

Korador Holdings Limited

珂萊蒂爾控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3709)



Elegant
Crafts
匠心·獨韻

INTERIM REPORT 2014



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Corporate Profile

ABOUT KORADIOR

We are one of the leading and fast growing high-end ladies-wear companies in the People's Republic of China (the "PRC") based on retail revenue for 2013 according to Frost & Sullivan, an independent market research firm. We engage in the design, promotion, marketing and sales of our self-owned branded products, Koradior and La Koradior, that focuses on affluent ladies between the age of 30 and 45.

Our business was established in 2007 by Mr. Jin Ming, our chief executive officer, chairman and executive director. Our Koradior brand, which targets both the high-end stylish and smart-casual ladies-wear markets, is positioned to offer our customers feminine, stylish, chic and young-looking designs for all seasons. In response to our customers' demand for high-end formal ladies-wear, we launched our La Koradior brand in September 2012 which was positioned to offer luxurious and elegant designs for all seasons and has a theme of "glamorous, distinctive and vibrant". Our products include dresses, skirts, trousers, shirts, knitwear, vests, jackets, overcoats, scarves and accessories.

Our products are sold across a nationwide sales network, majority of which consisted of self-operated retail stores, covering 26 provinces, autonomous regions and municipalities in the PRC. As at 30 June 2014, there were 291 retail stores of which 266 were operated by us and 25 were operated by our distributors.

We have started to sell our products through third party e-commerce platform in Tmall since 2011 under which we operate a flagship store and now are also the authorized merchant on third party e-commerce platforms including Dangdang and VIP.com.



EXECUTIVE DIRECTORS

Mr. JIN Ming (*Chairman and Chief Executive Officer*)
Ms. HE Hongmei
Mr. DENG Shigang

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. WONG Wai Kong
Mr. HUNG Man Sing
Mr. ZHONG Ming

REGISTERED OFFICE

Codan Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

7/F, B Block, Hongsong Building
Terra 9th Road
Futian District
Shenzhen, Guangdong Province
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit C, 17/F, OfficePlus @Mong Kok
No.998 Canton Road
Kowloon
Hong Kong

JOINT COMPANY SECRETARIES

Ms. WU Huiming
Mr. LEUNG Ka Wai

AUTHORISED REPRESENTATIVES

Mr. DENG Shigang
Mr. LEUNG Ka Wai

AUDIT COMMITTEE

Mr. WONG Wai Kong (*Chairman*)
Mr. HUNG Man Sing
Mr. ZHONG Ming

REMUNERATION COMMITTEE

Mr. HUNG Man Sing (*Chairman*)
Mr. WONG Wai Kong
Mr. DENG Shigang

NOMINATION COMMITTEE

Mr. JIN Ming (*Chairman*)
Mr. HUNG Man Sing
Mr. WONG Wai Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Codan Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited

Pingan Bank
Shenzhen branch, Jinsha sub-branch

China Merchants Bank
Shenzhen branch, Tairan Jingu sub-branch

COMPLIANCE ADVISER

Haitong International Capital Limited

COMPANY WEBSITE

www.koradior.com

STOCK CODE

3709

Financial Highlights

	Six months ended 30 June	
	2014 (Unaudited) RMB'000	2013 (Unaudited) RMB'000
Revenue	445,924	298,676
Gross profit	324,763	209,566
Operating profit	73,052	46,493
Net Profit	50,228	34,104
Net cash flows from operating activities	43,426	33,655
Basic earnings per share ¹ (RMB cents)	13.30	9.87
Profitability Ratio		
Gross margin	72.83%	70.16%
Operating margin	16.38%	15.57%
Net margin	11.26%	11.42%

	At 30 June 2014	At 31 December 2013
Liquidity Ratio		
Current ratio ² (times)	3.84	1.54
Trade and bills receivables turnover days ³	44.19	47.03
Trade and bills payables turnover days ⁴	70.00	57.02
Inventory turnover days ⁵	207.19	172.39
Capital Ratio		
Gearing ratio ⁶	12.39%	34.81%
Interest coverage ratio ⁷ (times)	34.50	46.03

Key ratios:

1. Basic earnings per share = Profit attributable to owners of the Company/Weighted average number of ordinary shares (the weighted average number of shares in the first six months of 2014 was 377,777,778 versus 345,441,705 in the same period of last year)
2. Current ratio = Current assets/Current liabilities
3. Trade and bills receivables turnover days = Average of opening and closing balances on trade and bills receivables/Revenue for the period x 180 days
4. Trade and bills payables turnover days = Average of opening and closing balances on trade and bills payables/Cost of sales for the period x 180 days
5. Inventory turnover days = Average of opening and closing balances on inventory/Cost of sales x 180 days
6. Gearing ratio = Total bank borrowings/Total equity x 100%
7. Interest coverage ratio = Profit before interest and tax/Interest expenses

REVENUE
RMB'000

445,924
30 June 2014

49.30%

298,676
30 June 2013

GROSS PROFIT
RMB'000

209,566
30 June 2013

54.97%

324,763
30 June 2014



EARNINGS PER SHARE (RMB CENTS)

13.30
30 June 2014

34.75%

9.87
30 June 2013

NET PROFIT
RMB'000

34,104
30 June 2013

47.28%

50,228
30 June 2014



NET ASSETS
RMB'000

158,003
31 December 2013

605,305
30 June 2014

GEARING RATIO

34.81%
31 December 2013

12.39%
30 June 2014



Chairman's Statement

Dear shareholders of Koradior Holdings Limited (the "Company"),

For the past six months of 2014, the growth rate of China's gross domestic product continues to show signs of slowing down and the retail environment is under considerable stress with sluggish growth in domestic demand. With China's economy still in the process of structural adjustment, the high-end women's fashion industry in China faces many challenges ahead.

Since the commencement of our business, we have kept our emphasis on developing the strategy of self-operated retail stores by investing resources in expanding self-operated channels as well as building and strengthening self-operation teams. At the same time, we are committed to ensuring that our products and designs are well tuned to consumer needs by being highly sensitive and responsive to shifts and changes in the market. Our unwavering vision and consistent efforts have brought into fruition stellar company performance for the first half year of 2014. The Company and its subsidiaries (together the "Group") have successfully logged an increase of 49.30% in revenue as compared to the same period of last year and an increase of 47.28% in profit as compared to the same period in 2013. The main sources of income growth have been attributed to sales growth both from existing self-operated stores and newly opened retail stores.

The fast-growing and increasingly important e-commerce business has re-confirmed our belief that e-commerce channels are a critical supplement to offline stores. With an increased investment of resources in the e-commerce section, revenue from online retail channels saw a rise of 127.48% for the first six months in 2014 compared to the same period of last year.

Needless to say, brand recognition is essential to our business. By employing a diversified and balanced approach to brand promotion, the Koradior brand continues to enjoy increasing recognition. Apart from brand promotion events, airport advertising, media releases and customer interactions, we participated in Beijing International Fashion Week which were well-received by stars, models and audience alike. In addition, our quality of design has won popularity with consumers as well as industry recognition. Our brand Koradior was awarded "ZOJE The 10th China National Garment Association Award – Style Award" by China National Garment Association and "The 2nd Top 10 Creative Brands" by Shenzhen Creativeness Selection Committee.

Amidst sluggish growth in the overall retail market, we moved forward with an optimistic mindset and heightened spirits as a relatively young brand. Our flagship brand Koradior has shown vigorous growth while the newer brand, La Koradior, has successfully logged a rise of 243.43% in revenue for the first six months in 2014 compared to the same period of last year. The Company was successfully listed on the main board in Hong Kong Exchange on 27 June 2014, marking another vital milestone in the Company's history. With a boost to financial resources at hand, we hold greater confidence in future growth.

Looking forward, the high-end women's fashion market in PRC enjoys an ever brighter prospect as the standard of life continues to rise. We strongly believe that a keen understanding of consumers' changing needs is the winning key regardless of quick changes in fashion trends and marketing fads. In the future, we will continue to focus on the quality and design of our products, and use a multi-brand strategy to satisfy various dressing needs and occasions of our customers.

Last but not least, I would like to take this opportunity to offer my sincerest thanks to all the staff and business partners for their unremitting efforts and contributions!

Jin Ming

Chairman of Board

27 August 2014

Management Discussion and Analysis

TURNOVER

The principal activities of the Group are design, promotion, marketing and sales of self-owned branded ladies' wear products in PRC. Turnover represents the sales value of goods sold less returns, discounts and value-added tax. Total revenue increased from RMB298.68 million for the first half of 2013 to RMB445.92 million for the first half of 2014, representing an increase of 49.30% or RMB147.24 million. Total retail stores increased from 254 as at 1 January 2014 to 291 as at 30 June 2014 (Note 1). Our self-operated retail stores revenue increased 45.99% from RMB278.47 million for the first half of 2013 to RMB406.53 million for the first half of 2014. Total revenue from distributors increased 116.58% from RMB8.29 million for the first half of 2013 to RMB17.95 million for the first half of 2014. Total revenue from e-commerce platforms increased 127.48% from RMB8.58 million for the first half of 2013 to RMB19.51 million for the first half of 2014.



Note 1:

Retail stores breakdown by geographical region:

The following table illustrates the number of retail stores of our brands in the PRC as at 1 January 2014 and 30 June 2014 respectively including both self-operated retail stores and retail stores operated by our distributors:

Region	Number of retail stores			As at 30 June 2014
	As at 1 January 2014	Opened during the period	Closed during the period	
Central PRC ¹	24	6	–	30
Eastern PRC ²	86	17	–	103
North Eastern PRC ³	17	4	(3)	18
North Western PRC ⁴	16	1	(1)	16
Northern PRC ⁵	39	4	(1)	42
South Western PRC ⁶	39	9	–	48
Southern PRC ⁷	33	2	(1)	34
Total	254	43	(6)	291

Notes:

- 1 Central PRC includes Henan, Hubei and Hunan.
- 2 Eastern PRC includes Shandong, Jiangsu, Zhejiang, Anhui, Shanghai and Fujian.
- 3 North Eastern PRC includes Jilin, Heilongjiang and Liaoning.
- 4 North Western PRC includes Shaanxi, Ningxia, Qinghai, Gansu and Xinjiang.
- 5 Northern PRC includes Tianjin, Beijing, Inner Mongolia, Hebei and Shanxi.
- 6 South Western PRC includes Guizhou, Chongqing, Yunnan, Tibet and Sichuan.
- 7 Southern PRC includes Guangxi, Hainan and Guangdong.

TURNOVER *(Continued)*

During the first half of 2014, Koradior opened 43 new stores (35 self-operated stores and 8 stores operated by distributors), and closed 6 self-operated stores. We are continuing to open new stores in the second half of 2014 to meet our business strategy.

COST OF SALES

Cost of goods sales increased from RMB89.11 million during the six months ended 30 June 2013 to RMB121.16 million during the same period in 2014, representing an increase of 35.97% or RMB32.05 million, mainly due to the increase in the cost of inventories sold as a result of the growth of our sales.

GROSS PROFIT AND GROSS MARGIN

Gross profit increased from RMB209.57 million for the six months ended 30 June 2013 to RMB324.76 million for the six months ended 30 June 2014, representing an increase of 54.97% or RMB115.19 million. Overall gross profit margin slightly increased from 70.16% for the first half of 2013 to 72.83% for the first half of 2014, mainly due to (i) increase in the average price of products, and (ii) the shift of our product mix toward higher-margin products, such as dresses, short skirts and shirts.

OPERATING EXPENSES

Operating expenses increased from RMB164.02 million for the six months ended 30 June 2013 to RMB253.72 million for the six months ended 30 June 2014, representing an increase of 54.69% or RMB89.70 million. Operating expenses include selling and distribution expenses, administrative expenses and other operating expenses, and details of them are listed below:



OPERATING EXPENSES *(Continued)*

Selling and Distribution expenses

Selling and distribution expenses increased by 46.37% to RMB217.93 million for the six months ended 30 June 2014 from RMB148.89 million for six months ended 30 June 2013, primarily due to (a) the increase in store concession fees as a result of the increase in sales; (b) the increase in salaries and staff benefits for sales and marketing staff due to the expansion of retail stores and improvement in remuneration; and (c) the increase in advertising and brand building and promotion expenses, which are in line with the expansion of our sales network as well as business growth.

Administrative and other operating expenses

Administrative and other operating expenses increased by 136.51% to RMB35.79 million for the six months ended 30 June 2014 from RMB15.13 million for the six months ended 30 June 2013, primarily due to (a) the increase in salaries and benefits for administrative staff as the Company expanded business and increased the head-count of administrative staff; (b) the increase in research and development expenses as a result of more SKUs¹ produced; and (c) the increase in legal and professional fee for the listing of the Company.

¹ Stock keeping unit, with products that are exactly the same except for their different colours deemed as different stock-keeping units, and products that are exactly the same except for their different size deemed as one stock keeping unit.

FINANCE COSTS

Finance cost increased by 162.89% to RMB2.12 million for the six months ended on 30 June 2014 from RMB0.81 million for the six months ended on 30 June 2013, mainly due to the increase in the average bank borrowings.



INCOME TAX EXPENSES

Income tax expenses increased from RMB11.58 million for the first half of 2013 to RMB20.71 million for the first half of 2014, representing an increase of 78.76% or RMB9.13 million, mainly due to the increase in operating profit. Income tax rate of PRC subsidiaries as of 30 June 2013 and 2014 was 25%.

THE NET PROFIT AND PROFIT MARGIN

As the result of foregoing factors, the net profit of the Company attributable to shareholders is RMB50.23 million for the first half of 2014, compared to RMB34.10 million for the first half of 2013, representing an increase of 47.28% or RMB16.13 million. Excluding the one-off expenses for the initial public offering ("IPO") of RMB13.86 million, net profit would be RMB64.09 million, representing an increase of 87.95% or RMB29.99 million as compared with the corresponding period in 2013. Net profit margin was 11.42% and 11.26% for the first half of 2013 and 2014 respectively. Net profit margin for the first six months of 2014 would be 14.37%, higher than the same period of 2013 if excluding the IPO expenses.

CAPITAL STRUCTURE

The Group required working capital to support its design and development, retail and other business operations. As at 30 June 2014, the Group had total current assets of RMB754.48 million and total current liabilities of RMB196.68 million with the current ratio of 3.84. The board (the "Board") of directors of the Company believes that this healthy capital structure and the net cash inflow from operating activities are sufficient to support the operating activities of the Group.

As at 30 June 2014, the Group's interest bearing loans are bank loans denominated in RMB, amounting to RMB75 million and will expire within in one year. All loans are interest-bearing at fixed interest rates, of which a bank loan of RMB25 million was secured by assets of the Group and a bank loan of RMB50 million was originally guaranteed by the controlling shareholder of the Company and his spouse. The Group is in the process of replacing such personal guarantees with corporate guarantee by the Company.



FINANCIAL POSITION, LIQUIDITY AND GEARING RATIO

The Group generally finances its operations with internally generated cash flow as well as banking facilities provided by its bankers.

As at 30 June 2014, the Group had cash and cash equivalents of RMB473.89 million (31 December 2013: RMB77.11 million), of which 9.89%, 0.18% and 89.93% were denominated in RMB, US dollars and Hong Kong dollars respectively. The net cash inflow from operating activities stood at RMB43.43 million during the six months ended 30 June 2014, up by 29.03% from RMB33.66 million for the six months ended 30 June 2013.

As at 30 June 2014, the Group's gearing ratio was 12.39% (31 December 2013:34.81%).

EXPOSURES TO FLUCTUATION IN FOREIGN EXCHANGE

The Group mainly operates in PRC with most of transaction settled by RMB. Hence, the Board considers that the risk exposure to foreign exchange rate fluctuation is not significant and no financial instrument of hedging was employed to hedge against the currency risks.

HUMAN RESOURCES

To support the Group's development plan, the Group's number of employees has increased to 1,856 as at 30 June 2014 (30 June 2013: 1,436). The total staff costs for the period (including basic wages and salaries, commissions, bonuses, retirement benefits scheme contributions and share options expenses) amounted to RMB65.65 million (for the corresponding period in 2013: RMB45.55 million), representing 14.72% of our revenue (for the corresponding period in 2013: 15.25%).

The Group has a share option scheme in place for selected participants as incentive and reward for their contribution to the Group. A mandatory provident fund scheme and local retirement benefit schemes are also in effect. The Group encourages employees to seek training to strengthen their work skills and for personal development. The Group also provides workshops for staff at different levels to enhance their knowledge of work safety and to build team spirit. Staff are rewarded based on performance of the Group as well as on individual performance and contribution.

CHARGES OF ASSETS

As at 30 June 2014, the Group's bank borrowings in the amount of RMB25 million were secured by the Group's buildings with carrying amount of RMB18.34 million (31 December 2013: RMB18.88 million).



CONTINGENT LIABILITIES

As at 30 June 2014, the Group had no significant contingent liabilities.

MATERIAL ACQUISITION AND DISPOSAL

Save for the reorganization of the Company and its subsidiaries for the purposes of listing of the Company's shares on the main board of the Stock Exchange as disclosed in the prospectus of the Company dated 17 June 2014, there was no acquisition or disposal of subsidiaries or associated companies by the Group during the six months ended 30 June 2014.

USE OF PROCEEDS

With the successful listing of the Company's shares on the main board of the Stock Exchange on 27 June 2014, the net proceeds of HK\$506.58 million (before taking into account of the partial exercise of the over-allotment option on 21 July 2014) have been raised and were kept at the bank account of the Group to be used in accordance with the plan of use of proceeds as stated in the prospectus of the Company dated 17 June 2014.

PROSPECTS

We expect China's economic situation continues to be uncertainly in the second half of 2014 but China's accelerated urbanization process, gradual increase in labour income and improvements in living standards in the long run will contribute to positive consumer sentiment, and lay a foundation for the development of China's consumer market.

Despite the rapidly changing operating environment, the Board believes China's market is a huge potential and there is still a strong demand. The Group will continue to use its powerful brand and adopt a pragmatic development strategy, optimize its sales network, and enrich its product portfolio through innovation, so as to consolidate the Group's leading position in the ladies-wear retail market, promote long-term and steady growth of business and generate satisfactory returns to its shareholders.



DIVIDEND

The Board has resolved to declare a special dividend HK\$0.06 in cash per share of the Company for the six months ended 30 June 2014 to those shareholders of the Company whose names appear on the register of members of the Company on 12 September 2014. The special dividend will be paid on or around 22 September 2014.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of ascertaining the shareholders' entitlement to the special dividend, the register of members of the Company will be closed from Thursday, 11 September 2014 to Friday, 12 September 2014, during which period no transfers of shares will be effected. In order to qualify for the special dividend to be payable on Monday, 22 September 2014, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Wednesday, 10 September 2014.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining a high standard of corporate governance practices and the implementation of effective corporate governance commitments. The Company has met the relevant code provisions set out in the Corporate Governance Code based on the principles set out in appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") since 27 June 2014, being the date of listing of the Company, and up to 27 August 2014, being the date of approval of the Company's interim results, except for code provision A.2.1 of the Corporate Governance Code which requires that the responsibilities between the chairman and the chief executive officer should be segregated and should not be performed by the same individual. However, Mr. Jin Ming currently performs these two roles in our Company. The Board believes that vesting the roles of both chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within our Group and enables more effective and efficient overall strategic planning for our Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired considering the background and experience of our Directors and the number of independent non-executive Directors on the Board and this structure will enable our Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of chairman of our Board and chief executive officer of our Company at a time when it is appropriate and suitable by taking into account the circumstances of our Group as a whole.



MODEL CODE FOR SECURITIES TRANSACTION BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its code of conduct regarding securities transactions by the Directors. Having made specific enquiry with all Directors, the Company has confirmed with all Directors that they have complied with the required standard set out in the Model Code and its code of conduct regarding any Directors' securities transactions for the period from 27 June 2014 (date of listing of the Company) to 27 August 2014 (date of approval of the Company's interim results).

SHARE OPTION SCHEME

The Company adopted a Share Option Scheme (the "Scheme") pursuant to the resolutions of the shareholders of the Company passed on 6 June 2004:

1. The purpose of the Scheme is to provide participants with the opportunity to acquire proprietary interests in the Company and to encourage participants to work towards enhancing the value of the Company and its shares for the benefit of our Company and its shareholders as a whole. The Scheme will provide our Company with a flexible means of either retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to participants.
2. The participants include any directors (including executive Directors, non-executive Directors and independent non-executive Directors) and full-time employees of any member of the Group and any advisors, consultants, distributors, contractors, contract manufacturers, suppliers, agents, customers, business partners, joint venture business partners, service providers of any member of the Group who the Board considers, in its sole discretion, have contributed or will contribute to the Group.
3. Unless otherwise approved by shareholders in general meeting, the total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Scheme to each participant in any 12-month period shall not exceed 1% of the issued share capital of the Company from time to time.



SHARE OPTION SCHEME *(Continued)*

4. An option may be exercised in whole or in part in accordance with the terms of the Scheme at any time during a period to be notified by the Directors to each grantee. The period for exercise may commence on the date upon which the offer for grant of options is made ("Offer Date") but shall expire on the day immediately preceding the tenth anniversary of the Offer Date.
5. The Shares which may be issued upon exercise of all options to be granted under the Scheme and other share option schemes of our Company shall not exceed 10% of the aggregate of the Shares in issue on the date the Shares commence trading on the Stock Exchange and any Shares which may be allotted and issued by our Company pursuant to the over-allotment option (the "Scheme Mandate Limit"). Options lapsed in accordance with the terms of the Scheme shall not be counted for the purpose of calculating the Scheme Mandate Limit.
6. The subscription price for shares under the Scheme, subject to any adjustment stipulated therein, shall be a price determined by the Directors, but shall be at least the highest of (i) the closing price of Shares as stated in the Stock Exchange's daily quotations on the Offer Date; (ii) the average closing price of shares as stated in the Stock Exchange's daily quotations for the five trading days immediately preceding the Offer Date; and (iii) the nominal value of the Shares.

As at 30 June 2014, no share option under the Scheme was granted and outstanding.

On 10 July 2014, the Board had resolved to grant 10,000,000 share options to certain Directors and employees of the Group to subscribe for a total of 10,000,000 ordinary shares of HK\$0.01 each in the share capital of the Company at the exercise price of HK\$4.42 per share. These options shall be exercisable within a period of 8 years commencing on 10 July 2014.



DISCLOSURE OF INTERESTS

- (a) Director's and chief executive's interests and short positions in the securities of the Company and its associated corporations

As at 30 June 2014, the following Directors or the chief executive of the Company had or were deemed to have interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong ("SFO")) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provision of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules:

Name of Director	Nature of interest	No. of Shares held (Note)	Position	Approximate percentage of issued share capital
Mr. Jin Ming	Founder of a discretionary trust (Note)	326,250,500	Long	65.25%

Note: These shares are held by Koradior Investments Limited. The entire issued share capital of Koradior Investments Limited is wholly-owned by Kingstun Holdings Limited, the entire issued share capital of which is in turn wholly-owned by Standard Chartered Trust (Singapore) Limited (through its nominee SCTS Capital Pte Ltd) as trustee of the Fiona Trust. The Fiona Trust is a discretionary trust set up by Mr. Jin Ming as settlor. The beneficiaries of Fiona Trust are Mr. Jin Ming, his spouse and his children. Mr. Jin Ming as founder of Fiona Trust is taken to be interested in the 326,250,500 Shares held by Koradior Investments Limited by virtue of Part XV of the SFO.

Save as disclosed above, as at 30 June 2014, none of the Directors nor the chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules.



DISCLOSURE OF INTERESTS *(Continued)*

- (b) Substantial shareholders' interests and/or short position in share and underlying shares of the Company

So far as is known to the Directors and the chief executive of the Company, as at 30 June 2014, the following persons (not being Directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the shares or underlying shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name of Shareholder	Capacity	Number of Shares held	Position	Approximate percentage of issued share capital
Koradior Investments Limited (Note 1)	Beneficial owner	326,250,500	Long	65.25%
Standard Chartered Trust (Singapore) Limited (Note 2)	Trustee	326,250,500	Long	65.25%
Kingstun Holdings Limited (Note 2)	Interest in a controlled corporation	326,250,500	Long	65.25%
Chui Jinny (Note 3)	Interest in a controlled corporation	41,249,578	Long	8.25%
Sisu Holdings Limited (Note 3)	Beneficial owner	41,249,578	Long	8.25%

Notes:

1. The entire issued share capital of Koradior Investments Limited is wholly-owned by Kingstun Holdings Limited, the entire issued share capital of which is in turn wholly-owned by Standard Chartered Trust (Singapore) Limited (through its nominee SCTS Capital Pte Ltd) as trustee of the Fiona Trust. The Fiona Trust is a discretionary trust set up by Mr. Jin Ming as settlor. The beneficiaries of Fiona Trust are Mr. Jin Ming, his spouse and his children. Mr. Jin Ming as founder of Fiona Trust is taken to be interested in the 326,250,500 Shares held by Koradior Investments Limited by virtue of Part XV of the SFO.
2. Standard Chartered Trust (Singapore) Limited (through its nominee SCTS Capital Pte Ltd), as trustee of Fiona Trust, which was established by Mr. Jin Ming as settlor in favour of the beneficiaries of Fiona Trust, held 100% of the issued share capital of Kingstun Holdings Limited, which in turn held 100% of the issued share capital of Koradior Investments Limited.
3. Sisu Holdings Limited is wholly owned by Ms. Jinny Chui, an independent third party.

Save as disclosed above, as at 30 June 2014, the Directors were not aware of any other person (other than the Directors and the chief executive of the Company) who had, or was deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities since 27 June 2014, being the date of listing of the Company and up to 27 August 2014, being the date of approval of the Company's interim results.

PARTIAL EXERCISE OF THE OVER-ALLOTMENT OPTION

On 21 July 2014, the over-allotment option was partially exercised by the joint global coordinators on behalf of the international underwriters in respect of 6,948,000 Shares, representing approximately 5.56% of the total number of offer Shares initially available under the global offering, to cover over-allocations in the international offering.

AUDIT COMMITTEE

The Audit Committee of the Company, comprising all the three independent non-executive Directors, namely Mr. Wong Wai Kong (as Chairman), Mr. Hung Man Sing and Mr. Zhong Ming. The Audit Committee is primarily responsible for reviewing and supervising the financial reporting and the internal control of the Group. The Audit Committee has discussed with management the accounting policies adopted by the Group and reviewed the unaudited interim financial statements of the Group for the six months ended 30 June 2014.



Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the six months ended 30 June 2014 (Expressed in Renminbi)

	Note	Six months ended 30 June	
		2014 RMB'000 (Unaudited)	2013 RMB'000 (Unaudited)
Turnover	5	445,924	298,676
Cost of sales		(121,161)	(89,110)
Gross profit		324,763	209,566
Other revenue	6	2,011	948
Selling and distribution expenses		(217,935)	(148,889)
Administrative and other operating expenses		(35,787)	(15,132)
Profit from operations		73,052	46,493
Finance costs		(2,118)	(806)
Profit before taxation	7	70,934	45,687
Income tax	8	(20,706)	(11,583)
Profit for the period		50,228	34,104
Other comprehensive income for the period, net of tax			
Item that may be reclassified subsequently to profit and loss:			
– Exchange differences on translation of financial statements of entities outside mainland China		206	(69)
Total comprehensive income for the period		50,434	34,035
Earnings per share (RMB cents)			
Basic and diluted	10	13.30	9.87

Consolidated Statement of Financial Position

at 30 June 2014 (Expressed in Renminbi)

	Note	At 30 June 2014 RMB'000 (Unaudited)	At 31 December 2013 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	11	35,362	32,548
Other non-current assets	13	11,610	10,855
Deferred tax assets		536	536
Total non-current assets		47,508	43,939
Current assets			
Inventories	12	148,812	130,109
Trade and other receivables	13	131,775	116,779
Cash and cash equivalents		473,893	77,105
Total current assets		754,480	323,993
Current liabilities			
Trade and other payables	14	102,430	133,290
Bank loans	15	75,000	55,000
Current tax payable		19,253	21,639
Total current liabilities		196,683	209,929
Net current assets		557,797	114,064
Total assets less current liabilities		605,305	158,003
NET ASSETS		605,305	158,003
CAPITAL AND RESERVE			
Capital	16	3,982	618
Reserves	17	601,323	157,385
TOTAL EQUITY		605,305	158,003

Consolidated Statement of Changes in Equity

for the six months ended 30 June 2014 – unaudited (Expressed in Renminbi)

	Capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Statutory reserve RMB'000	Exchange reserve RMB'000	Retained profits RMB'000	Total RMB'000
As at 1 January 2014	618	37,700	(25,155)	7,500	(36)	137,376	158,003
Changes in equity for the six months ended 30 June 2014:							
Profit for the period	-	-	-	-	-	50,228	50,228
Other comprehensive income	-	-	-	-	206	-	206
Total comprehensive income	-	-	-	-	206	50,228	50,434
Issue of shares	3,364	393,504	-	-	-	-	396,868
Appropriation to statutory reserves	-	-	-	-	-	-	-
As at 30 June 2014	3,982	431,204	(25,155)	7,500	170	187,604	605,305
As at 1 January 2013	571	3,139	(25,155)	6,384	(26)	58,380	43,293
Changes in equity for the six months ended 30 June 2013:							
Profit for the period	-	-	-	-	-	34,104	34,104
Other comprehensive income	-	-	-	-	(69)	-	(69)
Total comprehensive income	-	-	-	-	(69)	34,104	34,035
Issue of shares	-	-	-	-	-	-	-
Appropriation to statutory reserves	-	-	-	1,116	-	(1,116)	-
As at 30 June 2013	571	3,139	(25,155)	7,500	(95)	91,368	77,328

Condensed Consolidated Cash Flow Statement

for the six months ended 30 June 2014 – unaudited (Expressed in Renminbi)

	Six months ended 30 June	
	2014 RMB'000	2013 RMB'000
Operating activities		
Cash generated from operations	66,519	39,061
Income tax paid	(23,093)	(5,406)
Net cash generated from operating activities	43,426	33,655
Investing activities		
Payment for the purchase of property, plant and equipment	(12,706)	(7,083)
Interest received	252	44
Net cash used in investing activities	(12,454)	(7,039)
Financing activities		
Proceeds from bank loans	45,000	35,000
Repayment of bank loans	(25,000)	(30,000)
Proceeds from issue of shares	396,868	–
Advances from related parties	–	50,108
Repayments to related parties	(34,140)	(49,010)
Repayment to loan of a third party	(15,000)	–
Interest paid	(2,118)	(808)
Net cash generated from financing activities	365,610	5,290
Net increase in cash and cash equivalents	396,582	31,906
Cash and cash equivalents at 1 January	77,105	14,284
Effect of foreign exchange rate changes	206	(69)
Cash and cash equivalents at 30 June	473,893	46,121

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

1 CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands on 23 March 2012 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681 Grand Cayman KY1-1111, Cayman Islands. The address of its principal place of business is Unit C, 17/F, OfficePlus @Mong Kok, No. 998 Canton Road, Kowloon, Hong Kong.

2 BASIS OF PREPARATION

This interim financial report of the Group has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), including compliance with Hong Kong Accounting Standard ("HKAS") 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). It was authorised for issue on 27 August 2014.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

3 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued the following amendments to Hong Kong Financial Reporting Standards ("HKFRSs") and one new Interpretation that are first effective for the current accounting period of the Group and the Company:

- Amendments to HKFRS 10, HKFRS 12 and HKAS 27, *Investment entities*
- Amendments to HKAS 32, *Offsetting financial assets and financial liabilities*
- Amendments to HKAS 36, *Recoverable amount disclosures for non-financial assets*
- Amendments to HKAS 39, *Novation of derivatives and continuation of hedge Accounting*
- HK(IFRIC) 21, *Levies*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27, *Investment entities*

The amendments provide consolidation relief to those parents which qualify to be an investment entity as defined in the amended HKFRS 10. Investment entities are required to measure their subsidiaries at fair value through profit or loss.

Amendments to HKAS 32, *Offsetting financial assets and financial liabilities*

The amendments to HKAS 32 clarify the offsetting criteria in HKAS 32.

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

3 CHANGES IN ACCOUNTING POLICIES *(Continued)*

Amendments to HKAS 36, Recoverable amount disclosures for non-financial assets

The amendments to HKAS 36 modify the disclosure requirements for impaired nonfinancial assets. Among them, the amendments expand the disclosures required for an impaired asset or cash generating units whose recoverable amount is based on fair value less costs of disposal.

Amendments to HKAS 39, Novation of derivatives and continuation of hedge accounting

The amendments to HKAS 39 provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria.

HK(IFRIC) 21, Levies

The Interpretation provides guidance on when a liability to pay a levy imposed by a government should be recognised.

4 SEGMENT REPORTING

Operating segments and the amounts of each segment item reported in the financial statement are identified from the financial information provided regularly to the Group's most senior executive management for the purpose of allocating resources to, and assessing the performance of the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and similar in respect of the nature of products and services, and the nature of the regulatory environment. Operating segments which are not individually materials may be aggregated if they share a majority of these criteria.

The Group operates in a single business, i.e. retailing and wholesaling of ladies' wear in the People's Republic of China ("PRC"). Accordingly, no segmental analysis is presented.

5 TURNOVER

	Six months ended 30 June	
	2014 RMB'000 (Unaudited)	2013 RMB'000 (Unaudited)
Self-operated retail stores	406,531	278,470
Wholesales to distributors	17,946	8,286
E-commerce platform	19,509	8,576
Others	1,938	3,344
Total	445,924	298,676

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

6 OTHER REVENUE

	Six months ended 30 June	
	2014 RMB'000 (Unaudited)	2013 RMB'000 (Unaudited)
Interest income	252	44
Government grants (note)	1,733	900
Others	26	4
	2,011	948

Note: Government grants as at 30 June 2013 and 30 June 2014 represented unconditional cash subsidies received from local government for the Group's achievement.

7 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	Six months ended 30 June	
	2014 RMB'000 (Unaudited)	2013 RMB'000 (Unaudited)
(a) Finance costs		
Interest on bank loan	2,118	808
(b) Staff costs		
Contributions to defined contribution retirement plans	2,764	1,813
Salaries, wages and other benefits	62,885	43,737
	65,649	45,550
(c) Other items		
Depreciation	9,892	8,196
Operating lease payments		
– minimum lease payments	15,075	6,831
– contingent rentals	110,553	77,460
Cost of inventories sold	120,601	89,220

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

8 INCOME TAX

	Six months ended 30 June	
	2014 RMB'000 (Unaudited)	2013 RMB'000 (Unaudited)
Current tax		
PRC Corporate Income Tax	20,706	11,556
Deferred Tax		
Origination of temporary differences	-	27
	20,706	11,583

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

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

No provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from or earned in Hong Kong during the periods ended 30 June 2014 and 2013.

In accordance with the relevant PRC income tax rules and regulations, the Group's subsidiaries incorporated/registered in the PRC are subject to Corporate Income Tax at a statutory rate of 25% on their respective taxable income for the periods ended 30 June 2014 and 2013.

9 DIVIDEND

The board of directors has resolved to declare a special dividend of HK\$0.06 per share for the six months ended 30 June 2014 (2013: Nil).

10 EARNINGS PER SHARE

The calculation of basic earnings per share is based on profit attributable to the shareholders of the Company and the weighted average number of shares for the respective periods and the weighted average number of 345,441,705 and 377,777,778 ordinary shares for the six months ended 30 June 2013 and 30 June 2014, respectively, which has been adjusted retrospectively for the share split on 25 February 2014.

	For the six months ended 30 June 2014 RMB'000 (Unaudited)	For the six months ended 30 June 2013 RMB'000 (Unaudited)
Profit for the period	50,228	34,104
	Number of shares	Number of shares
Weighted average number of shares	377,777,778	345,441,705
Basic earnings per share (RMB cents)	13.30	9.87

There were no dilutive potential ordinary shares during the periods ended 30 June 2014 and 2013 and, therefore, diluted earnings per share are the same as the basic earnings per share.

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

11 PROPERTY, PLANT AND EQUIPMENT

	Buildings situated on leasehold land RMB'000	Leasehold improvements RMB'000	Motor vehicles RMB'000	Furniture, fixtures and equipment RMB'000	Total RMB'000
Cost:					
At 1 January 2014	22,728	43,509	4,060	4,076	74,373
Additions	–	11,174	258	1,274	12,706
Disposals	–	–	–	–	–
At 30 June 2014 (Unaudited)	22,728	54,683	4,318	5,350	87,079
Accumulated depreciation:					
At 1 January 2014	3,847	33,352	2,577	2,049	41,825
Charge for the period	540	8,442	364	546	9,892
Written back on disposals	–	–	–	–	–
At 30 June 2014 (Unaudited)	4,387	41,794	2,941	2,595	51,717
Cost:					
At 1 January 2013	22,728	30,001	4,060	2,930	59,719
Additions	–	15,037	–	1,146	16,183
Disposals	–	(1,529)	–	–	(1,529)
31 December 2013 (Audited)	22,728	43,509	4,060	4,076	74,373
Accumulated depreciation:					
At 1 January 2013	2,934	20,438	1,809	1,048	26,229
Charge for the year	913	14,443	768	1,001	17,125
Written back on disposals	–	(1,529)	–	–	(1,529)
31 December 2013 (Audited)	3,847	33,352	2,577	2,049	41,825
Net book value:					
At 30 June 2014 (Unaudited)	18,341	12,889	1,377	2,755	35,362
At 31 December 2013 (Audited)	18,881	10,157	1,483	2,027	32,548

(a) The buildings held for own use are located in the PRC under medium-term leases.

(b) As at 31 December 2013 and 30 June 2014, the Group's buildings were pledged as security for bank loans of RMB25,000,000.

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

12 INVENTORIES

Inventories in the consolidated balance sheets comprise:

	At 30 June 2014 RMB'000 (Unaudited)	At 31 December 2013 RMB'000 (Audited)
Raw materials	29,025	29,696
Work in progress	1,295	2,206
Finished goods	118,492	98,207
	148,812	130,109

The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	For the six months ended 30 June 2014 RMB'000 (Unaudited)	For the six months ended 30 June 2013 RMB'000 (Unaudited)
Cost of inventories sold	120,601	89,220
Write down of inventories	560	(110)
	121,161	89,110

13 TRADE AND OTHER RECEIVABLES

	At 30 June 2014 RMB'000 (Unaudited)	At 31 December 2013 RMB'000 (Audited)
Trade receivables	114,264	104,685
Deposits and prepayments and other receivables	29,121	22,949
	143,385	127,634
Less: Non-current deposits and prepayments	11,610	10,855
	131,775	116,779

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

13 TRADE AND OTHER RECEIVABLES *(Continued)*

(a) Aging analysis

Majority of the trade receivables are related to sales made through the Group's self-operated stores. The Group leased a number of retail stores within department stores and shopping malls in the PRC. Proceeds from the Group's sales made in these leased retail stores are mainly collected by the department stores and the shopping malls on the Group's behalf.

Following the completion of the reconciliation of the sales in the past month with the department stores and the shopping malls, the Group then issues invoices, the dates of which generally fall within 30 days from the date of revenue recognition. Settlement in respect of these concession sales was made net of the lease rental payable to the department stores and the shopping malls and was generally expected within 60 days from the date of revenue recognition.

The aging analysis of trade receivables based on date of revenue recognition is as follows:

	At 30 June 2014 RMB'000 (Unaudited)	At 31 December 2013 RMB'000 (Audited)
Within 1 month	67,125	71,696
1 to 2 months	29,599	25,732
2 to 3 months	9,808	4,389
Over 3 months	7,732	2,868
	114,264	104,685

(b) Trade receivables that are not impaired

The ageing analysis of trade receivables that are neither individually nor collectively considered to be impaired is as follows:

	At 30 June 2014 RMB'000 (Unaudited)	At 31 December 2013 RMB'000 (Audited)
Neither past due nor impaired	100,412	97,584
less than 1 month past due	6,119	4,233
1 to 3 months past due	6,907	2,168
Over 3 months past due	826	700
	114,264	104,685

14 TRADE AND OTHER PAYABLES

	At 30 June 2014 RMB'000 (Unaudited)	At 31 December 2013 RMB'000 (Audited)
Trade payables		
– third parties	38,832	21,988
– a related party	16,777	16,644
Trade payables	55,609	38,632
Receipts in advance	625	2,901
Amount due to a controlling shareholder	–	34,908
Amounts due to related parties	–	51
Loan from a third party	–	15,000
Staff costs payables	12,684	15,129
VAT and other tax payables	15,996	16,085
Other payables	17,516	10,584
	102,430	133,290

All of the trade and other payables are expected to be settled or recognised as income within one year or are repayable on demand. As at 31 December and 2013 and 30 June 2014, amounts due to related parties and amount due to a controlling shareholder were non-trade related, unsecured, interest-free and repayable on demand. All such non-traded related payable have been already settled.

An ageing analysis of the trade payables based on the invoice date is as follows:

	At 30 June 2014 RMB'000 (Unaudited)	At 31 December 2013 RMB'000 (Audited)
Within 1 month	37,419	31,748
1 to 2 months	3,778	3,042
2 to 3 months	3,318	38
Over 3 months	11,094	3,804
	55,609	38,632

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

15 BANK LOANS

As at 31 December 2013 and 30 June 2014, bank loans are repayable as follows:

	At 30 June 2014 RMB'000 (Unaudited)	At 31 December 2013 RMB'000 (Audited)
Within 1 year or on demand	75,000	55,000
	75,000	55,000

As at the balance sheet dates, the analysis of the carrying amount of bank loans is as follows:

	At 30 June 2014 RMB'000 (Unaudited)	At 31 December 2013 RMB'000 (Audited)
Secured	25,000	25,000
Unsecured	50,000	30,000
	75,000	55,000

The Group's interest bearing loans are bank loans denominated in RMB, amounting to RMB75 million and will expire within in one year. All loans are interest-bearing at fixed interest rates, of which a bank loan of RMB25 million was secured by assets of the Group and a bank loan of RMB50 million was guaranteed by the controlling shareholder of the Company and his spouse. The Group is in the process of replacing such personal guarantees with corporate guarantee by the Company.

16 CAPITAL

	Note	Number of ordinary shares	Nominal value of ordinary shares
Authorised:			
Ordinary shares of US\$1.00 each upon incorporation on 23 March 2012	(a)	50,000	US\$50,000
Increase in authorized share capital on 28 August 2012	(b)	50,000	US\$50,000
At 30 June 2013 and 31 December 2013		100,000	US\$100,000
Increase in authorized share capital on 25 February 2014	(d)	78,000,000	HK\$780,000
Cancellation on 25 February 2014	(d)	(100,000)	(US\$100,000)
Increase in authorized share capital on 6 June 2014	(e)	1,422,000,000	HK\$14,220,000
As 30 June 2014		1,500,000,000	HK\$15,000,000
Issued and fully paid:			
Issue of 1 share upon incorporation on 23 March 2012	(a)	1	US\$1
Issue of 89,999 shares on 28 August 2012	(b)	89,999	US\$89,999
At 30 June 2013		90,000	US\$90,000
Issue of 7,701 shares on 9 December 2013	(c)	7,701	US\$7,701
At 31 December 2013		97,701	US\$97,701
Issue of 76,206,780 shares on 25 February 2014	(d)	76,206,780	HK\$762,067
Repurchase of 97,701 shares on 25 February 2014	(d)	(97,701)	(US\$97,701)
Issue of shares pursuant to the capitalization issue	(f)	298,793,220	HK\$2,987,932
Issue of shares upon initial public offering	(g)	125,000,000	HK\$1,250,000
At 30 June 2014		500,000,000	HK\$5,000,000

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

16 SHARE CAPITAL *(Continued)*

Notes:

- (a) The authorized share capital of the Company as at the date of its incorporation was US\$50,000 divided into 50,000 shares of US\$1.00 each. One share was allotted and issued to a subscriber which then transferred to Koradior Investments Limited on the same day.
- (b) Pursuant to the written resolution of the sole shareholder of the Company dated 28 August 2012, the authorized share capital was increased by US\$50,000 by the creation of an additional 50,000 shares of US\$1.00 each. On the same day, 84,999 shares and 5,000 shares of US\$1.00 each were allotted and issued to Koradior Investments Limited and Ms. Jinny Chui at a consideration of US\$84,999 and US\$500,000 respectively. Ms. Jinny Chui subsequently transferred 5,000 shares to Sisu Holdings Limited, a company controlled by her.
- (c) On 9 December 2013, 5,747 shares and 1,954 shares of US\$1.00 each were allotted and issued to Sisu Holdings Limited and Wealth Depot Limited at a consideration of HK\$32,835,821 and HK\$11,164,179 respectively.
- (d) Pursuant to the written resolution of all the shareholders of the Company dated 25 February 2014, the authorized share capital was increased by HK\$780,000 by the creation of 78,000,000 shares of HK\$0.01 each. 66,300,000 shares, 8,382,660 and 1,524,120 shares of HK\$0.01 each were then allotted and issued to Koradior Investments Limited, Sisu Holdings Limited and Wealth Depot Limited respectively which were funded by the repurchase by the Company of the 97,701 issued shares of US\$1.00 each. The authorized share capital of the Company was reduced by cancellation of 100,000 shares of US\$1.00 each.
- (e) Pursuant to the written resolutions of all shareholders of the Company dated 6 June 2014, the authorized share capital was increased from HK\$780,000 to HK\$15,000,000 by the creation of an additional 1,422,000,000 shares of HK\$0.01 each.
- (f) Pursuant to the written resolutions of all the shareholders of the Company dated 6 June 2014, conditional on the share premium account of the Company being credited as a result of the initial public offering, directors of the Company were authorized to capitalize an amount of HK\$2,987,932.20 standing to the credit of the share premium account of the Company by applying such sum in paying up in full at par 298,793,220 shares for allotment and issue to the shareholders of the Company whose names appear on the register of members of the Company at the close of business on 6 June 2014.
- (g) On 27 June 2014, the Company was successfully listed on the Stock Exchange following completion of its initial public offering at 125,000,000 shares to the investors.

17 RESERVES

- (a) Share premium

The share premium represents the difference between the par value of the shares of the Company and proceeds received from the issuance of the shares of the Company.

Under the Companies Law of the Cayman Islands, the share premium account of the Company is distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company would be in a position to pay off its debts as they fall due in the ordinary course of business.

17 RESERVES *(Continued)*

(b) Capital reserve

On 15 November 2012, La Kordi Fashion (Shenzhen) Co., Ltd. acquired 100% equity interest in Shenzhen Korador Fashion Co., Ltd. from Shenzhen Jinhexin Investment Development Co., Ltd., a company under the control of a controlling shareholder for a consideration of RMB40,155,000. The difference of RMB25,155,000 between the consideration and the paid up capital of Shenzhen Korador was recorded a capital reserve.

(c) Statutory reserve

As stipulated by the PRC regulations, the Company's subsidiaries established and operated in the mainland China are required to appropriate 10% of their after-tax-profit (after offsetting prior year losses) as determined in accordance with the PRC accounting rules and regulations, to the statutory surplus reserve until the reserve balance reaches 50% of the registered capital. The transfer to this reserve must be made before distribution of profits to parent companies.

The statutory reserve can be utilised, upon approval by the relevant authorities, to offset accumulated losses or to increase capital of the subsidiary, provided that the balance after such issue is not less than 25% of its registered capital.

(d) Exchange reserve

Exchange reserve comprises all foreign exchange differences arising from the translation of financial statements of operations outside mainland China which are dealt with in accordance with the accounting policies.

(e) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for its shareholders and benefits for other stakeholders, by pricing products commensurately with the level of risk and by securing access to finance at a reasonable cost. The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions. The Group monitors its capital structure with reference to its debt position. The Group's strategy is to maintain the equity and debt in a balanced position and ensure there are adequate working capital to service its debt obligations. The Group's debt to asset ratio, being the Group's total liabilities over its total assets, as at 31 December 2013 and 30 June 2014 was 57.06% and 24.52% respectively. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

Notes to the Unaudited Interim Financial Report

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18 COMMITMENTS

Operating leases commitments

As at 31 December 2013, and 30 June 2014, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	At 30 June 2014 RMB'000 (Unaudited)	At 31 December 2013 RMB'000 (Audited)
Within 1 year	24,941	20,787
After 1 year but within 5 years	13,073	11,997
	38,014	32,784

19 MATERIAL RELATED PARTY TRANSACTIONS

During the periods ended 30 June 2014 and 2013, the directors are of the view that the following are related parties of the Group:

Name of related party	Relationships
Mr. Jin Ming	A controlling shareholder of the Company
Ms. Wang Suzhen	Spouse of Mr. Jin Ming
Mr. Wang Sumin	Brother in law of Mr. Jin Ming
Ms. Chen Lingmei	Mother of Mr. Jin Ming
Mr. Jin Jingquan	Father of Mr. Jin Ming
Mr. Jin Rui	Brother of Mr. Jin Ming
Shenzhen Yingjia Fashion Co., Ltd.* ("Yingjia Fashion") (深圳市赢家服饰有限公司)	53%, 29% and 18% owned by Ms. Chen Lingmei, Mr. Jin Jingquan and Mr. Jin Rui respectively

* The English translation of the companies' names is for reference only. The official names of these companies are in Chinese.

19 MATERIAL RELATED PARTY TRANSACTIONS *(Continued)*

In addition to the related party information disclosed elsewhere in this interim financial report, the Group entered into the following material related party transactions:

- (a) Transactions with related parties

	Six months ended	
	30 June 2014 RMB'000 (Unaudited)	30 June 2013 RMB'000 (Unaudited)
Processing fees incurred		
– Yingjia Fashion	18,638	17,693
	18,638	17,693
Lease of properties from		
– A controlling shareholder	384	384
– Yingjia Fashion	462	462
– Mr. Wang Sumin	307	51
	1,153	897
Advances from		
– A controlling shareholder	–	20,108
– Yingjia Fashion	–	30,170
	–	50,278
Repayments to		
– A controlling shareholder	34,140	7,510
– Yingjia Fashion	–	42,189
	34,140	49,699

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

19 MATERIAL RELATED PARTY TRANSACTIONS *(Continued)*

(b) Balances with related parties

As at 31 December 2013 and 30 June 2014, the Group had the following balances with related parties:

(i) Due to related parties

	At 30 June 2014 RMB'000 (Unaudited)	At 31 December 2013 RMB'000 (Audited)
Trade-related		
Trade payables		
– Yingjia Fashion	16,777	16,644
	16,777	16,644
Non-trade-related		
Other payables		
– Mr. Wang Sumin	–	51
	–	51
Amount due to a controlling shareholder		
– Mr. Jin Ming	–	34,908
	–	34,908

(c) Operating leases commitments

At 30 June 2014 and 31 December 2013, the total future minimum lease payments under non-cancellable operating leases are payable to Mr. Jin Ming, Mr. Wang Sumin and Yingjia Fashion as follows:

	At 30 June 2014 RMB'000 (Unaudited)	At 31 December 2013 RMB'000 (Audited)
Within 1 year	2,306	2,306
After 1 year but within 5 years	2,333	870
	4,639	3,176

20 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

After the end of the reporting period, the directors have recommended a special dividend. Further details are disclosed in note 9.

On 21 July 2014, the over-allotment option was partially exercised by the joint global coordinators on behalf of the international underwriters in respect of 6,948,000 Shares, representing approximately 5.56% of the total number of offer shares initially available under the global offering, to cover over-allocations in the international offering.