

EEKA



EEKA
FASHION

贏家時尚

INTERIM
REPORT

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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 and 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 2021, our brand portfolio comprises eight brands: our own high-end brands – (i) Koradior (ii) La Koradior and (iii) Koradior elsewhere, cost effective brand – FUUNNY FEELN, and acquired brands – (i) CADIDL (ii) NAERSI (iii) NAERSILING and (iv) 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 feminine, stylish and young-looking designs. "La Koradior" brand was launched in September 2012 which is positioned to offer perceptual, elegant and romantic designs. "Koradior elsewhere" brand was launched in September 2014, which is positioned to offer leisurely, comfortable and high quality designs. We launched a new cost-effective brand named "FUUNNY FEELN" (referred to as "FF" brand) in January 2019, which is positioned to promote an exquisite, modern and interesting focus on the future of women's lifestyle.

We acquired 65% equity of Shenzhen Mondial Industrial Ltd ("Mondial") on 24 June 2016 and with it, the "CADIDL" brand, which is positioned to offer urbanism, elegant and modern designs. We acquired 100% equity of Keen Reach Holdings Limited ("Keen Reach") on 3 July 2019, its self-owned brands in the PRC, namely "NAERSI", "NEXY.CO" and "NAERSILING", also target affluent ladies between the ages of 30 and 45. NAERSI creates high-end clothing for professional women with both fashion and quality, highlighting their independent self-confidence, realizing their true self, expression of "To be myself" attitude to life. NEXY.CO is dedicated to urban, chic women with a sophisticated, charismatic and refined image. NAERSILING embodies classical tailoring with modern design and a state of young mind into artful expression, confident lifestyle and diversified beauty performances, and defines its brand style as freedom, simple and modern.

Over the years, we have attached great importance to the brand's international influence, our brands have been invited to Milan Fashion Week, 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 "Just for her unique glamour" mission, focusing on product innovation and development and brand communication promotion, and continuing to lead womenswear fashion and life culture.

We have started to sell our products through the third party e-commerce platform Tmall since 2011 in our flagship store and authorized merchant VIP.com. We launched the EEKA Fashion Mall based on WeChat ecological social e-commerce platform on January 13, 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.

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 32 cities of provinces, autonomous regions and municipalities in the PRC and Hong Kong.

Corporate Information

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

7/F, B Block, Hongsong Building
 Terra 9th Road
 Futian District
 Shenzhen, Guangdong Province
 PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

COMPANY SECRETARY

Ms. WONG Wai Kiu *FCCA, FCG, FCS(PE)*

JOINT COMPANY SECRETARY

Mr. LEUNG Ka Wai

AUTHORISED REPRESENTATIVES

Mr. JIN Ming
 Mr. LEUNG Ka Wai

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
 Cricket Square, Hutchins Drive
 P.O. Box 2681
 Grand Cayman KY1-1111
 Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
 Level 54, Hopewell Centre
 183 Queen's Road East
 Hong Kong

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited

Pingan Bank

Shenzhen branch, Jinsha sub-branch

China Merchants Bank

Shenzhen branch, Tairan Jingu sub-branch

COMPANY WEBSITE

www.eekagroup.com

STOCK CODE

3709

Financial Highlights

	Six months ended 30 June	
	2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
Revenue	3,078,375	2,003,349
Gross profit	2,262,198	1,476,080
Net profit	279,737	119,436
Net cash flows from operating activities	771,554	633,778
Earnings per share ¹		
– Basic (RMB cents)	41.8	19.18
– Diluted (RMB cents)	40.7	19.09
Profitability Ratio		
Gross margin	73.49%	73.68%
Net margin	9.09%	5.96%
	At 30 June 2021	At 31 December 2020
Liquidity Ratio		
Current ratio ² (times)	1.48	1.43
Trade and bills receivables turnover days ³	34.45	44.43
Trade and bills payables turnover days ⁴	59.52	61.75
Inventory turnover days ⁵	148.51	171.70
Capital Ratio		
Gearing ratio ⁶	12.30%	10.54%
Interest coverage ratio ⁷ (times)	18.47	12.25

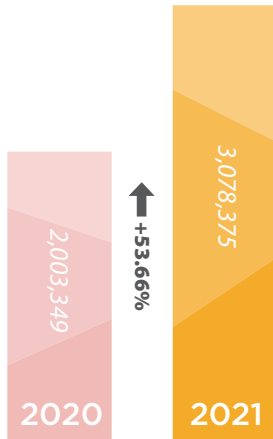
Notes:

- 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 2021 was 669,468,378 versus 685,050,195 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 2021 was 686,148,286 versus 688,400,517 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

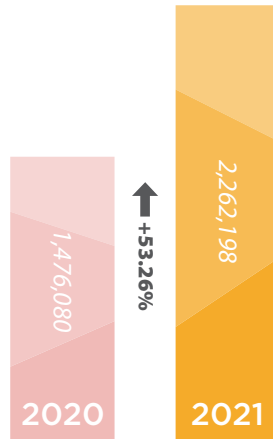
REVENUE

RMB'000
six months ended
30 June



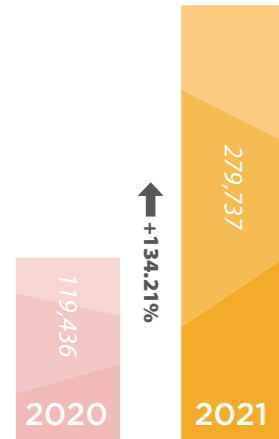
GROSS PROFIT

RMB'000
six months ended
30 June



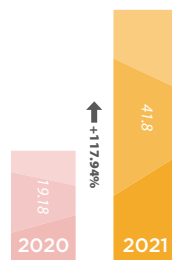
NET PROFIT

RMB'000
six months ended
30 June



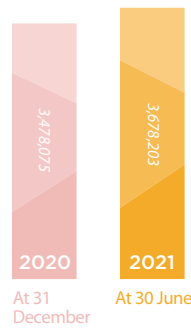
EARNINGS PER SHARE - BASIC

RMB Cents
six months ended
30 June



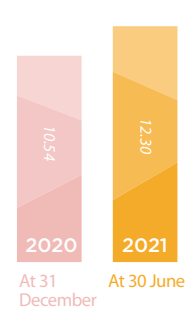
NET ASSETS

RMB'000



GEARING RATIO

%



Miranda Kerr





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 2021 (the "Reporting Period").

In the first half of 2021, the global epidemic prevention and control entered a normal phase. China's economy continued to recover steadily, with gross domestic product ("GDP") amounting to RMB53,216.70 billion, up 12.7% year-on-year based on the data from National Bureau of Statistics. The continued growth of high net worth groups with strong domestic consumption capacity provides strong support for maintaining a high business climate in the domestic high-end consumer goods market, with total domestic retail sales of consumer goods increasing by 23.0% year-on-year to RMB21,190.40 billion in the first half of the year, with the contribution of final consumption to GDP growth reaching 61.7%, demonstrating the resilience of China's economy.

According to the 2021 China Private Wealth Report released by China Merchants Bank in conjunction with Bain & Company, the average annual compound growth rate of the number of high net worth people (investable assets of RMB10 million or more) in China from 2018 to 2020 was 15%. The number of high net worth people in China is expected to continue to grow to 2.96 million by the end of 2021, and the total size of investable assets will exceed RMB90 trillion. It can be seen that the domestic high-end consumer goods market contains considerable growth potential. In the first half of 2021, the apparel industry as a whole continued the growth momentum in the second half of 2020, but the industry entered a stage of growth differentiation, with sports apparel and luxury areas of growth significantly higher than other subdivisions.

Tong Li Ya (Liliya)



Koradior

Chairman's Statement

During the Reporting Period, the Group's revenue reached RMB3,078.38 million, representing an increase of 53.66% with a net profit of RMB279.74 million, representing a strong increase 134.21% compared with the first half of 2020. From distributors, revenue reached RMB226.63 million in the Reporting Period, representing a year-on-year rapid increase of 366.41%. From e-commerce, revenue reached RMB385.98 million in the Reporting Period, representing a year-on-year increase of 41.70%. As at 30 June 2021, the Group had 1,935 retail stores of which 1,490 were operated by the Group and 445 were operated by our distributors.

The Group's eight major brands during the Reporting Period have shown rapid growth momentum, successfully completing the first half of the business plan, in which: Koradior and NAERSI recovered quickly, demonstrating the strong market influence of the main brands, with sales of RMB1,119.85 million and RMB686 million respectively; NEXY.CO brand was performing strongly and accelerated towards the Group's third retail brand target of over 1 billion, with sales of RMB388 million and a strong growth of 66.21%; Koradior elsewhere and NAERSILING aligned their categories to unlock growth potential, with sales of RMB244 million and RMB230 million respectively; La Koradior maintained its continued growth momentum and further expanded its leading position in the segment, with sales of RMB166 million and a growth of 60.95%; CADIDL went through an integration period, became profitable and began to enter a period of benign growth, with sales nearly doubled to RMB162 million; FUUNNY FEELLN brand progressed normally with its channel layout and product iteration running smoothly, with sales achieved a staggering growth rate of 528.75%.

La Koradior



Chairman's Statement

Tang Yi Xin (Tina)



ELSEWHERE

by Koradior

At the same time, the Group also launched its product research and development innovation projects in the first half of the year, and continued to vigorously promote the integration of high-quality supply chain, logistics storage concentration and RFID project landing implementation, second phase optimization of omnichannel projects and third phase start-up preparation and other major operational management projects to improve operational capabilities and solid core competitive advantage.

Overall, the Group believes the domestic middle and high-end women's clothing market has clearly rebounded, ushering in good growth opportunities. The Group will enrich the brand matrix, resource optimization, channel layout and innovative research and development and other dimensions.

Last but not least, I would like to take this opportunity on behalf of the Board to offer my heartfelt thanks to all the shareholders, customers, business partners and our staff for their committed support and trust!

Jin Ming

Chairman of Board

27 August 2021

MANAGEMENT DISCUSSION AND ANALYSIS



Management Discussion and Analysis

REVENUE

The principal activities of the Group are design, promotion, marketing and sales of self-owned branded womenswear products in the PRC. Revenue represents the sales value of goods sold less returns, discounts and value-added tax. Total revenue increased from RMB2,003.35 million for the first half of 2020 to RMB3,078.38 million for the Reporting Period, representing an increase of 53.66% or RMB1,075.03 million. Total number of retail stores increased from 1,836 as at 1 January 2021 to 1,935 as at 30 June 2021*. The self-operated retail stores of the Group revenue increased by 45.54% from RMB1,679.70 million for the first half of 2020 to RMB2,444.58 million for the Reporting Period. Total revenue from distributors increased by 366.41% from RMB48.59 million for the first half of 2020 to RMB226.63 million for the Reporting Period. Total revenue from e-commerce platforms increased by 41.70% from RMB272.40 million for the first half of 2020 to RMB385.98 million for the Reporting Period. The revenue from e-commerce generated from Tmall decreased from RMB144.74 million for the first half of 2020 to RMB119.12 million for the Reporting Period, representing a decrease of 17.70% or RMB25.62 million, the revenue from e-commerce generated from VIP.com increased from RMB111.67 million for the first half of 2020 to RMB185.07 million for the Reporting Period, representing an increase of 65.73% or RMB73.40 million and the revenue from e-commerce generated from EEKA Fashion Mall was RMB54.21 million for the Reporting Period, representing an increase of 251.29%.

* The following table shows a breakdown of retail stores of our brands in the PRC as at 1 January 2021 and 30 June 2021 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 2021
	As at 1 January 2021	Opened during the Reporting Period	Closed during the Reporting Period	
Central PRC ¹	200	29	(17)	212
Eastern PRC ²	630	66	(43)	653
North Eastern PRC ³	118	18	(14)	122
North Western PRC ⁴	180	27	(21)	186
Northern PRC ⁵	215	24	(12)	227
South Western PRC ⁶	270	38	(7)	301
Southern PRC ⁷	223	19	(8)	234
Total	1,836	221	(122)	1,935

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, Guangdong and Hong Kong.

Management Discussion and Analysis

REVENUE *(Continued)*

Brand	Number of retail stores	
	As at 1 January 2021	As at 30 June 2021
Koradior	684	709
La Koradior	39	40
Koradior elsewhere	155	169
CADIDL	135	147
O'2nd	10	6
Obzee	4	1
FUUNNY FEELLN	100	115
NAERSI	459	482
NAERSILING	110	111
NEXY.CO	140	155
Total	1,836	1,935



Management Discussion and Analysis

Revenue analysis by brands

	For the six months ended 30 June					
	2021		2020		Increase/(decrease)	
	RMB'000	%	RMB'000	%	RMB'000	%
Koradior	1,119,852	36.38%	762,300	38.05%	357,552	46.90%
La Koradior	166,100	5.40%	103,201	5.15%	62,899	60.95%
Koradior elsewhere	244,190	7.93%	146,911	7.33%	97,279	66.22%
CADIDL	162,235	5.27%	82,550	4.12%	79,685	96.53%
O'2nd	19,535	0.63%	22,121	1.10%	(2,586)	(11.69%)
Obzee	7,299	0.24%	8,656	0.43%	(1,357)	(15.68%)
FUUNNY FEELLN	55,594	1.81%	8,842	0.44%	46,752	528.75%
NAERSI	685,653	22.27%	472,903	23.61%	212,750	44.99%
NAERSILING	230,196	7.48%	162,589	8.12%	67,607	41.58%
NEXY.CO	387,721	12.59%	233,276	11.65%	154,445	66.21%
Total	3,078,375	100%	2,003,349	100%	1,075,026	53.66%

The revenue generated from the sales of products under the main brands Koradior and NAERSI showed an increase of 46.90% and 44.99% or RMB357.55 million and RMB212.75 million for the Reporting Period respectively. For the Reporting Period, FUUNNY FEELLN brand's performance is outstanding, with the revenue generated from sales of products increased to RMB55.59 million, representing an increase of 528.75% as compared to the first half of 2020. For the Reporting Period, the revenue generated from sales of products of La Koradior, Koradior elsewhere, CADIDL, NAERSILING and NEXY.CO increased to RMB166.10 million, RMB244.19 million, RMB162.24 million, RMB230.20 million and RMB387.72 million respectively, representing an increase of 60.95%, 66.22%, 96.53%, 41.58% and 66.21% respectively as compared to the first half of 2020. The revenue from sales of products under O'2nd and Obzee decreased to RMB19.54 million and RMB7.30 million respectively, representing a decrease of 11.69% and 15.68% respectively as compared to the first half of 2020.

COST OF SALES

Cost of sales increased from RMB527.27 million for the six months ended 30 June 2020 to RMB816.18 million for the Reporting Period, representing an increase of 54.79% or RMB288.91 million, primarily due to the increase in the cost of inventories sold as a result of the growth of the Group's revenue.

GROSS PROFIT AND GROSS PROFIT MARGIN

Gross profit increased from RMB1,476.08 million for the six months ended 30 June 2020 to RMB2,262.20 million for the Reporting Period, representing an increase of 53.26% or RMB786.12 million. Overall gross profit margin slightly decreased from 73.68% for the first half of 2020 to 73.49% for the Reporting Period.

OPERATING EXPENSES

Operating expenses increased from RMB1,375.77 million for the six months ended 30 June 2020 to RMB1,932.88 million for the Reporting Period, representing an increase of 40.49% or RMB557.11 million. Operating expenses include selling and distribution expenses, administrative expenses and other operating expenses, and details of them are listed below:

Management Discussion and Analysis

Selling and distribution expenses

Selling and distribution expenses increased by 46.33% to RMB1,672.62 million for the Reporting Period from RMB1,143.08 million for six months ended 30 June 2020, primarily due to (a) increase in store concession fees as a result of increase in sales; (b) the increase in salaries and staff benefits for sales and marketing staff due to the expansion of retail stores and improvement in remuneration; (c) the increase in advertising and brand building and promotion expenses, which are in line with the expansion of our sales network as well as business growth; and (d) the increase in rental expenses due to increase in number of retail stores.

Administrative and other operating expenses

Administrative and other operating expenses increased by 11.85% to RMB260.27 million for the Reporting Period from RMB232.70 million for the corresponding period in 2020 primarily due to (a) the increase in salaries and benefits; and (b) the increase in research and development expenses for all brands to improve products design.



Management Discussion and Analysis



FINANCE COSTS

Finance costs decreased by 11.50% to RMB19.01 million for the Reporting Period from RMB21.48 million for the corresponding period in 2020, mainly due to the decrease in borrowing.

INCOME TAX EXPENSES/CREDIT

Income tax expenses increased from a tax credit of RMB4.75 million for the first half of 2020 to a tax expense of RMB52.23 million for the Reporting Period mainly due to the increase 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 RMB279.74 million, representing an increase of 134.21% or RMB160.30 million as compared to RMB119.44 million for the first half of 2020. Net profit margin increased from 5.96% for the first half of 2020 to 9.09% for the Reporting Period.

Management Discussion and Analysis



Wang Luo Dan (May)

CAPITAL STRUCTURE

The Group requires working capital to support its design and development, retail and other business operations. As at 30 June 2021, the Group had total current assets of RMB2,568.58 million (31 December 2020: RMB2,409.52 million) and total current liabilities of RMB1,734.17 million (31 December 2020: RMB1,688.07 million) with a current ratio of 1.48. 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 2021, the Group's interest bearing bank loans were denominated in Hong Kong dollars and Renminbi, comprising a HK\$135 million term loan repayable within three years, with variable interest rates, and a RMB340 million loan with fixed interest rate, repayable within one year.

FINANCIAL POSITION, LIQUIDITY AND GEARING RATIO

The Group generally finances its operations with internally generated cash flow as well as banking facilities provided by its bankers.

As at 30 June 2021, the Group had cash and cash equivalents of RMB545.53 million (31 December 2020: RMB582.93 million), denominated as to 95.39% in RMB, 4.22% in Hong Kong dollar, 0.20% in United States dollar and 0.19% in Euro. The net cash inflow from operating activities generated was RMB771.55 million during the Reporting Period, increased by 21.74% from RMB633.78 million for the six months ended 30 June 2020. As at 30 June 2021, the Group's gearing ratio, i.e. the total outstanding bank loans divided by total equity, was 12.30% (31 December 2020: 10.54%).



NAERSI QING

CHARGES ON ASSETS

As at 30 June 2021, the Group's buildings with carrying value of approximately RMB102.98 million (31 December 2020: RMB106.37 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 9,784 as at 30 June 2021 (30 June 2020: 9,205). 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 RMB655.98 million (six months ended 30 June 2020: RMB538.37 million), representing 21.31% of our revenue (six months ended 30 June 2020: 26.87%).

Management Discussion and Analysis

CADIDL

The Group has a share option scheme in place for selected participants as incentive and reward for their contribution to the Group. The Company has also adopted a share award scheme in December 2019 to recognise the contributions for selected participants and to provide incentive to retain them for continual development of the Group. A mandatory provident fund scheme and local retirement benefit schemes are also in effect. The Group encourages employees to seek training to strengthen their work skills and for personal development. The Group also provides workshops for staff at different levels to enhance their knowledge of work safety and to build team spirit. Staffs are rewarded based on performance of the Group as well as on individual performance and contribution.



Management Discussion and Analysis

CONTINGENT LIABILITIES

As at 30 June 2021, the Group had no significant contingent liabilities.

MATERIAL ACQUISITION AND DISPOSAL

On 2 January 2020, certain subsidiaries of the Company entered into transactions for the acquisition of two financial products from Ping An Bank amounting to RMB227,000,000 in aggregate, which exceeded 5% of one of the applicable percentage ratios under Rules 14.07 of the Listing Rules. On 8 March 2021, certain subsidiaries of the Company entered into transactions for the acquisition of a financial product from China Merchant Bank amounting to RMB21,000,000, which when aggregated with other financial products acquired by the Group from China Merchant Bank during 2 January 2020 to 8 March 2021, exceeded 5% of one of the applicable percentage ratios under Rule 14.07 of the Listing Rules. Details of the above were set out in the announcement of the Company dated 30 July 2021.

Save as disclosed above, 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 2021, the Group had no significant investment with a value of 5% or more of the Group's total assets.

USE OF PROCEEDS FROM THE PLACING OF NEW SHARES UNDER GENERAL MANDATE

On 30 April 2021, the Company entered into the placing and subscription agreement, pursuant to which (i) the placing agent agreed to place, on a best effort basis, up to 19,000,000 shares of the Company held by Koradior Investments Limited (as vendor) at the placing price of HK\$10.50 per share to the placee(s); and (ii) the Company has conditionally agreed to allot and issue, and Koradior Investments Limited has conditionally agreed to subscribe for, up to 19,000,000 new shares of the Company at the subscription price of HK\$10.50 per share (the "Top-up Placing"). The Top-up Placing was completed on 11 May 2021. Details of the Top-up Placing were set out in the announcements of the Company dated 30 April 2021 and 21 May 2021.

The net proceeds from the Top-up Placing were approximately HK\$198.09 million which were intended to be utilised (i) as to approximately HK\$178.29 million for the settlement of the existing debts of the Group; and (ii) as to the remaining HK\$19.80 million for the general working capital of the Group. As at 30 June 2021, approximately HK\$48.07 million have been applied for the settlement of the existing debts of the Group. The remaining net proceeds of the Top-up Placing will be applied according to the proposed use of proceeds by second half of 2021.

There are no proceeds brought forward from any issue of equity securities made in previous financial years.

Management Discussion and Analysis

OUTLOOK

2021 is the starting year of the Group's three-year cross-ten billion sales target. Although the first half of the year saw good sales performance, it is still affected by the repeated outbreaks and economic environment uncertainty, the second half of the year shall be ready for the emergence of stage difficulties to achieve the high growth target for the whole year still needs the unremitting efforts of all staff of the Group.

In the second half of 2021, the Group will continue to strengthen brand promotion, put in resources and enhance brand influence; promote product research and development innovation projects with remodel methodology, and enhance the brand's product research and development design capabilities; speed up the transformation of differentiated operation of e-commerce platform, strengthen the operation of online e-commerce platform for customer flow; start the third phase of the omnichannel project construction and implementation, fully combine the core advantages of the Group's highly self-operation, establish an integrated customer operation system, and further enhance the ability to link customers and serve customers; continue to deepen the combination of product research and development and supply chain, strengthen the promotion of all-round high-quality supply chain construction; start the project implementation of the expenses control system to improve the efficiency of internal operations management.

Looking to the future, the upgrade consumption of 1.4 billion people will support China's fashion industry's largest development bonus, with excellent management capabilities of multi-brand operation have unlimited prospects. The Group will maintain strategic determination, seek certainty in uncertainty aspects, keep consumer-orientation, adhere to brand positioning and core concepts, create value for consumers in pursuit of a better life, persevere in the soil of multi-brand operation, consolidate the ability of platform operation and systematization management, build a digital system of the entire business chain, deepen the core advantages of the Group, and achieve the established strategic objectives with early realization.

Other Information

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the Reporting Period (six months ended 30 June 2020: Nil).

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining a high standard of corporate governance practices and the implementation of effective corporate governance commitments. The Company has met the relevant code provisions set out in the Corporate Governance Code based on the principles set out in Appendix 14 to the Listing Rules during the Reporting Period, except for code provision A.2.1 of the Corporate Governance Code which requires that the responsibilities between the chairman and the chief executive officer should be segregated and should not be performed by the same individual. Mr. Jin Ming currently performs both roles in our Company. The Board believes that vesting the roles of both chairman and chief executive officer in Mr. Jin Ming has the benefit of ensuring consistent leadership within our Group and enables more effective and efficient overall strategic planning for our Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired considering the background and experience of our Directors and the number of independent non-executive Directors on the Board and this structure will enable our Company to make and implement decisions promptly and effectively.

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

MODEL CODE FOR SECURITIES TRANSACTION BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings. Having made specific enquiry with all Directors, all Directors have confirmed with the Company that they have complied with the required standard set out in the Model Code and its code of conduct regarding any Directors' securities transactions during the Reporting Period.

SHARE OPTION SCHEME

The Company adopted a share option scheme pursuant to the resolutions of the shareholders of the Company passed on 6 June 2014 for selected participants as incentive and reward for their contribution to the Group.

As at 30 June 2021, there were 7,460,000 share options granted under the share option scheme which were outstanding representing 1.1% of the issued share capital of the Company as at 30 June 2021.

Other Information

SHARE OPTION SCHEME (Continued)

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

Name or category of grantee	Number of share options						At 30 June 2021	Exercise period (Note)	Exercise price per share	Closing price per share immediately before date of grant (i.e. 10 July 2014)
	At 1 January 2021	Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	At 30 June 2021				
Director										
Ms. He Hongmei	500,000	-	-	-	-	500,000	10 July 2014 to 9 July 2022	HK\$4.42	HK\$4.46	
Sub-total	500,000	-	-	-	-	500,000				
Employees (other than Directors) in aggregate	6,960,000	-	-	-	-	6,960,000	10 July 2014 to 9 July 2022	HK\$4.42	HK\$4.46	
Total	7,460,000	-	-	-	-	7,460,000				

Note: The share options are exercisable in the following manner: (i) no share option shall be exercisable from 10 July 2014 up to 9 July 2015; (ii) up to 25% of the share options granted shall be exercisable from 10 July 2015 to 31 December 2015; (iii) up to 50% of the share options granted shall be exercisable from 1 January 2016 to 31 December 2016; (iv) up to 75% of the share options granted shall be exercisable from 1 January 2017 to 31 December 2017; and (v) all the share options granted shall be exercisable from 1 January 2018 to 9 July 2022.

SHARE AWARD SCHEME

The Company has adopted a share award scheme 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. The share award scheme (the "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 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 which in aggregate represent approximately 1.18% of the total number of issued shares and 136,400 awarded shares have lapsed.

On 15 May 2021, the second tranche totalling 7,918,200 awarded shares have vested which in aggregate represent approximately 1.12% of the total number of issued shares and 276,400 awarded shares have lapsed.

Other Information

Up to 30 June 2021, the trustee of the Scheme (the "Trustee") had purchased an aggregate of 15,650,500 Shares on the market to hold on trust for the selected persons pursuant to the terms and conditions of the rules of the Scheme and the trust deed.

The awarded shares granted above shall be satisfied first by the trust shares contributed by Korador Investments Limited to the scheme and then by Shares to be purchased by the Trustee from the open market pursuant to the Scheme, at the expense of the Company.

The fair value of the awarded shares granted was HK\$246,922,000 (equivalent to RMB205,464,000), of which the Group recognized an awarded share expense of HK\$65,013,000 (equivalent to RMB54,006,000) during the Reporting Period.

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 2021, 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)	269,715,000	Long	38.31%
Ms. He Hongmei	Beneficial owner (note 2)	1,690,982	Long	0.24%
Mr. Jin Rui	Founder of a discretionary trust (note 3)	198,713,195	Long	28.22%

Note 1: These shares are held by Korador 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 269,715,000 Shares held by Korador Investments Limited by virtue of Part XV of the SFO.

Note 2: These represent the underlying 500,000 shares under the share options and a total of 1,190,982 awarded shares 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.

Other Information

Save as disclosed above, as at 30 June 2021, none of the Directors nor the chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules.

(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 2021, 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	269,715,000	Long	38.31%
Mayberry Marketing Limited (note 1)	Interest in a controlled corporation	269,715,000	Long	38.31%
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	468,905,695	Long	66.60%

Notes:

- 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 269,715,000 Shares held by Koradior Investments Limited by virtue of Part XV of the SFO.
- 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.
- 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.

Other Information

Save as disclosed above, as at 30 June 2021, 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.

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 2021 (Expressed in Renminbi)

	Notes	Six months ended 30 June	
		2021 RMB'000	2020 RMB'000
Revenue	5	3,078,375	2,003,349
Cost of sales		(816,177)	(527,269)
Gross profit		2,262,198	1,476,080
Other income and gains	6	44,928	35,461
Other net (loss)/gain	7	(23,272)	402
Selling and distribution expenses		(1,672,616)	(1,143,077)
Administrative and other operating expenses		(260,266)	(232,696)
Finance costs		(19,006)	(21,481)
Profit before tax	7	331,966	114,689
Income tax (expense)/credit	8	(52,229)	4,747
Profit for the period		279,737	119,436
Attributable to:			
Owners of the parent		279,584	131,397
Non-controlling interests		153	(11,961)
Profit for the period		279,737	119,436
Earnings per share attributable to ordinary equity holders of the parent			
Basic	10(a)	RMB41.8 cents	RMB19.18 cents
Diluted	10(b)	RMB40.7 cents	RMB19.09 cents

Consolidated Statement of Comprehensive Income

for the six months ended 30 June 2021 (Expressed in Renminbi)

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Profit for the period	279,737	119,436
Other comprehensive income/(loss) for the period, net of tax		
Item that may be reclassified subsequently to profit and loss:		
– Exchange differences on translation of financial statements	3,872	(13,384)
Total comprehensive income for the period	283,609	106,052
Attributable to:		
Owners of the parent	283,456	118,013
Non-controlling interests	153	(11,961)
	283,609	106,052

Consolidated Statement of Financial Position

at 30 June 2021 (Expressed in Renminbi)

	Notes	At 30 June 2021 (Unaudited) RMB'000	At 31 December 2020 (Audited) RMB'000
Non-current assets			
Property, plant and equipment		638,081	650,354
Right-of-use assets		649,722	686,447
Goodwill		1,253,540	1,253,540
Other intangible assets		605,610	609,910
Investments in associates		300	300
Prepayments, other receivables and other assets	14	50,765	55,216
Equity investments designated at fair value through other comprehensive income		40,036	40,036
Deferred tax assets		37,021	40,039
Total non-current assets		3,275,075	3,335,842
Current assets			
Inventories	12	667,190	679,564
Trade and bills receivables	13	505,099	673,069
Prepayments, other receivables and other assets	14	181,103	193,503
Financial assets at fair value through profit or loss		669,654	280,455
Cash and cash equivalents		545,530	582,929
Total current assets		2,568,576	2,409,520
Current liabilities			
Interest-bearing bank borrowings	17	377,445	252,872
Trade and bills payables	15	259,178	280,593
Other payables and accruals	16	646,729	671,935
Lease liabilities		374,852	377,250
Tax payable		75,969	105,415
Total current liabilities		1,734,173	1,688,065
Net current assets		834,403	721,455
Total assets less current liabilities		4,109,478	4,057,297

Consolidated Statement of Financial Position

at 30 June 2021 (Expressed in Renminbi)

	Notes	At 30 June 2021 (Unaudited) RMB'000	At 31 December 2020 (Audited) RMB'000
Non-current liabilities			
Interest-bearing bank borrowings	17	74,889	113,616
Lease liabilities		201,954	226,374
Deferred tax liabilities		151,432	152,072
Other long-term liabilities		3,000	87,160
Total non-current liabilities		431,275	579,222
Net assets		3,678,203	3,478,075
EQUITY			
Equity attributable to owners of the parent			
Share capital	18	5,766	5,609
Reserves	18	3,651,270	3,450,379
		3,657,036	3,455,988
Non-controlling interests		21,167	22,087
Total equity		3,678,203	3,478,075

Consolidated Statement of Changes in Equity

for the six months ended 30 June 2021 – unaudited (Expressed in Renminbi)

	Attributable to owners of the parent												
	Share capital	Share premium	Capital redemption reserve	Capital reserve	Awarded share reserve	Statutory reserve	Shares held for Share Award Scheme	Fair value reserve	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	RMB'000
As at 1 January 2021	5,609	1,870,825	196	124,242	53,982	51,264	(163,123)	8,530	5,227	1,499,236	3,455,988	22,087	3,478,075
Profit for the period	-	-	-	-	-	-	-	-	-	279,584	279,584	153	279,737
Other comprehensive income for the period													
Exchange differences on translation of financial statements of subsidiaries outside the Mainland China	-	-	-	-	-	-	-	-	3,872	-	3,872	-	3,872
Total comprehensive income	-	-	-	-	-	-	-	-	3,872	279,584	283,456	153	283,609
Share Award Scheme arrangements	-	-	-	-	54,006	-	-	-	-	-	54,006	-	54,006
Repurchase shares under Share award scheme	-	-	-	-	-	-	(63,089)	-	-	-	(63,089)	-	(63,089)
Vesting share under the Share Award Scheme	-	(521)	-	-	(49,844)	-	38,574	-	-	-	(11,791)	-	(11,791)
Acquisition of additional interests in a subsidiary	-	-	-	(3,927)	-	-	-	-	-	-	(3,927)	(1,073)	(5,000)
Final 2020 dividend declared allotment	-	-	-	-	-	-	-	-	-	(221,670)	(221,670)	-	(221,670)
Issuance of new shares	157	163,906	-	-	-	-	-	-	-	-	164,063	-	164,063
As at 30 June 2021	5,766	2,034,210	196	120,315	58,144	51,264	(187,638)	8,530	9,099	1,557,150	3,657,036	21,167	3,678,203

	Attributable to owners of the parent												
	Share Capital	Share premium	Capital redemption reserve	Capital reserve	Statutory reserve	Awarded share reserve	Shares held for Share Award Scheme	Fair value reserve	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	RMB'000
As at 1 January 2020	5,609	1,872,561	196	(20,597)	46,617	-	-	11,285	(13,752)	1,239,033	3,140,952	35,551	3,176,503
Profit for the period	-	-	-	-	-	-	-	-	-	131,397	131,397	(11,961)	119,436
Other comprehensive income for the period													
Exchange differences on translation of financial statements of subsidiaries outside the Mainland China	-	-	-	-	-	-	-	-	(13,384)	-	(13,384)	-	(13,384)
Total comprehensive income	-	-	-	-	-	-	-	-	(13,384)	131,397	118,013	(11,961)	106,052
Share Award Scheme arrangements	-	-	-	-	-	62,532	-	-	-	-	62,532	-	62,532
Vesting share under the Share Award Scheme	-	62,532	-	-	-	(62,532)	(8,583)	-	-	-	(8,583)	-	(8,583)
As at 30 June 2020	5,609	1,935,093	196	(20,597)	46,617	-	(8,583)	11,285	(27,136)	1,370,430	3,312,914	23,590	3,336,504

Condensed Consolidated Cash Flow Statement

for the six months ended 30 June 2021 – unaudited (Expressed in Renminbi)

	Six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Cash flows from operating activities		
Cash generated from operations	850,850	656,208
Income tax paid	(79,296)	(22,430)
Net cash generated from operating activities	771,554	633,778
Cash flows from investing activities		
Payment for the purchase of property, plant and equipment	(61,463)	(49,158)
Other cash flows used in investing activities	(383,136)	(735,949)
Net cash flows used in investing activities	(444,599)	(785,107)
Cash flows from financing activities		
Dividends paid to equity shareholders of the Company	(214,553)	–
Proceed from issue of shares	164,063	–
Proceeds from bank loans	340,000	399,412
Repayment of bank loans	(252,872)	(120,988)
Interest expense paid	(5,436)	(8,242)
Other cash flows arising from financing activities	(65,090)	–
Principal lease payment	(333,390)	(272,419)
Net cash used in from financing activities	(367,278)	(2,237)
Net decrease in cash and cash equivalents	(40,323)	(153,566)
Cash and cash equivalents at 1 January	582,929	691,327
Effect of foreign exchange rate changes	2,924	(4,911)
Cash and cash equivalents at 30 June	545,530	532,850

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 27 August 2021.

The interim financial statements have been prepared in accordance with the same accounting policies adopted in the 2020 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2021 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 2021:

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	<i>Interest Rate Benchmark Reform – Phase 2</i>
Amendments to IFRS 16	<i>Covid-19-Related Rent concessions beyond 30 June 2021 (early adopted)</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 People's Republic of China ("PRC"). Accordingly, no segmental analysis is presented.

5 REVENUE

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Self-operated retail stores	2,444,579	1,679,696
Wholesales to distributors	226,631	48,589
E-commerce platforms	385,984	272,395
Others	21,181	2,669
	3,078,375	2,003,349

6 OTHER INCOME AND GAINS

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Bank interest income	420	1,213
Subsidy income (note)	19,272	12,346
Other interest income from financial assets at fair value through profit or loss	12,109	13,130
Rental income	8,999	5,952
Exchange gain, net	335	–
Others	3,793	2,820
	44,928	35,461

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

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	
	2021 RMB'000	2020 RMB'000
Cost of inventories sold	816,177	527,269
Depreciation of property, plant and equipment	73,504	60,198
Depreciation of right-of-use assets	328,498	268,162
Amortisation of other intangible assets	4,828	3,261
Lease payments not included in the measurement of lease liabilities	466,089	250,164
Employee benefit expense (including directors' remuneration):		
Wages and salaries	573,100	468,427
Equity-settled share award expense	54,006	62,532
Pension scheme contributions	28,877	7,413
	655,983	538,372
Exchange (gains)/losses, net [#]	(335)	(2,972)
(Reversal of)/impairment of trade receivables [^]	(37)	262
Impairment of other receivables [^]	21,250	-
Write-down of inventories to net realisable value [*]	(8,781)	(2,228)

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

^{*} Write-down 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 and Impairment of other receivables are included in "Other net (loss)/gain" in the consolidated statement of profit & loss.

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

8 INCOME TAX EXPENSE/(CREDIT)

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Current tax		
PRC Corporate Income Tax ("CIT")	49,851	10,985
Deferred tax		
Origination of temporary differences	2,378	(15,732)
	<u>52,229</u>	<u>(4,747)</u>

Notes:

- (i) The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.
- (ii) The Company and its subsidiaries incorporated in the British Virgin Islands and Cayman Islands are exempted from taxation.
- (iii) The profit tax in Hong Kong has been provided at the rate of 16.5% on the taxable income for the six months ended 30 June 2021 and 2020. The reduction granted by the Hong Kong Special Administrative Region Government of 100% of the tax payable for the year of assessment 2020-21 is subject to a maximum of HK\$10,000 for each company.
- (iv) Dongfang Susu Creativity and Design (Shenzhen) Co, Ltd. was entitled to a reduced CIT rate of 15% under the preferential tax policy of Shenzhen-Hong Kong Modern Service Industry Cooperation Zone.
- (v) Shenzhen Koradior Fashion Co., Ltd. ("Shenzhen Koradior") obtained an approval from the tax bureau in 2017 to be taxed as a High and New-Technofogy Enterprise, and the approval was renewed in 2019. Pursuant to the approval, Shenzhen Koradior was entitled to a preferential PRC CIT rate of 15% for a period of three years from December 2019 to December 2022.
- (vi) Shenzhen Naersi Fashion Co., Ltd. ("Naersi") obtained an approval from the tax bureau in 2020 to be taxed as a High and New-Technology Enterprise. Pursuant to the approval, Naersi was entitled to a preferential PRC OT rate of 15% for a period of three years from 2020 to 2022.
- (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 corporate income tax 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 2021 (six months ended 30 June 2020: Nil).

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(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 RMB279,584,000 (30 June 2020: RMB131,397,000) and the weighted average number of 669,468,378 ordinary shares in issue less shares held for the Share Award Scheme for the six months ended 30 June 2021 (30 June 2020: 685,050,195 shares).

	For the six months ended 30 June 2021	For the six months ended 30 June 2020
Weighted average number of ordinary shares in issue less shares held for the Share Award Scheme during the period	669,468,378	685,050,195
Basic earnings per share (RMB cents)	41.8	19.18

(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 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 2021	For the six months ended 30 June 2020
Weighted average number of ordinary shares in issue less shares held for the Share Award Scheme during the period used in the basic earnings per share calculation	669,468,378	685,050,195
Effect of dilution – weighted average number of ordinary shares:		
Share option	4,388,371	3,350,322
Awarded shares	12,291,537	–
	686,148,286	688,400,517
Diluted earnings per share (RMB cents)	40.7	19.09

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11 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2021, the Group acquired items of plant and machinery with a cost of RMB61,463,000 (six months ended 30 June 2020: RMB49,158,000).

12 INVENTORIES

Inventories in the consolidated balance sheets comprise:

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Raw materials	127,846	118,032
Work in progress	6,470	6,596
Finished goods	532,874	554,936
	667,190	679,564

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

	For the six months ended 30 June 2021 RMB'000	For the six months ended 30 June 2020 RMB'000
Cost of inventories sold	824,958	529,497
Write down of inventories	(8,781)	(2,228)
	816,177	527,269

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13 TRADE AND BILLS RECEIVABLES

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Trade and bills receivables	510,904	678,911
Impairment	(5,805)	(5,842)
	<u>505,099</u>	<u>673,069</u>

(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 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 2021 RMB'000	At 31 December 2020 RMB'000
Trade receivables		
Within 1 month	248,185	388,710
1 to 2 months	161,629	190,230
2 to 3 months	40,833	47,716
Over 3 months	54,452	46,413
	<u>505,099</u>	<u>673,069</u>

As at 30 June 2021, the allowance for credit losses is related to individually impaired receivables amounting to RMB5,805,000 (31 December 2020: RMB5,842,000). 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 RMB5,805,000 (31 December 2020: RMB5,842,000) has been recognised in respect of such receivables.

As at 30 June 2021, trade receivables that were not individually impaired related to a large number of independent customers including owners of department stores and shopping malls in Mainland China with no recent history of material defaults, the probability of default and the loss given default were estimated to be minimal.

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(Expressed in Renminbi unless otherwise indicated)

13 TRADE AND BILLS RECEIVABLES *(Continued)*

(a) Ageing analysis *(Continued)*

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

	30 June 2021 RMB'000	31 December 2020 RMB'000
At beginning of period/year	5,842	1,706
(Reversal of)/impairment losses, net	(37)	4,136
At end of period/year	5,805	5,842

14 PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Prepayments	129,925	128,526
Deposits and other receivables	94,683	89,910
Loan to a third party	21,250	21,250
Loans to employees	5,866	6,719
Right-of-return assets	1,394	2,314
	253,118	248,719
Impairment	(21,250)	-
Less: Non-current portion included in prepayments, other receivables and other assets	(50,765)	(55,216)
	181,103	193,503

Deposits and other receivables mainly represent deposits paid for promotion activity, deposits paid to the department stores and shopping malls for leases and loans to employees. The expected credit losses are estimated with reference to the historical loss record of the Group. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

Loan to a third party was impaired as the impairment of other receivables is included in other net (loss)/gain in the consolidated statement of profit or loss.

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 2021 RMB'000	At 31 December 2020 RMB'000
Trade payables		
Within 1 month	201,981	197,721
1 to 2 months	2,852	19,175
2 to 3 months	136	254
Over 3 months	3,388	3,443
	208,357	220,593
Bills payables	50,821	60,000
	259,178	280,593

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

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
	Note	
Contract liabilities	(a)	89,453
Refund liabilities		3,707
Salaries and welfare payables		82,634
Tax payables other than current income tax liabilities		89,446
Other payables		371,849
Dividend payables		9,640
		646,729
		671,935

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(Expressed in Renminbi unless otherwise indicated)

16 OTHER PAYABLES AND ACCRUALS (Continued)

Note:

(a) Details of contract liabilities are as follow:

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Short-term advances received from customers		
Sales of goods	89,453	105,447
	<u>89,453</u>	<u>105,447</u>

17 INTEREST-BEARING BANK BORROWINGS

As at 31 December 2020 and 30 June 2021, bank loans are repayable as follows:

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Bank loans due for repayment within 1 year	377,445	252,872
Bank loan due for repayment after 1 year but within 4 years	74,889	113,616
	<u>452,334</u>	<u>366,488</u>

As at 30 June 2021, the Group's interest bearing bank borrowings were denominated in Hong Kong dollars and Renminbi, amounting to HK\$135.00 million term loan expiring with three years, and were with variable interest rates, RMB340.00 million with fixed interest rate, and were repayable with one year.

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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 2020 and				
30 June 2021				
			1,500,000	15,000
	2021		2020	
	('000)	RMB'000	('000)	RMB'000
(ii) Issued share capital				
Ordinary shares, issued and fully paid				
At 1 January	685,050	5,609	685,050	5,609
Share issued	19,000	157	–	–
Outstanding at the end of the period/year	704,050	5,766	685,050	5,609

(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 Agreements") with the placing agent, pursuant to which the Company has conditionally agreed to place through the Placing Agent, on a best effort basis, up to 19,000,000 placing shares (the "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 Placing Share. All the conditions precedent under the Placing Agreements have been fulfilled and completion of the Placing Agreements took place on 11 May 2021.

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(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. acquired 100% equity interest in Shenzhen Koradior Fashion Co., Ltd. from Shenzhen Jinhxin 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 six months ended 30 June 2021 in accordance with the accounting policy adopted for share-based payments (31 December 2020: 4,558,000).
- (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 Broad to distribute them as awarded shares to any selected grantees in accordance with the terms of the share award scheme of the Company.
- (iv) On 31 May 2021, the 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.

(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.

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(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 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 2020 and 30 June 2021 was 10.54% and 12.30% 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 2021 RMB'000	30 June 2020 RMB'000
Processing fees	116,282	101,796
	116,282	101,796

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

During the six months ended 30 June 2021, 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 RMB116,282,000 (30 June 2020: RMB101,796,000) for the six months ended 30 June 2021.

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19 MATERIAL RELATED PARTY TRANSACTIONS *(Continued)*

(b) Outstanding balances with related parties

	Note	Due to related parties		Due from related parties	
		At 30 June 2021 RMB'000	At 31 December 2020 RMB'000	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Current					
Yingjia Fashion Group	(1)	53,052	58,586	23,836	31,315
Non-controlling shareholder	(2)	291,235	210,400	–	–
		<u>344,287</u>	<u>268,986</u>	<u>23,836</u>	<u>31,315</u>
Non-current					
Non-controlling shareholder		–	84,160	–	–

(1) The Group had an outstanding balance due to the Yingjia Fashion Group of RMB53,052,000 (31 December 2020: RMB58,586,000), and an amount due from the Yingjia Fashion Group of RMB23,836,000 (31 December 2020: RMB31,315,000) as at the end of the Reporting Period. This balance is unsecured, interest-free and repayable on demand.

(2) The Group had an outstanding balance due to Apex Noble Holdings Limited, which is directly fully owned by Mr. Jin Rui, the brother of Mr. Jin Ming, the chairman and an executive director of the Group, of RMB291,235,000 (31 December 2020: RMB294,560,000).

(c) Commitments with related parties

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Lease liabilities – current	303	2,482
	<u>303</u>	<u>2,482</u>

Under such rental contracts, the minimum lease payment during the Reporting Period was RMB2,207,000 (30 June 2020: RMB6,176,000).

As at 30 June 2021, the Group's right-of-use assets relating to such rental contracts amounted to RMB278,000 (31 December 2020: RMB1,981,000).

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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 2021 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	–	40,036	–	40,036
Financial asset at fair value through profit or loss	–	620,199	49,455	669,654
	–	660,235	49,455	709,690

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

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

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

21 NON-ADJUSTING EVENT AFTER THE REPORTING PERIOD

There is no non-adjusting event after Reporting Period.