

A woman with blonde hair, wearing a black long-sleeved dress, a red clutch bag, black socks, and silver high-heeled shoes, is posing in a white hallway. She is leaning against a white wall and looking towards the camera. The background is a bright, minimalist interior with white walls and a light-colored floor. There are some thin, golden lines crossing the image diagonally.

Koradior
Holdings Limited
珂萊蒂爾控股有限公司

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

*Interim
Report*
2015



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Corporate Profile

ABOUT KORADIOR

We are one of the leading and fast growing high-end ladies-wear companies in the People's Republic of China (the "PRC"). We engage in the design, promotion, marketing and sales of our self-owned branded products, Koradior, La Koradior and Koradior elsewhere, that focus on 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 highend 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 ladieswear, 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". "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 30 June 2015, there were 383 retail stores of which 342 were operated by us and 41 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
Futian District
Shenzhen, Guangdong Province
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

JOINT COMPANY SECRETARIES

Ms. WU Huiming
Mr. LEUNG Ka Wai

AUTHORISED REPRESENTATIVES

Mr. DENG Shigang
Mr. LEUNG Ka Wai

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited

Pingan Bank

Shenzhen branch, Jinsha sub-branch

China Merchants Bank

Shenzhen branch, Tairan Jingu sub-branch

COMPLIANCE ADVISER

Haitong International Capital Limited

COMPANY WEBSITE

www.koradior.com

STOCK CODE

3709

Financial Highlights

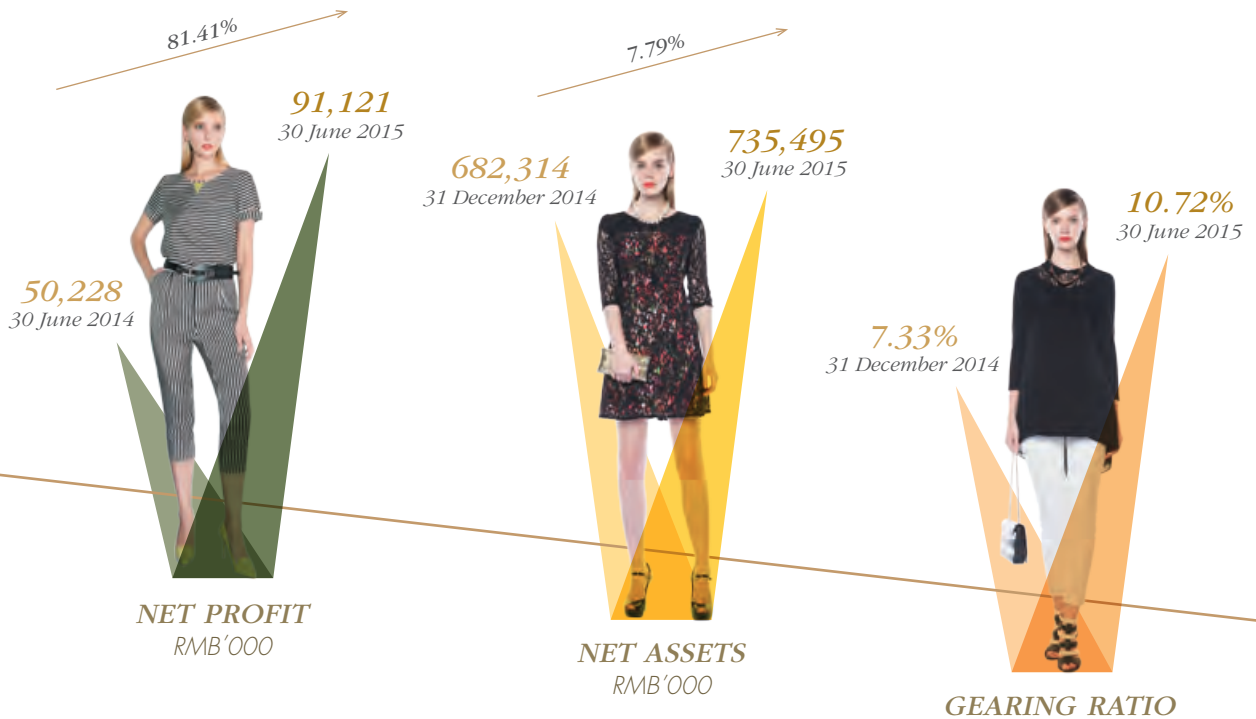
	Six months ended 30 June	
	2015 (Unaudited) RMB'000	2014 (Unaudited) RMB'000
Revenue	584,519	445,924
Gross profit	426,400	324,763
Operating profit	118,657	73,052
Net profit	91,121	50,228
Net cash flows from operating activities	103,855	43,426
Earnings per share ¹		
– Basic (RMB cents)	17.97	13.30
– Diluted (RMB cents)	17.79	13.30
Profitability Ratio		
Gross margin	72.95%	72.83%
Operating margin	20.30%	16.38%
Net margin	15.59%	11.26%
	At 30 June 2015	At 31 December 2014
Liquidity Ratio		
Current ratio ² (times)	4.52	4.04
Trade and bills receivables turnover days ³	43.63	45.79
Trade and bills payables turnover days ⁴	67.52	69.38
Inventory turnover days ⁵	239.42	217.83
Capital Ratio		
Gearing ratio ⁶	10.72%	7.33%
Interest coverage ratio ⁷ (times)	315.58	39.26

Key ratios:

- Basic earnings per share = Profit attributable to owners of the Company/Weighted average number of ordinary shares (the weighted average number of shares in the first six months of 2015 was 506,948,000 versus 377,777,778 in the same period of last year)

Diluted earnings per share = Profit attributable to owners of the Company/Weighted average number of ordinary shares after effect of deemed issue of shares under no consideration (the weighted average number of shares after the deemed issue in the first six months of 2015 was 512,098,735 versus 377,777,778 in the same period of last year)
- Current ratio = Current assets/Current liabilities
- Trade and bills receivables turnover days = Average of opening and closing balances on trade and bills receivables/Revenue for the period x 180 days
- Trade and bills payables turnover days = Average of opening and closing balances on trade and bills payables/Cost of sales for the period x 180 days
- Inventory turnover days = Average of opening and closing balances on inventory/Cost of sales x 180 days
- Gearing ratio = Total bank borrowings/Total equity x 100%
- Interest coverage ratio = Profit before interest and tax/Interest expenses

Financial Highlights





*Chairman's
Statement*

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" 3709.HK), I am pleased to present the interim results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2015 (the "Reporting Period").

Despite the fact that China's gross domestic product has maintained a relative steady growth, the complex and ever-changing business environment still presents Company with more uncertainty. For the first half of this year, we continued to develop our brands, Koradior and La Koradior, and at the same time vigorously promoted the new brand Koradior elsewhere. We also seize the opportunity of high-speed development of China's e-commerce industry to expand the Company's e-commerce business. Through the joint efforts of all staff, the Company achieved good results in the first half of 2015, an increase of 31.08% in revenue as compared to the same period of last year and an increase of 81.41% in net profit as compared to the same period in 2014.

To fully capitalize on market potential and appeal to its target demographic, the Company executed its market strategies and actively enriched its promotional channels. We participated in several fashion shows and clothing trade fairs to enhance its brand awareness and promote its market status. One of our self-owned brands – Koradior elsewhere – was a participant at the 15th China International Fashion Brand Fair-Shenzhen and the 23rd China International Fashion Fair in Shanghai during the Reporting Period. At the Shenzhen Fashion Week, the Company also held a fashion show for its autumn and winter collections. The collections exuded European elegance and romance with creative designs and colors, fully presenting the fashion concepts that the brand aims to deliver to the public, and were highly commented upon by media and widely recognized by the market. As a fashion company, the Company spares no effort in updating its designs and closely keeps up with the latest international fashion trends as well as devotes itself to introduce more SKU¹ to the market. In 2015, the Company was awarded "The Most Influential Brand" ("最具行業影響力品牌獎") by Shenzhen Garment Industry Association.

Looking forward to the second half of 2015, the Company will continue to take an proactive development strategy, to expand sales channels, to use the modern information tools to enhance the level of professional services of the Company in the fashion industry and to provide more value-added services to our customers. In addition, we will continue to increase investment in e-commerce and continue to maintain a high growth in the channel.

Last but not least, 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 committed support and trust!

Jin Ming

Chairman of board

25 August 2015

1. SKU: Stock keeping unit with products that are exactly the same except to 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.

*Management
Discussion
and Analysis*



Management Discussion and Analysis

TURNOVER

The principal activities of the Group are design, promotion, marketing and sales of self-owned branded ladies' wear products in the PRC. Turnover represents the sales value of goods sold less returns, discounts and value-added tax. Total revenue increased from RMB445.92 million for the first half of 2014 to RMB584.52 million for the first half of 2015, representing an increase of 31.08% or RMB138.6 million. Total retail stores increased from 338 as at 1 January 2015 to 383 as at 30 June 2015 (Note 1). Our self-operated retail stores revenue increased 20.79% from RMB406.53 million for the first half of 2014 to RMB491.05 million for the first half of 2015. Total revenue from distributors increased 128.80% from RMB17.95 million for the first half of 2014 to RMB41.07 million for the first half of 2015. Total revenue from e-commerce platforms increased 153.92% from RMB19.51 million for the first half of 2014 to RMB49.54 million for the first half of 2015.



Note 1:

Retail stores breakdown by geographical region:

The following table illustrates the number of retail stores of our brands in the PRC as at 1 January 2015 and 30 June 2015 respectively including both self-operated retail stores and retail stores operated by our distributors:

Region	Number of retail stores			As at 30 June 2015
	As at 1 January 2015	Opened during the period	Closed during the period	
Central PRC ¹	37	5	(1)	41
Eastern PRC ²	123	19	(3)	139
North Eastern PRC ³	20	2	(1)	21
North Western PRC ⁴	17	6	–	23
Northern PRC ⁵	45	4	–	49
South Western PRC ⁶	62	9	(1)	70
Southern PRC ⁷	34	7	(1)	40
Total	338	52	(7)	383

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.

Management Discussion and Analysis

TURNOVER (Continued)

During the first half of 2015, the Group opened 52 retail stores (comprising 45 self-operated stores and 7 stores operated by distributors) and closed 7 retail stores (comprising 5 self-operated stores and 2 stores operated by distributors). We are continuing to open new stores in the second half of 2015 to meet our business strategy.

COST OF SALES

Cost of sales increased from RMB121.16 million during the six months ended 30 June 2014 to RMB158.12 million during the same period in 2015, representing an increase of 30.51% or RMB36.96 million, mainly due to the increase in the cost of inventories sold as a result of the growth of our sales.

GROSS PROFIT AND GROSS MARGIN

Gross profit increased from RMB324.76 million for the six months ended 30 June 2014 to RMB426.40 million for the six months ended 30 June 2015, representing an increase of 31.30% or RMB101.64 million. Overall gross profit margin slightly increased from 72.83% for the first half of 2014 to 72.95% for the first half of 2015.

OPERATING EXPENSES

Operating expenses increased from RMB253.72 million for the six months ended 30 June 2014 to RMB313.62 million for the six months ended 30 June 2015, representing an increase of 23.61% or RMB59.90 million. Operating expenses include selling and distribution expenses, administrative expenses and other operating expenses, and details of them are listed below:



OPERATING EXPENSES *(Continued)*

Selling and distribution expenses

Selling and distribution expenses increased by 31.19% to RMB285.91 million for the six months ended 30 June 2015 from RMB217.93 million for six months ended 30 June 2014, primarily due to (a) the increase in store concession fees as a result of the increase in sales; (b) the increase in salaries and staff benefits for sales and marketing staff due to the expansion of retail stores and improvement in remuneration; and (c) the increase in advertising and brand building and promotion expenses, which are in line with the expansion of our sales network as well as business growth.

Administrative and other operating expenses

Administrative and other operating expenses decreased by 22.58% to RMB27.71 million for the six months ended 30 June 2015 from RMB35.79 million for the same period in 2014. Higher administrative and other operating expenses last year was primarily due to the legal and professional fee incurred for the initial public offering (“IPO”) of the Company’s shares in 2014. If the one-off IPO expenses of RMB13.86 million in the first half of 2014 were excluded, the administrative and other operating expenses would be increased by 26.36% from RMB21.93 million in the first half of 2014 to RMB27.71 million in the first half of 2015.

FINANCE COSTS

Finance cost decreased by 82.08% to RMB0.38 million for the six months ended 30 June 2015 from RMB2.12 million for the same period in 2014, mainly due to the repayment of bank borrowings in the PRC and the increase in the bank borrowings in Hong Kong for lower loan interest rate.



INCOME TAX EXPENSES

Income tax expenses increased from RMB20.71 million for the first half of 2014 to RMB27.16 million for the first half of 2015, representing an increase of 31.14% or RMB6.45 million, mainly due to the increase in operating profit.

THE NET PROFIT AND PROFIT MARGIN

As the result of foregoing reasons, the net profit for the six months ended 30 June 2015 was RMB91.12 million, compared to RMB50.23 million for the first half of 2014, representing an increase of 81.41% or RMB40.89 million. Net profit margin increased from 11.26% to 15.59% for the first half of 2015.

CAPITAL STRUCTURE

The Group requires working capital to support its design and development, retail and other business operations. As at 30 June 2015, the Group had total current assets of RMB876 million (30 June 2014: RMB754.48 million) and total current liabilities of RMB193.87 million (30 June 2014: RMB196.68 million) with the current ratio of 4.52. The Board believes that this healthy capital structure and the net cash inflow from operating activities are sufficient to support the operating activities of the Group.

As at 30 June 2015, the Group's interest bearing loans are bank loans denominated in Hong Kong dollars, amounting to HK\$100 million and will expire in three years. All loans are interest-bearing at variable interest rates, of which a bank loan of HK\$100 million is guaranteed by the Company.



FINANCIAL POSITION, LIQUIDITY AND GEARING RATIO

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

As at 30 June 2015, the Group had cash and cash equivalents of RMB413.83 million (31 December 2014: RMB427.87 million), of which 83.76%, 0.18% and 16.06% were denominated in RMB, US dollars and Hong Kong dollars respectively. The net cash inflow from operating activities stood at RMB103.86 million during the six months ended 30 June 2015, up by 139.14% from RMB43.43 million for the six months ended 30 June 2014.

As at 30 June 2015, the Group's gearing ratio, i.e. the total outstanding bank loans divided by total equity, was 10.72% (31 December 2014: 7.33%).

EXPOSURES TO FLUCTUATION IN FOREIGN EXCHANGE

The Group mainly operates in the 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 has been employed to hedge against the currency risks.

HUMAN RESOURCES

To support the Group's development plan, the Group's number of employees has increased to 2,290 as at 30 June 2015 (30 June 2014: 1,856). The total staff costs for the period (including basic wages and salaries, commissions, bonuses, retirement benefits scheme contributions and share options expenses) amounted to RMB80.81 million (six months ended 30 June 2014: RMB65.65 million), representing 13.83% of our revenue (six months ended 30 June 2014: 14.72%).

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

CHARGES OF ASSETS

As at 30 June 2015, the Group had no secured bank borrowings (31 December 2014: Nil).

CONTINGENT LIABILITIES

As at 30 June 2015, the Group had no significant contingent liabilities.

MATERIAL ACQUISITION AND DISPOSAL

During the six months ended 30 June 2015, the Group had no acquisition or disposal of subsidiaries or associated companies.

Management Discussion and Analysis

USE OF PROCEEDS

With the successful listing of the Company's shares on the main board of the Stock Exchange on 27 June 2014, net proceeds of HK\$534.74 million have been raised, of which HK\$274.66 million had been utilised as at 30 June 2015.

Items	Amount (HK\$ million)
Establish new self-operated retail stores	134.52
Develop new brands of our Group	41.42
Further development of e-commerce business	28.99
Koradior brand promotion and marketing	42.99
Working capital and general corporate purposes	26.74
Total	274.66

PROSPECTS

Although China's economy is experiencing a restructuring and under transition, it is generally believed that a positive performance in high-end ladieswear industry over the long term will still persist.

Therefore, the Board is optimistic about the future development of the Group. We will continue to apply sophisticated strategies, enriching our advertising channels and creative designs, as well as expand our retail store networks, enrich product mix on e-commerce platforms to enhance our leading brand status in the market. The Group will continue to endeavor to promote sustainable business growth and pursue long-term financial returns to our shareholders.



INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2015 (2014: HK6 cents per share).

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 Listing Rules during the six months ended 30 June 2015, 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 Mr. Jin Ming 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.



Other Information

MODEL CODE FOR SECURITIES TRANSACTION BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings. Having made specific enquiry with all Directors, the Company has confirmed with all Directors that they have complied with the required standard set out in the Model Code and its code of conduct regarding any Directors' securities transactions during the six months ended 30 June 2015.

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.



SHARE OPTION SCHEME *(Continued)*

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

As at 30 June 2015, 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 period:

Name or category of grantee	Number of share options						At 30 June 2015	Exercise period (Note)	Exercise price per share	Closing price per share immediately before date of grant
	At 1 January 2015	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	At 30 June 2015				
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.

Other Information

DISCLOSURE OF INTERESTS

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

As at 30 June 2015, 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)	326,250,500 (Note 1)	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%

Note 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.

Note 2: These represent the share options granted to them.

Save as disclosed above, as at 30 June 2015, none of the Directors nor the chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules.

DISCLOSURE OF INTERESTS *(Continued)*

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

So far as is known to the Directors and the chief executive of the Company, as at 30 June 2015, 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:

- 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.
- 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.
- Sisu Holdings Limited is wholly owned by Ms. Jinny Chui, an independent third party.

Save as disclosed above, as at 30 June 2015, the Directors were not aware of any other person (other than the Directors and the chief executive of the Company) who had, or was deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2015.

AUDIT COMMITTEE

The Audit Committee of the Company, comprising all the three independent non-executive Directors, namely Mr. Wong Wai Kong (as Chairman), Mr. Hung Man Sing and Mr. Zhong Ming, is primarily responsible for reviewing and supervising the financial reporting and the internal control of the Group. The Audit Committee has discussed with management the accounting policies adopted by the Group and reviewed the unaudited interim financial statements of the Group for the six months ended 30 June 2015.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the six months ended 30 June 2015 (Expressed in Renminbi)

	Note	Six months ended 30 June	
		2015 RMB'000	2014 RMB'000
Turnover	5	584,519	445,924
Cost of sales		(158,119)	(121,161)
Gross profit		426,400	324,763
Other revenue	6	6,000	2,011
Other net loss		(124)	–
Selling and distribution expenses		(285,910)	(217,935)
Administrative and other operating expenses		(27,709)	(35,787)
Profit from operations		118,657	73,052
Finance costs		(376)	(2,118)
Profit before taxation	7	118,281	70,934
Income tax	8	(27,160)	(20,706)
Profit for the period		91,121	50,228
Other comprehensive income for the period, net of tax			
Item that may be reclassified subsequently to profit and loss:			
– Exchange differences on translation of financial statements of entities outside mainland China		69	206
Total comprehensive income for the period		91,190	50,434
Earnings per share (RMB cents)			
Basic	10	17.97	13.30
Diluted	10	17.79	13.30

Consolidated Statement of Financial Position

at 30 June 2015 (Expressed in Renminbi)

	Note	At 30 June 2015 (Unaudited) RMB'000	At 31 December 2014 (Audited) RMB'000
Non-current assets			
Property, plant and equipment	11	94,153	38,582
Other non-current assets	13	9,636	10,913
Deferred tax assets		2,152	882
Total non-current assets		105,941	50,377
Current assets			
Inventories	12	220,358	200,266
Trade and other receivables	13	241,815	211,851
Cash and cash equivalents		413,826	427,868
Total current assets		875,999	839,985
Current liabilities			
Trade and other payables	14	134,873	134,689
Bank loans	15	26,287	50,000
Current tax payable		32,712	23,359
Total current liabilities		193,872	208,048
Net current assets		682,127	631,937
Total assets less current liabilities		788,068	682,314
Non-current liabilities			
Bank loan	15	52,573	–
		52,573	–
NET ASSETS		735,495	682,314
CAPITAL AND RESERVE			
Capital	16	4,038	4,038
Reserves	17	731,457	678,276
TOTAL EQUITY		735,495	682,314

Consolidated Statement of Changes in Equity

for the six months ended 30 June 2015 – unaudited (Expressed in Renminbi)

	Capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Statutory reserve RMB'000	Exchange reserve RMB'000	Retained profits RMB'000	Total RMB'000
As at 1 January 2015	4,038	453,538	(23,206)	7,628	(1,185)	241,501	682,314
Changes in equity for the six months ended 30 June 2015:							
Profit for the period	-	-	-	-	-	91,121	91,121
Other comprehensive income	-	-	-	-	69	-	69
Total comprehensive income	-	-	-	-	69	91,121	91,190
Dividend declared in the respect of the current period	-	-	-	-	-	(40,024)	(40,024)
Equity settled share-based transactions	-	-	2,015	-	-	-	2,015
As at 30 June 2015	4,038	453,538	(21,191)	7,628	(1,116)	292,598	735,495
As at 1 January 2014	618	37,700	(25,155)	7,500	(36)	137,376	158,003
Changes in equity for the six months ended 30 June 2014:							
Profit for the period	-	-	-	-	-	50,228	50,228
Other comprehensive income	-	-	-	-	206	-	206
Total comprehensive income	-	-	-	-	206	50,228	50,434
Issue of shares	3,364	393,504	-	-	-	-	396,868
As at 30 June 2014	3,982	431,204	(25,155)	7,500	170	187,604	605,305

Condensed Consolidated Cash Flow Statement

for the six months ended 30 June 2015 – unaudited (Expressed in Renminbi)

	Six months ended 30 June	
	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
Operating activities		
Cash generated from operations	122,932	66,519
Income tax paid	(19,077)	(23,093)
Net cash generated from operating activities	103,855	43,426
Investing activities		
Payment for the purchase of property, plant and equipment	(60,579)	(12,706)
Payment for purchase of a wealth management product	(50,000)	–
Interest received	4,162	252
Net cash used in investing activities	(106,417)	(12,454)
Financing activities		
Proceeds from bank loans	78,860	45,000
Repayment of bank loans	(50,000)	(25,000)
Proceeds from issue of shares	–	396,868
Repayments to related parties	–	(34,140)
Repayment to loan of a third party	–	(15,000)
Interest paid	(376)	(2,118)
Dividend paid	(40,024)	–
Net cash (used in)/generated from financing activities	(11,540)	365,610
Net (decrease)/increase in cash and cash equivalents	(14,102)	396,582
Cash and cash equivalents at 1 January	427,868	77,105
Effect of foreign exchange rate changes	60	206
Cash and cash equivalents at 30 June	413,826	473,893

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

1 CORPORATE INFORMATION

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

2 BASIS OF PREPARATION

This interim financial statements of the Group have been prepared in accordance with the applicable disclosure provisions of the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), including compliance with International Accounting Standard ("IAS") 34, *Interim financial reporting*, issued by the International Accounting Standards Board ("IASB"). It was authorised for issue on 25 August 2015.

The interim financial statements have been prepared in accordance with the same accounting policies adopted in the 2014 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2015 annual financial statements. Details of any changes in accounting policies are set out in note 3.

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

3 CHANGES IN ACCOUNTING POLICIES

The IASB has issued the following amendments to International Financial Reporting Standards ("IFRSs") that are first effective for the current accounting period of the Group and the Company.

- Annual Improvements to IFRSs 2010-2012 Cycle
- Annual Improvements to IFRSs 2011-2013 Cycle

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

4 SEGMENT REPORTING

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

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

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

5 TURNOVER

	Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
Self-operated retail stores	491,053	406,531
Wholesales to distributors	41,066	17,946
E-commerce platform	49,543	19,509
Others	2,857	1,938
Total	584,519	445,924

6 OTHER REVENUE

	Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
Interest income (note1)	4,162	252
Government grants (note2)	1,820	1,733
Others	18	26
Total	6,000	2,011

Note1: Interest income as at 30 June 2015 represented interest income and gain from short term investment.

Note2: Government grants as at 30 June 2014 and 30 June 2015 represented unconditional cash subsidies received from local government for the Group's achievement.

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

7 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
(a) Finance costs		
Interest on bank loans	376	2,118
(b) Staff costs		
Contributions to defined contribution retirement plans	3,482	2,764
Equity settled share-based payment expenses	2,015	–
Salaries, wages and other benefits	75,312	62,885
	80,809	65,649
(c) Other items		
Depreciation	18,339	9,892
Operating lease payments		
– minimum lease payments	24,493	15,075
– contingent rentals	132,903	110,553
Cost of inventories sold	153,036	120,601

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

8 INCOME TAX

	Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
Current tax		
PRC Corporate Income Tax ("CIT")	24,569	20,706
Hong Kong Profits Tax	3,862	–
Deferred tax		
Origination of temporary differences	(1,271)	–
	27,160	20,706

Notes:

- (i) The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.
- (ii) The Company and its subsidiary incorporated in the British Virgin Islands and Cayman Islands are exempted from taxation.
- (iii) The provision for Hong Kong profits tax has been made as the Group had assessable profits derived from or earned in Hong Kong during the period ended 30 June 2015 (30 June 2014: no provision for profit tax). The income tax rate for the Hong Kong business is expected to be steady at about 16.5% on their respective taxable income for the periods ended 30 June 2015 and 2014.
- (iv) In accordance with the relevant PRC income tax rules and regulations, the Group's subsidiaries incorporated/registered in the PRC are subject to Corporate Income Tax at a statutory rate of 25% on their respective taxable income for the periods ended 30 June 2015 and 2014 except for Dongfang Susu Fashion Design and Management Consulting (Shenzhen) Co., Ltd., which is entitled to reduced Corporate Income Tax rate of 15% under the preferential tax policy of Shenzhen-Hong Kong Modern Service Industry Cooperation Zone.
- (v) 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.

9 DIVIDEND

The directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 June 2015 (2014: HK\$0.06 per share).

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

10 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit for the period of RMB91,121,000 (30 June 2014: RMB50,228,000) and the weighted average number of shares for the respective periods and the weighted average number of 506,948,000 shares for the six months ended 30 June 2015 (30 June 2014: 377,777,778 shares).

	Number of shares for the six months ended 30 June 2015	Number of shares for the six months ended 30 June 2014
Weighted average number of shares	506,948,000	377,777,778
Basic earnings per share (RMB cents)	17.97	13.30

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit for the period of RMB91,121,000 (30 June 2014: RMB50,228,000) and the weighted average number of 512,098,735 shares for the six months ended 30 June 2015 (30 June 2014: 377,777,778 shares) calculated as follows:

	Number of shares for the six months ended 30 June 2015	Number of shares for the six months ended 30 June 2014
Weighted average number of shares	506,948,000	377,777,778
Effect of deemed issue of shares under Company share option number of ordinary shares(diluted)	5,150,735	–
Weighted average number of shares (diluted)	512,098,735	377,777,778
Diluted earnings per share (RMB cents)	17.79	13.30

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

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

11 PROPERTY, PLANT AND EQUIPMENT

	Buildings situated on leasehold land RMB'000	Leasehold improvements RMB'000	Motor vehicles RMB'000	Furniture, fixtures and equipment RMB'000	Total RMB'000
Cost:					
At 1 January 2015	22,728	71,153	4,428	6,912	105,221
Additions	42,113	30,762	278	757	73,910
Disposals	-	(1,003)	-	-	(1,003)
At 30 June 2015 (Unaudited)	64,841	100,912	4,706	7,669	178,128
Accumulated depreciation:					
At 1 January 2015	4,927	55,044	3,327	3,341	66,639
Charge for the period	1,597	16,167	223	352	18,339
Written back on disposals	-	(1,003)	-	-	(1,003)
At 30 June 2015 (Unaudited)	6,524	70,208	3,550	3,693	83,975
Cost:					
At 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)
31 December 2014 (Audited)	22,728	71,153	4,428	6,912	105,221
Accumulated depreciation:					
At 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)
31 December 2014 (Audited)	4,927	55,044	3,327	3,341	66,639
Net book value:					
At 30 June 2015 (Unaudited)	58,317	30,704	1,156	3,976	94,153
At 31 December 2014 (Audited)	17,801	16,109	1,101	3,571	38,582

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

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

12 INVENTORIES

Inventories in the consolidated balance sheets comprise:

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Raw materials	24,563	30,656
Work in progress	1,718	2,004
Finished goods	194,077	167,606
	220,358	200,266

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

	For the six months ended 30 June 2015 RMB'000	For the six months ended 30 June 2014 RMB'000
Cost of inventories sold	153,036	120,601
Write down of inventories	5,083	560
	158,119	121,161

13 TRADE AND OTHER RECEIVABLES

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Trade receivables	127,918	155,430
Deposits and prepayments and other receivables	43,533	36,369
Investment in wealth management products	80,000	30,000
Other receivables	–	965
	251,451	222,764
Less: Non-current deposits and prepayments	(9,636)	(10,913)
	241,815	211,851

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

13 TRADE AND OTHER RECEIVABLES (Continued)

(a) Aging analysis

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

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

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

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Within 1 month	73,775	103,559
1 to 2 months	36,224	36,725
2 to 3 months	9,761	7,646
Over 3 months	8,158	7,500
	127,918	155,430

(b) Trade receivables that are not impaired

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

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Neither past due nor impaired	117,051	140,284
Less than 1 month past due	2,710	7,646
1 to 3 months past due	5,213	5,848
Over 3 months past due	2,944	1,652
	10,867	15,146
	127,918	155,430

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

13 TRADE AND OTHER RECEIVABLES (Continued)

(b) Trade receivables that are not impaired (Continued)

As at 30 June 2015, the Group held two investments in a wealth management product of RMB30,000,000 and an asset management plan of RMB50,000,000 issued by financial institutions in the PRC, maturing on 9 and 15 December 2015 respectively. Both of the investments are with guaranteed principals, the fixed returns of the former is 7.6% per annum and the estimated returns of the latter is 8% per annum.

14 TRADE AND OTHER PAYABLES

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Trade payables		
– third parties	45,679	41,391
– a related party	6,343	25,205
Trade payables	52,022	66,596
Receipts in advance	12,056	14,238
Staff costs payables	16,594	16,044
VAT and other tax payables	29,899	26,596
Other payables	24,302	11,215
	134,873	134,689

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 2014 and 30 June 2015, amounts due to related parties and amount due to a controlling shareholder were non-trade related, unsecured, interest-free and repayable on demand. All such non-traded related payable have been already settled.

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

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Within 1 month	35,883	40,551
1 to 2 months	6,508	6,719
2 to 3 months	8,041	4,591
Over 3 months	1,590	14,735
	52,022	66,596

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

15 BANK LOANS

As at 31 December 2014 and 30 June 2015, bank loans are repayable as follows:

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Within 1 year or on demand	26,287	50,000
After 1 year but within 3 years	52,573	–
	78,860	50,000

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

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Unsecured	78,860	50,000
	78,860	50,000

The Group's interest bearing loans are bank loans denominated in HKD, amounting to HK\$100 million and will expire within in three years. All loans are interest-bearing at variable interest rates, of which a bank loan of HK\$100 million are guaranteed by the Company.

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

16 SHARE CAPITAL

	Note	Number of ordinary shares	Nominal value of ordinary shares
Authorised:			
Ordinary shares as at 1 January 2014	(a)	100,000	US\$100,000
Increase in authorized share capital on 25 February 2014	(b)	78,000,000	HK\$780,000
Increase in authorized share capital on 6 June 2014	(c)	1,422,000,000	HK\$14,220,000
<u>At 30 June 2014 and 31 December 2014</u>		<u>1,500,000,000</u>	<u>HK\$15,000,000</u>
<u>As 30 June 2015</u>		<u>1,500,000,000</u>	<u>HK\$15,000,000</u>
Issued and fully paid:			
At 1 January 2014	(a)	97,701	US\$97,701
Issue of 76,206,780 shares on 25 February 2014	(b)	76,206,780	HK\$762,067
Repurchase of 97,701 shares on 25 February 2014	(b)	(97,701)	(US\$97,701)
Issue of shares pursuant to the capitalization issue	(d)	298,793,220	HK\$2,987,932
Issue of shares upon initial public offering	(e)	125,000,000	HK\$1,250,000
<u>At 30 June 2014</u>		<u>500,000,000</u>	<u>HK\$5,000,000</u>
<u>Exercise of over-allotment on 28 July 2014</u>	(f)	<u>6,948,000</u>	<u>HK\$69,480</u>
<u>At 31 December 2014</u>		<u>506,948,000</u>	<u>HK\$5,069,480</u>
<u>At 30 June 2015</u>		<u>506,948,000</u>	<u>HK\$5,069,480</u>

Notes:

- (a) The authorized share capital of the Company as at the date of its incorporation was US\$50,000 divided into 50,000 shares of US\$1.00 each. One share was allotted and issued to a subscriber which then transferred to Koradior Investments Limited on the same day.

Pursuant to the written resolution of the sole shareholder of the Company dated 28 August 2012, the authorized share capital was increased by US\$50,000 by the creation of an additional 50,000 shares of US\$1.00 each. On the same day, 84,999 shares and 5,000 shares of US\$1.00 each were allotted and issued to Koradior Investments Limited and Ms. Jinny Chui at a consideration of US\$84,999 and US\$500,000 respectively. Ms. Jinny Chui subsequently transferred 5,000 shares to Sisu Holdings Limited, a company controlled by her.

On 9 December 2013, 5,747 shares and 1,954 shares of US\$1.00 each were allotted and issued to Sisu Holdings Limited and Wealth Depot Limited at a consideration of HK\$32,835,821 and HK\$11,164,179 respectively.

16 SHARE CAPITAL *(Continued)*

Notes: *(Continued)*

- (b) Pursuant to the written resolution of all the shareholders of the Company dated 25 February 2014, the authorized share capital was increased by HK\$780,000 by the creation of 78,000,000 shares of HK\$0.01 each. 66,300,000 shares, 8,382,660 and 1,524,120 shares of HK\$0.01 each were then allotted and issued to Koradior Investments Limited, Sisu Holdings Limited and Wealth Depot Limited respectively which were funded by the repurchase by the Company of the 97,701 issued shares of US\$1.00 each. The authorized share capital of the Company was reduced by cancellation of 100,000 shares of US\$1.00 each.
- (c) Pursuant to the written resolutions of all shareholders of the Company dated 6 June 2014, the authorized share capital was increased from HK\$780,000 to HK\$15,000,000 by the creation of an additional 1,422,000,000 shares of HK\$0.01 each.
- (d) Pursuant to the written resolutions of all the shareholders of the Company dated 6 June 2014, conditional on the share premium account of the Company being credited as a result of the initial public offering, directors of the Company were authorized to capitalize an amount of HK\$2,987,932.20 standing to the credit of the share premium account of the Company by applying such sum in paying up in full at par 298,793,220 shares for allotment and issue to the shareholders of the Company whose names appear on the register of members of the Company at the close of business on 6 June 2014.
- (e) On 27 June 2014, the Company was successfully listed on the Stock Exchange following completion of its initial public offering at 125,000,000 shares to the investors.
- (f) 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.

17 RESERVES

(a) Share premium

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

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

(b) Capital reserve

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

The 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 of RMB2,015,000.

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

17 RESERVES (Continued)

(c) Statutory reserve

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

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

(d) Exchange reserve

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

(e) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for its shareholders and benefits for other stakeholders, by pricing products commensurately with the level of risk and by securing access to finance at a reasonable cost. The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions. The Group monitors its capital structure with reference to its debt position. The Group's strategy is to maintain the equity and debt in a balanced position and ensure there are adequate working capital to service its debt obligations. The Group's debt to asset ratio, being the Group's total liabilities over its total assets, as at 31 December 2014 and 30 June 2015 was 23% and 25% respectively. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

18 COMMITMENTS

Operating leases commitments

As at 31 December 2014, and 30 June 2015, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Within 1 year	43,863	27,235
After 1 year but within 5 years	47,605	13,079
Over 5 years	7,062	–
	98,530	40,314

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

19 MATERIAL RELATED PARTY TRANSACTIONS

During the periods ended 30 June 2015 and 2014, the directors are of the view that the following are related parties of the Group:

Name of related party	Relationships
Mr. Jin Ming	A controlling shareholder of the Company
Ms. Wang Suzhen	Spouse of Mr. Jin Ming
Mr. Wang Sumin	Brother in law of Mr. Jin Ming
Ms. Chen Lingmei	Mother of Mr. Jin Ming
Mr. Jin Jingquan	Father of Mr. Jin Ming
Shenzhen Yingjia Fashion Co., Ltd.* ("Yingjia Fashion") (深圳市贏家服飾有限公司)	53%, 47% owned by Ms. Chen Lingmei and Mr. Jin Jingquan respectively

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

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

(a) Transactions with related parties

	Six months ended	
	30 June 2015 RMB'000	30 June 2014 RMB'000
Processing fees incurred		
– Yingjia Fashion	15,042	18,638
	15,042	18,638
Lease of properties from		
– A controlling shareholder	384	384
– Yingjia Fashion	–	462
– Mr. Wang Sumin	307	307
	691	1,153
Repayments to		
– A controlling shareholder	–	34,140
	–	34,140

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

19 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(b) Balances with related parties

As at 31 December 2014 and 30 June 2015, the Group had the following balances with related parties:

(i) Due to related parties

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Trade-related		
Trade payables		
– Yingjia Fashion	6,343	25,205
	6,343	25,205

(c) Operating leases commitments

At 30 June 2015 and 31 December 2014, the total future minimum lease payments under non-cancellable operating leases are payable to Mr. Jin Ming and Mr. Wang Sumin as follows:

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Within 1 year	947	2,306
After 1 year but within 5 years	–	1,180
	947	3,486

20 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

There is no non-adjusting event after Reporting Period.