Koradior Holdings Limited
珂萊蒂爾控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3709)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

SUMMARY

- Turnover and gross profit of the Group for the year ended 31 December 2014 reached RMB1,036.61 million and RMB759.81 million respectively, representing an increase of 47.69% and 56.22% respectively as compared to the year ended 31 December 2013.

- Profit for the year ended 31 December 2014 was RMB128.45 million as compared to RMB80.11 million for the year ended 31 December 2013, representing an increase of 60.34% or RMB48.34 million. Net profit margin was 12.39% for the year ended 31 December 2014 (2013: 11.41%).

- Net cash inflow from operating activities increased to RMB74.57 million for the year ended 31 December 2014 (2013: RMB49.95 million).

- Basic earnings per share for the year ended 31 December 2014 was RMB0.29 (2013: RMB0.22).

- The Board proposed to declare a final dividend of HK10 cents per share for the year ended 31 December 2014 (2013: nil).

The board (the "Board") of directors (the "Directors") of Koradior Holdings Limited (the "Company") hereby announces the audited consolidated financial results of the Company and its subsidiaries (together, the "Group") for the year ended 31 December 2014 with comparative figures for the corresponding period in 2013 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2014

	Note	2014 RMB'000	2013 RMB'000
Turnover	5	**1,036,608**	701,880
Cost of sales		**(276,794)**	(215,495)
Gross profit		**759,814**	486,385
Other revenue		**4,899**	1,935
Other net income/(loss)		**2,634**	(77)
Selling and distribution expenses		**(519,106)**	(339,300)
Administrative and other operating expenses		**(66,817)**	(38,095)
Profit from operations		**181,424**	110,848
Finance costs	6(a)	**(4,621)**	(2,408)
Profit before taxation	6	**176,803**	108,440
Income tax	7	**(48,353)**	(28,328)
Profit for the year		**128,450**	80,112
Other comprehensive income for the year			
Item that may be reclassified subsequently to profit or loss:			
– Exchange differences on translation of financial statements of subsidiaries outside the mainland of the People's Republic of China (the "PRC")		**(1,149)**	(10)
Total comprehensive income for the year		**127,301**	80,102
Earnings per share *(RMB cents)*			
Basic	8	**29**	22
Diluted		**29**	22

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2014

	Note	31 December 2014 RMB'000	31 December 2013 RMB'000
Non-current assets			
Property, plant and equipment		**38,582**	32,548
Other non-current assets	*9*	**10,913**	10,855
Deferred tax assets		**882**	536
		50,377	43,939
Current assets			
Inventories		**200,266**	130,109
Trade and other receivables	*9*	**211,851**	116,779
Cash and cash equivalents		**427,868**	77,105
		839,985	323,993
Current liabilities			
Bank loans		**50,000**	55,000
Trade and other payables	*10*	**134,689**	133,290
Current taxation		**23,359**	21,639
		208,048	209,929
Net current assets		**631,937**	114,064
Total assets less current liabilities		**682,314**	158,003
Net assets		**682,314**	158,003
Capital and reserves			
Share capital		**4,038**	618
Reserves		**678,276**	157,385
Total equity		**682,314**	158,003

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Koradior Holdings Limited (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 Company and its subsidiaries hereinafter are collectively referred to as the "Group".

Pursuant to the group reorganisation completed on 15 November 2012 to rationalise the group structure in preparation of the listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the Company became the holding company of all of its subsidiaries. The Company's shares were listed on the Main Board of the Stock Exchange on 27 June 2014.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The consolidated financial statements for the year ended 31 December 2014 comprise the Company and its subsidiaries.

These consolidated financial statements are presented in Renminbi ("RMB"), rounded to the nearest thousand, except when otherwise indicated.

The measurement basis used in the preparation of the financial statements is the historical cost basis.

The preparation of financial statements in conformity with International Financial Reporting Standards ("IFRSs") requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3. CHANGES IN ACCOUNTING POLICIES

The International Accounting Standards Board ("IASB") has issued a number of new IFRSs and amendments to IFRSs that are first effective for the current accounting period of the Group and the Company. Of these, the following new standards and amendments to IFRSs are relevant to the Group's current financial statement.

- Amendments to IAS 32, *Offsetting financial assets and financial liabilities*

- IFRIC 21, *Levies*

These new standards and amendments to IFRSs have no material impact on the Group's consolidated financial statements as they were consistent with policies already adopted by the Group. The Group has not applied any new standard or amendment to IFRSs that is not yet effective for the current accounting period.

4. SEGMENT REPORTING

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes 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 are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

The Group operates in a single business, retailing and wholesale of womenswear in the PRC. Accordingly, no segmental analysis is presented.

5. TURNOVER

The principal activities of the Group are design, retail and wholesale of womenswear in the PRC.

The Group operates a chain of retail stores and several online stores to sell womenwear. The Group also conducts wholesale to distributors. Turnover represents the sales value of goods sold less returns, discounts and value added tax ("VAT").

The Group's customer base is diversified and no single external customer contributed 10% or more of the Group's total revenue during the years ended 31 December 2013 and 2014.

6. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

		2014	2013
		RMB'000	*RMB'000*
(a)	**Finance costs:**		
	Interest on bank loans	**4,621**	2,408
(b)	**Staff costs:**		
	Contributions to defined contribution retirement plans	**5,625**	4,007
	Equity settled share-based payment expenses	**1,949**	–
	Salaries, wages and other benefits	**138,343**	102,075
		145,917	106,082
(c)	**Other items:**		
	Depreciation	**27,196**	17,125
	Auditor's remuneration		
	– audit services	**2,300**	10
	– tax services	**200**	–
	Operating lease charges in respect of properties		
	– minimum lease payments	**34,646**	16,536
	– contingent rentals	**274,971**	175,491
	Cost of inventories	**275,407**	215,195
	Research and development costs *(Note)*	**16,385**	11,189

Note: Research and development costs include staff costs of employees in the design and product development department of RMB9,682,000 for the year ended 31 December 2014 (2013: RMB6,990,000), which are included in the staff costs as disclosed in note 6(b).

7. INCOME TAX

(a) Income tax represents:

	2014	2013
	RMB'000	*RMB'000*
Current tax		
Hong Kong Profits Tax	**89**	–
PRC Corporate Income Tax	**48,610**	28,404
	48,699	28,404
Deferred tax		
Origination and reversal of temporary differences	**(346)**	(76)
	48,353	28,328

Notes:

(i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands ("BVI"), the Group is not subject to any income tax in the Cayman Islands or the BVI.

(ii) The provision for Hong Kong Profits Tax for 2014 is calculated at 16.5% (2013: 16.5%) of the estimated assessable profits for the year, taking into account a reduction granted by the Hong Kong Special Administrative Region Government of 75% of the tax payable for the year of assessment 2013-14 subject to a maximum reduction of HK$10,000 for each business.

(iii) Pursuant to PRC Corporate Income Tax Law ("CIT Law"), the applicable Corporate Income Tax rate for the Group's subsidiaries in mainland China for the year ended 31 December 2014 were 25% (2013: 25%) except for Dongfang Susu Fashion Design and Management Consulting (Shenzhen) Co., Ltd., which is entitled to a reduced Corporate Income Tax rate of 15% under the preferential tax policy of Shenhzen-Hong Kong Modern Service Industry Cooperation Zone.

(iv) The PRC CIT Law and its implementation rules impose a withholding tax at 10%, unless reduced by a tax treaty or arrangement, for dividends distributed by PRC-resident enterprises to their non-PRC-resident corporate investors for profits earned since 1 January 2008. Under the Sino-Hong Kong Double Tax Arrangement, a qualified Hong Kong tax resident is entitled to a reduced withholding tax rate of 5% if the Hong Kong tax resident is the "beneficial owner" and holds 25% or more of the equity interest of the PRC enterprise directly.

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	2014	2013
	RMB'000	*RMB'000*
Profit before taxation	**176,803**	108,440
Notional tax on profit before taxation, calculated at the standard tax rates applicable to the respective tax jurisdictions	**46,660**	28,308
Tax effect of non-taxable income	**(2)**	–
Tax effect of non-deductible expenses	**1,695**	8
Tax effect of unused tax losses not recognised	**–**	12
Actual tax expense	**48,353**	28,328

8. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit for the year of RMB128,450,000 (2013: RMB80,112,000) and the weighted average number of ordinary shares of 442,353,118 (2013: 369,371,729 shares after adjusting for the share split ("Share Split") on 25 February 2014 and the capitalisation issue ("Capitalisation Issue") on 27 June 2014) in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	2014	2013
Issued ordinary shares at 1 January	**97,701**	90,000
Effect of Share Split	**76,109,079**	70,110,000
Effect of shares issued	**–**	378,509
Effect of Capitalisation Issue	**298,793,220**	298,793,220
Effect of issuance of shares upon initial public offering	**67,353,118**	–
Weighted average number of ordinary shares at 31 December	**442,353,118**	369,371,729

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit for the year of RMB128,450,000 (2013: RMB80,112,000) and the weighted average number of ordinary shares of 445,161,934 shares (2013: 369,371,729 shares after adjusting for the Share Split and the Capitalisation Issue) in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	2014	2013
Weighted average number of ordinary shares at 31 December	**442,353,118**	369,371,729
Effect of deemed issue of shares under the Company's share option scheme for nil consideration	**2,808,816**	–
Weighted average number of ordinary shares (diluted) at 31 December	**445,161,934**	369,371,729

There were no dilutive potential ordinary shares during the year ended 31 December 2013 and, therefore, diluted earnings per share for the year ended 31 December 2013 was the same as the basic earnings per share.

9. TRADE AND OTHER RECEIVABLES

	2014	2013
	RMB'000	*RMB'000*
Trade receivables and bills receivable *(note (a))*	**155,430**	104,685
Deposits and prepayments	**36,369**	22,649
Investment in a wealth management product	**30,000**	–
Other receivables	**965**	300
	222,764	127,634
Less: Non-current deposits and prepayments	**(10,913)**	(10,855)
	211,851	116,779

All of the trade and other receivables included in current assets are expected to be recovered or recognised as expense within one year.

Non-current deposits and prepayments were included in other non-current assets and represented rental deposits paid to department stores and shopping malls for leases that expire twelve months after the year end date and prepayments for purchases of properties.

As at 31 December 2014, the Group held an investment in a wealth management product of RMB30,000,000 issued by a financial institution in the PRC maturing on 9 December 2015, with guaranteed principals and fixed returns of 7.6% per annum.

(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 store and shopping mall, the Group then issues invoices, which generally fall within 30 days from the date of revenue recognition. Settlement in respect of these concession sales is made net of the lease rental payable to the department stores and the shopping malls and is generally expected within 60 days from the date of revenue recognition.

As of the end of the reporting period, the ageing analysis of trade receivables and bills receivable (which are included in trade and other receivables), based on date of revenue recognition, is as follows:

	2014	2013
	RMB'000	*RMB'000*
Within 1 month	**103,559**	71,696
1 to 2 months	**36,725**	25,732
2 to 3 months	**7,646**	4,389
Over 3 months	**7,500**	2,868
	155,430	104,685

(b) Trade receivables and bills receivable that are not impaired

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

	2014	2013
	RMB'000	*RMB'000*
Neither past due nor impaired	**140,284**	97,584
Less than 1 month past due	**7,646**	4,233
1 to 3 months past due	**5,848**	2,168
Over 3 months past due	**1,652**	700
	15,146	7,101
	155,430	104,685

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers including wholesalers and owners of shopping malls that have a good track record with the Group. Based on experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

10. TRADE AND OTHER PAYABLES

	2014	2013
	RMB'000	*RMB'000*
Trade payables		
– third parties	**41,391**	21,988
– a related party	**25,205**	16,644
Trade payables *(note (a))*	**66,596**	38,632
Receipts in advance	**14,238**	2,901
Amount due to related parties	**–**	34,959
Loan from a third party	**–**	15,000
Staff costs payables	**16,044**	15,129
VAT and other tax payables	**26,596**	16,085
Other payables	**11,215**	10,584
	134,689	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 2013, amount due to related parties were non-trade related, unsecured, interest-free and repayable on demand. These balances had been settled in 2014.

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

	2014	2013
	RMB'000	*RMB'000*
Within 1 month	**40,551**	31,748
1 to 2 months	**6,719**	3,042
2 to 3 months	**4,591**	38
Over 3 months	**14,735**	3,804
	66,596	38,632

11. DIVIDENDS

Subsequent to 31 December 2014, the directors proposed a final dividend of HK$0.1 per ordinary share, amounting to HK$50,695,000, subject to approval of the shareholders at the forthcoming annual general meeting. The final dividend proposed after the end of the reporting period has not been recognised as a liability as at 31 December 2014.

On 27 August 2014, the Company declared a special interim dividend of HK$0.06 per share (equivalent to approximately RMB4.8 cents) to those shareholders of the Company whose names appear on the register of members of the Company on 12 September 2014. The dividend amounting to HK$30,417,000 (equivalent to RMB24,197,000) was fully paid on 31 October 2014.

MANAGEMENT DISCUSSION AND ANALYSIS

SUCCESSFUL LISTING ON THE MAIN BOARD OF THE STOCK EXCHANGE AND PARTIAL EXERCISE OF THE OVER-ALLOTMENT OPTION

The Company's shares were successfully listed on the Main Board of the Stock Exchange ("IPO") on 27 June 2014 under which 125,000,000 shares were offered to the public. 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.

INDUSTRY REVIEWS

In general, the ladies-wear market in the PRC can be divided into luxury ladies-wear, high-end ladies-wear and middle to low-end ladies-wear segments in terms of price. In particular, the high-end ladies-wear market in the PRC grows most remarkably with greatest potential. According to Frost & Sullivan, the high-end ladies-wear market in the PRC is still at the early stage of growth, and its retail sales revenue was expected to exceed RMB100 billion in 2014 and maintain a compound annual growth rate of about 20% in the next three years.

The development of the high-end ladies-wear industry in the PRC is mainly driven by the increasing disposable income of consumers and accelerated urbanisation. Since 2005, there has been sharp growth in the per capita spending on clothes by urban and rural residents. Specifically, the per capita spending by urban residents grew from RMB800.5 per year in 2005 to RMB1,902 per year in 2013, representing an average annual growth of 11.4%. According to *National Plan on New Urbanization (2014-2020)* issued in 2014, the government will push forward with the steady improvement of urbanization and achieve the goal that 60% of the population will become permanent urban residents and around 45% of the population will enter urban household registration by 2020. Economic development and better urbanization will further increase the affluent population. As high-income women put more focus on clothing to showcase their personality and social status, the middle to high-end ladies-wear market will have a broader consumer base, more extensive consuming regions and brighter prospects.

Despite the fast growth of its market and its large number, the high-end ladies-wear brands in the PRC still face stiff competition and a highly fragmented market, with the top ten brands occupying merely 11% market share. Confronted with intensifying competition, large-scale companies can invest more resources in improving their design capabilities and management efficiencies to accelerate industrial integration. As a result, there will be a widening gap between brands and the growing importance of enterprise scale as companies with brand and capital advantages lead the industrial integration.

In the meantime, the popularization of e-commerce has been transforming the customers' information access and shopping channels, which in turn influence the development of the entire ladies-wear industry. Nowadays, the e-commerce industry has passed the stage of depending mainly on user traffic, and is stepping forward to a trend of integration of online-offline commodity flow, cash flow and information stream. Businesses will have innovative development based on the accumulated big data and advanced techniques, and the brands and companies that have more physical stores will thus enjoy more development edges in the e-commerce industry.

FINANCIAL REVIEWS

Turnover

The principal activities of the Group are design, promotion, marketing and sales of self-owned branded ladies' wear products in the PRC. The Group's revenue primarily from (a) retail sales to end customers in our self-operated retail stores; (b) sales on third party e-commerce platforms; (c) wholesales to our distributors, who in turn sell our products to end customers through the retail stores operated by them; and (d) others which were mainly derived from staff sales or direct sales through promotional activities outside our retail stores. Turnover represents the sales value of goods sold less returns, discounts and value added tax. Total revenue increased from RMB701.88 million for the the year ended 31 December 2013 to RMB1,036.61 million for the year ended 31 December 2014, representing an increase of 47.69% or RMB334.73 million. Sales generated by our self-operated retail stores accounted for about 89.84% and 92.42% of our total revenue in 2014 and 2013 as it is our strategy to grow our business and sales network predominantly through expanding the number of our self-operated retail stores.

Total revenue from e-commerce increased 86.18% from RMB31.38 million for the year ended 31 December 2013 to RMB58.42 million for the year ended 31 December 2014, primarily due to an increase in sales of our products through online retail stores, which was driven by an increase in expenditure on advertising and promotion through e-commerce platforms and search engines in the PRC as well as, our effort in developing our online retail stores through expanding our e-commerce team and establishing a business division dedicated to the e-commerce business.

Total revenue from distributors increased 177.76% from RMB16.26 million for the for the year ended 31 December 2013 to RMB45.15 million for the year ended 31 December 2014.

Cost of sales

Cost of sales increased from RMB215.50 million during the year ended 31 December 2013 to RMB276.79 million for the year ended 31 December 2014, representing an increase of 28.45% or RMB61.29 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 RMB486.39 million for the year ended 31 December 2013 to RMB759.81 million for the year ended 31 December 2014, representing an increase of 56.22% or RMB273.42 million. Our overall gross profit margin increased from 69.30% for 2013 to 73.30% for 2014, mainly due to (i) increase in the average price of products, (ii) cost of outsourced products remained stable, and (iii) the product mix shift toward higher-margin products, such as dresses, short skirts and shirts.

Operating expenses

Operating expenses increased from RMB377.40 million for the year ended 31 December 2013 to RMB585.92 million for the year ended 31 December 2014, representing an increase of 55.25% or RMB208.52 million. Operating expenses include selling and distribution expenses, administrative expenses and other operating expenses, and details are listed below:

Selling and distribution expenses

Selling and distribution expenses increased by 52.99% to RMB519.11 million for the year ended 31 December 2014 from RMB339.30 million for year ended 31 December 2013, primarily due to:

(a) the increase in store concession fees from RMB200.74 million to RMB315.28 million as a result of the increase in our sales;

(b) the increase in salaries and staff benefits for our sales and marketing staff from RMB85.04 million to RMB113.36 million due to the expansion of retails stores and improvement in remuneration package; and

(c) the increase in advertising and brand building and promotion expenses from RMB22.26 million to RMB46.20 million as a result of the expansion of our sales network as well as our business growth.

Administrative and other operating expenses

Administrative and other operating expenses increased by 75.40% to RMB66.82 million for the year ended 31 December 2014 from RMB38.10 million for the year ended 31 December 2013, primarily due to (a) the increase in salaries and benefits for our administrative staff as we expanded our business and increased the head-count of our administrative staff; (b) the increase in research and development expenses as a result of more SKUs[1] produced; and (c) the legal and professional fees incurred for the IPO.

Finance costs

Finance costs increased by 91.90% to RMB4.62 million for the year ended 31 December 2014 from RMB2.41 million for the year ended 31 December 2013, mainly due to the increase in average bank borrowings.

[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.

Income tax expenses

Income tax expenses increased by 70.69% to RMB48.35 million for the year ended 31 December 2014 from RMB28.33 million for the year ended 31 December 2013, mainly due to the increase in operating profit.

Net profit and profit margin

As the result of foregoing factors, the net profit of the Company attributable to shareholders was RMB128.45 million for the year ended 31 December 2014 as compared to RMB80.11 million for the year ended 31 December 2013, representing an increase of 60.34% or RMB48.34 million. Excluding the one-off IPO expenses of RMB13.86 million, net profit would be RMB142.31 million, representing an increase of 77.64% or RMB62.20 million from last year. Net profit margins were 11.41% and 12.39% for the years ended 31 December of 2013 and 2014 respectively. Net profit margin for the year ended 31 December of 2014 would be 13.73% if the IPO expenses were excluded.

Capital structure

The Group requires working capital to support its design and development, retail and other business operations. As at 31 December of 2014, the Group‘s total current asset were RMB839.99 million (31 December 2013: RMB323.99 million) and total current liabilities were RMB208.05 million (31 December 2013: RMB209.93 million). The current ratio was 4.04 (31 December 2013: 1.54). The Directors believe 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 31 December 2014, the Group’s bank loans were denominated in RMB and amounted to RMB50 million (31 December 2013: RMB55 million) and will expire within in one year. All bank loans of RMB50 million are guaranteed by the Company and bear interest at variable interest rates.

Financial position, liquidity and gearing ratio

As at 31 December 2014, the Group’s cash and cash equivalents were RMB427.87 million (31 December 2013: RMB77.11 million), denominated as to 92.33% in RMB, 0.17% in US dollar and 7.5% in Hong Kong dollar. The net cash inflow from operating activities generated was RMB74.57 million for the year ended 31 December 2014, up 49.29% from RMB49.95 million for the year ended 31 December 2013.

As at 31 December 2014, the gearing ratio (i.e. outstanding bank loans divided by total equity) was 7.33% (31 December 2013: 34.81%).

Exposures to fluctuation in foreign exchange

The Group mainly operates in PRC with most of transactions 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.

Charges of assets

As at 31 December 2014, the Group had no secured bank borrowings (31 December 2013: bank borrowings RMB25 million were secured by the Group's buildings with carry amount RMB18.88 million).

Contingent liabilities

As at 31 December 2014, the Group had no significant contingent liabilities (31 December 2013: Nil).

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 year of 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$534.74 million have been raised, of which HK$147.32 million had been utilised as at 31 December 2014 as follows:

Items	**Amount** *(HK$ million)*
Establish new self-operated retail stores	68.20
Develop new brands of our Group	21.96
Further development of e-commerce business	10.82
Koradior brand promotion and marketing	19.60
Working capital and general corporate purposes	26.74
Total	147.32

BUSINESS REVIEWS

1. Business

The Group operates three major brands of high-end women's wear: (i) Koradior brand launched in April 2007, which focuses on affluent ladies between the ages of 30 and 45, designed to be feminine, stylish, chic and young-looking for those women chasing casual elegance, and is committing to providing quality lifestyle; (ii) La Koradior launched in September 2012, branded luxury atmosphere and distinctive style, advocating the luxury and elegance of life and meeting the formal female social occasion dress needs; and (iii) Koradior Elsewhere, a new brand launched by the Group in September 2014, which is positioned to offer a simple yet feminine, stylish, modern relaxed, leisurely elegance from the heart, demonstrating that life is elsewhere. The three major brands meet various dressing needs of our customers. As at 31 December 2014, there were 338 retail stores covering 29 cities of provinces, autonomous regions and municipalities, of which 302 were operated by us and 36 were operated by our distributors. Out of the 302 self-operated retail stores, there were 252 retail stores in department stores, 40 retail stores in shopping malls, and 10 retail stores in outlets. For the year ended 31 December 2014, the Group's revenue increased to RMB1,036.61 million, representing an increase of 47.69% as compared to in 2013. Revenue generated by our self-operated retail stores accounted for 89.84% of total revenue and e-commerce revenue was RMB58.42 million, representing 5.64% of total revenue, primarily generated through third party e-commerce platforms such as Tmall, VIP.com and Dangdang.

Revenue analysis by brands

Brand	2013		**2014**		Increase	Increase by %
Koradior	670,398	95.51%	**961,175**	**92.72%**	290,777	43.37%
La Koradior	31,482	4.49%	**61,346**	**5.92%**	29,864	94.86%
Koradior Elsewhere	0	0.00%	**14,087**	**1.36%**	14,087	–
Total	701,880	100%	**1,036,608**	**100%**	334,728	47.69%

Revenue analysis by sales channels

Revenue	2013		**2014**		Increase/ (Decrease)	Increase/ (Decrease) by %
Self-operated retail stores	648,697	92.42%	**931,270**	**89.84%**	282,573	43.56%
Wholesales to distributors	16,256	2.32%	**45,153**	**4.36%**	28,897	177.76%
E-commerce	31,376	4.47%	**58,417**	**5.64%**	27,041	86.18%
Others	5,551	0.79%	**1,768**	**0.16%**	(3,783)	(68.15%)
Total	701,880	100%	**1,036,608**	**100%**	334,728	47.69%

The Group has always focused on the self-operated retail stores establishing. The Group opened 75 new self-operated retail stores, closed 10 self-operated retail stores, a net increase of 65 self-operated retail stores in 2014. As of 31 December 2014, the Group had 302 self-operated retail stores, including 252 self-operated retail stores in department stores, 40 self-operated retail stores in shopping mall and 10 retail stores in outlets. For the year ended 31 December 2014, 302 self-operated retail stores generated revenue of RMB931.27 million, representing an increase of 43.56% as compared to 2013. Direct revenue comes mainly from the existing stores sales growth and new opened store sales.

The Group's brand is further expanded after the large-scale development, with more dealers come to seek cooperation. There were 19 new retail stores operated by distributors in 2014. As at 31 December 2014, there were 36 retail stores operated by distributors and the revenue of retail stores operated by distributors reached RMB45.15 million, an increase of 177.76% as compared to 2013.

The Group makes use of the third party e-commerce platform as one of its sales channels. E-commerce revenues for the year of 2014 amounted to RMB58.42 million, of which RMB38.71 million or 66.26% of total e-commerce revenue was from Tmall, RMB18.55 million or 31.76% of total e-commerce revenue was from VIP.com and RMB1.1 million or 1.89% of total e-commerce revenue was from Dangdang. E-commerce revenues for the year of 2013 amounted to RMB31.38 million, of which RMB25.75 million or 82.06% of total e-commerce revenue was from Tmall, RMB5.53 million or 17.63% of total e-commerce revenue was from VIP.com and RMB0.09 million or 0.27% of total e-commerce revenue was from Dangdang.

Revenue of retail stores analysis by geographical regions

(Excluding e-commerce and others)

The following table sets out the breakdown of our revenue generated from our self-operated retail stores and wholesales to distributors by geographical regions for the years ended 31 December 2013 and 2014, respectively:

	Year ended 31 December			
	2013		**2014**	
Region	*(RMB million)*	%	***(RMB million)***	***%***
Central PRC[1]	66.23	9.96	**110.24**	**11.29**
Eastern PRC[2]	226.57	34.07	**336.44**	**34.46**
North Eastern PRC[3]	44.00	6.62	**57.92**	**5.93**
North Western PRC[4]	42.75	6.43	**64.2**	**6.58**
Northern PRC[5]	85.53	12.86	**124.05**	**12.70**
South Western PRC[6]	124.07	18.66	**188.37**	**19.29**
Southern PRC[7]	75.8	11.40	**95.2**	**9.75**
Total	664.95	100	**976.42**	**100**

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.

During the year ended 31 December 2014, the revenue of retail stores generated from Eastern PRC and South Western PRC covers more than half of total revenue of self-operated retail stores and wholesales to distributors.

Breakdown of retail stores by geographical regions

As at 31 December 2014, the Group had a total of 338 retail stores. During 2014, the Group opened 94 new retail stores of which 75 are self-operated, closed 10 self-operated stores, representing a net increase of 84 retail stores. The following table sets out the number of retail stores in our sales network by geographical regions in the PRC as at 31 December 2014, including both self-operated retail stores and retail stores operated by distributors:

	Number of retail stores			
Region	**As at 1 January 2014**	**Opened during the year**	**Closed during the year**	**As at 31 December 2014**
Central PRC[1]	24	14	(1)	37
Eastern PRC[2]	86	37	0	123
North Eastern PRC[3]	17	6	(3)	20
North Western PRC[4]	16	2	(1)	17
Northern PRC[5]	39	8	(2)	45
South Western PRC[6]	39	23	0	62
Southern PRC[7]	33	4	(3)	34
Total	254	94	(10)	338

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.

2. Design, research and development

The Group launched 98 series of products under four major themes, namely city, elegant, romance and leisure in the spring/summer and autumn/winter of 2014, with the total number of SKU reached 2,500, representing an increase of 21.36% from a total of 2,060 SKU in 2013. With the introduction of Koradior Elsewhere in September 2014 as well as the development of Koradior, La Koradior, our research and design team members rapidly expanded to 119 as at 31 December 2014 from 88 as at 31 December 2013.

The Group engages well-known designers from overseas and China as its brand creative directors for “Koradior”, “La Koradior” and “Koradior Elsewhere”. Research and development expenses were RMB16.39 million, representing 1.58% of the Group’s total revenue for the year ended 31 December 2014, as compared to RMB11.19 million, representing 1.59% of the Group’s total revenue for the year ended 31 December 2013. The research and development of products not only got customer’s satisfaction but were also highly recognized by government departments. During the year, the Group released a series of creative design including Koradior “Love Versailles” series and La Koradior “Romantic Baroque” and “Gorgeous Social” series, which obtained awards and grants from Futian Culture Industry Development Office and Shenzhen Culture & Sports Tourism Bureau.

3. Marketing and promotion

Airport advertising is one of the most effective ways to promote brands. The Group has placed advertisements at Shenzhen Airport, Shanghai Pudong International Airport, Shanghai HongQiao international airport and Chengdu airport presently. The Group participated in the China Beijing international fashion week in March 2014, and the 14th session of the China (Shenzhen) international brand clothing and accessories fair in July 2014. The Group increased brand promotions and customer interactions through the public platform Wechat’s lucky draw cards, greeting cards, and other functions, to increase its brand awareness and influence. The Group also placed brand imaging advertisements in selected top nationwide circulated fashion/lifestyle magazines and publications, such as ”Harper’s Bazaar”, “VOGUE” etc. For the year ended 31 December 2014, The brand and marketing promotion expenses (excluded sales promotion expenses) were RMB25.08 million, accounted for 2.42% of the Group’s total revenue, representing an increase of RMB14.85 million or 145.16% as compared to RMB10.23 million or 1.46% of the Group’s total revenue for the year ended 31 December 2013.

4. Human resources

As at 31 December 2014, we had a total of 2,046 full-time employees in the PRC. The following table sets forth a breakdown of our employees by departments as at 31 December 2013 and 2014:

	2013	**2014**
	Number of employees	
Management, administration and finance	49	**61**
Product design and research and development	88	**119**
Sales and marketing	1,523	**1,792**
Procurement, logistics and quality control	66	**74**
Total	1726	**2046**

The Group has implemented various programs for staff training and development, particularly focusing on the training of sales and marketing. We provide competitive salary and welfare package for our staff. For the year ended 31 December 2014, the total salary and welfare expenses were RMB145.92 million, representing for 14.08% of the Group's total revenue and an increase of RMB39.84 million or 37.55% as compared to RMB106.08 million or 15.11% of the Group's total revenue for the year ended 31 December 2013.

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.

5. Prospect

Looking ahead into 2015, the Group will maintain its proactive strategies and tap into the capital advantage to invest more on brand marketing and promotion, product innovation and design as well as sales networks. In addition, the Company will allocate more resources to the new brand Koradior Elsewhere to help it become a fresh growth point as soon as possible. Meanwhile, the Company will further develop its e-commerce business and design more specific online products, so as to fully leverage the advantage of the platform.

DIVIDENDS

On 27 August 2014, the Board declared a special dividend of HK$0.06 per share (2013: Nil) to the shareholders of the Company whose names appear on the Company's register of member on 12 September 2014. The Board now recommend the payment of a final dividend of HK$0.1 per share to the members of the Company whose names appear on the register of members of the Company on 26 May 2015 in respect of the year ended 31 December 2014 (2013: Nil). Subject to the approval by the shareholders at the forthcoming annual general meeting ("AGM") of the Company to be held on Monday, 18 May 2015, the final dividend will be paid on or about 8 June 2015.

CLOSURE OF THE REGISTER OF MEMBERS

To determine the eligibility of the shareholders of the Company to attend the AGM, the register of members will be closed from Thursday, 14 May 2015 to Monday, 18 May 2015, both days inclusive, during which period no transfer of shares will be effected. In order to be entitled to attend and vote at the AGM, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Wednesday 13 May 2015.

To determine the eligibility of the shareholders of the Company to receive the proposed final dividend, the register of members will be closed from Friday, 22 May 2015 to Tuesday, 26 May 2015, both days inclusive, during which period no transfer of shares will be effected. In order to be entitled to receive the proposed final dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 21 May 2015.

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 (the "Listing Rules") Governing the Listing of Securities on the Stock Exchange since 27 June 2014, being the date of listing of the Company, and up to the date hereof 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. 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.

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 the date hereof.

AUDIT COMMITTEE

The Company set up an audit committee (the "Committee") on 6 June 2014 for the purpose of reviewing and providing supervision on the financial reporting process and internal control system of the Group.

The Committee comprises the three independent non-executive Directors with Mr. Wong Wai Kong acting as Chairman.

The financial statements of the Group for the year ended 31 December 2014 have been reviewed by the Committee, which was of the opinion that such statements complied with the applicable accounting standards, the Listing Rules and legal requirements, and that adequate disclosures have been made.

By order of the Board
Koradior Holdings Limited
JIN MING
Chairman

Hong Kong, 26 March 2015

As at the date of this announcement, the Board comprises:

Executive Directors：
Mr. JIN Ming *(Chairman)*
Ms. HE Hongmei
Mr. DENG Shigang

Independent Non-Executive Directors：
Mr. WONG Wai Kong
Mr. HUNG Man Sing
Mr. ZHONG Ming