Koradior Holdings Limited
珂萊蒂爾控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3709)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

SUMMARY

- Revenue and gross profit of the Group for the year ended 31 December 2015 reached RMB1,284.77 million and RMB946.34 million respectively, representing an increase of 23.94% and 24.55% respectively as compared to the year ended 31 December 2014.

- Profit for the year ended 31 December 2015 was RMB204.05 million as compared to RMB128.45 million for the year ended 31 December 2014, representing an increase of 58.86% or RMB75.60 million. Net profit margin was 15.88% for the year ended 31 December 2015 (2014: 12.39%).

- Net cash inflow from operating activities increased to RMB180.52 million for the year ended 31 December 2015 (2014: RMB74.57 million).

- Basic earnings per share for the year ended 31 December 2015 was RMB0.40 (2014: RMB0.29).

- The Board proposed to declare a final dividend of HK15 cents per share for the year ended 31 December 2015 (2014: HK10 cents).

The board (the "Board") of directors (the "Directors") of Koradior Holdings Limited (the "Company") hereby announces the audited consolidated financial results of the Company and its subsidiaries (together, the "Group") for the year ended 31 December 2015 with comparative figures for the corresponding period in 2014 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended 31 December 2015

		2015	2014
	Note	***RMB'000***	*RMB'000*
Revenue	*5*	**1,284,772**	1,036,608
Cost of sales		**(338,436)**	(276,794)
Gross profit		**946,336**	759,814
Other revenue		**20,987**	4,899
Other net (loss)/income		**(6,665)**	2,634
Selling and distribution expenses		**(628,632)**	(519,106)
Administrative and other operating expenses		**(63,808)**	(66,817)
Profit from operations		**268,218**	181,424
Finance costs	*6(a)*	**(1,165)**	(4,621)
Profit before taxation	*6*	**267,053**	176,803
Income tax	*7*	**(63,008)**	(48,353)
Profit for the year		**204,045**	128,450
Earnings per share *(RMB cents)*	*8*		
Basic		**40**	29
Diluted		**40**	29

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2015

	2015	2014
	RMB'000	*RMB'000*
Profit for the year	**204,045**	128,450
Other comprehensive income for the year		
Item that may be reclassified subsequently to profit or loss:		
– Exchange differences on translation of financial statements of subsidiaries outside the mainland of the People's Republic of China (the "PRC")	**3,681**	(1,149)
Total comprehensive income for the year	**207,726**	127,301

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2015

	Note	**31 December 2015 RMB'000**	31 December 2014 RMB'000
Non-current assets			
Property, plant and equipment		**93,635**	38,582
Deposits and prepayments	*9*	**16,969**	10,913
Other financial assets		**20,000**	–
Deferred tax assets		**3,063**	882
		133,667	50,377
Current assets			
Inventories		**261,083**	200,266
Trade and other receivables	*9*	**216,773**	211,851
Pledged bank deposits		**41,890**	–
Cash and cash equivalents		**436,798**	427,868
		956,544	839,985
Current liabilities			
Bank loans		**79,817**	50,000
Trade and other payables	*10*	**155,613**	134,689
Current taxation		**42,352**	23,359
		277,782	208,048
Net current assets		**678,762**	631,937
Total assets less current liabilities		**812,429**	682,314
Net assets		**812,429**	682,314
Capital and reserves			
Share capital		**3,997**	4,038
Reserves		**808,432**	678,276
Total equity		**812,429**	682,314

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Koradior Holdings Limited (the "Company") was incorporated in the Cayman Islands on 23 March 2012 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company and its subsidiaries hereinafter are collectively referred to as the "Group".

The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited on 27 June 2014.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The consolidated financial statements for the year ended 31 December 2015 comprise the Company and its subsidiaries.

These consolidated financial statements are presented in Renminbi ("RMB"), rounded to the nearest thousand, except when otherwise indicated.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the financial assets classified as available-for-sale are stated at their fair value.

The preparation of financial statements in conformity with International Financial Reporting Standards ("IFRSs") requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3. CHANGES IN ACCOUNTING POLICIES

The International Accounting Standards Board has issued the following amendments to IFRSs that are first effective for the current accounting period of the Group:

- Annual Improvements to IFRSs 2010-2012 Cycle

- Annual Improvements to IFRSs 2011-2013 Cycle

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

4. SEGMENT REPORTING

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

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

The Group operates in a single business, retailing and wholesale of womenswear in the PRC. Accordingly, no segmental analysis is presented.

5. REVENUE

The principal activities of the Group are design, retail and wholesale of womenswear in the PRC.

The Group operates a chain of retail stores and several online stores to sell womenswear. The Group also conducts wholesale to distributors. Revenue represents the sales value of goods sold less returns, discounts and value-added tax.

The Group's customer base is diversified and no single external customer contributed 10% or more of the Group's total revenue during the years ended 31 December 2015 and 2014.

6. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

		2015	2014
		RMB'000	*RMB'000*
(a)	**Finance costs:**		
	Interest on bank loans	**1,165**	4,621
(b)	**Staff costs:**		
	Contributions to defined contribution retirement plans	**8,035**	5,625
	Equity settled share-based payment expenses	**3,466**	1,949
	Salaries, wages and other benefits	**169,684**	138,343
		181,185	145,917
(c)	**Other items:**		
	Depreciation	**39,894**	27,196
	Auditor's remuneration		
	– audit services	**2,300**	2,300
	– tax services	**–**	200
	Operating lease charges		
	– minimum lease payments	**47,233**	34,646
	– contingent rentals	**305,685**	274,971
	Cost of inventories	**329,713**	275,407
	Research and development costs *(note)*	**19,560**	16,385

Note: Research and development costs include staff costs of employees in the design and product development department of RMB12,464,000 for the year ended 31 December 2015 (2014: RMB9,682,000), which are included in the staff costs as disclosed in note 6(b) above.

7. INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(a) Income tax in the consolidated statement of profit or loss represents:

	2015	2014
	RMB'000	*RMB'000*
Current tax – Hong Kong Profits Tax		
Provision for the year	**950**	89
Over provision in respect of prior years	**(89)**	–
	861	89
Current tax – PRC Corporate Income Tax		
Provision for the year	**64,328**	48,610
	65,189	48,699
Deferred tax		
Origination and reversal of temporary differences	**(2,181)**	(346)
	63,008	48,353

Notes:

(i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands ("BVI"), the Group is not subject to any income tax in the Cayman Islands or the BVI.

(ii) The provision for Hong Kong Profits Tax for 2015 is calculated at 16.5% (2014: 16.5%) of the estimated assessable profits for the year, taking into account a reduction granted by the Hong Kong Special Administrative Region Government of 75% of the tax payable for the year of assessment 2014-15 subject to a maximum reduction of HK$20,000 for each business (2014: a maximum reduction of HK$10,000 was granted for the year of assessment 2013-14 and was taken into account in calculating the provision for 2014).

(iii) Pursuant to PRC Corporate Income Tax Law ("CIT Law"), the applicable Corporate Income Tax rate for the Group's subsidiaries in mainland China for the year ended 31 December 2015 were 25% (2014: 25%) except for Dongfang Susu Creativity and Design (Shenzhen) Co., Ltd., which is entitled to a reduced Corporate Income Tax rate of 15% (2014: 15%) under the preferential tax policy of Shenzhen-Hong Kong Modern Service Industry Cooperation Zone.

(iv) The PRC CIT Law and its implementation rules impose a withholding tax at 10%, unless reduced by a tax treaty or arrangement, for dividends distributed by PRC-resident enterprises to their non-PRC-resident corporate investors for profits earned since 1 January 2008. In addition, under the Sino-Hong Kong Double Tax Arrangement and its relevant regulations, a qualified Hong Kong tax resident is entitled to a reduced withholding tax rate of 5% for dividend income derived from the PRC if the Hong Kong tax resident is the "beneficial owner" and holds 25% or more of the equity interest of the PRC enterprise directly. As all of the Group's foreign-invested enterprises are directly and wholly owned by a Hong Kong incorporated subsidiary, a reduced rate of 5% is applicable in the calculation of this withholding tax.

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

	2015	2014
	RMB'000	*RMB'000*
Profit before taxation	**267,053**	176,803
Notional tax on profit before taxation, calculated at the standard tax rates applicable to the respective tax jurisdictions	**61,564**	46,660
Tax effect of non-taxable income	**(437)**	(2)
Tax effect of non-deductible expenses	**1,986**	1,695
Statutory tax concession	**(16)**	–
Over provision in respect of prior years	**(89)**	–
Actual tax expense	**63,008**	48,353

8. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit for the year of RMB204,045,000 (2014: RMB128,450,000) and the weighted average of 506,620,526 ordinary shares (2014: 442,353,118 shares) in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	2015	2014
Issued ordinary shares at 1 January	**506,948,000**	97,701
Effect of share split	**–**	76,109,079
Effect of capitalisation issue	**–**	298,793,220
Effect of issuance of shares upon initial public offering, net of issuing costs	**–**	67,353,118
Effect of share repurchases	**(327,474)**	–
Weighted average number of ordinary shares at 31 December	**506,620,526**	442,353,118

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit for the year of RMB204,045,000 (2014: RMB128,450,000) and the weighted average number of ordinary shares of 512,028,022 shares (2014: 445,161,934 shares) in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	2015	2014
Weighted average number of ordinary shares at 31 December	**506,620,526**	442,353,118
Effect of deemed issue of shares under the Company's share option scheme for nil consideration	**5,407,496**	2,808,816
Weighted average number of ordinary shares (diluted) at 31 December	**512,028,022**	445,161,934

9. TRADE AND OTHER RECEIVABLES

	2015	2014
	RMB'000	*RMB'000*
Trade receivables and bills receivable *(note (a))*	**175,731**	155,430
Deposits and prepayments	**55,737**	36,369
Investment in a wealth management product	**–**	30,000
Other receivables	**2,274**	965
	233,742	222,764
Less: Non-current deposits and prepayments	**(16,969)**	(10,913)
	216,773	211,851

All of the trade and other receivables included in current assets are expected to be recovered or recognised as expense within one year.

Non-current deposits and prepayments were included in other non-current assets and represented rental deposits paid to department stores and shopping malls for leases that expire twelve months after the year end date and prepayments for purchases of properties.

(a) Ageing analysis

Majority of the trade receivables are related to sales made through the Group's self-operated stores. The Group leased a number of retail stores within department stores and shopping malls in the PRC. Proceeds from the Group's sales made in these leased retail stores are mainly collected by the department stores and the shopping malls on the Group's behalf. Following the completion of the reconciliation of the sales in the past month with the department store and shopping mall, the Group then issues invoices, which generally fall within 30 days from the date of revenue recognition. Settlement in respect of these concession sales is made net of the lease rental payable to the department stores and the shopping malls and is generally expected within 60 days from the date of revenue recognition.

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

	2015	2014
	RMB'000	*RMB'000*
Within 1 month	**112,407**	103,559
1 to 2 months	**45,196**	36,725
2 to 3 months	**12,008**	7,646
Over 3 months	**6,120**	7,500
	175,731	155,430

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

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

	2015	2014
	RMB'000	*RMB'000*
Neither past due nor impaired	**157,603**	140,284
Less than 1 month past due	**12,008**	7,646
1 to 3 months past due	**5,293**	5,848
Over 3 months past due	**827**	1,652
	18,128	15,146
	175,731	155,430

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers including wholesalers and owners of department stores and shopping malls that have a good track record with the Group. Based on experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

10. TRADE AND OTHER PAYABLES

	2015	2014
	RMB'000	*RMB'000*
Trade payables		
– third parties	**47,473**	41,391
– a related party	**13,231**	25,205
Trade payables *(note (a))*	**60,704**	66,596
Receipts in advance	**17,287**	14,238
Staff costs payables	**19,575**	16,044
VAT and other tax payables	**45,253**	26,596
Other payables	**12,794**	11,215
	155,613	134,689

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

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

	2015	2014
	RMB'000	*RMB'000*
Within 1 month	**44,255**	40,551
1 to 2 months	**4,949**	6,719
2 to 3 months	**4,679**	4,591
Over 3 months	**6,821**	14,735
	60,704	66,596

11. DIVIDENDS

Subsequent to 31 December 2015, the directors proposed a final dividend of HK$0.15 per share, amounting to HK$75,425,400 (equivalent to RMB63,191,400), subject to approval of the shareholders at the forthcoming annual general meeting. The final dividend proposed after the end of the reporting period has not been recognised as a liability as at 31 December 2015.

On 26 March 2015, the Company declared a final dividend attributable to the year ended 31 December 2014 of HK$0.1 per share to those shareholders of the Company whose names appear on the register of members of the Company on 26 May 2015. The dividend amounting to HK$50,695,000 (equivalent to RMB40,024,000) was fully paid on 8 June 2015.

On 27 August 2014, the Company declared a special interim dividend of HK$0.06 per share to those shareholders of the Company whose names appear on the register of members of the Company on 12 September 2014. The dividend amounting to HK$30,417,000 (equivalent to RMB24,197,000) was fully paid on 31 October 2014.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY REVIEWS

Against the background of macroeconomic slowdown and sluggish global economic recovery, the year of 2015 saw a high-then-low trend in the consumer sector. The retail sector fundamentals in 2015 were still weak in general, with 10.7% of growth in the total retail sales of social consumer goods, representing a decrease of 1.3 percentage points as compared with 2014. With slowdown in the growth of the number of online shoppers and an increasingly huge online retail scale, the online shopping growth also decreased to 33.3% in 2015 from over 50% in 2014 and before, accounting for 12.8% of the total retail social consumer goods. Among the offline parts, department stores experienced a significant decline, among which jewelries and men's wears recorded a sharp decrease, while mid- and high-end women's wears and outdoor products retained rapid growth thanks to consumption upgrade. Experience consumption, such as shopping mall restaurants and entertainments continued to be popular spots with large consumer traffic. Due to the impact from online shopping and shopping malls, there was a decrease in the street storefront rents.

In 2015, although there was a sustained two-digit growth in the mid- and high-end women's wear market, industrial diversification was substantial. While some enterprises experienced reduced turnover, the niche brands with casual style and distinctive features realized rapid growth. Confronted with an adverse macro-environment, some companies began to shift their focus to other industries other than garment industry, but more companies stayed steadfast in the mid- and high-end women's wear sector, carrying out innovation for development or seeking capital to found industrial funds or business incubators to create new brands. Mergers and acquisitions were rampant in this sector. Listed players enlarged their business scale through integrating resources by acquisition or cooperation with others, while the unlisted ones were making active preparations to get access to the capital market. With more and more companies getting listed, industrial integration will be faster in the future. There will be more intense competition among different brands, and the industrial leader will emerge, leading to a more and more stable market pattern.

In terms of consumers, more and more emerging consumers from the generation after 80s become the core consumers of our brands. Two major aspects separate the consumers from the after-80s and the after-70s: first, the former group is made of a larger proportion of college graduates; second, they are more “professional” consumers who grew up in the internet era. In the past, consumers used to be those without their own ideas and were easy to be influenced by others and followed the crowd. Therefore, the brand position for them could be anything and the scale could be large. But the after-80s generation buyers are with their own thoughts. They are rational and with their own label. They can also be influenced, but only by their likes. It is difficult to attract and retain these customers with unclear brand positioning. In the future, a brand has to be more accurate so as to keep the core customer group it targets for. Diversity and personality of the emerging consumers will bring about more and more fashion segments, and the niche brands will be welcoming their historical development period.

In-depth development of the internet has absolutely changed the consumers’ shopping habits, enabling them to freely switch among different time and different venues, and between online and offline. Integration of whole channels is speeding up, and mobile payments via WeChat and Alipay are quickly adopted. More and more social groups and web celebrities appear. People’s consumption needs have upgraded from simply cost-effective to brand, quality, and emotional identification sensitive. Experience consumption and service based on trust will be more able to ignite consumers’ awareness and purchase intention in the mid- and high-end women’s wear sector.

FINANCIAL REVIEWS

Turnover

The principal activities of the Group are design, promotion, marketing and sales of self-owned branded ladies’ wear products in the PRC. The Group’s revenue is generated primarily from (a) retail sales to end customers in our self-operated retail stores; (b) sales on third party e-commerce platforms; (c) wholesales to our distributors, who in turn sell our products to end customers through the retail stores operated by them; and (d) others which were mainly derived from staff sales or direct sales through promotional activities outside our retail stores. Turnover represents the sales value of goods sold less returns, discounts and value added tax. Total revenue increased from RMB1,036.61 million for the year ended 31 December 2014 to RMB1,284.77 million for the year ended 31 December 2015, representing an increase of 23.94% or RMB248.16 million. Sales generated by our self-operated retail stores accounted for about 85.02% and 89.84% of our total revenue in 2015 and 2014 respectively, as it is our strategy to grow our business and sales network predominantly through expanding the number of our self-operated retail stores.

Total revenue from e-commerce increased 74.82% from RMB58.42 million for the year ended 31 December 2014 to RMB102.13 million for the year ended 31 December 2015, primarily due to an increase in sales of our products through online retail stores, which was driven by an increase in expenditure on advertising and promotion through e-commerce platforms and search engines in the PRC as well as, our effort in developing our online retail stores through expanding our e-commerce team and establishing a business division dedicated to the e-commerce business.

Total revenue from distributors increased 82.30% from RMB45.15 million for the year ended 31 December 2014 to RMB82.31 million for the year ended 31 December 2015.

Cost of sales

Cost of sales increased from RMB276.79 million during the year ended 31 December 2014 to RMB338.44 million for the year ended 31 December 2015, representing an increase of 22.27% or RMB61.65 million, mainly due to the increase in the cost of inventories sold as a result of the growth of our sales.

Gross profit and gross margin

Gross profit increased from RMB759.81 million for the year ended 31 December 2014 to RMB946.34 million for the year ended 31 December 2015, representing an increase of 24.55% or RMB186.53 million. Our overall gross profit margin slightly increased from 73.30% for 2014 to 73.66% for 2015.

Operating expenses

Operating expenses increased from RMB585.92 million for the year ended 31 December 2014 to RMB692.44 million for the year ended 31 December 2015, representing an increase of 18.18% or RMB106.52 million. Operating expenses include selling and distribution expenses, administrative expenses and other operating expenses, and details are listed below:

Selling and distribution expenses

Selling and distribution expenses increased by 21.10% to RMB628.63 million for year ended 31 December 2015 from RMB519.11 million for the year ended 31 December 2014, primarily due to:

(a) the increase in fees paid to departments stores and shopping malls (including concession fees, rent, management fees, service charge and other expenses) from RMB315.28 million in 2014 to RMB365.00 million in 2015 as a result of the increase in our sales;

(b) the increase in salaries and staff benefits for our sales and marketing staff from RMB113.36million in 2014 to RMB141.89 million in 2015 due to the expansion of retails stores and improvement in remuneration package; and

(c) the increase in advertising and brand building and promotion expenses from RMB46.20 million in 2014 to RMB65.45 million in 2015 as a result of the expansion of our sales network as well as our business growth.

Administrative and other operating expenses

Administrative and other operating expenses decreased by 4.5% to RMB63.81 million for the year ended 31 December 2015 from RMB66.82 million for the year ended 31 December 2014. Higher administrative and other operating expenses last year was primarily due to the legal and professional fee incurred for the initial public offering ("IPO") of the Company's shares in 2014. If the one-off IPO expenses of RMB13.86 million in 2014 were excluded, the administrative and other operating expenses would be increased by 20.49% from RMB52.96 million for the year ended 31 December 2014 to RMB63.81 million for the year ended 31 December 2015 primarily due to the increase in salaries and benefits for our administrative staff as we expanded our business and increased the head-count of our administrative staff.

Finance costs

Finance costs decreased by 74.68% to RMB1.17 million for the year ended 31 December 2015 from RMB4.62 million for the year ended 31 December 2014, mainly due to the repayment of bank borrowings in PRC and the increase in the bank borrowings in Hong Kong for lower loan interest rate.

Income tax expenses

Income tax expenses increased by 30.32% to RMB63.01 million for the year ended 31 December 2015 from RMB48.35 million for the year ended 31 December 2014, mainly due to the increase in operating profit.

Net profit and profit margin

As the result of foregoing factors, the net profit of the Company attributable to shareholders was RMB204.05 million for the year ended 31 December 2015 as compared to RMB128.45 million for the year ended 31 December 2014, representing an increase of 58.86% or RMB75.60 million. Net profit margins were 12.39% and 15.88% for the years ended 31 December of 2014 and 2015 respectively.

Capital structure

The Group requires working capital to support its design and development, retail and other business operations. As at 31 December of 2015, the Group's total current asset were RMB956.54 million (31 December 2014: RMB839.99 million) and total current liabilities were RMB277.78 million (31 December 2014: RMB208.05 million). The current ratio was 3.44 (31 December 2014: 4.04). The Directors believe that this healthy capital structure and the net cash inflow from operating activities are sufficient to support the operating activities of the Group.

As at 31 December 2015, the Group's interest bearing loans are bank loans denominated in Hong Kong dollars and RMB, of which HK$83.33million will expire in three years, and RMB10 million will expire in six months. All loans are interest-bearing at variable interest rates and are guaranteed by the Company.

Financial position, liquidity and gearing ratio

As at 31 December 2015, the Group's cash and cash equivalents were RMB436.80 million (31 December 2014: RMB427.87 million), denominated as to 92.91% in RMB, 0.15% in United States dollar and 6.94% in Hong Kong dollar. The net cash inflow from operating activities generated was RMB180.52 million for the year ended 31 December 2015, up 142.08% from RMB74.57 million for the year ended 31 December 2014.

As at 31 December 2015, the gearing ratio (i.e. outstanding bank loans divided by total equity) was 9.82% (31 December 2014: 7.33%).

Exposures to fluctuation in foreign exchange

The Group mainly operates its business in PRC with most of transactions settled by RMB. Hence, the Board considers that the risk exposure to foreign exchange rate fluctuation is not significant and no financial instrument of hedging was employed to hedge against the currency risks.

Charges of assets

As at 31 December 2015, the banking facilities of the Group were secured by pledged bank deposits amounted HK$50,000,000 (equivalent to RMB41,890,000) (31 December 2014: Nil).

Contingent liabilities

As at 31 December 2015, the Group had no significant contingent liabilities (31 December 2014: Nil).

Material acquisition and disposal

For the year ended 31 December 2015, the Group had no material acquisition or disposal of subsidiaries or associated companies (31 December 2014: Nil).

Significant Investments

The Group entered into a partnership agreement with Shenzhen Dongfang Ruizhe Assets Management Co., Ltd.（深圳東方瑞哲資產管理有限責任公司）, Shenzhen HT Intelligent Control Co., Ltd.（深圳和而泰智能控制股份有限公司）and Hangzhou Xinkun Equity Investment Partnership（杭州心坤股權投資合夥企業）on 15 December 2015, to jointly establish Shenzhen Qianhai Ruilin Investment Management Co., L.P.（深圳前海瑞霖投資管理企業（有限合夥））(“Qianhai Ruilin”) with a total investment amount of RMB110 million, of which the Group will invest RMB30 million. As of 31 December 2015, the Group has invested RMB20 million. The establishment of Qianhai Ruilin was solely for investing in Qingdao Kute Smart Co., Ltd（青島酷特智能股份有限公司）. The signing of the partnership agreement by the Group does not constitute a notifiable transaction of the Company.

Use of proceeds

With the successful listing of the Company’s shares on the Main Board of the Stock Exchange on 27 June 2014, net proceeds of HK$534.74 million have been raised, of which HK$404.30 million had been utilised as at 31 December 2015 as follows:

Items	**Amount** *(HK$ million)*
Establish new self-operated retail stores	187.06
Develop new brands of our Group	90.01
Further development of e-commerce business	43.87
Koradior brand promotion and marketing	53.47
Working capital and general corporate purposes	26.74
Upgrading ERP system	3.15
Total	404.30

BUSINESS REVIEWS

1. Business

The Group operates three major brands of high-end women's wear: (i) Koradior brand launched in April 2007, which focuses on affluent ladies between the ages of 30 and 45, designed to be feminine, stylish, chic and young-looking for those women chasing casual elegance, and is committing to providing quality lifestyle; (ii) La Koradior launched in September 2012, branded luxury atmosphere and distinctive style, advocating the luxury and elegance of life and meeting the formal female social occasion dress needs; and (iii) Koradior elsewhere, a new brand launched by the Group in September 2014, which is positioned to offer a simple yet feminine, stylish, modern relaxed, leisurely elegance from the heart, demonstrating that life is elsewhere. The three major brands meet various dressing needs of our customers. As at 31 December 2015, there were 458 retail stores covering 29 cities of provinces, autonomous regions and municipalities, of which 410 were operated by us and 48 were operated by our distributors. Out of the 410 self-operated retail stores, there were 314 retail stores in department stores, 60 retail stores in shopping malls, 20 retail stores in outlets and 16 retail stores in street shops. For the year ended 31 December 2015, the Group's revenue increased to RMB1,284.77 million, representing an increase of 23.94% as compared to in 2014. Revenue generated by our self-operated retail stores accounted for 85.02% of total revenue and e-commerce revenue was RMB102.13 million, representing 7.95% of total revenue, primarily generated through third party e-commerce platforms such as Tmall, VIP.com and Dangdang. In 2015, Koradior was awarded "Forbes China Potential Enterprises Award" ("福布斯中國潛力企業獎") by Forbes China.

Revenue analysis by brands

Brand	2014		**2015**		**Increase**	**Increase**
	RMB'000	*%*	***RMB'000***	*%*	*RMB'000*	**by %**
Koradior	961,175	92.72%	**1,118,715**	**87.07%**	157,540	16.39%
La Koradior	61,346	5.92%	**87,730**	**6.83%**	26,384	43.01%
Koradior elsewhere	14,087	1.36%	**78,327**	**6.10%**	64,240	456.02%
Total	1,036,608	100%	**1,284,772**	**100%**	248,164	23.94%

Revenue analysis by sales channels

Revenue	2014		**2015**		**Increase**	**Increase**
	RMB'000	*%*	***RMB'000***	***%***	*RMB'000*	**by %**
Self-operated retail stores	931,270	89.84%	**1,092,328**	**85.02%**	161,058	17.29%
Wholesales to distributors	45,153	4.36%	**82,312**	**6.41%**	37,159	82.30%
E-commerce	58,417	5.64%	**102,125**	**7.95%**	43,708	74.82%
Others	1,768	0.16%	**8,007**	**0.62%**	6,239	352.88%
Total	1,036,608	100%	**1,284,772**	**100%**	248,164	23.94%

The Group has always focused on the self-operated retail stores establishing. For the year ended 31 December 2015, 410 self-operated retail stores generated revenue of RMB1,092.33 million, representing an increase of 17.29% as compared to 2014. Direct revenue comes mainly from the existing stores sales growth and new opened store sales.

The Group's brand is further expanded after the large-scale development, with more dealers come to seek cooperation. There were 16 new retail stores operated by distributors in 2015. As at 31 December 2015, there were 48 retail stores operated by distributors and the revenue of retail stores operated by distributors reached RMB82.31 million, an increase of 82.30% as compared to 2014.

The Group makes use of the third party e-commerce platform as one of its sales channels. E-commerce revenues for the year of 2015 amounted to RMB102.13 million, of which RMB69.19 million or 67.75% of total e-commerce revenue was from Tmall, RMB32.04 million or 31.37% of total e-commerce revenue was from VIP.com and RMB0.88 million or 0.86% of total e-commerce revenue was from dangdang.com. E-commerce revenues for the year of 2014 amounted to RMB58.42 million, of which RMB38.71 million or 66.26% of total e-commerce revenue was from Tmall, RMB18.55 million or 31.76% of total e-commerce revenue was from VIP.com and RMB1.1 million or 1.89% of total e-commerce revenue was from dangdang.com.

Revenue of retail stores analysis by geographical regions
(Excluding e-commerce and others)

The following table sets out the breakdown of our revenue generated from our self-operated retail stores and wholesales to distributors by geographical regions for the years ended 31 December 2014 and 2015, respectively:

	Year ended 31 December			
	2014		**2015**	
Region	*(RMB million)*	%	***(RMB million)***	**%**
Central PRC[1]	110.24	11.29	**130.64**	**11.12**
Eastern PRC[2]	336.44	34.46	**385.14**	**32.79**
North Eastern PRC[3]	57.92	5.93	**65.64**	**5.59**
North Western PRC[4]	64.2	6.58	**83.52**	**7.11**
Northern PRC[5]	124.05	12.70	**137.28**	**11.68**
South Western PRC[6]	188.37	19.29	**246.17**	**20.96**
Southern PRC[7]	95.2	9.75	**126.25**	**10.75**
Total	976.42	100	**1,174.64**	**100**

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 Shanxi, Ningxia, Qinghai, Gansu and Xinjiang.

5 Northern PRC includes Tianjin, Beijing, Inner Mongolia, Hebei and Shanxi.

6 South Western PRC includes Guizhou, Chongqing, Yunnan, Tibet and Sichuan.

7 Southern PRC includes Guangxi, Hainan and Guangdong.

During the year ended 31 December 2015, the revenue of retail stores generated from Eastern PRC and South Western PRC covers more than half of total revenue of self-operated retail stores and wholesales to distributors.

Breakdown of retail stores by geographical regions

During 2015, the Group opened 139 new retail stores of which 123 are self-operated, closed 15 self-operated stores, representing a net increase of 120 retail stores. The following table sets out the number of retail stores in our sales network by geographical regions in the PRC as at 31 December 2015, including both self-operated retail stores and retail stores operated by distributors:

	Number of retail stores			
Region	**As at 1 January 2015**	**Opened during the year**	**Closed during the year**	**As at 31 December 2015**
Central PRC[1]	37	10	(2)	45
Eastern PRC[2]	123	63	(7)	179
North Eastern PRC[3]	20	8	(2)	26
North Western PRC[4]	17	11	(2)	26
Northern PRC[5]	45	18	(3)	60
South Western PRC[6]	62	18	(2)	78
Southern PRC[7]	34	11	(1)	44
Total	338	139	(19)	458

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 Shanxi, Ningxia, Qinghai, Gansu and Xinjiang.

5. Northern PRC includes Tianjin, Beijing, Inner Mongolia, Hebei and Shanxi.

6. South Western PRC includes Guizhou, Chongqing, Yunnan, Tibet and Sichuan.

7. Southern PRC includes Guangxi, Hainan and Guangdong.

2. Design, research and development

The new brand "Koradior elsewhere" came into the full year operation in this year. The Group launched 127 series of products under three brands in 2015, compared with 98 series of products in 2014.And the total number of SKU[1] reached 2,900 in 2015, representing an increase of 16% from a total of 2,500, SKU in 2014. Our research and design team members rapidly expanded to 129 as at 31 December 2015 from 119 as at 31 December 2014.

The Group engages well-known designers from overseas and China as its brand creative directors for "Koradior", "La Koradior" and "Koradior elsewhere". Research and development expenses were RMB19.56 million, representing 1.52% of the Group's total revenue for the year ended 31 December 2015, as compared to RMB16.39 million, representing 1.58% of the Group's total revenue for the year ended 31 December 2014. The research and development of products not only got customer's satisfaction but were also highly recognized by government departments. During the year, the Group released a series of creative design including Koradior "Happiness Eden" series and La Koradior "China Image" for Milan Fashion Week and Koradior Elsewhere "Life in elsewhere" series. In 2015, Koradior was awarded "The Most Influential Brand" ("最具行業影響力品牌獎") by Shenzhen Garment Industry Association.

3. Marketing and promotion

Airport advertising is one of the most effective ways to promote brands. The Group has placed advertisements at Shenzhen Airport, Shanghai Pudong International Airport, Shanghai HongQiao international airport and Chengdu airport presently. One of our self-owned brands – La Koradior was a participant at the Milan Fashion Week Spring/Summer on September 2015, which was the only China brand officially invited in Milan fashion show and signed Miranda Kerr, an international renowned top model with many awards as Koradior brand endorsement for two years. The Group participated in the 15th session of the China (Shenzhen) international brand clothing and accessories fair in July 2015, and the 23rd China International Fashion Fair in Shanghai in March 2015. The Group increased brand promotions and customer interactions through the public platform Wechat's lucky draw cards, greeting cards, and other functions, to increase its brand awareness and influence the Group also placed brand imaging advertisements in selected top nationwide circulated fashion/lifestyle magazines and publications, such as "VOGUE" etc. The Group also co-sponsored the film "Only You" directed by Zhang Hao and starring Tang Wei and Liao Fan. For the year ended 31 December 2015, the brand and marketing promotion expenses (excluded sales promotion expenses) were RMB42.58 million, accounted for 3.31% of the Group's total revenue, representing an increase of RMB17.5 million or 69.78% as compared to RMB25.08 million, accounted for 2.42% of the Group's total revenue for the year ended 31 December 2014 primarily due to (a) signed a two years agreement for model service with our brands (b) participated at the Milan Fashion Week Spring/Summer (c) the increase in advertisements at Chengdu airport.

1 *SKU: Stock keeping unit with products that are exactly the same except to their different colours deemed as different stock keeping units, and products that are exactly the same except for their different size deemed as one stock keeping unit*

4. Human resources

As at 31 December 2015, we had a total of 2,619 full-time employees in the PRC. The following table sets forth a breakdown of our employees by departments as at 31 December 2014 and 2015:

	2015	2014
	Number of employees	
Management, administration and finance	**64**	61
Product design and research and development	**129**	119
Sales and marketing	**2352**	1,792
Procurement, logistics and quality control	**74**	74
Total	**2,619**	2,046

The Group has implemented various programs for staff training and development, particularly focusing on the training of sales and marketing. We provide competitive salary and welfare package for our staff. For the year ended 31 December 2015, the total salary and welfare expenses were RMB181.19 million, representing for 14.10% of the Group's total revenue and an increase of RMB35.27 million or 24.17% as compared to RMB145.92 million or 14.08% of the Group's total revenue for the year ended 31 December 2014.

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

5. Prospect

Looking ahead into 2016, the Group will maintain its proactive strategies and tap into the capital advantage to invest more on brand marketing and promotion, product innovation and design as well as sales networks. In addition, The Company will seek for any acquisition opportunities which can expand the brand mix to satisfy the growing needs and demands of customer in a broader prospective. Meanwhile, the Company will further develop its e-commerce business and design more specific online products, so as to fully leverage the advantage of the platform.

DIVIDENDS

The Board now recommend the payment of a final dividend of HK$0.15 per share to the members of the Company whose names appear on the register of members of the Company on 31 May 2016 in respect of the year ended 31 December 2015 (2014: HK$0.1 per share). Subject to the approval by the shareholders at the forthcoming annual general meeting ("AGM") of the Company to be held on Tuesday, 24 May 2016, the final dividend will be paid on or about 15 June 2016.

CLOSURE OF THE REGISTER OF MEMBERS

To determine the eligibility of the shareholders of the Company to attend the AGM, the register of members will be closed from Friday, 20 May 2016 to Tuesday, 24 May 2016, both days inclusive, during which period no transfer of shares will be effected. In order to be entitled to attend and vote at the AGM, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Thursday,19 May 2016.

To determine the eligibility of the shareholders of the Company to receive the proposed final dividend, the register of members will be closed from Monday, 30 May 2016 to Tuesday, 31 May 2016, both days inclusive, during which period no transfer of shares will be effected. In order to be entitled to receive the proposed final dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Friday, 27 May 2016.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining a high standard of corporate governance practices and the implementation of effective corporate governance commitments. The Company has met the relevant code provisions set out in the Corporate Governance Code based on the principles set out in appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited during the year ended 31 December 2015 except for code provision A.2.1 of the Corporate Governance Code which requires that the responsibilities between the chairman and the chief executive officer should be segregated and should not be performed by the same individual. Mr. Jin Ming currently performs these two roles in our Company. The Board believes that vesting the roles of both chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within our Group and enables more effective and efficient overall strategic planning for our Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired considering the background and experience of our Directors and the number of independent non-executive Directors on the Board and this structure will enable our Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of chairman of our Board and chief executive officer of our Company at a time when it is appropriate and suitable by taking into account the circumstances of our Group as a whole.

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

The Company repurchased a total of 4,914,000 shares on the Stock Exchange during the year ended 31 December 2015. Details of the repurchases are as follows:

Date of repurchases	Total number of shares repurchased	Repurchase price per share Highest	Repurchase price per share Lowest	Total paid
		HK$	*HK$*	*HK$*
19 November 2015	300,000	9.90	9.75	2,942,500
20 November 2015	400,000	9.95	9.80	3,942,260
23 November 2015	450,000	9.95	9.85	4,450,500
24 November 2015	350,000	10.00	9.90	3,480,000
25 November 2015	199,000	10.10	10.00	2,000,000
26 November 2015	585,000	10.14	10.00	5,887,280
27 November 2015	750,000	10.22	10.08	7,606,000
30 November 2015	700,000	10.28	10.16	7,146,800
1 December 2015	587,000	10.40	10.26	6,065,620
2 December 2015	593,000	10.48	10.38	6,185,100
	4,914,000			49,706,060

The purchased shares above were all cancelled on or before 9 December 2015.

The purchase of the Company's shares during the year was effected by the directors, pursuant to the repurchase mandate granted by the shareholders of the Company at the annual general meeting held on 18 May 2015, with a view to benefiting shareholders as a whole by enhancing the net asset value per share and earnings per share of the Group.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2015.

AUDIT COMMITTEE

The Company set up an audit committee (the "Audit Committee") on 6 June 2014 for the purpose of reviewing and providing supervision on the financial reporting process,internal control system and risk management of the Group.

The Audit Committee comprises the three independent non-executive Directors with Mr. Wong Wai Kong acting as Chairman.

The Audit Committee has reviewed the annual results of the Group for the year ended 31 December 2015. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Group with external auditor.

By order of the Board
Koradior Holdings Limited
JIN MING
Chairman

Hong Kong, 29 March 2016

As at the date of this announcement, the Board comprises Mr. Jin Ming, Mr. Deng Shigang and Ms. He Hongmei as executive Directors; Mr. Yang Weiqiang as non-executive Director; and Mr. Hung Man Sing; Mr. Wong Wai Kong and Mr. Zhong Ming as independent non-executive Directors.