EEKA FASHION
贏家時尚

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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3709)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

SUMMARY

- Revenue and gross profit of the Group for the year ended 31 December 2023 reached RMB6,912.30 million and RMB5,204.99 million respectively, representing an increase of 22.05% and 22.34% respectively as compared to the year ended 31 December 2022.

- Profit for the year ended 31 December 2023 was RMB832.63 million as compared to RMB375.43 million for the year ended 31 December 2022, representing an increase of 121.78% or RMB457.20 million. Net profit margin was 12.05% for the year ended 31 December 2023 (2022: 6.63%).

- Net cash inflow from operating activities was RMB1,569.21 million for the year ended 31 December 2023 (2022: RMB1,701.79 million).

- Basic earnings per share for the year ended 31 December 2023 was RMB124 cents (2022: RMB57 cents).

- The Board proposed to declare a final dividend of HK70 cents per share for the year ended 31 December 2023 (2022: HK40 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 2023 with comparative figures for the corresponding period in 2022 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
REVENUE	6	**6,912,301**	5,663,430
Cost of sales		**(1,707,313)**	(1,409,010)
Gross profit		**5,204,988**	4,254,420
Other income and gains	6	**237,083**	127,546
Selling and distribution expenses		**(3,778,110)**	(3,235,179)
Administrative expenses		**(608,744)**	(601,487)
Impairment losses on financial assets	7	**(4,772)**	(1,089)
Other expenses		**(7,105)**	(20,793)
Finance costs		**(48,739)**	(56,317)
Share of losses of associates		**–**	(2,733)
PROFIT BEFORE TAX	7	**994,601**	464,368
Income tax expense	8	**(161,969)**	(88,943)
PROFIT FOR THE YEAR		**832,632**	375,425
Attributable to:			
Owners of the parent		**838,170**	382,427
Non-controlling interests		**(5,538)**	(7,002)
		832,632	375,425
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	9		
Basic			
– For profit for the year		**RMB123.7 cents**	RMB56.5 cents
Diluted			
– For profit for the year		**RMB121.9 cents**	RMB55.5 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2023

	2023 *RMB'000*	2022 *RMB'000*
PROFIT FOR THE YEAR	**832,632**	375,425
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(35,498)**	2,728
Net other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods	**(35,498)**	2,728
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value	**9,889**	(4,253)
Income tax effect	**(1,483)**	638
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods	**8,406**	(3,615)
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	**(27,092)**	(887)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**805,540**	374,538
Attributable to:		
Owners of the parent	**811,078**	381,540
Non-controlling interests	**(5,538)**	(7,002)
	805,540	374,538

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**661,486**	684,454
Right-of-use assets		**766,589**	817,197
Goodwill		**1,253,540**	1,253,540
Other intangible assets		**615,894**	618,922
Investments in associates		**1,800**	1,200
Prepayments, other receivables and other assets		**31,501**	45,223
Equity investments designated at fair value through other comprehensive income		**–**	25,822
Financial assets at fair value through profit or loss		**80,655**	59,674
Time deposits		**–**	53,330
Deferred tax assets		**68,679**	63,771
Total non-current assets		**3,480,144**	3,623,133
CURRENT ASSETS			
Inventories		**1,152,505**	1,023,962
Trade and bills receivables	*10*	**717,449**	472,233
Prepayments, other receivables and other assets		**208,688**	167,351
Financial assets at fair value through profit or loss		**909,633**	427,376
Time deposits		**120,625**	182,165
Cash and cash equivalents		**440,756**	361,463
Total current assets		**3,549,656**	2,634,550
CURRENT LIABILITIES			
Trade and bills payables	*11*	**411,505**	464,238
Other payables and accruals	*12*	**443,947**	328,586
Interest-bearing bank borrowings		**513,779**	390,149
Lease liabilities		**470,115**	377,543
Tax payable		**149,927**	88,360
Total current liabilities		**1,989,273**	1,648,876
NET CURRENT ASSETS		**1,560,383**	985,674
TOTAL ASSETS LESS CURRENT LIABILITIES		**5,040,527**	4,608,807

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 31 December 2023

	2023 *RMB'000*	2022 *RMB'000*
NON-CURRENT LIABILITIES		
Interest-bearing bank borrowings	**–**	40,199
Lease liabilities	**282,197**	379,956
Deferred government grants	**12,671**	31,676
Deferred tax liabilities	**181,239**	166,476
Other long-term liabilities	**3,000**	3,000
Total non-current liabilities	**479,107**	621,307
Net assets	**4,561,420**	3,987,500
EQUITY		
Equity attributable to owners of the parent		
Share capital	**5,766**	5,766
Reserves	**4,571,141**	3,991,683
	4,576,907	3,997,449
Non-controlling interests	**(15,487)**	(9,949)
Total equity	**4,561,420**	3,987,500

1. CORPORATE AND GROUP 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 consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") (which include all International Financial Reporting Standards, International Accounting Standards ("IAS") and Interpretations) issued by the International Accounting Standards Board (the "IASB"), and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for 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 2023. 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).

Generally, there is a presumption that a majority of voting rights in control. When the Company has 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 the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and 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 new and revised IFRSs for the first time for the current year's financial statements.

Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to IAS 8	*Definition of Accounting Estimates*
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to IAS 12	*International Tax Reform – Pillar Two Model Rules*

The nature and the impact of the new and revised IFRSs that are applicable to the Group are described below:

(a) Amendments to IAS 1 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 *Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has disclosed the material accounting policy information in note 2 to the financial statements. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's financial statements.

(b) 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. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.

(c) Amendments to IAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in IAS 12 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 (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions.

Prior to the amendments, the Group did not apply the initial recognition exemption to lease transactions and had recognized the related deferred tax, except that the Group previously determined the temporary difference arising from a right-of-use asset and the related lease liability on a net basis on the basis they arise from a single transaction. Following the amendments, the Group has determined the temporary differences in relation to right-of-use assets and lease liabilities separately. The change primarily impacts disclosures of components of deferred tax assets and liabilities, but does not impact the overall deferred tax balances presented in the consolidated statement of financial position as the related deferred tax balances qualify for offsetting under IAS 12.

(d) Amendments to IAS 12 *International Tax Reform – Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

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. The Group intends to apply these revised IFRSs, if applicable, when they become effective.

Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*[1]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current* (the "2020 Amendments")[1, 4]
Amendments to IAS 1	*Non-current Liabilities with Covenants* (the "2022 Amendments")[1, 4]
Amendments to IAS 7 and IFRS 7	*Supplier Finance Arrangements*[1]
Amendments to IAS 21	*Lack of Exchangeability*[2]

1 Effective for annual periods beginning on or after 1 January 2024
2 Effective for annual periods beginning on or after 1 January 2025
3 No mandatory effective date yet determined but available for adoption
4 As a consequence of the 2020 Amendments and 2022 Amendments, Hong Kong Interpretation 5 *Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised 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 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 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. However, the amendments are available for adoption now.

Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16 (i.e., 1 January 2019). Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period. The amendments shall be applied retrospectively with early application permitted. An entity that applies the 2020 Amendments early is required to apply simultaneously the 2022 Amendments, and vice versa. The Group is currently assessing the impact of the amendments and whether existing loan agreements may require revision. Based on a preliminary assessment, the amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 7 and IFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. Earlier application of the amendments is permitted. The amendments provide certain transition reliefs regarding comparative information, quantitative information as at the beginning of the annual reporting period and interim disclosures. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The amendments are not expected to have any significant impact on the Group's financial statements.

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 2023 and 2022.

6. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2023	2022
	RMB'000	*RMB'000*
Revenue from contracts with customers	**6,912,301**	5,663,430

(i) Disaggregated revenue information

For the year ended 31 December 2023

	Total
	RMB'000
Type of goods	
Sale of apparel and accessories	**6,912,301**
Geographical markets	
Chinese Mainland	**6,912,301**
Timing of revenue recognition	
Goods transferred at a point in time	**6,912,301**

For the year ended 31 December 2022

	Total
	RMB'000
Type of goods	
Sale of apparel and accessories	5,663,430
Geographical markets	
Chinese Mainland	5,663,264
Hong Kong	166
	5,663,430
Timing of revenue recognition	
Goods transferred at a point in time	5,663,430

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:

	2023	2022
	RMB'000	*RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sales of apparel and accessories	**64,020**	69,128

(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.

	2023	2022
	RMB'000	*RMB'000*
Other income and gains		
Bank interest income	**2,740**	976
Subsidy income*	**84,893**	76,520
Other interest income from financial assets at fair value through profit or loss	**26,183**	21,565
Rental income	**11,981**	12,001
Exchange gain, net	**42,906**	6,482
Fair values gain, net	**47,964**	–
Others	**20,416**	10,002
	237,083	127,546

* Subsidy income represents various government grants received from the relevant government authorities to support the development of the Group in Chinese Mainland. 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):

	2023	2022
	RMB'000	*RMB'000*
Cost of inventories sold	**1,707,313**	1,409,010
Depreciation of property, plant and equipment	**132,982**	154,433
Depreciation of right-of-use assets	**836,134**	785,750
Amortisation of other intangible assets	**8,477**	7,870
Advertising and promotion expenses	**198,418**	170,831
Research and development costs^:		
Current year expenditure	**183,134**	169,497
Lease payments not included in the measurement of lease liabilities	**728,311**	566,921
Auditor's remuneration	**1,880**	1,860
Employee benefit expense (including directors' remuneration):		
Wages and salaries	**1,330,705**	1,103,150
Pension scheme contributions (defined contribution scheme)**	**83,023**	75,134
Equity-settled share award expense	**30,711**	110,525
	1,444,439	1,288,809
Exchange gain, net#	**(42,906)**	(6,482)
Share of losses of associates	**–**	2,733
Impairment of trade receivables	**4,772**	1,089
Write-down of inventories to net realisable value*	**22,256**	40,111
Fair values (gain)/loss, net#:		
Financial assets at fair value through profit or loss	**(47,964)**	19,322

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

* 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. Fair value 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.

Hong Kong profits tax has been provided at the rate of 16.5% (2022:16.5%) on the estimated assessable profits arising in Hong Kong during the year. And 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 2023 (2022: Nil).

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 2023.

	2023	2022
	RMB'000	*RMB'000*
Current – Chinese Mainland	**152,796**	96,481
Deferred	**9,173**	(7,538)
Total tax charge for the year	**161,969**	88,943

A reconciliation of the income tax expense applicable to profit before tax at the statutory tax 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:

	2023		2022	
	RMB'000	*%*	*RMB'000*	*%*
Profit before tax	**994,601**		464,368	
Tax at the statutory tax rate	**242,677**	**24.4**	119,467	25.7
Entities subject to a lower statutory tax rate*	**(62,452)**	**(6.3)**	(18,839)	(4.1)
Super-deduction of research and development costs	**(32,178)**	**(3.2)**	(26,245)	(5.7)
Tax losses utilised from previous periods	**(6)**	**(0.1)**	(1,571)	(0.3)
Income not subject to tax	**(15,185)**	**(1.5)**	(1,176)	(0.3)
Effect of withholding tax on the distributable profits of the Group's PRC subsidiaries	**15,000**	**1.5**	–	–
Tax losses and temporary difference not recognised	**12,395**	**1.2**	16,342	3.6
Expensed not deductible for tax	**1,504**	**0.2**	908	0.2
Adjustments in respect of current tax of previous periods	**214**	**0.1**	57	0.1
Tax charge at the effective rate	**161,969**	**16.3**	88,943	19.2

* Dongfang Susu Creativity and Design (Shenzhen) Co., Ltd. ("Dongfang Susu") and Jianmo Idea Design Consulting (Shenzhen) Co., Ltd. ("Jianmo") were 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 Shenzhen Science and Technology Innovation Committee, Shenzhen Finance Bureau, Shenzhen Tax Service State Administration of Taxation in 2017 to be taxed as a High and New-Technology Enterprise, and the approval was renewed in 2022. Pursuant to the approval, Shenzhen Koradior was entitled to a preferential PRC CIT rate of 15% for a period of three years from December 2022 to December 2025.

Shenzhen Naersi Fashion Co., Ltd. ("Naersi") obtained an approval from Shenzhen Science and Technology Innovation Committee, Shenzhen Finance Bureau, Shenzhen Tax Service State Administration of Taxation in 2020 to be taxed as a High and New-Technology Enterprise, and the approval was renewed in 2023. Pursuant to the approval, Naersi was entitled to a preferential PRC CIT rate of 15% for a period of three years from October 2023 to October 2026.

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 is entitled to a 50% reduction in PRC corporate income tax for the subsequent three years from 1 January 2022 to 31 December 2024.

9. EARNINGS PER SHARE

The calculation of the basic earnings per share amount for the year ended 31 December 2023 is based on the profit for the year attributable to ordinary equity holders of the parent of RMB838,170,000 (2022: RMB382,427,000), and the weighted average number of ordinary shares in issue less shares held for the Share Award Scheme of 677,427,339 shares (2022: 676,954,719 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.

	2023	2022
	RMB'000	*RMB'000*
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculations	**838,170**	382,427

	Number of shares	
	2023	2022
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	**677,427,339**	676,954,719
Effect of dilution – weighted average number of ordinary shares:		
Awarded Shares	**10,183,731**	11,544,729
	687,611,070	688,499,448

10. TRADE AND BILLS RECEIVABLES

	2023 *RMB'000*	2022 *RMB'000*
Trade and bills receivables	**739,456**	489,468
Impairment	**(22,007)**	(17,235)
Total	**717,449**	472,233

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 Chinese Mainland. 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:

	2023 *RMB'000*	2022 *RMB'000*
Trade receivables:		
Within 1 month	**447,541**	208,942
1 to 2 months	**189,455**	138,582
2 to 3 months	**38,835**	72,453
Over 3 months	**41,618**	52,100
	717,449	472,077
Bills receivables	**–**	156
	717,449	472,233

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

	2023 *RMB'000*	2022 *RMB'000*
At beginning of year	**17,235**	16,146
Impairment losses, net	**4,772**	1,089
At end of year	**22,007**	17,235

As at 31 December 2023, the allowance for credit losses is related to individually impaired receivables amounting to RMB22,007,000 (2022: RMB17,235,000). 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 RMB22,007,000 (2022: RMB17,235,000) has been recognised in respect of such receivables.

As at 31 December 2023, trade receivables that were not individually impaired related to a large number of independent customers including owners of department stores and shopping malls in Chinese Mainland 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:

	2023	2022
	RMB'000	*RMB'000*
Trade payables:		
Within 1 month	**172,432**	131,130
1 to 2 months	**2**	4,324
2 to 3 months	**–**	8
Over 3 months	**71**	776
	172,505	136,238
Bills payables	**239,000**	328,000
	411,505	464,238

The trade payables are non-interest-bearing and are normally settled on terms of one month.

All bills payables have maturity dates within a year. As at 31 December 2023, bills payables amounting to RMB138,500,000 (2022: RMB273,500,000) were discounted by the bill holders.

12. OTHER PAYABLES AND ACCRUALS

		2023	2022
	Notes	*RMB'000*	*RMB'000*
Contract liabilities	*(a)*	**77,028**	64,020
Refund liabilities		**6,038**	6,080
Tax payables other than current income tax liabilities		**120,679**	82,805
Salaries and welfare payables		**124,457**	68,254
Other payables	*(b)*	**115,280**	106,969
Dividend payables		**465**	458
		443,947	328,586

Notes:

(a) Details of contract liabilities are as follows:

	2023	2022
	RMB'000	*RMB'000*
Short-term advances received from customers		
Sale of goods	**77,028**	64,020

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

13. DIVIDENDS

	2023	2022
	RMB'000	*RMB'000*
Final dividend	**249,112**	279,499
Proposed final – HK70 cents (2022: HK40 cents) per ordinary share	**432,137**	241,357
	681,249	520,856

The proposed final dividend is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY REVIEW

In 2023, the Chinese economy achieved a stable recovery following the transitional phase of COVID-19 epidemic prevention and control. Consumption rebounded, and commercial vitality boosted, further strengthening consumption's role in driving China's economic growth. According to the data from the National Bureau of Statistics, China's total retail sales of consumer goods reached RMB47.1 trillion in 2023, a historic high, with a year-on-year growth of 7.2%. Among them, the retail sales of clothing goods increased by 15.4%, surpassing the average growth rate of the retail sector by 8.2 percentage points. The contribution of consumption to economic growth reached 82%, the highest record in nearly twenty years. The national consumer price index (CPI) increased by 0.2% annually, maintaining low inflation. High-end department stores and shopping centers experienced a rapid recovery in customer traffic, and the consumption of mid-to-high-end women's clothing saw a fast rebound.

At the same time, the deep-rooted impact of the three-year epidemic, such as slow income growth and declining asset prices for Chinese residents, to some extent, restrained the recovery of consumption. In addition, international factors such as the crisis in the Red Sea shipping route, a new round of Israel-Palestine conflict, prolonged Russia-Ukraine conflict, and the continued interest rate hikes in the United States pose severe challenges to global peace and economic growth, as well as risks and pressures to China's economic recovery. The internal and external uncertainties have weakened consumer confidence, and the consumer confidence index remained low, ranging from 85% to 88% from May to December 2023, similar to the same period in 2022. From January to April 2023, consumption showed a fast recovery, but from May to December 2023, the overall pace of consumption recovery slowed down.

The Chinese government has been focusing on developing the domestic economy and striving to expand domestic demand. In the Central Economic Work Conference held in December 2023, "focusing on expanding domestic demand" was ranked second among the nine key tasks for 2024. In the coming year, with the deepening and implementation of various stimulus policies, market confidence is expected to continue to rise, and consumer demand will continue to grow, maintaining a fast growth momentum.

On the other hand, in the post-epidemic period, consumers, especially high-net-worth individuals, increasingly pursue a healthy lifestyle and emphasize life quality. According to a report released by the Boston Consulting Group (BCG) in May 2023, titled "The Next Decade in China's Fashion Industry: Can Luxury Sustain Its Growth?", it is predicted that the total number of affluent and middle-class individuals in China will reach 200 million by 2030 (about 15% of the total population). In the next five years, the mid-to-high-end apparel market in China is expected to maintain an annual growth rate of 4–6%, and the light luxury apparel market to grow at a rate of 7–9%. There is still significant room for growth in the mid-to-high-end women's clothing market. On the policy front, the "Strategic Plan for Expanding Domestic Demand (2022–2035)" issued by the Central Committee of the Communist Party of China and the State Council proposes promoting domestic high-end consumer products to align with international standards and increasing the domestic supply of mid-to-high-end consumer goods to better meet the demand for such products. The development of China's social economy and the supportive policies in the mid-to-high-end consumer sector are expected to bring more opportunities for local mid-to-high-end women's clothing brands to continue to grow.

In 2024, the Chinese economy still faces challenges such as insufficient effective demand, weak social expectations, increased complexity and uncertainty in the external environment. The three-year epidemic has accelerated market consolidation, and the Matthew effect has intensified, leading to increased concentration in the clothing market. After entering the stage of high-quality development, mid-to-high-end women's clothing companies are making efforts in diversifying their brand portfolios, upscaling product offerings, omnichannel digitization, and refining supply chains. They are striving to seize traffic and market share in a market characterized by stock competition. Leading enterprises, relying on their existing advantages and continuous improvement of business capabilities, will further enhance their core competitiveness and widen the gap with their competitors.

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 RMB5,663.43 million for the year ended 31 December 2022 to RMB6,912.30 million for the year ended 31 December 2023, representing an increase of 22.05% or RMB1,248.87 million. Sales generated by the Group's self-operated retail stores accounted for about 80.43% and 78.33% of the Group's total revenue in 2023 and 2022 respectively. The increase in total revenue is primarily attributable to the growth of product sales across various channels as stated above, the vigorous product improvement and optimization of the operations of the Group.

Total revenue from e-commerce increased by 8.46% from RMB893.23 million for the year ended 31 December 2022 to RMB968.78 million for the year ended 31 December 2023, 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 focusing on the transformation of consumer's online consumption and shopping habits and expanding the e-commerce team. With specific focus placed on the Douyin live streaming sales model, the sales achieved via the Douyin channel have grown rapidly.

Total revenue from distributors increased by 14.86% from RMB334.23 million for the year ended 31 December 2022 to RMB383.90 million for the year ended 31 December 2023.

Cost of sales

Cost of sales increased from RMB1,409.01 million during the year ended 31 December 2022 to RMB1,707.31 million for the year ended 31 December 2023, representing an increase of 21.17% or RMB298.30 million, mainly due to the increase in the cost of inventories sold as a result of the increase in the Group's revenue.

Gross profit and gross margin

Gross profit increased from RMB4,254.42 million for the year ended 31 December 2022 to RMB5,204.99 million for the year ended 31 December 2023, representing an increase of 22.34% or RMB950.57 million. The Group's overall gross profit margin slightly increased from 75.12% for 2022 to 75.30% for 2023.

Other income and gains

Other income and gains, comprising mainly government grants, rental income, investment gain, exchange gain and interest income, increased by 85.87% from RMB127.55 million for the year ended 31 December 2022 to RMB237.08 million for the year ended 31 December 2023. The increase was mainly attributed to additional grants from the relevant government authorities, recognition of fair value gain in investment and increase in foreign exchange gain.

Selling and distribution expenses

Selling and distribution expenses increased by 16.78% from RMB3,235.18 million for the year ended 31 December 2022 to RMB3,778.11 million for the year ended 31 December 2023, primarily due to (a) the increase in store concession fees as a result of increase in sales; and (b) the increase in salaries and staff benefits for sales and marketing staff as result of increase in sales.

Administrative expenses

Administrative expenses increased by 1.21% from RMB601.49 million for the year ended 31 December 2022 to RMB608.74 million for the year ended 31 December 2023 primarily due to the increase in research and development expenses for all brands to improve products design.

Finance costs

Finance costs decreased by 13.46% from RMB56.32 million for the year ended 31 December 2022 to RMB48.74 million for the year ended 31 December 2023. It was mainly attributed to the decrease in interest expenses on lease liabilities.

Income tax expense

Income tax expense increased by 82.11% from RMB88.94 million for the year ended 31 December 2022 to RMB161.97 million for the year ended 31 December 2023. It was mainly attributed to the increase in operating profit.

Net profit and profit margin

As a result of the foregoing factors, the net profit attributable to owners of the parent was RMB838.17 million for the year ended 31 December 2023 as compared to RMB382.43 million for the year ended 31 December 2022, representing an increase of 119.17% or RMB455.74 million. Net profit margins were 12.05% and 6.63% for the years ended 31 December 2023 and 2022 respectively.

Capital structure

The Group requires working capital to support its design and development, retail and other business operations. As at 31 December 2023, the Group's total current assets were RMB3,549.66 million (31 December 2022: RMB2,634.55 million) and total current liabilities were RMB1,989.27 million (31 December 2022: RMB1,648.88 million). The current ratio as at 31 December 2023 was 1.78 (31 December 2022: 1.60).

As at 31 December 2023, the total sum of the Group's interest-bearing bank borrowings amounted to RMB513,779,000 (31 December 2022: RMB430,348,000). The increase in net borrowing was mainly attributed to the Group's production and operation activities and repayment of matured liabilities. The Group's borrowings were mainly denominated in RMB and HKD.

Financial position, liquidity and gearing ratio

As at 31 December 2023, the Group's cash and cash equivalents were RMB440.76 million (31 December 2022: RMB361.46 million), denominated as to 98.92% in RMB, 0.95% in Hong Kong dollar and 0.13% in Euro. The net cash inflow from operating activities generated was RMB1,569.21 million for the year ended 31 December 2023, down 7.79% from RMB1,701.79 million for the year ended 31 December 2022.

As at 31 December 2023, the gearing ratio (i.e. outstanding bank loans divided by total equity) was 11.26% (31 December 2022: 10.79%).

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 at 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 2023, the Group had no significant contingent liabilities (31 December 2022: Nil).

Charges on assets

As at 31 December 2023, the Group's buildings with carrying value of approximately RMB86.01 million (31 December 2022: RMB92.79 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

The Group had no material acquisition or disposal of any subsidiaries, associates or joint ventures during the year ended 31 December 2023.

Significant investment

As at 31 December 2023, the Group had no significant investment with a value of 5% or more of the Group's total assets.

Equity fund raising

There was no equity fund raising activity by the Company for the year ended 31 December 2023, nor was there any unutilized proceeds brought forward from any issue of equity securities made in previous financial years.

BUSINESS REVIEWS

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

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

In this fiscal year, under the "brand upgrade" strategy, Koradior invited Hollywood international superstar Lily Collins to serve as the new brand ambassador, collaborating to interpret the Koradior-style romance and strengthen the overall brand marketing. They created the "Dress Season" with the theme of "dancing dresses, elegant sustainability," highlighting the brand's identity such as "dresses" and "roses" in the minds of consumers. They combined the products with the brand and promoted the brand's proposition of advocating an aesthetic lifestyle of "leisure and quality" through dynamic videos, static images, offline themed exhibitions, and online multimedia matrix. As a result, the brand's visibility significantly increased, attracting and driving the growth of the core consumer base.

Under the "product upgrade" strategy, Koradior improved its product categories by creating a product golden triangle structure. They added new categories such as knitted jackets, knitted dresses, and woolen dresses, and expanded basic categories such as jeans, T-shirts, and hoodies to meet the diverse dressing needs of consumers in different situations. They also solidified the brand's classic styles and strengthened the brand's identity with elements like "linear roses" and "rose red." For example, they collaborated with the inheritor of the intangible cultural heritage "Yin's Knot Art" to create the "Rose · Chinese Knot." They also improved the quality-price ratio of the products by using luxurious materials and exquisite craftsmanship.

As at 31 December 2023, there were 1,964 retail stores, covering 31 cities of provinces, autonomous regions, municipalities of which 1,525 were operated by the Group, 439 were operated by the Group's distributors under its seven brands. Out of the 1,525 self-operated retail stores, there were 970 retail stores in department stores, 226 retail stores in shopping malls, 273 retail stores in outlets, 37 retail stores on street levels and 19 retail stores in airports. For the year ended 31 December 2023, the Group's revenue increased to RMB6,912.30 million, representing an increase of 22.05% as compared to the year ended 31 December 2022. Revenue generated by the Group's self-operated retail stores accounted for 80.43% of its total revenue and e-commerce revenue was RMB968.78 million, representing 14.02% of its total revenue, primarily generated through its own e-commerce platform EEKA Fashion Mall and third party e-commerce platforms such as Tmall, VIP.com and Douyin.

1. EEKA Brands

Revenue analysis by brands

Brand	**2023**		2022		**Increase**	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Koradior	**2,387,053**	**34.54%**	1,977,241	34.91%	409,812	20.73%
La Koradior	**461,676**	**6.68%**	345,759	6.11%	115,917	33.53%
ELSEWHERE	**531,576**	**7.69%**	441,704	7.80%	89,872	20.35%
CADIDL *(note 1)*	**430,272**	**6.22%**	348,834	6.16%	81,438	23.35%
FUUNNY FEELLN	**135,685**	**1.96%**	121,205	2.14%	14,480	11.95%
NAERSI *(note 2)*	**1,464,413**	**21.19%**	1,237,004	21.84%	227,409	18.38%
NAERSILING *(note 2)*	**497,790**	**7.20%**	406,911	7.18%	90,879	22.33%
NEXY.CO *(note 2)*	**1,003,836**	**14.52%**	784,772	13.86%	219,064	27.91%
Total	**6,912,301**	**100%**	5,663,430	100%	1,248,871	22.05%

Gross Profit and Gross Profit Margin analysis by brands

Brand	**2023**		2022		**Changes**
	Gross Profit *(RMB'000)*	**Gross Profit Margin *(%)***	Gross Profit *(RMB'000)*	Gross Profit Margin *(%)*	Gross Profit Margin *(% point)*
Koradior	**1,834,412**	**76.85%**	1,483,844	75.05%	1.80
La Koradior	**375,145**	**81.26%**	275,809	79.77%	1.49
ELSEWHERE	**381,108**	**71.69%**	326,229	73.86%	(2.17)
CADIDL *(note 1)*	**299,283**	**69.56%**	250,860	71.91%	(2.35)
FUUNNY FEELLN	**87,707**	**64.64%**	74,885	61.78%	2.86
NAERSI *(note 2)*	**1,087,567**	**74.27%**	925,246	74.80%	(0.53)
NAERSILING *(note 2)*	**376,110**	**75.56%**	314,346	77.25%	(1.69)
NEXY.CO *(note 2)*	**763,656**	**76.07%**	603,201	76.86%	(0.79)
Total	**5,204,988**	**75.30%**	4,254,420	75.12%	0.18

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

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

Revenue analysis by sales channels

Sales channel	2023		2022		Increase	
	RMB'000	***%***	*RMB'000*	*%*	*RMB'000*	*%*
Self-operated retail stores	**5,559,614**	**80.43%**	4,435,966	78.33%	1,123,648	25.33%
Wholesales to distributors	**383,903**	**5.55%**	334,234	5.90%	49,669	14.86%
E-commerce	**968,784**	**14.02%**	893,230	15.77%	75,554	8.46%
Total	**6,912,301**	**100%**	5,663,430	100%	1,248,871	22.05%

The Group has always adopted direct sales strategy which has the largest number of self-operated retail stores in the industry, and the broad 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.

Gross Profit and Gross Profit Margin analysis by sales channels

Sales channel	2023		2022		Changes
	Gross Profit *(RMB'000)*	**Gross Profit Margin *(%)***	Gross Profit *(RMB'000)*	Gross Profit Margin *(%)*	Gross Profit Margin *(% point)*
Self-operated retail stores	**4,383,968**	**78.85%**	3,474,521	78.33%	0.52
Wholesales to distributors	**271,644**	**70.76%**	235,516	70.46%	0.30
E-commerce	**549,376**	**56.71%**	544,383	60.95%	(4.24)
Total	**5,204,988**	**75.30%**	4,254,420	75.12%	0.18

Revenue of retail stores analysis

The Group has always placed a strong focus on establishing self-operated retail stores. For the year ended 31 December 2023, 1,525 self-operated retail stores (Koradior: 484, La Koradior: 46, ELSEWHERE: 138, CADIDL: 138, FUUNNY FEELLN: 62, NAERSI: 359, NEXY.CO: 205 and NAERSILING: 93) generated revenue of RMB5,559.61 million in aggregate, representing an increase of 25.33% as compared to the year ended 31 December 2022 under our brands. The increase in direct revenue is mainly attributed to the existing stores sales growth.

As at 31 December 2023, there were 439 retail stores operated by distributors under seven brands (Koradior: 230, ELSEWHERE: 34, CADIDL: 23, FUUNNY FEELLN: 29, NAERSI: 95, NEXY.CO: 26 and NAERSILING: 2) and the revenue of retail stores operated by distributors reached RMB383.90 million, representing an increase of 14.86% as compared to the year ended 31 December 2022 due to the increased confidence of distributors for ordering.

Revenue of e-commerce analysis

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 2023 amounted to RMB968.78 million, representing an increase of 8.46% or RMB75.55 million as compared to the year ended 31 December 2022. The total e-commerce revenue from Tmall increased by 4.13% from RMB234.93 million for the year ended 31 December 2022 to RMB244.62 million (representing 25.25% of the total e-commerce revenue) for the year ended 31 December 2023. The total e-commerce revenue from VIP.com increased by 10.54% from RMB398.40 million for the year ended 31 December 2022 to RMB440.40 million (representing 45.46% of the total e-commerce revenue) for the year ended 31 December 2023. The total e-commence revenue from EEKA Fashion Mall decreased by 41.16% from RMB121.02 million for the year ended 31 December 2022 to RMB71.21 million (representing 7.35% of the total e-commerce revenue) for the year ended 31 December 2023. The total e-commence revenue from Douyin increased by 38.69% from RMB135.06 million for the year ended 31 December 2022 to RMB187.32 million (representing 19.34% of the total e-commerce revenue) for the year ended 31 December 2023. The other e-commerce revenues amounted to RMB25.23 million (representing 2.6% of the total e-commerce revenue) for the year ended 31 December 2023.

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

The following table sets out the breakdown of the Group's revenue generated from its self-operated retail stores and wholesales to distributors by geographical regions for the years ended 31 December 2023 and 2022, respectively:

	Year ended 31 December			
	2023		2022	
Region	***RMB million***	*%*	*RMB million*	*%*
Central PRC[1]	**593.17**	**9.98%**	499.25	10.47%
Eastern PRC[2]	**1,943.67**	**32.70%**	1,645.18	34.49%
North Eastern PRC[3]	**371.42**	**6.25%**	308.54	6.47%
North Western PRC[4]	**514.57**	**8.66%**	380.70	7.98%
Northern PRC[5]	**714.67**	**12.02%**	493.68	10.35%
South Western PRC[6]	**1,050.69**	**17.68%**	847.40	17.76%
Southern PRC[7]	**755.33**	**12.71%**	595.45	12.48%
Total	**5,943.52**	**100%**	4,770.20	100%

Notes:

1 Central PRC includes Henan, Hubei and Hunan.

2 Eastern PRC includes Shandong, Jiangsu, Zhejiang, Anhui, Shanghai, Jiangxi and Fujian.

3 North Eastern PRC includes Jilin, Heilongjiang and Liaoning.

4 North Western PRC includes 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.

(Excluding e-commerce)

During the year ended 31 December 2023, 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 2023, the Group opened 245 new retail stores (of which 147 are self-operated) and closed 287 retail stores (of which 177 are self-operated), representing a net decrease of 42 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 2023, including both self-operated retail stores and retail stores operated by distributors:

	Number of retail stores			
	As at 1 January 2023	**Opened during the year**	**Closed during the year**	**As at 31 December 2023**
Central PRC[1]	210	19	(25)	204
Eastern PRC[2]	651	68	(93)	626
North Eastern PRC[3]	132	20	(17)	135
North Western PRC[4]	219	59	(60)	218
Northern PRC[5]	235	32	(23)	244
South Western PRC[6]	330	24	(39)	315
Southern PRC[7]	229	23	(30)	222
Total	2,006	245	(287)	1,964

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.

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.

The total number of SKC(note) reached 6,365 in 2023, representing an increase of 3.43% from a total of 6,154 SKC in 2022 mainly due to the upgrade of the Company's excellent product system, increased investment in research and development in the creation of main sales models, and the increase in size of investment in main sales models. As such, customers can obtain better product experience. The Group's research and design team members slightly increased to 562 as at 31 December 2023 from 555 as at 31 December 2022.

The Group engages well-known designers from both overseas and locally in China as the brand creative directors for "Koradior", "La Koradior", "ELSEWHERE", "FUUNNY FEELLN", "NAERSI", "NEXY.CO", "NAERSILING" and "CADIDL". Research and development expenses were RMB183.13 million, representing 2.65% of the Group's total revenue for the year ended 31 December 2023, as compared to RMB169.50 million, representing 2.99% of the Group's total revenue for the year ended 31 December 2022. 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 "ROSE FOREVER", La Koradior "Elegance orchid", ELSEWHERE "Chasing light in winter", FUUNNY FEELLN "F is For SHENZHEN", NAERSI "Graceful Revival", NEXY.CO "Wisdom and beauty interstellar", NAERSILING "Microscopic Art" and CADIDL "Always Suits Me" series.

Note: Stock keeping color (SKC) refers to when a batch of products in addition to the size of the same style, then different colors will be attributed to different stock keeping color (SKC).

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, Shanghai Pudong 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 "Madame Figaro", "ELLE", "VOGUE", "Harper's BAZAAR", "Marie claire", "Cosmopolitan", "CHIC", etc. The influence of the Company's brands has continuously improved. The Group engages spokesperson for brands including Lily Collins for Koradior, Yolanda Yuan for NEXY.CO and Gina, Jin Chen for FUUNNY FEELLN. 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. In addition, the Group increased marketing investment on Douyin platform in 2023. For the year ended 31 December 2023, the brand and marketing promotion expenses (excluding sales promotion expenses) were RMB198.42 million which accounted for 2.87% of the Group's total revenue, representing an increase of RMB27.59 million or 16.15% as compared to RMB170.83 million in 2022 primarily due to the increase in promotion expenses for new spokesperson and existing brands.

4. Human resources

As at 31 December 2023, the Group had a total of 10,335 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 2023 and 31 December 2022 respectively:

	2023 **Number of employees**	2022 Number of employees
Management, administration and finance	**259**	279
Product design and research and development	**562**	555
Sales and marketing (including dispatched labor employee in 2023: 2,469)	**9,140**	9,148
Procurement, logistics and quality control	**374**	345
Total	**10,335**	10,327

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 2023, the total salary and welfare expenses were RMB1,413.73 million, representing 20.45% of the Group's total revenue and an increase of RMB235.44 million or 19.98% as compared to RMB1,178.29 million, representing 20.81% of the Group's total revenue for the year ended 31 December 2022.

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. 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. Prospect

In terms of the external environment, in 2023, China's economy underwent significant recovery. Looking ahead to 2024, the GDP growth targets set by the larger provinces and cities, such as Guangdong, Jiangsu, Shandong, Beijing, and Shanghai, are all around 5% or above. Local governments have a generally optimistic outlook on the sustained economic recovery. In 2024, it is expected that the loose monetary and fiscal stimulus policies will be further intensified, market confidence will receive greater boosts, and commercial vitality will continue to rise. With the promotion of China's high-quality economic development, the retail market will enter a phase of simultaneous growth in quantity and quality.

Regarding internal operations, in 2024, the Group will continue to deepen the implementation of the vision to become a globally renowned Chinese affordable luxury brand management group. The Group will advance the long-term strategy of "multi-brand, multi-category, omnichannel, platform-based, upstream and downstream," promote the refinement and upgrading of various business operations, and strive to achieve a retail revenue target of RMB10.5–11.5 billion by 2024.

(i) Brand Management: Upward trajectory of the overall brand, continuous enhancement of brand portfolio diversification and differentiation.

In the post-pandemic era, with increased consumer focus on healthy lifestyles and quality of life, high-end consumption is expected to continue its rapid growth. In 2024, the Group will continue to focus on the growth of seven major high-end brands: Koradior, La Koradior, NAERSI, NEXY.CO, NAERSILING, CADIDL, and ELSEWHERE. The Group will also strive to promote the steady development of the mid-range brand, FUUNNY FEELLN. With the recovery of the domestic economy and increased consumer confidence, multiple growth drivers within the Group's business will progress simultaneously. The Group currently have eight brands with differentiated product styles and pricing tiers, which will cover a broader target audience and meet customers' diverse dressing needs. In 2024, the Group plans to conduct research to meet the cross-scenario dressing needs of high-net-worth individuals in sports leisure and business commuting. This high-end brand will offer both men's and women's clothing, marking another milestone in Group's brand portfolio diversification strategy.

(ii) Brand Construction: More professional and systematic approach, long-term thinking to enhance the quality of brand influence.

The intensity of brand influence and the degree to which a brand occupies consumers' minds directly affect the premium capacity of high-end consumer brands. In 2024, after clarifying the strategic direction of upward brand development, the Group will further strengthen the professional and systematic approach to brand construction, continuously accumulate and enhance brand assets. On one hand, the Company will learn from luxury brands by starting to hold fixed biannual shows from 2024 for flagship brand "Koradior". On the other hand, in the process of brand construction and promotion, the Group will increasingly focus on the "product" element, highlighting the core category of the brand and establishing it as the top brand in consumers' minds for that product category. In terms of promotion channels, the Group will further enhance the unified planning and layout of brand endorsements, IP collaborations, advertising and advertorials, fashion show presentations, and the image of retail stores. The Group will adhere to a long-term mindset and consistently convey the brand image and brand story to consumers, continuously enhancing brand awareness.

(iii) Product Development: Deepening the excellent product system, strengthening and refining product capabilities.

After three years of practice and refinement, combined with market feedback and validation, in 2024, the Company's excellent product system will be further deepened and refined, and product capabilities will continue to improve. Over the past three years, the continuous improvement of the Group's digital facilities has enhanced the intelligence of product management and consumer data management. On one hand, it provides more comprehensive big data support for product development in advance. On the other hand, it provides tracking and feedback support for the implementation of the excellent product system during and after the process. In 2024, with the continuous improvement of the technology and digital facilities of the excellent product system, the product structure of each brand within the Group will continue to improve, the product vitality will continue to increase, and the product output structure will become more scientific. At the same time, the Group will further improve the platform-oriented organizational capabilities, establish a sound matrix organizational structure for brand divisions, and enhance the collaborative capabilities and efficiency of product development across multiple departments based on the excellent product system.

(iv) Channel Operations: Improving quality and efficiency, advancing the capabilities of omni-channel operations.

In 2024, the Group will continue to implement the business strategy of "improving store quality and efficiency" for offline channels and differentiated layout for online channels. The Group will adhere to and steadily strengthen predominantly direct-operated channel system. Guided by the principle of "large stores and advantageous locations," the Group will adjust existing stores and expand new ones while focusing on improving sales per square meter through product reforms. The Group will continue to strengthen the distribution market by enhancing cooperation with high-quality regional distributors, aiming to expand market share in the distribution sector. Building upon competitive advantages in the mid to high-end department store format, the Group will further explore innovative layouts in shopping centers and outlet formats. Simultaneously, the Group will continue to enhance offline touchpoints by establishing flagship stores, concept stores, and themed stores to create a premium brand image.

In 2024, the Group will further optimize the diversified layout of online channels that combine public and private domains. The Group will differentiate product placements based on the comparative advantages of different e-commerce platforms and the characteristics of consumer groups to ensure the effectiveness of e-commerce business. The Group will actively develop private domain malls, expand presence on platforms like Douyin, and optimize operations on platforms such as VIP.com. The Group will also focus on improving the operational quality on platforms like Tmall and JD.com. Additionally, the Group will continue to advance digitalization efforts, constantly improving cross-channel and cross-brand operational management, as well as member services, to enhance the customer shopping experience.

*(v) **Supply Chain Management: Quality first, continuously building a high-quality, efficient, and professional supply chain.***

Building a high-quality and efficient supply chain has always been a focus and effort. With the implementation and refinement of the excellent product system, the requirements and importance of supply chain management have increased. In 2024, regarding raw materials, the Group will continue to focus on developing and establishing stable partnerships with key suppliers of core fabric categories. The Group will also enhance expertise in fabrics, continuously improving the application of high-end fabrics in brands. In terms of processing and production, the Group will continue to promote the reform of the processing and production system, focusing on "categorization, intensification, and specialization." The Group will implement classification and stratification, gradually improve the cooperation system with external clothing suppliers that combines ODM and FOB, and strengthen the assessment and quality control of manufacturers. In terms of logistics, the Group will continue to promote the integration of logistics and warehousing management in key urban areas, scale and digitalize the warehouse management, and continuously improve the overall management capabilities of the Group's logistics function. This will help reduce costs and increase efficiency. In terms of operational management, the Group will continue to implement a quarterly ordering model to better connect with the market. The Group will also continuously improve the supply chain intelligence system for luxury and competitive brands. Through these efforts, the Group will continue to provide consumers with high-quality product experiences and shopping experiences through a high-quality supply chain.

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 outsources all of its production to its OEM contractors.

DIVIDENDS

The Board proposed to declare a final dividend of HK70 cents per share for the year ended 31 December 2023 (2022: final dividend HK40 cents) to those shareholders whose names appeared on the register of members of the Company as at the close of business on 17 June 2024. 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 28 June 2024.

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 Tuesday, 4 June 2024 to Friday, 7 June 2024, 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Monday, 3 June 2024.

To determine the eligibility of the shareholders of the Company to receive the proposed final dividend, the register of members will be closed from Friday, 14 June 2024 to Monday, 17 June 2024, 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 13 June 2024.

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 Part 2 of Appendix C1 to the Listing Rules during the year ended 31 December 2023 except for code provision C.2.1 of the CG Code which requires that the responsibilities between the chairman and the chief executive officer should be segregated and should not be performed by the same individual. Mr. Jin Ming currently performs these two roles in the Company. The Board believes that vesting the roles of both chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired considering the background and experience of the Directors and the number of independent non-executive Directors on the Board and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of chairman of the Board and chief executive officer of the Company as and when appropriate and suitable by taking into account the circumstances of the Group as a whole.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 of the Listing Rules as its code of conduct regarding securities transactions by the Directors. Having made specific enquiry with all Directors, the Company has confirmed with all Directors that they have complied with the required standard set out in the Model Code and its code of conduct regarding any Director's securities transactions during the year ended 31 December 2023.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year ended 31 December 2023.

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 2023. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Group with external auditor.

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, the consolidated statement of comprehensive income, and the related notes thereto for the year ended 31 December 2023 as set out in the preliminary announcement have been agreed by the Company's auditors to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by the Company's auditors in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Company's auditors on the preliminary announcement.

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

Hong Kong, 25 March 2024

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.