EEKA
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赢家時尚

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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3709)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021

SUMMARY

- Revenue and gross profit of the Group for the year ended 31 December 2021 reached RMB6,354.88 million and RMB4,737.99 million respectively, representing an increase of 19.34% and 21.17% respectively as compared to the year ended 31 December 2020.

- Profit for the year ended 31 December 2021 was RMB562.16 million as compared to RMB439.37 million for the year ended 31 December 2020, representing an increase of 27.95% or RMB122.79 million. Net profit margin was 8.85% for the year ended 31 December 2021 (2020: 8.25%).

- Net cash inflow from operating activities was RMB1,202.80 million for the year ended 31 December 2021 (2020: RMB1,416.42 million).

- Basic earnings per share for the year ended 31 December 2021 was RMB84 cents (2020: RMB67 cents).

- The Board proposed to declare a final dividend of HK48 cents per share for the year ended 31 December 2021 (2020: HK38 cents).

The board (the "Board") of directors (the "Directors") of EEKA Fashion Holdings Limited (the "Company") hereby announces the consolidated financial results of the Company and its subsidiaries (together, the "Group") for the year ended 31 December 2021 with comparative figures for the corresponding period in 2020 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended 31 December 2021

	Notes	2021 RMB'000	2020 RMB'000
REVENUE	6	**6,354,875**	5,325,107
Cost of sales		**(1,616,889)**	(1,414,855)
Gross profit		**4,737,986**	3,910,252
Other income and gains	6	**104,599**	121,411
Selling and distribution expenses		**(3,476,480)**	(2,930,048)
Administrative expenses		**(536,831)**	(519,112)
Impairment losses on financial assets	7	**(31,554)**	(4,136)
Other expenses		**(43,712)**	(2,507)
Finance costs		**(43,017)**	(46,774)
Share of profits/(losses) of associates		**2,733**	(3,000)
PROFIT BEFORE TAX	7	**713,724**	526,086
Income tax expense	8	**(151,568)**	(86,712)
PROFIT FOR THE YEAR		**562,156**	439,374
Attributable to:			
Owners of the parent		**564,018**	452,838
Non-controlling interests		**(1,862)**	(13,464)
		562,156	439,374
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	9		
Basic			
– For profit for the year		**RMB83.7 cents**	RMB67.4 cents
Diluted			
– For profit for the year		**RMB81.4 cents**	RMB66.2 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2021

	2021 *RMB'000*	2020 *RMB'000*
PROFIT FOR THE YEAR	**562,156**	439,374
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Equity investments designed at fair value through other comprehensive income:		
Changes in fair value	**(9,961)**	(3,241)
Income tax effect	**1,494**	486
	(8,467)	(2,755)
Exchange differences:		
Exchange differences on translation of foreign operations	**42,430**	18,979
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**33,963**	16,224
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**596,119**	455,598
Attributable to:		
Owners of the parent	**597,981**	469,062
Non-controlling interests	**(1,862)**	(13,464)
	596,119	455,598

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2021

	Notes	2021 RMB'000	2020 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**668,658**	650,354
Right-of-use assets		**871,256**	686,447
Goodwill		**1,253,540**	1,253,540
Other intangible assets		**614,591**	609,910
Investments in associates		**3,633**	300
Prepayments, other receivables and other assets		**53,470**	55,216
Equity investments designated at fair value through other comprehensive income		**30,075**	40,036
Financial assets at fair value through profit or loss		**61,074**	–
Deferred tax assets		**59,602**	40,039
Total non-current assets		**3,615,899**	3,335,842
CURRENT ASSETS			
Inventories		**951,565**	679,564
Trade and bills receivables	*10*	**599,092**	673,069
Prepayments, other receivables and other assets		**217,020**	193,503
Financial assets at fair value through profit or loss		**339,092**	280,455
Cash and cash equivalents		**509,326**	582,929
Total current assets		**2,616,095**	2,409,520
CURRENT LIABILITIES			
Trade and bills payables	*11*	**204,361**	280,593
Other payables and accruals	*12*	**508,394**	671,935
Interest-bearing bank borrowings		**417,672**	252,872
Lease liabilities		**390,565**	377,250
Tax payable		**113,030**	105,415
Total current liabilities		**1,634,022**	1,688,065
NET CURRENT ASSETS		**982,073**	721,455
TOTAL ASSETS LESS CURRENT LIABILITIES		**4,597,972**	4,057,297

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 31 December 2021

	2021	2020
	RMB'000	*RMB'000*
NON-CURRENT LIABILITIES		
Interest-bearing bank borrowings	**73,584**	113,616
Lease liabilities	**370,859**	226,374
Deferred government grants	**50,682**	–
Deferred tax liabilities	**166,369**	152,072
Other long-term liabilities	**3,000**	87,160
Total non-current liabilities	**664,494**	579,222
Net assets	**3,933,478**	3,478,075
EQUITY		
Equity attributable to owners of the parent		
Share capital	**5,766**	5,609
Reserves	**3,933,711**	3,450,379
	3,939,477	3,455,988
Non-controlling interests	**(5,999)**	22,087
Total equity	**3,933,478**	3,478,075

1 GENERAL INFORMATION

EEKA Fashion Holdings Limited (the "Company") was incorporated in the Cayman Islands on 23 March 2012 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company and its subsidiaries hereinafter are collectively referred to as the "Group". The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited on 27 June 2014.

2 BASIS OF PREPARATION

These financial statements have been prepared in accordance with IFRSs, issued by the International Accounting Standards Board ("IASB"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for equity investments designated at fair value through other comprehensive income and financial assets at fair value through profit or loss which have been measured at fair value. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2021. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same year as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interests and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised IFRSs for the first time for the current year's financial statements.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	*Interest Rate Benchmark Reform – Phase 2*
Amendment to IFRS 16	*Covid-19-Related Rent Concessions beyond 30 June 2021* (early adopted)

The nature and the impact of the revised IFRSs are described below:

(a) Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate ("RFR"). The amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of IFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy. The amendments did not have any impact on the financial position and performance of the Group.

(b) Amendment to IFRS 16 issued in April 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted.

    The Group has early adopted the amendment on 1 January 2021. However, the Group has not received covid-19-related rent concessions and plans to apply the practical expedient when it becomes applicable within the allowed period of application.

4 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to IFRS 3	*Reference to the Conceptual Framework*[1]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current*[2, 4]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*[2]
Amendments to IAS 8	*Definition of Accounting Estimates*[2]
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[2]
Amendments to IAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*[1]
Annual Improvements to IFRS standards 2018-2020	Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41[1]

1 Effective for annual periods beginning on or after 1 January 2022

2 Effective for annual periods beginning on or after 1 January 2023

3 No mandatory effective date yet determined but available for adoption

4 As a consequence of the amendments to IAS 1, International Interpretation 5 *Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised in October 2020 to align the corresponding wording with no change in conclusion

Further information about those IFRSs that are expected to be applicable to the Group is described below.

Amendments to IFRS 3 are intended to replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* issued in March 2018 without significantly changing its requirements. The amendments also add to IFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying IFRS 3 should refer to IAS 37 or IFRIC-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group expects to adopt the amendments prospectively from 1 January 2022. Since the amendments apply prospectively to business combinations for which the acquisition date is on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed by the IASB in December 2015 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

Amendments to IAS 1 *Classification of Liabilities as Current or Non-current* clarify the requirements for classifying liabilities as current or non-current. The amendments specify that if an entity's right to defer settlement of a liability is subject to the entity complying with specified conditions, the entity has a right to defer settlement of the liability at the end of the reporting period if it complies with those conditions at that date. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The amendments also clarify the situations that are considered a settlement of a liability. The amendments are effective for annual periods beginning on or after 1 January 2023 and shall be applied retrospectively. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 1 *Disclosure of Accounting Policies* require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to IFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. Amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023 and earlier application is permitted. Since the guidance provided in the amendments to IFRS Practice Statement 2 is non-mandatory, an effective date for these amendments is not necessary. The Group is currently assessing the impact of the amendments on the Group's accounting policy disclosures.

Amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 12 narrow the scope of the initial recognition exception so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset and a deferred tax liability for temporary differences arising from these transactions. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and shall be applied to transactions related to leases and decommissioning obligations at the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to the opening balance of retained profits or other component of equity as appropriate at that date. In addition, the amendments shall be applied prospectively to transactions other than leases and decommissioning obligations. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss. The amendments are effective for annual periods beginning on or after 1 January 2022 and shall be applied retrospectively only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Annual Improvements to IFRS standards 2018-2020 sets out amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41. Details of the amendments that are expected to be applicable to the Group are as follows:

- *IFRS 9 Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual periods beginning on or after 1 January 2022. Earlier application is permitted. The amendment is not expected to have a significant impact on the Group's financial statements.

- IFRS 16 *Leases*: removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying IFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying IFRS 16.

5 OPERATING SEGMENT INFORMATION

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

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

The Group operates in a single business, which is the retailing and wholesale of ladies-wear in the People's Republic of China. Accordingly, no segmental analysis is presented.

Information about major customers

The Group's customer base is diversified and there was no single external customer from which the revenue amounted to 10% or more of the Group's total revenue during the years ended 31 December 2021 and 2020.

6 REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2021	2020
	RMB'000	*RMB'000*
Revenue from contracts with customers	**6,354,875**	5,325,107

Revenue from contracts with customers

(i) Disaggregated revenue information

For the year ended 31 December 2021

	Total
	RMB'000
Type of goods	
Sale of apparel and accessories	**6,354,875**
Geographical markets	
Mainland China	**6,354,137**
Hong Kong	**738**
	6,354,875
Timing of revenue recognition	
Goods transferred at a point in time	**6,354,875**

For the year ended 31 December 2020

	Total
	RMB'000
Type of goods	
Sale of apparel and accessories	5,325,107
Geographical markets	
Mainland China	5,324,695
Hong Kong	412
	5,325,107
Timing of revenue recognition	
Goods transferred at a point in time	5,325,107

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	2021	2020
	RMB'000	*RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sales of apparel and accessories	**105,447**	76,493

(ii) Performance obligations

Information about the Group's performance obligation is summarised below:

Sale of apparel and accessories

The performance obligation is satisfied upon delivery of the apparel and accessories.

	2021	2020
	RMB'000	*RMB'000*
Other income and gains		
Bank interest income	**742**	1,549
Subsidy income*	**46,673**	48,338
Other interest income from financial assets at fair value through profit or loss	**26,109**	36,654
Rental income	**14,659**	22,070
Exchange gain, net	**–**	5,492
Fair values gain, net	**1,675**	–
Others	**14,741**	7,308
	104,599	121,411

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

7 PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	2021	2020
	RMB'000	*RMB'000*
Cost of inventories sold	**1,616,889**	1,414,855
Depreciation of property, plant and equipment	**154,196**	125,651
Depreciation of right-of-use assets	**715,481**	581,808
Amortisation of other intangible assets	**8,032**	7,622
Research and development costs^:		
Current year expenditure	**147,226**	144,052
Lease payments not included in the measurement of lease liabilities	**729,616**	806,788
Auditor's remuneration	**1,855**	1,800
Employee benefit expense (including directors' remuneration)		
Wages and salaries	**1,173,872**	1,079,058
Pension scheme contributions (defined contribution scheme)**	**65,001**	11,244
Equity-settled share award expense	**76,108**	109,915
	1,314,981	1,200,217
Exchange losses/(gain), net#	**37,115**	(5,492)
Share of (profits)/losses of associates	**(2,733)**	3,000
Impairment of trade receivables	**10,304**	4,136
Impairment of financial assets included in prepayments, other receivables and other assets	**21,250**	–
(Reversal)/write-down of inventories to net realisable value*	**(6,916)**	9,463
Fair values gain, net#:		
Financial assets at fair value through profit or loss	**1,675**	–

^ Research and development costs are included in "Administrative expenses" in the consolidated statement of profit or loss.

* (Reversal)/write-down of inventories to net realisable value is included in "Cost of sales" in the consolidated statement of profit or loss.

Exchange gains and fair values gain of financial assets at fair value through profit or loss are included in "Other income and gains" in the consolidated statement of profit or loss. Exchange losses is included in "Other expenses" in the consolidated statement of profit or loss.

** There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

8 INCOME TAX

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.

The Company incorporated in the Cayman Islands is exempted from taxation.

No provision for Hong Kong profits tax has been made as the Group had non-taxable profits derived from or earned in Hong Kong during the year of 2021 (2020: Nil).

Hong Kong profits tax has been provided at the rate of 16.5% (2020: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

In accordance with the relevant PRC income tax rules and regulations, the Group's subsidiaries registered in the PRC are subject to Corporate Income Tax ("CIT") at a statutory rate on their respective taxable income for the year ended 31 December 2021.

	2021	2020
	RMB'000	*RMB'000*
Current – Mainland China	**145,662**	97,097
Deferred	**5,906**	(10,385)
Total tax charge for the year	**151,568**	86,712

A reconciliation of the income tax expense applicable to profit before tax at the statutory rates for the jurisdiction in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates are as follows:

	2021		2020	
	RMB'000	*%*	*RMB'000*	*%*
Profit before tax	**713,724**		526,086	
Tax at the statutory tax rate	**184,076**	**25.8**	128,951	24.5
Entities subject to a lower statutory tax rate*	**(43,322)**	**(6.1)**	(39,247)	(7.5)
Super-deduction of research and development costs	**(16,215)**	**(2.3)**	(20,571)	(3.9)
Tax losses utilised from previous periods	**(4,736)**	**(0.7)**	(6,386)	(1.2)
Effect of withholding tax on the distributable profits of the Group's PRC subsidiaries	**15,000**	**2.2**	–	–
Tax losses and temporary difference not recognised	**14,872**	**2.1**	21,647	4.2
Expensed not deductible for tax	**952**	**0.1**	1,216	0.2
Adjustments in respect of current tax of previous periods	**941**	**0.1**	840	0.2
Income not subject to tax	**–**	**–**	(2,908)	(0.6)
Effect on opening deferred tax of decrease in rate^	**–**	**–**	3,170	0.6
Tax charge at the effective rate	**151,568**	**21.2**	86,712	16.5

* 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.

Shenzhen Koradior Fashion Co., Ltd. ("Shenzhen Koradior") obtained an approval from the Shenzhen Science and Technology Innovation Committee, Shenzhen Finance Bureau, Shenzhen Tax Service State Administration of Taxation in 2017 to be taxed as a High and New-Technology Enterprise, and the approval was renewed in 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.

Shenzhen Naersi Fashion Co., Ltd. ("Naersi") obtained an approval from Shenzhen Science and Technology Innovation Committee, Shenzhen Finance Bureau, Shenzhen Tax Service State Administration of Taxation in 2020 to be taxed as a High and New-Technology Enterprise. Pursuant to the approval, Naersi was entitled to a preferential PRC CIT rate of 15% for a period of three years from December 2020 to December 2022.

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.

^ The PRC CIT rate applicable to Naersi was reduced from 25% to 15%, resulting in a loss of RMB3,170,000 related to the re-measurement of deferred tax assets in 2020.

9 EARNINGS PER SHARE

The calculation of the basic earnings per share amount for the year ended 31 December 2021 is based on the profit for the year attributable to ordinary equity holders of the parent of RMB564,018,000 (2020: RMB452,838,000), and the weighted average number of ordinary shares in issue less shares held for the Share Award Scheme of 673,660,946 shares (2020: 671,641,109 shares) in issue during the year.

The calculation of the diluted earnings per share amounts is based on the profits for the year 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 year, 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.

	2021	2020
	RMB'000	*RMB'000*
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculations	**564,018**	452,838

	Number of shares	
	2021	2020
Shares		
Weighted average number of ordinary shares in issue less shares held for the Share Award Scheme during the year used in the basic earnings per share calculation	**673,660,946**	671,641,109
Effect of dilution – weighted average number of ordinary shares:		
Share options	**3,784,031**	4,247,957
Awarded Shares	**15,627,527**	8,245,451
	693,072,504	684,134,517

10 TRADE AND BILLS RECEIVABLES

	2021	2020
	RMB'000	*RMB'000*
Trade and bills receivables	**615,238**	678,911
Impairment	**(16,146)**	(5,842)
	599,092	673,069

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 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 months with the department stores and shopping malls, 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 year, based on the revenue recognition date and net of loss allowance, is as follows:

	2021	2020
	RMB'000	*RMB'000*
Trade receivables:		
Within 1 month	**348,603**	388,710
1 to 2 months	**170,061**	190,230
2 to 3 months	**37,937**	47,716
Over 3 months	**42,335**	46,413
	598,936	673,069
Bills receivables	**156**	–
	599,092	673,069

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

	2021	2020
	RMB'000	*RMB'000*
At beginning of year	**5,842**	1,706
Impairment losses, net	**10,304**	4,136
At end of year	**16,146**	5,842

As at 31 December 2021, the allowance for credit losses is related to individually impaired receivables amounting to RMB16,146,000 (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 RMB16,146,000 (2020: RMB5,842,000) has been recognised in respect of such receivables.

As at 31 December 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, and the probability of default, and the loss given default was estimated to be minimal.

11 TRADE AND BILLS PAYABLES

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

	2021	2020
	RMB'000	*RMB'000*
Trade payables:		
Within 1 month	**152,307**	197,721
1 to 2 months	**18**	19,175
2 to 3 months	**20**	254
Over 3 months	**2,016**	3,443
	154,361	220,593
Bills payable	**50,000**	60,000
	204,361	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.

12 OTHER PAYABLES AND ACCRUALS

	Notes	2021 RMB'000	2020 RMB'000
Contract liabilities	*(a)*	**69,128**	105,447
Refund liabilities		**5,342**	6,011
Tax payables other than current income tax liabilities		**116,122**	127,148
Salaries and welfare payables		**139,661**	142,349
Other payables	*(b)*	**174,885**	288,457
Dividend payables		**3,256**	2,523
		508,394	671,935

Notes:

(a) Details of contract liabilities are as follows:

	2021 RMB'000	2020 RMB'000
Short-term advances received from customers		
Sale of goods	**69,128**	105,447

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

13 DIVIDENDS

	2021 RMB'000	2020 RMB'000
Final dividend	**212,216**	96,772
2020 interim special dividend – HK16 cents	**–**	91,216
Proposed final dividend – HK48 cents (2020: HK38 cents) per ordinary share	**264,734**	211,990
	476,950	399,978

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY REVIEW

In 2021, the COVID-19 pandemic is raging around the world and Omicron has made the epidemic worse, while the epidemic in China resumed but was generally stable, and the macroeconomic recovery continued under the epidemic. The demand in the international market has rebounded significantly. According to the National Bureau of Statistics, the total retail sales of consumer goods in 2021 reached RMB44,082.3 billion, an increase of 12.5% compared to 2020. From the overall perspective of the industry, the cumulative retail sales of the clothing category in 2021 were RMB1,384.2 billion with an increase of 12.7% compared to 2020. According to the "Hurun Chinese Luxury Consumer Survey 2022" released by the Hurun Research Institute, the consumption scale of China's high-end market increased by 2% to RMB1.73 trillion.

In the first half of 2021, the epidemic was effectively controlled and demand for apparel recovered rapidly. The Xinjiang cotton incident in March led to the rise of domestic brands, which brought domestic textile and apparel enterprises into the public vision, and many domestic brands were positively affected and their brand values were further enhanced. The steady recovery of consumption became one of the "main themes" of the China economy in 2021. However, in the second half of the year, the textile and apparel industry as a whole performed unsatisfactory due to the negative impact of national policies such as the resurgence of the epidemic and the property tax. According to Euromonitor statistics, the size of China's women's apparel market is expected to reach RMB1,062.94 billion in 2021 with a growth rate of about 13%, of which the market size of mid-to-high-end women's apparel is expected to reach RMB243.66 billion representing a year-on-year growth of 12.62% compared to 2020.

On the other hand, the 10th meeting of the Central Finance Commission clearly defined the general idea of "common prosperity" in August 2021. Under the long-term goal of "common prosperity" to expand the middle class, consumer upgrading will be a slow but continuous process, and will be an inevitable event in the long run. Consumers are paying more attention to quality, health and service consumption, and consumption is leaning towards high-quality suppliers. According to the "China Private Wealth Report 2021" released by China Merchants Bank and Bain & Company, the high net worth population is mainly concentrated in the 30-49 age group, accounting for 65%, which makes the development of medium and high-end ladies' wear brands more extensive space.

After the recurrence of the epidemic, the rise of the national tide, and the upgrading of consumption, the development of the domestic high-end women's wear industry has become more diversified and differentiated with new sales channels and methods, the resilience of the apparel brand will also face tests in the economic downturn. In the post-epidemic era, the significant fluctuations in raw materials, policy regulation and a series of events on the impact of the apparel industry gradually revealed, and the leading enterprises of the resilience of the advantage of the apparel industry brand concentration will be further improved.

FINANCIAL REVIEWS

Revenue

The principal activities of the Group are design, retail and wholesale of womenswear in the PRC. The Group's revenue is generated primarily from (a) retail sales to end customers in its self-operated retail stores; (b) sales on third party e-commerce platforms; (c) wholesales to its distributors, who in turn sell the products to end consumers through the retail stores operated by them; and (d) other sales which were mainly derived from staff sales or direct sales through promotional activities outside the Group's retail stores. Revenue represents the sales value of goods sold, excluding VAT and other sales taxes, less sales returns and trading discounts. Total revenue increased from RMB5,325.11 million for the year ended 31 December 2020 to RMB6,354.88 million for the year ended 31 December 2021, representing an increase of 19.34% or RMB1,029.77 million. Sales generated by the Group's self-operated retail stores accounted for about 78.53% and 82.35% of the Group's total revenue in 2021 and 2020 respectively, as it is the Group's strategy to grow its business and sales network predominantly through expanding the number of its self-operated retail stores.

Total revenue from e-commerce increased by 23.56% from RMB612.39 million for the year ended 31 December 2020 to RMB756.69 million for the year ended 31 December 2021, primarily due to an increase in sales of the Group's products through online retail stores, which was driven by an increase in expenditure on advertising and promotion through e-commerce platforms and search engines in the PRC as well as, the Group's effort in developing its online retail stores through expanding its e-commerce team and establishing a business division dedicated to the e-commerce business.

Total revenue from distributors increased by 77.51% from RMB316.56 million for the year ended 31 December 2020 to RMB561.93 million for the year ended 31 December 2021.

Cost of sales

Cost of sales increased from RMB1,414.86 million during the year ended 31 December 2020 to RMB1,616.89 million for the year ended 31 December 2021, representing an increase of 14.28% or RMB202.03 million, mainly 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 margin

Gross profit increased from RMB3,910.25 million for the year ended 31 December 2020 to RMB4,737.99 million for the year ended 31 December 2021, representing an increase of 21.17% or RMB827.74 million. The Group's overall gross profit margin slightly increased from 73.43% for 2020 to 74.56% for 2021.

Other income and gains

Other income and gains, comprising mainly government grants, rental income, investment gain, exchange gain and interest income, decreased by 13.85% from RMB121.41 million for the year ended 31 December 2020 to RMB104.60 million for the year ended 31 December 2021. The decreased was mainly attributed to lower investment returns due to a general decline in yields on market-prudent wealth management products.

Selling and distribution expenses

Selling and distribution expenses increased by 18.65% from RMB2,930.05 million for the year ended 31 December 2020 to RMB3,476.48 million for the year ended 31 December 2021, 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; (d) the increase in rental expenses due to increase in number of retail stores; and (e) higher decoration expenses due to the increase in the number of retail stores and upgrading of shop image.

Administrative expenses

Administrative expenses slightly increased by 3.41% from RMB519.11 million for the year ended 31 December 2020 to RMB536.83 million for the year ended 31 December 2021 primarily due to (a) the increase in salaries and benefits for the Group's administrative staff as the Group expanded its business; (b) the increase in research and development expenses for all brands to improve products design; and (c) the decrease in share award expenses.

Finance costs

Finance costs decreased by 8.02% from RMB46.77 million for the year ended 31 December 2020 to RMB43.02 million for the year ended 31 December 2021. It was mainly attributed to the general decline in bank borrowing rates.

Income tax expense

Income tax expense increased by 74.80% from RMB86.71 million for the year ended 31 December 2020 to RMB151.57 million for the year ended 31 December 2021. It was mainly attributed to the increase in operating profit and the withholding tax arising from dividend payment from PRC subsidiary to Hong Kong subsidiary.

Net profit and profit margin

As a result of the foregoing factors, the net profit of the Company attributable to shareholders was RMB564.02 million for the year ended 31 December 2021 as compared to RMB452.84 million for the year ended 31 December 2020, representing an increase of 24.55% or RMB111.18 million. Net profit margins were 8.85% and 8.25% for the years ended 31 December of 2021 and 2020 respectively.

Capital structure

The Group requires working capital to support its design and development, retail and other business operations. As at 31 December of 2021, the Group's total current assets were RMB2,616.10 million (31 December 2020: RMB2,409.52 million) and total current liabilities were RMB1,634.02 million (31 December 2020: RMB1,688.07 million). The current ratio as at 31 December 2021 was 1.60 (31 December 2020: 1.43).

As at 31 December 2021, the total sum of the Group's interest-bearing bank borrowings amounted to RMB491,256,000 (31 December 2020: RMB366,488,000), representing an increase from the end of last year as the Group actively expanded in the PRC market to satisfy the funding needs. The Group's borrowings were mainly denominated in RMB and HKD.

Financial position, liquidity and gearing ratio

As at 31 December 2021, the Group's cash and cash equivalents were RMB509.33 million (31 December 2020: RMB582.93 million), denominated as to 95.15% in RMB, 0.13% in United States dollar, 4.60% in Hong Kong dollar and 0.12% in Euro. The net cash inflow from operating activities generated was RMB1,202.80 million for the year ended 31 December 2021, down 15.08% from RMB1,416.42 million for the year ended 31 December 2020.

As at 31 December 2021, the gearing ratio (i.e. outstanding bank loans divided by total equity) was 12.49% (31 December 2020: 10.54%).

Exposures to fluctuation in foreign exchange

The Group is exposed to currency risk attributable to receivables, payables and cash balances that are denominated in foreign currencies, i.e. currencies other than the functional currency of relevant subsidiaries. The management actively monitors foreign exchange rate fluctuations to ensure that its net exposure is kept to an acceptable level. The Group mainly operates its business in the PRC with most of the transactions settled by RMB. Hence, the Board considers that the risk exposure to foreign exchange rate fluctuation is not significant and no financial instrument of hedging was employed to hedge against the currency risks.

Contingent liabilities

As at 31 December 2021, the Group had no significant contingent liabilities (31 December 2020: Nil).

Charges on assets

As at 31 December 2021, the Group's buildings with carrying value of approximately RMB99.58 million (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.

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 Rule 14.07 of the Rule (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). 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 as at 31 December 2021.

Significant Investment

As at 31 December 2021, the Group had no significant investment with a value of 5% or more of the Group's total assets.

Equity Fund Raising

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 11 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 31 December 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 2022.

Save as disclosed above, there was no equity fund raising activity by the Company for the year ended 31 December 2021, nor was there any unutilised proceed brought forward from fund raising activities in prior years.

BUSINESS REVIEWS

1. EEKA Brands

The Group owns and manages eight brands to meet various dressing needs of its customers including: high-end brands – (i) Koradior (ii) La Koradior and (iii) Koradior elsewhere, (iv) FUUNNY FEELLN, and acquired brands – (i) CADIDL (ii) NAERSI (iii) NAERSILING and (iv) NEXY.CO.

The Group is the only fashion group in the middle and high-end womenswear industry with dual-brand sales revenue of more than RMB1.3 billion in China. Its dual main brands Koradior and NAERSI are among the top 10 brands in the industry. Sales revenue from Koradior elsewhere, La Koradior, NAERSILING, NEXY. CO, CADIDL sales are generally between RMB300-900 million, and the Company launched FUUNNY FEELLN in 2019, which is aimed at a wider population and meets more diverse needs. As a brand cluster enterprise, the Company's group operation is outstanding, and it has built an endogenous and diversified middle and high-end brand matrix. A brief introduction to the brands of the Group is as follows:

(i) "Koradior" brand was established in 2007 which is positioned to offer the Group's customers feminine, stylish, and young-looking designs; (ii) "La Koradior" brand was launched in September 2012 which is positioned to offer perceptual, elegant and romantic designs; (iii) "Koradior elsewhere" brand was launched in September 2014, which is positioned to offer leisurely, comfortable and high quality designs; (iv) "CADIDL" was majoritively owned by Shenzhen Mondial Industrial Co., Limited ("Mondial"), which is in turn owned as to 100% by the Group after the acquisition on 13 July 2016 and 10 November 2021 respectively and it is positioned to offer urbanism, elegant and modern designs; (v) "FUUNNY FEELLN" is launched in January 2019 which is positioned to promote an exquisite, modern and interesting focus on the future of women's lifestyle, and "NAERSI", "NEXY.CO" and "NAERSILING" are owned by Keen Reach which was acquired by the Group on 3 July 2019; (vi) NAERSI delivers a "TO BE MYSELF" life attitude and offer fashion and high quality clothing for elite women, demonstrating their independence and self-confidence, realizing the spirit of self-realization; (vii) NEXY.CO is dedicated to urban, chic women with a sophisticated, charismatic and refined image; and (viii) 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.

As at 31 December 2021, there were 2,041 retail stores, covering 32 cities of provinces, autonomous regions and municipalities, of which 1,558 were operated by the Group, 483 were operated by the Group's distributors under its seven brands. Out of the 1,558 self-operated retail stores, there were 1,024 retail stores in department stores, 217 retail stores in shopping malls, 245 retail stores in outlets, 38 retail stores on street levels and 34 retail stores in airports. For the year ended 31 December 2021, the Group's revenue increased to RMB6,354.88 million, representing an increase of 19.34% as compared to the year ended 31 December 2020. Revenue generated by the Group's self-operated retail stores accounted for 78.53% of its total revenue and e-commerce revenue was RMB756.69 million, representing 11.91% of its total revenue, primarily generated through own e-commerce platform EEKA Fashion Mall and third party e-commerce platforms such as Tmall and VIP.com.

Revenue analysis by brands

Brand	2021		2020		Increase/(decrease)	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Koradior	**2,325,283**	**36.59%**	1,970,434	37.00%	354,849	18.01%
La Koradior	**352,893**	**5.55%**	301,637	5.66%	51,256	16.99%
Koradior elsewhere	**505,229**	**7.95%**	455,188	8.55%	50,041	10.99%
CADIDL *(note 1)*	**342,248**	**5.38%**	234,791	4.41%	107,457	45.77%
O'2nd *(note 2)*	**–**	**–**	53,976	1.01%	(53,976)	(100)%
Obzee *(note 2)*	**–**	**–**	15,834	0.30%	(15,834)	(100)%
FUUNNY FEELLN	**116,199**	**1.83%**	49,913	0.94%	66,286	132.80%
NAERSI *(note 3)*	**1,381,393**	**21.74%**	1,202,059	22.57%	179,334	14.92%
NAERSILING *(note 3)*	**459,914**	**7.24%**	427,256	8.02%	32,658	7.64%
NEXY.CO *(note 3)*	**871,716**	**13.72%**	614,019	11.54%	257,697	41.97%
Total	**6,354,875**	**100%**	5,325,107	100%	1,029,768	19.34%

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

Note 2: The Group acquired the assets of SK Networks (China) Fashion Co. Ltd. (including fashion products under the brand names "Obzee" and "O'2nd") on 9 March 2017 and terminated an exclusive distribution agreement in April 2020.

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

Revenue analysis by sales channels

Sales channel	2021		2020		Increase	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Self-operated retail stores	**4,990,241**	**78.53%**	4,385,060	82.35%	605,181	13.80%
Wholesales to distributors	**561,934**	**8.84%**	316,560	5.94%	245,374	77.51%
E-commerce	**756,690**	**11.91%**	612,393	11.50%	144,297	23.56%
Others	**46,010**	**0.72%**	11,094	0.21%	34,916	314.72%
Total	**6,354,875**	**100%**	5,325,107	100%	1,029,768	19.34%

The Group has the largest number of self-operated retail stores in the industry, and the huge retail network enables the Group to have stronger bargaining power and significant scale effects. In a competitive market at a time of deepening uncertainty, direct sales channels will play a pivotal role in the steady and sustained growth of the Group's performance. At the same time, the self-operated retail stores layout also allows brands to fully contact customers, understand the market, meet the demand, and deal with uncertain risks.

The Group has always placed a strong focus on establishing self-operated retail stores. For the year ended 31 December 2021, 1,558 self-operated retail stores generated revenue of RMB4,990.24 million in aggregate, representing an increase of 13.80% as compared to the year ended 31 December 2020. Direct revenue are mainly attributed from the existing stores sales growth and sales from newly opened store.

As at 31 December 2021, there were 483 retail stores operated by distributors under seven brands (Koradior, Koradior elsewhere, CADIDL, FUUNNY FEELLN, NAERSI, NEXY.CO and NAERSILING) and the revenue of retail stores operated by distributors reached RMB561.93 million, representing a increase of 77.51% as compared to the year ended 31 December 2020 due to the coronavirus disease epidemic is under control.

The Group makes use of third-party e-commerce platforms and own e-commerce platform as one of its sales channels. E-commerce revenues for the year of 2021 amounted to RMB756.69 million, representing an increase of 23.56% or RMB144.30 million as compared to the year ended 31 December 2020. The total e-commerce revenue from Tmall decreased by 13.95% from RMB281.66 million for the year ended 31 December 2020 to RMB242.38 million (representing 32.03% of the total e-commerce revenue) for the year ended 31 December 2021. The total e-commerce revenue from VIP.com increased by 19.69% from RMB293.89 million for the year ended 31 December 2020 to RMB351.76 million (representing 46.49% of the total e-commerce revenue) for the year ended 31 December 2021. The total e-commence revenue from EEKA Fashion Mall increased by 229.97% from RMB32.67 million for the year ended 31 December 2020 to RMB107.80 million (representing 14.25% of the total e-commerce revenue) for the year ended 31 December 2021. The total e-commence revenue from Douyin increased by 1,437.46% from RMB3.39 million for the year ended 31 December 2020 to RMB52.12 million (representing 6.89% of the total e-commerce revenue) for the year ended 31 December 2021. The other e-commerce revenues amounted to RMB2.63 million (representing 0.34% of the total e-commerce revenue) for the year ended 31 December 2021.

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

The following table sets out the breakdown of the Group's revenue generated from its self-operated retail stores and wholesales to distributors by geographical regions for the years ended 31 December 2021 and 2020, respectively:

	Year ended 31 December			
	2021		2020	
Region	***RMB million***	*%*	*RMB million*	*%*
Central PRC[1]	**564.32**	**10.16%**	535.18	11.38%
Eastern PRC[2]	**1,944.85**	**35.03%**	1,605.93	34.16%
North Eastern PRC[3]	**333.95**	**6.01%**	252.26	5.37%
North Western PRC[4]	**433.98**	**7.82%**	342.85	7.29%
Northern PRC[5]	**603.59**	**10.87%**	495.02	10.53%
South Western PRC[6]	**988.00**	**17.80%**	849.03	18.06%
Southern PRC[7]	**683.48**	**12.31%**	621.35	13.21%
Total	**5,552.17**	**100%**	4,701.62	100.00%

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.

During the year ended 31 December 2021, the revenue of retail stores generated from Eastern PRC and South Western PRC contributed to more than half of the total revenue of self-operated retail stores and wholesales to distributors.

Breakdown of retail stores by geographical regions

During 2021, the Group opened 452 new retail stores (of which 311 are self-operated) and closed 247 retail stores (of which 175 are self-operated), representing a net increase of 205 retail stores. The following table sets out the number of retail stores in the Group's sales network by geographical regions in the PRC as at 31 December 2021, including both self-operated retail stores and retail stores operated by distributors:

	Number of retail stores			
	As at 1 January 2021	Opened during the year	Closed during the year	As at 31 December 2021
Central PRC[1]	200	48	(30)	218
Eastern PRC[2]	630	144	(93)	681
North Eastern PRC[3]	118	37	(18)	137
North Western PRC[4]	180	54	(33)	201
Northern PRC[5]	215	51	(25)	241
South Western PRC[6]	270	69	(22)	317
Southern PRC[7]	223	49	(26)	246
Total	1,836	452	(247)	2,041

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.

2. Design, research and development

The Group understands the need and preference of the customers, through the establishment of the bottom consumer database with comprehensive analysis and modeling to guide the development of evaluation and return orders. Big data and omni-channel provide comprehensive support on the design end. In the early stage of design, information of each brand and member is shared through omni-channels, design research and development directions are compiled based on data after accurate figure; after entering the market, the direction is adjusted based on omni-channel feedback. With a focus on the analysis of products with a small but high production and sales in the early stage, scientific return, as a subordinate potential product, cultivates it into a future best-selling product.

As at 31 December 2021, the Group launched 349 series of products under eight brands compared with 345 series of products under ten brands in 2020. The total number of SKU[note] reached 6,910 in 2021, representing an slight increase of 2.22% from a total of 6,760 SKU in 2020 due to the substantial investment in maintaining product research and development this year. The Group's research and design team members rapidly expanded to 542 as at 31 December 2021 from 516 as at 31 December 2020.

The Group engages well-known designers from both overseas and locally in China as the brand creative directors for "Koradior", "La Koradior", "Koradior elsewhere", "CADIDL", "FUUNNY FEELLN", "NAERSI", "NEXY.CO" and "NAERSILING". Research and development expenses were RMB147.23 million, representing 2.32% of the Group's total revenue for the year ended 31 December 2021, as compared to RMB144.05 million, representing 2.71% of the Group's total revenue for the year ended 31 December 2020. The research and development of products not only earned customer's satisfaction but were also highly recognized by government departments. During the year, the Group released a series of creative design including Koradior "The French Rose", La Koradior "Trace of Golden", Koradior elsewhere "Realm of Sky", FUUNNY FEELLN "Cross the border", NAERSI "25º True self", NEXY.CO "Off the Map", NAERSILING "Wing of light" and CADIDL "Easy Suit" series. Furthermore, CADIDL released a new logo pattern "CDL" on 6 September 2021.

Note: Stock keeping unit (SKU) with products that are exactly the same except to their different colours deemed as different stock keeping color, and products that are exactly the same except for their different size deemed as one stock keeping unit (SKU).

3. Marketing and promotion

The Group continues to improve its brands influence, including through airport advertising which is one of the most effective ways to promote brands. The Group has placed advertisements at Shenzhen Bao'an International Airport, Shanghai Hongqiao International Airport and Xi'an Xianyang International Airport presently. The Group also placed advertisements in selected top nationwide circulated fashion/lifestyle magazines and publications, such as "ELLESHOP", "Bstone", "STAR BOX", "Street Snap", "CHIC" and "Madame Figaro" etc. Despite the epidemic, the Company's brand promotion has not diminished, and the influence of the Company's brands has been continuously improved. Koradior dual brand spokespersons Miranda Kerr and Tong Liya and the renewal contracts of major brand spokespersons Wang Luodan and Tang Yixin were completed. NEXY.CO's spokesperson Wang Luodan wore NEXY.CO costumes to perform in China's online TV series "Crossroad Bistro". In order to promote the diversification of online marketing channels, the Group uses short videos, WeChat mini programs, WeChat circle of friend advertising, WeChat service account article promotion, e-commerce live broadcast and other online marketing methods to reach customers and promote marketing. For the year ended 31 December 2021, the brand and marketing promotion expenses (excluding sales promotion expenses) were RMB158.74 million which accounted for 2.50% of the Group's total revenue, representing an increase of RMB27.07 million or 20.56% as compared to RMB131.67 million in 2020 primarily due to the increase in advertisements investment.

4. Human resources

As at 31 December 2021, the Group had a total of 10,355 full-time employees in Mainland China and Hong Kong. The following table sets forth a breakdown of the Group's employees' allocation by departments as at 31 December 2021 and 31 December 2020 respectively:

	2021 Number of employees	2020 Number of employees
Management, administration and finance	**281**	269
Product design and research and development	**542**	516
Sales and marketing	**9,153**	8,787
Procurement, logistics and quality control	**359**	344
Total	**10,355**	9,916

The Group has implemented various programs for staff training and development, focusing on the training of sales and marketing skills. The Group provides competitive salary and welfare package for its staff. For the year ended 31 December 2021, the total salary and welfare expenses were RMB1,238.87 million, representing 19.49% of the Group's total revenue and an increase of RMB148.57 million or 13.63% as compared to RMB1,090.30 million, representing 20.47% of the Group's total revenue for the year ended 31 December 2020.

The Company has a share award 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 recognize the contributions for selected participants and to provide incentive to retain them for continual development of the Group. For the year ended 31 December 2021, the share award expense were RMB76.11 million. 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 staffs 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.

5. Middle Platform Management System

The Company has a strong organization system named Middle Platform, where each brand division operates independently, in terms of planning, expansion, terminal management, supply chain management, economic management, finance, manpower and common sharing, to support multi-brand co-construction and symbiosis. At the same time, through the construction of all-channel operation of the Middle Platform system to improve the digital infrastructure, the collaborative efforts of the Middle Platform system has supported the growth of various brands, to build a brand cluster enterprise.

6. Supply Chain Mechanism

In 2021, the Company used the supplier relationship management system to promote the front-end information sharing of the supply chain; promote the standardization of the template production process to improve production efficiency and quality stability; integrate commodity transportation and optimize logistics costs. The Group also continued to promote the intensive reform of the procurement of core categories of fabrics, established a strategic supply mechanism with core fabric suppliers, and strengthened the planning of fabric procurement and the concentration of suppliers. During the reporting period, the procurement concentration of silk, wool, acetic and other categories of fabrics all increased year-on-year, and the purchase unit prices all decreased to varying degrees year-on-year, and the supply efficiency of fabric procurement was improved. Through these measures, the Company's supply chain capabilities were significantly improved in 2021.

7. Prospect

China's GDP grew by 8.1% year-on-year in 2021, much higher than the bottom line target of 6% proposed in the government's work report at the beginning of the year. In 2022, the impact of the new crown epidemic will further weaken, and in the face of the triple pressure of shrinking demand, supply shocks and weakening expectations, macro policies will focus more on full force and forward momentum, market confidence will continue to be boosted, and China's economy is expected to maintain a relatively high growth rate of 5%-6%, consumption continues to recover, and medium and high-end consumption maintains a stable growth trend. The concentration of the industry continues to rise, and the top enterprises benefit significantly. The Company will maintain an aggressive development strategy to steadily promote brand building, product system and supply chain reform in 2022, consolidate its foundation and build up its strength to achieve the goal of exceeding $10 billion in retail sales by 2023, and continue to enhance its advantageous position as the "leading enterprise in the field of mid-to-high-end women's apparel in China.

Looking forward to 2022, the Group remains committed to the underlying principle of making progress while keeping performance stable and enterprising in adversity. The Group will:

(i) Brand strength – Continue to promote the multi-level layout of the brand and vigorously enhance brand construction

Research and propose differentiated brand building strategies and work plans for each brand, promote comprehensive brand upgrade in batches and phases, realize high efficiency, high effectiveness and accurate investment in brand building; clarify brand positioning, all-round brand building from product development, brand promotion, store image, etc., enhance brand story planning and promotion capabilities, and establish a systematic and professional brand story planning and promotion mechanism Actively carry out joint cooperation with cross-industry IP and insist on celebrity endorsement to enhance brand awareness.

(ii) Product strength – strengthen demand management and steadily promote the reform of the commodity system

Strengthen consumer demand management, continuously improve organizational capabilities, and enhance the systematization and professionalism of consumer research; steadily promote the reform of the product system, and gradually improve and excel in the construction of the product power system; promote the research and layout of new product lines, and expand the segmentation of the market; strengthen the innovative design of functional products, and improve product differentiation; enhance product development and design capabilities by strengthening the professional capabilities of fabric planning and development; establish a digital product development and design system and an intelligent product management system, and continue to promote the digitization of product development and management.

(iii) Marketing strength – deepen the integration ability of online and offline data acquisition, brand promotion and sales conversion, and comprehensively improve the operation ability of members.

The Group will promote brand building through more specialized, systematic and differentiated means, continue to enhance brand influence and added value. In terms of brand promotion, the Group will gradually promote the strategy of multi-platform sharing and recommendation and multi-channel conversion, adhere to celebrity endorsements, actively carry out joint cooperation with intellectual properties in different industries, promote the development of brand spokesperson co-branded products, and strengthen the interactive communication between customers and brands. Consolidate the sales system based on direct operation, optimize and adjust the directly operated stores to improve store efficiency, and moderately expand stores; expand the market size of distribution channels. Fully combine omni-channel operation with the company's highly direct sales channel's advantages and terminal management capabilities to promote the deep integration of online and offline. Consolidate the competitive advantage of the company's brand in the mid-to-high-end department store industry and explore new formats such as shopping centers to continue to play the role of airport brand promotion and image display. Expand the scale of online channels, integrate e-commerce and social platforms, implement differentiated product delivery strategies, strengthen the launch of new products offline synchronization on the Tmall platform, strengthen content platforms such as Douyin and Xiaohongshu, and comprehensively improve the integration of online channel data acquisition, brand promotion and sales conversion. Continue omni-channel operation, expand the membership and product management system of the distributor system, and improve the membership tagging system and database.

(iv) Operational strength – deepen supply chain reform and focus on data-driven

The Group will focus on strengthening the construction of the self-operating system, improve store efficiency, saturate and encrypt high-quality channels, stabilize the distribution market and steadily expand the market scale of distribution channels. The Group will also continue to consolidate the competitive advantages of its brands in mid-to-high-end department store formats, promote the layout in shopping centers, continue to increase strategic research and pilot projects for new business formats and iteratively optimize the product launch strategy on various e-commerce platforms, including product category, product scale, price range distribution, etc., while studying the business layout of multiple platforms. Promote procurement reform and explore the main suppliers of core categories of fabrics; explore upstream fabric research and development to enhance professionalism in fabrics. With the reform of the processing and production end in the direction of "categorization and intensification", the assessment system for processing and manufacturing suppliers will be further clarified, and the control of product quality will be strengthened. Accelerate response to market demand, optimize workflows, and shorten OTT. Build a database in multiple fields such as function strengthening and unified standardization of member management, commodity management, and operation management on top of the data center to improve the efficiency and accuracy of member operation capabilities and product management.

(v) Organizational strength – Continue to improve the human resources management system and consolidate the advantages of platform-based organization system

The Group will promote the construction of its omni-channel operation system to improve cross-channel and cross-brand operation management and service capabilities, promote and optimize Commodity Link, Member Link, and Service Link, and iterate and upgrade the central platform IT system according to market and business development needs, improve the database including membership management, commodity management, operation management and other fields, improve and standardize data labels, build a complete big data management mechanism, and realize data-driven growth. Continue to implement the equity incentive plan, stimulate the enthusiasm of core employees and management, and attract outstanding talents to join and increase development momentum. Improve the structure of the company's Marketing department, further strengthen demand management, and improve the systematization and specialization of consumer and market research. Strengthen the organization and construction of new middle platform departments such as supply chain center, omni-channel operation center, planning and promotion center, continuously improve their ability to empower the brand division, and further enhance the organizational ability of the company's platform operation.

RISK MANAGEMENT

The Group is devoted to establishing risk management systems that it considers appropriate to manage risks in its business operations, and the Group is dedicated to monitoring these systems for effectiveness and modifying them as necessary as business grows to maintain effectiveness.

ENVIRONMENTAL AND SAFETY MEASURES

The Group is subject to the PRC environmental laws and regulations, which include the environmental protection law of the PRC, law of the PRC on the prevention and control of water pollution, law of the PRC on the prevention and control of atmospheric pollution, law of the PRC on the prevention and control of pollution from environmental noise and law of the PRC on the prevention and control of environmental pollution by solid waste. These laws and regulations govern a broad range of environmental matters, including air pollution, noise emissions and water and waste discharge.

The Group does not own or operate any manufacturing facilities. The Group believes (i) its internal guidelines and policies are adequate to comply with all applicable PRC environmental laws and regulations and (ii) its annual cost of compliance with applicable rules and regulations during the period under review and the cost of compliance going forward is expected to be immaterial. The Group's business operation only discharges domestic wastewater and generates garbage as it outsource all of its production to its OEM contractors.

DIVIDENDS

The Board proposed to declare a final dividend of HK48 cents per share for the year ended 31 December 2021 (2020: final dividend HK38 cents) to those shareholders whose names appeared on the register of members of the Company as at the close of business on 16 June 2022. Subject to the approval of shareholders of the Company at the forthcoming annual general meeting ("AGM"), the final dividend will be paid in cash on or before 30 June 2022.

CLOSURE OF THE REGISTER OF MEMBERS

To determine the eligibility of the shareholders of the Company to attend the AGM, the register of members will be closed from Thursday, 2 June 2022 to Wednesday, 8 June 2022, both days inclusive, during which period no transfer of shares will be effected. In order to be entitled to attend and vote at the AGM, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Wednesday, 1 June 2022.

To determine the eligibility of the shareholders of the Company to receive the proposed final dividend, the register of members will be closed from Tuesday, 14 June 2022 to Thursday, 16 June 2022, both days inclusive, during which period no transfer of shares will be effected. In order to be entitled to receive the proposed final dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Monday, 13 June 2022.

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 adopted and met the relevant code provisions set out in the Corporate Governance Code (the "CG Code") based on the principles set out in appendix 14 to the Listing Rules during the year ended 31 December 2021 except for code provision A.2.1 of the CG Code which requires that the responsibilities between the chairman and the chief executive officer should be segregated and should not be performed by the same individual. Mr. Jin Ming currently performs these two roles in the Company. The Board believes that vesting the roles of both chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired considering the background and experience of the Directors and the number of independent non-executive Directors on the Board and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of chairman of the Board and chief executive officer of the Company as and when appropriate and suitable by taking into account the circumstances of the Group as a whole.

MODEL CODE FOR SECURITIES TRANSACTION BY DIRECTOR

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 year.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Pursuant to the rules of the share award scheme adopted by the Company on 2 December 2019, the Company instructed the trustee of the scheme to purchase from the market a total of 13,991,000 shares for awards to the relevant grantees during the year. The total costs (including related transaction costs) of HK$148,573,000 (equivalent to RMB123,572,000) involved were contributed by the Group. Save as disclosed above, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year.

AUDIT COMMITTEE

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

The Audit Committee comprises the three independent non-executive Directors with Mr. Zhang Guodong acting as chairman.

The Audit Committee has reviewed the annual results of the Group for the year ended 31 December 2021. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Group with external auditor.

By order of the Board
EEKA Fashion Holdings Limited
JIN MING
Chairman

Hong Kong, 25 March 2022

As at the date of this announcement, the Board comprises Mr. Jin Ming, Ms. He Hongmei and Mr. Jin Rui as executive Directors; and Mr. Zhong Ming, Mr. Zhou Xiaoyu and Mr. Zhang Guodong as independent non-executive Directors.