



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
2017

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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 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 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. We acquired 65% of Shenzhen Mondial Industrial Ltd on 24 June 2016 Ltd, its "CADIDL" brand, which is positioned to offer our customers pursuit of artistic designs. We entered into a strategic cooperation agreement with Qingdao Kute Smart Co. Ltd (青島酷特智能股份有限公司) in July 2016 to jointly develop the personal tailor made fashion brand "DE KORA" which has created new benchmarks for customized clothing in the field of fashion brand. In March this year, we entered into the five-year exclusive agreement with Handsome Global Co., Ltd (漢纖國際有限公司) to engage in the distribution and marketing of products under the brands "Obzee" and "O'2nd" which are positioned a taste for trendy and feminine apparel with lace decor. 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 2017, there were 675 retail stores of which 571 were operated by us and 104 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 VIP.com.



EXECUTIVE DIRECTORS

Mr. JIN Ming (*Chairman and Chief Executive Officer*)
Ms. HE Hongmei
Mr. DENG Shigang (redesignated as a
non-executive Director on 17 July 2017)

NON-EXECUTIVE DIRECTORS

Mr. DENG Shigang (redesignated on 17 July 2017)
Mr. YANG Weiqiang

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. ZHOU Xiaoyu
Mr. ZHONG Ming
Mr. ZHANG Guodong (appointed on 17 July 2017)
Dr. WONG Wai Kong (resigned on 17 July 2017)

REGISTERED OFFICE

Conyers 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 SECRETARY

Mr. LEUNG Ka Wai
Ms. WU Huiming

AUTHORISED REPRESENTATIVES

Mr. DENG Shigang
Mr. LEUNG Ka Wai

AUDIT COMMITTEE

Mr. ZHANG Guodong (*Chairman*)
(appointed on 17 July 2017)
Mr. ZHOU Xiaoyu
Mr. ZHONG Ming

REMUNERATION COMMITTEE

Mr. ZHOU Xiaoyu (*Chairman*)
Mr. ZHANG Guodong (appointed 17 July 2017)
Mr. DENG Shigang

NOMINATION COMMITTEE

Mr. JIN Ming (*Chairman*)
Mr. ZHOU Xiaoyu
Mr. ZHANG Guodong (appointed 17 July 2017)

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers 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

COMPANY WEBSITE

www.korador.com

STOCK CODE

3709

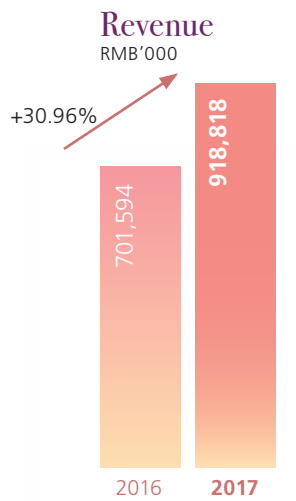
Financial Highlights

	Six months ended 30 June	
	2017 (Unaudited) RMB'000	2016 (Unaudited) RMB'000
Revenue	918,818	701,594
Gross profit	669,415	517,435
Operating profit	143,726	150,638
Net profit	111,116	120,544
Net cash flows from operating activities	9,755	155,046
Earnings per share ¹		
– Basic (RMB cents)	22.09	23.95
– Diluted (RMB cents)	21.92	23.69
Profitability Ratio		
Gross margin	72.86%	73.75%
Operating margin	15.64%	21.47%
Net margin	12.09%	17.18%
	At 30 June 2017	At 31 December 2016
Liquidity Ratio		
Current ratio ² (times)	3.58	2.75
Trade and bills receivables turnover days ³	40.16	43.87
Trade and bills payables turnover days ⁴	30.20	42.81
Inventory turnover days ⁵	270.42	244.95
Capital Ratio		
Gearing ratio ⁶	8.82%	15.30%
Interest coverage ratio ⁷ (times)	104.83	89.92

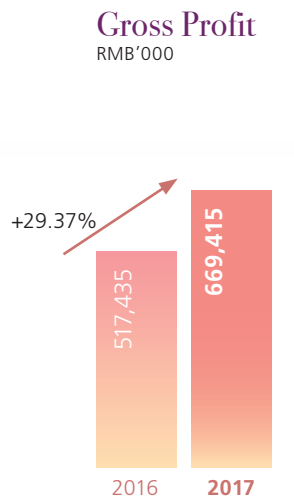
Notes:

- 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 2017 was 495,120,000 versus 503,334,789 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 2017 was 498,901,525 versus 508,789,653 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



Six months ended 30 June

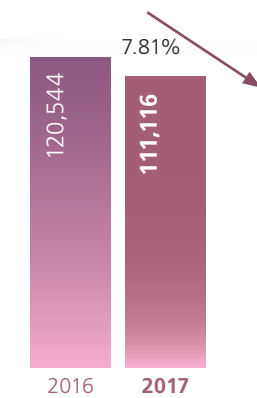


Six months ended 30 June



Net Profit

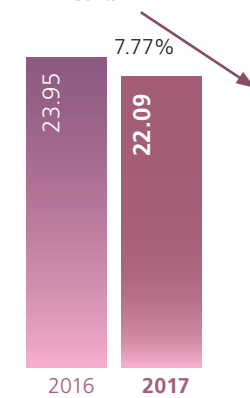
RMB'000



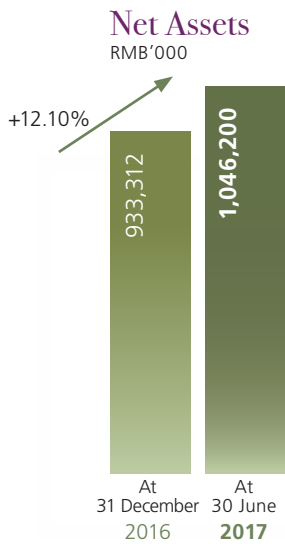
Six months ended 30 June

Earnings Per Share (Basic)

RMB Cents



Six months ended 30 June



Gearing Ratio





CHAIRMAN'S STATEMENT

*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", stock code: 3709), I am pleased to present the interim results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2017 (the "Reporting Period").

In the first half of the year, the PRC economy was stable and generally positive. Consumer goods market was stable with the growth of total social consumer goods retail sales maintaining at approximately 10%. Among them, the sales of apparel and footwear increased by 7.3% year-on-year in June with a cumulative growth of 7.3% year-on-year; the retail sales of 50 major retailing enterprises nationwide grew by 4.9% year-on-year in July, representing an increase of 3.6% compared to the last month. The textile industry trended upward steadily, while high-end lady's apparel industry continued its recovery trend since 2016. The Company performed well in the first half of 2017 and made great progress in multi-channel strategy and brand management enhancement with its result improving soundly and revenue growing by 30.96% over the corresponding period last year.

In March this year, Shanghai Kody Brand Management Co., Ltd (上海珂蒂品牌管理有限公司), a subsidiary of the Company, was granted the five-year exclusive franchise right of the brands "Obzee" and "O'2nd" by Handsome Global Co., Ltd. (漢纖國際股份有限公司). According to the exclusive franchise agreement, the Group is entitled to be engaged in the distribution and marketing of products under the brands "Obzee" and "O'2nd" in PRC during the period. Such products include ladies' apparel, accessories, jewelry and other high-end fashion products. By transfer of assets, the Group is also capable to the retail stores and sales of related products under the brands "Obzee" and "O'2nd" in the PRC. As of 30 June 2017, the Group had 55 retail stores under the brands "Obzee" and "O'2nd" in total. The brand "O'2nd" targets at women customers aged 25-40 who are sensitive to fashion elements and have a good taste in the detailed design, while the brand "Obzee" targets well-educated and middle-class women customers aged 30-50 who are fond of customized lace fabrics featuring with fashion and femininity. "Obzee" and "O'2nd" will effectively complement the Group's existing brands in terms of style and sales network, and will facilitate the long-term development of the Group synergistically.

Chairman's Statement

With the sustainable development of the consumption upgrade, the middle class of the 90's has become the major group of fashion consumption, and they gradually steer the fashion trends. In order to increase the Group's exposure in such consumers, it tried a number of innovative marketing campaigns in the first half of 2017, including working with favorite movie stars of the 90s generation, producing marketing contents popular among the new generation of consumers and actively promoting the brands through social media such as Weibo and WeChat official accounts as well as new media such as toutiao.com (今日頭條) and Tencent Video, and the result is remarkable. The Group's brand "Koradior" continued to cooperate with Miranda Kerr, who is an international supermodel, to shoot the 2017 autumn and winter advertisement and joint hands with domestic well-known film stars to hold in Milan Fashion Week Exhibition Tour in key cities. The series of activities enhanced the brand reputation and influence continuously. The Group's designing center was also shortlisted in the "2017 List Recognized by the Provincial Industrial Design Center" (《2017年省級工業設計中心認定名單》) and was named the provincial industrial design center for fashion and innovation by Guangdong Provincial Economic and Information Commission (廣東省經濟和資訊化委).



Global economy will still be recovering in the second half of the year and new economy of the PRC will progress steadily with stable expansion in consumption, import and export and the tertiary sector as well as private investment stabilizing and picking up. All the above will improve consumer confidence continuously for achieving the boost moderate growth in domestic and foreign market demand. Given that the overall economic environment is positive, the Group will take advantage of the momentum, innovate and optimize its business model based on customers' demands, and actively promote and implement its "multi-brand + omni-channel" strategies, striving to achieve the expected annual development goals with synergy effects.

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

28 August 2017



*Management Discussion
and Analysis*

MANAGEMENT
DISCUSSION
AND ANALYSIS



Management Discussion and Analysis

REVENUE

The principal activities of the Group are design, promotion, marketing and sales of self-owned branded ladies' wear products in the PRC. Revenue represents the sales value of goods sold less returns, discounts and value-added tax. Total revenue increased from RMB701.59 million for the first half of 2016 to RMB918.82 million for the first half of 2017, representing an increase of 30.96% or RMB217.23 million. Total retail stores increased from 592 as at 1 January 2017 to 675 as at 30 June 2017 (note 1). Our self-operated retail stores revenue increased by 32.85% from RMB592.20 million for the first half of 2016 to RMB786.72 million for the first half of 2017. Total revenue from distributors increased by 23.47% from RMB53.95 million for the first half of 2016 to RMB66.61 million for the first half of 2017. Total revenue from e-commerce platforms increased by 12.90% from RMB53.97 million for the first half of 2016 to RMB60.93 million for the first half of 2017. As at 30 June 2017, the revenue from e-commerce generated from Tmall increased from RMB43.82 million for the first half of 2016 to RMB52.17 million for the first half of 2017, representing an increase of 19.05% or RMB8.35 million and the revenue from e-commerce generated from VIP.com decreased from RMB10.14 million for the first half of 2016 to RMB8.76 million for the first half of 2017, representing a decrease of 13.61% or RMB1.38 million. The Group decided to reduce to sell products through the e-commerce platform in VIP.com due to the high commission fee and high stock return rate.

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 2017 and 30 June 2017 respectively including both self-operated retail stores and retail stores operated by our distributors:

Region	Number of retail stores			As at 30 June 2017
	As at 1 January 2017	Opened during the period	Closed during the period	
Central PRC ¹	68	16	(1)	83
Eastern PRC ²	215	34	(15)	234
North Eastern PRC ³	30	8	(2)	36
North Western PRC ⁴	52	11	(3)	60
Northern PRC ⁵	72	8	(4)	76
South Western PRC ⁶	98	19	–	117
Southern PRC ⁷	57	13	(1)	69
Total	592	109	(26)	675

REVENUE *(Continued)*

Notes:

- 1 Central PRC includes Henan, Hubei and Hunan.
- 2 Eastern PRC includes Shandong, Jiangsu, Zhejiang, Anhui, Shanghai, Jiangxi 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 first half of 2017, the Group opened 109 retail stores (comprising 93 self-operated stores including 55 retail stores which is under five-year franchise right of the brands and 16 stores operated by distributors) and closed 26 retail stores (comprising 26 self-operated stores). We will continue to open new stores in the second half of 2017 as part of our business strategy.

COST OF SALES

Cost of sales increased from RMB184.16 million during the six months ended 30 June 2016 to RMB249.40 million during the corresponding period in 2017, representing an increase of 35.43% or RMB65.24 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 RMB517.44 million for the six months ended 30 June 2016 to RMB669.42 million for the six months ended 30 June 2017, representing an increase of 29.37% or RMB151.98 million. Overall gross profit margin slightly decreased from 73.75% for the first half of 2016 to 72.86% for the first half of 2017.

OPERATING EXPENSES

Operating expenses increased from RMB375.12 million for the six months ended 30 June 2016 to RMB530.41 million for the six months ended 30 June 2017, representing an increase of 41.40% or RMB155.29 million. Operating expenses include selling and distribution expenses, administrative expenses and other operating expenses, and details of them are listed below:

Selling and distribution expenses

Selling and distribution expenses increased by 37.91% to RMB475.92 million for the six months ended 30 June 2017 from RMB345.10 million for six months ended 30 June 2016, 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.



OPERATING EXPENSES *(Continued)*

Administrative and other operating expenses

Administrative and other operating expenses increased by 81.61% to RMB54.50 million for the six months ended 30 June 2017 from RMB30.01 million for the corresponding period in 2016 primarily due to (a) the increase in salaries and staff benefits for administrative staff due to the expansion of our business growth, and (b) the increase in research and development cost for personal tailor-made brand “DE KORA”.

FINANCE COSTS

Finance costs increased by 63.10% to RMB1.37 million for the six months ended 30 June 2017 from RMB0.84 million for the corresponding period in 2016, mainly due to the increase in bank borrowings in Hong Kong and the PRC.

INCOME TAX EXPENSES

Income tax expenses increased from RMB29.26 million for the first half of 2016 to RMB31.24 million for the first half of 2017, representing an increase of 6.77% or RMB1.98 million, mainly due to the increase of 10% withholding tax through dividends distributed by the Group’s PRC subsidiary.

THE NET PROFIT AND PROFIT MARGIN

As the result of the foregoing reasons, the net profit for the six months ended 30 June 2017 was RMB111.12 million, representing a decrease of 7.81% or RMB9.42 million as compared to RMB120.54 million for the first half of 2016. Net profit margin decreased from 17.18% for the first half of 2016 to 12.09% for the first half of 2017.

CAPITAL STRUCTURE

The Group requires working capital to support its design and development, retail and other business operations. As at 30 June 2017, the Group had total current assets of RMB1,085.71 million (30 June 2016: RMB1,048 million) and total current liabilities of RMB302.90 million (30 June 2016: RMB339.32 million) with a current ratio of 3.58. 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 2017, the Group's interest bearing loans are bank loans denominated in Hong Kong dollars and Renminbi, amounting to HK\$83.33 million and RMB20 million which will expire within a year. All loans are interest-bearing at variable interest rates and 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 2017, the Group had cash and cash equivalents of RMB319.36 million (31 December 2016: RMB470.89 million), of which 72.88%, 26.88% and 0.24% were denominated in RMB, Hong Kong dollars and US dollars respectively. The net cash inflow from operating activities stood at RMB9.76 million during the six months ended 30 June 2017, declined by 93.71% from RMB155.05 million for the six months ended 30 June 2016, mainly due to (a) the acquisition in inventory and equipment from SK Networks (China) Fashion Co., Ltd under the brand names "Obzee" and "O'2nd"; (b) the increase in inventory reserves with the expansion of our sales; and (c) 10% withholding tax through dividends distributed by the Group's PRC subsidiary.

As at 30 June 2017, the Group's gearing ratio, i.e. the total outstanding bank loans divided by total equity, was 8.82% (31 December 2016: 15.30%).



EXPOSURES TO FLUCTUATION IN FOREIGN EXCHANGE

The Group mainly operates in the PRC with most of its 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 4,181 as at 30 June 2017 (30 June 2016: 2,759). The total staff costs for the period (including basic wages and salaries, commissions, bonuses, retirement benefits scheme contributions and share options expenses) amounted to RMB162.13 million (six months ended 30 June 2016: RMB101.96 million), representing 17.65% of our revenue (six months ended 30 June 2016: 14.53%).

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 ON ASSETS

As at 30 June 2017, the Group had no secured bank borrowings.

CONTINGENT LIABILITIES

As at 30 June 2017, the Group had no significant contingent liabilities.



MATERIAL ACQUISITION AND DISPOSAL

During the six months ended 30 June 2017, the Group announced that Shanghai Kody Brand Management Co., Ltd (90%-owned subsidiary of the Company) entered into the asset transfer agreement dated 9 March 2017 with SK Networks (China) Fashion Co., Ltd ("SK Networks") to acquire, among other matters, the assets of SK Networks (including fashion products under the brand names "Obzee" and "O'2nd") for a cash consideration of RMB64,542,880. SK Networks engaged in the business of distributing, marketing and selling of fashion products under the brand names "Obzee" and "O'2nd". Further details of this acquisition were set out in the Company's announcement dated 20 March 2017.

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\$24.47 million had been utilised as at 30 June 2017.

Items	Amount (HK\$ million)
Establish new self-operated retail stores	267.37
Develop new brands of our Group	106.95
Further development of e-commerce business	53.47
Koradior brand promotion and marketing	53.47
Working capital and general corporate purposes	26.74
Upgrading ERP system	16.47
Total	524.47

OUTLOOK

Since the fourth quarter of 2016, the terminal sales of high-end lady's apparel has shown signs of recovery, and such trend has continued into the first half of 2017. The Group believes that sales of middle and high-end lady's apparel will maintain its upward momentum in light of the stabilizing economy, fading out of the impact of anti-corruption and the gradual restoring of consumer confidence at the time.

2017 marks the tenth anniversary of the Group since its founding, and we have achieved remarkable results thanks to the joint efforts of all the staff in Koradior. The Group has always been adhering to the mission of "realizing the dream of beauty of every lady" under the guiding principles of "innovation driven, accurate investment, efficient operation and management optimization". It has also insisted on the principle of "product innovation and quality first" as the steer of customer service in the market and "keep striving" as the basis of its system; it has consistently implemented the "multi-brand + omni-channel" strategy and constantly enhanced its commodity competitiveness, brand influence and business quality, with an aim to make further breakthroughs in the next decade.

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2017 (2016: Nil).

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 2017, 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.

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, all Directors have confirmed with the Company 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 2017.

Other Information

SHARE OPTION SCHEME

The Company adopted a Share Option Scheme pursuant to the resolutions of the shareholders of the Company passed on 6 June 2014 for selected participants as incentive and reward for their contribution to the Company.

As at 30 June 2017, there were 7,960,000 share options granted under the Share Option Scheme which were outstanding, representing 1.6% of the issued share capital as at 30 June 2017.

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 2017	Exercise period (Note)	Exercise price per share	Closing price per share immediately before date of grant
	At 1 January 2017	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period				
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	6,960,000	-	-	-	-	6,960,000	10 July 2014 to 9 July 2022	HK\$4.42	HK\$4.46
Total	7,960,000	-	-	-	-	7,960,000			

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.

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 2017, 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	Interest of party to agreement under Section 317 (note 1)	300,450,500 (note1)	Long	60.68%
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 now owned as to 85% by Eeka Fashion (Hong Kong) Limited ("HongKong Fashion") and as to 15% by Mr. Jin. HongKong Fashion is an investment holding company newly incorporated in Hong Kong with limited liability. The entire issued share capital of HongKong Fashion is owned by Yingjia Fashion (Ganzhou) Co., Ltd. ("Jiangxi Yingjia"). Jiangxi Yingjia is wholly-owned by Shenzhen Yingjia Fashion Co., Ltd ("Yingjia Fashion") which in turn is owned as to 47% by Mr. Jin Jingquan, Mr. Jin's father, and as to 53% by Ms. Chen, Mr. Jin's mother.

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

Save as disclosed above, as at 30 June 2017, 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 2017, 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	300,450,500	Long	60.80%
Eeka Fashion (HongKong) Limited (note 1)	Interest in a controlled corporation/Interest of a party to agreement under Section 317	300,450,500	Long	60.80%
Yingjia Fashion (Ganzhou) Co., Ltd. (note 1)	Interest in a controlled corporation/Interest of a party to agreement under Section 317	300,450,500	Long	60.80%
Shenzhen Yingjia Fashion Co., Ltd. (note 1)	Interest in a controlled corporation/Interest of a party to agreement under Section 317	300,450,500	Long	60.80%
Jin Jingquan (note 1)	Interest in a controlled corporation/Interest of a party to agreement under Section 317	300,450,500	Long	60.80%
Chen Lingmei (note 1)	Interest in a controlled corporation/Interest of a party to agreement under Section 317	300,450,500	Long	60.80%
Chui Jinny (note 2)	Interest in a controlled corporation	40,749,578	Long	8.23%
Sisu Holdings Limited (note 2)	Beneficial owner	40,749,578	Long	8.23%
Fosun International Limited	Interest in a controlled corporation	25,800,000	Long	5.21%
Fosun International Holdings Ltd	Interest in a controlled corporation	25,800,000	Long	5.21%
Guo Guangchang	Interest in a controlled corporation	25,800,000	Long	5.21%

DISCLOSURE OF INTERESTS (Continued)**(b) Substantial shareholders' interests and/or short position in share and underlying shares of the Company (Continued)**

Notes:

- These shares are held by Koradior Investments Limited. The entire issued share capital of Koradior Investments Limited is now owned as to 85% by HongKong Fashion and as to 15% by Mr. Jin. HongKong Fashion is an investment holding company newly incorporated in Hong Kong with limited liability. The entire issued share capital of HongKong Fashion is owned by Jiangxi Yingjia. Jiangxi Yingjia is wholly-owned by Yingjia Fashion which in turn is owned as to 47% by Mr. Jin Jingquan, Mr. Jin's father, and as to 53% by Ms. Chen, Mr. Jin's mother.
- Sisu Holdings Limited is wholly owned by Ms. Jinny Chui, an independent third party.

Save as disclosed above, as at 30 June 2017, 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

The Company repurchased a total of 8,783,000 shares on the Stock Exchange during the six months ended 30 June 2017, which were all cancelled on 12 July 2017. Details of the repurchases are as follows:

Date of repurchases	Number of shares repurchased	Repurchase price per share		Total amount paid of shares repurchased HK\$
		Highest HK\$	Lowest HK\$	
8 June 2017	199,000	8.10	8.05	1,606,950
9 June 2017	503,000	8.10	8.05	4,072,150
12 June 2017	780,000	8.20	8.10	6,360,000
13 June 2017	628,000	8.20	8.16	5,136,980
14 June 2017	861,000	8.25	8.19	7,068,090
15 June 2017	648,000	8.25	8.21	5,330,040
16 June 2017	515,000	8.23	8.20	4,227,000
19 June 2017	956,000	8.24	8.21	7,861,600
20 June 2017	877,000	8.25	8.23	7,225,910
21 June 2017	644,000	8.25	8.23	5,309,620
22 June 2017	793,000	8.30	8.24	6,545,750
23 June 2017	709,000	8.28	8.25	5,863,810
26 June 2017	670,000	8.26	8.22	5,526,900
Total	8,783,000	8.30	8.05	72,134,800

AUDIT COMMITTEE

The Audit Committee of the Company, comprising all the three independent non-executive Directors, namely Mr. Zhang Guodong (as Chairman), Mr. Zhou Xiaoyu and Mr. Zhong Ming, is primarily responsible for reviewing and supervising the financial reporting, the internal control and risk management 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 2017.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the six months ended 30 June 2017 (Expressed in Renminbi)

	Note	Six months ended 30 June	
		2017 RMB'000	2016 RMB'000
Revenue	5	918,818	701,594
Cost of sales		(249,403)	(184,159)
Gross profit		669,415	517,435
Other revenue	6	4,911	10,489
Other net loss		(187)	(2,169)
Selling and distribution expenses		(475,917)	(345,104)
Administrative and other operating expenses		(54,496)	(30,013)
Profit from operations		143,726	150,638
Finance costs		(1,371)	(838)
Profit before taxation	7	142,355	149,800
Income tax	8	(31,239)	(29,256)
Profit for the period		111,116	120,544
Attributable to:			
Equity shareholders of the Company		109,360	120,544
Non-controlling interests		1,756	–
Profit for the period		111,116	120,544
Earnings per share (RMB cents)			
Basic	10 (a)	22.09	23.95
Diluted	10 (b)	21.92	23.69

Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the six months ended 30 June 2017 (Expressed in Renminbi)

	Six months ended 30 June	
	2017 RMB'000	2016 RMB'000
Profit for the period	111,116	120,544
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 subsidiaries outside the mainland of the People's Republic of China (the "PRC")	(2,421)	(1,549)
Total comprehensive income for the period	108,695	118,995
Attributable to:		
Equity shareholders of the Company	106,939	118,995
Non-controlling interests	1,756	–
Total comprehensive income for the period	108,695	118,995

Consolidated Statement of Financial Position

at 30 June 2017 (Expressed in Renminbi)

	Note	At 30 June 2017 (Unaudited) RMB'000	At 31 December 2016 (Audited) RMB'000
Non-current assets			
Property, plant and equipment	11	125,937	134,974
Intangible assets		28,712	30,917
Goodwill		21,681	21,681
Deposit, prepayments and other receivables		53,539	36,327
Other financial assets		30,000	30,000
Deferred tax assets		11,598	10,853
Total non-current assets		271,467	264,752
Current assets			
Inventories	12	412,338	337,029
Trade and other receivables	13	354,011	260,347
Other financial investments		–	4,500
Cash and cash equivalents		319,363	470,890
Total current assets		1,085,712	1,072,766
Current liabilities			
Bank loans	15	92,325	142,765
Trade and other payables	14	171,156	199,495
Current taxation		39,422	48,139
Total current liabilities		302,903	390,399
Net current assets		782,809	682,367
Total assets less current liabilities		1,054,276	947,119
Non-current liabilities			
Deferred tax liabilities		8,076	13,807
Net assets		1,046,200	933,312
CAPITAL AND RESERVES			
Share capital	16	3,936	3,936
Reserves	16	1,012,343	901,611
Total equity attributable to equity shareholders of the Company		1,016,279	905,547
Non-controlling interests		29,921	27,765
Total equity		1,046,200	933,312

Consolidated Statement of Changes in Equity

for the six months ended 30 June 2017 – unaudited (Expressed in Renminbi)

	Attributable to equity shareholders of the Company									
	Share capital	Share premium	Capital redemption reserve	Capital reserve	Statutory reserve	Exchange reserve	Retained profits	Total	Non-controlling interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2017	3,936	339,466	119	(20,221)	16,050	(295)	566,492	905,547	27,765	933,312
Changes in equity for the six months ended 30 June 2017:										
Profit for the period	-	-	-	-	-	-	109,360	109,360	1,756	111,116
Other comprehensive income	-	-	-	-	-	(2,421)	-	(2,421)	-	(2,421)
Total comprehensive income	-	-	-	-	-	(2,421)	109,360	106,939	1,756	108,695
Capital contribution from non-controlling interests	-	-	-	3,600	-	-	-	3,600	400	4,000
Equity settled share-based transactions	-	-	-	193	-	-	-	193	-	193
Appropriation to statutory reserves	-	-	-	-	28,461	-	(28,461)	-	-	-
As at 30 June 2017	3,936	339,466	119	(16,428)	44,511	(2,716)	647,391	1,016,279	29,921	1,046,200

	Share capital	Share premium	Capital redemption reserve	Capital reserve	Statutory reserve	Exchange reserve	Retained profits	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	As at 1 January 2016	3,997	412,485	41	(19,740)	10,870	2,496	402,280
Changes in equity for the six months ended 30 June 2016:								
Profit for the period	-	-	-	-	-	-	120,544	120,544
Other comprehensive income	-	-	-	-	-	(1,549)	-	(1,549)
Total comprehensive income	-	-	-	-	-	(1,549)	120,544	118,995
Share issued under share option scheme	17	9,055	-	(1,506)	-	-	-	7,566
Dividend declared in the respect of the current period	-	-	-	-	-	-	(64,299)	(64,299)
Equity settled share-based transactions	-	-	-	589	-	-	-	589
As at 30 June 2016	4,014	421,540	41	(20,657)	10,870	947	458,525	875,280

Condensed Consolidated Cash Flow Statement

for the six months ended 30 June 2017 – unaudited (Expressed in Renminbi)

	Six months ended 30 June	
	2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
Operating activities		
Cash generated from operations	56,186	180,060
Income tax paid	(46,431)	(25,014)
Net cash generated from operating activities	9,755	155,046
Investing activities		
Payment for the purchase of property, plant and equipment	(35,345)	(18,356)
Other cash flows arising from investing activities	7,116	(4,479)
Net cash used in investing activities	(28,229)	(22,835)
Financing activities		
Dividends paid to equity shareholders of the company	–	(64,299)
Proceeds from bank loans	–	141,111
Repayment of bank loans	(53,898)	(66,980)
Other cash flows arising from financing activities	(77,371)	21,455
Net cash generated from financing activities	(131,269)	31,287
Net increase in cash and cash equivalents	(149,743)	163,498
Cash and cash equivalents at 1 January	470,890	436,798
Effect of foreign exchange rate changes	(1,784)	(2,300)
Cash and cash equivalents at 30 June	319,363	597,996

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 28 August 2017.

The interim financial statements have been prepared in accordance with the same accounting policies adopted in the 2016 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2017 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 a number of amendments to International Financial Reporting Standards ("IFRSs") that are first effective for the current accounting period of the Group. Of these, the following amendments are relevant to the Group:

- Amendments to IAS 7, Statement at cashflow: Disclosure Initiative
- Amendments to IAS 12, Income tax: Recognition of Deferred Tax Assets for Unrealised Losses
- Amendments to IFRS 12, Annual Improvements to IFRSs 2014–2016 Cycle – Disclosure at interests in other entities

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.

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 REVENUE

	Six months ended 30 June	
	2017 RMB'000	2016 RMB'000
Self-operated retail stores	786,715	592,201
Wholesales to distributors	66,608	53,946
E-commerce platform	60,927	53,974
Others	4,568	1,473
Total	918,818	701,594

6 OTHER REVENUE

	Six months ended 30 June	
	2017 RMB'000	2016 RMB'000
Interest income (note 1)	2,616	5,165
Government grants (note 2)	1,000	5,022
Others	1,295	302
Total	4,911	10,489

Note 1: Interest income as at 30 June 2017 represented interest income and gain from short term investment.

Note 2: Government grants as at 30 June 2016 and 30 June 2017 represented unconditional cash subsidies received from local government for the Group's achievement.

7 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	Six months ended 30 June	
	2017 RMB'000	2016 RMB'000
(a) Finance costs		
Interest on bank loans	1,371	838
(b) Staff costs		
Contributions to defined contribution retirement plans	5,056	4,600
Equity settled share-based payment expenses	193	589
Salaries, wages and other benefits	156,881	96,766
	162,130	101,955
(c) Other items		
Depreciation	24,822	22,544
Operating lease payments		
– minimum lease payments	40,589	36,022
– contingent rentals	201,639	151,360
Cost of inventories	249,403	184,159

8 INCOME TAX

	Six months ended 30 June	
	2017 RMB'000	2016 RMB'000
Current tax		
PRC Corporate Income Tax ("CIT")	33,031	26,079
Hong Kong Profits Tax	4,684	3,549
Deferred tax		
Origination of temporary differences	(6,476)	(372)
	31,239	29,256

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 six months ended 30 June 2017. The profit tax rate in Hong Kong is expected to be steady at about 16.5% on their respective taxable income for the six months ended 30 June 2017 and 2016. The reduction granted by the Hong Kong Special Administrative Region Government of 75% of the tax payable for the year of assessment 2016-17 is subject to a maximum reduction of HK\$20,000 for each company.
- (iv) In accordance with the relevant PRC income tax rules and regulations, the Company'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 six months ended 30 June 2017 and 2016 except for Dongfang Susu Creativity and Design (Shenzhen) Co., Ltd and Shenzhen Koradior Fashion Co., Ltd., which are entitled to reduced Corporate Income Tax rate of 15% under the preferential tax policy of Shenzhen-Hong Kong Modern Service Industry Cooperation Zone and National High Tech Enterprise respectively.
- (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.

9 DIVIDEND

The Board has resolved not to declare any interim dividend to the shareholders of the Company in respect of the six months ended 30 June 2017 (2016: Nil).

10 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB109,360,000 (30 June 2016: RMB120,544,000) and the weighted average number of 495,120,000 ordinary shares in issue for the six months ended 30 June 2017 (30 June 2016: 503,334,789 shares).

	For the six months ended 30 June 2017	For the six months ended 30 June 2016
Weighted average number of ordinary shares in issue	495,120,000	503,334,789
Basic earnings per share (RMB cents)	22.09	23.95

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB109,360,000 (30 June 2016: RMB120,544,000) and the weighted average number of 498,901,525 ordinary shares in issue for the six months ended 30 June 2017 (30 June 2016: 508,789,653 shares) calculated as follows:

	For the six months ended 30 June 2017	For the six months ended 30 June 2016
Weighted average number of ordinary shares in issue	495,120,000	503,334,789
Effect of deemed issue of shares under Company's share option scheme for nil consideration	3,781,525	5,454,864
Weighted average number of ordinary shares in issue (diluted)	498,901,525	508,789,653
Diluted earnings per share (RMB cents)	21.92	23.69

11 PROPERTY, PLANT AND EQUIPMENT

Acquisitions and disposals

During the six months ended 30 June 2017, the Group acquired items of plant and machinery with a cost of RMB15,899,000 (six months ended 30 June 2016: RMB57,182,000). Items of plant and machinery with a net book value of RMB114,000 were disposed of during the six months ended 30 June 2017 (six months ended 30 June 2016: \$nil), resulting in a loss on disposal of RMB114,000 (six months ended 30 June 2016: \$nil).

12 INVENTORIES

Inventories in the consolidated balance sheets comprise:

	At 30 June 2017 RMB'000	At 31 December 2016 RMB'000
Raw materials	43,328	36,130
Work in progress	2,171	3,605
Finished goods	366,839	297,294
	412,338	337,029

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 2017 RMB'000	For the six months ended 30 June 2016 RMB'000
Cost of inventories sold	246,423	182,671
Write down of inventories	2,980	1,488
	249,403	184,159

13 TRADE AND OTHER RECEIVABLES

	At 30 June 2017 RMB'000	At 31 December 2016 RMB'000
Trade receivables	201,304	208,726
Deposits and prepayments and other receivables	158,422	54,394
Other receivables	47,824	33,554
	407,550	296,674
Less: Non-current deposits and prepayments	(53,539)	(36,327)
	354,011	260,347

(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 months 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.

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

	At 30 June 2017 RMB'000	At 31 December 2016 RMB'000
Within 1 month	104,465	151,245
1 to 2 months	59,917	42,551
2 to 3 months	22,541	9,576
Over 3 months	14,381	5,354
	201,304	208,726

13 TRADE AND OTHER RECEIVABLES *(Continued)*

(b) Trade receivables that are not impaired

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

	At 30 June 2017 RMB'000	At 31 December 2016 RMB'000
Neither past due nor impaired	164,382	193,796
Less than 1 month past due	22,541	9,576
1 to 3 months past due	12,095	3,673
Over 3 months past due	2,286	1,681
	36,922	14,930
	201,304	208,726

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 department stores and 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 PAYABLES

	At 30 June 2017 RMB'000	At 31 December 2016 RMB'000
Trade payables		
– third parties	24,186	35,210
– a related party	15,656	8,625
Trade payables	39,842	43,835
Receipts in advance	34,887	32,873
Staff costs payables	27,336	26,194
VAT and other tax payables	38,687	57,443
Other payables	30,404	39,150
	171,156	199,495

All of the trade and other payables are expected to be settled or recognised as income within one year or are repayable on demand.

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

	At 30 June 2017 RMB'000	At 31 December 2016 RMB'000
Within 1 month	32,415	30,223
1 to 2 months	4,328	6,063
2 to 3 months	556	440
Over 3 months	2,543	7,109
	39,842	43,835

15 BANK LOANS

As at 31 December 2016 and 30 June 2017, bank loans are repayable as follows:

	At 30 June 2017 RMB'000	At 31 December 2016 RMB'000
Bank loans due for repayment within 1 year	20,000	26,480
Current portion of term loans due for repayment within 1 year	72,325	101,377
Non-current portion of term loans due for repayment after 1 year which contain a repayment on demand clause:		
After 1 year but within 2 years	—	14,908
	72,325	116,285
	92,325	142,765

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

	At 30 June 2017 RMB'000	At 31 December 2016 RMB'000
Unsecured	92,325	142,765
	92,325	142,765

The Group's interest bearing loans are bank loans denominated in Hong Kong dollars and Renminbi, amounting to HK\$83.33 million and RMB20 million and will expire within a year. All loans are interest-bearing at variable interest rates and guaranteed by the Company.

16 CAPITAL, RESERVE AND DIVIDEND

	No. of shares		HK\$'000	RMB'000
	('000)			
(i) Authorised share capital				
Ordinary shares of HK\$0.01 each				
As at 31 December 2016 and 30 June 2017	1,500,000		15,000	11,948
	As at 30 June 2017		As at 31 December 2016	
	No. of shares	RMB'000	No. of shares	RMB'000
	('000)		('000)	
(ii) Issued share capital				
Ordinary shares, issued and fully paid				
At 1 January	495,120	3,936	502,034	3,997
Share issued share-based transactions	–	–	2,040	17
Repurchases and cancellation of share (note 1)	–	–	(8,954)	(78)
	495,120	3,936	495,120	3,936

Note 1:

The Company repurchased a total of 8,783,000 shares on the Stock Exchange during the six months ended 30 June 2017, which were all cancelled on 12 July 2017.

Nature and purpose of 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.

16 CAPITAL, RESERVE AND DIVIDEND (Continued)

Nature and purpose of reserves (Continued)

(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 portion of the grant date fair value of unexercised share options granted to employees of the Company that has been recognised during six months ended 30 June 2017 in accordance with the accounting policy adopted for share-based payments of RMB5,127,000 (31 December 2016: RMB4,934,000).

(c) *Shares issued pursuant to share option scheme*

During the six months ended 30 June 2017, no options were exercised (31 December 2016: 2,040,000).

(d) *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.

(e) *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.

(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 2016 and 30 June 2017 was 30% and 23% respectively. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

17 COMMITMENTS

Operating leases commitments

As at 31 December 2016, and 30 June 2017, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	At 30 June 2017 RMB'000	At 31 December 2016 RMB'000
Within 1 year	60,910	56,932
After 1 year but within 5 years	93,356	60,444
After 5 years	4,110	7,830
	158,376	125,206

18 MATERIAL RELATED PARTY TRANSACTIONS

During the periods ended 30 June 2017 and 2016, the directors are of the view that the following are related parties of the Group:

Name of related party	Relationship
Mr. Jin Ming	Chairman of the Board and an executive Director of the Company
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
Yingjia Fashion (Ganzhou) Co., Ltd.* ("Jiangxi Yingjia") (贏家時裝(贛州)有限公司)	Jiangxi Yingjia was wholly owned by Shenzhen Yingjia Fashion Co., Ltd. (深圳市贏家服飾有限公司), which was 53% and 47% owned by Ms. Chen Lingmei and Mr. Jin Jingquan respectively, the controlling shareholders of the Company

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

18 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

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

(a) Processing agreement

	Six months ended	
	30 June 2017 RMB'000	30 June 2016 RMB'000
Processing fees incurred		
– Jiangxi Yingjia	37,825	11,131
	37,825	11,131

(b) Lease agreement

	Six months ended	
	30 June 2017 RMB'000	30 June 2016 RMB'000
– Mr. Jin Ming	384	384
– Mr. Wang Sumin	307	307
	691	691

(c) Operating leases commitments

At 30 June 2017 and 31 December 2016, 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 2017 RMB'000	At 31 December 2016 RMB'000
Within 1 year	691	1,382
	691	1,382

19 NON-ADJUSTING EVENT AFTER THE REPORTING PERIOD

There is no non-adjusting event after Reporting Period.