

EEKA

2024 INTERIM REPORT



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)



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Corporate Profile

ABOUT EEKA FASHION

We are one of the leading and fast-growing middle to high-end womenswear companies in the People's Republic of China (the "PRC"). We have a unique brand culture concept, advanced research and development design center, sound marketing service system, efficient logistics and distribution and network management system. As at 30 June 2024, our brand portfolio comprises eight brands: our own high-end brands – (i) Koradior, (ii) La Koradior, (iii) ELSEWHERE and (iv) FUUNNY FEELN, and acquired brands – (v) CADIDL, (vi) NAERSI, (vii) NAERSILING and (viii) NEXY.CO.

Our business was established in 2007 by Mr. Jin Ming, our chief executive officer, chairman and executive director. Our "Koradior" brand is positioned to offer our customers romance and feminine designs. "La Koradior" brand was launched in September 2012 which is positioned to offer perceptual, elegant and romantic designs. "ELSEWHERE" brand was launched in September 2014, which is positioned to offer comfortable, tactile and relaxed aesthetic designs. We launched a new brand named "FUUNNY FEELN" (referred to as "FF" brand) in January 2019, which is positioned to promote freedom and unrestraint, to achieve a youthful and unique women's lifestyle.

Shenzhen Mondial Industrial Co., Limited ("Mondial") became our wholly-owned subsidiary after the acquisition of 65% and 35% of its equity interest by the Group in July 2016 and November 2021 respectively, and with it the "CADIDL" brand, which is positioned to offer simple, elegant and quality clothing for urban women. We acquired Keen Reach Holdings Limited ("Keen Reach") in July 2019, which has three self-owned brands in the PRC, namely "NAERSI", "NEXY.CO" and "NAERSILING", all targeting affluent ladies between the ages of 30 and 45. "NAERSI" creates high-end clothing for professional women with both fashion and quality, highlighting the elegant spirit of "ease and comfort". "NEXY.CO" is dedicated to urban, chic women with a sophisticated, charismatic and refined image. "NAERSILING" embodies a free and artistic brand style, both business-like and unrestrained dress code.

Over the years, we have attached great importance to the brand's international influence, our brands have been invited to Milan Fashion Week and New York Fashion Week to showcase the charm of Chinese brands. We always emphasise that the brand is the root and creativity is the soul to customer lifestyle research, with brand culture as the foundation based on customer needs and the "Combining the fashion aesthetics, savoring the exquisite life" mission, focusing on product innovation and development and brand communication promotion, and continuing to lead womenswear fashion and life culture.

We have been selling our products through the third-party e-commerce platform Tmall since 2011 in our flagship store and authorized merchants VIP.com. We launched the EEKA Fashion Mall based on WeChat ecological social e-commerce platform on 13 January 2020. EEKA Fashion Mall has opened up the sharing mechanism such as inventory, membership, marketing resources and other key elements to achieve a comprehensive upgrade of customer consumption experience. We also actively developed private domain malls, with specific focus on the Douyin live streaming sales model. In 2021, we fully expanded our presence on Douyin platforms.

Our products, which include dresses, skirts, trousers, shirts, knitwear, vests, jackets, overcoats, scarves and accessories, are sold across a nationwide sales network, majority of which consist of self-operated retail stores, covering 31 provinces, autonomous regions and municipalities in the PRC.

EXECUTIVE DIRECTORS

Mr. JIN Ming (*Chairman and Chief Executive Officer*)
Ms. HE Hongmei
Mr. JIN Rui

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

26/F, B Block, Bay Area Fashion Center
85 Terra 4th 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 (*FCCA, FCG, HKFCG(PE), HKCGI Cert: ESG*)

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
17/F, Far East Finance Centre
16 Harcourt Road
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		
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000	Increase/ (Decrease)
Revenue	3,306,372	3,340,896	(1.03%)
Gross profit	2,522,618	2,514,285	0.33%
Net profit	282,853	442,199	(36.03%)
Net cash flows from operating activities	451,831	914,610	(50.60%)
Earnings per share ¹			
– Basic (RMB cents)	40.5	65.9	
– Diluted (RMB cents)	40.5	64.8	
Profitability Ratio			
Gross margin	76.30%	75.26%	1.04% point
Net margin	8.55%	13.24%	(4.69)% point

	At 30 June 2024	At 31 December 2023
Liquidity Ratio		
Current ratio ² (times)	1.90	1.78
Trade and bills receivables turnover days ³	35.26	31.41
Trade and bills payables turnover days ⁴	69.17	93.61
Inventory turnover days ⁵	278.60	232.65
Capital Ratio		
Gearing ratio ⁶	14.35%	11.26%
Interest coverage ratio ⁷ (times)	12.08	21.41

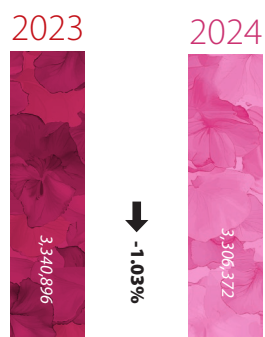
Notes:

- 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 2024 was 687,889,680 versus 675,466,314 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 2024 was 687,889,680 versus 687,331,444 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

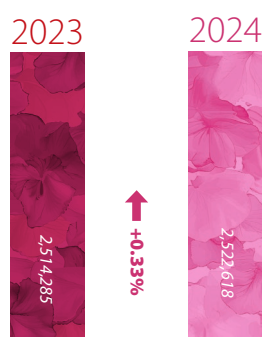
REVENUE

RMB'000
six months ended
30 June



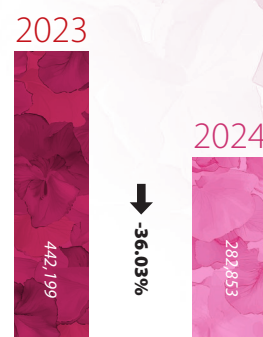
GROSS PROFIT

RMB'000
six months ended
30 June



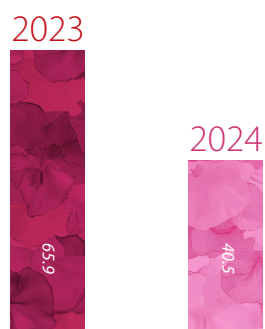
NET PROFIT

RMB'000
six months ended
30 June



EARNINGS PER SHARE - BASIC

RMB Cents
six months ended 30 June



NET ASSETS

RMB'000



GEARING RATIO

at 31 December 2023
at 30 June 2024



2024 MILESTONE

(In the first half of the year)

JANUARY

EEKA Fashion wins three awards at the beginning of the year

EEKA Fashion was awarded the “2023 ESG Pioneer Enterprise Award” at the 13th Philanthropy Festival, as well as the title of the “Most Socially Responsible Enterprise of 2023” by the Futian District Federation of Industry and Commerce (Chamber of Commerce). Shenzhen Koradior was awarded the title of the “Most Promising Enterprise of 2023” by the Futian District Federation of Industry and Commerce (Chamber of Commerce).



MARCH

NAERSI Spring/Summer 2024 Haute Couture Show

It was held at the Shaanxi Guild Hall, a 360-year-old historical cultural heritage museum. The renowned actress Huang Yi was invited to shoot promotional videos, ID films, and lead the runway show. In addition, they combined the show with a themed exhibition of the “Elegant Workshop” spring/summer collection, themed salons, a limited-time experience center, and intangible cultural heritage product appreciation events at their stores, as well as extensive online media exposure.



FEBRUARY

NEXY.CO 2024 Autumn/Winter New Product Launch Show at Milan Fashion Week

On 23 February 2024, NEXY.CO unveiled its 2024 autumn/winter collection “Mulan Greenland” at Milan Fashion Week. The grand show, inspired by the brand’s flower “Magnolia,” featured the brand color “NEXY.CO Green” as the main color scheme and kicked off at the Palazzo Reale.



La Koradior 2024 Autumn/Winter Launch Show at Paris Fashion Week

On 26 February 2024, La Koradior unveiled its 2024 autumn/winter collection showcase “Butterflies in the Orchid” at the Palais Brongniart in Paris, France, interpreting a luxurious and artistic fusion of the East and West.



APRIL

Koradior's 417 Brand Day 'Kora Rose Wonderland'

The new product launch show took place on 19 April 2024 at Shanghai's Yongfu 52. Actress Sun Yi appeared at the event wearing the 2024 Spring/Summer series K Dress. The event was themed "Kora Rose Wonderland," highlighted the brand's flower, the rose; its symbol, the linear rose; the brand color, rose red; and the core product category, dresses.



MAY

NAERSI's No Age Pavilion Column

It teamed up with the fashion media 'MODE Magazine' to create the 2024 special edition of the No Age Pavilion titled 'Me and Us'.



JUNE

EEKA Fashion celebrates 10th Anniversary of Listing

On 21 June 2024, the Group held the 'EEKA Fashion 10th Anniversary Celebration' at the Four Seasons Hotel in Central, Hong Kong. The event, themed 'B10SSOMING: A Decade of Splendor, Blooming Brilliance,' featured live runway shows by international supermodels showcasing the distinctive styles of its 8 brands.





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 2024 (the "Reporting Period").

In the first half of the year, China's GDP grew by 5.0% year-on-year, with a 4.7% year-on-year growth in the second quarter. This growth rate represented a slight slowdown of 0.8 percentage points compared to the first quarter. Total social retail sales increased by 3.7% year-on-year in the first half of the year. However, retail sales of clothing, shoes, and textiles only grew by 1.3% year-on-year during this period. In the high-end consumer sector, major luxury brand groups operating in the Chinese market experienced negative year-on-year growth in the first quarter, with many seeing declines exceeding 10%. Furthermore, the performance of some luxury brand groups worsened in the second quarter compared to the first quarter.

During the Reporting Period, the Group's revenue was RMB3,306.37 million, reflecting a slight decrease of 1.03%. The net profit was RMB282.85 million, showing a significant decline of 36.03% compared to the first half of 2023.

Among the three main brands, namely Koradior, NAERSI and NEXY.CO, NAERSI and NEXY.CO have shown positive growth with growth rates of 4.27% and 5.14% respectively. However, Koradior experienced a 6.19% year-on-year drop in growth. On the other hand, La Koradior and FUUNNY FEELN have sustained their strong growth momentum from 2023, achieving positive growth rates of 17.54% and 13.95% respectively. ELSEWHERE, CADIDL, NAERSILING experienced year-on-year drops of 9.77%, 6.31%, and 10.83% respectively. The Company is actively promoting the implementation of an excellent product system, accelerating comprehensive product upgrades, and unlocking the benefits of product reform.

Revenue from self-operated retail stores amounted to RMB2,633.96 million in the Reporting period, indicating a year-on-year decrease of 3.67%. This decline was attributed to low market confidence and insufficient consumer demand. As at 30 June 2024, the Group had 1,912 retail stores of which 1,485 were operated by the Group and 427 were operated by our distributors.

Revenue from e-commerce platforms reached RMB546.34 million in the Reporting Period, representing a year-on-year increase of 17.82% due to several factors including improved efficiency of product output, an increased proportion of new product sales online, expanded member sales, improved member repurchase rates, and enhanced efficiency of live streaming efforts.

On 21 June 2024, the 'EEKA Fashion 10th Anniversary of Listing Celebration' held at the prestigious Four Seasons Hotel in Central, Hong Kong, was a grand event marking a significant milestone for the Group. The theme of the event, 'B10SSOMING: A Decade of Splendor, Blooming Brilliance,' set the stage for an evening of elegance and style. It commemorates ten years since the Company was listed on the stock exchange, highlighting its growth, achievements, and contributions to the fashion industry. It showcased the Group's 8 brands through mesmerizing live runway shows by international supermodels, highlighting each brand's unique style and design aesthetics. This event attracted a sophisticated audience of fashion enthusiasts, investors, analysts, influencers, and esteemed guests, all gathered to witness a decade of fashion excellence. With a blend of creativity, craftsmanship, artistry, and glamour, the celebration exemplified the Group's commitment to innovation and setting new standards in the fashion industry.

Chairman's Statement

The Group is committed to long-term investments and will continue to reinforce systematic promotion within its brand system. In terms of the product system, there will be a focus on enhancing outstanding product capabilities and consistently improving product quality.

Regarding the channel system, efforts will be directed towards optimizing offline stores and maintaining distinctive online channel layouts. In the supply system, priority will be given to quality as the Group seeks to enhance its focus and concentration on delivering high-quality products.

Overall, the Group maintains its belief that China's economy will persist in the challenging mission of bolstering market expectations, reinforcing market confidence, and stimulating effective demand. By adhering to long-term strategies and concentrating on enhancing product quality, optimizing product structure, and improving brand image, the Group aims to navigate through economic cycles successfully, ensuring sustainable development and growth in the market.

Last but not least, I would like to take this opportunity, on behalf of the Board, to express my sincere gratitude to all shareholders, customers, business partners, and our staff for their unwavering support and trust.

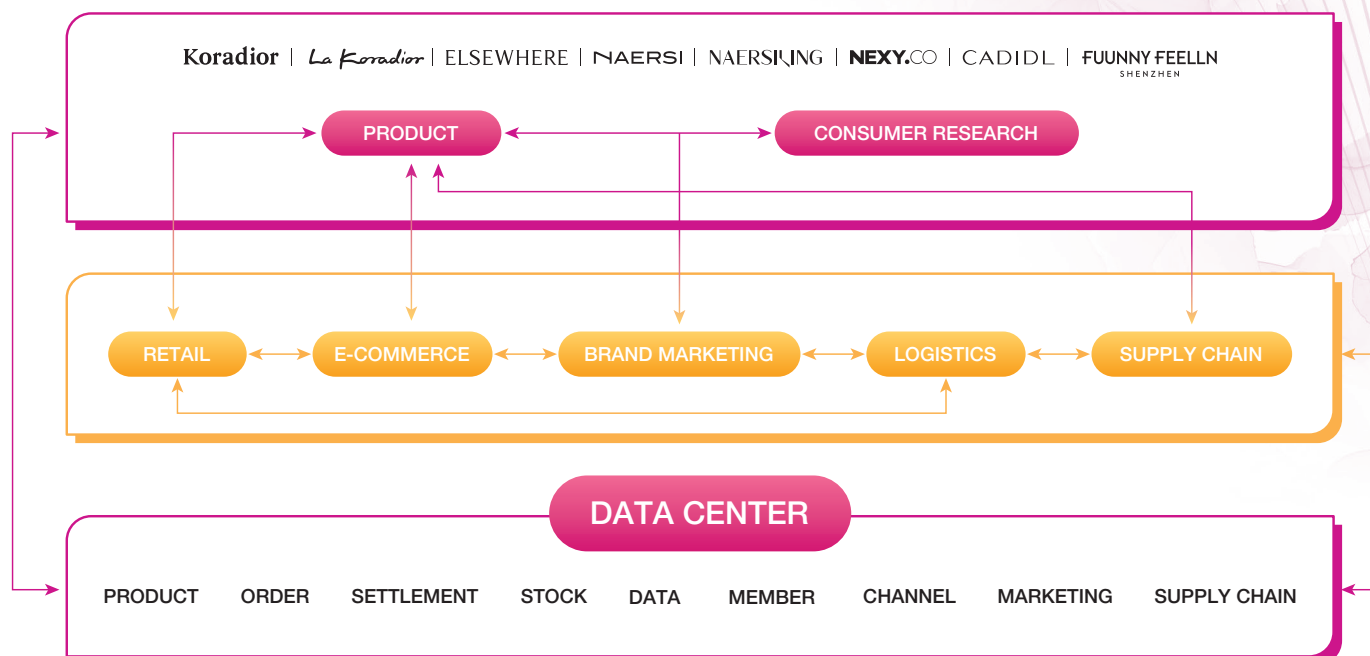
Jin Ming

Chairman of Board

15 August 2024



Our Business Model



Over the years, the Group has focused on the coordinated development of multiple brands, adopted a platform-based organizational structure, efficiently managed multi-brand operations, empowered the development of multiple brands with a strong middle platform, and given full play to the positioning advantages of different brands. The highly digitized data center enables all business segments to improve efficiency, and the Group is committed to becoming a globally renowned Chinese affordable luxury brand management group.

Over the past 30 years, the Group has focused on the Direct to Consumer (DTC) model and has accumulated a large number of methodologies in terminal direct retail management, and the direct sales model has made the Group's insight into consumer needs more sensitive and efficient. At the same time, in order to adapt to the changes in the consumption environment, we adopt the offline sales model of direct sales and distribution supplements, as well as the online sales model of multi-platform e-commerce operation, so that our products can fully reach the consumers.

Management Discussion and Analysis



Management Discussion and Analysis

INDUSTRY REVIEW

In the first half of the year, China's economy faced increasing downward pressure, with low market confidence, insufficient consumer demand, and enterprises generally encountering challenges and difficulties akin to those of the past three years plagued by the pandemic. China's GDP grew by 5.0% year-on-year in the first half of the year, with a 4.7% year-on-year growth in the second quarter, slowing down by 0.8 percentage points compared to the first quarter. In the first half of the year, total social retail sales increased by 3.7% year-on-year, with retail sales of clothing, shoes, and textiles growing by only 1.3% year-on-year. In June, total social retail sales increased by 2.0% year-on-year, marking the lowest year-on-year growth rate for that month in nearly 10 years (excluding 2020-2022), with retail sales of clothing, shoes, and textiles declining by 1.9% year-on-year and imports showing negative growth. In the high-end consumer sector, in the first quarter, the performance of major luxury brand groups in the Chinese market generally saw negative year-on-year growth, with many experiencing declines of over 10%, and some luxury brand groups saw a widening decline in performance in the second quarter compared to the first quarter.

Facing economic downward pressure, the Chinese government continued to intensify loose fiscal and monetary policies in the first half of the year, significantly loosened real estate control policies to boost market confidence and stimulate consumer demand. Starting this year, the Ministry of Finance plans to issue ultra-long-term special government bonds for several consecutive years, with an initial issuance in the amount of RMB1 trillion this year, with the first batch of 50-year ultra-long-term special government bonds already on sale since June. In the first half of the year, the central bank implemented two interest rate cuts, with the 5-year LPR rate dropping from 4.2% to 3.95% month-on-month in February, marking the largest single-month decrease in history. At the end of July, during a meeting of the Central Political Bureau, when deploying economic work for the second half of the year, it was emphasized that "macro policies should continue to exert force and be more forceful," supporting the construction of national major strategies and key areas of security capacity, and promoting large-scale equipment updates and the replacement of large durable consumer goods with new ones with greater intensity, which are all essential measures to expand domestic demand.

In the second half of the year, China's economy will continue to face the arduous tasks of boosting market expectations, enhancing market confidence, and releasing effective demand. With the deepening relaxation of control policies, the real estate market is expected to accelerate its clearance and achieve stability; coupled with fiscal, monetary, and consumption stimulus policies being successively implemented, the expected growth in household income and stabilization and recovery of asset prices are likely to strengthen, gradually boosting consumer willingness, and stabilizing the market for high-end women's clothing. During periods of economic decline, competition in the stock market for high-end women's clothing will become more intense, and top companies that adhere to long-term strategies, focus on improving product quality, optimizing product structure, and enhancing brand image, will navigate the cycle to achieve sustainable development.

Management Discussion and Analysis

BUSINESS REVIEW

The Group owns and manages eight brands to meet various dressing needs of its customers including: our own brands – (i) Koradior, (ii) La Koradior, (iii) ELSEWHERE and (iv) FUUNNY FEELN, and acquired brands – (v) CADIDL, (vi) NAERSI, (vii) NAERSILING and (viii) NEXY.CO.

The Group's dual main brands Koradior and NAERSI with sales revenue of more than RMB3.85 billion for the year ended 31 December 2023 are among the top 10 brands in the industry in China. Sales revenue from ELSEWHERE, La Koradior, NAERSILING, NEXY.CO, CADIDL sales are generally between RMB400–1,000 million, and the Company launched FUUNNY FEELN in 2019, which aims at a wider population and meets more diverse needs. As a brand cluster enterprise, the Company's group operation is outstanding, and it has built an endogenous and diversified middle and high-end brand matrix.

Koradior

Koradior is a brand that focuses on “romantic and feminine” style, providing customers with high-quality clothing characterized by rose patterns and lace, featuring tailoring and exquisite craftsmanship. Its core product category is “dresses”, and it advocates for an aesthetic lifestyle of “leisure and elegance”. The classic K Dress embodies Koradior's unique style with its classic X silhouette, romantic V-neck, delicate seven-button design, and 120° fan-shaped skirt, which strengthens the brand's identity and captures the hearts of customers.



Management Discussion and Analysis

Koradior was established in 2007 and won the “China Fashion Brand Annual Award – Style Award” in 2014. In 2016, the brand invited Miranda Kerr to be its spokesperson and participated in Milan Fashion Week. At the official show at the Palazzo Reale di Milano, the “Melody of South China” style was presented, showcasing their commitment to overseas spokesperson strategy for nine consecutive years. This deepened the brand’s “romantic” image in the minds of consumers and continued to enhance its brand power.

In the first half of 2024, in terms of brand development, Koradior continued its collaboration with Hollywood international superstar Lily Collins to interpret the Koradior-style romance and strengthen integrated brand marketing. The focus in the first half of the year was on the brand’s core DNA craftsmanship, the “pearl and diamond craftsmanship,” and the DNA element, the “rose.” They produced the “Rose Gorgeous Workshop” pearl and diamond craftsmanship microfilm to enhance the product’s value perception.

Simultaneously, they engaged in storytelling packaging, revolving around the product’s multiple promotions both online and offline. Offline, they increased the display of related products in storefronts. Online, they utilized various media for promotion and publicity to further enhance brand influence. In April, they hosted the 417 Brand Day event and new product launch show themed “Kora Rose Wonderland”, reinforcing the brand’s imprint. They narrated dress stories through the brand’s flower, merging product and sales to convey value.

In offline marketing, they curated experiential activities for core VIPs to bring refined lifestyle experiences. Through collaborations with major fashion media outlets such as “Fashion Bazaar” and “MadameFigaro,” they aimed to elevate the brand’s value and amplify its presence.



Under the reform of the excellent product system, Koradior has continued to enhance its product categories, optimizing the golden triangle structure and strengthening inter-category synergy, leading to a significant increase in product repeat purchase rates.

In terms of channel development, Koradior has focused on expanding, repositioning, renovating, and opening new stores to increase the average store size. The brand’s identity is prominently displayed throughout the stores, deepening consumer recognition. Additionally, multiple flagship and boutique stores have been opened to promote the upgrade of offline channels. As of 30 June 2024, Koradior has established a total of 700 stores in China.

Management Discussion and Analysis

NAERSI

NAERSI is a fashion brand with a brand style of “urban elegance” and a focus on dressing working women. Through minimalist designs, three-dimensional tailoring, inherited craftsmanship, and high-quality fabrics, NAERSI creates sophisticated ready-to-wear garments that combine fashion and quality for urban women, embodying an elegant spirit of “ease and elegance” for modern women. The core product categories are “outerwear” and “pants”, and the brand’s iconic “True-self Suit”, which has been passed down for 27 years, featuring detailed designs such as a bow tie collar, girly shoulder, princess waistline, fishtail hem, and the NAERSI oblique pattern. This suit has gained recognition and popularity among working women in China and has stood the test of time.

NAERSI was established in 1995 and implemented a spokesperson strategy in 2000, with Chinese actress Qu Ying serving as the brand image spokesperson. In 2014, the brand was recognized as a “China Well Known Brand”, and in 2015, it was awarded the title of “Influential Advanced Brand”. In 2017, NAERSI made its debut at the New York International Fashion Week, presenting the show “Power and Beauty” and becoming the first Chinese brand to host a show at the American Museum of Natural History, further enhancing its brand strength. In 2020, NAERSI introduced its brand color, “25° Blue”, becoming a pioneer within the Group.

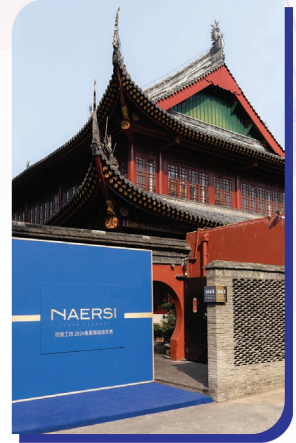


NAERSI

Management Discussion and Analysis

In the first half of 2024, NAERSI focused on its products to create a “High Efficiency Wardrobe” thematic approach. This initiative combined fabric craftsmanship, occasion styling, pattern narratives, and other elements to dissect the product’s value. The emphasis was placed on the brand’s signature craftsmanship such as “Exquisite Thread Traces”, “Exquisite Artistic Hemming,” and “Artisanal Stitching”.

Through the “Suit Festival – Elegant Workshop Spring/Summer Haute Couture Fashion Show,” they specially invited renowned actress Huang Yi to shoot promotional films, ID videos, and lead the runway shows. By leveraging thematic series like “The Beginning of Elegance,” themed exhibitions, store intangible cultural heritage appreciation events, media promotions, cross-brand collaborations, and magazine partnerships, they achieved an overall exposure of nearly 100 million impressions. This comprehensive approach aimed to further capture consumers’ minds regarding the product, brand DNA, and brand stories.



In terms of channel expansion, NAERSI has been actively enhancing its offline retail presence by upgrading store images and designs, increasing store sizes, and introducing flagship and boutique stores. This strategy resulted in a net increase in the number of company-owned stores in the first half of 2024. They have also launched various offline activities such as roadshows, themed pop-up stores, and interactive promotions to engage consumers in different settings. This holistic approach aims to elevate the overall consumer experience, deepen consumer awareness of the brand’s style and philosophy, and drive sales growth through offline channels. As of 30 June 2024, NAERSI has a total of 455 stores operating in China.

Management Discussion and Analysis

La Koradior

La Koradior is a brand with a style characterized as “sensual, luxurious, and romantic.” Their core product category is “evening dresses,” providing luxurious and noble attire for “new noble ladies” for occasions such as banquets and business events through exquisite fabrics, intricate craftsmanship, and three-dimensional tailoring. As an affordable luxury brand, La Koradior has created multiple sets of high-end couture dresses for exhibitions. For example, the “Golden Trace” million-dollar dress that took 9,820 hours to create made its debut at the Beijing GUARDIAN FINE ART Art Week, becoming the first high-end dress from China to be showcased at a top art exhibition. The “Gilded Illusion” couture cape dress participated in Singapore Culture Gala “Shangyuan Hui” event, and the “Purple Orchid Embroidery” couture dress toured the “Salon International du Patrimoine Culturel” at the Louvre Museum in Paris, France, establishing the brand’s position in the affordable luxury market.



La Koradior

Management Discussion and Analysis

In the first half of 2024, La Koradior actively worked towards enhancing its brand strength and shaping a brand image of affordable luxury. During Paris Fashion Week, they presented their autumn/winter high fashion collection show “Butterflies in the Orchid,” which received high praise from the fashion industry both domestically and internationally. It collaborated with the renowned world jewelry workshop, Maison Lemaire, and the creative director Eric Charles-Donatien, to integrate French embroidery craftsmanship and Lunéville’s unique hook needle technique, showcasing the brand’s high-end embroidery aesthetics and enhancing its international image.



To further deepen their brand imprint, La Koradior extensively incorporated their brand DNA at the Paris showcase, featuring elements such as butterfly orchids, La-purple, cape dresses, and bellflower skirts. Their products also collaborated with the oil painting artist Hu Wei, using La-purple as the color inspiration and butterfly orchids as the creative muse to produce the joint oil painting work titled “Dream Butterfly Orchid Spring.” Across store displays, PR exhibitions, offline events, trade shows, and online promotional campaigns, La Koradior utilized their brand DNA elements to craft a brand identity and boost brand strength.

In terms of channel layout, La Koradior has taken measures to enhance the quality of its offline stores by closing low-quality outlets, expanding and renovating locations, and establishing boutique flagship stores. They have been consistently implementing a fully direct-operated model, with the average store size of new outlets significantly increased compared to previous standards, leading to notable improvements in store efficiency. By organizing themed offline exhibitions, in-store events, and strengthening interactions with consumers, La Koradior aims to build a “top-tier brand” by delivering “top-tier service” and “top-tier quality.” As of 30 June 2024, La Koradior has a total of 45 stores operating in China.

Management Discussion and Analysis

NEXY.CO

NEXY.CO is a brand with the style of “intellectual, simple, and wisdom beauty.” It provides multi-occasion clothing primarily for urban women in the fashion workplace. The brand slogan is “showing charm with wisdom.” Its core product category is “suits,” with the classic “π Suit” and “94050 overcoat” becoming enduring favorites among consumers and standout items for NEXY.CO.

NEXY.CO was established in 2009. In 2014, the first flagship store worth 10 million of dollars was born. In 2015, the classic 94050 overcoat was introduced. In 2017, as the only Chinese brand officially invited, NEXY.CO showcased an Asian show at Milan Fashion Week, collaborating with supermodel Karlie Kloss to interpret intelligent fashion under the theme of “The Spirit of Future.” In 2021, NEXY.CO partnered with WWF (World Wildlife Fund) and OPF (One Planet Foundation) twice to launch the “Green Planet” and “Nature Guardians” public welfare and environmental protection series, advocating for nature conservation, harmonious coexistence, and sustainable fashion. They combined art, environmental protection, and fashion to promote the brand’s sustainable beauty. In 2022, NEXY.CO invited actress Yuan Quan as the brand image spokesperson, showcasing the intelligent and beautiful power of Chinese women and promoting the image of “CO Lady,” representing both inner and outer beauty. The brand’s influence continues to grow. In February 2024, NEXY.CO unveiled its 2024 autumn/winter collection “Mulan Greenland” at Milan Fashion Week. The grand show, inspired by the brand’s flower “Magnolia,” featured the brand color “NEXY.CO Green” as the main color scheme and kicked off at the Palazzo Reale.



Management Discussion and Analysis

In the first half of 2024, NEXY.CO celebrated its 15th anniversary, which is a significant milestone for the brand. Following its appearance at Milan Fashion Week in February, the brand has been focused on strengthening brand awareness and enhancing its international influence.

Teaming up with Wonderland, they collaborated with 13 female photographers and 2 supermodels to create 15 photography works and 15 co-branded T-shirts. They held an offline Mulan Vision 15th-anniversary co-branded series exhibition to showcase the brand's color "NEXY.CO Green" and brand flower "Magnolia". The event featured the special appearance of brand ambassador Yuan Quan.

NEXY.CO continues to actively promote the reform of its outstanding product system, providing consumers with multi-scenario apparel focused on the workplace but not limited to it, catering to diverse consumer needs. Simultaneously, they are reinforcing the exposure of their classic pieces. They not only collaborated deeply with the magazine "ELLE" on overseas editorial shoots but also invited international supermodel Wang Quyou to interpret the classic " π Suit". Additionally, through the "Ingenuity Museum" column, they dissect high-quality fabrics and intricate craftsmanship, showcasing high-value clothing to consumers and embodying a sense of luxury associated with the brand. Furthermore, NEXY.CO has engaged in a cross-disciplinary collaboration with the new media digital artist Luo Bi to highlight the brand's intellectual beauty characteristics, aiming to enhance brand relevance and increase brand engagement.

In terms of channel layout, NEXY.CO continues to implement the Group's "channel upgrade" strategy, focusing on "improving store quality and efficiency." They are actively conducting offline roadshows and pop-up stores, with an increase in the average store size. Additionally, significant improvements in product quality and brand strength have helped to maintain confidence in NEXY.CO's future development even in the absence of significant improvements in the market environment and a continuous increase in the number of dealer stores. As of 30 June 2024, NEXY.CO has a total of 233 stores operating in China.



Management Discussion and Analysis

ELSEWHERE

ELSEWHERE has a brand style that emphasizes “comfort, texture, and freedom,” advocating that “everyone is a life artist.” Their core product category is “knitwear,” providing urban women with relaxed and comfortable clothing options. The brand aims to convey the core spirit of modern urban women – a sense of ease, freedom, and enjoyment. Furthermore, ELSEWHERE strengthens its connection with nature and sustainability through various initiatives, attracting the attention of their core customer base, the “life artists,” who are interested in living a sustainable lifestyle and care about environmental conservation.

ELSEWHERE was established in 2014. In 2016, it participated in Shenzhen Fashion Week, and in 2020, it held a major show at Shanghai Fashion Week. In 2021, it was listed on the “SUSTAIN100 2021 – Re-cycle & Green Design Initiative List” by the Green Fashion Alliance (GFA). In the same year, ELSEWHERE invited Tang Yixin as its first brand spokesperson to promote the brand’s values of “From the heart of solitude” and further establish its brand image.

In the first half of 2024, as part of their promotional efforts, ELSEWHERE held the 2024 Spring/Summer fashion show titled “Poetic Picture Scroll”, tracing the story of the knitwear landscape painting, analyzing the brand’s story, and continuing to narrate the brand’s narrative of “Poetry and the beyond.” This approach aimed to shape the brand’s high-end literary style, reinforce its brand DNA, and simultaneously it held offline roadshows, generating high exposure for the overall event and expanding the brand’s reach. Maintaining visual consistency between online and offline platforms in storefronts, image displays, and designated points, ELSEWHERE presented its key selling items in a relaxing and artistic living setting. The proportion of key selling items in the fashion show looks increased, and the brand continues to integrate products, marketing, and brand identity to deepen their integrated marketing and promotional system. Furthermore, ELSEWHERE continued to craft stories featuring a group of Key Opinion Leaders (KOLs) and a column dedicated to “life artists,” conveying the brand’s value proposition of “Everyone is an artist of life.”



In terms of channel layout, ELSEWHERE has further optimized the offline store image by enhancing the quality of their physical stores. In the first half of 2024, the performance of their directly operated stores continued to improve, with an increase in the average area of these stores. The stores have adopted a new image that comprehensively showcases the brand’s identity, culture, and style, aiming to enhance the brand’s influence. As of 30 June 2024, ELSEWHERE has a total of 160 stores operating in China.



ELSEWHERE

Management Discussion and Analysis

NAERSILING

NAERSILING, with a brand style of “freedom and art,” provides fashionable and unconstrained luxury fashion for urban celebrities and business elites. Their classic piece, the “724 Silk Positioning Printed Blazer,” offers consumers a more comfortable and inclusive wearing experience by adding a small H-shaped silhouette with an increased circumference of 7cm. The core product categories are “suits” and “dresses,” focusing on workplace and social scenarios.

NAERSILING was established in 2009 and participated in Shenzhen Fashion Week consecutively in 2015 and 2016. In 2018, they showcased their collection “FUTURE REVELATION” as the grand finale at New York Fashion Week for the spring/summer season. They also participated in Shanghai Fashion Week in 2020 and received the Brand Award at the 2020 China International Fashion Week. In 2021, the brand underwent an image upgrade by adjusting its logo to more accurately convey the brand’s style and philosophy.



In the first half of 2024, NAERSILING focused on brand storytelling around the brand color “Freedom Red” and the brand flower “Tulip.” They launched a special feature called the “L Art Museum”, emphasizing the brand’s craftsmanship. Through videos, they analyzed the brand’s fabrics and craftsmanship.



Additionally, they conducted offline activities such as the “NAERSILING TULIP Garden” themed exhibition and invested in airport advertising at Shenzhen Airport. Online, they focused on interpreting product floral patterns and stories around core product categories. By showcasing their key selling items through the “Basic Wardrobe” feature and creating popular products, NAERSILING combined marketing and promotion with their products effectively.

In terms of channel layout, NAERSILING has been actively promoting the strategy of “adjusting store quality and improving store efficiency,” aiming to increase the size of their offline self-operated stores. The average size of newly opened stores in the current year has significantly increased compared to the average size of previous stores.



By utilizing concepts such as concept stores, boutiques, themed exhibitions, and other high-quality offline channels, NAERSILING directly engages with consumers to enhance their shopping experience. As of 30 June 2024, NAERSILING has a total of 88 stores operating in China.



NAERSILING



Management Discussion and Analysis

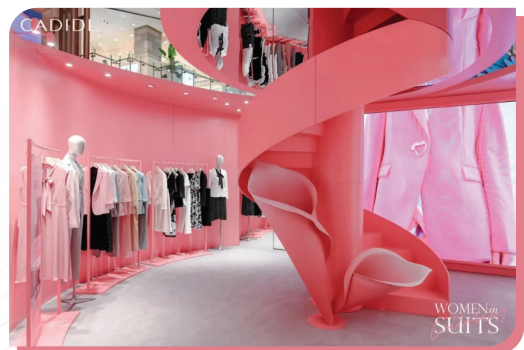
CADIDL

CADIDL was established in 1996 and was acquired by the Group in 2016. With a brand style of “Minimalistic, Elegant, and Superb,” CADIDL provides different suits for various occasions for “Wisdom Elegant COO.” The core product category is “suits,” and over the past twenty years, CADIDL has always developed suit sets with the craftsmanship of “sculpting artworks.” Inspired by of “CALLA LILY,” CADIDL created the classic “No. 96 suit set” featuring the unique of “CALLA LILY.” Through meticulous craftsmanship with “143 exquisite core techniques” and the use of the exclusive “anti-wrinkle needle method,” the suit set presents a silhouette with a “golden 3cm” and a “standard body length of 65cm,” providing consumers with excellent quality suit sets.

In the first half of 2024, CADIDL focused on brand’s signature dual colors “Cardi Grey” and “First Sight Pink,” as well as their core product categories such as “suit sets,” the classic “No.96 Suit Set,” and the new classic “Elegant 12H Suit Skirt” for thematic promotions. This strategy aimed to strengthen the brand’s identity. CADIDL continued to build on the success of the “Wisdom and Elegance Suit Festival,” with the latest event themed “WOMEN IN SUITS.” They produced a feature titled “The Birth of a Suit,” highlighting the design intricacies and tailoring craftsmanship behind the classic 96 Suit Set and the Elegant 12H Suit Skirt, showcasing the pinnacle quality of the brand’s suit sets.

Furthermore, in collaboration with F Magazine, they photographed “Incredible Women,” a portrait of 96 diverse individuals embodying wisdom and elegance, with a strong focus on classic and new classic LOOKs. This initiative aimed to establish a brand image of wisdom and elegance. The promotional activities in the first half of the year were strategically aligned with a deep integration of products, resulting in significant promotional success.

In terms of channel layout, CADIDL has been actively implementing a strategy focused on large stores, utilizing the new 6.0 image design to integrate the brand’s DNA and enhance the physical store image. Additionally, they have been organizing themed exhibitions, pop-up events, and other offline activities to improve the overall consumer shopping experience. As of 30 June 2024, CADIDL has a total of 153 stores operating in China.



CADIDL

Management Discussion and Analysis

FUUNNY FEELLN

FUUNNY FEELLN was established in 2019 and is based in Shenzhen. It adopts a style of “modern, independent, freedom, and dreams” to create the cool and classic FF image, featuring a collared short jacket (SMART LOOK) paired with jeans. It is a mid-range designer brand. In 2023, FUUNNY FEELLN invited Jin Chen as the brand spokesperson to further enhance the brand image.



In the first half of 2024, FUUNNY FEELLN focused on promoting brand values around the theme “F is For Attitude – as if there’s a bit of attitude,” emphasizing the core product category of “short jackets” and the core craftsmanship of “contrast edging technique.” They aimed to create iconic products for the brand. Collaborating with the well-known IP “Popeye the Sailor,” they integrated the lifestyle of cool and bold girls, using “showing off arm muscles” as their marketing topics. Through group portrayals, they narrated cool stories of discipline and self-realization.

In addition, by combining their brand story, FUUNNY FEELLN further developed the brand symbol “Miao Xiao Fu” and integrated the brand’s DNA of “cat patterns” into their products, reflecting the brand’s values.

In terms of channel layout, FUUNNY FEELLN has actively worked on improving the quality of their offline direct operations by introducing a new terminal image version 2.0. It has presented the brand style and spirit to consumers through physical installations in offline stores, aiming to enhance the effectiveness of self-operated stores.



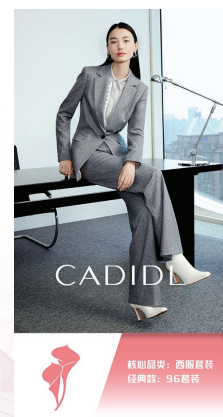
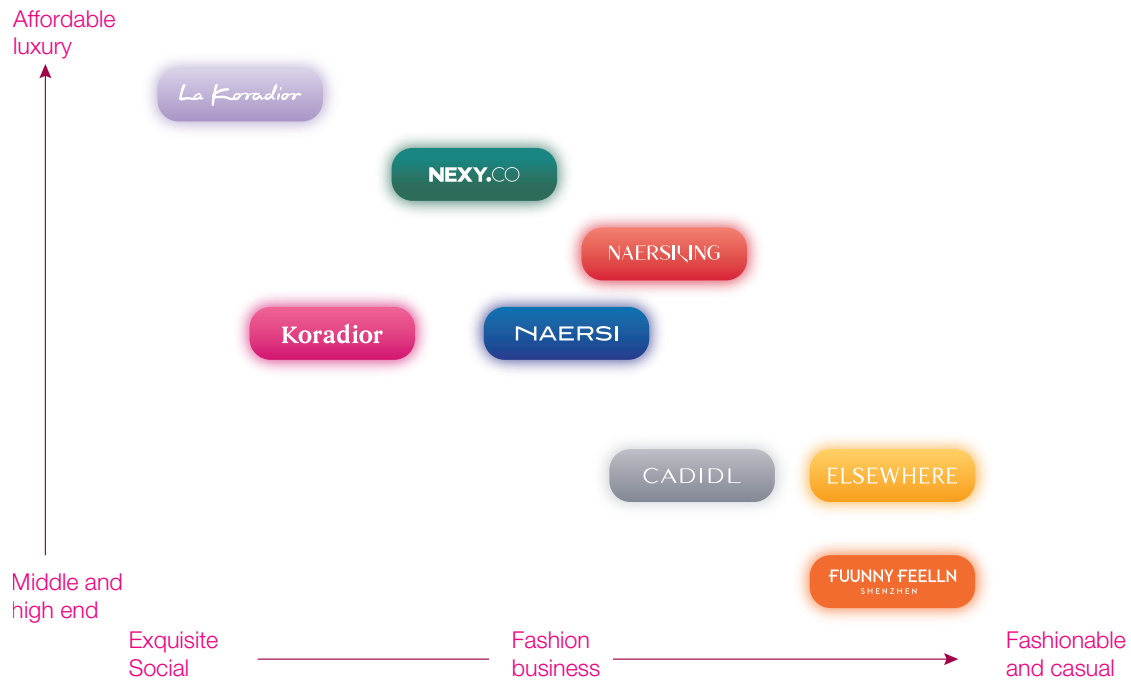
On e-commerce platforms, FUUNNY FEELLN has effectively promoted brand culture and values across multiple online broadcasting platforms, increasing brand exposure and actively driving strong growth in their e-commerce business. As of 30 June 2024, FUUNNY FEELLN has a total of 78 stores operating in China.



FUUNNY FEELLN
SHENZHEN

Management Discussion and Analysis

Brand positioning map



Management Discussion and Analysis

FINANCIAL REVIEW

Revenue

The principal activities of the Group are design, retail and wholesale of womenswear in the People's Republic of China (the "PRC"). The Group's revenue is generated primarily from (a) retail sales to end customers in its self-operated retail stores; (b) sales on third party e-commerce platforms; (c) wholesales to its distributors, who in turn sell the products to end consumers through the retail stores operated by them; and (d) other sales which mainly derived from staff sales or direct sales through promotional activities outside the Group's retail stores. Revenue represents the sales value of goods sold excluding VAT and other sales taxes, less sales returns and trading discounts. Total revenue decreased from RMB3,340.90 million for the first half of 2023 to RMB3,306.37 million for the Reporting Period, representing a decrease of 1.03% or RMB34.53 million.

Revenue analysis by sales channels

Sale channel	For the six months ended 30 June					
	2024		2023		Increase/(decrease)	
	RMB'000	%	RMB'000	%	RMB'000	%
Self-operated retail stores	2,633,960	79.67%	2,734,368	81.85%	(100,408)	(3.67%)
Wholesales to distributors	126,069	3.81%	142,813	4.27%	(16,744)	(11.72%)
E-commerce	546,343	16.52%	463,715	13.88%	82,628	17.82%
Total	3,306,372	100%	3,340,896	100%	(34,524)	(1.03%)

Revenue of retail stores analysis

The Group has always placed a strong focus on establishing self-operated retail stores. For the first half of 2024, 1,485 self-operated retail stores (Koradior: 481, La Koradior: 45, ELSEWHERE: 128, CADIDL: 134, FUUNNY FEELN: 47, NAERSI: 361, NEXY.CO: 203 and NAERSILING: 86) generated revenue of RMB2,633.96 million in aggregate, representing a decrease of 3.67% as compared to the first half of 2023 under our brands. The decrease in direct revenue is mainly attributed to the existing stores sales down.

As at 30 June 2024, there were 427 retail stores operated by distributors under seven brands (Koradior: 219, ELSEWHERE: 32, CADIDL: 19, FUUNNY FEELN: 31, NAERSI: 94, NEXY.CO: 30 and NAERSILING: 2) and the revenue of retail stores operated by distributors reached RMB126.07 million, representing a decrease of 11.72% as compared to the first half of 2023 due to the low market confidence and insufficient consumer demand.

Management Discussion and Analysis

Revenue of e-commerce analysis

Total revenue from e-commerce platforms increased by 17.82% from RMB463.72 million for the first half of 2023 to RMB546.34 million for the Reporting Period in which: (i) the revenue from e-commerce generated from Tmall increased from RMB115.29 million for the first half of 2023 to RMB124.41 million for the Reporting Period, representing an increase of 7.91% or RMB9.12 million; (ii) the revenue from e-commerce generated from VIP.com increased from RMB208.79 million for the first half of 2023 to RMB239.69 million for the Reporting Period, representing an increase of 14.80% or RMB30.90 million; (iii) the revenue from e-commerce generated from EEKA Fashion Mall increased from RMB36.70 million for the first half of 2023 to RMB49.71 million for the Reporting Period, representing an increase of 35.45% or RMB13.01 million; and (iv) the revenue from e-commerce generated from Douyin increased from RMB97.48 million for the first half of 2023 to RMB101.39 million for the Reporting Period, representing an increase of 4.01% or RMB3.91 million. The increase in revenue for the Reporting Period is primarily attributable to the Company's comprehensive upgrade strategy which has begun to show positive operational results.

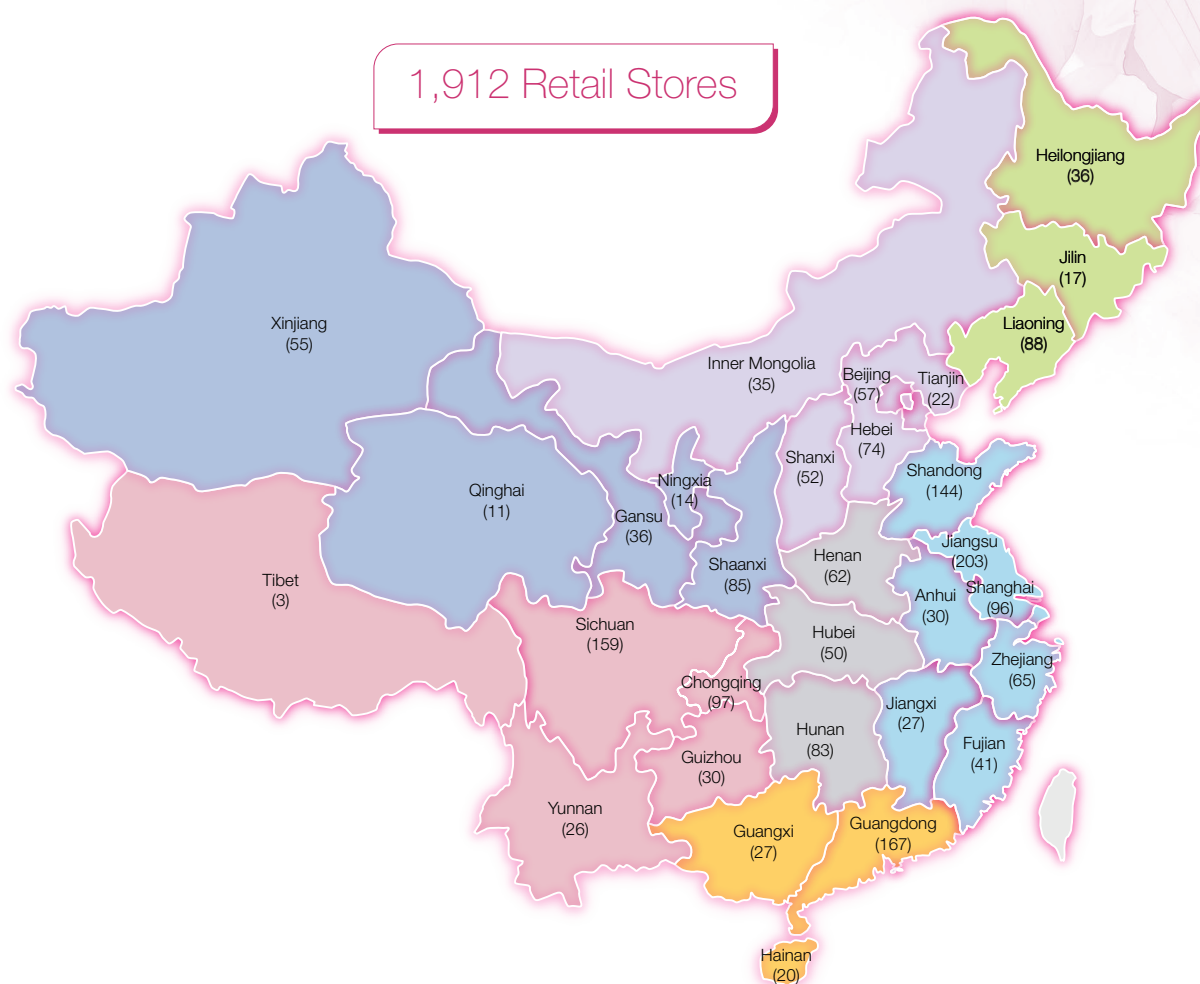
Revenue of retail stores analysis by geographical regions (excluding e-commerce)

The following table sets out the breakdown of the Group's revenue generated from its self-operated retail stores and wholesales to distributors by geographical regions for the six months ended 30 June 2024 and 2023, respectively:

Region	For the six months ended 30 June			
	2024		2023	
	RMB million	%	RMB million	%
Central PRC ¹	267.48	9.69%	280.84	9.76%
Eastern PRC ²	909.43	32.95%	953.33	33.13%
North Eastern PRC ³	175.06	6.34%	190.27	6.61%
North Western PRC ⁴	197.97	7.17%	234.44	8.15%
Northern PRC ⁵	341.24	12.36%	344.04	11.96%
South Western PRC ⁶	494.10	17.90%	515.33	17.91%
Southern PRC ⁷	374.75	13.59%	358.93	12.48%
Total	2,760.03	100%	2,877.18	100%

During the year ended 30 June 2024, the revenue of retail stores generated from Eastern PRC and South Western PRC contributed to more than half of the total revenue of self-operated retail stores and wholesales to distributors.

Management Discussion and Analysis



Management Discussion and Analysis

* The following table shows a breakdown of retail stores of our brands in the PRC as at 1 January 2024 and 30 June 2024 respectively including both self-operated retail stores and retail stores operated by our distributors by geographical region and brand:

Region	Number of retail stores			As at 30 June 2024
	As at 1 January 2024	Opened during the Reporting Period	Closed during the Reporting Period	
Central PRC ¹	204	5	(14)	195
Eastern PRC ²	626	35	(55)	606
North Eastern PRC ³	135	17	(11)	141
North Western PRC ⁴	218	3	(20)	201
Northern PRC ⁵	244	17	(21)	240
South Western PRC ⁶	315	12	(12)	315
Southern PRC ⁷	222	7	(15)	214
Total	1,964	96	(148)	1,912

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.

Brand	Number of retail stores	
	As at 1 January 2024	As at 30 June 2024
Koradior	714	700
La Koradior	46	45
ELSEWHERE	172	160
CADIDL	161	153
FUUNNY FEELN	91	78
NAERSI	454	455
NAERSILING	95	88
NEXY.CO	231	233
Total	1,964	1,912

Management Discussion and Analysis

Revenue analysis by brands

Brand	For the six months ended 30 June					
	2024		2023		Increase/(decrease)	
	RMB'000	%	RMB'000	%	RMB'000	%
Koradior	1,056,961	31.97%	1,126,736	33.73%	(69,775)	(6.19%)
La Koradior	255,117	7.72%	217,049	6.50%	38,068	17.54%
ELSEWHERE	246,436	7.45%	273,118	8.17%	(26,682)	(9.77%)
CADIDL (note 1)	201,907	6.11%	215,497	6.45%	(13,590)	(6.31%)
FUUNNY FEELN	82,037	2.48%	71,996	2.15%	10,041	13.95%
NAERSI (note 2)	734,657	22.22%	704,565	21.09%	30,092	4.27%
NAERSILING (note 2)	224,900	6.80%	252,221	7.55%	(27,321)	(10.83%)
NEXY.CO (note 2)	504,357	15.25%	479,714	14.36%	24,643	5.14%
Total	3,306,372	100%	3,340,896	100%	(34,524)	(1.03%)

Note 1: The Group acquired 65% and 35% of the equity interest of Mondial on 13 July 2016 and 10 November 2021 respectively which has a self-owned brand "CADIDL". Mondial is an insignificant subsidiary of the Company within the meaning of the Listing Rules.

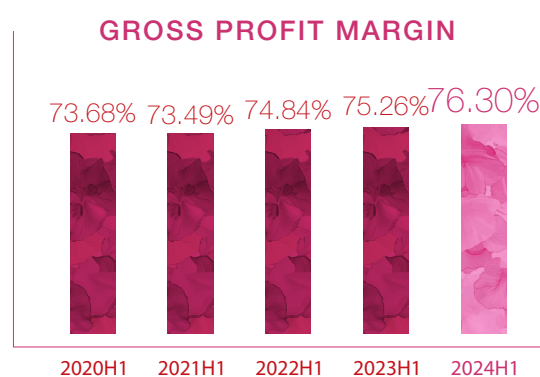
Note 2: The Group acquired 100% of the equity interest of Keen Reach which has self-owned brands "NAERSI", "NEXY.CO" and "NAERSILING" on 3 July 2019.

COST OF SALES

Cost of sales decreased from RMB826.61 million for the six months ended 30 June 2023 to RMB783.75 million for the Reporting Period, representing a decrease of 5.18% or RMB42.86 million, primarily due to the decrease in the cost of inventories sold as a result of the decrease of the Group's revenue.

GROSS PROFIT AND GROSS PROFIT MARGIN

Gross profit increased from RMB2,514.29 million for the six months ended 30 June 2023 to RMB2,522.62 million for the Reporting Period, representing an increase of 0.33% or RMB8.33 million. Overall gross profit margin slightly increased from 75.26% for the first half of 2023 to 76.30% for the Reporting Period.



Management Discussion and Analysis

Gross Profit analysis by sales channels

Sale channel	For the six months ended 30 June				
	2024		2023		Increase in Gross Profit Margin (% point)
	Gross Profit (RMB'000)	Gross Profit Margin (%)	Gross Profit (RMB'000)	Gross Profit Margin (%)	
Self-operated retail stores	2,095,113	79.54%	2,142,336	78.35%	1.19
Wholesales to distributors	93,556	74.21%	104,592	73.24%	0.97
E-commerce	333,949	61.12%	267,357	57.66%	3.46
Total	2,522,618	76.30%	2,514,285	75.26%	1.04

Gross Profit analysis by brands

Brand	For the six months ended 30 June				
	2024		2023		Increase/ (decrease) in Gross Profit Margin (% point)
	Gross Profit (RMB'000)	Gross Profit Margin (%)	Gross Profit (RMB'000)	Gross Profit Margin (%)	
Koradior	799,009	75.59%	861,187	76.43%	(0.84)
La Koradior	206,744	81.04%	173,796	80.07%	0.97
ELSEWHERE	173,140	70.26%	191,986	70.29%	(0.03)
CADIDL	152,988	75.77%	158,699	73.64%	2.13
FUUNNY FEELN	51,688	63.01%	42,769	59.40%	3.61
NAERSI	566,570	77.12%	526,241	74.69%	2.43
NAERSILING	177,169	78.78%	191,916	76.09%	2.69
NEXY.CO	395,310	78.38%	367,691	76.65%	1.73
Total	2,522,618	76.30%	2,514,285	75.26%	1.04

Management Discussion and Analysis

OPERATING EXPENSES

Operating expenses increased from RMB2,081.93 million for the six months ended 30 June 2023 to RMB2,272.42 million for the Reporting Period, representing an increase of 9.15% or RMB190.49 million. Operating expenses include selling and distribution expenses, administrative and other operating expenses, and details of them are listed below:

Selling and distribution expenses

Selling and distribution expenses increased by 6.19% to RMB1,902.95 million for the Reporting Period from RMB1,792.03 million for the six months ended 30 June 2023, primarily due to the increase in (a) salaries and staff benefits, (b) the store concession fees and (c) investment in promotions and advertising.

Administrative and other operating expenses

Administrative and other operating expenses increased by 27.45% to RMB369.47 million for the Reporting Period from RMB289.90 million for the corresponding period in 2023 primarily due to the increase in (a) salaries and benefits and (b) the research and development fee expenses for all brands to improve products design.

FINANCE COSTS

Finance costs increased by 17.54% to RMB27.47 million for the Reporting Period from RMB23.37 million for the corresponding period in 2023, mainly due to the increase in loan borrowing.

INCOME TAX EXPENSES

Income tax expenses decreased from RMB63.81 million for the first half of 2023 to RMB21.54 million for the Reporting Period mainly due to the decrease in operating profit.

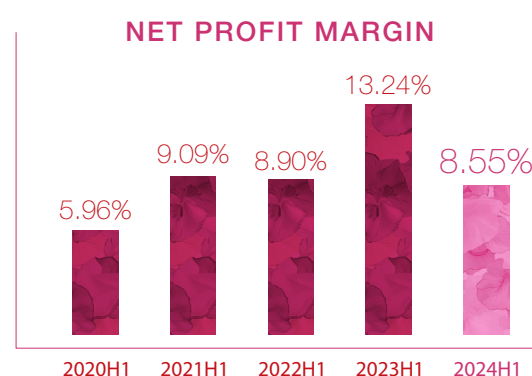
THE NET PROFIT AND NET PROFIT MARGIN

As the result of the foregoing reasons, the net profit for the Reporting Period was RMB282.85 million, representing a decrease of 36.03% or RMB159.35 million as compared to RMB442.20 million for the first half of 2023. Net profit margin decreased from 13.24% for the first half of 2023 to 8.55% 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 2024, the Group had total current assets of RMB3,156.18 million (31 December 2023: RMB3,549.66 million) and total current liabilities of RMB1,660.55 million (31 December 2023: RMB1,989.27 million) with a current ratio of 1.90. 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 2024, the Group's interest bearing bank loans were denominated in Renminbi, comprising a RMB634 million loan with fixed interest rate, repayable within one year.



Management Discussion and Analysis

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 2024, the Group had cash and cash equivalents of RMB357.58 million (31 December 2023: RMB440.76 million), denominated as to 93.34% in RMB, 6.40% in Hong Kong dollar, 0.01% in United States dollar, 0.19% in Euro and 0.06% in Japanese yen. The net cash inflow from operating activities generated was RMB451.83 million during the Reporting Period, decreased by 50.60% from RMB914.61 million for the six months ended 30 June 2023. As at 30 June 2024, the Group's gearing ratio, i.e. the total outstanding bank loans divided by total equity, was 14.35% (31 December 2023: 11.26%).

CHARGES ON ASSETS

As at 30 June 2024, none of the Group's assets (31 December 2023: buildings with carrying value of approximately RMB86.01 million) were pledged to banks in respect of the banking facilities granted to the Group.

TREASURY POLICIES

The Group adopts a prudent approach with respect to treasury and funding policies, with a focus on risk management and transactions that are directly related to the underlying business of the Group.

EXPOSURES TO FLUCTUATION IN FOREIGN EXCHANGE

The Group mainly operates in the PRC with most of its transactions settled in 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

The Group's number of employees has increased to 10,512 as at 30 June 2024 (30 June 2023: 10,137). The total staff costs for the Reporting Period (including basic wages and salaries, commissions, bonuses, retirement benefits scheme contributions and share award expenses) amounted to RMB805.95 million (six months ended 30 June 2023: RMB703.78 million), representing 24.38% of our revenue (six months ended 30 June 2023: 21.07%).

The Group has a share award scheme ("2019 Share Award Scheme") in place which was adopted in December 2019 to recognise the contributions for selected participants and to provide incentive to retain them for continual development of the Group. As the maximum number of shares that may be awarded under the 2019 Share Award Scheme had almost been reached, a new share award scheme ("2024 Share Award Scheme") was adopted in April 2024 to continue recognizing the efforts of selected participants. 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 2024, the Group had no significant contingent liabilities.

MATERIAL ACQUISITION AND DISPOSAL

The Group had no material acquisition or disposal of any subsidiaries, associates or joint ventures during the Reporting Period.

SIGNIFICANT INVESTMENT

As at 30 June 2024, the Group had no significant investment with a value of 5% or more of the Group's total assets.

ISSUE FOR CASH OF EQUITY SECURITIES OR SALE OF TREASURY SHARES

There was no equity fund raising activity nor was there any sale of treasury shares by the Company during the Reporting Period and there were no proceeds brought forward from any issue of equity securities or sale of treasury shares made in previous financial years.

OUTLOOK

In terms of the external environment, China's economy will continue to face significant uncertainty and continued downward pressure in the second half of the year. The central government has put forward the economic work for the second half of the year with the emphasis on "macro policies should continue to exert force and be more forceful," focusing on boosting consumption to expand domestic demand. It is also explicitly stated to "promote large-scale equipment updates and the replacement of large durable consumer goods with new ones" as part of the consumption stimulus policy. We believe that in the second half of the year, the combined impact of these policies will accelerate and show positive results, stabilizing and improving the consumer market gradually.

In terms of internal operations, in the second half of the year, the Group will focus on the steady development of existing brand business, striving for stability, and making full efforts to achieve annual operational goals. At the same time, the Group will adhere to the comprehensive "quality improvement" strategy and continue to hone internal capabilities. Achieving the vision of "becoming a globally renowned Chinese affordable luxury brand management group" will undoubtedly be a long and challenging journey, but the Group firmly believes that "where there's a will, there's a way." In the second half of the year, the Group will steadfastly advance reforms and upgrades in various business areas such as branding, products, channels, and supply chains, continuously strengthening platform operations and systematic management capabilities, and progressing step by step to achieve significant milestones, the detailed plans in respect of each business area are summarised as below:

- (1) **Brand System:** The Group will persist in long-term investments and continuously strengthen systematic promotion. The Group will continue to make long-term investment in brand building, ensuring that strategic promotional actions are effectively and comprehensively implemented in the second half of the year. By enhancing integrated marketing efficiency and quality through improving organizational forms, establishing process norms, and implementing quantified target assessments, the Group aims to further enhance the systematic layout and promotion of brand endorsements, advertising placements, fashion shows, and terminal store images, in the hope of continuously strengthening the brand's presence in customers' minds.
- (2) **Product System:** The Group will deepen our outstanding product capabilities and continuously enhance product quality. In the second half of the year, the Group will further refine the matrix organizational structure of the brand business department, focus on core product categories, strengthen inter-category linkages, and enhance the collaborative efficiency of category-based research and development. The Group will continue to upgrade product materials, increase the overall utilization of high-end materials, refine craftsmanship techniques, and enhance craftsmanship finesse and quality.

Management Discussion and Analysis

- (3) Channel System: Emphasis will be placed on optimizing offline stores and continuing to differentiate online channel layouts. In the second half of the year, the Group will steadily advance the adjustment of “large and high-quality” offline formats, focus on and deepen cultivation in high-line markets, and strive to create benchmark stores with high productivity. The Group will continue to consolidate competitive advantages in mid-to-high-end department store formats and deepen and expand layouts in shopping center formats. Simultaneously, the Group will strengthen cooperation with high-quality regional distributors to drive distribution market growth. In the second half of the year, the Group will continue the transformation of Tmall and JD.com to premium and branded operations, implement Douyin’s “increase volume, expand large stores” strategy, and drive growth in live streaming business.
- (4) Supply System: Prioritizing quality, the Group will further enhance concentration. In the second half of the year, the Group will continue to integrate and build a high-quality supply chain, support core suppliers, continuously expand the layout of top-tier supply chains, and further enhance the Group’s overall bargaining capabilities by integrating procurement of multiple categories and varieties of raw materials, thereby improving quality and reducing costs. The Group will continue to enhance the intelligence system and application of the supply chain, in a view to continually improving the overall category management capabilities of technology and craftsmanship.

A WIN-WIN SITUATION FOR THE COMPANY'S DEVELOPMENT AND SHAREHOLDERS' INTERESTS

EEKA Fashion's investor relations team actively establishes a timely, efficient and accurate communication mechanism with the Company's shareholders, institutional investors, various market participants, etc., and strives to achieve a win-win situation between the Company's development and shareholders' interests, and achieves financial performance that surpasses its peers, maintains stable profitability, gives shareholders more returns, and maintains an average dividend payout ratio of 50% in the past five years. The Group has always valued its shareholders and hoped that they can enjoy the result of EEKA Fashion's growth together. At the same time, the Company also actively publishes monthly investor briefings through official websites and other channels, created enterprise accounts and Q&A channels on stock trading platforms such as Futu and Royal Flush, webcasts performance conferences, and participates in online and offline investor meetings, actively reaching out to various types of investors, preparing and timely transmitting the Company's business development, future strategy and other company dynamics to investors, and enhancing investors' understanding and recognition of the Company. As of 30 June 2024, the number of shares of the Company held through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect increased by 16,061,000 shares.

As of 30 June 2024

Number of analysts covered by the Company: 11
 Number of investor strategy meetings: 10
 Number of reverse roadshows: 2
 Results Announcement: 1

Number of investor meetings: 25
 Including: Virtual (3), Shanghai (4), Beijing (4),
 Shenzhen (6), Hong Kong (6) and Singapore (1)

Share Information

Listing Day: 27 June 2014
 Board lot size: 500 Shares
 Numbers of shares outstanding: 704,050,195 shares
 (As at 30 June 2024)

Stock Codes

Hong Kong Stock Exchange: 3709
 Reuters: 3709.HK
 Bloomberg: 3709:HK

Dividends

HK cents	2020	2021	2022	2023	2024
Final dividend	38	48	40	70	
Special dividend	16	–	–	–	–

Important Dates

15 August 2024
 31 December 2024

Interim results announcement
 Financial year end date of 2024

Investor Relations Contacts

If you have any inquiries, please contact:

Jay Wong (FCCA, FCG, HKFCG(PE), HKCGI Cert: ESG)

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Other Information

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the Reporting Period (six months ended 30 June 2023: 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 (the “CG Code”) based on the principles set out in Part 2 of Appendix C1 to the Listing Rules during the Reporting Period, except for code provision C.2.1 of the CG 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 the Company. The Board believes that vesting the roles of both chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the 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 the Directors and the number of independent non-executive Directors on the Board and this structure will enable the Company to make and implement decisions promptly and effectively.

The Board will continue to review and consider splitting the roles of chairman of the Board and chief executive officer of the Company at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole.

MODEL CODE FOR SECURITIES TRANSACTION BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix C3 to the Listing Rules as its code of conduct regarding securities transactions by the Directors. Having made specific enquiry with all Directors, the Company has confirmed with all Directors that they have complied with the required standard set out in the Model Code and its code of conduct regarding any Directors’ securities transactions during the Reporting Period.

DISCLOSURE UNDER RULE 13.51B(1) OF THE LISTING RULES

Mr. Zhou Xiaoyu, an independent non-executive Director, has been appointed as an executive director of Forgame Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 00484), with effect from 2 August 2024.

Save as disclosed above, there is no other information required to be disclosed under Rule 13.51B(1) of the Listing Rules.

SHARE OPTION SCHEME

The Company adopted a share option scheme (the “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, and the Share Option Scheme has expired on 5 June 2024. No share option was granted during the Reporting Period and there was no share option outstanding under the Share Option Scheme as at 1 January 2024 and 30 June 2024.

The number of options available for grant under the scheme mandate is 40,500,000 as at 1 January 2024 and 0 as at 30 June 2024.

SHARE AWARD SCHEME

The Company has adopted share award schemes to recognise and motivate the contribution of the eligible participants, to provide incentives and help the Company in retaining its existing participants and recruiting additional participants and to provide them with a direct economic interest incentives in attaining the long-term business objectives of the Company.

2019 Share Award Scheme

The 2019 Share Award Scheme was adopted by the Board on 2 December 2019 and shall be valid until the 10th anniversary of the adoption date. The Company has granted an aggregate of 40,973,000 awarded Shares pursuant to the 2019 Share Award Scheme to certain grantees including directors, senior management and employees of the Group. The awarded Shares shall, subject to fulfilment of vesting conditions, be vested in five equal tranches annually.

On 15 May 2020, the first tranche totalling 8,058,200 awarded Shares have vested and 136,400 awarded Shares have been forfeited, and 1,017,000 awarded Shares being forfeited on 31 December 2020.

On 15 May 2021, the second tranche totalling 7,918,200 awarded Shares have vested and 22,150 awarded Shares have been forfeited, and 752,850 awarded Shares being forfeited on 31 December 2021.

On 15 May 2022, the third tranche totalling 7,507,160 awarded Shares have vested and 182,240 awarded Shares have been forfeited, and 1,307,600 awarded Shares being forfeited on 31 December 2022.

On 30 August 2023, the fourth tranche totalling 7,154,000 awarded Shares have vested and 509,600 awarded Shares have been forfeited, and 625,800 awarded Shares being forfeited on 31 December 2023.

On 15 May 2024, the fifth tranche totalling 14,531,500 awarded Shares have vested and 894,300 awarded Shares have been forfeited. The awarded Shares vested during the Reporting Period were purchased at purchase price of HK\$10.62 per Share and the weighted average closing price of the Shares immediately before the date on which the awarded Shares were vested was HK\$12.18 per Share.

The Group recognized an awarded share expense of HK\$109,500,000 (equivalent to RMB99,481,000) during the Reporting Period.

2024 Share Award Scheme

As the maximum number of shares that may be awarded under the 2019 Share Award Scheme had almost been reached, the 2024 Share Award Scheme was adopted by the Board on 10 April 2024 to continue recognising the efforts of selected participants. The 2024 Share Award Scheme shall be valid until the 10th anniversary of the adoption date. The Company has granted an aggregate of 9,415,000 awarded Shares pursuant to the 2024 Share Award Scheme to certain grantees including directors, senior management and employees.

The awarded Shares granted above shall be satisfied first by the Shares purchased by the trustee from the open market pursuant to the 2024 Share Award Scheme, at the expense of the Company. During the Reporting Period, the Company instructed the trustee to purchase from the market a total of about 3.1 million Shares for awards to the relevant grantees. The total costs (excluding related transaction costs) involved was about HK\$32 million.

Other Information

DISCLOSURE OF INTERESTS

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

As at 30 June 2024, 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:

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)	247,715,000	Long	35.18%
Ms. He Hongmei	Beneficial owner (note 2)	666,074	Long	0.09%
Mr. Jin Rui	Founder of a discretionary trust (note 3)	198,713,195	Long	28.22%

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 247,715,000 Shares held by Koradior Investments Limited by virtue of Part XV of the SFO.

Note 2: These represent the underlying awarded shares of the share awards granted to Ms. He Hongmei.

Note 3: These shares are held by Apex Noble Holdings Limited, which is wholly-owned by Heritage Holdings Limited, the entire issued share capital of which is in turn wholly-owned by BOS Trustee Limited as trustee of the Jin's Heritage Trust. The Jin's Heritage Trust is a discretionary trust set up by Mr. Jin Rui as settlor. The beneficiaries of the Jin's Heritage Trust are Mr. Jin Rui, his spouse and his children. Mr. Jin Rui as founder of the Jin's Heritage Trust is taken to be interested in the 198,713,195 Shares held by Apex Noble Holdings Limited by virtue of Part XV of the SFO.

Save as disclosed above, as at 30 June 2024, 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.

(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 2024, 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	247,715,000	Long	35.18%
Mayberry Marketing Limited (note 1)	Interest in a controlled corporation	247,715,000	Long	35.18%
Apex Noble Holdings Limited (note 2)	Beneficial owner	198,713,195	Long	28.22%
Heritage Holdings Limited (note 2)	Interest in a controlled corporation	198,713,195	Long	28.22%
BOS Trustee Limited (note 3)	Trustee	446,428,195	Long	63.41%
CA Indosuez (Switzerland) SA, Hong Kong Branch	Depository	59,560,000	Long	8.46%

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 247,715,000 Shares held by Koradior Investments Limited by virtue of Part XV of the SFO.
2. The entire issued share capital of Apex Noble Holdings Limited is wholly-owned by Heritage Holdings Limited, the entire issued share capital of which is in turn wholly-owned by BOS Trustee Limited as trustee of the Jin's Heritage Trust. The Jin's Heritage Trust is a discretionary trust set up by Mr. Jin Rui as settlor. The beneficiaries of Jin's Heritage Trust are Mr. Jin Rui, his spouse and his children. Mr. Jin Rui as founder of Jin's Heritage Trust is taken to be interested in the 198,713,195 Shares held by Apex Noble Holdings Limited by virtue of Part XV of the SFO.
3. BOS Trustee Limited is the trustee of: (i) 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; and (ii) Jin's Heritage Trust, which was established by Mr. Jin Rui as settlor in favour of the beneficiaries of Jin's Heritage Trust, held 100% of the issued share capital of Heritage Holdings Limited, which in turn held 100% of the issued share capital of Apex Noble Holdings Limited.

Save as disclosed above, as at 30 June 2024, 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.

Other Information

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Pursuant to the rules of the 2024 Share Award Scheme, the Company instructed the trustee to purchase from the market a total of about 3.1 million shares for awards to the relevant grantees during the Reporting Period. The total costs (excluding related transaction costs) involved was about HK\$32 million. Save as disclosed above, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities (including the sale of treasury shares) during the Reporting Period. As at 30 June 2024, there were no treasury shares (as defined under the Listing Rules) held by the Company.

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 Reporting Period.

Consolidated Statement of Profit or Loss

for the six months ended 30 June 2024 (Expressed in Renminbi)

		Six months ended 30 June	
	Notes	2024 RMB'000	2023 RMB'000
Revenue	5	3,306,372	3,340,896
Cost of sales		(783,754)	(826,611)
Gross profit		2,522,618	2,514,285
Other income and gains	6	81,734	105,947
Other net loss		(70)	(8,919)
Selling and distribution expenses		(1,902,954)	(1,792,031)
Administrative and other operating expenses		(369,470)	(289,902)
Finance costs		(27,469)	(23,370)
Profit before tax	7	304,389	506,010
Income tax expense	8	(21,536)	(63,811)
Profit for the period		282,853	442,199
Attributable to:			
Owners of the parent		278,662	445,227
Non-controlling interests		4,191	(3,028)
Profit for the period		282,853	442,199
Earnings per share attributable to ordinary equity holders of the parent			
Basic	10(a)	RMB40.5 cents	RMB65.9 cents
Diluted	10(a)	RMB40.5 cents	RMB64.8 cents

Consolidated Statement of Comprehensive Income

for the six months ended 30 June 2024 (Expressed in Renminbi)

	Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Profit for the period	282,853	442,199
Other comprehensive income		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
– Exchange differences on translation of foreign operations	(11,954)	(31,073)
Net other comprehensive loss that may be reclassified to profit and loss in subsequent periods	(11,954)	(31,073)
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:		
– Equity investments designed at fair value through other comprehensive income:		
Changes in fair value	–	6,061
Income tax effect	–	(909)
Net other comprehensive income that will not be reclassified to profit and loss in subsequent periods	–	5,152
Other comprehensive loss for the period, net of tax	(11,954)	(25,921)
Total comprehensive income for the period	270,899	416,278
Attributable to:		
Owners of the parent	266,708	419,306
Non-controlling interests	4,191	(3,028)
	270,899	416,278

Consolidated Statement of Financial Position

at 30 June 2024 (Expressed in Renminbi)

	Notes	At 30 June 2024 (Unaudited) RMB'000	At 31 December 2023 (Audited) RMB'000
Non-current assets			
Property, plant and equipment		641,578	661,486
Right-of-use assets		751,031	766,589
Goodwill		1,253,540	1,253,540
Other intangible assets		613,671	615,894
Investments in associates		2,100	1,800
Prepayments, other receivables and other assets	14	30,931	31,501
Financial assets at fair value and through profit and loss		77,612	80,655
Deferred tax assets		54,494	68,679
Total non-current assets		3,424,957	3,480,144
Current assets			
Inventories	12	1,273,691	1,152,505
Trade and bills receivables	13	577,927	717,449
Prepayments, other receivables and other assets	14	234,112	208,688
Financial assets at fair value through profit or loss		712,877	909,633
Time deposits		–	120,625
Cash and cash equivalents		357,575	440,756
Total current assets		3,156,182	3,549,656
Current liabilities			
Trade and bills payables	15	190,846	411,505
Other payables and accruals	16	366,959	443,947
Interest-bearing bank borrowings	17	634,000	513,779
Lease liabilities		405,525	470,115
Tax payable		63,220	149,927
Total current liabilities		1,660,550	1,989,273
Net current assets		1,495,632	1,560,383
Total assets less current liabilities		4,920,589	5,040,527

Consolidated Statement of Financial Position

at 30 June 2024 (Expressed in Renminbi)

	Notes	At 30 June 2024 (Unaudited) RMB'000	At 31 December 2023 (Audited) RMB'000
Non-current liabilities			
Lease liabilities		345,095	282,197
Deferred government grants		3,168	12,671
Deferred tax liabilities		150,542	181,239
Other long-term liabilities		3,000	3,000
Total non-current liabilities		501,805	479,107
Net assets		4,418,784	4,561,420
EQUITY			
Equity attributable to owners of the parent			
Share capital	18	5,766	5,766
Reserves	18	4,424,314	4,571,141
		4,430,080	4,576,907
Non-controlling interests		(11,296)	(15,487)
Total equity		4,418,784	4,561,420

Consolidated Statement of Changes in Equity

for the six months ended 30 June 2024 – unaudited (Expressed in Renminbi)

	Attributable to owners of the parent											
	Share capital	Share premium	Capital redemption reserve	Capital reserve	Awarded share reserve	Statutory reserve	Capital held for share award schemes	Exchange reserve	Retained profits	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2024	5,766	2,020,313	196	90,414	58,103	172,862	(211,914)	14,887	2,426,280	4,576,907	(15,487)	4,561,420
Profit for the period	–	–	–	–	–	–	–	–	278,662	278,662	4,191	282,853
Other comprehensive income for the period:												
Exchange differences on translation of financial statements	–	–	–	–	–	–	–	(11,954)	–	(11,954)	–	(11,954)
Total comprehensive income	–	–	–	–	–	–	–	(11,954)	278,662	266,708	4,191	270,899
Repurchase shares under share award schemes	–	–	–	–	–	–	(29,793)	–	–	(29,793)	–	(29,793)
Share award schemes arrangements	–	–	–	–	99,481	–	–	–	–	99,481	–	99,481
Tax deductions for share-based payment transactions	–	–	–	–	(8,575)	–	–	–	–	(8,575)	–	(8,575)
Vesting share under the share award schemes	–	15,006	–	–	(154,557)	–	107,614	–	–	(31,937)	–	(31,937)
Final 2023 dividend declared	–	–	–	–	–	–	–	–	(442,711)	(442,711)	–	(442,711)
As at 30 June 2024	5,766	2,035,319*	196*	90,414*	(5,548)*	172,862*	(134,093)*	2,933*	2,262,231*	4,430,080	(11,296)	4,418,784

* These reserve accounts comprise the consolidated reserves of RMB4,424,314,000 in the consolidated statement of financial position.

Consolidated Statement of Changes in Equity

for the six months ended 30 June 2024 – unaudited (Expressed in Renminbi)

	Attributable to owners of the parent												
	Share capital RMB'000	Share premium RMB'000	Capital redemption reserve RMB'000	Capital reserve RMB'000	Awarded share reserve RMB'000	Statutory reserve RMB'000	Shares held for Share Award Scheme RMB'000	Fair value reserve RMB'000	Exchange reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
As at 1 January 2023	5,766	2,039,004	196	90,414	74,422	132,222	(264,416)	(3,552)	50,385	1,873,008	3,997,449	(9,949)	3,987,500
Profit for the period	-	-	-	-	-	-	-	-	-	445,227	445,227	(3,028)	442,199
Other comprehensive income for the period:													
Change in fair value of equity investments through other comprehensive income, net of tax	-	-	-	-	-	-	-	5,152	-	-	5,152	-	5,152
Exchange differences on translation of financial statements	-	-	-	-	-	-	-	-	(31,073)	-	(31,073)	-	(31,073)
Total comprehensive income	-	-	-	-	-	-	-	5,152	(31,073)	445,227	419,306	(3,028)	416,278
Share Award Scheme arrangements	-	-	-	-	11,165	-	-	-	-	-	11,165	-	11,165
Final 2022 dividend declared	-	-	-	-	-	-	-	-	-	(249,112)	(249,112)	-	(249,112)
As at 30 June 2023	5,766	2,039,004	196	90,414	85,587	132,222	(264,416)	1,600	19,312	2,069,123	4,178,808	(12,977)	4,165,831

Condensed Consolidated Cash Flow Statement

for the six months ended 30 June 2024 – unaudited (Expressed in Renminbi)

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Cash flows from operating activities		
Cash generated from operations	585,160	969,222
Income tax paid	(133,329)	(54,612)
Net cash generated from operating activities	451,831	914,610
Cash flows from investing activities		
Payment for the purchase of property, plant and equipment	(55,893)	(36,771)
Other cash flows generated from/(used in) investing activities	329,790	(200,175)
Net cash flows generated from/(used in) investing activities	273,897	(236,946)
Cash flows from financing activities		
Dividends paid to equity shareholders of the Company	(442,383)	(248,910)
Proceeds from bank loans	434,000	373,000
Repayment of bank loans	(313,883)	(360,149)
Interest expense paid	(10,537)	(5,957)
Other cash flows arising from financing activities	(29,793)	–
Principal lease payment	(442,702)	(404,811)
Net cash used in financing activities	(805,298)	(646,827)
Net (decrease)/increase in cash and cash equivalents	(79,570)	30,837
Cash and cash equivalents at 1 January	440,756	361,463
Effect of foreign exchange rate changes	(3,611)	415
Cash and cash equivalents at 30 June	357,575	392,715

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 15 August 2024.

The interim financial statements have been prepared in accordance with the same accounting policies adopted in the 2023 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2024 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 2024:

Amendments to IFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current*</i>
Amendments to IAS 1	<i>Non-current Liabilities with Covenants*</i>
Amendments to IAS 7 and IFRS 7	<i>Supplier Finance Arrangements</i>

The application of the new and revised standards in the current interim period has had no material impact on the amounts reported in these condensed consolidated financial statements and/or disclosures set in these condensed consolidated financial statements.

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

4 SEGMENT REPORTING

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

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

The Group operates in a single business, i.e. retailing and wholesaling of ladies' wear in the PRC. Accordingly, no segmental analysis is presented.

5 REVENUE

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Self-operated retail stores	2,633,960	2,734,368
Wholesales to distributors	126,069	142,813
E-commerce platforms	546,343	463,715
	3,306,372	3,340,896

6 OTHER INCOME AND GAINS

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Bank interest income	3,340	1,746
Subsidy income (note)	37,673	43,076
Other interest income from financial assets at fair value through profit or loss	14,102	12,704
Rental income	6,641	5,575
Exchange gain, net	9,469	34,665
Others	10,509	8,181
	81,734	105,947

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

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

7 PROFIT BEFORE TAX

Profit before tax is arrived at after charging or (crediting):

	Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Cost of inventories sold	783,754	826,611
Depreciation of property, plant and equipment	75,712	66,354
Depreciation of right-of-use assets	439,738	404,371
Amortisation of other intangible assets	4,056	3,770
Advertising and promotion expenses	121,554	84,335
Research and development costs**	103,430	84,856
Lease payments not included in the measurement of lease liabilities	311,025	356,452
Employee benefit expense (including directors' remuneration):		
Wages and salaries	662,752	653,841
Equity-settled share award expense	99,481	11,165
Pension scheme contributions	43,713	38,773
	805,946	703,779
Exchange gains, net [#]	(9,469)	(34,665)
(Reversal of)/impairment of trade receivables [^]	(155)	5,425
Reversal of inventories to net realisable value*	(6,596)	(1,988)

** Research and development costs are included in "Administrative and other operating expenses" in the consolidated statement of profit and loss.

[#] Exchange gains are included in "Other income and gains" in the consolidated statement of profit or loss.

* Reversal of inventories to net realisable value are included in "Cost of sales" in the consolidated statement of profit or loss.

[^] (Reversal of)/impairment of trade receivables are included in "Other net loss" in the consolidated statement of profit or loss.

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

8 INCOME TAX EXPENSE

	Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Current tax		
PRC Corporate Income Tax ("CIT")	38,048	81,723
Deferred tax		
Origination of temporary differences	(16,512)	(17,912)
	21,536	63,811

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 is incorporated in the Cayman Islands and is 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 2024 and 2023. The reduction granted by the Hong Kong Special Administrative Region Government of 100% of the tax payable for the year of assessment 2023-24 is subject to a maximum of HK\$3,000 for each company.
- (iv) Dongfang Susu Creativity and Design (Shenzhen) Co, Ltd. and Jianmo Idea Design Consulting (Shenzhen) Co., Ltd were entitled to a reduced CIT rate of 15% under the preferential tax policy of Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone.
- (v) Shenzhen Koradior Fashion Co., Ltd. ("Shenzhen Koradior") obtained an approval from Shenzhen Science and Technology Innovation Committee, Shenzhen Finance Bureau, Shenzhen Tax Service State Administration of Taxation in 2017 to be taxed as a High and New-Technology Enterprise, and the approval was renewed in 2022. Pursuant to the approval, Shenzhen Koradior was entitled to a preferential PRC CIT rate of 15% for a period of three years from December 2022 to December 2025.
- (vi) Shenzhen Naersi Fashion Co., Ltd. ("Naersi") obtained an approval from Shenzhen Science and Technology Innovation Committee, Shenzhen Finance Bureau, Shenzhen Tax Service State Administration of Taxation in 2020 to be taxed as a High and New-Technology Enterprise, and the approval was renewed in 2023. Pursuant to the approval, Naersi was entitled to a preferential PRC CIT rate of 15% for a period of three years from October 2023 to October 2026.
- (vii) Shenzhen De Kora Technology Development Limited was a certified Software Enterprise by China Software Industry Association, and was entitled to an exemption from PRC CIT for two years commencing from 1 January 2020 to 31 December 2021 and thereafter was entitled to a 50% reduction in PRC CIT for the subsequent three years from 1 January 2022 to 31 December 2024.

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 2024 (six months ended 30 June 2023: Nil).

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

10 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB278,662,000 (30 June 2023: RMB445,227,000) and the weighted average number of 687,889,680 ordinary shares in issue less shares held for the share award schemes for the six months ended 30 June 2024 (30 June 2023: 675,466,314 shares).

	For the six months ended 30 June 2024	For the six months ended 30 June 2023
Weighted average number of ordinary shares in issue less shares held for the share award schemes during the period	687,889,680	675,466,314
Basic earnings per share (RMB cents)	40.5	65.9

(b) Diluted earnings per share

The calculation of the diluted earnings per share amounts is based on the profits for the period attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares is assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

	For the six months ended 30 June 2024	For the six months ended 30 June 2023
Weighted average number of ordinary shares in issue less shares held for the share award schemes during the period used in the basic earnings per share calculation	687,889,680	675,466,314
Effect of dilution – weighted average number of ordinary shares:		
Awarded shares	–	11,865,130
	687,889,680	687,331,444
Diluted earnings per share (RMB cents)	40.5	64.8

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

11 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2024, the Group acquired items of plant and machinery with a cost of RMB55,893,000 (six months ended 30 June 2023: RMB36,771,000).

12 INVENTORIES

Inventories in the consolidated statement of financial position comprise:

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Raw materials	153,393	173,386
Work in progress	8,800	8,799
Finished goods	1,111,498	970,320
	1,273,691	1,152,505

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

	For the six months ended 30 June 2024 RMB'000	For the six months ended 30 June 2023 RMB'000
Cost of inventories sold	790,350	828,599
Reversal of inventories	(6,596)	(1,988)
	783,754	826,611

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

13 TRADE AND BILLS RECEIVABLES

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Trade and bills receivables	599,779	739,456
Impairment	(21,852)	(22,007)
	<u>577,927</u>	<u>717,449</u>

Ageing analysis

Majority of the trade receivables are related to sales made through the Group's self-operated stores. The Group leased several 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 revenue recognition date and net of loss allowance, is as follows:

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Trade receivables		
Within 1 month	320,751	447,541
1 to 2 months	155,230	189,455
2 to 3 months	49,242	38,835
Over 3 months	52,704	41,618
	<u>577,927</u>	<u>717,449</u>

As at 30 June 2024, the allowance for credit losses is related to individually impaired receivables amounting to RMB21,852,000 (31 December 2023: RMB22,007,000). Management considers that such receivables are not recoverable since the customers are in severe financial liabilities. As a consequence, allowance for expected credit losses of RMB21,852,000 (31 December 2023: RMB22,007,000) has been recognised in respect of such receivables.

As at 30 June 2024, trade receivables that were not individually impaired related to a large number of independent customers including owners of department stores and shopping malls in the Mainland China with no recent history of material defaults, the probability of default and the loss given defaults were estimated to be minimal.

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

13 TRADE AND BILLS RECEIVABLES (Continued)

Ageing analysis (Continued)

The movement in the loss allowance for impairment of trade receivables is as follows:

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
At beginning of period/year	22,007	17,235
Impairment (gains)/losses, net	(155)	4,772
At end of period/year	21,852	22,007

14 PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Current		
Prepayments	136,600	110,868
Deposits and other receivables	95,819	95,566
Right-of-return-assets	1,311	2,043
Loans to employees	382	211
	234,112	208,688
Non-current		
Deposit and other receivables	29,526	29,504
Loans to employees	1,405	1,997
	30,931	31,501

Note:

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 that were not individually impaired relate to receivables for which there was no recent history of default.

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

15 TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bills payables as at the end of the Reporting Period, based on the invoice date, is as follows:

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Trade payables		
Within 1 month	145,770	172,432
1 to 2 months	23	2
2 to 3 months	–	–
Over 3 months	53	71
	<hr/>	<hr/>
	145,846	172,505
Bills payables	45,000	239,000
	<hr/>	<hr/>
	190,846	411,505
	<hr/>	<hr/>

The trade payables are non-interest-bearing and are normally settled on terms of one month. All the bills payable have maturity dates within a year.

16 OTHER PAYABLES AND ACCRUALS

	Note	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Contract liabilities	(a)	60,076	77,028
Refund liabilities		4,055	6,038
Tax payables other than current income tax liabilities		89,478	120,679
Salaries and welfare payables		74,089	124,457
Other payables	(b)	138,468	115,280
Dividend payables		793	465
	<hr/>	<hr/>	<hr/>
		366,959	443,947
	<hr/>	<hr/>	<hr/>

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

16 OTHER PAYABLES AND ACCRUALS (Continued)

Note:

(a) Details of contract liabilities are as follow:

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Short-term advances received from customers		
Sales of goods	60,076	77,028

(b) Other payables are non-interest-bearing and have an average term within a year.

17 INTEREST-BEARING BANK BORROWINGS

As at 31 December 2023 and 30 June 2024, bank loans are repayable as follows:

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Bank loans due for repayment within 1 year	634,000	513,779
	634,000	513,779

As at 30 June 2024, the Group's interest bearing bank borrowings were denominated in Renminbi of RMB634 million with fixed interest rate, and were repayable with one year.

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

18 CAPITAL, RESERVE AND DIVIDEND

		No. of shares	
		('000)	HK\$'000
(i) Authorised share capital			
Ordinary shares of HK\$0.01 each			
As at 31 December 2023 and 30 June 2024		1,500,000	15,000
	2024		2023
	Number of		Number of
	shares in issue	RMB'000	shares in issue
			RMB'000
(ii) Issued share capital			
Ordinary shares, issued and fully paid			
At 1 January		704,050,195	5,766
Share issued		—	—
Outstanding at the end of the period/year		704,050,195	5,766

(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.

On 30 April 2021, the Company entered into the placing and subscriptions agreement (the "Placing and Subscription Agreement") to place through the placing agent up to 19,000,000 placing shares to not less than six placees who and whose ultimate beneficial owners shall be independent third parties at a price of HK\$10.50 per share to be placed. All the conditions precedent under the Placing and Subscription Agreement have been fulfilled and completion took place on 11 May 2021.

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

18 CAPITAL, RESERVE AND DIVIDEND *(Continued)*

(b) Capital reserve

- (i) On 15 November 2012, La Kordi Fashion (Shenzhen) Co., Ltd. ("La Kordi Fashion") 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.
- (ii) The Company has no portion of the grant date fair value of unexercised share options granted to employees that has been recognised during the six months ended 30 June 2024 in accordance with the accounting policy adopted for share-based payments (31 December 2023: nil).
- (iii) On 27 April 2020, Koradior Investments Limited, the immediate holding company of the Company transferred a total of 20,735,500 shares with fair value of RMB144,839,000, to the Trustee until it is instructed by the Board to distribute them as awarded shares to any selected grantees in accordance with the terms of the share award scheme of the Company adopted in December 2019.
- (iv) On 31 May 2021, Shenzhen Koradior acquired 10% equity interest in Shanghai Kody Brand Management Limited from Shanghai Shen Yuan Brand Management Limited, for a consideration of RMB5,000,000. The difference of RMB3,927,000 between the consideration and the fair value of net asset was recorded as a capital reserve.
- (v) In November 2021, La Kordi Fashion acquired 35% equity interest in Mondial for a consideration of RMB42,000,000. The difference between the consideration and the fair value of the net assets of RMB16,849,000 was recorded as a capital reserve.
- (vi) In June 2022, Shenzhen Koradior acquired 9.09% equity interest in Shenzhen Fangfu at a consideration of RMB10,000,000. The difference between the consideration and the fair value of the net assets of RMB13,051,000 was recorded as a capital reserve.

(c) Capital redemption reserve

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

(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.

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

18 CAPITAL, RESERVE AND DIVIDEND (Continued)

(e) Exchange reserve

Exchange reserve comprises all foreign exchange differences arising from the translation of financial statements of operations outside the 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 gearing ratio, as at 31 December 2023 and 30 June 2024 was 11.26% and 14.35% respectively. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

19 MATERIAL RELATED PARTY TRANSACTIONS

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

(a) Transactions with related parties

	Six months ended	
	30 June 2024 RMB'000	30 June 2023 RMB'000
Processing fees	189,892	160,858
	189,892	160,858

Note: Shenzhen Yingjia Fashion Co., Ltd. ("Yingjia Fashion") (深圳市赢家服饰有限公司) is 53% and 47% owned by Ms. Chen Lingmei and Mr. Jin Jingquan respectively.

During the six months ended 30 June 2024, the Group entered into a processing agreement with Yingjia Fashion and two of its subsidiaries (collectively referred to as the "Yingjia Fashion Group"), pursuant to which the Yingjia Fashion Group provided processing and manufacturing services to the Group. The VAT-inclusive processing fees incurred to the Yingjia Fashion Group amounted to RMB189,892,000 (30 June 2023: RMB160,858,000) for the six months ended 30 June 2024.

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(Expressed in Renminbi unless otherwise indicated)

19 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(b) Outstanding balances with related parties

		Due to related parties		Due from related parties	
		At 30 June 2024 RMB'000	At 31 December 2023 RMB'000	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
	Note				
Current					
Yingjia Fashion Group	(1)	38,210	120,974	5,831	26,195
		38,210	120,974	5,831	26,195

(1) The Group had an outstanding balance due to the Yingjia Fashion Group of RMB38,210,000 (31 December 2023: RMB120,974,000), and an amount due from the Yingjia Fashion Group of RMB5,831,000 (31 December 2023: 26,195,000) as at the end of the Reporting Period. This balance is unsecured, interest-free and repayable on demand.

(c) Commitments with related parties

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Lease liabilities – current	735	715
Lease liabilities – non-current	379	749
	1,114	1,464

Under such rental contracts, the minimum lease payment during the Reporting Period was RMB384,000 (30 June 2023: RMB384,000).

As at 30 June 2024, the Group's right-of-use assets relating to such rental contracts amounted to RMB1,151,000 (31 December 2023: RMB1,535,000).

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(Expressed in Renminbi unless otherwise indicated)

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 2024 using			
	Quoted price in active market (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Equity investment designated at fair value through other comprehensive income	–	–	–	–
Financial asset at fair value through profit or loss	241,567	548,922	–	790,489
	241,567	548,922	–	790,489

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 the 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

There is no non-adjusting event after Reporting Period.