EEKA FASHION
贏家時尚

EEKA Fashion Holdings Limited
贏家時尚控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3709)

(formerly known as Koradior Holdings Limited 珂萊蒂爾控股有限公司)

INTERIM REPORT 2019

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Corporate Profile

ABOUT EEKA FASHION

We are one of the leading and fast growing high-end womenswear 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, Koradior elsewhere and De Kora 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. On 9 March 2017, we, through our 90%-owned subsidiary, 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". O'2nd targets affluent ladies between the ages of 25 to 40, with high sensitive and details in stylish design. Obzee targets affluent ladies between the ages of 30 to 50 with feminine and elegant designs with lace custom fabric to provide a quality lifestyle. The Group launched new brand named "FUUNNY FEELLN" (referred to as "FF" brand) in January 2019. This is a cost-effective brand created by EEKA Fashion, focusing on the future of women's lifestyle. 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 31 provinces, autonomous regions and municipalities in the PRC. As at 30 June 2019, there were 885 retail stores of which 648 were operated by us and 237 were operated by our distributors. Among the 648 direct retail stores, 448 are located in department stores, 82 in shopping malls, 87 in outlets, 17 in street level and 14 in airport stores.

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

Corporate Information

EXECUTIVE DIRECTORS

Mr. JIN Ming *(Chairman and Chief Executive Officer)*
Ms. HE Hongmei
Mr. JIN Rui *(appointed on 23 August 2019)*

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. ZHOU Xiaoyu
Mr. ZHONG Ming
Mr. ZHANG Guodong

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

Suite 812, 8th Floor, Tower 1,
The Gateway, Harbour City,
25 Canton Road, Tsim Sha Tsui,
Kowloon, Hong Kong

COMPANY SECRETARY

Ms. WONG Wai Kiu

JOINT COMPANY SECRETARY

Mr. LEUNG Ka Wai

AUTHORISED REPRESENTATIVES

Mr. JIN Ming
Mr. LEUNG Ka Wai

AUDIT COMMITTEE

Mr. ZHANG Guodong *(Chairman)*
Mr. ZHOU Xiaoyu
Mr. ZHONG Ming

REMUNERATION COMMITTEE

Mr. ZHOU Xiaoyu *(Chairman)*
Mr. ZHANG Guodong
Mr. JIN Ming

NOMINATION COMMITTEE

Mr. JIN Ming *(Chairman)*
Mr. ZHOU Xiaoyu
Mr. ZHANG Guodong

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 54, 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.eekagroup.com

STOCK CODE

3709

Financial Highlights

	Six months ended 30 June	
	2019 (Unaudited) RMB'000	2018 (Unaudited) RMB'000
Revenue	**1,337,445**	1,209,634
Gross profit	**967,140**	851,373
Operating profit	**172,992**	156,901
Net profit	**146,613**	132,197
Net cash flows from operating activities	**251,446**	252,392
Earnings per share[1]		
– Basic (RMB cents)	**31.00**	27.32
– Diluted (RMB cents)	**30.73**	27.10
Profitability Ratio		
Gross margin	**72.31%**	70.38%
Operating margin	**12.93%**	12.97%
Net margin	**10.96%**	10.93%

	At 30 June 2019	At 31 December 2018
Liquidity Ratio		
Current ratio[2] (times)	**2.28**	3.03
Trade and bills receivables turnover days[3]	**39.24**	44.37
Trade and bills payables turnover days[4]	**38.89**	45.55
Inventory turnover days[5]	**194.55**	233.27
Capital Ratio		
Gearing ratio[6]	**24.77%**	7.92%
Interest coverage ratio[7] (times)	**25.38**	40.61

Notes:

1 Basic earnings per share = Profit attributable to owners of the Company/Weighted average number of ordinary shares (the weighted average number of shares in the first six months of 2019 was 486,337,000 versus 486,337,000 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 2019 was 490,602,115 versus 490,289,349 in the same period of last year)

2 Current ratio = Current assets/Current liabilities

3 Trade and bills receivables turnover days = Average of opening and closing balances on trade and bills receivables/Revenue for the period x 180 days

4 Trade and bills payables turnover days = Average of opening and closing balances on trade and bills payables/Cost of sales for the period x 180 days

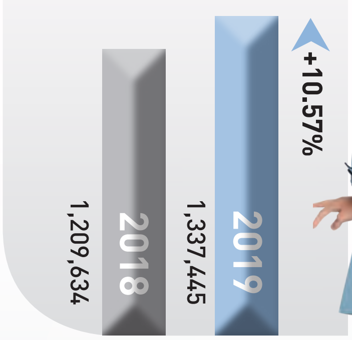
5 Inventory turnover days = Average of opening and closing balances on inventory/Cost of sales x 180 days

6 Gearing ratio = Total bank borrowings/Total equity x 100%

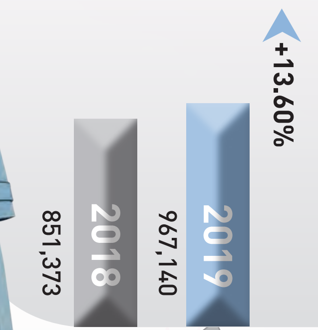
7 Interest coverage ratio = Profit before interest and tax/Interest expenses

Financial Highlights

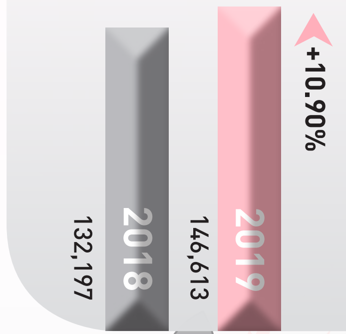
REVENUE
RMB'000
six months ended
30 June



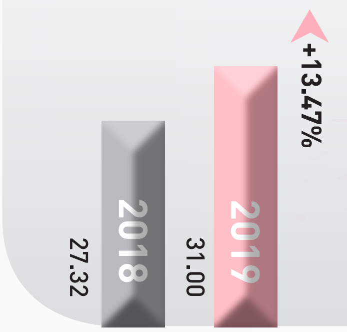
GROSS PROFIT
RMB'000
six months ended
30 June



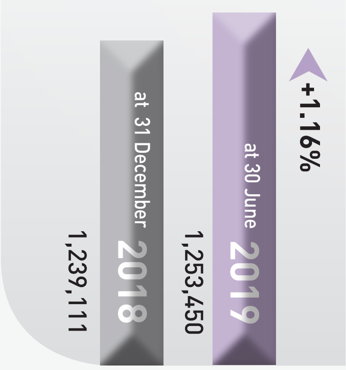
NET PROFIT
RMB'000
six months ended
30 June



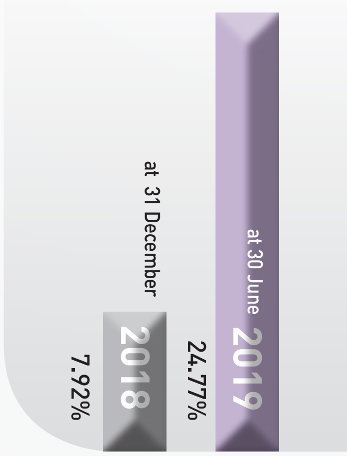
EARNINGS PER SHARE - BASIC
RMB Cents
six months ended
30 June



NET ASSETS
RMB '000



GEARING RATIO



CHAIRMAN'S STATEMENT

Chairman's Statement

Dear shareholders of EEKA Fashion Holdings Limited,

On behalf of the board of directors (the "Board") of EEKA Fashion Holdings Limited (the "Company" or "EEKA Fashion", 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 2019 (the "Reporting Period").

During the first half of 2019, the growth of consumption decelerated, market confidence was generally negatively impacted by Sino-US trade tension and uncertainty on macroeconomic outlook, posing greater challenge for the apparel industry. The spokesman of the General Administration of Customs of China reported that the trade volume between China and the United States in the first half of 2019 fell by 9%, the decline in Sino-US trade volume has brought some pressure on China's foreign trade as a whole, but the impact is generally controllable.

National Bureau of Statistics of China announced the total retail sales of consumer goods reached RMB19.52 trillion in the first half of the year, showing an increase of 8.4% year-on-year. The growth rate was 0.1 percentage point higher than that in the first quarter. In June, the total retail sales of consumer goods reached RMB338.78 billion, up 9.8% year-on-year, 1.2 percentage points higher than last month, up 0.96% from the previous month, and retail sales of RMB173.30 billion, up 8.3% due to sales of upgraded consumer goods growing faster.

In the first half of 2019, the Group continued with its multi-brand group operation and development for middle and high-end women's clothing with a main focus on intensive cultivation of simple style and outstanding characteristics of products to make the brand stand out. During the Reporting Period, the Group's revenue reached RMB1,337.45 million, representing an increase of 10.57%, with a net profit of RMB146.61 million, representing an increase of 10.90% compared with the first half of 2018. As at 30 June 2019, the Group had 885 retail stores of which 648 were operated by us and 237 were operated by our distributors under our own brands. The Group 's main brand Koradior recorded retail sales of RMB902 million, landing among the top ranked single brand with the largest size in the PRC. On the e-commerce aspect, the Group continuously strengthened its online product portfolio and increased integration online and offline. It also offered exclusive styles for e-commerce product selection. During the Reporting Period, e-commerce revenues reached RMB131 million in the Reporting Period, representing a year-on-year rapid increase of 25.48%.

Chairman's Statement

On 25 March 2019, the Company entered into the acquisition agreement with Apex Noble Holdings Limited ("Apex Noble") for the acquisition of the entire issued share capital of Keen Reach Holdings Limited and a shareholder's loan due to Apex Noble for a total consideration of HK$2,387,775,349. The acquisition agreement was approved by independent shareholders and passed at the extraordinary general meeting held on 22 May 2019 and was completed in July 2019. Through this acquisition, the Group has expanded its multi-brand group operation and development for middle and high-end women's clothing in market. The acquisition target is a famous fashion apparel company with unique brand culture concept, advanced research and development design center, sound marketing service system, efficient logistics distribution and network management system. It has three high-end women's fashion brands: "NAERSI" brand, which is positioned to deliver urban elite fashion culture and high quality, fine taste and comfortable clothing for elite women with the pursuit of successful career and life, "NEXY.CO" brand, which is positioned to appeal to urban, chic women with a sophisticated, charismatic and refined image, and "NAERSILING" brand, which is positioned to embody classic tailoring with modern design and a state of young mind into artful expression, confident lifestyle and diversified beauty performances, defines its brand style as freedom, simple and modern. On 28 May 2019, the Company organised a presentation & fashion show at Sky 100, International Commerce Centre, Hong Kong to show our brands and introduce the Group's development history, brand overall operation and future development strategy to the investors, customers, shareholder, fashion celebrities and business partner. This presentation was the first appearance of the Group in the capital market after its listing in Hong Kong, breaking through the traditional investors relation presentation, and is the first time the overall strength and image of its high-end womenswear group was unveiled in Hong Kong in an innovative format.

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 consumers' demand in a cost-effective way, broaden the market, expand product lines, and position new womenswear in the future, the Group launched a new brand named FUUNNY FEELLN (referred to as "FF" brand) in January 2019. This is a cost-effective brand carefully created by EEKA Fashion, focusing on the future of women's lifestyle.

Global economy will still be subject to fluctuation in the second half of the year as the economy of the PRC is expected to remain unstable with Sino-US trade tension and uncertainty on macroeconomic effect. All the above will affect consumer confidence in domestic and foreign market demand. The Group will use representing the brand as a spokesperson and establishing brand status, passing the brand image through international fashion show to create brand depth, implement multi-form, all-round marketing, expanding brand breadth into customer, adhere to direct channel strategy, adopt multi-format steadily expand the stores, tap into the potential store effect, strengthen VIP operations and deepen member value, improve product development capabilities and launch a cost-effective brand, use data-driven and market-driven research and development design mechanisms striving to achieve the expected annual development goals with synergy effects.

On 26 June 2019, the names of Koradior Holdings Limited（珂萊蒂爾控股有限公司）were changed to EEKA Fashion Holdings Limited（贏家時尚控股有限公司）to better reflect the current business focus of the Group and its direction of future development. We believes that the new English and Chinese names of the Company will provide the Company with a more defined corporate image and identity which will benefit the Company's future business development. We will become the leader of China's middle and high-end womenswear fashion group to make every woman uniquely glamorous.

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

23 August 2019

MANAGEMENT DISCUSSION AND ANALYSIS

REVENUE

The principal activities of the Group are design, promotion, marketing and sales of self-owned branded womenswear products in the PRC. Revenue represents the sales value of goods sold less returns, discounts and value-added tax. Total revenue increased from RMB1,209.63 million for the first half of 2018 to RMB1,337.45 million for the Reporting Period, representing an increase of 10.57% or RMB127.82 million. Total retail stores increased from 862 as at 1 January 2019 to 885 as at 30 June 2019 (note 1). Our self-operated retail stores revenue increased by 5.36% from RMB980.81 million for the first half of 2018 to RMB1,033.38 million for the Reporting Period. Total revenue from distributors increased by 43.77% from RMB117.78 million for the first half of 2018 to RMB169.33 million for the Reporting Period. Total revenue from e-commerce platforms increased by 25.48% from RMB104.67 million for the first half of 2018 to RMB131.34 million for the Reporting Period. The revenue from e-commerce generated from Tmall increased from RMB80.68 million for the first half of 2018 to RMB97.75 million for the Reporting Period, representing an increase of 21.16% or RMB17.07 million and the revenue from e-commerce generated from VIP.com increased from RMB23.73 million for the first half of 2018 to RMB33.59 million for the Reporting Period, representing an increase of 41.55% or RMB9.86 million.

Note 1:

Retail stores breakdown by geographical region and brand:

The following table illustrates the number of retail stores of our brands in the PRC as at 1 January 2019 and 30 June 2019 respectively including both self-operated retail stores and retail stores operated by our distributors:

	Number of retail stores			
Region	**As at 1 January 2019**	**Opened during the period**	**Closed during the period**	**As at 30 June 2019**
Central PRC[1]	106	5	(8)	103
Eastern PRC[2]	283	28	(17)	294
North Eastern PRC[3]	59	4	(2)	61
North Western PRC[4]	90	3	(5)	88
Northern PRC[5]	94	20	(6)	108
South Western PRC[6]	137	6	(6)	137
Southern PRC[7]	93	6	(5)	94
Total	862	72	(49)	885

	Number of retail stores	
Brand	**As at 1 January 2019**	**As at 30 June 2019**
Koradior	575	600
La Koradior	37	36
Koradior elsewhere	100	104
CADIDL	97	102
O'2nd	42	34
Obzee	11	9
Total	862	885

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.

Revenue analysis by brands

	For the six months ended 30 June					
	2019		2018		Increase/(decrease)	
	RMB'000	%	RMB'000	%	RMB'000	%
Koradior	**901,827**	**67.43%**	804,450	66.50%	97,377	12.10%
La Koradior	**101,591**	**7.60%**	93,363	7.72%	8,228	8.81%
Koradior elsewhere	**185,163**	**13.84%**	155,879	12.89%	29,284	18.79%
CADIDL	**85,751**	**6.41%**	93,492	7.73%	(7,741)	(8.28%)
DE Kora	**582**	**0.04%**	749	0.06%	(167)	(22.30%)
O'2nd	**46,772**	**3.50%**	43,004	3.55%	3,768	8.76%
Obzee	**15,759**	**1.18%**	18,697	1.55%	(2,938)	(15.71%)
Total	**1,337,445**	**100%**	1,209,634	100%	127,811	10.57%

The revenue generated from the sales of our products under Koradior, La Koradior and Koradior elsewhere continued to grow at an accelerated pace, representing an increase of 12.10%, 8.81% and 18.79% or RMB97.38 million, RMB8.23 million and RMB29.28 million for the Reporting Period respectively. For the Reporting Period, the revenue generated from sales of products of our O'2nd increased to RMB46.77 million, representing an increase of 8.76%, the revenue from sales of products CADIDL, De Kora and Obzee decreased to RMB85.75 million, RMB0.58 million and RMB15.76 million respectively, representing a decrease of 8.28%, 22.30% and 15.71% respectively as compared to the first half of 2018.

Management Discussion and Analysis

COST OF SALES

Cost of sales increased from RMB358.26 million for the six months ended 30 June 2018 to RMB370.31 million for the Reporting Period, representing an increase of 3.36% or RMB12.04 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 RMB851.37 million for the six months ended 30 June 2018 to RMB967.14 million for the Reporting Period, representing an increase of 13.60% or RMB115.77 million. Overall gross profit margin slightly increased from 70.38% for the first half of 2018 to 72.31% for the Reporting Period.

OPERATING EXPENSES

Operating expenses increased from RMB706.05 million for the six months ended 30 June 2018 to RMB810.96 million for the Reporting Period, representing an increase of 14.86% or RMB104.91 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 11.55% to RMB719.61 million for the Reporting Period from RMB645.10 million for six months ended 30 June 2018, 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; and (d) the increase in rental expenses due to increase in stores.

Administrative and other operating expenses

Administrative and other operating expenses increased by 49.88% to RMB91.35 million for the Reporting Period from RMB60.95 million for the corresponding period in 2018 primarily due to the increase in salaries and staff benefits.

FINANCE COSTS

Finance costs increased by 75.77% to RMB6.82 million for the Reporting Period from RMB3.88 million for the corresponding period in 2018, mainly due to the effect of IFRS 16.

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INCOME TAX EXPENSES

Income tax expenses decreased from RMB20.82 million for the first half of 2018 to RMB19.56 million for the Reporting Period, representing a decrease of 6.05% or RMB1.26 million, mainly due to the effect of the deferred tax cost.

THE NET PROFIT AND PROFIT MARGIN

As the result of the foregoing reasons, the net profit for the Reporting Period was RMB146.61 million, representing an increase of 10.90% or RMB14.41 million as compared to RMB132.20 million for the first half of 2018. Net profit margin slightly increased from 10.93% for the first half of 2018 to 10.96% for the Reporting Period.

CAPITAL STRUCTURE

The Group requires working capital to support its design and development, retail and other business operations. As at 30 June 2019, the Group had total current assets of RMB1,558.94 million (30 June 2018: RMB1,363.24 million) and total current liabilities of RMB684.71 million (30 June 2018: RMB463.89 million) with a current ratio of 2.28. 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 2019, the Group's interest bearing bank loans were denominated in Hong Kong dollars and Renminbi, amounting to HK$180.00 million revolving loan within a year, and HK$37.50 million term loan expiring with two years, and were all with variable interest rates, RMB115.00 million with fixed interest rate, and were repayable with one year. The Group's other borrowings were RMB4.19 million, with a fixed interest rate and repayable with one year.

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 2019, the Group had cash and cash equivalents of RMB782.90 million (31 December 2018: RMB613.38 million), of which 76.77%, 22.93%, 0.17% and 0.13% were denominated in RMB, Hong Kong dollars, US dollars and EUR respectively. The net cash inflow from operating activities stood at RMB251.45 million during the Reporting Period, decreased slightly by 0.37% from RMB252.39 million for the six months ended 30 June 2018, mainly due to the decrease in collection payment of trade and bills receivable and inventory. As at 30 June 2019, the Group's gearing ratio, i.e. the total outstanding bank loans divided by total equity, was 24.77% (31 December 2018: 7.92%).

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 4,866 as at 30 June 2019 (30 June 2018: 4,752). The total staff costs for the Reporting Period (including basic wages and salaries, commissions, bonuses, retirement benefits scheme contributions and share options expenses) amounted to RMB275.15 million (six months ended 30 June 2018: RMB226.18 million), representing 20.57% of our revenue (six months ended 30 June 2018: 18.70%).

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. Staffs are rewarded based on performance of the Group as well as on individual performance and contribution.

CONTINGENT LIABILITIES

As at 30 June 2019, the Group had no significant contingent liabilities.

MATERIAL ACQUISITION AND DISPOSAL

On 25 March 2019, the Company and Apex Noble entered into the sale and purchase agreement, pursuant to which the Company conditionally agreed to acquire and take an assignment of, and Apex Noble conditionally agreed to dispose of the entire issued share capital of, and the shareholder's loan due by, Keen Reach Holdings Limited (the "Acquisition") at the total consideration of HK$2,387,775,349 which shall be satisfied as to HK$500,000,000 in cash and as to HK$1,887,775,349 by the issue and allotment of 198,713,195 new shares of the Company at the issue price of HK$9.50 per share. The Acquisition was completed on 3 July 2019. Given that Apex Noble was wholly owned by Mr. Jin Rui, being the brother of Mr. Jin Ming, the Acquisition constituted a major and connected transaction of the Company under the Listing Rules. Details of the Acquisition were set out in the announcement and the circular of the Company dated 25 March 2019 and 29 April 2019 respectively.

Save as disclosed above, the Group had no other material acquisition or disposal of subsidiaries or associated companies during the Reporting Period.

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. As at 30 June 2019, all proceeds have been utilised as planned.

There was no equity fund raising activity by the Company during the Reporting Period.

Management Discussion and Analysis

OUTLOOK

During the first half of 2019, the growth of consumption decelerated, while general market confidence was negatively impacted by Sino-US trade tension and uncertainty on macroeconomic outlook, posing greater challenge on the apparel industry. Looking forward to the second half of 2019, it is expected that the global economic environment will remain uncertain.

We remain determined to continue our business expansion in Mainland China and other overseas markets, and have full confidence towards our future. As always, the Group continues to be vigilant to identify strategic investment or lucrative business opportunities that enable us to sustain long-term profitability.

The Group will continue building its brand by brand image spokesperson, shaping brand depth through international fashion show, and expanding brand breadth with multi-form and comprehensive marketing. Besides, the Group adheres to the channel strategy of direct sales, steadily expands the store by way of multi-type business to identify the store potential, explores the membership value by strengthening VIP operations, and improves product development capabilities to launch cost-effective brands. Leveraging on the data-driven and market-driven research and development design and other mechanisms, the Group further effectively takes various measures to boost the development of its brand retail business. In light of the above, the Group achieves the industry-leading standards in terms of brand value, market share, management level, employee income and social contribution. The Group will continue to seek opportunities to expand its brand portfolio and customer base, with an aim to become a leader in the field of middle and high-end womenswear in China.

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the Reporting Period (six months ended 30 June 2018: 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 Reporting Period, 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 Reporting Period.

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 Group.

As at 30 June 2019, there were 7,460,000 share options granted under the share option scheme which were outstanding, representing 1.5% of the issued share capital as at 30 June 2019.

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

	Number of share options								
Name or category of grantee	At 1 January 2019	Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	At 30 June 2019	Exercise period (Note)	Exercise price per share	Closing price per share immediately before date of grant
Directors									
Ms. He Hongmei	500,000	–	–	–	–	500,000	10 July 2014 to 9 July 2022	HK$4.42	HK$4.46
Sub-total	500,000	–	–	–	–	500,000			
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	7,460,000	–	–	–	–	7,460,000			

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 2019, the following Directors or the chief executive of the Company had or were deemed to have interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong ("SFO")) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provision of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules:

Name of Director	Nature of interest	No. of Shares/ underlying shares held	Position	Approximate percentage of issued share capital
Mr. Jin Ming	Founder of a discretionary trust (note 1)	300,450,500 (note 1)	Long	61.78%
Ms. He Hongmei	Beneficial owner	500,000 (note 2)	Long	0.10%

Note 1: These shares are held by Koradior Investments Limited, which is wholly-owned by Mayberry Marketing Limited, the entire issued share capital of which is in turn wholly-owned by BOS Trustee Limited 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 300,450,500 Shares held by Koradior Investments Limited by virtue of Part XV of the SFO.

Note 2: These represent the underlying share under the share options granted to Ms. Hongmei.

Save as disclosed above, as at 30 June 2019, 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 2019, 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	61.78%
BOS Trustee Limited (note 2)	Trustee	300,450,500	Long	61.78%
Mayberry Marketing Limited. (note 2)	Interest in a controlled corporation	300,450,500	Long	61.78%
Chui Jinny (note 3)	Interest in a controlled corporation	41,680,578	Long	8.57%
Sisu Holdings Limited (note 3)	Beneficial owner	41,680,578	Long	8.57%
Fosun International limited	Interest in a controlled corporation	25,800,000	Long	5.30%
Fosun International holdings ltd	Interest in a controlled corporation	25,800,000	Long	5.30%
Guo Guangchang	Interest in a controlled corporation	25,800,000	Long	5.30%

DISCLOSURE OF INTERESTS *(Continued)*

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

Notes:

1. The entire issued share capital of Koradior Investments Limited is wholly-owned by Mayberry Marketing Limited, the entire issued share capital of which is in turn wholly-owned by BOS Trustee Limited 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 300,450,500 Shares held by Koradior Investments Limited by virtue of Part XV of the SFO.

2. BOS Trustee Limited 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 Mayberry Marketing Limited, which in turn held 100% of the issued share capital of Koradior Investments Limited.

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

Save as disclosed above, as at 30 June 2019, 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 has purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

AUDIT COMMITTEE

The Audit Committee of the Company, comprising all 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 Reporting Period.

Consolidated Statement of Profit or Loss

for the six months ended 30 June 2019 (Expressed in Renminbi)

		Six months ended 30 June	
		2019	2018
	Note	**RMB'000**	RMB'000
Revenue	5	**1,337,445**	1,209,634
Cost of sales		**(370,305)**	(358,261)
Gross profit		**967,140**	851,373
Other revenue	6	**17,547**	11,009
Other net (loss)/gain		**(740)**	573
Selling and distribution expenses		**(719,605)**	(645,104)
Administrative and other operating expenses		**(91,350)**	(60,950)
Profit from operations		**172,992**	156,901
Finance costs	7a	**(6,817)**	(3,883)
Profit before taxation	7	**166,175**	153,018
Income tax	8	**(19,562)**	(20,821)
Profit for the period		**146,613**	132,197
Attributable to:			
Equity shareholders of the Company		**150,741**	132,888
Non-controlling interests		**(4,128)**	(691)
Profit for the period		**146,613**	132,197
Earnings per share (RMB cents)			
Basic	10 (a)	**31.00**	27.32
Diluted	10 (b)	**30.73**	27.10

Consolidated Statement of Comprehensive Income

for the six months ended 30 June 2019 (Expressed in Renminbi)

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
Profit for the period	**146,613**	132,197
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")	**287**	(1,026)
Total comprehensive income for the period	**146,900**	131,171
Attributable to:		
Equity shareholders of the Company	**151,028**	131,862
Non-controlling interests	**(4,128)**	(691)
Total comprehensive income for the period	**146,900**	131,171

Consolidated Statement of Financial Position

at 30 June 2019 (Expressed in Renminbi)

	Note	At 30 June 2019 (Unaudited) RMB'000	At 31 December 2018 (Audited) RMB'000
Non-current assets			
Property, plant and equipment	11	**174,041**	155,435
Intangible assets		**19,265**	21,780
Goodwill		**21,681**	21,681
Prepayments, other receivables and other assets	14	**21,259**	21,736
Equity investments designated at fair value through other comprehensive income		**43,277**	43,277
Deferred tax assets		**22,427**	17,852
Right-of-use assets		**209,787**	–
Total non-current assets		**511,737**	281,761
Current assets			
Inventories	12	**339,844**	460,634
Trade receivables	13	**279,007**	304,117
Prepayments, other receivables and other assets	14	**106,985**	65,087
Financial assets at fair value through profit or loss		**50,200**	30,000
Cash and cash equivalents		**782,904**	613,376
Total current assets		**1,558,940**	1,473,214
Current liabilities			
Interest-bearing bank and other borrowings	17	**299,526**	76,260
Trade payables	15	**57,329**	102,682
Other payables and accruals	16	**270,968**	238,291
Tax payable		**56,888**	68,654
Total current liabilities		**684,711**	485,887
Net current assets		**874,229**	987,327
Total assets less current liabilities		**1,385,966**	1,269,088

	Note	At 30 June 2019 (Unaudited) RMB'000	At 31 December 2018 (Audited) RMB'000
Non-current liabilities			
Interest-bearing bank borrowings	17	**10,996**	21,905
Deferred tax liabilities		**7,055**	8,072
Other payable and accruals	16	**114,465**	–
Total non-current liabilities		**132,516**	29,977
Net assets		**1,253,450**	1,239,111
EQUITY			
Equity attributable to owners of the parent			
Share capital	18	**3,859**	3,859
Reserves	18	**1,228,832**	1,214,866
		1,232,691	1,218,725
Non-controlling interests		**20,759**	20,386
Total equity		**1,253,450**	1,239,111

Consolidated Statement of Changes in Equity

for the six months ended 30 June 2019 – unaudited (Expressed in Renminbi)

	Attributable to equity shareholders of the Company										
	Share capital RMB'000	Share premium RMB'000	Capital redemption reserve RMB'000	Capital reserve RMB'000	Statutory reserve RMB'000	Fair value reserve RMB'000	Exchange reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total RMB'000
As at 1 January 2019	**3,859**	**212,502**	**196**	**(20,597)**	**46,617**	**11,285**	**(5,626)**	**970,489**	**1,218,725**	**20,386**	**1,239,111**
Profit for the period	–	–	–	–	–	–	–	150,741	150,741	(4,128)	146,613
Exchange differences on translation of financial statements	–	–	–	–	–	–	287	–	287	–	287
Total comprehensive income	–	–	–	–	–	–	287	150,741	151,028	(4,128)	146,900
Capital contribution from non-controlling interests	–	–	–	–	–	–	–	–	–	4,501	4,501
Dividend paid	–	–	–	–	–	–	–	(137,062)	(137,062)	–	(137,062)
As at 30 June 2019	**3,859**	**212,502**	**196**	**(20,597)**	**46,617**	**11,285**	**(5,339)**	**984,168**	**1,232,691**	**20,759**	**1,253,450**

	Share capital RMB'000	Share premium RMB'000	Capital redemption reserve RMB'000	Capital reserve RMB'000	Statutory reserve RMB'000	Fair value reserve RMB'000	Exchange reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total RMB'000
As at 1 January 2018 (restated)	3,859	212,502	196	(19,841)	45,953	11,285	(5,251)	853,735	1,102,438	20,831	1,123,269
Profit for the period	–	–	–	–	–	–	–	132,888	132,888	(691)	132,197
Exchange differences on translation of financial statements	–	–	–	–	–	–	(1,026)	–	(1,026)	–	(1,026)
Total comprehensive income	–	–	–	–	–	–	(1,026)	132,888	131,862	(691)	131,171
Appropriation to statutory reserves	–	–	–	–	–	–	–	(100,536)	(100,536)	–	(100,536)
As at 30 June 2018	3,859	212,502	196	(19,841)	45,953	11,285	(6,277)	866,087	1,133,764	20,140	1,153,904

Condensed Consolidated Cash Flow Statement

for the six months ended 30 June 2019 – unaudited (Expressed in Renminbi)

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Operating activities		
Cash generated from operations	**288,385**	274,544
Income tax paid	**(36,939)**	(22,152)
Net cash generated from operating activities	**251,446**	252,392
Investing activities		
Payment for the purchase of property, plant and equipment	**(55,850)**	(27,546)
Other cash flows (used in)/arising from investing activities	**(34,495)**	6,679
Net cash used in investing activities	**(90,345)**	(20,867)
Financing activities		
Dividends paid to equity shareholders of the company	**(137,062)**	(100,438)
Proceeds from bank loans	**233,549**	42,155
Repayment of bank loans	**(21,542)**	(13,932)
Other cash flows arising from financing activities	**2,962**	(3,883)
Principal lease payment	**(69,658)**	–
Net cash generated from/(used in) financing activities	**8,249**	(76,098)
Net increase in cash and cash equivalents	**169,350**	155,427
Cash and cash equivalents at 1 January	**613,376**	517,070
Effect of foreign exchange rate changes	**178**	326
Cash and cash equivalents at 30 June	**782,904**	672,823

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 in Hong Kong is Suite 812, 8th Floor, Tower 1, The Gateway, Harbour City, 25 Canton Road, Tsim Sha Tsui, 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 23 August 2019.

The interim financial statements have been prepared in accordance with the same accounting policies adopted in the 2018 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2019 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 Group has adopted the following new and revised International Financial Reporting Standards ("IFRSs") or amendments to IFRS which would take effect from financial periods beginning on or after 1 January 2019:

– IFRS 16: Leases

Except for IFRS 16, Leases, none of the 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 in this interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

IFRS 16 replaces IAS 17, Leases, and the related interpretations, IFRIC 4, Determining whether an arrangement contains a lease, ISIC 15, Operating leases – incentives, and ISIC 27, Evaluating the substance of transactions involving the legal form of a lease. It introduces a single accounting model for lessees, which requires a lessee to recognize a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less ("short-term leases") and leases of low value assets. The lessor accounting requirements are brought forward from IAS 17 substantially unchanged.

3 CHANGES IN ACCOUNTING POLICIES *(Continued)*

The Group has initially applied IFRS 16 as from 1 January 2019. The Group has elected to use the modified retrospective approach and has therefore recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 January 2019. Comparative information has not been restated and continues to be reported under IAS 17.

Further details of the nature and effect of the changes to previous accounting policies and the transition options applied are set out below:

(a) Change in accounting policies

(i) New definition of a lease

The change in the definition of a lease mainly relates to the concept of control. IFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group applies the new definition of a lease in IFRS 16 only to contracts that were entered into or changed on or after 1 January 2019. For contracts entered into before January 2019, the Group has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases.

Accordingly, contracts that were previously assessed as leases under IAS 17 continue to be accounted for as leases under IFRS 16 and contracts previously assessed as non-lease service arrangements continued to be accounted for as executory contracts.

Nature of the effect of adoption of IFRS 16

The Group has lease contracts for various items of properties. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under IFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low value assets (elected on a lease by lease basis) and short-term leases (elected by class of underlying asset).

3 CHANGES IN ACCOUNTING POLICIES *(Continued)*

(a) Change in accounting policies *(Continued)*

(ii) Lessee accounting

IFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by IAS 17. Instead, the Group is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under IAS 17, other than those short-term leases and leases of low-value assets.

When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

(b) Critical accounting judgements and source of estimation uncertainty in applying the above accounting policies

Determining the lease term

As explained in the above accounting policies, the lease liability is initially recognised at the present value of the lease payments payable over the lease term. In determining the lease term at the commencement date for leases that include renewal options exercisable by the Group, the Group evaluates the likelihood of exercising the renewal options taking into account all relevant facts and circumstances that create an economic incentive for the Group to exercise the option, including favourable terms, leasehold improvements undertaken and the importance of that underlying asset to the Group's operation. The lease term is reassessed when there is a significant event or significant change in circumstance that is within the Group's control. Any increase or decrease in the lease term would affect the amount of lease liabilities and right-of-use assets recognised in future years.

3 CHANGES IN ACCOUNTING POLICIES *(Continued)*

(c) Transitional impact

Lease liabilities at 1 January 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019 and included in other payables and accruals.

The right-of-use assets were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before 1 January 2019. All the assets were assessed for any impairment. The Group elected to present the right-of-use assets separately in the statement of financial position.

The impacts arising from the adoption of IFRS 16 as at 1 January 2019 are as follows:

	Increase RMB'000 (Unaudited)
Asset:	
Increase in right-of-use assets	238,250
Increase in total assets	238,250
Liabilities:	
Increase in other payables and accruals – Current	106,895
Increase in other payables and accruals – Non-current	131,355
Increase in total liabilities	238,250

The lease liabilities as at 1 January 2019 reconciled to the operating lease commitments as at 31 December 2018 is as follows:

	RMB'000 (Unaudited)
Operating lease commitments as at 31 December 2018	**256,289**
Weighted average incremental borrowing rate as at 1 January 2019	4.70%
Discounted operating lease commitments as at 1 January 2019	238,250
Lease liabilities as at 1 January 2019	**238,250**

3 CHANGES IN ACCOUNTING POLICIES *(Continued)*

(c) Transitional impact *(Continued)*

Summary of new accounting policies

The accounting policy for leases as disclosed in the annual financial statements for the year ended 31 December 2018 is replaced with the following new accounting policies upon adoption of IFRS 16 from 1 January 2019:

Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of the estimated useful life and the lease term.

Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including insubstance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in-substance fixed lease payments or a change in assessment to purchase the underlying asset.

3 CHANGES IN ACCOUNTING POLICIES *(Continued)*

(c) Transitional impact *(Continued)*

Amounts recognised in consolidated statement of financial position and profit or loss

	Right-of-use assets	Lease liabilities
	RMB'000	RMB'000
As at 1 January 2019	238,250	238,250
Additions	39,736	39,736
Depreciation charge	(68,199)	–
Interest expense	–	5,278
Payments	–	(69,658)
As at 30 June 2019	209,787	213,606

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	
	2019	2018
	RMB'000	RMB'000
Self-operated retail stores	**1,033,377**	980,807
Wholesales to distributors	**169,328**	117,777
E-commerce platforms	**131,336**	104,673
Others	**3,404**	6,377
Total	**1,337,445**	1,209,634

6 OTHER REVENUE

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
Interest income (note 1)	**11,205**	6,678
Subsidy income (note 2)	**2,772**	4,256
Others	**3,570**	75
	17,547	11,009

Note 1: Interest income as at 30 June 2019 represented interest income and gain from short term investment.

Note 2: Subsidy income represents various government grants received from the relevant government authorities to support the development of the Group in Mainland China. In the opinion of management, there are no unfulfilled conditions or contingencies relating to these grants.

7 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
(a) Finance costs		
Interest on bank loans	**1,539**	3,883
Interest on lease liabilities	**5,278**	–
	6,817	3,883
(b) Staff costs		
Contributions to defined contribution retirement plans	**15,532**	12,144
Salaries, wages and other benefits	**259,617**	214,037
	275,149	226,181
(c) Other items		
Depreciation	**38,252**	27,954
Cost of inventories	**370,305**	358,261
Depreciation of right-of-use assets	**68,199**	–

Note:

i) The Group has initially applied IFRS 16 since January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See Note 3.

8 INCOME TAX

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
Current tax		
PRC Corporate Income Tax ("CIT")	**25,154**	19,665
Hong Kong Profits Tax	**–**	2,225
Deferred tax		
Origination of temporary differences	**(5,592)**	(1,069)
	19,562	20,821

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 profit tax in Hong Kong has been provided at the rate of 16.5% on the taxable income for the six months ended 30 June 2019 and 2018. The reduction granted by the Hong Kong Special Administrative Region Government of 75% of the tax payable for the year of assessment 2018-19 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 established/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 2019 and 2018 except for Dongfang Susu Creativity and Design (Shenzhen) Co., Ltd and Shenzhen Koradior Fashion Co., Ltd., which are entitled to reduced CIT at the 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.

(Expressed in Renminbi unless otherwise indicated)

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 2019 (six months ended 30 June 2018: 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 RMB150,741,000 (30 June 2018: RMB132,888,000) and the weighted average number of 486,337,000 ordinary shares in issue for the six months ended 30 June 2019 (30 June 2018: 486,337,000 shares).

	For the six months ended 30 June 2019	For the six months ended 30 June 2018
Weighted average number of ordinary shares in issue	**486,337,000**	486,337,000
Basic earnings per share (RMB cents)	**31.00**	27.32

(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 RMB150,741,000 (30 June 2018: RMB132,888,000) and the weighted average number of 490,602,115 ordinary shares in issue for the six months ended 30 June 2019 (30 June 2018: 490,289,349 shares) calculated as follows:

	For the six months ended 30 June 2019	For the six months ended 30 June 2018
Weighted average number of ordinary shares in issue	**486,337,000**	486,337,000
Effect of deemed issue of shares under Company's share option scheme for nil consideration	**4,265,115**	3,952,349
Weighted average number of ordinary shares in issue (diluted)	**490,602,115**	490,289,349
Diluted earnings per share (RMB cents)	**30.73**	27.10

11 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2019, the Group acquired items of plant and machinery with a cost of RMB56,857,000 (six months ended 30 June 2018: RMB27,578,000).

12 INVENTORIES

Inventories in the consolidated balance sheets comprise:

	At 30 June 2019 RMB'000	At 31 December 2018 RMB'000
Raw materials	**58,977**	59,117
Work in progress	**3,270**	3,237
Finished goods	**277,597**	398,280
	339,844	460,634

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 2019 RMB'000	For the six months ended 30 June 2018 RMB'000
Cost of inventories sold	**370,130**	357,295
Write down of inventories	**175**	966
	370,305	358,261

13 TRADE RECEIVABLES

	At 30 June 2019 RMB'000	At 31 December 2018 RMB'000
Trade receivables	**279,919**	305,029
Impairment	**(912)**	(912)
	279,007	304,117

13 TRADE 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 Mainland China. Proceeds from the Group's sales made in these leased retail stores are mainly collected by the department stores and the shopping malls on the Group's behalf. Following the completion of the reconciliation of the sales in the past month with the department store and shopping mall, the Group then issues invoices, which generally fall within 30 days from the date of revenue recognition. Settlement in respect of these concession sales is made net of the lease rental payable to the department stores and the shopping malls and is generally expected within 60 days from the date of revenue recognition.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	At 30 June 2019 RMB'000	At 31 December 2018 RMB'000
Within 1 month	**157,337**	163,697
1 to 2 months	**69,866**	78,994
2 to 3 months	**14,786**	27,200
Over 3 months	**37,018**	34,226
	279,007	304,117

As at 30 June 2019, the allowance for credit losses is related to individually impaired receivables amounting to RMB912,000 (31 December 2018: RMB912,000). The management considers that such receivables is not recoverable since the customers are in severe financial difficulty. As a consequence, allowance for expected credit losses of RMB912,000 (31 December 2018: RMB912,000) has been recognised in respect of such receivables.

As at 30 June 2019, trade receivables that were not individually impaired related to a large number of independent customers including owners of department stores and shopping malls in Mainland China with no recent history of material defaults, the probability of default and the loss given default were estimated to be minimal.

14 PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	At 30 June 2019 RMB'000	At 31 December 2018 RMB'000
Prepayments	**75,779**	42,513
Deposits and other receivables	**47,554**	40,375
Right-of-return assets	**737**	1,021
Loans to employees	**4,174**	2,914
	128,244	86,823
Less: Non-current portion included in prepayments, other receivables and other assets	**(21,259)**	(21,736)
	106,985	65,087

None of the above assets is either past due or impaired. Deposits and other receivables mainly represent deposits paid for promotion activity, deposits paid to the department stores and shopping malls for leases and loans to employees.

The expected credit losses are estimated with reference to the historical loss record of the Group. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

15 TRADE PAYABLES

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

	At 30 June 2019 RMB'000	At 31 December 2018 RMB'000
Within 1 month	**40,712**	85,845
1 to 2 months	**8,695**	7,761
2 to 3 months	**6,433**	1,025
Over 3 months	**1,489**	8,051
	57,329	102,682

16 OTHER PAYABLES AND ACCRUALS

	At 30 June 2019 RMB'000	At 31 December 2018 RMB'000
Contract liabilities	**57,523**	84,586
Refund liabilities	**2,096**	2,764
Staff costs payables	**37,111**	57,995
VAT and other tax payables	**43,378**	75,242
Other payables	**31,719**	17,704
Lease liabilities	**213,606**	–
	385,433	238,291
Less: Non-current portion included in other payables and accruals	**(114,465)**	–
	270,968	238,291

17 BANK LOANS

As at 31 December 2018 and 30 June 2019, bank loans are repayable as follows:

	At 30 June 2019 RMB'000	At 31 December 2018 RMB'000
Bank loans due for repayment within 1 year	**295,338**	65,715
Bank loan due for repayment within 2 years	**10,996**	21,905
Current portion of term loans due for repayment within 1 year	**4,188**	10,545
	310,522	98,165

As at 30 June 2019, the Group's interest bearing bank loans were denominated in Hong Kong dollars and Renminbi, amounting to HK$180.00 million revolving loan within a year, and HK$37.50 million term loan expiring with two years, and were all with variable interest rates, RMB115.00 million with fixed interest rate, and were repayable with one year. The Group's other borrowings were RMB4.19 million, with a fixed interest rate and repayable with one year.

18 CAPITAL, RESERVE AND DIVIDEND

	No. of shares ('000)	HK$'000	RMB'000
(i) Authorised share capital			
Ordinary shares of HK$0.01 each			
As at 31 December 2018 and 30 June 2019	1,500,000	15,000	11,948

	2019		2018	
	('000)	**RMB'000**	('000)	RMB'000
(ii) Issued share capital				
Ordinary shares, issued and fully paid				
At 1 January	**486,337**	**3,859**	486,337	3,859
Share issued share-based transactions	**–**	**–**	–	–
Repurchases and cancellation of share	**–**	**–**	–	–
Outstanding at the end of the period/year	**486,337**	**3,859**	486,337	3,859

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.

18 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 Company has no portion of the grant date fair value of unexercised share options granted to employees that has been recognised during six months ended 30 June 2019 in accordance with the accounting policy adopted for share-based payments (31 December 2018: Nil).

(c) Capital redemption reserve

Capital redemption reserve represents the nominal amount of the shares repurchased.

(d) Statutory reserve

As stipulated by regulations in the PRC, 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 2018 and 30 June 2019 was 29.39% and 39.47% respectively. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

19 MATERIAL RELATED PARTY TRANSACTIONS

During the periods ended 30 June 2019 and 2018, 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.* ("Ganzhou Yingjia")（贏家時裝（贛州）有限公司）	Ganzhou Yingjia is wholly owned by Shenzhen Ifashion, which in turn is a direct wholly-owned subsidiary of Shenzhen Yingjia Fashion Co., Ltd.* ("Yingjia Fashion")（深圳市贏家服飾有限公司）, which is 53% and 47% owned by Ms. Chen Lingmei and Mr. Jin Jingquan respectively
Shenzhen Ifashion Cloud Technology Co., Ltd.* ("Shenzhen Ifashion)（深圳市贏領智尚科技有限公司）	Shenzhen Ifashion is a direct wholly-owned subsidiary of Yingjia Fashion

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

19 MATERIAL RELATED PARTY TRANSACTIONS *(Continued)*

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

(a) Processing agreement

	Six months ended	
	30 June 2019	30 June 2018
	RMB'000	RMB'000
Processing fees incurred		
– Ganzhou Yingjia and Shenzhen Ifashion	**49,030**	34,681
	49,030	34,681

(b) Lease liabilities

The Group has rental contract with Mr. Wang Sumin. As at 30 June 2019, the Group had total lease liabilities with Mr. Wang Sumin under non-cancellable lease falling due as follows:

	At 30 June 2019	At 31 December 2018
	RMB'000	RMB'000
Lease liabilities included in other payables and accruals – current	**294**	–
	294	–

(c) Acquisition of Property, Plant and Equipment

On 4 December 2018, Shenzhen Jin Yuexin Investment and Development Company Limited ("Jin Yuexin"), an indirect wholly-owned subsidiary of the Company, entered into two acquisition agreements with Mr. Jin Ming pursuant to which Mr. Jin Ming has agreed to sell and Jin Yuexin has agreed to purchase two properties situated at Unit 7G and Unit 8H, Zone B, Shum Yip Terra's Hongsong Building,Terra 6th Road North, Futian, Shenzhen, the PRC with a total gross floor area of approximately 1,020.82 sq.m. for a total cash consideration of RMB29,338,280. The acquisition was completed in January 2019.

20 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities at the measurement date

Level 2: Observable inputs which fail to meet Level 1, and not using significant unobservable inputs which are inputs for which market data are not available

Level 3: Fair value measured using significant unobservable inputs

The following table provides the fair value measurement hierarchy of the Group's financial assets and liabilities for which fair values are disclosed:

	Fair value measurement as at 30 June 2019 using			
	Quoted price in active market (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	RMB'000	RMB'000	RMB'000	RMB'000
Equity Investment designated at fair value through other comprehensive income	–	43,277	–	43,277
Financial asset at fair value through profit or loss	–	50,200	–	50,200
		93,477		93,477

20 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS *(Continued)*

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of unlisted equity investments are based on a recent market transaction.

The Group invests in unlisted investments, which represent wealth management products issued by banks in Mainland China. The Group has estimated the fair values of these unlisted investments by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

21 NON-ADJUSTING EVENT AFTER THE REPORTING PERIOD

On 25 March 2019, the Company entered into the acquisition agreement with Apex Noble, pursuant to which the Company agreed to acquire from Apex Noble the entire issued share capital of Keen Reach Holdings Limited and the shareholder's loan due to Apex Noble for a total consideration of HK$2,387,775,000. The acquisition agreement was approved by the independent shareholders by way of poll at the extraordinary general meeting held on 22 May 2019. The acquisition was completed in July 2019.

22 COMPARATIVE FIGURES

The Group has initially applied IFRS 16 at 1 January 2019 using the modified retrospective method. Under this approach, comparative information is not restated. Further details of the changes in accounting policies are disclosed in note 3.