KORADIOR

elsewhere

La vie est ailleurs

ANNUAL REPORT 2014

KORADIOR
HOLDINGS LIMITED
珂萊蒂爾控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 3709)

CONTENTS

KORADIOR

CORPORATE PROFILE

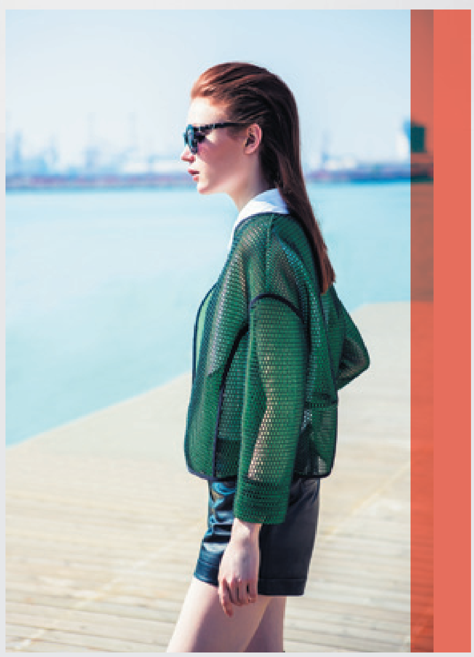
ABOUT KORADIOR

We are one of the leading and fast growing high-end ladies-wear companies in the People's Republic of China (the "PRC"). We engage in the design, promotion, marketing and sales of our self-owned branded products, Koradior, La Koradior and Koradior elsewhere that target affluent ladies between the ages 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 the high-end stylish and smart-casual ladies-wear market, 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 "La Koradior" brand in September 2012 which is positioned to offer luxurious and elegant designs for all seasons and has a brand theme of "glamorous, distinctive and vibrant". And "Koradior elsewhere" brand, which is positioned to offer simple yet feminine, stylish and modern relaxed designs, was launched by us in September 2014. 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 29 provinces, autonomous regions and municipalities in the PRC. As at 31 December 2014, there were 338 retail stores of which 302 were operated by us and 36 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.



CORPORATE INFORMATION

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
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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

AUDITOR
KPMG

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

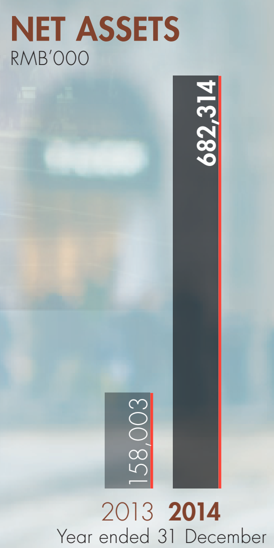
COMPLIANCE ADVISER
Haitong International Capital Limited

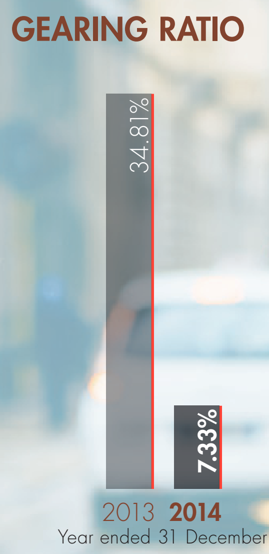
COMPANY WEBSITE
www.koradior.com

STOCK CODE
3709

FINANCIAL HIGHLIGHTS

	Year ended 31 December		
	2014 (Audited) RMB'000	2013 (Audited) RMB'000	Increase %
Revenue	**1,036,608**	701,880	47.69%
Gross profit	**759,814**	486,385	56.22%
Operating profit	**181,424**	110,848	63.67%
Net Profit	**128,450**	80,112	60.34%
Net cash flows from operating activities	**74,567**	49,947	49.29%
Earnings per share[1]			
– Basic (RMB cents)	**29.04**	21.69	33.89%
– Diluted (RMB cents)	**28.85**	21.69	33.01%
	(%)	(%)	(% points)
Profitability Ratio			
Gross margin	**73.30%**	69.30%	4.0
Operating margin	**17.50%**	15.79%	1.71
Net margin	**12.39%**	11.41%	0.98





	At 31 December	
	2014 **RMB'000**	2013 RMB'000
Liquidity Ratio		
Current ratio[2] (times)	**4.04**	1.54
Trade and bills receivables turnover days[3]	**45.79**	47.03
Trade and bills payables turnover days[4]	**69.38**	57.02
Inventory turnover days[5]	**217.83**	172.39
Capital Ratio		
Gearing Ratio[6]	**7.33%**	34.81%
Interest coverage ratio[7] (times)	**39.26**	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 2014 was 442,353,118 versus 369,371,729 in 2013)
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 x 365 days
4. Trade and bills payables turnover days = Average of opening and closing balances on trade and bills payables/Cost of sales x 365 days
5. Inventory turnover days = Average of opening and closing balances on inventory/Cost of sales x 365 days
6. Gearing ratio = Total bank borrowings/Total equity x 100%
7. Interest coverage ratio = Profit before interest and tax/Interest expenses

FINANCIAL SUMMARY

(Financial figures are expressed in RMB'000)

	Year ended 31 December			
	2014	2013	2012	2011
Operating results				
Turnover	**1,036,608**	701,880	484,939	327,078
Profit from operations	**181,424**	110,848	39,226	27,048
Profit attributable to shareholders	**128,450**	80,112	27,812	19,442
Assets and liabilities				
Non-current assets	**50,377**	43,939	34,106	31,373
Current assets	**839,985**	323,993	175,087	110,531
Current liabilities	**208,048**	209,929	165,900	59,952
Net current assets	**631,937**	114,064	9,187	50,579
Total assets less current liabilities	**682,314**	158,003	43,293	81,952
Non-current liabilities	**–**	–	–	30,000
Shareholders' Equity	**682,314**	158,003	43,293	51,952

CHAIRMAN'S STATEMENT

Dear shareholders of Koradior Holdings Limited,

On behalf of the board of directors (the "Board") of Koradior Holdings Limited (the "Company" or "Koradior"), I am pleased to present to you the annual results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2014 (the "Reporting Period").

Amidst the continuous slow recovery of the world economy in 2014, the PRC gross domestic products recorded a slower growth rate of 7.4%. The growth and integration of internet information technology led to the transformation and upgrade of traditional industries and the emergence of new industries as new engines for economic development. In 2014, online retail sales across the PRC grew by 49.7% year on year, 37.7% higher than the growth rate of the total retail sales of social consumables. The data presents a clearer picture that consumers have a diversified choice of shopping channels in current social conditions.

With the continuous development of new industries, people are changing their consumption concepts and pursuing higher quality. According to the relevant information published by the Ministry of Commerce of China, the sales of ladies-wear in the PRC have been grown progressively over the years. A growing number of professional women with improving social status have created more demand for ladies-wear and led to further diversification of the industry and more distinct differences between ladies-wear brands.

Targeting at affluent ladies between the ages of 30 and 45, Koradior caters to different high-end clothing demands in the PRC market with its three brands, namely, Koradior, La Koradior and Koradior elsewhere. As brand awareness and influence are crucial elements for a fashion company, we keep on all-round and diversified brand marketing and promotion, with intensified efforts in brand image, outlet display, media dissemination and customer interaction, in a bid to improve our brand awareness and influence continuously. In addition, we invite celebrities and top models to our regular fashion shows and place advertisements at airports in Shanghai, Shenzhen and Chengdu. There will be more such advertisements placed at other Chinese major airports in the future. Furthermore, we have been rolling out innovative designs which are recognized by customers and the industry at large. As a result, we were awarded the "ZOJE-The 10th China National Garment Association Award – Style Award"(中捷第十屆中國服裝品牌年度大獎－風格大獎) by China National Garment Association (中國服裝協會), "The Second Top Ten Creative Brands"(第二屆十大年度創意品牌) by Shenzhen Creative Influence Selection Committee (深圳創意影響力評選活動組委會). Koradior was also among the top ten garment brands in the "List of Leading Market Players in the Textile and Garment Industry in China"(中國紡織服裝行業年度精銳榜) hosted by *Textile Apparel Weekly* (紡織服裝週刊).

2014 is an important year in the history of Koradior. In June 2014, the Company was listed on the Main Board of Hong Kong Stock Exchange, gaining recognition on the capital market. On 6 November 2014, Koradior was included in the MSCI China Small Cap Index of the MSCI Global Small Cap Indices. Meanwhile, Koradior was the only ladies-wear company in the PRC listed on the "China's Most Promising Listed Companies in 2015" by Forbes, ranking No.17. In September 2014, we launched the new brand Koradior elsewhere with multiple independent stores opened and complimented by the market and clients. The above achievements boosted our confidence to maintain the multi-brand strategy. It was our efforts in every aspect that led to satisfactory growths in sales and profit compared with 2013 despite the slower growth of the macro economy.

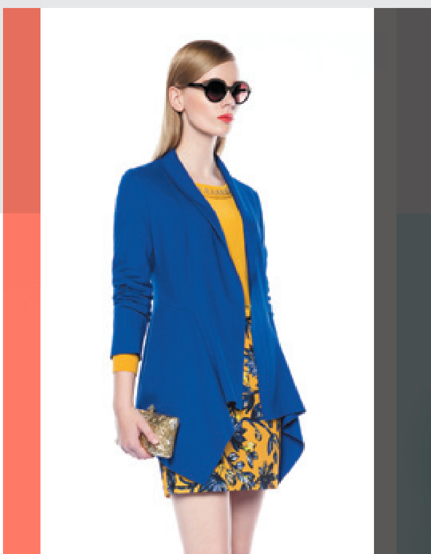
Looking ahead into 2015, the Group will maintain its proactive strategies and tap into the capital advantage to invest more on brand marketing and promotion, product innovation and design as well as sales networks. In addition, we will allocate more resources to the new brand Koradior elsewhere to help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

I would like to take this opportunity on behalf of the Board to offer my heartfelt thanks to all the shareholders, customers, business partners and our staff for their unremitting support and trust!

By order of the Board,

Jin Ming
Chairman and CEO

Hong Kong, 26 March 2015



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 tag 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 Chinese 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 respectively, 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 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.

FINANCIAL REVIEWS *(Continued)*

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 fees paid to departments stores and shopping malls (including concession fees, rent, management fees, service charge and other expenses) 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.

FINANCIAL REVIEWS *(Continued)*

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).

FINANCIAL REVIEWS *(Continued)*

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%

BUSINESS REVIEWS *(Continued)*

1. Business *(Continued)*

The Group has always focused on the self-operated retail stores establishing. 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**

BUSINESS REVIEWS *(Continued)*

1. Business *(Continued)*

Revenue of retail stores analysis by geographical regions (Continued)

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. The following map shows the approximate locations of our retails stores in our sales network in the PRC as at 31 December 2014:

BUSINESS REVIEWS *(Continued)*

1. Business *(Continued)*

Breakdown of retail stores by geographical regions (Continued)

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.

BUSINESS REVIEWS *(Continued)*

2. Design, research and development *(Continued)*

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	1,726	**2,046**

BUSINESS REVIEWS *(Continued)*

4. Human resources *(Continued)*

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.

RISK MANAGEMENT

The Group is devoted to establishing risk management systems that we consider to be appropriate to manage risks in business operations, and the Group is dedicated to monitoring these systems for effectiveness and modifying them as necessary as business grows to maintain effectiveness.

ENVIRONMENTAL AND SAFETY MEASURES

The Group is subject to the PRC environmental laws and regulations, which include the Environmental Protection Law of the PRC, Law of the PRC on the Prevention and Control of Water Pollution, Law of the PRC on the Prevention and Control of Atmospheric Pollution, Law of the PRC on the Prevention and Control of Pollution from Environmental Noise and Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste. These laws and regulations govern a broad range of environmental matters, including air pollution, noise emissions and water and waste discharge.

We do not own or operate any manufacturing facilities. We believe (i) our internal guidelines and policies are adequate to comply with all applicable PRC environmental laws and regulations and (ii) our annual cost of compliance with applicable rules and regulations during the period under review and the expected cost of compliance going forward to be immaterial. Our business operation only discharges domestic wastewater and generates garbage as we outsource all of our production to our OEM contractors.

EXECUTIVE DIRECTORS

Mr. JIN Ming (金明), aged 44, is the founder and chief executive officer of our Group. He is also the chairman of our Board and was appointed as a Director on 23 March 2012 and re-designated as an executive Director on 5 March 2014. Mr. Jin has over 11 years of experience in the ladies-wear fashion and retail industry and is primarily responsible for our overall corporate strategies, planning and business development. In May 2001, Mr. Jin started working at Shenzhen Yingjia Fashion Co, Ltd ("Yingjia Fashion"), our largest OEM contractors, as a marketing manager, in which he has gained extensive management experience in the ladies fashion and retail industry. He was then responsible for retail channels' development and maintenance. In January 2003, he became the general manager of marketing of Yingjia Fashion and was put in charge of brand promotion, the development and maintenance of sales channel and retail activities. In March 2007, he was appointed as chairman of the board of our Group. Mr. Jin graduated from University of Science and Technology of China (中國科學技術大學) with a Bachelor Degree of Arts in English for Science and Technology* (科技英語) in Anhui Province in July 1992 and completed his Executive Master of Business Administration from China Europe International Business School (中歐國際工商學院) in Shanghai in October 2013. Mr. Jin is also the sole director of Koradior Investments Limited, one of our controlling shareholders.

Ms. HE Hongmei (賀紅梅), aged 42, was appointed as one of our executive Directors on 5 March 2014. Ms. He is mainly responsible for overseeing the whole business unit, overall business planning and strategy execution. Ms. He joined our Group in March 2007 and has approximately 21 years' experience in the ladies-wear industry, including sales, business operation and procurement. Ms. He studied in Business and Enterprise Management* (商業企業管理) in Huangshi Finance and Trade School* (黃石市財貿學校大冶中等專業學校) in Huangshi, Hubei Province from September 1995 to July 1997. Before she joined Yingjia Fashion in 2001, she worked in Hubei Daye Textile Company* (湖北省大冶市紡織品公司) for nearly 6 years. In May 2001, Ms. He joined the customer service team of Yingjia Fashion and was promoted as the regional head in July 2002. Since March 2007, she started working for Shenzhen Koradior Fashion Ltd ("Shenzhen Koradior") which is an indirect wholly-owned subsidiary of our Company as the director of brand business department and became the general manager of Shenzhen Koradior in January 2009.

Mr. DENG Shigang (鄧仕剛), aged 42, was appointed as one of our executive Directors on 5 March 2014. Mr. Deng joined our Group in June 2012 as the Chief Financial Officer, responsible for the overall financial management and operation of our Group. Mr. Deng has over 16 years of experience in finance and accounting. From April 1999 to August 2000, he was the financial manager of Guangzhou Panyu MCP Industries Co., Ltd.* (廣州番禺美特包裝有限公司) which is a subsidiary wholly-owned by CPMC Holdings Limited (Stock code: 906), a company listed on the Stock Exchange of Hong Kong. From January 2001 to July 2003, he was the financial manager of Ming Fai Enterprise (Shenzhen) Co., Ltd (明輝實業(深圳)有限公司), a subsidiary of Ming Fai International Holdings Limited (stock code: 3828), a company listed on the Stock Exchange of Hong Kong. From August 2003 to April 2012, he was employed by a subsidiary of Kam Hing International Holdings Limited (stock code: 2307) in which his last position is Deputy General Manager, a company listed on the Stock Exchange of Hong Kong which is engaged in the production and sale of garment and textile. He received his Bachelor of Economics Degree majoring in Accounting and Auditing and Master of Business Administration from Sun Yat-sen University (中山大學) in Guangzhou, Guangdong Province in June 1995 and June 2001 respectively. He became a qualified member of The Chinese Institute of Certified Public Accountants in January 2001.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. WONG Wai Kong, (黃偉桄), aged 49, was appointed as an independent non-executive Director on 6 June 2014. Mr. Wong obtained a Bachelor Degree of Business Administration from the Hong Kong Baptist University in Hong Kong in November 1990, a Master Degree of Business Administration from the University of Sheffield in the United Kingdom in May 1995 and a Master Degree of Science in Business Information Technology from the Middlesex University in the United Kingdom in January 2003. Mr. Wong is a certified public accountant (practising) in Hong Kong and was admitted as a fellow member of the Hong Kong Institute of Certified Public Accountants in December 2010 and a fellow member of the Association of Chartered Certified Accountants in the United Kingdom in August 2003. Mr. Wong has over 20 years of experience in corporate finance, financial advisory and management, professional accounting and auditing. Mr. Wong has worked as an auditor in two international accounting firms for 5 years. He worked as a chief financial officer from December 2002 to September 2008 and has been an executive director since October 2008 in Kam Hing International Holdings Limited (stock code: 2307), a company listed on the Stock Exchange of Hong Kong which is engaged in the production and sale of garment and textile. Mr. Wong is also an independent non-executive director of Odella Leather Holdings Limited (Stock Code: 8093) on 28 January 2015, a company listed on the Growth Enterprise Market of the Stock Exchange of Hong Kong.

Mr. HUNG Man Sing (洪文星), aged 61, was appointed as an independent non-executive Director on 6 June 2014. Mr. Hung has been engaged in the fashion retail and manufacturing industry for nearly 31 years and obtained extensive experience in fashion retail management, producing technology innovation and supply chain management. Since June 1986, Mr. Hung has been the products manager of A.M.K. Garment Centre. In 1986, he joined Fun Corporation Limited as a senior consultant and promoted as a director in 1988. Since December 1992, he has also been the China business manager of United Colors of Benetton. From February 1992 to July 1997, he served as director of China Xiamen Benefun Corporation Group* (中國廈門奮發企業集團). In March 2001, he was employed as Chairman of CHM Clothing & Accessories Association Limited, taking responsibility for company's business and management in Hong Kong. In January 2006, Mr. Hung was appointed as Chairman of ZHK Cyber (International) Technology Holdings Limited and primarily responsible for the company's business and management within Hong Kong, China and Southeast Asia. From May 2005 to June 2008, Mr. Hung was the chairman of PNG Resources Holdings Limited, formerly known as LeRoi Holdings Limited (stock code: 221), a company listed on the Stock Exchange which was then engaged in the trading of fashion apparel to the PRC market. Since December 2010, he has been acting as a general manager of Amvescap Consultancy Limited* (中南亞太(國際)顧問諮詢有限公司). In August 2007, he became a member of the Hong Kong Institute of Directors.

Mr. ZHONG Ming (鐘鳴), aged 45, was appointed as an independent non-executive Director on 6 June 2014. He graduated from University of Science and Technology of China (中國科學技術大學) with a Bachelor Degree of Science in Biology in Anhui Province in July 1992 and completed his Executive Master of Business Administration from China Europe International Business School (中歐國際工商學院) in Shanghai in September 2007. From July 1992 to January 2002, Mr. Zhong worked for Procter & Gamble (Guangzhou) Limited* (廣州寶潔有限公司) as a brand manager. Then he joined Wall's (China) Co, Ltd. Shanghai Branch (和路雪(中國)有限公司上海分公司) as vice president of marketing from August 2003 to June 2006. He was employed by Reckitt Benckiser Household Products (China) Co., Ltd (利潔時家化(中國)有限公司) as marketing director from June 2006 to June 2008. From June 2012 to November 2013, Mr. Zhong worked as the senior vice president of operation of TPG Huhua (Shanghai) Equity Investment Management Enterprise (Limited Partnership). Mr. Zhong works as the general manager of China for Luxottica (Shanghai) Trading Co., Limited.

SENIOR MANAGEMENT

Mr. GUO Zhongqiao (郭忠橋), aged 35, is the sales director of our Group. Mr. Guo joined our Group in November 2011 and oversees the sales and operation of our Group. Mr. Guo has over 10 years of experience in sales and distribution in fashion industry. Prior to joining our Group, Mr. Guo has been the region manager and director of self-operated distribution of Yingjia Fashion from July 2005 to October 2011. He was a manager of the Northern region for the marketing department of Shenzhen Taiming Fashion Limited* (深圳市臺茗服飾有限公司) from February 2004 to June 2005. He obtained an Adult Education Graduation Certificate in Computer and Information Management* (電腦與信息管理) from Jiangxi Economic Administration Cadres College* (江西經濟管理幹部學院) in Nanchang, Jiangxi Province in July 1999.

Mr. HU Qi (胡琦), aged 36, is the design director of our Group. Mr. Hu joined our Group in March 2007 and primarily takes responsibility for the design and development of ladies-wear of our Group. Mr. Hu has over 13 years of experience in fashion design. Prior to joining our Group, Mr. Hu was the chief designer of Shenzhen Fei Ying Si Fashion Limited* (深圳市飛影思服飾有限公司) from June 2004 to August 2006. He also worked in the design team for Shenzhen Zeyuan Houye Fashion Co.,Ltd.* (深圳市澤源厚業時裝有限公司) from May 2003 to June 2004 and Shenzhen Yezi Garment Limited* (深圳市葉子服裝實業有限公司) from September 2001 to May 2003. He obtained a bachelor degree in Fashion Art and Design* (服裝藝術設計) from the Hubei Academy of Fine Arts* (湖北美術學院) in Wuhan, Hubei Province in July 2001.

Mr. WU Ting (吳頲), aged 38, is the e-commerce director of our Group. Mr. Wu joined our Group in March 2007 and primarily takes responsibility for the operation, management and development of e-commerce of our Group. He has been the manager of our operations and sales department from March 2007 to March 2010 and senior manager of our planning department from March 2010 to February 2013. Mr. Wu has over 13 years of experience in sales, operation, and marketing in the apparel industry. Prior to joining our Group, Mr. Wu has been the manager of the products department, the operations department and marketing department of Yingjia Fashion during the period from October2001 to January 2007. He obtained a bachelor degree in Fashion Design* (服裝) from Suzhou University* (蘇州大學) in Suzhou, Jiangsu Province in June 1999.

Ms. HU Lifen (胡麗芬), aged 44, is the operations director of our Group, primarily responsible for the operations and management of the supply chain of our Group. Ms. Hu joined our Group in March 2007 and has been the manager of our product planning department till March 2013. Ms. Hu has over 13 years of experience in marketing and production planning of fashion companies. Prior to joining our Group, Ms. Hu was the manager of products department of Yingjia Fashion from December 2005 to March 2007. She was a marketing manager for Shenzhen Yinzuo Fashion Limited* (深圳市銀座時裝有限公司) from July 2001 to December 2005. She passed the specialty test in accounting in Zhongnan University of Economics* (中南財經大學), which is Zhongnan University of Economics and Law (中南財經政法大學) now in Wuhan, Hubei Province in December 1999.

JOINT COMPANY SECRETARIES

Ms. WU Huiming (吳惠明), aged 34, is one of the joint company secretaries of our Company, primarily responsible for company secretarial affairs and coordination of investor relations of our Group. Ms. Wu joined our Group as a strategic planner in November 2012. Ms. Wu has over 3 years of experience in strategic research and mergers and acquisition affairs. From October 2009 to November 2012, Ms. Wu was an analyst and a senior analyst of the strategic investment department of Shenzhen World Union Properties Consultancy Co., Limited (SZ: 002285 深圳世聯行地產顧問股份有限公司), a company listed on the Shenzhen Stock Exchange. She worked as the business manager in the purchasing department from August 2005 to October 2006 and product market engineer in the trade department form July 2003 to August 2005 for Shenzhen Eyang Technology Development Co., Limited (深圳市宇陽科技發展有限公司), which is engaging in electronic manufacturing services and a subsidiary of Eyang Holdings (Group) Co. Limited (stock code: 117). She obtained her Bachelor of Economics in International Economics and Trade from University of Science and Technology Beijing (北京科技大學) in Beijing in July 2003 and a Master Degree in Business and Administration from Tsinghua University (清華大學) in Beijing in July 2009.

Mr. LEUNG Ka Wai (梁嘉偉), aged 44, is one of the joint company secretaries of our Company, primarily responsible for company secretarial affairs of our Group. Mr. Leung is a member of the Hong Kong Institute of Certified Public Accountants. He was also admitted as a solicitor in Hong Kong in 2000 and is a partner in Michael Li & Co.

The English names of companies incorporated in the PRC marked with "*" are translations of their Chinese names and are included for identification purposes only.

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.

THE BOARD OF DIRECTORS

The Company's Board of Directors (the "Board") is responsible for formulating overall strategy and a review of the Company's and the Group's operations and financial performance.

Board composition

The Board now comprises six Directors including three executive Directors and three independent non-executive Directors. The composition of the Board and representation on Board committees are set out below:

Title	Name	Position	Gender	Age	Length of services
Executive Directors:	Mr. Jin Ming	Chairman of the Board, Chief Executive Office and Chairman of Nomination Committee	Male	44	8 years
	Ms. He Hongmei		Female	42	8 years
	Mr. Deng Shigang		Male	42	2 years
Independent Non-Executive Directors:	Mr. Wong Wai Kong	Chairman of Audit Committee	Male	49	8 months
	Mr. Hung Man Sing	Chairman of Remuneration Committee	Male	61	8 months
	Mr. Zhong Ming		Male	45	8 months

THE BOARD OF DIRECTORS *(Continued)*

Board composition *(Continued)*

Our Directors are experienced in a range of corporate and industry expertise such as accounting, finance and business and operation management. The diversity of the Directors' experience provides useful exchange of ideas and views to ensure that decisions are made with a balanced judgement. There is no financial, business, family or other material or relevant relationship among the Directors. The biographical details of the Directors are set out on pages 20 to 21 of this annual report.

The Board has established three sub-committees of the Board, namely Audit Committee, Remuneration Committee and Nomination Committee. The Chairman of Remuneration Committee and Audit Committee are independent non-executive directors. Written terms of reference of each of these sub-committees are available on the websites of the Company and the Stock Exchange.

Board meetings

The Board discusses the overall strategy as well as the operational and financial performance of the Company. Other Board meetings are held when necessary. Such Board meetings involve the active participation, either in person or through other electronic means of communication, of a majority of Directors. The table below sets out the attendance of all members of the Board at the meetings held since the listing of the shares of the Company on the Main Board of the Stock Exchange on 27 June 2014 (the "Listing Date") and up to 31 December 2014:

Executive Directors:	
Mr. JIN Ming *(Chairman and Chief Executive Officer)*	3/3
Ms. HE Hongmei	3/3
Mr. DENG Shigang	3/3
Independent Non-executive Directors:	
Mr. WONG Wai Kong	3/3
Mr. HUNG Man Sing	3/3
Mr. ZHONG Ming	3/3

There are three independent non-executive Directors who represent one half of the Board, and Mr. Wong Wai Kong has appropriate professional qualifications as required by Rule 3.10(2) of the Listing Rules.

Appropriate notices are given to all Directors in advance for attending regular and other Board meetings. Meeting agendas and other relevant information are provided to the Directors in advance of Board meetings. All Directors are consulted to include additional matters in the agenda for Board meetings.

Directors have access to the advice and services of the joint company secretaries with a view to ensuring that Board procedures, and all applicable rules and regulations, are followed.

Both draft and final versions of the minutes are sent to all Directors for their comment and records. Minutes of Board meetings are kept by the company secretary and such minutes are open for inspection at any reasonable time on reasonable prior notice by any Director.

THE BOARD OF DIRECTORS *(Continued)*

Compliance with the Model Code

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") 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 Director's securities transactions since the Listing Date.

Confirmation of independence

Each of the independent non-executive Directors has made an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors are independent in accordance with the guidelines set out in Rule 3.13 of the Listing Rules.

Appointment, re-election and removal

Each of the executive Directors has entered into a service contract for a fixed term of three years and each of independent non-executive Directors has entered into a letter of appointment with the Company for a specific term of two years, subject to normal rotation in accordance with the articles of association of the Company (the"Article of Association").

Directors' training

Since the Listing Date, Directors are provided with monthly updates on the Company's performance, position and prospects to enable the Board as a whole and each Director to discharge their duties. In addition, all Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The Company updates Directors on the latest development regarding the Listing Rules and other applicable regulatory requirements from time to time, to ensure compliance and enhance their awareness of good corporate governance practices.

Before the listing of the shares on the Stock Exchange, training was arranged for all Directors of the Company, namely Mr. Jin Ming, Ms. He Hongmei, Mr. Deng Shigang, Mr. Wong Wai Kong, Mr. Hung Man Sing and Mr. Zhong Ming, to understand their duties as a director of a listed company in Hong Kong. Such training covers topics including common law director's duties, the continuing obligations under the Listing Rules, Part XIII and Part XIV of the Securities and Futures Ordinance and other legal and regulatory obligations.

All Directors have provided the Company with their respective training records in compliance with Code A.6.5 of the CG Code.

THE AUDIT COMMITTEE

The Company has complied with Rule 3.21 of the Listing Rules for the establishment of an Audit Committee. The Audit Committee currently consists of three independent non-executive Directors, namely Mr. Wong Wai Kong (as chairman), Mr. Hung Man Sing and Mr. Zhong Ming. Mr. Wong Wai Kong possesses the appropriate professional qualification. The primary duties of the audit committee are to maintain relationship with our auditors, review our financial information and oversee our financial reporting system and internal control procedures.

From the Listing Date and up to 31 December 2014, two audit committee meetings were held to review and discuss with the management of the Company and the external auditors the accounting principles and practices adopted by the Group, as well as internal controls and other financial reporting matters. The attendance records of individual committee members are set out below:

Mr. WONG Wai Kong *(Chairman)*	2/2
Mr. HUNG Man Sing	2/2
Mr. ZHONG Ming	2/2

THE REMUNERATION COMMITTEE

The Company has complied with the Rule 3.25 of the Listing Rules to set up the Remuneration Committee. In accordance with its terms of reference, the primary function of the Remuneration Committee is to make recommendations to our Board on our Company's policy and structure for all remuneration of directors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policy. The Remuneration Committee currently consists of three independent non-executive Directors, namely Mr. Hung Man Sing (as chairman), Mr. Wong Wai Kong and Mr. Deng Shigang.

Details of remuneration of Directors are set out in note 8 to the Financial Statements.

From the Listing Date and up to 31 December 2014, one meeting of the Remuneration committee was held to, amongst others, review and approve the remuneration packages of the Directors and senior management of the Company. The attendance records of individual committee members are as follows:

Mr. HUNG Man Sing *(Chairman)*	1/1
Mr. WONG Wai Kong	1/1
Mr. DENG Shigang	1/1

THE NOMINATION COMMITTEE

In compliance with the CG Code, the Company has established a Nomination Committee. In accordance with its terms of reference, the primary duties of the Nomination Committee are to make recommendations to our Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular our chairman and chief executive officer. The Company adopted a board diversity policy in March 2015 which set out the approval to achieve diversity on the Board, Board directory has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service etc. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service etc. The final decision will be based on merit and contribution that the selected candidates will bring to the Board. The Nomination Committee currently consists of one executive Director, namely Mr. Jin Ming (as chairman), and two independent non-executive Directors, namely Mr. Hung Man Sing, Mr. Wong Wai Kong.

From the Listing Date and up to 31 December 2014, no meeting of the Nomination Committee was held.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The remuneration of the directors and members of the senior management by band for the year ended 31 December 2014 is set out below:

Remuneration bands	Number of persons
Up to HK$1,000,000	7
HK$1,000,001 to HK$2,000,000	3
HK$2,000,001 to HK$3,000,000	Nil

Further particulars regarding Directors' remuneration and the five highest paid employees as required to be disclosed pursuant to the Listing Rules are set out in note 8 and 9 to the financial statements.

AUDITOR'S REMUNERATION

KPMG has been appointed as the external auditor of the Company. The Audit Committee has been notified of the nature and the service charges of non-audit services performed by KPMG and considered that such services have no adverse effect on the independence of the external auditor.

During the year, the fees payable to KPMG in respect of its audit services provided to the Group was RMB2.3 million. The total fees paid and payable to KPMG during the year for the tax service advisory was approximately RMB0.2 million. The fee paid to KPMG during the year for the reporting accountants service and internal control review service in relation to the listing of the Company's Shares on the Stock Exchange was approximately RMB2.54 million and RMB0.4 million, respectively.

There was no disagreement between the Board and the Audit Committee on the selection and appointment of the external auditor.

Financial reporting and internal control

Financial reporting

The Board acknowledges its responsibility to prepare the Company's accounts which give a true and fair view of the Group's state of affairs, results and cash flows for the year and in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board, and the disclosure requirements of the Hong Kong Companies Ordinance and the Listing Rules. The Company has selected appropriate accounting policies and has applied them consistently based on prudent and reasonable judgments and estimates. The Board considers that the Group has adequate resources to continue in business for the foreseeable future and not aware of any material uncertainties relating to events or conditions that may affect the business of the Company or cast doubts on its ability to continue as going concern.

The responsibilities of KPMG, the Company's external auditor, with respect to financial reporting are set out in the section headed "Independent Auditor's Report" in this annual report.

Internal controls

The Board recognizes its responsibility to ensure the Company maintains a sound and effective internal control system and the Board has conducted a review of the effectiveness of the internal control system of the Group during the year. The Group's internal control system is designed to safeguard assets against misappropriation and unauthorized disposition and to manage operational risks. Review of the Group's internal controls covering major financial, operational and compliance controls, as well as risk management functions of different systems has been done on a systematic basis based on the risk assessments of the operations and controls. No major issue has been identified. The Board and the Audit Committee considered that the key areas of the Group's internal control systems are reasonably implemented.

JOINT COMPANY SECRETARIES

Ms. Wu Huiming is one of the joint company secretaries of our Company, primarily responsible for company secretarial affairs and coordination of investor relations of our Group.

Mr. Leung Ka Wai is one of the joint company secretaries of our Company, primarily responsible for company secretarial affairs of our Group. Mr. Leung is a member of the Hong Kong Institute of Certified Public Accountants. He was also admitted as a solicitor in Hong Kong in 2000 and is a partner in Michael Li & Co.

The Company confirms that Mr. Leung Ka Wai and Ms. Wu Huiming have attended no less than 15 hours of relevant professional training during 2014.

COMMUNICATION WITH SHAREHOLDERS

The Company believes in engaging in regular, effective and fair communication with shareholders and is committed to conveying important and relevant information to shareholders on a timely basis.

The Company is mindful to ensure that information is made publicly available on a timely basis. A Shareholders' communication policy was adopted by the Company to maintain an on-going dialogue with Shareholders and encourage them to communicate actively with the Company. The Board will review the policy on a regular basis to ensure its effectiveness.

Disclosure of information is made by way of publishing announcements, notices, circulars and financial reports through the website of the Stock Exchange, press releases, general meetings, as well as the corporate website.

SHAREHOLDERS' RIGHTS

In accordance with the Article 58 of the Articles of Association of the Company, one or more shareholders of the Company holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting, the requisition(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisition(s) as a result of the failure of the Directors shall be reimbursed to the requisition(s) by the Company.

Shareholders may by ordinary resolution elect any person to be a Director of the Company. If a shareholder wishes to nominate a person to be elected as a Director, the following documents shall have been lodged at the head office of the Company and the office of Hong Kong branch share registrar of the Company: (i) his/her notice of intention to propose a resolution at the general meeting; (ii) a notice executed by the nominated candidate of his/her willingness to be elected as a director and consent of publication of his/her personal information together with his full name and biographical details as required by Rule 13.51(2) of the Listing Rules; and (iii) the contact details, within the period commencing on the day after the dispatch of the notice of the general meeting appointed for such election and ending on the date falling seven days prior to the date of such general meeting.

Shareholders should direct their questions about their shareholdings to the Company's Hong Kong branch share registrar: Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

Other enquiries or comments raised by any Shareholder can be mailed to the Board at the Company's principal place of business in Hong Kong at Unit C, 17/F, OfficePlus @Mongkok, No. 998 Canton Road, Kowloon, Hong Kong, through the Company's official website (www.koradior.com), or sent through fax number at (852) 2325 5685, or through the Company's hotline at (852) 2325 5292.

CONSTITUTIONAL DOCUMENTS

Save for the adoption of the Articles of Association of the Company on 6 June 2014 for the purpose of listing of the Company (details of which were set out in appendix III to the prospectus of the Company dated 17 June 2014), there was no change in the memorandum and articles of association of the Company during the year ended 31 December 2014.

REPORT OF THE DIRECTORS

The Directors are pleased to present the annual report together with the audited consolidated financial statements of the Group for the year ended 31 December 2014.

PRINCIPAL ACTIVITIES

Koradior Holdings Limited (the "Company"), together with its subsidiaries (the "Group"), are leading and fast growing high-ended ladies-wear companies in the People's Republic of China (the "PRC"). The principal activities and other particulars of the subsidiaries are set out in note 13 to the financial statements.

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

The Company's shares were successfully listed on the Main Board of the Stock Exchange on 27 June 2014 under which 125,000,000 Shares are 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.

USE OF PROCEEDS

With the successful listing of the Company's shares on the Main Board of the Stock Exchange, the net proceeds of HK$534.74 million (including 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. The Company has utilised HK$147.32 million as at 31 December 2014.

MAJOR CUSTOMERS AND SUPPLIERS

The customers consist of end customers and distributor customers that purchase products from the Company and sold to end customers. During the year ended 31 December 2014, aggregate sales to the Group's largest and five largest customers accounted for 1.1% (2013: 0.31%) and 2.01% (2013: 1.15%) respectively, of the Group's total turnover for the year.

The supplier consist of OEM contractors and raw material suppliers. Aggregate purchases from the Group's largest and five largest suppliers accounted for 9.97% (2013: 13.08%) and 26.77% (2013: 34.44%), respectively, of the Group's total purchases from suppliers for the year ended 31 December 2014. The largest OEM contractor, Shenzhen Yingjia Fashion Ltd ("Yingjia Fashion"), is a connected person owned as to 53% by Ms. Chen Lingmei who is the mother of Mr. Jin Ming, and all other OEM contractors are independent third parties. The VAT-inclusive processing fees incurred to Yingjia Fashion for the years ended 31 December 2013 and 2014 amounted to RMB40.94 million and RMB39.32 million, respectively, representing 23.97% and 17.36% of total purchase of outsourced products and sub-contracting fees during the same periods, respectively.

FOUR-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the latest four financial years is set out on page 6 of the annual report. This summary does not form part of the audited consolidated financial statements.

FINANCIAL STATEMENTS

The profit of the Group for the year ended 31 December 2014 and the state of the Company's and the Group's affairs as at that date are set out in the consolidated financial statements on pages 48 to 98 of the annual report.

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.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group during the year ended 31 December 2014 are set out in note 12 to the consolidated financial statements.

RESERVES

Details of movements in reserves of the Company and the Group are set out in note 22 to the consolidated financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

As at 31 December 2014, the Group's reserves available for distribution, calculated in accordance with the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, amounted to approximately RMB427.65 million.

RETIREMENT BENEFIT SCHEME

Details of the retirement benefit schemes of the Group and the employer's costs charged to the consolidated statement of profit or loss and other comprehensive income for the year are set out in notes 6 and 20 to the financial statements.

SUBSIDIARIES

Details of the subsidiaries of the Company are set out in note 13 to the financial statements.

CAPITAL EXPENDITURE

During the year, the Group's total capital expenditure amounted to approximately RMB33.23 million (2013: RMB16.18 million) which was used for store decorating and purchase of furniture and equipment for each retail store capitalised under leasehold improvements and furniture, fixtures and equipment.

The details of the properties, plant and equipment of the Group and the Company are set out in note 12 to the financial statements.

BORROWINGS

Particulars of borrowings of the Group as at the balance sheet date are set out in note 18 to the financial statements.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

The Directors of the Company who hold office during the year and up to the date of this report are:

Executive Directors
Mr. JIN Ming *(Chairman and Chief Executive Officer)* (appointed on 23 March 2012)
Ms. HE Hongmei (appointed on 3 March 2014)
Mr. DENG Shigang (appointed on 3 March 2014)

Independent Non-executive Directors
Mr. WONG Wai Kong (appointed on 6 June 2014)
Mr. HUNG Man Sing (appointed on 6 June 2014)
Mr. ZHONG Ming (appointed on 6 June 2014)

Each of the executive Directors of the Company has entered into a service contract with the Company for a term of three years and each of the independent non-executive Directors of the Company has entered into a letter of appointment with the Company for a specific term of two years, commencing from Listing Date subject to his retirement and re-election at annual general meeting in accordance with the Company's articles of association. The details of the remuneration of each of the Directors are revealed on note 8 to the consolidated financial statements.

The Company has received annual confirmation on independence from each of the independent non-executive Directors pursuant to Rule 3.13 of the Listing Rules and all of them are considered to be independent.

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in the related paragraph headed "Connected transactions" below and the related party transactions in note 26 to the financial statements, there was no contract of significance to which the Company or its holding company or any of its subsidiaries was a party and in which a Director of the Company had a material interest subsisted at the end of the year or at any time during the year.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

Save as disclosed in the paragraph headed "Directors 'and chief executive's interest in securities" and in the paragraph headed "Share option scheme" below, at no time during the year were rights to acquire benefits by means of the acquisition of shares in the Company granted to any Director, or their respective spouse or minor children, or were any such rights exercised by them, or was the Company, its holding company, or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

The biographical details of the Directors and senior management of the Group are disclosed in the section headed "Directors and Senior Management Profile" on pages 20 to 23 of this annual report.

DIRECTORS 'AND CHIEF EXECUTIVE'S INTEREST IN SECURITIES

As at 31 December 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/ underlying shares held	Position	Approximate percentage of issued share capital
Mr. Jin Ming	Founder of a discretionary trust (note 1)	326,250,500	Long	64.36%
Ms. He Hongmei	Beneficial owner	500,000 (note 2)	Long	0.10%
Mr. Deng Shigang	Beneficial owner	500,000 (note 2)	Long	0.10%

Notes:

1. 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.

2. These represent the underlying shares under the share options granted to them.

Save as disclosed above, as at 31 December 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.

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 31 December 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	64.36%
Standard Chartered Trust (Singapore) Limited (note 2)	Trustee	326,250,500	Long	64.36%
Kingstun Holdings Limited (note 2)	Interest in a controlled corporation	326,250,500	Long	64.36%
Chui Jinny (note 3)	Interest in a controlled corporation	41,249,578	Long	8.14%
Sisu Holdings Limited (note 3)	Beneficial owner	41,249,578	Long	8.14%

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 31 December 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.

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 2014:

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.

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.

SHARE OPTION SCHEME *(Continued)*

As at 31 December 2014, there were 10,000,000 share options granted under the Scheme which were outstanding.

The following table shows the movements in the Company's share options outstanding during the year:

Name or category of grantee	At 1 January 2014	Granted on 10 July 2014	Number of share options Exercised during the year	Cancelled during the year	Lapsed during the year	At 31 December 2014	Exercise period (note)	Exercise price per share	Closing price per share immediately before date of grant
Directors									
Mr. Deng Shigang	–	500,000	–	–	–	500,000	10 July 2014 to 9 July 2022	HK$4.42	HK$4.46
Ms. He Hongmei	–	500,000	–	–	–	500,000	10 July 2014 to 9 July 2022	HK$4.42	HK$4.46
Sub-total	–	1,000,000	–	–	–	1,000,000			
Employees (other than Directors) in aggregate	–	9,000,000	–	–	–	9,000,000	10 July 2014 to 9 July 2022	HK$4.42	HK$4.46
Total	–	10,000,000	–	–	–	10,000,000			

Note: The share options are exercisable in the following manner: (i) no share option shall be exercisable from 10 July 2014 up to 9 July 2015; (ii) up to 25% of the share options granted shall be exercisable from 10 July 2015 to 31 December 2015; (iii) up to 50% of the share options granted shall be exercisable from 1 January 2016 to 31 December 2016; (iv) up to 75% of the share options granted shall be exercisable from 1 January 2017 to 31 December 2017; and (v) all the share options granted shall be exercisable from 1 January 2018 to 9 July 2022.

Details of the valuation of the share options granted during the year are set out in note 21 to the financial statements.

CONNECTED TRANSACTIONS

The Group had entered into a number of transactions with parties which, upon the listing of the Company's shares on the Stock Exchange, have became connected persons of the Company within the meanings of the Listing Rules. These transactions are considered to be continuing connected transactions under the Listing Rules, which need to be disclosed herein in compliance with the requirements under the Listing Rules or the conditions of waivers previously granted by the Stock Exchange. Details of the continuing connected transactions are as follows:

Mr. Jin Ming is our chief executive officer, chairman and executive Director and one of our controlling shareholders of our Company and is therefore a connected person of our Company under Rule 14A.07(1) of the Listing Rules. Mr. Wang Sumin (王素敏) ("Mr. Wang") is the brother-in-law of Mr. Jin. Accordingly, Mr. Wang is an associate of Mr. Jin and therefore a connected person of our Company under Rule 14A.21(1)(a) of the Listing Rules. Shenzhen Yingjia Fashion Ltd ("Yingjia Fashion") is 53.00% owned by Ms. Chen Lingmei who is the mother of Mr. Jin. Accordingly, Yingjia Fashion is a connected person of our Company under Rule 14A.12(2)(b) of the Listing Rules by virtue of it being a company which the mother of Mr. Jin can exercise or control the exercise of more than 50.00% of the voting power at general meetings.

EXEMPTED CONTINUING CONNECTED TRANSACTIONS

(A) Set out below are the details of the exempted continuing connected transactions entered into between our connected persons and a member of our Group. Pursuant to Rule 14.07 of the Listing Rules, the applicable percentage ratios (other than the profits ratio) of the following exempted continuing connected transactions are on an annual basis, less than 5.00% and the annual consideration less than HK$3,000,000. By virtue of Rule 14A.76(1) of the Listing Rules, they are exempted from the reporting, announcement requirements and the independent shareholders' approval requirements.

(i) Lease of office from Mr. Jin

On 1 March 2014, Shenzhen Koradior Fashion Co. Ltd ("Shenzhen Koradior"), a wholly-owned subsidiary of the Company, entered into a lease agreement with Mr. Jin, pursuant to which Shenzhen Koradior leased an office located at 7G, Zone B, Shum Yip Terra's Hongsong Building,Terra 6th Road North, Futian, Shenzhen, the PRC, with a total floor area of approximately 533 sq.m., from Mr. Jin at RMB64,002 per month. The annual rental will not be more than HK$999,999 if converted into Hong Kong dollars. The term of the lease agreement commenced on 1 March 2014 and will end on 31 December 2015. Shenzhen Koradior may renew the lease agreement upon serving 90 days prior renewal request to Mr. Jin and upon entering into a new lease agreement after negotiation.

By entering into the above lease agreement, our Group would be able to continue to lease the office to conduct its business operations without the need to find and relocate to alternative offices.

(ii) Lease of office from Mr. Wang

On 1 March 2014, Shenzhen Koradior entered into a lease agreement with Mr. Wang,pursuant to which Shenzhen Koradior leased an office located at 8/F, Zone B, Shum Yip Terra's Hongsong Building, Terra 6th Road North, Futian, Shenzhen, the PRC, with a total floor area of approximately 426 sq.m., from Mr. Wang at RMB51,173 per month. The annual rental will not be more than HK$999,999 if converted into Hong Kong dollars. The term of the lease agreement commenced on 1 March 2014 and will end on 31 May 2016. Shenzhen Koradior may renew the lease agreement upon serving 90 days prior renewal request to Mr. Wang and upon entering into a new lease agreement after negotiation.

By entering into the above lease agreement, our Group is able to continue to lease the office to conduct its business operations without the need to find and relocate to alternative offices.

Our Directors consider that the leases stated above are in our Group's ordinary and usual course of business, on normal commercial terms, and their terms are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

EXEMPTED CONTINUING CONNECTED TRANSACTIONS *(Continued)*

(A) *(Continued)*

(iii) Lease of warehouse by Yingjia Fashion

On 20 December 2012, Shenzhen Koradior entered into a renewal lease agreement with Yingjia Fashion, pursuant to which Shenzhen Koradior leased a warehouse located at Factory 1, Yingjia Factory Zone, North of Huawang Road, Dalang Avenue, Baoan District, Shenzhen, the PRC (the "Warehouse"), with a total floor area of approximately 3,500 sq.m., from Yingjia Fashion for storage purpose at RMB77,000 per month. The term of the lease agreement commenced on 1 January 2013 and would end on 31 December 2014.

Shenzhen Koradior entered into a lease agreement with Yingjia Fashion on 25 February 2014 (the "Lease Agreement") which superseded the lease agreement dated 20 December 2012 between Shenzhen Koradior and Yingjia Fashion, pursuant to which Shenzhen Koradior agrees to continue to lease from Yingjia Fashion the Warehouse with a total gross floor area of approximately 3,500 sq.m. for storage purpose. The term of the lease granted under the Lease Agreement is valid from 25 February 2014 to 31 December 2016. The rental of the lease was based on the prevailing market rates, namely, the rental payments for the same or similar properties to be leased by an independent third party in the same or similar region and after arm's-length negotiations between Yingjia Fashion and our Group.

Under the Lease Agreement, Shenzhen Koradior has the option to sub-lease the whole or part of the warehouse during the initial term of the Lease Agreement to other party with prior written consent from Yingjia Fashion. As such, our Group has the flexibility to relocate to another premise if necessary.

Pursuant to the Lease Agreement, Shenzhen Koradior has a first right of renewal upon serving three-months' prior written notice to Yingjia Fashion and upon entering into a renewal agreement after negotiation between the parties. Should there be any renewal of the term of the Lease Agreement, our Company will ensure compliance with all relevant requirements under Chapter 14A of the Listing Rules.

The lease agreement was terminated on January 2015 which relocated to another premise from third party due to Shenzhen Koradior needed to find and relocated the business operations in a bigger warehouse.

By entering into the Lease Agreement, our Group is able to continue to lease the warehouse to conduct its business operations without the need to find and relocate the relevant business operations to alternative properties or change the relevant logistics arrangements.

The transaction amounts under the warehouse leases between Shenzhen Koradior and Yingjia Fashion was RMB924,000 for the year ended 31 December 2014.

Our Directors consider that the leases stated above are in our Group's ordinary and usual course of business, on normal commercial terms, and their terms are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

NON-EXEMPT CONTINUING CONNECTED TRANSACTION

(B) Processing Agreement with Yingjia Fashion

(i) Background

Since our Group does not have any in-house production facilities, since the commencement of our business in 2007, Shenzhen Koradior has outsourced the production of our products to third party OEM contractors, including Yingjia Fashion, as our Company believed such strategy would allow us to reduce the amount of fixed assets that it needs to carry on our balance sheet and would generate higher returns on our assets.

(ii) Services

On 15 March 2014, Shenzhen Koradior entered into a processing agreement with Yingjia Fashion, pursuant to which Yingjia Fashion agreed to provide certain processing and manufacturing services to Shenzhen Koradior, including but not limited to manufacturing products according to (i) the manufacturing standards and processing techniques stipulated by Shenzhen Koradior or (ii) standard samples provided and confirmed by the design team of Shenzhen Koradior and on 9 June 2014, the same parties entered into a supplemental agreement in relation to the pricing policy set out in the paragraph headed "Pricing Policy" below (the "Processing Agreement"). The Processing Agreement is for a term from 15 March 2014 to 31 December 2016 and renewable for a further period of three years at our option subject to compliance with applicable requirements of the Listing Rules. We have the right to terminate the agreement at any time before expiration of the Processing Agreement.

(iii) Pricing Policy

Processing fees payable to our OEM contractors, including Yingjia Fashion, are determined on the basis of (i) number of procedures involved to process a particular product, (ii) per minute processing fee for a particular procedure, and (iii) time required (in terms of minutes) to complete a particular procedure in processing that product.

(iv) Internal control procedures

To ensure future transactions with Yingjia Fashion is on normal commercial terms, we have adopted the following internal control procedures:

(i) we will develop our own estimate of processing fee based on factors mentioned above and obtain fee quotations from independent comparable OEM contractors for products which require processing services in similar quantities to determine if the price and terms offered by Yingjia Fashion are fair and reasonable and comparable to those offered by independent comparable OEM contractors;

(ii) we will select the successful OEM contractor for individual transaction based on objective standards such as publicly available raw material prices, the scale and reputation of the relevant OEM contractor, price and quality of processing services and products, and product delivery time and services; and

(iii) regular reports regarding our Group's purchase and other relevant information will be provided to the independent non-executive Directors who will conduct semi-annual review of the purchase terms (including whether these are based on factors mentioned above) and the fairness of our Group's basis of selecting its OEM contractors.

NON-EXEMPT CONTINUING CONNECTED TRANSACTION *(Continued)*

(B) Processing Agreement with Yingjia Fashion *(Continued)*

Our Directors believe that the above measures will ensure that our Group's transactions with Yingjia Fashion are and will be conducted on normal commercial terms and the terms are not and will not be prejudicial to the interests of our Company and our minority Shareholders.

(v) Reasons for and benefit of entering into the Processing Agreement

Taking into account our long term cooperation with Yingjia Fashion and their proven quality of services, our Directors consider the Processing Agreement with Yingjia Fashion can provide us with a stable supply of quality services and thus is beneficial to us.

(vi) Transaction amounts

For the year ended 31 December 2014, the VAT-inclusive processing fees incurred to Yingjia Fashion amounted to approximately RMB39.32 million and accounted for approximately 17.36% of our total purchase of outsourced products and subcontracting fees during the same periods, which is within the maximum annual amount of RMB41.00 million.

The prices at which we procure the processing services from Yingjia Fashion were determined on the basis of (i) number of procedures involved to process a particular product, (ii) per minute processing fee for a particular procedure, and (iii) time required (in terms of minutes) to complete a particular procedure in processing that product.

(vii) Annual caps

The maximum amount of VAT-inclusive processing fees under the Processing Agreement shall not exceed the caps of RMB36.00 million and RMB25.00 million respectively, for each of the two years ending 31 December 2015 and 2016.

In arriving at the above annual caps, our Directors have considered (i) historical processing fees Shenzhen Koradior paid to Yingjia Fashion in the past; and (ii) our access to an increasing number of independent third party processing service providers.

WAIVER APPLICATION FOR NON-EXEMPT CONTINUING CONNECTED TRANSACTION

Our Directors are of the view that (i) the Processing Agreement has been entered into in the ordinary and usual course of business of our Group, is on normal commercial terms and the terms of the Processing Agreement are fair and reasonable and are in the interests of our Company and our Shareholders as a whole; and (ii) the annual caps set for the Processing Agreement are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

WAIVER APPLICATION FOR NON-EXEMPT CONTINUING CONNECTED TRANSACTION *(Continued)*

The highest applicable percentage ratio (other than the profits ratio) of the transactions contemplated under the Processing Agreement is, on an annual basis, 25% or more and the total annual consideration is HK$10,000,000 or more. As such, the transactions contemplated under the Processing Agreement are subject to the requirements set out in Rules 14A.71, the independent shareholders' approval requirement set out in Rule 14A.36, the annual review requirements set out in Rule 14A.55 to 14A.59 and the requirements set out in Rule 14A.50 to 14A.53 of the Listing Rules.

We have applied for, and the Stock Exchange has granted, a waiver from strict compliance with the announcement and independent shareholders' approval requirements as set out in Chapter 14A of the Listing Rules for the Processing Agreement subject to (i) the annual caps stated above are not exceeded and (ii) that we will comply with Chapter 14A of the Listing Rules, in relation to the Processing Agreement.

If any terms of the Processing Agreement are altered or if our Company enters into any new agreements with any connected persons (within the meaning of the Listing Rules) in the future, our Company must fully comply with the relevant requirements under Chapter 14A of the Listing Rules unless we apply for and obtain a separate waiver from the Stock Exchange.

Corporate Governance Measures

As part of our internal corporate governance, all our Directors and employees will not disclose any confidential information or trade secrets to any independent third party including Yingjia Fashion, unless such disclosure is made to professional advisers on a need-to-know and confidential basis or is otherwise required by the government or any regulatory authorities under any applicable laws and regulations.

We have also adopted the following corporate governance measures:

(i) Mr. Jin will declare his interests and will, together with his associates (as the case may be), abstain from voting at the board meetings and general meetings of our Company in respect of the processing services arrangement between Yingjia Fashion and our Group;

(ii) the processing agreement between our Group and Yingjia Fashion will be subject to compliance with Chapter 14A of the Listing Rules and in particular, the approval of the independent Shareholders of our Company pursuant to Rule 14A.36 of the Listing Rules. The material terms of such processing agreement and the pricing policy adopted by our Group for such arrangement has been disclosed above;

WAIVER APPLICATION FOR NON-EXEMPT CONTINUING CONNECTED TRANSACTION *(Continued)*

Corporate governance measures *(Continued)*

(iii) the terms of the processing transactions between Yingjia Fashion and our Group will be reviewed by the independent non-executive Directors on a semi-annual basis and their views in respect of these transactions will be disclosed to the Shareholders in compliance with the Listing Rules; and

(iv) the independent non-executive Directors will be provided with a report by the auditors of our Company on all the transactions conducted between our Group and Yingjia Fashion each year and the content of such report will be in compliance with the requirements under Rule 14A.56 of the Listing Rules.

The independent non-executive Directors have reviewed and confirmed that the above non-exempt continuing connected transaction has been entered into:

(i) in the ordinary and usual course of business of the Group;

(ii) on normal commercial terms or better; and

(iii) in accordance with the Processing Agreement governing it on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

KPMG, the auditor of the Company, was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The Company has received an unqualified letter from KPMG containing their findings and conclusions in respect of the continuing connected transactions disclosed above in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

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.

PRE-EMPTIVE RIGHTS

There is no provision for the pre-emptive rights under the Company's Articles of Association, or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

SIGNIFICANT EVENTS

There have been no significant events affecting the Group which have occurred since 31 December 2014.

TAX RELIEF

The Company is not aware of any relief from taxation available to shareholders by reason of their holding of the Company's shares.

CORPORATE GOVERNANCE REPORT

Details of the Group's corporate governance practices can be found in the Corporate Governance Report contained on pages 24 to 30 in this annual report.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company at least 25% of the Company's total issued share capital was held by the public as at the date of this report.

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.

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.

AUDITORS

The consolidated financial statements for the year ended 31 December 2014 have been audited by KPMG, who shall retire and being eligible, offer themselves for re-appointment. A resolution for the re-appointment of KPMG as auditor of the Company is to be proposed at the forthcoming annual general meeting.

On Behalf of the Board

Jin Ming
Chairman and Chief Executive Officer

26 March 2015

KPMG

Independent auditor's report to the shareholders of Koradior Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Koradior Holdings Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 48 to 98, which comprise the consolidated and company statements of financial position as at 31 December 2014, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2014, and of the Group's profit and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

26 March 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2014 (Expressed in Renminbi)

	Note	2014 RMB'000	2013 RMB'000
Turnover	4	**1,036,608**	701,880
Cost of sales		**(276,794)**	(215,495)
Gross profit		**759,814**	486,385
Other revenue	5	**4,899**	1,935
Other net income/(loss)	5	**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)	11		
Basic		**29**	22
Diluted		**29**	22

The notes on pages 53 to 98 form part of these financial statements. Details of dividends payable to shareholders of the Company attributable to the profit for the year are set out in note 22(b).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2014 (Expressed in Renminbi)

	Note	31 December 2014 RMB'000	31 December 2013 RMB'000
Non-current assets			
Property, plant and equipment	12	**38,582**	32,548
Other non-current assets	14	**10,913**	10,855
Deferred tax assets	15(b)	**882**	536
		50,377	43,939
Current assets			
Inventories	16	**200,266**	130,109
Trade and other receivables	14	**211,851**	116,779
Cash and cash equivalents	17(a)	**427,868**	77,105
		839,985	323,993
Current liabilities			
Bank loans	18	**50,000**	55,000
Trade and other payables	19	**134,689**	133,290
Current taxation	15(a)	**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	22	**4,038**	618
Reserves	22	**678,276**	157,385
Total equity		**682,314**	158,003

Approved and authorised for issue by the board of directors on 26 March 2015.

Jin Ming
Chairman

Deng Shigang
Director

The notes on pages 53 to 98 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

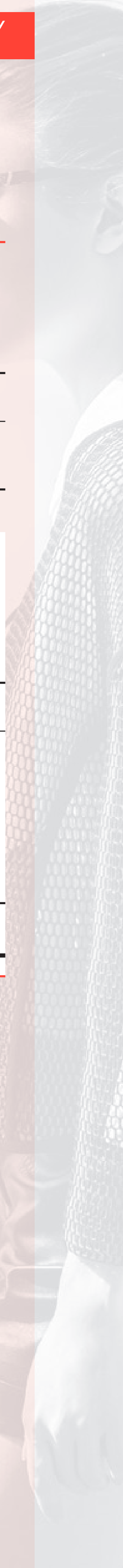
at 31 December 2014 (Expressed in Renminbi)

	Note	**31 December 2014 RMB'000**	31 December 2013 RMB'000
Non-current assets			
Investment in a subsidiary	13	**392,665**	–
Current assets			
Cash and cash equivalents	17(a)	**1,291**	34,652
Other receivables	14	**39,445**	4,554
		40,736	39,206
Current liabilities			
Other payables	19	**1,713**	1,058
		1,713	1,058
Net current assets		**39,023**	38,148
Net assets		**431,688**	38,148
Capital and reserves			
Share capital	22(c)(ii)	**4,038**	618
Reserves	22(a)	**427,650**	37,530
Total equity		**431,688**	38,148

Approved and authorised for issue by the board of directors on 26 March 2015.

Jin Ming	**Deng Shigang**
Chairman	*Director*

The notes on pages 53 to 98 form part of these financial statements.



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2014 (Expressed in Renminbi)

	Note	Share capital RMB'000 note 22(c)(ii)	Share premium RMB'000 note 22(d)(i)	Capital reserve RMB'000 note 22(d)(ii)	Statutory reserve RMB'000 note 22(d)(iii)	Exchange reserve RMB'000 note 22(d)(iv)	Retained earnings RMB'000	Total RMB'000
Balance at 1 January 2013		571	3,139	(25,155)	6,384	(26)	58,380	43,293
Changes in equity for 2013								
Profit for the year		–	–	–	–	–	80,112	80,112
Other comprehensive income		–	–	–	–	(10)	–	(10)
Total comprehensive income		–	–	–	–	(10)	80,112	80,102
Issue of shares	22(c)(iii)	47	34,561	–	–	–	–	34,608
Appropriation to statutory reserves	22(d)(iii)	–	–	–	1,116	–	(1,116)	–
Balance at 31 December 2013 and 1 January 2014		**618**	**37,700**	**(25,155)**	**7,500**	**(36)**	**137,376**	**158,003**
Changes in equity for 2014								
Profit for the year		**-**	**-**	**-**	**-**	**-**	**128,450**	**128,450**
Other comprehensive income		**-**	**-**	**-**	**-**	**(1,149)**	**-**	**(1,149)**
Total comprehensive income		**-**	**-**	**-**	**-**	**(1,149)**	**128,450**	**127,301**
Dividend declared in the respect of the current year	22(b)	**-**	**-**	**-**	**-**	**-**	**(24,197)**	**(24,197)**
Issue of shares upon initial public offering, net of issuing costs	22(c)(v)	**1,048**	**418,210**	**-**	**-**	**-**	**-**	**419,258**
Capitalisation issue	22(c)(vi)	**2,372**	**(2,372)**	**-**	**-**	**-**	**-**	**-**
Equity settled share-based transactions	22(d)(ii)	**-**	**-**	**1,949**	**-**	**-**	**-**	**1,949**
Appropriation to statutory reserves	22(d)(iii)	**-**	**-**	**-**	**128**	**-**	**(128)**	**-**
Balance at 31 December 2014		**4,038**	**453,538**	**(23,206)**	**7,628**	**(1,185)**	**241,501**	**682,314**

The notes on pages 53 to 98 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2014 (Expressed in Renminbi)

	Note	2014 RMB'000	2013 RMB'000
Operating activities			
Cash generated from operations	17(b)	**121,546**	67,941
Income tax paid	15(a)	**(46,979)**	(17,994)
Net cash generated from operating activities		**74,567**	49,947
Investing activities			
Payment for the purchase of property, plant and equipment		**(31,913)**	(24,113)
Disposal of a subsidiary		**–**	2,000
Payment for purchase of a wealth management product		**(30,000)**	–
Interest received		**832**	215
Net cash used in investing activities		**(61,081)**	(21,898)
Financing activities			
Proceeds from bank loans		**75,000**	65,000
Repayment of bank loans		**(80,000)**	(40,000)
Proceeds from issue of shares		**–**	34,608
Net proceeds from issue of shares upon initial public offering, net of issuing costs		**419,258**	–
Advances from related parties		**–**	54,534
Repayments to related parties		**(34,908)**	(51,797)
Loan from a third party		**–**	15,000
Repayment of loan to a third party		**(15,000)**	–
Payments arising from reorganisation		**–**	(40,155)
Interest paid		**(4,621)**	(2,408)
Dividend paid to shareholders of the Company		**(24,197)**	–
Net cash generated from financing activities		**335,532**	34,782
Net increase in cash and cash equivalents		**349,018**	62,831
Cash and cash equivalents at 1 January		**77,105**	14,284
Effect of foreign exchange rate changes		**1,745**	(10)
Cash and cash equivalents at 31 December	17(a)	**427,868**	77,105

The notes on pages 53 to 98 form part of these 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 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs"), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations issued by the International Accounting Standards Board ("IASB"). These financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance, which for this financial year and the comparative period continue to be those of the predecessor Hong Kong Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the new Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to that Ordinance.

These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. A summary of the significant accounting policies adopted by the Group is set out below.

The IASB has issued certain new and revised IFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) 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.

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(b) Basis of preparation of the financial statements *(Continued)*

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.

Judgements made by management in the application of IFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 3.

(c) Changes in accounting policies

The 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.

(d) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(d) Subsidiaries *(Continued)*

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 2(g)(ii)).

(e) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 2(g)(ii)).

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

– Buildings held for own use which are situated on leasehold land are depreciated over the shorter of the unexpired term of lease and their estimated useful lives, being no more than 20 years after the date of completion.

–	Leasehold improvements	Shorter of 1 – 5 years or remaining term of the lease
–	Motor vehicles	5 years
–	Furniture, fixtures and equipment	3 – 10 years

Both the useful life of an asset and its residual value, if any, are reviewed annually.

(f) Operating lease charges

Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases. Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease terms, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. For a component of the lease payment which is not fixed but is based on future amount of a factor, other than the passage of time, such as percentage of sales, the amount is recognised as expenses as it arises.

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(g) Impairment of assets

(i) Impairment of trade and other receivables

Current and non-current trade and other receivables that are stated at cost or amortised cost are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

– significant financial difficulty of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– it becoming probable that the debtor will enter bankruptcy or other financial reorganisation; and

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

If any such evidence exists, any impairment loss is determined and recognised as follows:

For current and non-current trade and other receivables carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where these financial assets share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade receivables and bills receivable included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade receivables and bills receivable directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(g) Impairment of assets *(Continued)*

(ii) Impairment of other assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased:

– property, plant and equipment; and

– investment in a subsidiary in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated.

– *Calculation of recoverable amount*

The recoverable amount of an asset is the greater of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

– *Recognition of impairment losses*

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

– *Reversals of impairment losses*

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(h) Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(i) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for impairment of doubtful debts (see note 2(g)(i)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts (see note 2(g)(i)).

(j) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

(k) Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(m) Employee benefits

(i) Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

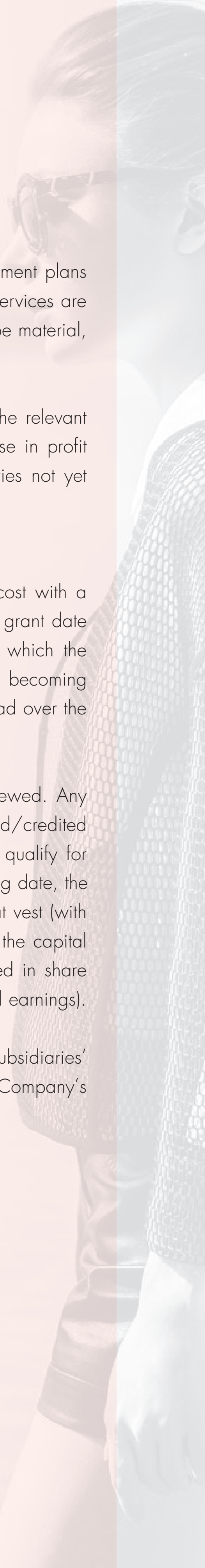
Contributions to appropriate local defined contribution retirement schemes pursuant to the relevant labour rules and regulations in the PRC and Hong Kong are recognised as an expense in profit or loss as incurred, except to the extent that they are included in the cost of inventories not yet recognised as an expense.

(ii) Share-based payments

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in a capital reserve within equity. The fair value is measured at grant date using the binomial lattice model, taking into accounts the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the capital reserve). The equity amount is recognised in the capital reserve until either the option is exercised (when it is included in the amount recognised in share capital for the shares issued) or the option expires (when it is released directly to retained earnings).

Share-based payment transactions in which the Company grants share options to subsidiaries' employees are accounted for as an increase in value of investment in subsidiary in the Company's statement of financial position which is eliminated on consolidation.



2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(n) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(n) Income tax *(Continued)*

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

– in the case of current tax assets and liabilities, the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

– in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  – the same taxable entity; or

  – different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(o) Provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(p) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Sale of goods

The Group operates a chain of retail stores and several online stores to sell womenswear. The Group also conducts wholesale to distributors. Sales of goods are recognised when the goods are delivered, that is when the customer has accepted the related risks and rewards of ownership. Experience is used to estimate and provide for sales returns at the time of sale. Revenue represented the sales value of goods sold less returns, discounts and value added tax ("VAT").

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(p) Revenue recognition *(Continued)*

(ii) Interest income

Interest income is recognised as it accrues using the effective interest method.

(iii) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same year in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

Unconditional discretionary government grants from the local municipal government authorities are recognised in the profit or loss as other revenue when the amount is received.

(q) Translation of foreign currencies

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity ("functional currency"). The functional currency of the Company and its subsidiaries outside the PRC is Hong Kong Dollars and the functional currency of the subsidiaries in the PRC is RMB.

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates.

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(q) Translation of foreign currencies *(Continued)*

The results of operations outside the PRC are translated into RMB at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into RMB at the closing foreign exchange rates ruling at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of a foreign operation outside the PRC, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

(r) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

(s) Research and development expenditure

Expenditure in research activities is recognised as an expense in the year in which it is incurred. Expenditure on development activities is capitalised if the product or process under development is technically and commercially feasible and the Group has sufficient resources and the intention to complete the development. Other development expenditure is recognised as an expense in the year in which it is incurred. No research and development expenditure was capitalised during the year ended 31 December 2014.

(t) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(t) Related parties *(Continued)*

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close family members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(u) 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.

3 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The selection of critical accounting policies, the judgements and other uncertainties affecting application of those policies and the sensitivity of reported results to changes in condition and assumptions are factors to be considered when reviewing the financial statements. The principal accounting policies are set forth in note 2. Note 15 and 21 contain information about the assumptions and their risk factors relating to recognition of deferred tax liabilities in respect of undistributed profits of the Group's subsidiaries in the PRC and fair value of share options granted. Apart from these, the Group believes the following critical accounting policies involve the most significant judgements and estimates used in the preparation of the financial statements.

(a) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale. These estimates are based on the current market conditions and the experience of selling products with similar nature. Any change in the assumptions would increase or decrease the amount of inventories write-down or the related reversals of write-down made in prior years and affect the Group's net assets value. The Group reassesses these estimates at the end of the reporting period.

(b) Impairment of trade and other receivables

The Group estimates the impairment allowances for trade and other receivables by assessing the recoverability based on credit history and prevailing market conditions. This requires the use of estimates and judgements. Allowances are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. Where the expectation is different from the original estimate, such difference will affect the carrying amounts of trade and other receivables and thus the impairment loss in the period in which such estimate is changed. The Group reassesses the impairment allowances at the end of the reporting period.

(c) Depreciation

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives, after taking into account the estimated residual value. The Group reviews the estimated useful lives of the assets at the end of the reporting period in order to determine the amount of depreciation expenses to be recorded during any reporting period. The useful lives are based on the Group's experience with similar assets and taking into account anticipated technological changes. The depreciation expenses for future periods are adjusted prospectively if there are significant changes from previous estimates.

4 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 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.

5 OTHER REVENUE AND OTHER NET INCOME/(LOSS)

	2014 **RMB'000**	2013 RMB'000
Interest income	**832**	215
Government grants (note)	**3,816**	1,720
Others	**251**	–
	4,899	1,935

Note: Government grants represented cash subsidies received from local government authorities, of which the entitlements were unconditional and under the discretion of the relevant authorities.

Other net income/(loss)

	2014 **RMB'000**	2013 RMB'000
Net foreign exchange gain/(loss)	**2,894**	(49)
Others	**(260)**	(28)
	2,634	(77)

6 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

		2014 RMB'000	2013 RMB'000
(a)	**Finance costs:**		
	Interest on bank loans	**4,621**	2,408
(b)	**Staff costs:**		
	Contributions to defined contribution retirement plans (note 20)	**5,625**	4,007
	Equity settled share-based payment expenses (note 21)	**1,949**	–
	Salaries, wages and other benefits	**138,343**	102,075
		145,917	106,082
(c)	**Other items:**		
	Depreciation (note 12)	**27,196**	17,125
	Auditor's remuneration		
	– audit services	**2,300**	10
	– tax services	**200**	–
	Operating lease charges		
	– minimum lease payments	**34,646**	16,536
	– contingent rentals	**274,971**	175,491
	Cost of inventories (note 16)	**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 IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(a) Income tax in the consolidated statement of profit or loss and other comprehensive income represents:

	2014 RMB'000	2013 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 (note 15(b))	**(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.

7 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME *(Continued)*

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

	2014 **RMB'000**	2013 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 DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to section 78 of Schedule 11 to the new Hong Kong Companies Ordinance (Cap. 622), with reference to section 161 of the predecessor Hong Kong Companies Ordinance (Cap. 32), is as follows:

Year ended 31 December 2014

	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Retirement scheme contributions RMB'000	Discretionary bonuses RMB'000	Equity settled share-based payments (note 2) RMB'000	Total RMB'000
Chairman						
Mr. Jin Ming	–	840	25	–	–	865
Executive directors						
Ms. He Hongmei	–	731	25	–	206	962
Mr. Deng Shigang	–	580	23	–	206	809
Independent non-executive directors						
Mr. Wong Wai Kong (note 1)	79	–	–	–	–	79
Mr. Hung Man Sing (note 1)	79	–	–	–	–	79
Mr. Zhong Ming (note 1)	79	–	–	–	–	79
Total	237	2,151	73	–	412	2,873

8 DIRECTORS' REMUNERATION *(Continued)*

Year ended 31 December 2013

	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Retirement scheme contributions RMB'000	Discretionary bonuses RMB'000	Total RMB'000
Executive directors					
Mr. Jin Ming	–	585	24	200	809
Ms. He Hongmei	–	458	24	150	632
Mr. Deng Shigang	–	200	23	250	473
Total	–	1,243	71	600	1,914

Note 1: Mr. Wang Wai Kong, Mr. Hung Man Sing and Mr. Zhong Ming were appointed as independent non-executive directors of the Company on 6 June 2014.

Note 2: These represent the estimated value of share options granted to the directors under the Group's share option scheme. The value of these share options is measured according to the Group's accounting policies for share-based payment transactions as set out in note 2(m)(ii).

The details of these benefits in kind, including the principal terms and number of options granted, are disclosed under the paragraph "Share option scheme" in the directors' report and note 21.

9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, three (2013: three) are directors whose emoluments are disclosed in note 8. The aggregate of the emoluments in respect of the remaining two (2013: two) individuals are as follows:

	2014 RMB'000	2013 RMB'000
Salaries and other emoluments	**641**	864
Retirement scheme contributions	**48**	46
Equity settled share-based payments	**182**	–
	871	910

9 INDIVIDUALS WITH HIGHEST EMOLUMENTS *(Continued)*

The emoluments of the two (2013: two) individual with the highest emoluments are within the following bands:

	2014 Number of individuals	2013 Number of individuals
HK$Nil to HK$1,000,000	**2**	2

10 PROFIT FOR THE YEAR

The consolidated profit for the year includes a loss of RMB1,117,000 (2013: loss of RMB4,000) which has been dealt with in the financial statements of the Company.

11 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 as described in note 22(c)(iv) and the capitalisation issue ("Capitalisation Issue") on 27 June 2014 as described in note 22(c)(vi)) 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 (note 22(c)(iv))	**76,109,079**	70,110,000
Effect of shares issued (note 22(c)(iii))	**–**	378,509
Effect of Capitalisation Issue (note 22(c)(vi))	**298,793,220**	298,793,220
Effect of issuance of shares upon initial public offering (note 22(c)(v))	**67,353,118**	–
Weighted average number of ordinary shares at 31 December	**442,353,118**	369,371,729

11 EARNINGS PER SHARE *(Continued)*

(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 (note 21)	**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.

12 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 2013	22,728	30,001	4,060	2,930	59,719
Additions	–	15,037	–	1,146	16,183
Disposals	–	(1,529)	–	–	(1,529)
At 31 December 2013 and 1 January 2014	22,728	43,509	4,060	4,076	74,373
Additions	–	30,026	368	2,836	33,230
Disposals	–	(2,382)	–	–	(2,382)
At 31 December 2014	22,728	71,153	4,428	6,912	105,221
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)
At 31 December 2013 and 1 January 2014	3,847	33,352	2,577	2,049	41,825
Charge for the year	1,080	24,074	750	1,292	27,196
Written back on disposals	–	(2,382)	–	–	(2,382)
At 31 December 2014	4,927	55,044	3,327	3,341	66,639
Net book value:					
At 31 December 2014	17,801	16,109	1,101	3,571	38,582
At 31 December 2013	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, the Group's buildings with carrying value of RMB18,881,000 were pledged as security for bank loans of RMB25,000,000. Such buildings were released from pledge in 2014.

13 INVESTMENT IN A SUBSIDIARY

The Company

	2014 RMB'000	2013 RMB'000
Unlisted shares, at cost (note)	**–**	–
Advances to a subsidiary	**391,130**	–
Cumulative fair value of share options granted to employees of a subsidiary	**1,535**	–
	392,665	–

Advances to a subsidiary included in the investment in a subsidiary is unsecured, interest free and expected to be repayable beyond one year.

Note: This represents the Company's direct investment in Fiona Kim Investments Limited, a wholly owned subsidiary, at investment cost of US$1 (equivalent to RMB6).

The following list contains only the particulars of subsidiaries of the Group. The class of shares held is ordinary unless otherwise stated.

			Proportion of ownership interest			
Name of company	**Place of Incorporation/ establishment and business**	**Particulars of issued and paid up capital**	**Group's effective interest**	**Held by the Company**	**Held by a subsidiary**	**Principal activities**
Fiona Kim Investments Limited ("Fiona Kim")	BVI	50,000 shares of US$1 each	100%	100%	–	Investment holding
La Kora International Limited ("La Kora International")	Hong Kong	HK$10,000	100%	–	100%	Investment holding
La Kordi Fashion (Shenzhen) Co., Ltd. ("La Kordi Fashion")* (拉珂帝服飾(深圳)有限公司)	PRC	HK$400,000,000	100%	–	100%	Investment holding
Shenzhen Koradior Fashion Co., Ltd. ("Shenzhen Loradior")* (深圳市珂萊蒂爾服飾有限公司)	PRC	RMB15,000,000	100%	–	100%	Trading of womenswear
Dongfaug Susu Fashion Design and Management Consulting (Shenzhen) Co., Ltd. ("Dongfang Susu Fashion")* 東方素素服裝設計管理咨詢(深圳)有限公司	PRC	–**	100%	–	100%	Fashion design and management consulting

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

** On 23 October 2014, Dongfang Susu Fashion was established in Shenzhen, the PRC, with a registered capital of HK$5,000,000, which had not yet been paid as of 31 December 2014.

14 TRADE AND OTHER RECEIVABLES

The Group:

	2014 RMB'000	2013 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.

14 TRADE AND OTHER RECEIVABLES *(Continued)*

(a) Aging analysis (continued)

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 **RMB'000**	2013 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 **RMB'000**	2013 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.

14 TRADE AND OTHER RECEIVABLES *(Continued)*

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

The Company:

As at 31 December 2014, trade and other receivables represent amount due from a subsidiary of RMB39,445,000 (2013: RMB4,554,000), which is unsecured, interest-free and repayable on demand.

15 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Current taxation in the consolidated statement of financial position represents:

The Group:

	2014 **RMB'000**	2013 RMB'000
Balance at the beginning of the year	**21,639**	11,229
Provision for income tax for the year (note 7(a))	**48,699**	28,404
Paid during the year	**(46,979)**	(17,994)
Current tax payable	**23,359**	21,639

(b) Deferred tax assets recognised:

The components of deferred tax assets recognised in the consolidated statement of financial position and the movements during the year is as follows:

	Stock provision RMB'000	**Total** RMB'000
At 1 January 2013	460	460
Credited to consolidated statement of profit or loss and other comprehensive income (note7(a))	76	76
At 31 December 2013 and 1 January 2014	536	536
Credited to consolidated statement of profit or loss and other comprehensive income (note 7(a))	346	346
At 31 December 2014	882	882

15 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

(c) Deferred tax liabilities not recognised

As at 31 December 2014, deferred tax liabilities in respect of the PRC dividend withholding tax relating to the undistributed profits of the Company's PRC subsidiaries of RMB282,035,000 (2013: RMB142,227,000) were not recognised as the Company controls the dividend policy of these subsidiaries. Based on the assessment made by management as at the reporting date, it was determined that the undistributed profits of the Company's PRC subsidiaries would not be distributed in the foreseeable future.

16 INVENTORIES

Inventories in the consolidated statement of financial position comprise:

	2014 RMB'000	2013 RMB'000
Raw materials	**30,656**	29,696
Work in progress	**2,004**	2,206
Finished goods	**167,606**	98,207
	200,266	130,109

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

	2014 RMB'000	2013 RMB'000
Cost of inventories sold	**275,407**	215,195
Write down of inventories	**1,387**	300
	276,794	215,495

17 CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents comprise:

The Group:

	2014 **RMB'000**	2013 RMB'000
Cash at bank and in hand	**427,868**	77,105

As at 31 December 2014, cash and cash equivalents placed with banks in the PRC amounted to RMB334,601,000 (2013: RMB39,596,000). Remittance of funds out of the PRC is subject to the relevant rules and regulations of foreign exchange control promulgated by the PRC government.

The Company:

Cash and cash equivalents of the Company represent cash at bank.

(b) Reconciliation of profit before taxation to cash generated from operations:

	Note	**2014** **RMB'000**	2013 RMB'000
Profit before taxation		**176,803**	108,440
Adjustments for:			
Depreciation	6(c)	**27,196**	17,125
Interest expense	6(a)	**4,621**	2,408
Interest income	5	**(832)**	(215)
Foreign exchange gain		**(2,894)**	–
Equity settled share-based transactions	21	**1,949**	–
Changes in working capital:			
Increase in inventories		**(70,157)**	(56,662)
Increase in trade and other receivables		**(64,747)**	(34,192)
Increase in trade and other payables		**38,321**	28,859
Increase in advances from third parties		**11,337**	1,877
Increase in amount due to Mr. Jin Ming ("the ultimate controlling party")		**–**	768
Decrease in amounts due to related parties		**(51)**	(467)
Cash generated from operations		**121,546**	67,941

18 BANK LOANS

As at 31 December 2014, bank loans are repayable as follows:

	2014 RMB'000	2013 RMB'000
Within 1 year or on demand	**50,000**	55,000

As at the end of reporting period, the analysis of the carrying amount of bank loans is as follows:

	2014 RMB'000	2013 RMB'000
Secured	**–**	25,000
Unsecured	**50,000**	30,000
	50,000	55,000

Secured bank loans as at 31 December 2013 were secured by assets of the Group, the carrying amounts of those assets at the end of the reporting period is disclosed in note 12(b).

As at 31 December 2014, bank loans granted to a subsidiary of the Group in the PRC of RMB50,000,000 were guaranteed by the Company. As at 31 December 2013, a bank loan granted to a subsidiary of the Group in the PRC of RMB30,000,000 was guaranteed by the ultimate contolling party and his spouse.

19 TRADE AND OTHER PAYABLES

The Group:

	2014 RMB'000	2013 RMB'000
Trade payables		
– third parties	**41,391**	21,988
– a related party (note 26(a))	**25,205**	16,644
Trade payables	**66,596**	38,632
Receipts in advance	**14,238**	2,901
Amount due to related parties (note 26(b)&(c))	**–**	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 RMB'000	2013 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

19 TRADE AND OTHER PAYABLES *(Continued)*

The Company:

	2014 RMB'000	2013 RMB'000
Amount due to the ultimate controlling party	–	1,058
Amounts due to subsidiaries	1,595	–
Other payables	118	–
	1,713	1,058

Amounts due to subsidiaries are unsecured, interest-free and repayment on demand.

As at 31 December 2013, amount due to the ultimate controlling party was unsecured, interest-free and repayable on demand. The amount due to the ultimate controlling party has been settled in 2014.

20 EMPLOYEE RETIREMENT BENEFITS

Defined contribution retirement plans

The PRC subsidiaries of the Group participate in defined contribution retirement benefit schemes (the "Schemes") organised by the PRC municipal and provincial government authorities whereby the PRC subsidiaries are required to make contributions at the rate of 10% to 20% of the eligible employees' salaries to the Schemes. The Group has accrued for the required contributions which are remitted to the respective local government authorities when the contributions become due. The local government authorities are responsible for the pension obligations payable to the retired employees covered under the Schemes.

The Group also operates a Mandatory Provident Fund Scheme (the "MPF scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$30,000 (HK$25,000 prior to June 2014). Contributions to the plan vest immediately.

The Group has no other material obligation for the payment of pension benefits beyond the contributions described above.

21 EQUITY SETTLED SHARE-BASED TRANSACTIONS

The Company has a share option scheme, which was adopted on 6 June 2014, whereby the directors of the Company are authorised, at their discretion, to invite employees of the Group, including directors of any company in the Group, to take up options to subscribe for shares of the Company. On 10 July 2014, 10,000,000 share options were granted to certain directors and employees of the Group to subscribe for shares of the Company at an exercise price of HK$4.42 per share. Each option gives the holder the right to subscribe for one ordinary share in the Company and is settled gross in shares.

(a) The terms and conditions of the grants are as follows:

Date granted	Number of share options granted: Directors	Employees	Total	Vesting period	Contractual life of options
10 July 2014	250,000	2,250,000	2,500,000	10 July 2014 to 9 July 2015	8 years
	250,000	2,250,000	2,500,000	10 July 2014 to 31 December 2015	8 years
	250,000	2,250,000	2,500,000	10 July 2014 to 31 December 2016	8 years
	250,000	2,250,000	2,500,000	10 July 2014 to 31 December 2017	8 years
	1,000,000	9,000,000	10,000,000		

(b) The number and weighted average exercise prices of share options are as follows:

	2014 Weighted average exercise price	2014 Number of options
Outstanding at the beginning of the year	–	–
Granted during the year	**HK$4.42**	**10,000,000**
Outstanding at the end of the year	**HK$4.42**	**10,000,000**

None of the above share options became exercisable as at 31 December 2014.

The options outstanding as at 31 December 2014 had an exercise price of HK$4.42 and a weighted average remaining contractual life of 7.5 years.

21 EQUITY SETTLED SHARE-BASED TRANSACTIONS *(Continued)*

(c) Fair value of share options and assumptions

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on a binomial lattice model. The contractual life of the share option is used as an input into this model. Expectations of early exercise are incorporated into the binomial lattice model.

Fair value of share options and assumptions

Fair value at measurement date	HK$1.25 – HK$1.89
Share price	HK$4.42
Exercise price	HK$4.42
Expected volatility (expressed as weighted average volatility used in the modelling under binomial lattice model)	47.808%
Option life (expressed as weighted average life used in the modelling under binomial lattice model)	8 years
Expected dividends	2.298%
Risk-free interest rate (based on Hong Kong Government Bond yield)	1.858%

The expected volatility is based on the historic volatility of the share prices of the comparable companies. Expected dividends were estimated by the Company based on its expected dividend policy over the expected terms of the options. Changes in the subjective input assumptions could materially affect the fair value estimate.

Share options were granted under a service condition. This condition has not been taken into account in the grant date fair value measurement of the services received. There were no market conditions associated with the share option grants.

22 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

	Note	Share capital RMB'000 22(c)(ii)	Share premium RMB'000 22(d)(i)	Capital reserve RMB'000 22(d)(ii)	Exchange reserve RMB'000 22(d)(iv)	Accumulated losses RMB'000	Total RMB'000
As at 1 January 2013		571	3,139	–	(28)	(10)	3,672
Changes in equity for 2013:							
Loss for the year		–	–	–	–	(4)	(4)
Other comprehensive income for the year		–	–	–	(128)	–	(128)
Total comprehensive income for the year		–	–	–	(128)	(4)	(132)
Issue of shares	22(c)(iii)	47	34,561	–	–	–	34,608
As at 31 December 2013 and 1 January 2014		618	37,700	–	(156)	(14)	38,148
Changes in equity for 2014:							
Loss for the year		–	–	–	–	(1,117)	(1,117)
Other comprehensive income for the year		–	–	–	(2,353)	–	(2,353)
Total comprehensive income for the year		–	–	–	(2,353)	(1,117)	(3,470)
Dividend declared in respect of the current year	22(b)	–	–	–	–	(24,197)	(24,197)
Issue of shares upon initial public offering, net of issuing costs	22(c)(v)	1,048	418,210	–	–	–	419,258
Capitalisation issue	22(c)(vi)	2,372	(2,372)	–	–	–	–
Equity settled share-based transactions		–	–	1,949	–	–	1,949
As at 31 December 2014		4,038	453,538	1,949	(2,509)	(25,328)	431,688

(b) 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.

22 CAPITAL, RESERVES AND DIVIDENDS *(Continued)*

(c) Share capital

(i) Authorised share capital

The Company was incorporated as an exempted company under the laws of the Cayman Islands with limited liability on 23 March 2012 with authorised share capital of US$50,000 divided into 50,000 shares of US$1 each.

Pursuant to written resolutions consented by the sole director of the Company on 28 August 2012, the Company's authorised share capital was increased to US$100,000 by the creation of an additional 50,000 ordinary shares of US$1 each, ranking pari passu with the existing ordinary shares of the Company in all respects.

Pursuant to a resolution dated 25 February 2014, the Company increased authorised share capital by creation of 78,000,000 shares of a nominal or par value of HK$0.01 each and decreased authorised share capital by cancellation of 100,000 shares of US$1.00 each.

As at 31 December 2014, the Company's authorised share capital 78,000,000 shares of HK$0.01 each (2013:100,000 shares of US$1 each).

(ii) Issued and fully paid share capital

	2014		2013	
	No of shares ('000)	**RMB'000**	No of shares ('000)	RMB'000
Ordinary shares, issued and fully paid				
At 1 January	**98**	**618**	90	571
Issue of shares (note 22(c)(iii))	**–**	**–**	8	47
Share Split (note 22(c)(iv))	**76,109**	**–**	–	–
Issue of shares upon initial public offering, net of issuing costs (note 22(c)(v))	**131,948**	**1,048**	–	–
Capitalisation Issue (note 22(c)(vi))	**298,793**	**2,372**	–	–
At 31 December	**506,948**	**4,038**	98	618

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

22 CAPITAL, RESERVES AND DIVIDENDS *(Continued)*

(c) Share capital *(Continued)*

(iii) Issued of shares

On 9 December 2013, the Company issued 5,747 and 1,954 ordinary shares at consideration of approximately HK$32,836,000 and HK$11,164,000 respectively. Consequently, US$7,701 (equivalent to RMB47,000) was credited to share capital and the remaining balance equivalent to RMB34,561,000 was credited to the share premium account.

(iv) Share Split

Pursuant to a resolution dated 25 February 2014, the Company issued 76,206,780 shares of HK$0.01 each, and repurchased the existing 97,701 issued shares of US$1.00 each.

(v) Issue of shares upon initial public offering, net of issuing costs

The shares of the Company were listed on The Stock Exchange of Hong Kong Limited on 27 June 2014, with a total number of 500,000,000 shares, among which 125,000,000 (25% of the total number of shares of the Company) were issued to the public at a price of HK$4.2 per share. On 28 July 2014, a total number of 6,948,000 shares were issued by the Company at HK$4.2 per share upon the exercise of over-allotment shares. The Company had issued 131,948,000 shares in total upon the initial public offering. The total gross proceeds received by the Company in connection with the issues on 27 June 2014 and 28 July 2014 were approximately HK$554,181,600, of which HK$1,319,480 (equivalent to RMB1,048,000) were credited to the Company's share capital account. The remaining proceeds of HK$552,862,120 (equivalent to RMB438,951,790), less the listing costs directly attributable to the issue of the shares of RMB20,741,790, amounted to RMB418,210,000 were credited to the Company's share premium account.

(vi) Capitalisation Issue

On 27 June 2014, 298,793,220 ordinary shares of HK$0.01 each were issued at par value to the shareholders of the Company by way of capitalisation of HK$2,987,932 (equivalent to RMB2,372,119) from the Company's share premium account.

(vii) Terms of unexpired and unexercised share options at the end of the reporting period

Exercise period	Exercise price	2014 Number	2013 Number
10 July 2015 to 9 July 2022	HK$4.42	**2,500,000**	–
1 January 2016 to 9 July 2022	HK$4.42	**2,500,000**	–
1 January 2017 to 9 July 2022	HK$4.42	**2,500,000**	–
1 January 2018 to 9 July 2022	HK$4.42	**2,500,000**	–
		10,000,000	–

22 CAPITAL, RESERVES AND DIVIDENDS *(Continued)*

(c) Share capital *(Continued)*

(vii) Terms of unexpired and unexercised share options at the end of the reporting period (Continued)

Each option entitles the holder to subscribe for one ordinary share in the Company. Further details of these options are set out in note 21 to the financial statements.

(d) Nature and purpose of reserves

(i) Share premium

Under the Companies Law of 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.

(ii) Capital reserve

The capital reserve comprises the following:

– On 15 November 2012, La Kordi Fashion acquired 100% equity interest in Shenzhen Koradior from Shenzhen Jinhexin Investment Development Co., Ltd.（深圳市金和鑫投資發展有限公司）, a company under the control of the ultimate controlling party for a consideration of RMB40,155,000. The difference of RMB25,155,000 between the consideration and the paid up capital of Shenzhen Koradior was recorded as a capital reserve; and

– the portion of the grant date fair value of unexercised share options granted to employees of the Company that has been recognised in accordance with the accounting policy adopted for share-based payments in note 2(m)(ii) of RMB1,949,000.

(iii) Statutory reserve

As stipulated by regulations in the PRC, the Company's subsidiaries established and operated in the PRC 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 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.

(iv) Exchange reserve

Exchange reserve comprises all foreign exchange differences arising from the translation of financial statements of operations outside the PRC which are dealt with in accordance with the accounting policies as set out in note 2(q).

(e) Distributability of reserves

At 31 December 2014, the aggregate amount of reserves available for distribution to shareholders of the Company was RMB427,650,000 (2013: RMB37,530,000). After the end of the reporting period the directors proposed a final dividend of HK$0.1 per ordinary share, amounting to HK$50,695,000 (see note 22(b)). This dividend has not been recognised as a liability at the end of the reporting period.

22 CAPITAL, RESERVES AND DIVIDENDS *(Continued)*

(f) 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 2014 and 2013 were 23% and 57%, respectively.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

23 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

The Group's credit risk is primarily attributable to deposits with banks, trade and other receivables, non-current rental deposits and investment in a wealth management product. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

(i) Deposits with banks

The Group mitigates its exposure to credit risk by placing deposits with financial institutions with established credit rating. Given the high credit rating of the banks, management does not expect any counterparty to fail to meet its obligations.

(ii) Trade and other receivables

The Group's trade and other receivables primarily comprise of amounts receivable from the owners of department stores and shopping malls in the PRC with no recent history of material defaults. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each department stores and shopping malls. The Group has worked with a large number of department stores and shopping malls and there is no significant concentration of credit risk. The Group performed credit evaluation which focus on the customer's history of making payments and current ability to pay. The Group does not obtain collateral from customers. The Group did not incur significant bad debts losses during the years.

23 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(a) Credit risk *(Continued)*

(ii) Trade and other receivables (Continued)

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position after deducting any impairment allowance. The Group does not provide any other guarantees which would expose the Group to credit risk.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in note 14.

(iii) Non-current rental deposits

Non-current rental deposits were paid to owners of department stores and shopping malls. The Board of Directors consider that the amounts are fully recoverable considering their creditworthiness.

(iv) Investment in a wealth management product

The Group entered into a wealth management product with a financial institution. Management does not expect the investment counterparty to fail to meet its obligations given the counterparty is a reputable organisation and the Group's investment is guaranteed by a state-owned enterprise with a high credit standing.

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the management and directors when the borrowings exceed certain predetermined levels of authority.

The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer terms.

Details of maturity analysis for financial liabilities are disclosed in notes 18 and 19.

The Group

	At 31 December 2014 Contractual undiscounted cash outflow		
	Within 1 year or on demand RMB'000	**Total RMB'000**	**Carrying amount RMB'000**
Bank loans	**51,642**	**51,642**	**50,000**
Trade and other payables (excluded receipts in advance)	**120,451**	**120,451**	**120,451**
	172,093	**172,093**	**170,451**

23 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(b) Liquidity risk *(Continued)*

The Group (Continued)

	At 31 December 2013 Contractual undiscounted cash outflow		
	Within 1 year or on demand RMB'000	Total RMB'000	Carrying amount RMB'000
Bank loans	58,630	58,630	55,000
Trade and other payables (excluded receipts in advance)	130,389	130,389	130,389
	189,019	189,019	185,389

The Company

	At 31 December 2014 Contractual undiscounted cash outflow		
	Within 1 year or on demand RMB'000	**Total RMB'000**	**Carrying amount RMB'000**
Amounts due to subsidiaries	**1,595**	**1,595**	**1,595**
Other payables	**118**	**118**	**118**
	1,713	**1,713**	**1,713**
Financial guarantees issued	**50,000**	**50,000**	**–**
Maximum amount guaranteed	**50,000**	**50,000**	**–**

23 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(b) Liquidity risk *(Continued)*

The Company (Continued)

	At 31 December 2013 Contractual undiscounted cash outflow			
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	Total RMB'000	Carrying amount RMB'000
Amount due to the ultimate controlling party	1,058	–	1,058	1,058
	1,058	–	1,058	1,058

(c) Interest rate risk

The Group's interest rate risk arises primarily from bank borrowings. Bank borrowings issued at variable rates expose the Group to cash flow interest rate risk. The Group normally borrows short-term bank loans which have short-term maturity within one year in order to limit its exposure to interest rate risk. The Group's interest rate profiles as monitored by management is set out in (i) below.

(i) The following table details the interest rate profile of the Group's borrowings at the end of reporting period:

	2014		2013	
	Effective interest rate	**Amount RMB'000**	Effective interest rate	Amount RMB'000
Variable rate borrowings:				
Bank loans	**6.16%**	**50,000**	6.6%	55,000
Total borrowings		**50,000**		55,000

23 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(c) Interest rate risk *(Continued)*

(ii) Sensitivity analysis

As at 31 December 2014, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have decrease/increase the Group's profit after tax for the year and retained earnings by approximately RMB375,000 (2013: RMB413,000). Other components of equity would not be affected by the changes in interest rates.

The sensitivity analysis above indicates the impact on the Group's profit for the year and retained earnings that would arise assuming that there is an annualised impact on interest expense by a change in interest rates. The analysis has been performed on the same basis for 2013.

(d) Currency risk

The Group is exposed to currency risk primarily through cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate.

(i) Exposure to currency risk

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in RMB translated using the spot rate at the year end date. Differences resulting from the translation of the financial statements of foreign operations into the Group's presentation currency are excluded.

	Exposure to foreign currencies (expressed in RMB)			
	2014		2013	
	RMB	**HK$**	RMB	HK$
	RMB'000	**RMB'000**	RMB'000	RMB'000
Trade and other receivables	**7,877**	**–**	–	–
Cash and cash equivalents	**84,971**	**24,521**	–	1,274
Trade and other payables	**–**	**(9,861)**	–	–
Total exposure	**92,848**	**14,660**	–	1,274

23 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(d) Currency risk *(Continued)*

(ii) Sensitivity analysis

At 31 December 2014, it is estimated that a general increase/decrease of one percent in foreign exchange rates of RMB against HK$, with all other variables held constant, would have increased/decreased the Group's net profit for the year and retained profits by approximately RMB665,000 (2013: decreased/increased by approximately RMB10,000).

Results of the analysis as presented above represent an aggregation of the instantaneous effects on each of the group entities' profit after tax and retained earnings measured in the respective functional currencies, translated into RMB at the exchange rate ruling at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. The analysis excludes differences that would result from the translation of financial statements of foreign operations into the Group's presentation currency. The analysis is performed on the same basis for 2013.

(e) Fair value

The Group's financial assets are carried at amounts not materially different from their fair values as at 31 December 2014 and 2013.

24 COMMITMENTS

Operating leases commitments

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

	2014	2013
	RMB'000	RMB'000
Within 1 year	**27,235**	20,787
After 1 year but within 5 years	**13,079**	11,997
	40,314	32,784

24 COMMITMENTS *(Continued)*

Operating leases commitments *(Continued)*

The Group leases a number of properties under operating leases. The leases typically run for an initial period for 1 to 3 years, at the end of which all terms are renegotiated.

In addition to the minimum rental payments disclosed above, the Group has a commitment to pay rent with reference to turnover for certain leased properties. Contingent rentals are not included in the above commitments as it is not possible to estimate the amounts which may be payable.

25 CONTINGENT LIABILITIES

Financial guarantee issued

As at the end of the reporting period, the Company has issued the following guarantees:

(a) a single guarantee to a bank in respect of a banking facility granted to a wholly owned subsidiary which expires on 21 March 2015; and

(b) a single guarantee to a bank in respect of a banking facility granted to a wholly owned subsidiary which expires on 28 September 2015.

At the end of the reporting period, the directors do not consider it probable that a claim will be made against the Company under any of the guarantees. The maximum liability of the Company at the end of the reporting period under the guarantees issued is the facility drawn down by the subsidiary of RMB50,000,000 (2013: Nil).

The Company has not recognised any deferred income in respect of the guarantee as its fair value cannot be reliably measured using observable market data and its transaction price was nil.

26 MATERIAL RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed elsewhere in the financial statements, the Group entered into the following material related party transactions.

(a) Processing agreement

Shenzhen Yingjia Fashion Co., Ltd.* ("Yingjia Fashion") (深圳市贏家服飾有限公司) is 53%, 29% and 18% owned by Ms. Chen Lingmei, the mother of Mr. Jin Ming, Mr. Jin Jingquan, the father of Mr. Jin Ming and Mr. Jin Rui, the brother of Mr. Jin Ming, respectively. Mr. Jin Ming is a director and the ultimate controlling party of the Company (see note 27).

During the year ended 31 December 2014, the Group entered into a processing agreement with Yingjia Fashion, pursuant to which Yingjia Fashion provided processing and manufacturing services to the Group. The VAT-inclusive processing fees incurred to Yingjia Fashion amounted to RMB39,320,000 (2013: RMB40,939,000) for the year ended 31 December 2014. The outstanding amount as at 31 December 2014 was RMB25,205,000 (2013: RMB16,644,000).

(b) Lease agreements

(i) During the year ended 31 December 2014, the Group entered into a lease agreement in respect of a warehouse with Yingjia Fashion. The operating lease charges in respect of such properties paid and payable to Yingjia Fashion amounted to RMB924,000 (2013: RMB924,000) for the year ended 31 December 2014. No amounts were outstanding as at 31 December 2014 (2013: nil).

(ii) During the year ended 31 December 2014, the Group entered into a lease agreement in respect of certain properties with Mr. Jin Ming. The amount of rental incurred in the year was RMB768,000 (2013: RMB768,000). No amounts were outstanding as at 31 December 2014 (2013: nil).

(iii) During the year ended 31 December 2014, the Group entered into a lease agreement in respect of certain properties with Mr. Wang Sumin, brother in law of Mr. Jin Ming. The amount of rental incurred in the year was RMB614,000 (2013: RMB358,000). No amounts were outstanding as at 31 December 2014 (2013: RMB51,000).

(c) Financing arrangement

During the year ended 31 December 2014, the Group repaid RMB34,908,000 (2013: RMB10,297,000) and fully settled the advances from Mr. Jin Ming.

* The English translation of the company's name is for reference only. The official name of the company is in Chinese.

26 MATERIAL RELATED PARTY TRANSACTIONS *(Continued)*

(d) Operating leases commitments

At 31 December 2014, 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:

	2014	2013
	RMB'000	RMB'000
Within 1 year	**2,306**	2,306
After 1 year but within 5 years	**1,180**	870
	3,486	3,176

(e) Key management personnel compensation

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in note 8 and certain of the highest paid employees as disclosed in note 9, is as follows:

	2014	2013
	RMB'000	RMB'000
Short-term employee benefits	**3,138**	3,214
Retirement benefit contributions	**170**	163
Equity settled share-based payments	**780**	–
	4,088	3,377

Total remuneration is included in "staff costs" (note 6(b)).

(f) Applicability of the Listing Rules relating to connected transactions

(i) The related party transaction in respect of 26(a) above constitute connected transaction or continuing connected transaction as defined in Chapter 14A of the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are provided in section headed "Non-exempt continuing connected transaction" of the Reports of the directors.

(ii) The related party transactions in respect of 26(b) above constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules. However those transactions are exempt from the disclosure requirements in Chapter 14A of the Listing Rules as they are below the de minimis threshold under Rule 14A.76(1).

27 IMMEDIATE AND ULTIMATE CONTROLLING PARTIES

As at 31 December 2014, the directors consider the immediate controlling party of the Company to be Koradior Investments Limited, which is incorporated in the BVI, and the ultimate controlling party of the Company to be Mr. Jin Ming.

28 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2014

Up to the date of issue of these financial statements, the IASB has issued a few amendments and a new standard which are not yet effective for the year ended 31 December 2014 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
IFRS 15, Revenue from contracts with customers	1 January 2017
IFRS 9, Financial instruments	1 January 2018

The Group is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

In addition, the requirements of Part 9, "Accounts and Audit", of the new Hong Kong Companies Ordinance (Cap. 622) come into operation from the Company's first financial year commencing after 3 March 2014 (i.e. the Company's financial year which began on 1 January 2015) in accordance with section 358 of that Ordinance. The Group is in the process of making an assessment of the expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9. So far it has concluded that the impact is unlikely to be significant and will primarily only affect the presentation and disclosure of information in the consolidated financial statements.