of 6.0% and leases of entities operating in Macau and Hongkong are discounted at the rate of 3.5%. The finance cost of leases is charged to profit or loss over the lease period at the same rate.

18 TRADE AND OTHER PAYABLES

	As of 31 December	
	2019	2018
	HKD'000	HKD'000
Current		
Trade payables (a)	102,310	94,101
Salaries payable	52,123	42,200
Variable lease payable	20,478	25,471
Listing expense payable	6,221	–
Other taxes payable	1,576	4,595
License fee payable	2,290	1,442
Operating support fund	11,722	13,353
Renovation service fee payables	5,268	3,618
Other payables	15,822	10,810
	<u>217,810</u>	<u>195,590</u>
Non-current		
Operating support fund (b)	5,046	17,256
License fee payables (c)	738	2,192
Other payables	–	246
	<u>5,784</u>	<u>19,694</u>
	<u>223,594</u>	<u>215,284</u>

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

	As of 31 December	
	2019	2018
	<i>HKD'000</i>	<i>HKD'000</i>
Within 3 months	100,784	89,595
Over 3 months and within 1 year	1,526	4,506
Over 1 year	<u>–</u>	<u>–</u>
	<u>102,310</u>	<u>94,101</u>

- (b) Operating support fund is provided by the shopping malls for the Group to operate its retail stores. The fund shall be repaid upon the earlier of the date when the store meets specific operating condition agreed and the date when the leases expire.
- (c) License fee payables in respect of the acquisition of licence rights are initially recognised at fair value of the consideration given to acquire the licence at the time of the acquisition, which represent the present values of the fixed minimum periodic payments to be made in subsequent years. They are subsequently stated at amortised cost using the effective interest method less amounts paid.

Interest is accreted and represents changes in the licence fee payables due to passage of time calculated by applying an effective interest rate to the amount of licence fee payables at the beginning of the period.

The corresponding intangible assets are amortised on a straight-line basis over the term of the franchise agreement.

19 CONTRACT LIABILITIES

Contract liabilities primarily comprise advance payments received from wholesalers for goods that have not yet been delivered to the wholesaler.

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities.

	As of 31 December	
	2019	2018
	<i>HKD'000</i>	<i>HKD'000</i>
Revenue recognised that was included in the contract liability balance at the beginning of the period		
Wholesale Contract	<u>3,203</u>	<u>1,461</u>

20 DIVIDENDS

No dividend has been paid or declared by the Company since its incorporation.

The dividend in respect of the years ended 31 December 2019 amounting to HKD973,000 (2018: HKD11,298,000) has been approved by the operating entities now comprising the Group and paid in cash in May 2019 (2018: April), respectively to the shareholders.

A final dividend in respect of the year ended 31 December 2019 of HKD0.05 per share, amounting to a total dividend of HKD20,000,000, will be proposed at the forthcoming annual general meeting. The aggregate amount of the proposed dividend expected to be paid is not recognized as a liability at 31 December 2019.

21 RELATED PARTY TRANSACTIONS

(a) Parent entities

The Group is controlled by the following party:

Name	Type	Place of incorporation	Ownership interest	
			2019	2018
Mr. Fan	Controlling shareholder of the Group	Hong Kong	100%	100%

(b) Subsidiaries

Interests in subsidiaries are set out in note 23.

(c) Key management compensation

Key management includes directors (executive and non-executive) and the senior management of the Group.

The compensation paid or payable to key management for employee services is shown below:

	Year ended 31 December	
	2019	2018
	HKD'000	HKD'000
Salaries, wages and bonus	5,475	6,683
Pension cost – defined contribution plan	95	84
Other social security costs, housing benefits and other employee benefits	132	11
	<u>5,702</u>	<u>6,778</u>

(d) **Transactions with other related parties**

The following transactions occurred with related parties:

	Year ended 31 December	
	2019	2018
	HKD'000	HKD'000
Purchase of goods		
Company with significant influence over a subsidiary	2,079	1,525
Purchase of decoration services		
Controlled by a close family member of Mr. Fan	17,572	41,328
Purchase of rental services (with variable lease payment)		
Fellow subsidiaries	6,161	8,128
Purchase of management, promotion and administration services		
Fellow subsidiary	16,224	15,032
Interest expense		
Controlling shareholder of the company	3,164	2,518

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

(e) **Year end balances with related parties**

(1) *Due from related parties*

	As of 31 December	
	2019	2018
	HKD'000	HKD'000
Amount due from related parties		
Mr. Fan	–	990
Shou Jia Investment Company Ltd	–	3,270
Bo Jian Company Limited	–	4,591
Ying Yu Company Limited	–	3,204
Shun Ao Investment Company Limited	–	12,212
	<u>–</u>	<u>24,267</u>

Loans to related parties were unsecured, interest-free with term of one year.

Amount due from related parties by the Group represents unsecured, interest-free and repayable on demand amount paid on behalf of related parties.

On 21 December 2019, the Group, Mr. Fan and other related parties came into an agreement, according to which, the amount due from other related parties to the Group is set off by the amount due from the Group to Mr. Fan in the amount of approximately HKD24 million and all amount due from related parties has been settled before 31 December 2019.

(2) *Due to related parties*

	As of 31 December	
	2019	2018
	HKD'000	HKD'000
Loans from related parties – non-trade		
Mr. Fan	90,366	117,199
Amount due to related parties – non-trade		
Mr. Fan	–	763
Ieng Nam Singapore Pte. Ltd.	767	–
Amount due to related parties – trade		
SJ Synergy Engineering Company Limited	35,999	33,366
SJ Synergy Holdings Limited	–	1,149
Sao Hang Investment Company Limited	7,160	4,922
	<u>134,292</u>	<u>157,399</u>

Loans from Mr. Fan were unsecured with term of one year and an interest rate of Hong Kong Interbank Offered Rate plus 2%.

Loans from related parties were unsecured, interest-free and repayable on demand.

Amount due to related parties represents unsecured, interest-free and repayable on demand amount paid on behalf of the Group by related parties.

In December 2019, the Group and Bank of China Macau came into an agreement with a total facilities of HKD120,000,000 and an initial term of six months. In January 2020, the Group has drawn a total amount of HKD90,000,000 to repay the loans from related parties and cleared all the amount due to Mr. Fan before its listing on the Main Board of The Stock Exchange of Hong Kong Limited on 13 January 2020.

(f) **Guarantees**

Guarantees provided by the controlling shareholder to the Group are set out in Note 16.

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

The following amounts of leases are related to related parties:

	As at 31 December	
	2019	2018
	<i>HKD'000</i>	<i>HKD'000</i>
Lease liabilities		
Controlling shareholder of the Company	7,350	283
Fellow subsidiaries	–	48
	<u>7,350</u>	<u>331</u>
Year ended 31 December		
	2019	2018
	<i>HKD'000</i>	<i>HKD'000</i>
Addition in right-of-use assets		
Controlling shareholder of the Company	<u>1,812</u>	<u>9,059</u>
Interest of lease liabilities		
Controlling shareholder of the Company	460	71
Fellow subsidiaries	1	3
	<u>461</u>	<u>74</u>

22 BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' and chief executive's emoluments

Remuneration of every director and chief executive is set out below:

	Year ended 31 December 2019					Total HKD'000
	Fees HKD'000	Salaries, wages and bonus HKD'000	Pension cost-defined contribution plan HKD'000	Other social security costs, housing benefits and other employee benefits HKD'000	Share-based compensation expense HKD'000	
Chairman:						
Mr. Fan Wing Ting	-	440	15	-	-	455
Executive directors:						
Ms. Chen Xingyi	-	2,053	11	40	-	2,104
Mr. Kevin Trantallis	-	1,116	18	-	-	1,134
Mr. Fong Yat Ming	-	1,281	12	-	-	1,293
Ms. Fan Tammy	-	457	18	-	-	475
Independent non-executive directors:						
Mr. Chau Kwok Keung (Note i)	-	-	-	-	-	-
Mr. Yu Chun Kau (Note i)	-	-	-	-	-	-
Mr. Cheung Chun Yue (Note i)	-	-	-	-	-	-
Chief executive:						
Ms. Fung Sze Nga	-	739	18	-	-	757
Mr. Choi Chin Chung	-	733	18	-	-	751
	-	6,819	110	40	-	6,969

Notes:

- (i) Appointed on 17 December 2019.

- (b) No retirement or termination benefits have been paid to the Company's directors for the years ended 31 December 2018 and 2019, respectively.
- (c) No loans, quasi-loans or other dealings were entered into by the Company in favor of directors, controlled body corporates by and connected entities with such directors for the years ended 31 December 2018 and 2019, respectively.
- (d) Save as disclosed in Note 21, no significant transactions, arrangements and contracts in relation to the Company's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted during the years ended 31 December 2018 and 2019.
- (e) No consideration was provided to third parties for making available directors' services during the years ended 31 December 2018 and 2019.

	Year ended 31 December 2018					
				Other social security costs, housing benefits and other employee benefits	Share-based compensation expense	Total
	Fees <i>HKD'000</i>	Salaries, wages and bonus <i>HKD'000</i>	Pension cost-defined contribution plan <i>HKD'000</i>			<i>HKD'000</i>
Chairman:						
Mr. Fan Wing Ting	–	240	12	–	–	252
Executive directors:						
Ms. Chen Xingyi	–	2,016	4	11	–	2,031
Mr. Kevin Trantallis	–	1,052	18	–	–	1,070
Mr. Fong Yat Ming	–	1,696	12	–	–	1,708
Ms. Fan Tammy	–	448	18	–	–	466
Chief executive:						
Ms. Fung Sze Nga	–	811	18	–	–	829
Mr. Choi Chin Chung	–	768	18	–	–	786
	–	7,031	100	11	–	7,142

23 SUBSIDIARIES

The Group's principal subsidiaries at 31 December 2019 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Name of entity	Place of incorporation and kind of legal entity	Principal activities	Particulars of issued share capital and debt securities	Ownership interest held by the Group		Ownership interest held by non-controlling interests	
				2019 %	2018 %	2019 %	2018 %
World First International Holdings (BVI)	BVI, limited liability company	Investment holding company	USD1	100%	100%	-	-
Fortune Fashion Limited	BVI, limited liability company	Investment holding company	USD10	100%	-	-	-
Frontline Fashion Limited	BVI, limited liability company	Investment holding company	USD10	100%	-	-	-
NB China Limited (盈冠商貿有限公司)	HK, limited liability company	Procurement of fashion apparel	HKD105	60%	60%	40%	40%
Yingnan Asia Limited (盈南中華有限公司)	HK, limited liability company	Investment holding company	HKD0.001	100%	100%	-	-
World First Holdings Limited (科盈集團有限公司)	HK, limited liability company	Investment holding company	HKD103,000	100%	100%	-	-
Wide Spread (China) Limited (康弘(中國)有限公司)	HK, limited liability company	Retail of fashion apparel	HKD5,000	100%	100%	-	-
Macau Ieng Nam Limited (澳門盈南有限公司) (a)	Macau, limited liability company	Retail of fashion apparel	MOP100	100%	100%	-	-
Sao Wai Investment Company Limited (首威投資有限公司) (b)	Macau, limited liability company	Retail of fashion apparel	MOP25	100%	100%	-	-
Ieng Weng Company Limited (盈榮有限公司) (c)	Macau, limited liability company	Retail of fashion apparel	MOP25	100%	100%	-	-
Ieng Leong Company Limited (盈亮有限公司) (b)	Macau, limited liability company	Retail of fashion apparel	MOP25	100%	100%	-	-
Lan Yuan Company Limited (蘭媛有限公司) (c)	Macau, limited liability company	Retail of fashion apparel	MOP25	100%	100%	-	-
Macau Ieng Kun Company Limited (澳門盈冠有限公司) (b)	Macau, limited liability company	Retail of fashion apparel	MOP25	62%	62%	38%	38%

Name of entity	Place of incorporation and kind of legal entity	Principal activities	Particulars of issued share capital and debt securities	Ownership interest held by the Group		Ownership interest held by non-controlling interests	
				2019 %	2018 %	2019 %	2018 %
Sao Wai Limited (首威商貿有限公司)	HK, limited liability company	Investment holding company	HKD10,000	100%	100%	-	-
Shouwei Trading (Shenzhen) Co., Ltd (首威貿易(深圳)有限公司)	PRC, limited liability company	Retail of fashion apparel	HKD62,000	100%	100%	-	-
Lanyuan Trading (Shanghai) Co., Ltd (蘭媛商貿(上海)有限公司)	PRC, limited liability company	Retail of fashion apparel	HKD15,000	100%	100%	-	-
Yingzhao Trading (Shanghai) Co., Ltd (盈昭商貿(上海)有限公司)	PRC, limited liability company	Retail of fashion apparel	HKD16,500	60%	60%	40%	40%
Yingliang Trading (Shenzhen) Co., Ltd (盈亮貿易(深圳)有限公司)	PRC, limited liability company	Retail of fashion apparel	HKD50,000	100%	100%	-	-
Zhuhai Hengqin Yinghua Trading Co.,Ltd (珠海橫琴盈華商貿有限公司) (d)	PRC, limited liability company	Retail of fashion apparel	HKD4,000	100%	100%	-	-
Sao Hang Limited (首恒商貿有限公司)	HK, limited liability company	Investment holding company	HKD 10	100%	100%	-	-

- (a) 1% shares of these subsidiaries was held by Ms. PY Fan Po Yuk (“**Ms. PY Fan**”) legally on behalf of Mr. Fan in order to meet the Macau’s regulations during the year ended 2018. The shares held by Ms. PY Fan was transferred to the Group at the nominal value during the reorganisation, therefore, no non-controlling interests were recognised for those subsidiaries.
- (b) 4% shares of these subsidiaries was held by Ms. PY Fan legally on behalf of Mr. Fan in order to meet the Macau’s regulations during the year ended 2018. During the reorganisation, the shares held by Ms. PY Fan was transferred to the Group at the nominal value , therefore, no non-controlling interests were recognised for those subsidiaries.
- (c) 4% shares of these subsidiaries was held by Ms. PY Fan legally on behalf of Mr. Fan in order to meet the Macau’s regulations during the year ended 2018. During the year ended 2018, the declared dividends were fully paid to Mr. Fan and the shares held by Ms. PY Fan was transferred to the Group at the nominal value during the reorganisation, therefore, no non-controlling interests were recognised for those subsidiaries.
- (d) Registered as wholly foreign owned enterprises under PRC law.
- (i) **Significant restrictions**

Cash and short-term deposits held in PRC are subject to local exchange control regulations. These regulations provide for restrictions on exporting capital from those countries, other than through normal dividends.

For the years ended 31 December 2019, the carrying amount of the assets included within the consolidated financial statements to which these restrictions apply was HKD33,875,000 (2018: HKD34,174,000).

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

The Group principally engages in the retail of fashion apparel of international brands ranging from established designer label brands, popular global brands to up-and-coming brands in Mainland China, Macau, Hong Kong and Taiwan (collectively, “**Greater China**”). The Group adopts a multi-brand and multi-store business model. As at 31 December 2019, the Group operated 215 self-operated retail stores in Greater China, of which 182 retail stores are mono-brand stores operated under the brand name of the merchandise to cater for the brand’s target customers and 33 retail stores are multi-brand stores that offer a broad assortment of the Group’s selected fashion apparel and lifestyle merchandise from different international brands and the Group’s own brands. As at 31 December 2019, the Group’s brand portfolio had 114 brands, of which 111 brands were international brands owned by third-party brand owners or their master/authorised licensors and three were its own brands, namely, *UM*, *UM•IXOX* and *IXOX*.

Amidst the intensifying China-US trade tension, the GDP growth in Mainland China slowed down to 6.1% in 2019, or 50 basic points lower than that in 2018 and the growth rate of consumer goods consumption in Mainland China skidded to 7.9%, or 100 basic points lower than that in 2018. Among the consumer goods, the growth rate of the retail value of apparel, footwear and textile merchandises (“**Apparel**”) dipped to 2.9% in 2019 from 8.0% in 2018. The average growth rates of the retail value of Apparel in Mainland China in the first seven months of 2019 and last five months of 2019 were 3.5% and 2.9%, respectively, compared to 9.9% and 6.7% of same corresponding periods in 2018, respectively. The deceleration of economic growth in Greater China also impacted negatively the spending of visitors, who were mostly from the Mainland China, in Macau. The visitor per-capita spending of Macau dropped by 16.4% year-over-year (“**yoy**”) while the retail value of Apparel of Hong Kong contracted 14.1% yoy in 2019. As such the Group recorded an overall negative same-store-sales growth rate of about 9.5% for 2019, compared with the growth rate of 2.8% for 2018.

Against these backdrops, the Group managed to boost its revenue to HK\$1,513.8 million, or a 12.6% growth from 2018, by increasing the average sales floor area (being the average of opening and closing total sales floor area of the Group’s retail stores of the respective year) to 33,690 sq.m. in 2019, or a 11.8% increase from 2018 and by undertaking more promotional activities and discounts in 2019. The Group had registered a growth in revenue of 17.9% from the year-ago period for the seven months ended 31 July 2019 while the growth of revenue for the five months from August to December 2019 declined to 5.7% versus that in 2018. To the best knowledge of the Directors, such slowdown was mainly driven by the deceleration of economic performance in Greater China and the warmer winter season in 2019 as compared with the winter season in 2018.

To respond to the challenges under the macroeconomic background, the Group focused on balancing the profitability and cash flow by maintaining inventory turnover day at 182 days versus 180 days in 2018.

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Revenue

The Group's revenue increased to HK\$1,513.8 million for 2019, representing a 12.6% increase from 2018, which was mainly due to the growth in the sales of the Group's self-operated retail stores in Macau and Mainland China, resulting from a combined effect in the increase of average sales floor area, to 33,690 sq.m., or a 11.8% increase from 2018, and the increase in the number of brands operated by the Group in its mono-brand stores to 29 brands, a net increase of one brand from 2018. The growth rate of revenue for 2019 was 13.5% lower than that of 2018, which was mainly due to the declining number of visitors and the drop of the average spending per visitor recorded in Macau.

Breakdown of revenue by sales channels:

	2019		2018		Change (%)
	HK\$ million	% of revenue	HK\$ million	% of revenue	
Retail					
Mono-brand stores	1,186.3	78.4	1,073.7	79.8	10.5
Multi-brand stores	236.7	15.6	204.4	15.2	15.8
Online sales	2.5	0.1	0.5	–	357.1
	<u>1,425.5</u>	<u>94.1</u>	<u>1,278.6</u>	<u>95.0</u>	<u>11.5</u>
Store management & consignment services	64.0	4.3	29.3	2.2	118.6
Wholesale	24.3	1.6	37.0	2.8	(34.1)
	<u>24.3</u>	<u>1.6</u>	<u>37.0</u>	<u>2.8</u>	<u>(34.1)</u>
Total	<u>1,513.8</u>	<u>100.0</u>	<u>1,344.9</u>	<u>100.0</u>	<u>12.6</u>

The revenue of HK\$1,425.5 million generated from the Group's retail channels accounted for 94.1% of the total revenue in 2019, or 0.9% lower than that in 2018. Among the revenue generated from retail channels in 2019, 99.8% was generated from the sales of the Group's self-operated retail stores and the rest was generated from online sales. The revenue generated from the Group's mono-brand retail stores increased to HK\$1,186.3 million, representing a yoy increase of 10.5%. The revenue generated from the Group's multi-brand retail stores increased to HK\$236.7 million in 2019, representing a yoy increase of 15.8%.

The revenue generated from the Group's provision of store management services increased to HK\$64.0 million in 2019, representing an increase of 118.6% from 2018. The increase was primarily due to the consignment fee of HK\$31.5 million generated from the consignment sales of *CK CALVIN KLEIN* products in Mainland China in 2019 on a temporary basis and the increase in store management service fees as a result of the increase in rental expenses reimbursed by the customers. The decrease in revenue from wholesale to HK\$24.3 million in 2019, or a 34.1% decrease from 2018, was primarily attributable to the decrease in purchase orders from one of the Group's sub-distributors in Mainland China in 2019.

Movement of number, floor area and same store growth rate of retail stores:

	No. of retail stores				Sales floor area (m ²)				No of same stores	Same store growth %	
	As at 31/12/2018	Open	Close	As at 31/12/2019	As at 31/12/2018	Open	Close	As at 31/12/2019			Average
Macau	62	17	(15)	64	9,434	2,989	(2,133)	10,290	9,862	38	(12.0)
Mainland China	153	18	(28)	143	22,641	3,164	(4,006)	21,799	22,220	82	(4.9)
HK & Taiwan	6	4	(2)	8	1,416	470	(86)	1,800	1,608	2	(20.5)
Total/Overall	<u>221</u>	<u>39</u>	<u>(45)</u>	<u>215</u>	<u>33,491</u>	<u>6,623</u>	<u>(6,225)</u>	<u>33,889</u>	<u>33,690</u>	<u>122</u>	<u>(9.5)</u>

Revenue by geographical areas:

	2019		2018		Change (%)
	HK\$ million	% of revenue	HK\$ million	% of revenue	
Macau	869.1	57.4	774.3	57.5	12.2
Mainland China	571.5	37.8	506.5	37.7	12.8
HK & Taiwan	73.2	4.8	64.1	4.8	14.3
Total	<u>1,513.8</u>	<u>100.0</u>	<u>1,344.9</u>	<u>100.0</u>	12.6

Macau

The revenue generated from retail stores in Macau for 2019 increased to HK\$869.1 million, representing an increase of 12.2% from 2018. The growth rate decelerated from that of 33.2% in 2018, which was mainly attributable to the decline in visitor per-capita spending in Macau, which was in turn primarily attributable to the increase in same-day visitors who normally spend less having outweighed the corresponding increase in overnight visitors who normally spend more during their stay in Macau.

The business of the Group's retail stores in Macau benefited from the increase in number of visitors to Macau especially from Mainland China in 2019 albeit declining average spending per visitor. Against this backdrop, the Group's revenue increased due to the corresponding increase in the average sales floor area to 9,862 sq.m., representing a yoy growth of 12.4%, streamlining of the number of brands of products that the Group sold through its mono-brand stores in Macau from 20 brands in 2018 to 19 brands in 2019 and the increase in the number of brands of products the Group sold through its multi-brand stores in Macau from 48 brands in 2018 to 98 brands with a net increase of four multi-brand stores in 2019. The Group also offered more promotion and discounts at its retail stores in Macau to stimulate its sales in 2019 comparing with that of 2018 to attract more lower-spending visitors, especially during November and December of 2019 when the growth of visitors to Macau recorded a negative growth comparing with the same period a year ago. As such, the average monthly sales per sq.m. for 2019 decreased by 0.1% to HK\$7,070 and the same store growth in Macau recorded a negative rate of 12.0%.

Mainland China

The revenue generated from Mainland China recorded HK\$571.5 million in 2019, representing a yoy growth of 12.8%. The business of the Group's retail stores in Mainland China benefited from the growth of economy and the increase in disposable income per capita in Mainland China in 2019 albeit in a slower pace compared with that of 2018. Against this macroeconomic background, the Group increased the sales by increasing the average sales floor area to 22,220 sq.m. in 2019, representing a yoy growth of 9.1% and the number of brands of products it sold through mono-brand stores from 14 brands in 2018 to 15 brands in 2019. The Group also offered more promotion and discount to attract and entail higher consumer spending. As such, the average monthly sales per sq.m. for 2019 only increased by 0.3% to HK\$1,925 and the same store growth rate in Mainland China recorded a negative rate of 4.9%.

Hong Kong and Taiwan

The revenue generated from the sales in Hong Kong and Taiwan recorded a mild growth to HK\$73.2 million in 2019, representing a yoy growth of 14.3%. The growth was mainly attributable to the net increase of two retail stores in Taiwan in 2019. Retail sales in Hong Kong experienced a declining trend in 2019, due to the social unrest arising from opposition to the Extradition Bill since June 2019 deterring tourists from visiting Hong Kong and/or local customers from shopping in the districts that were affected by the mass protests, which led to a weakened consumer sentiment. If any mass protests took place in the districts where the retail stores are located, the Group would be required to temporarily close the relevant retail stores or shorten their operation hours in order to ensure the safety of its staff and customers. The average monthly sales per sq.m. of retail stores in Hong Kong and Taiwan recorded a yoy decrease of 29.2% and same store sales of retail stores in Hong Kong recorded a drop of 20.5%. Against this macroeconomic background, the Group increased its revenue by increasing the average sales floor area in Hong Kong and Taiwan to 1,608 sq.m. in 2019, or a yoy increase of 61.4%.

Gross profit

The Group's cost of sales consisted of cost of inventory sold for the fashion apparel and lifestyle products and the cost of store management and consignment services rendered to the brand owners. The cost of sales increased to HK\$726.0 million in 2019, or a yoy growth of 18.1%, primarily attributable to the increase in sales of apparel products and the absorption of more staff cost and rental expenses related to store management services provided.

With the increasing percentage of cost of sales to revenue, the Group's gross profit in 2019 increased to HK\$787.9 million, or yoy growth of 7.9%, and its gross profit margin decreased to 52.0%, representing a 230 basic points decrease from 2018. The increase in the Group's gross profit was mainly contributed by the increase in gross profit from Mainland China and Macau of HK\$24.0 million and HK\$25.2 million, respectively. The decrease in gross profit margin was mainly attributable to the decrease in gross profit margin of sales in Macau to 56.2% in 2019, representing a 360 basic points decrease from 2018 as a result of more discount offered.

Other income and other gains and losses, net

The Group had other income of HK\$8.7 million in 2019 mainly comprising subsidy from a franchisor on operating loss, representing a yoy increase of 6.3%. The Group recorded net other gains of HK\$8.9 million, compared with net other losses of HK\$3.2 million in 2018, mainly attributable to the decrease in fair value of in financial liabilities arising from the call options granted to the minority shareholder of a subsidiary and elimination of liabilities by virtue of expiry of legal right to claim.

Operating expenses

Selling and marketing expenses increased to HK\$596.1 million in 2019, or a 17.0% yoy growth, primarily due to the increase in expenses related to right-of-use assets of HK\$37.7 million resulting from an increase of average sales floor area to 33,690 sq.m. in 2019, or a yoy increase of 11.8%; and the increase in employee benefit expenses of HK\$26.4 million, or a yoy increase of 17.8%, resulting from the increase in number of sales and marketing staff and the increase in salary, sales commission and bonus payable to the staff in 2019.

General and administrative expenses increased to HK\$128.9 million in 2019, or a yoy increase of 72.8%, primarily due to the listing expenses of HK\$27.4 million; and the increase in staff benefit expenses of HK\$15.7 million, or a yoy increase of 37.1%, resulting from the increase in number of staff and the increase in salary and bonus payable.

Finance costs

Net finance costs increased to HK\$31.7 million in 2019, or a yoy growth of 27.4%. The increase was mainly due to the increase in interest expenses on leasing liabilities of HK\$3.3 million resulting from increase in average sales floor area and increase in interest expenses on borrowings of HK\$3.5 million as a result of the corresponding increase in utilisation of bank borrowings in 2019.

Taxation

Income tax expense of HK\$11.1 million was HK\$6.9 million lower than that in 2018, albeit the effective tax rate for 2019 of 22.7% was higher than the rate of 14.2% for 2018. Such higher effective tax rate for 2019 was mainly due to non-deductible nature of the listing expenses.

Profit for the year

The Group's net profit decreased to HK\$37.8 million in 2019, representing a yoy decrease of 65.2%. The Group's net profit margin decreased to 2.5% in 2019, primarily due to the shrinkage of gross profit margin by 230 basic points yoy, and the rate of increase in both selling and marketing expenses of 17.0% and general and administrative expenses of 72.8%, which included listing expenses of HK\$27.4 million, having surpassed the yoy growth rate of revenue of 12.6%. Had the listing expenses been excluded, the profit for the year and net profit margin for 2019 would be HK\$65.2 million and 4.3% respectively.

SEASONALITY

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

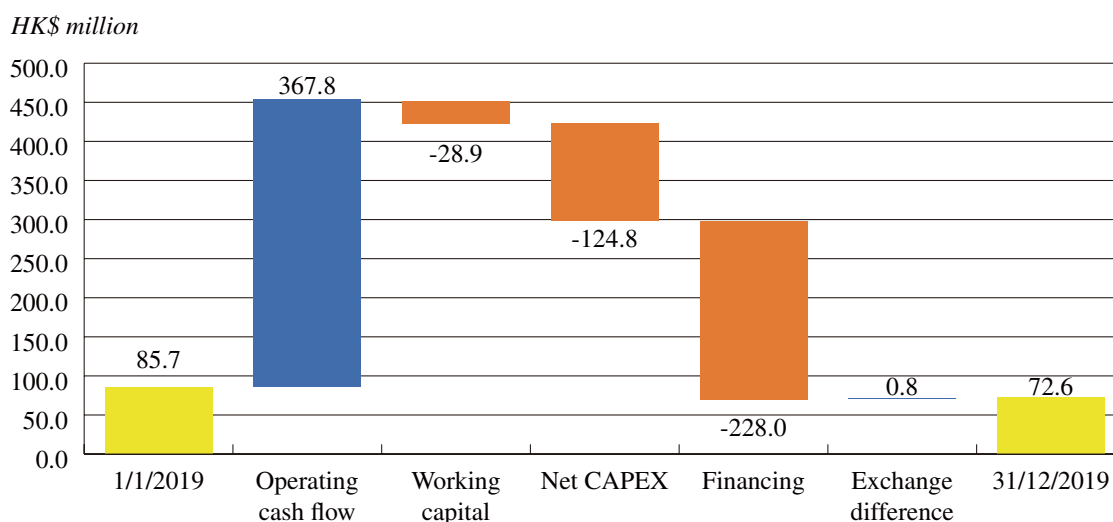
FINANCIAL

Working capital structure

The Group's net current assets amounted to HK\$4.9 million as at 31 December 2019, representing a decrease of HK\$43.9 million from 31 December 2018. Such decrease was primarily the result of increase in lease liabilities and bank borrowing of HK\$22.2 million and HK\$20.5 million, respectively.

Liquidity and financial management

The Group strives to maintain a healthy financial position and liquidity for its normal operation, development needs and ad hoc events. As at 31 December 2019, the cash and cash equivalents were HK\$72.6 million, representing a decrease of HK\$13.1 million comparing with 31 December 2018 as follows:



The Group's current ratio was 1.0 times as at year end, compared to that of 1.1 times as at 31 December 2018. The decrease in current ratio was mainly attributable to the increase in lease liabilities and bank borrowing coupled with the decrease in cash and cash equivalent.

The gearing ratio of the Group, which is calculated as net debt divided by total capital, was 74% as at year end compared to that of 75% as at 31 December 2018.

Pledge of assets

As at year end, a building with net book value of HK\$62.4 million, restricted cash of HK\$37.9 million and the investments in life insurance contract of HK\$31.4 million were pledged for a first mortgage, credit loans and credit facilities of bank borrowings, respectively.

CAPITAL COMMITMENT

The Group had no material capital commitment contracted, but not provided for as at year end (2018: Nil).

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 31 December 2019 (2018: Nil).

FOREIGN EXCHANGE RISK MANAGEMENT

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

OUTLOOK

The deceleration of GDP growth of the PRC at 6.0% and the escalation of China-US trade tension albeit a pact has been signed in January this year dampens the prospect of retail in Greater China this year. The outbreak of the novel coronavirus (COVID-19) (“**Epidemic**”) occurred in Mainland China, Hong Kong, Macau and Taiwan since January and later spread globally, which, from the Directors’ point of view, has and would further hurt the apparel retail market in Greater China. The Group had temporarily suspended most retail stores in PRC, all retail stores in Macau and one retail store in Hong Kong for various periods in January and February 2020 according to the local situations and requirements. As such, the Group’s revenue in January and February 2020 recorded a sharp decrease of 46.8% compared with the same period a year ago.

The Group’s business could be adversely affected by the Epidemic and/or other adverse public health developments in Greater China. Such events could severely disrupt the Group’s business operations by having a negative impact on consumer sentiment, the macro-economic condition as well as the financial conditions of the stock markets. Following the outbreak of the Epidemic in January 2020, various countries have since issued travel warnings to their citizens for going to Greater China; and as a result, Greater China had sharply reduced visitor traffic within itself as well as imposed travel ban or restrictions against visitors from the other countries to Greater China in an effort to control further spread of Epidemic. Following recent Epidemic outbreak in Europe and United States, governments in these countries further impose tough measures such as putting their countries or cities in strict lockdown, quarantines, restriction on movement of their people and limitation on travel among countries. The general public in Greater China have also been advised to stay at and/or work from home to reduce the risk of Epidemic spreading in the community.

While the Group is facing the most challenging time in 2020 since its start of business in 2005, the Directors believe that the impact of the Epidemic would eventually come to an end; and Greater China, in particular, Mainland China, will embark upon major pump-priming and offer more stimuli after the Epidemic has ended whereby the Directors expect that the economy in the second half of this year can be recovered gradually. To preserve its strengths to meet the post-Epidemic growth, the Group has adopted a series of cost control measures to minimize its expenses such as negotiating with landlords for rent cutting and suppliers for more discount/more favourable terms and voluntary temporary salaries reduction starting from executive Directors and senior management of the Group.

The Group is committed to implementing the following strategies to cope with the temporary glomming retail environment in Greater China and ride on the opportunity of subsequent recovery:

- To adopt progressive marketing approach for loyal customers by offering attractive package and arrangement of visit time to avoid crowdy shopping;
- To defer the introduction of new brands and opening of retail stores to second half this year or end of the Epidemic, whichever is the earlier by seizing the market opportunity provided by those knocked out;
- To accelerate the implementation of the Centralised Retail Management System to enhance its operational efficiency; and
- To strengthen its digital marketing and online sales through existing e-shopping platform and group chat via social media.

USE OF PROCEEDS

The shares of the Company were listed on the Stock Exchange on 13 January 2019 (“**Listing Date**”) and the net proceeds from the global offering of its shares (the “**Global Offering**”) amounted to HK\$140.0 million. The Group will utilise such proceeds from the Global Offering for the purpose in line with those set out in the section headed “**Future Plans and Use of Proceeds**” in the prospectus of the Company dated 30 December 2019.

The Board is not aware of any material change to the planned use of net proceeds from the Global Offering other than the timing of expansion as disclosed in the paragraph “**Outlook**” as at the date of this announcement.

OTHER INFORMATION

Scope of work of PricewaterhouseCoopers

The figures in respect of the Group’s consolidated statements of financial position, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 31 December 2019 as set out in the preliminary announcement have been agreed by PricewaterhouseCoopers, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers 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 PricewaterhouseCoopers on the preliminary announcement.

Dividend

In May 2019, the Group declared and paid in cash dividend of HK\$1.0 million to its then Shareholders.

A final dividend (“**Final Dividend**”) in respect of the year ended 31 December 2019 of HK\$0.05 per share, amounting to a total dividend of HK\$20.0 million, will be proposed at the forthcoming annual general meeting. These consolidated financial statements do not reflect this dividend proposed.

The register of members will be closed from Thursday, 2 July 2020 to Monday, 6 July 2020 (both days inclusive), during which period no share transfers will be registered. The ex-dividend date will be Monday, 29 June 2020. In order to qualify for the Final Dividend, all transfer documents accompanied by the relevant share certificates must be lodged with Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong by no later than 4:30 p.m. on Tuesday, 30 June 2020.

Material acquisitions and disposals of subsidiaries, associates and joint ventures

During the year ended 31 December 2019, the Group did not have any material acquisitions or disposals of subsidiaries, associates or joint ventures.

Employees and remuneration policies

The Group adopts a competitive emolument policy to attract, retain and motivate high quality individuals. Remuneration packages were reviewed regularly to reflect the market practice and employees’ performance. As at year end, the Group employed around 1,564 employees. The total staff costs for 2019 was HK\$254.5 million, a yoy increase of 26.5%.

Purchase, sale and redemption of listed securities

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the year.

Securities transactions by Directors

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings as set out in the Model Code for Securities Transactions By Directors of Listed Issuers in Appendix 10 of the Listing Rules. The Company, having made specific enquiry of all the Directors, is not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by the Directors since the Listing Date.

Arrangements to purchase shares or debentures

At no time since the Listing Date was the Company or any of its subsidiaries, a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' interests in contracts of significance

Save as disclosed in Note 21 of the Notes to the Consolidated Financial Statements, no contract of significance, to which the Company or any of its subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted as at 31 December 2019 or at any time during the year ended 31 December 2019.

Competing interest

For the year ended 31 December 2019, the Directors are not aware of any business or interest of the Directors, the Controlling Shareholders, the management, the shareholders and their respective associates (as defined under the Listing Rules) that compete or may compete with the business of the Group and any other conflict of interest.

Events after the reporting period

The following significant events took place subsequent to 31 December 2019:

- (a) On 13 January 2020, the Company was listed on the Main Board of Stock Exchange and received net proceeds from the global offering in the amount of HK\$140.0 million after deducting underwriting commission and all related expenses.
- (b) Owing to the outbreak of the Epidemic across the PRC, a number of provinces and municipalities in the PRC have taken various emergency public health measures and other actions to prevent further spread of the Epidemic, including imposing restriction on the work resumption date after Chinese New Year Holidays, transportation limitation, travel ban for visitors coming to Greater China and quarantine measures. Furthermore, to prevent further spread of the Epidemic, on 4 February 2020, the Macau government announced a temporary closure of 41 casinos, which had resumed operations only on 20 February 2020.

The Group has been closely monitoring the impact of the developments on the Group's businesses and has put in place contingency measures. These contingency measures include assessing our suppliers' readiness, negotiating relief in minimum purchase amount set out in the respective distribution agreements with supplier and negotiating on rental relief with landlords. The Group will keep our contingency measures under review as the situation evolves.

Apart from disclosed above, the outbreak is expected to affect the financial results of the Group and the macro-economic environment in Macau, Mainland, Hong Kong and Taiwan, the effect of which cannot be estimated as of the date of this announcement. The Group will pay close attention to the development of the outbreak, perform further assessment of its impact and take relevant measures.

Corporate governance practices

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

The Company has adopted the code provisions as set out in the Corporate Governance Code (the “**CG Code**”) as contained in Appendix 14 to the Listing Rules as its own code of corporate governance.

Since the Listing Date, the Company had complied with all of the applicable code provisions of the CG Code. The Company is committed to the objective that the Board should include a balanced composition of Executive Directors and Independent Non-executive Directors so that there is a strong independent element on the Board which can effectively exercise independent judgement.

Audit Committee

The board has established an audit committee (the “**Audit Committee**”) on 17 December 2019, which operates under the terms of reference approved by the Board. It is the Board’s responsibility to ensure that an effective internal control and risk management framework exists within the entity. This includes internal controls, risk management to deal with both the effectiveness and efficiency of significant business processes, safeguarding of assets, maintenance of proper accounting records, and reliability of financial information as well as non-financial considerations such as the benchmarking of operational key performance indicators.

The Board has delegated to the Audit Committee the responsibility for the establishment and the maintenance of a framework of internal controls, risk management and ethical standards for the Group’s management. The Audit Committee currently comprises three Independent Non-executive Directors, namely Mr. Chau Kwok Keung, Mr. Yu Chun Kau and Mr. Cheung Chun Yue, Anthony and Mr. Chau Kwok Keung is the chairman of the Audit Committee. The Audit Committee has reviewed the annual results of the Group for the year ended 31 December 2019.

Annual general meeting

The annual general meeting of the Company is scheduled to be held on Wednesday, 24 June 2020.

Closure of register of members

For determining the entitlement to attend and vote at the annual general meeting, the register of members of the Company will be closed from Friday, 19 June 2020 to Wednesday, 24 June 2020 (both days inclusive), during which period no share transfers will be registered. In order to be eligible to attend and vote at the annual general meeting, all transfer forms accompanied by relevant share certificates must be lodged with Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong by no later than 4:30 p.m. on Thursday, 18 June 2020.

Publication of results announcement and annual report

This announcement will be published on the website of the Company at www.forward-fashion.com and the website of the Stock Exchange at www.hkexnews.hk. The annual report will be despatched to the shareholders of the Company and available on the above websites in due course.

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

Hong Kong, 31 March 2020

As at the date of this announcement, the Board comprises Mr. Fan Wing Ting, Ms. Chen Xingyi, Mr. Kevin Trantallis, Mr. Fong Yat Ming and Ms. Fan Tammy as the Executive Directors, and Mr. Chau Kwok Keung, Mr. Yu Chun Kau and Mr. Cheung Chun Yue, Anthony as the Independent Non-executive Directors.

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