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**Koradior Holdings Limited**  
**珂萊蒂爾控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 3709)**

**REVISION OF THE EXISTING ANNUAL CAPS  
FOR CONTINUING CONNECTED TRANSACTIONS**

**THE NEW AGREEMENT**

Reference is made to the announcement of the Company dated 23 November 2016 in relation to, among other things, the 2016 Agreement and the transactions contemplated thereunder.

In compliance with the Listing Rules, the Company has been monitoring the transactions between Shenzhen Koradior and Yingjia Fashion under the 2016 Agreement. As the Directors expected that the existing Annual Caps under the 2016 Agreement would not be sufficient to meet the requirements of the Group, on 26 May 2017, Shenzhen Koradior and Ganzhou Yingjia, a wholly-owned subsidiary of Yingjia Fashion, entered into the New Agreement to revise the Annual Caps in order to continue the provision of processing and manufacturing services by Ganzhou Yingjia to the Group for a term of three years commencing from 1 January 2017 up to and including 31 December 2019, superseding the 2016 Agreement.

**LISTING RULES IMPLICATION**

As at the date of this announcement, the controlling shareholder of the Company, Koradior Investments, is owned as to 85% by HongKong Fashion which is an indirect wholly-owned subsidiary of Yingjia Fashion. Given that Ganzhou Yingjia is a wholly-owned subsidiary of Yingjia Fashion, Ganzhou Yingjia is a connected person of the Company. The transactions contemplated under the New Agreement constitute continuing connected transactions of the Company under the Listing Rules.

As all the applicable percentage ratios (other than the profits ratio) in respect of New Agreement are more than 0.1% but less than 5%, pursuant to Rule 14A.76 of the Listing Rules, the New Agreement and the transactions contemplated thereunder are therefore subject to the reporting and announcement requirements but are exempt from the circular, independent financial advice and shareholders' approval requirements under the Listing Rules.

Reference is made to the announcement of the Company dated 23 November 2016 in relation to, among other things, the 2016 Agreement and the transactions contemplated thereunder.

## **THE 2016 AGREEMENT**

On 23 November 2016, Shenzhen Koradior, an indirect wholly-owned subsidiary of the Company, entered into the 2016 Agreement with Yingjia Fashion for the provision of processing and manufacturing services by Yingjia Fashion to the Group for a term of three years commencing from 1 January 2017 up to and including 31 December 2019. The processing arrangement has been undertaken by the subsidiary of Yingjia Fashion, Ganzhou Yingjia.

### **The original Annual Caps**

As disclosed in the announcement of the Company dated 23 November 2016, the original Annual Caps for the years ending 31 December 2017, 2018 and 2019 under the 2016 Agreement were RMB25,000,000, RMB28,000,000 and RMB30,000,000 respectively.

As the Directors expected that the existing Annual Caps under the 2016 Agreement would not be sufficient to meet the requirements of the Group, on 26 May 2017, Shenzhen Koradior and Ganzhou Yingjia, a wholly-owned subsidiary of Yingjia Fashion, entered into the New Agreement to revise the Annual Caps. The principal terms of the New Agreement are set out below:

## **THE NEW AGREEMENT**

Date : 26 May 2017

Parties : (i) Shenzhen Koradior  
(ii) Ganzhou Yingjia

- Subject matter : Ganzhou Yingjia has agreed to provide processing and manufacturing services to Shenzhen Koradior, including but not limited to provision of certain products according to: (i) the manufacturing standards and processing techniques stipulated by Shenzhen Koradior; or (ii) standard samples provided and confirmed by the design team of Shenzhen Koradior
- Term : The term of the New Agreement has a term of three years commencing from 1 January 2017 up to and including 31 December 2019 and may be renewed upon mutual agreement between parties subject to all the requirements under the Listing Rules and other applicable laws. Shenzhen Koradior has the right to terminate the New Agreement at any time before its expiration
- Pricing policy : Processing fees payable to Ganzhou Yingjia are determined on the basis of (i) number of procedures involved to process a particular product, (ii) per minute processing fee for a particular procedure, and (iii) time required (in terms of minutes) to complete a particular procedure in processing that product
- Payment terms : The processing fee is payable monthly on presentation of invoice of Ganzhou Yingjia by Shenzhen Koradior to Ganzhou Yingjia at the end of each month via bank transfer

## The revised Annual Caps

Details of the revised Annual Caps are as follows:

<b>Period</b>	<b>Original Annual Caps under the 2016 Agreement</b>	<b>Revised Annual Caps under the New Agreement</b>
For the year ending 31 December		
2017	RMB25,000,000 (equivalent to HK\$28,409,091)	RMB60,000,000 (equivalent to HK\$68,181,818)
2018	RMB28,000,000 (equivalent to HK\$31,818,182)	RMB62,000,000 (equivalent to HK\$70,454,545)
2019	RMB30,000,000 (equivalent to HK\$34,090,909)	RMB65,000,000 (equivalent to HK\$73,863,636)

Save for the revision of the Annual Caps, the terms and conditions under the New Agreement are identical to those under the 2016 Agreement.

## HISTORICAL ANNUAL CAPS AND TRANSACTION AMOUNTS

The table below sets out the historical Annual Caps for the year ended 31 December 2016 and for the year ending 31 December 2017 under the 2014 Agreement and the 2016 Agreement respectively, and the respective actual amount incurred/paid by Shenzhen Koradior to Yingjia Fashion and/or Ganzhou Yingjia in relation to the provision of processing and manufacturing services by Yingjia Fashion and/or Ganzhou Yingjia to the Group for the year ended 31 December 2016 and the four months ended 30 April 2017:

<b>Period</b>	<b>Annual Caps</b>	<b>Actual amount incurred/paid by Shenzhen Koradior to Yingjia Fashion and/or Ganzhou Yingjia</b>
For the year ended 31 December 2016 (under the 2014 Agreement)	RMB25,000,000 (equivalent to HK\$28,409,091)	RMB24,770,000 (equivalent to HK\$28,147,727)
For the year ending 31 December 2017 (under the 2016 Agreement)	RMB25,000,000 (equivalent to HK\$28,409,091)	RMB20,300,000 (equivalent to HK\$23,068,182) <i>(Note)</i>

*Note:* Unaudited figure for the four months ended 30 April 2017.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE NEW AGREEMENT TO REVISE THE ANNUAL CAPS**

The production and sale of high-end ladies-wear is one of the principal activities of the Group. As the Group does not have any in-house production facilities, the Group has, since its commencement of business in 2007, outsourced the production of its products to third party OEM contractors including Yingjia Fashion. It has always been the belief of the Company that such strategy would allow the Group to reduce the investments in fixed assets and generate a higher return on assets. Since 2017, Yingjia Fashion has delegated and centralised the processing and manufacturing services to be provided by its subsidiary, Ganzhou Yingjia.

In compliance with the Listing Rules, the Company has been monitoring the transactions between Shenzhen Koradior and Yingjia Fashion under the 2016 Agreement. As shown in the table in the section headed “HISTORICAL ANNUAL CAPS AND TRANSACTION AMOUNTS” above, the total amount incurred/paid by Shenzhen Koradior to Ganzhou Yingjia for the four months ended 30 April 2017 was approximately RMB20,300,000, which has already exceeded 80% of the Annual Cap for the year ending 31 December 2017 under the 2016 Agreement.

There are a number of factors which contributed to the rapidly growing demand for the processing and manufacturing services of Ganzhou Yingjia, including, among others:

- (i) the shifting of the production strategy by relying more on production through the Group’s own raw material procurement with processing arrangement through OEM contractors rather than through purchase of finished products manufactured by OEM contractors, which will enhance the overall profit margin; and
- (ii) the brand “CADIDL” acquired by the Group in June 2016 (details of which can be found in the announcement of the Company dated 24 June 2016) has achieved a relative high-speed growth and is expected to maintain consistent performance and growth.

The Directors expect that such growth in demand will continue through the remaining term of the 2016 Agreement and the original Annual Caps under the 2016 Agreement would not be sufficient to meet the needs of the Group. Taking into account the above factors and the long-term cooperation with Yingjia Fashion and their proven quality of services, the Directors consider that the provision of processing and manufacturing services offered by Yingjia Fashion (and Ganzhou Yingjia) would allow Shenzhen Koradior to continue to secure a stable supply of quality services which are necessary for the sales by Shenzhen Koradior and to meet the rapidly increasing demand from its customers. The Group therefore entered into the New Agreement with Ganzhou Yingjia to revise the Annual Caps in relation to the provision of processing and manufacturing services to cater for the continuing expansion of the Group. The New Agreement will also formalise the processing arrangement currently undertaken by Ganzhou Yingjia for the Group.

The revised Annual Caps under the New Agreement were determined after arm's length negotiations between Shenzhen Koradior and Ganzhou Yingjia with reference to, among others, (i) the existing Annual Caps contemplated under the 2016 Agreement; (ii) the actual amount incurred/paid by Shenzhen Koradior to Ganzhou Yingjia in respect of the transactions contemplated for the four months ended 30 April 2017; (iii) the estimated market demand from customers for the products of the Group; and (iv) the estimated size of production to be outsourced to Ganzhou Yingjia for processing and manufacturing during the term of the New Agreement.

As the Group has been paying constant attention to and reviewing the positive effects brought to the Group by the adjustments made to our production strategies and the increasing demand of customers for products of brands owned by the Group (including the brand "CADIDL"), there is a possibility that the revised Annual Caps under the New Agreement may need to be further revised to cope with the business demands of the Group. If there is any variation or renewal of the New Agreement and/or the Annual Caps, the Company will re-comply with all applicable requirements under Chapter 14A of the Listing Rules.

The Directors (including the independent non-executive Directors) have approved the execution of the New Agreement and they are of the opinion that: (i) the transactions contemplated under the New Agreement will be entered in the ordinary and usual course of business of the Group and on normal commercial terms; and (ii) the terms of the New Agreement (including the revised Annual Caps) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **Internal control procedures**

To ensure the transactions with Yingjia Fashion under the 2016 Agreement as well as with Ganzhou Yingjia under the New Agreement are and will be on normal commercial terms, the Company has adopted and will continue to apply the following internal control procedures:

- (i) the Company will develop its own estimate of processing fee based on the pricing policy mentioned above and obtain fee quotations from independent comparable OEM contractors for products which require processing services in similar quantities to determine if the price and terms offered by Yingjia Fashion and Ganzhou Yingjia, as the case may be, are fair and reasonable and comparable to those offered by independent comparable OEM contractors;
- (ii) the Company will select the successful OEM contractor for individual transaction based on objective standards such as publicly available raw material prices, the scale and reputation of the relevant OEM contractor, price and quality of processing services and products, and product delivery time and services; and
- (iii) regular reports regarding the Group's purchase and other relevant information will be provided to the independent non-executive Directors who will conduct semi-annual review of their purchase terms (including whether these are based on factors mentioned above) and the fairness of our Group's basis of selecting its OEM contractors.

The Directors (including the independent non-executive Directors) believe that the above measures will ensure that the Group's transactions with Ganzhou Yingjia are and will be conducted on normal commercial terms and consider that it is in the interests of the Company and the Shareholders as a whole for the Group to continue to engage Ganzhou Yingjia for its processing and manufacturing services in accordance with the terms and conditions of the New Agreement.

## **GENERAL**

### **Information of the Group**

The Group is principally engaged in the design, promotion, marketing and sales of high-end ladies-wear in the PRC.



### **Information of Shenzhen Koradior**

Shenzhen Koradior is an indirect wholly-owned subsidiary of the Company principally engaged in the design and retail business of the Koradior apparel brand of the Company.

### **Information of Yingjia Fashion and Ganzhou Yingjia**

Both Yingjia Fashion and Ganzhou Yingjia are companies established in the PRC principally engaged in the production, processing and sale of ladieswear via its self-operated retail stores and distributors in the PRC. Yingjia Fashion is a controlling shareholder of the Company and thus a connected person of the Company. Ganzhou Yingjia is a wholly-owned subsidiary of Yingjia Fashion and has been providing processing and manufacturing services to the Group under the 2016 Agreement.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, the controlling shareholder of the Company, Koradior Investments is owned as to 85% by HongKong Fashion which is an indirect wholly-owned subsidiary of Yingjia Fashion. Given that Ganzhou Yingjia is a wholly-owned subsidiary of Yingjia Fashion, Ganzhou Yingjia is a connected person of the Company. The transactions contemplated under the New Agreement constitute continuing connected transactions of the Company under the Listing Rules.

As all the applicable percentage ratios (other than the profits ratio) in respect of New Agreement are more than 0.1% but less than 5%, pursuant to Rule 14A.76 of the Listing Rules, the New Agreement and the transactions contemplated thereunder are therefore subject to the reporting and announcement requirements but are exempt from the circular, independent financial advice and shareholders' approval requirements under the Listing Rules.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, as at the date of this announcement, none of the Directors has material interest in the transactions under the New Agreement but given that Ganzhou Yingjia is a wholly-owned subsidiary of Yingjia Fashion and Yingjia Fashion is represented by Mr. Jin Ming, Mr. Jin Ming had abstained from voting at the Board meeting to approve the New Agreement (including the Annual Caps).

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“2014 Agreement”	the processing agreement entered into between Shenzhen Korador and Yingjia Fashion on 15 March 2014 (as supplemented on 9 June 2014) in relation to the provision of processing and manufacturing services by Yingjia Fashion to the Group
“2016 Agreement”	the processing agreement entered into between Shenzhen Korador and Yingjia Fashion on 23 November 2016 to renew the 2014 Agreement in relation to the provision of processing and manufacturing services by Yingjia Fashion to the Group
“Annual Cap(s)”	the maximum annual amount of service fee payable by Shenzhen Korador in relation to the provision of processing and manufacturing services by Yingjia Fashion and Ganzhou Yingjia (as the case may be)
“Board”	the board of Directors
“Company”	Korador Holdings Limited (珂萊蒂爾控股有限公司), an exempted company with limited liability incorporated in the Cayman Islands and the issued Shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 3709)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Ganzhou Yingjia”	Yingjia Fashion (Ganzhou) Co., Ltd.* (贏家時裝(贛州)有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of Yingjia Fashion

“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HongKong Fashion”	Eeka Fashion (HongKong) Limited (香港贏家時裝有限公司), a company incorporated in Hong Kong with limited liabilities
“Koradior Investments”	Koradior Investments Limited, a company incorporated in the British Virgin Islands, which is a controlling shareholder of the Company holding 300,450,500 Shares, representing about 60.68% of the issued share capital of the Company as at the date of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Agreement”	the agreement entered into between Shenzhen Koradior and Ganzhou Yingjia on 26 May 2017 to supersede the 2016 Agreement in relation to the provision of processing and manufacturing services by Ganzhou Yingjia to the Group
“OEM”	original equipment manufacturing, a business that manufactures products or equipment for branding and resale by others
“PRC”	the People’s Republic of China, which for the purpose of this announcement shall exclude Hong Kong, Taiwan and Macau Special Administrative Region
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)

“Shenzhen Koradior”	Shenzhen Koradior Fashion Co., Ltd.* (深圳市珂萊蒂爾服飾有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Yingjia Fashion”	Shenzhen Yingjia Fashion Co., Ltd.* (深圳市贏家服飾有限公司), a company established in the PRC with limited liability and a connected person of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

By Order of the Board  
**Koradior Holdings Limited**  
**JIN MING**  
*Chairman, Chief Executive Officer  
and Executive Director*

Hong Kong, 26 May 2017

*In this announcement, the conversion of Renminbi into Hong Kong dollars is based on the exchange rate of RMB0.88 to HK\$1.00 and is for illustrative purposes only.*

\* *The English names of the PRC entities referred to in this announcement are translations from their Chinese names and are for identification purposes only. If there is any inconsistency, the Chinese name shall prevail.*

*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 Dr. Wong Wai Kong, Mr. Zhong Ming and Mr. Zhou Xiaoyu as independent non-executive Directors.*